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# Franchise Disclosure Document

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## FRANCHISE DISCLOSURE DOCUMENT

Snap-on Tools Company LLC, a Delaware Limited Liability Company  
2801 80<sup>th</sup> Street  
Kenosha, Wisconsin, 53143  
(262) 656-5200  
[franchiseinfo@snapon.com](mailto:franchiseinfo@snapon.com)  
[www.snapon.com](http://www.snapon.com)

Snap-on Tools Company LLC ("Snap-on") offers a license to operate a franchised retail mobile store selling high quality repair and diagnostic tools and equipment. Snap-on manufactures and/or distributes these tools and equipment to professional mechanics and other tool users in the automotive aftermarket and related businesses throughout the United States.

The total investment necessary to begin operation of a Snap-on Standard Franchise will range from \$150,614 to \$289,080 (See Item 7). This includes \$82,350 to \$148,770 that must be paid to Snap-on or an affiliate (See Item 5).

The total investment necessary to begin operation of a Snap-on Gateway Franchise will range from \$17,925 to \$83,941 (See Item 7). This includes \$5,480 to \$58,000 that must be paid to Snap-on or its affiliates (See Item 5).

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.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Administration at (262) 656-4615.

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.

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

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

This disclosure document is issued on February 18, 2011

The Effective Date for this disclosure document in your state is listed on Appendix K.

## 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 Appendix J 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:

1. THE GOVERNING LAW OF THE FRANCHISE AGREEMENT IS THE LAW OF THE STATE WHERE YOUR SNAP-ON REGIONAL SALES OFFICE WILL BE LOCATED. THIS MAY BE DIFFERENT THAN THAT OF YOUR HOME STATE, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT THE LAW OF THE STATE WHERE YOUR SNAP-ON REGIONAL SALES OFFICE WILL BE LOCATED APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THIS DISCLOSURE DOCUMENT FOR DETAILS.

2. THE FRANCHISE AGREEMENT REQUIRES MANDATORY ARBITRATION OF ALL CLAIMS IN THE JURISDICTION WHERE YOUR REGIONAL SALES OFFICE WILL BE LOCATED, AND THESE CLAIMS WILL BE GOVERNED EXCLUSIVELY BY THE FEDERAL ARBITRATION ACT. AT YOUR REQUEST THESE CLAIMS WILL BE ARBITRATED IN YOUR HOME STATE.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

This disclosure document is issued on February 18, 2011.

The Effective Date for this disclosure document in your state is listed on Appendix K.

## **DISCLOSURE FOR CONNECTICUT**

The Gateway Franchise Program is not available to prospects who reside in Connecticut or whose List of Calls will contain stops in Connecticut.

**For Use in Maine**  
**DISCLOSURES REQUIRED BY MAINE LAW**

The information contained in this disclosure document has not been verified by the State of Maine. The State has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The disclosure document contains information which should be carefully read before agreeing to purchase a business opportunity.

## **NOTICE REQUIRED BY THE STATE OF MICHIGAN For Use in 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.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- A. A prohibition of 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 franchise 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 provision 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 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 5 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 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:
  - 1. The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - 2. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

3. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

4. 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 the 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.

Any questions regarding this Notice shall be directed to the Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan, 48913, (517) 373-7117.



**For Use in North Carolina**  
**DISCLOSURES REQUIRED BY NORTH CAROLINA LAW**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

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Addendum to the Snap-on Tools Company LLC Franchise Disclosure Document for the State of Maine

Addendum to the Snap-on Tools Company LLC Franchise Disclosure Document for the State of Minnesota

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

The franchisor is Snap-on Tools Company LLC, a Delaware limited liability company whose principal business address is 2801 80<sup>th</sup> Street, Kenosha, Wisconsin, 53143. The franchisor will be referred to as “Snap-on”, “we”, “us” or “our” and we will refer to the person who buys the franchise as “you” throughout this disclosure document. If a corporation or limited liability company purchases the franchise, “you” includes the principal owner of the corporation or limited liability company. We intend to do business related to this offering under the names “Snap-on” and “Snap-on Tools.”

Our parent corporation is Snap-on Incorporated, a Delaware corporation, whose principal business address is 2801 80<sup>th</sup> Street, Kenosha, Wisconsin, 53143.

The names and principal business addresses of our affiliates which may provide you with products or services are:

Snap-on Credit LLC  
 (“Snap-on Credit”)  
 950 Technology Way  
 Libertyville, Illinois, 60048

Wheeltronic, Division of Snap-on Tools Canada Ltd.  
 (“Wheeltronic”)  
 6500 Millcreek Drive  
 Mississauga, Ontario  
 Canada L5N 2W6

Snap-on SecureCorp, Inc.  
 (“Snap-on SecureCorp”)  
 2801 80<sup>th</sup> Street  
 Kenosha, Wisconsin, 53143

Snap-on Equipment, Inc.  
 (“Snap-on Equipment”)  
 2801 80<sup>th</sup> Street  
 Kenosha, Wisconsin, 53143

Our predecessors are Snap-on Incorporated and Snap-on Tools Company, a Wisconsin corporation, whose principal business address was 2801 80<sup>th</sup> Street, Kenosha, Wisconsin, 53143.

Our agents for service of process are disclosed on Appendix L.

The information presented is current as of the date of this disclosure document, but is subject to change.

**Snap-on’s Business.** In 1920, the Snap-on Wrench Company was formed in Milwaukee, Wisconsin to develop and market interchangeable sockets for various wrench handles in place of separate handles for each socket size. The company evolved through various entities and name changes to become Snap-on Incorporated, our predecessor and currently our sole member. During its first 25 years in business, Snap-on Incorporated sold its products through a sales staff employed by Snap-on Incorporated. Beginning in approximately 1945, these sales people became independent contract distributors, rather than employees, who purchased their inventory from Snap-on Incorporated and who were responsible for all costs of operating their business. Snap-on Incorporated distributed its products through independent distributors (“Independents”) for approximately 45 years, and then modified its Program to be a franchise in 1990.

Snap-on Tools Company, a Wisconsin corporation, became the franchisor in late 1995 and conducted and offered franchises for a business of the type which is the subject of this offering until December 2001. In December 2001, Snap-on Tools Company, a Wisconsin corporation, was merged into Snap-on, which continues to operate the same business. As used in this

disclosure document, information about the franchisor will include the period of time that Snap-on Tools Company, a Wisconsin corporation, was the franchisor.

We (directly and through our affiliates) offer a product line including a broad range of hand and power tools, tool storage, saws and cutting tools, pruning tools, vehicle service diagnostics equipment, vehicle service equipment, including wheel service, safety-testing and collision repair equipment, vehicle service information, business management systems, equipment repair services, and other tool and equipment solutions. Customers include automotive technicians, vehicle service centers, manufacturers, industrial tool and equipment users and those involved in commercial applications such as construction, electrical and agriculture. These products and services are distributed through sales personnel employed by us or Snap-on Incorporated and our affiliates, independent sales personnel, independent distributors, or, in the case of certain products and services which are **Products** (defined below), Snap-on franchisees and Independents.

We also conduct business through company mobile stores, which are operated similarly to the operation of the franchise we are offering to you. They service the same type of customers as you will service. As of January 1, 2011, our company mobile stores comprised approximately 6% of all Snap-on mobile stores. Snap-on may increase or reduce the number of company owned stores in the future. These stores pilot new sales and promotional ideas prior to introducing them to our franchisees and service customers in select new and open routes.

**The Snap-on Program.** We grant franchises of the types described in this disclosure document. The standard franchise ("Standard Franchise") offering is for a 10-year license (in the case of a renewal franchise a five year license) to operate a Snap-on retail mobile store through a Snap-on Tools Standard Franchise Agreement (the "Standard Franchise Agreement") between a franchisee (the "Standard Franchisee") and Snap-on. We make available to our existing Standard Franchisees who qualify, the opportunity to purchase an additional franchise or add an additional van for an existing franchise (the "Expansion Program"). In addition, we offer a Gateway franchise (the "Gateway Franchise"), which affords a franchisee (the "Gateway Franchisee") a license for two years to operate a Snap-on retail mobile store as a Snap-on franchisee (the "Gateway Franchise Agreement"). The term "Franchise Agreement" may be used to refer either to the Standard Franchise Agreement or the Gateway Franchise Agreement.

From 2001 through February, 2007, we offered a trial franchise (the "Trial Franchise") which allowed the franchisee the opportunity to become familiar with the Snap-on Program through a license for a period ranging from one to three years depending on the time the franchise agreement was signed. The Trial Franchise was similar to the Gateway Franchise that we currently offer.

If you become a Gateway Franchisee, you will have the option at the end of the term to become a Standard Franchisee if you meet the requirements for conversion set forth in the Gateway Franchise Agreement. If you fail to meet all of these requirements, Snap-on, in its sole discretion, may elect to offer or not offer you the opportunity to become a Standard Franchisee. You should recognize that we may at any time change the terms of the Standard Franchise Agreement and the qualifications to become a Standard Franchisee. Therefore, at the time you desire to convert to a Standard Franchise Agreement, the terms that are applicable and the qualifications to become a Standard Franchisee may be significantly different from the terms described in this disclosure document.

The license under both the Standard Franchise Agreement and the Gateway Franchise Agreement grants you the right to purchase **Products**, which are defined to mean tools and equipment we manufacture and/or distribute to our franchisees and Independents at a discount from suggested retail prices. Our product line contains approximately 22,000 items that includes

more than 6,000 items that we purchase and then distribute to franchisees and Independents through our distribution centers. This license also grants you the right to resell the **Products** at prices of your choosing to customers at business locations or “stops” identified on an assigned List of Calls (“List of Calls”) attached to your Franchise Agreement (See Item 12.) While you will have the right to sell to customers at locations on the List of Calls, you do not have any property rights or ownership interest in the List of Calls or the customers at stops on the List of Calls.

In addition to the rights described above, you will have all the benefits of the Snap-on Program, which is a program for selling and servicing high quality tools and equipment (the “Snap-on Program”). The distinguishing features of the Snap-on Program, in addition to the **Products**, include: special confidential techniques for selling the **Products**; signs, emblems, trade names, trademarks and service marks; instructional materials and training courses; and either the Standard Franchise Operations Manual if you are a Standard Franchisee or the Gateway Franchise Operations Manual if you are a Gateway Franchisee and various other manuals we provide to you. These Manuals are sometimes referred to as the “Operations Manual” in this disclosure document. We may change, improve or develop these features of the Snap-on Program during the term of your Franchise Agreement. The valuable goodwill and favorable reputation of the Snap-on Program belongs to us, and while you will have the benefit of the goodwill and reputation during the time you are a franchisee, you will acquire no property rights or ownership interest in such goodwill or reputation, all of which at all times belong to us. The Standard Franchise Agreement and the Gateway Franchise Agreement are attached to this disclosure document as Appendix I.1.A. and Appendix I.1.B., respectively. If the franchisee is a corporation or limited liability company, you will be required to sign the Owner's Guaranty of Franchisee's Obligation attached to this disclosure document as Appendix I.1.C. You will also sign an Addendum to Standard Franchise Agreement to reflect differences in the program described in this disclosure document in the following situations: (i) you are exercising an option to renew under an expiring franchise agreement (“Renewal Franchise”), (ii) you are purchasing assets from an existing franchisee, which meets the transfer requirements of Snap-on (“Transfer Franchise”) other than as an existing Standard Franchisee adding an additional Standard Franchise, (iii) you are a Trial or Gateway Franchisee becoming a Standard Franchisee, (iv) you are purchasing an additional Standard Franchise under the Expansion Program (“Expansion Franchise”) including a Standard Franchisee adding an additional franchise by purchasing assets from an existing franchisee, (v) you are a veteran honorably discharged from the United States Military and purchasing your initial Standard Franchise, or (vi) you are converting an additional van to a Standard Franchise. These Addenda are attached as Appendix I.1.D.1 through I.1.D.6.

The market for the **Products** is professional mechanics and other customers in the automotive aftermarket and related businesses. We are only one of many sources of tools and equipment in this market. You will compete with all other sellers of similar merchandise, including sellers who visit customers at their workplaces, and various other distributors, direct sellers and retail outlets as well as sellers who utilize electronic commerce. Your ability to compete is dependent on, among other things, your overhead, the service you render, your merchandising efforts, your sales ability, your management of resources and the effort you put into your Snap-on franchise.

There are no regulations specific to the industry in which we do business. We do not undertake to provide you with a comprehensive list of general laws applicable to your business, but some examples are local, state and federal laws on business and vehicle licensing and registration, operator licensing, zoning restrictions as well as parking, vehicle weight limitations and any applicable hazardous material transportation and pollution laws. Additionally, federal or state driver's license or motor carrier regulations may apply to you, and among other things you may also be subject to alcohol and drug testing. There may be other laws applicable to your business (including those relating to home-based businesses or the credit you grant), and we urge you to make inquiries about these laws.



**Affiliates and Other Business Experience.** Snap-on Tools of Canada Ltd. began offering franchises in Canada for the same type of business offered by this disclosure document in the fall of 1993. The following Snap-on affiliates sell tools and equipment through franchises or similar methods of distribution in the following countries:

Snap-on U.K. Holdings Limited (United Kingdom)  
SNA Germany GmbH (Germany)  
Snap-on Tools (Australia) Pty. Ltd. (Australia)  
Snap-on Tools Japan, K.K. (Japan)  
Snap-on Tools B.V. (Benelux)  
Snap-on Africa (Proprietary) Limited (South Africa)

Except for these affiliates (and our predecessors, Snap-on Tools Company and Snap-on Incorporated) neither we, nor any of our other affiliates have offered franchises in any line of business, other than the offering of Snap-on franchises, as described above. Snap-on Credit, Wheeltronic, Snap-on Equipment and Snap-on SecureCorp have not conducted a business of the type to be operated by franchisees.

## ITEM 2 BUSINESS EXPERIENCE

The following information relates to Snap-on's: (a) directors, (b) principal officers required to be disclosed in this disclosure document and (c) other individuals who have management responsibility relating to the sale or operation of the franchises offered by this disclosure document. Except as noted below, we employed each of these persons in our Kenosha offices.

### **Directors:**

#### **Director: Nicholas T. Pinchuk**

Mr. Pinchuk has been a Director of Snap-on since April 2007. He was also elected to the Board of Snap-on Incorporated in April 2007, and has served as Chairman of the Board since April 2009. Mr. Pinchuk has served as President and Chief Executive Officer of Snap-on Incorporated since December 2007, and was President and Chief Operating Officer from April 2007 until December 2007. Mr. Pinchuk served as Senior Vice President and President – Worldwide Commercial & Industrial Group for Snap-on Incorporated from June 2002 until April 2007. He has also been a Director of Columbus McKinnon Corporation since January 2007.

#### **Director: Arthur L. Kelly**

Mr. Kelly has been a Director of Snap-on since December 1995. He was elected to the Board of Snap-on Incorporated in June 1978. Mr. Kelly has been in his present position of Managing Partner of KEL Enterprises L.P., located in Chicago, Illinois, since January 1982.

#### **Director: Edward H. Rensi**

Mr. Rensi has been a Director of Snap-on since December 1995. He was elected to the Board of Snap-on Incorporated in February 1992. Mr. Rensi has been an owner and the Chief Executive Officer of Team Rensi Motorsports, located in Woodridge, Illinois, since October 1998. Mr. Rensi is founder of America's Better Burger, LLC, d/b/a Tom & Eddie's, located in Woodridge, Illinois, where he has served as its Chief Executive Officer and President since April 2009. He served as consultant to McDonald's U.S.A., located in Oak Brook, Illinois, from July 1997 until October 1998 and as its President and Chief Executive Officer from 1991 to 1997. Mr. Rensi has also served on the Board of Directors of International Speedway Corporation since April 1997, Great Wolf Resorts, Inc. since November 2006 and Freedom Group, Inc. since January 2007.

**Director: Roxanne J. Decyk**

Ms. Decyk has been a Director of Snap-on since December 1995. She was elected to the Board of Snap-on Incorporated in August 1993. Ms. Decyk retired as Executive Vice President of Global Government Relations for Royal Dutch Shell plc based in Washington, D.C. in December 2010 after serving in that position since June 2009. From 2008 until June 2009, Ms. Decyk served as Corporate Affairs and Sustainable Development Director of Royal Dutch Shell plc, located in The Hague, Netherlands, and from July 2005 until 2008, she served as Corporate Affairs Director. Previously she was Director International of Shell International B.V. from March 2005 to July 2005 and Senior Vice President-Corporate Affairs and Human Resources of Shell Oil Company, located in Houston, Texas, from May 2002 until March 2005. She was Vice President of Corporate Strategy of Shell International Limited, based in London, England, from April 1999 until May 2002. Ms. Decyk has also served on the Board of Directors of Alliant Techsystems, Inc. since August 2010.

**Director: Bruce S. Chelberg**

Mr. Chelberg has been a Director of Snap-on since December 1995. He was elected to the Board of Snap-on Incorporated in October 1993. Mr. Chelberg retired as Chairman and Chief Executive Officer of Whitman Corporation, located in Rolling Meadows, Illinois, in December 2000. He served as its Chairman and Chief Executive Officer from May 1992 until December 2000. Mr. Chelberg has also been a Director of First Midwest Bancorp, Inc. since May 1989.

**Director: Richard F. Teerlink**

Mr. Teerlink has been a Director of Snap-on and Snap-on Incorporated since October 1997. Mr. Teerlink will not be standing for re-election to Snap-on Incorporated's Board at the Snap-on Incorporated Annual Meeting in April 2011, and therefore, will no longer be a member of Snap-on's (Tools) Board after that time. Mr. Teerlink is the retired Chairman, President and CEO of Harley-Davidson, Inc., located in Milwaukee, Wisconsin. He served as its Chairman from May 1996 until December 1998.

**Director: W. Dudley Lehman**

Mr. Lehman has been a Director of Snap-on since June 2003. He was elected to the Board of Directors of Snap-on Incorporated in May 2003. Mr. Lehman retired as Group President of Kimberly-Clark Corporation located in Neenah, Wisconsin, in September 2006 after serving in that position since November 2005. He also held the positions of Group President – Business to Business from January 2004 to November 2005 and Group President – Infant & Child Care Sectors from August 1995 until January 2004.

**Director: John F. Fiedler**

Mr. Fiedler has been a Director of Snap-on since April 2004. He was elected to the Board of Snap-on Incorporated in January 2004. Mr. Fiedler retired as Chairman of the Board of BorgWarner Inc. (formerly known as Borg-Warner Automotive, Inc.) located in Chicago, Illinois, in May 2003. He served as its Chairman from March 1996 until May 2003 and also served as its Chief Executive Officer from January 1995 until February 2003. Mr. Fiedler has been a Director of WABCO Holdings, Inc. since September 2007, a Director of Mohawk Industries, Inc. since March 2002, and a Director of AirTran Holdings, Inc. since 2003.

**Director: Karen L. Daniel**

Ms. Daniel has been a Director of Snap-on since April 2006. She was elected to the Board of Snap-on Incorporated in December 2005. Ms. Daniel has served as Division President and Chief Financial Officer of Black & Veatch Corporation, located in Overland Park, Kansas, since January 2000.

**Director: James P. Holden**

Mr. Holden has been a Director of Snap-on since April 2008. He was elected to the Board of Snap-on Incorporated in July 2007, and has served as the Board's Lead Director since February 2009. He served as non-executive Chairman of Meridian Automotive Systems, Inc., located in Allen Park, Michigan, from March 2007 until June 2009. He was President and Chief Executive Officer of DaimlerChrysler Corporation, a U.S. subsidiary of DaimlerChrysler AG, located in Auburn Hills, Michigan, from September 1999 until November 2000. He has been a Director of Speedway Motorsports, Inc. since April 2004, a Director of SIRIUS XM Radio, Inc. since August 2001 and a Director of Motors Liquidation Company since July 2009.

**Director: Nathan J. Jones**

Mr. Jones has been a Director of Snap-on and Snap-on Incorporated since July 2008. Mr. Jones retired in December 2007 from Deere & Company, located in Moline, Illinois, where he most recently served as President, Worldwide Commercial and Consumer Equipment Division from January 2006 to December 2007. He also served as Senior Vice President and Chief Financial Officer for Deere & Company from 1997 through 2006.

**Director: Gregg M. Sherrill**

Mr. Sherrill has been a Director of Snap-on and Snap-on Incorporated since December 2010. He has served as Chairman and Chief Executive Officer of Tenneco, Inc. located in Lake Forest, Illinois, since January 2007. Previously, Mr. Sherrill was Corporate Vice President and President, Power Solutions for Johnson Controls, Inc., located in Milwaukee, Wisconsin, from 2004 to 2007.

**Principal Officers Required to be Disclosed in this Disclosure Document:**

**President: Thomas L. Kassouf**

Mr. Kassouf has been in his present position with Snap-on since April 2010. He has held the position of Senior Vice President of Snap-on Incorporated since December 2007 and also served as President – Commercial Division from April 2007 to April 2010, and served as President – Worldwide Equipment from January 2003 until April 2007.

**President – Sales and Franchising: Barrie J. Young**

Mr. Young has been in his present position with Snap-on since February 2007. From March 1999 until February 2007, he was Managing Director of Snap-on Tools Australia Pty. Ltd. located in Sydney, Australia.

**Senior Vice President: Aldo J. Pagliari**

Mr. Pagliari has been in his present position of Senior Vice President with Snap-on since April 2010. He has held the position of Senior Vice President – Finance and Chief Financial Officer of Snap-on Incorporated since March 2010, and served as President – Equipment from April 2007 until March 2010. He also served as Senior Vice President – Commercial and Industrial Group from January 2006 until April 2007, and Group Controller/Director of Finance and Planning for the Commercial and Industrial Group from December 2002 until January 2006.

**Senior Vice President – Finance and Accounting: Blaine A. Metzger**

Mr. Metzger has been in his present position since May 2005. He held the position of Vice President – Finance and Treasurer of Snap-on Incorporated from February 2004 to May 2005.

**Vice President – Franchise Development: Clark Jamison**

Mr. Jamison has been in his present position with Snap-on since June 2006. He was Vice President – Dealer Operations from August 2003 until June 2006.

**Vice President – North American Sales: Larry W. Hamrick**

Mr. Hamrick has been in his present position since July 2007. He held the position of Vice President – Franchise Sales from June 2006 until July 2007. He was Vice President – Sales, U.S. from February 2006 until June 2006 and held the position of National Sales Manager from August 2005 until February 2006. From October 2004 until August 2005, he held the position of Division Sales Manager of the Eastern Division with offices located in Dallas, Texas.

**Vice President – Marketing: Alicia A. Smales**

Ms. Smales has been in her present position since April 2007. Prior to joining Snap-on, she was Director of Marketing of Hilti, Inc. with offices located in Schaan, Liechtenstein and Tulsa, Oklahoma, from June 2002 until April 2007.

**Individuals with Management Responsibility Relating to the Sale and Operation of Franchises Offered by This Disclosure Document:****Director, Franchise System: Michael P. Doweidt**

Mr. Doweidt has been in his present position with Snap-on since April 2008. He held the position of Regional Manager of the South Central Region during April 2008 until he assumed his present position. He held the same position in the former Dallas Region from May 2005 until April 2008, and was Branch Manager of the Dallas Branch from January 2004 until May 2005.

**Director, Customer Relations & Training: David Cimermanic**

Mr. Cimermanic has been in his present position with Snap-on since October 2002.

**Sales Manager-North America: Jeffrey W. Howe**

Mr. Howe has been in his present position with Snap-on since March 2010. He held the position of National Sales Manager from December 2006 until March 2010, and was Regional Manager of the Portland Region from January 2005 until December 2006.

**President (Snap-on Credit LLC): Joseph J. Burger**

Mr. Burger has been in his present position with Snap-on Credit LLC located in Libertyville, Illinois, since November 2009 and held the position of General Manager from August 1999 until November 2009. Snap-on Credit LLC provides a broad range of financial services to Snap-on's franchisees.

**President (Snap-on SecureCorp., Inc.): Daniel H. Kugler**

Mr. Kugler has been in his present position with Snap-on SecureCorp., Inc. since November 1996. Snap-on SecureCorp., Inc. is an affiliate of Snap-on and administers the various insurance programs offered to franchisees. He has also held the position of Assistant Treasurer of Snap-on Incorporated since March 2004 and was Director of Corporate Risk from December 1998 until March 2004.

ITEM 3  
LITIGATION

Pending litigation against Snap-on and its affiliates and pending litigation filed by Snap-on against franchisees are described in Appendix A. Concluded litigation is described in Appendix B. No other litigation is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

No person previously identified in Item 1 or Item 2 of this disclosure document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code (or foreign law) required to be disclosed in this Item.

**ITEM 5**  
**INITIAL FEES**

**We have separated the discussion of the initial fees in this Item to discuss the initial fees for a Standard Franchise first and then the initial fees for a Gateway Franchise.**

**STANDARD FRANCHISE – INITIAL FEES**

The initial fees for the Standard Franchise include an initial license fee of \$7,500 to \$15,000 plus additional fees and payments ranging between \$74,850 and \$133,770 for goods and services we provide you before your franchise opens. The following formula determines these initial fees:

|  |                           |
|--|---------------------------|
| Initial License Fee  | \$7,500-\$15,000          |
| Initial Inventory  | \$72,000-\$76,000         |
| Acquisition and Development of Revolving Accounts ("RA Deposit") | \$0-\$52,500              |
| Computer Software License Fee                                    | \$770                     |
| New Franchisee Credit Marketing Program                          | \$480-\$500               |
| Van Merchandise Displays and Safety Equipment                    | \$1,600-\$4,000           |
| <b>Total</b>   | <b>\$82,350-\$148,770</b> |

Except as otherwise described, the initial fees are uniform if you are purchasing a Standard Franchise.

**Initial License Fee.** The initial license fee of \$15,000 includes your initial training, which we estimate to have a cost of \$1,800 (See Item 11), your technology package, which we estimate to have a cost of \$2,700 (See Item 11), turnkey office supply package, which we estimate to have a cost of \$400 and an initial order of uniforms, which we estimate to have a cost of \$400. Under the following circumstances the initial license fee and what is included in the initial license fee will vary:

- (a) **Gateway Franchisee Converting to Standard Franchise.** If you are a Gateway Franchisee converting to become a Standard Franchisee, the initial license fee is \$10,000, but you will not receive training, the technology package, the turnkey office supply package or uniform order.
- (b) **Expansion Franchise.** If you are purchasing an Expansion Franchise, which includes the purchase of assets by an existing Standard Franchisee from an existing franchisee to add an additional Standard Franchise, your initial license fee will be \$7,500 and you will receive initial training for your employee, the technology package, the turnkey office supply package and uniform order.
- (c) **Renewal Franchise.** If you are purchasing a Renewal Franchise, you pay an initial license fee of \$7,500. This fee does not include initial training, the technology package, the turnkey office supply package or uniform order.
- (d) **Transfer Franchise.** If you are purchasing a Transfer Franchise, other than as an Expansion Franchise, you will pay a transfer fee of \$7,500, unless a different transfer fee is specified in the selling franchisee's Franchise Agreement. You will receive training but you will not receive the technology package, the turnkey office supply package or uniform order.

(e) Additional Van. If you currently are operating an additional van under the Expansion Program and meet all the requirements to make that a Standard Franchise, no initial license fee will be charged, but you will not receive initial training, the technology package, the turnkey office supply package or uniform order.

**Initial Inventory.** You must purchase an initial inventory, which we pre-select for you, with a suggested retail price approximately between \$109,000 to \$112,000 and a cost to you approximately between \$72,000 to \$76,000. Under the following circumstances, you will pay a lesser amount for your initial inventory:

(a) Expansion Franchise. If you are purchasing an Expansion Franchise, you will receive inventory having a franchisee cost of \$37,500 at no cost to you (the "Inventory Incentive"). This incentive is designed to assist you in starting your Expansion Franchise and providing ongoing continuity in the operation of that franchise. For that reason, in order to fully earn the Inventory Incentive you must operate the business under the Expansion Franchise for a minimum of three years. If either (i) the Expansion Franchise is terminated or (ii) you cease operating the van under the Expansion Franchise during the three-year period after the date you commence operation under the Expansion Franchise you will be required to pay us the entire Inventory Incentive you originally received, which will be immediately due and payable. If neither of these conditions occurs during the first three years after you commence operation under the Expansion Franchise, you will have no further obligation to Snap-on for the Inventory Incentive. This incentive is not available to an existing Standard Franchisee who adds an additional van to an existing Standard Franchise or converts an additional van to an additional Standard Franchise.

(b) Veterans Discount. If you are a veteran of the United States Military Service who has been honorably discharged and you are purchasing your initial Standard Franchise from Snap-on, you will receive inventory with a franchisee cost of \$20,000 at no cost to you ("Veterans Discount"). In order to fully earn the Veterans Discount, you must operate the business under the Standard Franchise for a minimum of three years. If either (i) the franchise is terminated or (ii) you cease operating the van under the franchise during the three-year period after the date you commence operation under the franchise, you will be required to pay Snap-on the entire Veterans Discount, which will be immediately due and payable. If neither of these conditions occurs during the first three years after you commence operation under the Standard Franchise, you will have no further obligation to Snap-on for the Veterans Discount.

(c) Employee Discount. From time to time during the effective period of this disclosure document, Snap-on may make available to certain groups of Snap-on employees the opportunity to become a Standard Franchisee and provide a discount on the initial inventory purchased by these employees. While no program is currently available, it would be expected that the discount would be approximately \$25,000.

(d) Unassociated Dealer. If you are currently in the business of selling and servicing tools for professional mechanics and other customers in the automotive aftermarket and related businesses, but you are not associated with us ("Unassociated Dealer"), we may provide you with a portion of your initial inventory, without cost to you, at the time you convert to the Snap-on Program.

The purchase of initial inventory is not applicable if you are purchasing a Renewal Franchise as long as you meet Snap-on's minimum inventory requirements. If you are a Gateway franchisee purchasing a Standard Franchise, you will purchase your existing inventory, or if you are purchasing a Transfer Franchise, you will purchase the transferring franchisee's inventory and will not be required to purchase additional inventory as long as your inventory meets Snap-on's minimum inventory requirement.

**RA Deposit.** The required RA Deposit varies from franchisee to franchisee as described in Item 7. We may waive all or part of this requirement if you are purchasing a Transfer Franchise, you are a Gateway Franchisee becoming a Standard Franchisee or you are a current or former Snap-on employee. It is not applicable if you are purchasing a Renewal Franchise.

**Computer Software License Fee.** We require you to use a software program described in Item 11. You must pay us the Software License Fee, which is currently \$770, plus any applicable tax. This fee is not applicable if you are purchasing a Renewal Franchise.

**New Franchisee Credit Marketing Program.** We require you to participate in this program, which consists of a one-time charge and is described in Item 8.

**Van Merchandise Displays and Safety Equipment.** You are required to purchase van merchandise displays to properly display certain Products on the van. In addition, you are required to purchase certain safety equipment that we require to promote safety on the van.

The initial license fee, Computer Software License Fee and cost of Van Merchandise Displays are non-refundable. Inventory is subject to our tool return policy, which is described in Note 3 of Item 7. We will refund the balance of your RA Deposit (if any) when your Standard Franchise Agreement terminates, but only after you have paid all amounts you owe to us or any of our affiliates. The charge for the New Franchisee Credit Marketing Program may be refunded in the event you meet a performance standard as described in Item 8.

#### **GATEWAY FRANCHISE – INITIAL FEES**

The initial fees for the Gateway Franchise include the initial license fee of \$5,000 plus an additional fee up to \$53,000. The following table illustrates a comparison with the items included in the calculation of the initial fees for the Standard Franchise:

|   |  |
|---|--|
| Initial License Fee                               | \$5,000  |
| Initial Inventory                                 | Provided on consignment and paid for by you if you convert to a Standard Franchise or at the time your Gateway Franchise Agreement expires or otherwise terminates (See Item 7 for a further description of the inventory and return policies) |
| Acquisition and Development of Revolving Accounts | \$0–\$52,500   |
| Computer Software License Fee                     | Not required, but will be paid by you if you convert to a Standard Franchise   |
| New Franchisee Credit Marketing Program           | \$480-\$500  |
| Van Merchandise Displays and Safety Equipment     | Provided on consignment and paid for by you if you convert to a Standard Franchise Agreement or at the time your Gateway Franchise Agreement expires or otherwise terminates.  |
| <b>TOTAL</b>                                      | <b>\$5,480–\$58,000</b>  |

**Initial License Fee.** The initial license fee includes your initial training, which we estimate to have a cost of \$1,800 (See Item 11), your technology package, which we estimate to have a cost of \$2,700 (See Item 11), turnkey office supply package, which we estimate to have a cost of \$400 and an initial order of uniforms, which we estimate to have a cost of \$400.

**RA Acquisition and Development.** You will be required to participate in the RA Finance Program through which we will, on an automatic basis, advance funds to you of up to \$52,500 for

the acquisition and development of Revolving Accounts (“RAs”). This is called the RA Line of Credit and is described more fully in Item 10.

**New Franchisee Credit Marketing Program.** We require you to participate in this program, which consists of a one-time charge and is described in Item 8.

**Van Merchandise Displays and Safety Equipment.** The van merchandise displays allow you to properly display certain **Products** on the van. The safety equipment promotes safety on the van.

The initial fees are uniform for all Gateway Franchisees currently purchasing Gateway Franchises, except that the acquisition of RAs will vary from franchisee to franchisee as described in Item 7. The initial license fee is not refundable, but the charge for the New Franchisee Credit Marketing Program may be refundable if you meet a specified performance standard described in Item 8.

## **ITEM 6** **OTHER FEES**

**We have separated the discussion of other fees in this Item to discuss the other fees for a Standard Franchise first and then the other fees for a Gateway Franchise.**

### **STANDARD FRANCHISE – OTHER FEES**

Except as otherwise described below, the fees in this item apply to all Standard Franchises.

| <b>Name of Fee</b>  | <b>Amount</b>   | <b>Due Date</b>  |
|---|---|--|
| Standard Franchisee weekly remittance for Products and services purchased from Snap-on <sup>1</sup> | 100% of miscellaneous charges less miscellaneous credits, plus any amount necessary to be \$1.00 under your credit limit.   | Payable weekly upon your receipt of an invoice from us.                              |
| Monthly License Fee <sup>2</sup>  | \$102.00  | Payable monthly upon your receipt of an invoice from us.                             |
| Computer Software Maintenance Fee <sup>3</sup>  | \$26.00   | Payable monthly upon your receipt of an invoice from us.                             |
| Franchise Finance Program Loan Payment <sup>4</sup>   | For a new person entering the system, no payment for the first 90 days (interest accrues from inception of loan); thereafter, the estimated payment is \$885/month–\$1,032/month.<br>For a Gateway franchisee becoming a Standard franchisee, payments begin immediately, and the estimated payment is \$1,449/month–\$1,677/month. | Payable weekly.  |
| Franchise Finance Program Loan Prepayment Fees  | 5% (3% if loan is to finance an additional franchise) of the outstanding principal balance on the date of prepayment unless you cease being a franchisee or are otherwise employed by Snap-on or its affiliates.  | Upon prepayment.   |
| RA Loan Payment <sup>5</sup>  | \$654/month–\$755/month   | Payable weekly beginning six months after the time you became a Standard Franchisee. |



| Name of Fee  | Amount  | Due Date   |
|--|---|--|
| RA Loan Prepayment Fees  | 5% (3% if the loan is for an additional franchise) of the outstanding principal balance on the date of prepayment unless you cease being a franchisee or are otherwise employed by Snap-on or its affiliates.   | Upon prepayment.   |
| Credit Program and Open Account Payments <sup>6</sup>  | To be determined.   | To be determined.  |
| Transfer Fee <sup>7</sup>  | 50% of our then-current Initial License Fee, which is currently \$7,500.  | Upon transfer.   |
| Renewal Fee  | 50% of our then-current Initial License Fee, which is currently \$7,500.  | Upon renewal.  |
| Insurance and Other Coverage <sup>8</sup>  | \$2,140-\$10,700  | Payable annually, quarterly or monthly.  |
| Indemnification <sup>9</sup>   | To be determined.   | To be determined.  |
| Pre-existing obligations under Gateway Franchise Documents <sup>10</sup>   | To be determined.   | To be determined.  |
| Administrative Handling Charge <sup>11</sup>   | To be determined.   | To be determined.  |
| Van Lease and Maintenance Fee Payment <sup>12</sup>  | \$1,434-\$1,707/month van lease payment plus \$216/month maintenance fee.   | Payable weekly in advance (under the Snap-on Credit Van Lease Program) of each month's lease payment due date.               |
| Van Lease Prepayment Fee (under Snap-on Credit Van Lease Program)  | One to three months' lease payments (See Item 10 for a further discussion).   | Upon prepayment.   |
| Van Lease Termination Fee (under Snap-on Credit Van Lease Program)   | Up to one month's lease payment (See Item 10 for a further discussion).   | Upon termination.  |
| Late charges (under Snap-on Credit Franchise Finance and Credit Programs)  | Under the Franchise Finance Loan 4% over the regular rate (subject to the maximum permitted by law). Under the Snap-on Credit Van Lease Program 5% of the amount due (plus interest at 10%) for payment delayed more than 10 days or \$10.00, whichever is greater (subject to the maximum permitted by law). | Upon failing to make timely payment.   |
| Charges for insufficient funds or dishonor of payment under Snap-on Credit Franchise Finance and Credit Programs or for payment to Snap-on | Up to \$25.00, which may increase during the term of your Franchise Agreement.  | Upon dishonor of payment by check, ACH or similar instrument.  |
| Audit  | Cost of audit   | Payable 15 days after receipt of report if audit shows breach and resulted from your failure to provide information on time. |
| EC Paper Contract Processing Fee <sup>13</sup>   | \$150 for any month in which Snap-on Credit allows you to submit an EC contract on paper rather than electronically or remit EC collections manually rather than electronically.  | At the end of the month during which a paper contract is submitted or EC collections remitted other than electronically.     |
| Manual Check Processing Fee <sup>14</sup>  | \$50.00 per month if you fail to pay Snap-on electronically.  | Monthly  |
| Training <sup>15</sup>   | \$0-\$1,800.  | At time of training.   |
| Merchandising Program <sup>16</sup>  | \$70-\$100 per month.   | Monthly upon invoice.  |
| New Product Purchases <sup>17</sup>  | Up to \$800 per month.  | Upon invoice.  |
| Accounting Service <sup>18</sup>   | \$19-\$29 per month.  | Monthly upon invoice.  |

## NOTES

<sup>1</sup> **Weekly Remittance.** As of the effective date of this disclosure document, this is the minimum payment due us each week for **Products** and services purchased from us on credit. We have the right to unilaterally change payment terms at any time.

- 2 **Monthly License Fee.** This is a nonrefundable fee payable to us, which we may increase once each calendar year by an amount up to the lesser of either \$50.00 or 25% of the existing Monthly License Fee.
- 3 **Computer Software Maintenance Fee.** The monthly maintenance fee is payable to us and is not refundable.
- 4 **Franchise Finance Program Loan Payment.** Snap-on Credit may lend funds to you through the Franchise Finance Program for certain initial investment costs.

*New Person Entering Franchise System.*

Although interest will accrue on the amount you borrow from the inception of the loan, you will not make any payments during the first 90 days. You will then be required to repay the amount you borrowed over a term of 10 years. See Item 10 for a complete description of the Franchise Finance Program.

The payments described in the table above are for a loan of \$70,770 at the fixed rate of interest of 8.26% and 11.76%, calculated as of January 20, 2011, which will be repaid over 10 years and includes the following:

|   |                 |
|---|-----------------|
| Initial License Fee                           | \$15,000        |
| Initial Inventory                             | \$76,000        |
| Van Merchandise Displays and Safety Equipment | \$4,000         |
| Computer Software License Fee                 | \$770           |
| Subtotal                                      | <u>\$95,770</u> |
| Less Down Payment                             | \$25,000        |
| AMOUNT FINANCED                               | <u>\$70,770</u> |

The down payment is the typical minimum down payment, although Snap-on Credit may, in certain cases, require a higher down payment or reduce or waive the down payment.

*Gateway Franchisee Becoming a Standard Franchisee*

If you are a Gateway franchisee converting to a Standard Franchise, the financing offered will require that you immediately commence paying principal and interest over a 10-year term. You will finance your RA Acquisition and RA Development through this Franchise Finance Loan, which will increase the amount you borrow accordingly. As an example, if you utilized the entire \$52,500 under your RA Financing for acquisition and development of RA with Snap-on, you might finance the following:

|   |                  |
|---|------------------|
| Initial License Fee                           | \$10,000         |
| Inventory                                     | \$76,000         |
| Van Merchandise Displays and Safety Equipment | \$4,000          |
| Computer Software License Fee                 | \$770            |
| RA  | \$52,500         |
| Subtotal                                      | <u>\$143,270</u> |
| Less Down Payment                             | \$25,000         |
| AMOUNT FINANCED                               | <u>\$118,270</u> |

The payments described in the table above are for an amount financed of \$118,270 at a fixed rate of interest of 8.26% and 11.76% calculated as of January 20, 2011.

Your exact loan payment will be determined by the amount you borrow, the interest rate in effect at the time of the loan and your credit history.

Both new persons entering the Franchise System and Gateway conversions will be required to pay a documentation fee of \$250 at the time you sign your loan papers. If you are purchasing an Expansion Franchise, the documentation fee will be \$100.

- 5 **RA Loan Payment.** As long as you do not obtain financing from a lender (other than Snap-on Credit) who requires a lien on your business assets, Snap-on, under our RA Financing Program will make interest free financing available to you to acquire and develop RA accounts. This financing by Snap-on must be repaid no later than six months after you become a Standard Franchisee. As a Gateway Franchisee converting to a Standard Franchise, you are not eligible for this financing since you received interest-free financing from Snap-on while you were a Gateway Franchisee. This financing is also not available if you are purchasing a Renewal Franchise. Snap-on Credit may, as long as they determine you are credit worthy, make funds available to pay Snap-on under Snap-on Credit's RA Loan Program. The payment described in the table above is for an amount borrowed from Snap-on Credit of \$52,500 at the interest rate being offered to new Standard Franchisees, which if calculated on January 20, 2011, would be between 8.26% and 11.76%, amortized over 9 years 9 months. The amount borrowed assumes that you utilized the entire \$52,500 available under Snap-on's RA Financing Program. Your loan payment may be higher or lower depending on the amount you pay to Snap-on and the applicable interest rate at the time of financing. The term of your RA Loan is generally the same as the remaining term of your Franchise Finance Program Loan. See Item 10 for a further discussion of the RA Financing Program offered by Snap-on and the RA Loan Program offered by Snap-on Credit.
- 6 **Credit Programs/Open Accounts.** Snap-on Credit may make credit programs available to you to finance your qualifying customers' purchases of **Products**. These programs give you immediate credit on your Snap-on weekly invoice for sales to customers.

Under the Extended Credit Program, you receive immediate credit for an EC Contract when accepted by Snap-on Credit for the total net cash price of a sale less the applicable EC Reserve Requirement, which is held by Snap-on as a reserve for bad debts and other obligations. The EC Reserve Requirement is determined by Snap-on Credit and will range between 0% and 15% of the total net cash price of a sale. The amount held by Snap-on as the EC Reserve Requirement currently earns interest based on the prevailing Fidelity Money Market Fund Retail (FDRXX) rate and is adjusted quarterly. Snap-on may at any time change the method for computing interest or discontinue the payment of interest on this reserve account. Under the Credit Programs, you must repurchase repossessed **Products** and participate in losses. See Item 10 for a further discussion of the Credit Programs.

Snap-on may accept your assignment of Open Accounts on 30-day terms or 30-60-90 day terms. If an Open Account customer fails to pay us within 60 days of our invoice on 30-day accounts, we will charge back to you the total unpaid amount of the Open Account. On 30-60-90 day accounts, if the Open Account customer fails to pay us within 7 days of any agreed upon installment date, we will charge back to you the total unpaid amount of the Open Account. See Item 10 for a further discussion of Open Accounts.

- 7 **Transfer Fee.** Paid by buyer in the amount of the transfer fee in effect when you transfer the assets of your franchise with our approval. The current transfer fee includes initial training for the transferee, which we estimate to have a cost of \$1,800. There is no charge if you transfer the assets and franchise to a corporation or limited liability company, which you own. We may change the transfer fee from time to time.
- 8 **Insurance and Other Coverage.** You must submit written evidence that you have obtained the insurance and other coverage required by the Franchise Agreement from any insurance carrier of your choice, provided that it is acceptable to us. You may obtain the required

insurance and other coverage through the Snap-on Franchisee Insurance Program, to the extent offered. We will not unreasonably withhold acceptance of a carrier, but at a minimum, it must be rated "A" or better by Best's Insurance Reports. If your insurance carrier cancels or fails to renew any of your insurance policies (other than commercial business auto liability insurance), we must be notified and we can obtain the insurance for you (but we are not obligated to do so) and invoice you for the actual cost of the insurance. You must pay this invoice within 5 business days. If you choose to obtain insurance through certain insurance programs that Snap-on SecureCorp offers, we will collect premiums on behalf of the insurer. These payments are not refundable. Under our insurance programs, Snap-on SecureCorp acts as the plan administrator and in most states the claims adjuster for the insurer of the Franchisee Inventory Insurance Coverage Program which we offer. Insurance coverage under all Snap-on insurance programs is provided by third party insurers, but an affiliate of Snap-on SecureCorp may also act as the re-insurer of some or all of the coverage insured. Based on information available to us, we believe that the cost to you for required insurance will range from \$2,140 to \$10,700 per year. In some instances some of the premiums may be payable monthly or quarterly. Your insurance on your inventory must also contain a loss payable clause naming Snap-on and if you participate in the Franchise Finance Program Snap-on Credit as loss payee(s) as their interests may appear. Also, if you participate in the Snap-on Credit Van Lease Program, your van insurance must also contain a loss payable clause naming the lessor as loss payee for risk and additional insured for liability.

<sup>9</sup> **Indemnification.** Under the Franchise Agreement, you agree to indemnify us and our affiliates for all losses and expenses from any action relating to the operation of your franchise except as otherwise provided in the Franchise Agreement (See Item 9).

<sup>10</sup> **Pre-existing Obligations Under Gateway Franchise Documents.** If you are a Gateway Franchisee converting to become a Standard Franchisee, certain obligations you incurred as a Gateway Franchisee will continue when you become a Standard Franchisee, including recourse obligations under EC Contracts and other credit contracts sold to Snap-on Credit. You will be required to pay any shortage in your consigned inventory and your indebtedness to Snap-on under the RA Finance Program. Snap-on Credit may, provided it determines you are credit worthy, finance this RA Finance Program indebtedness under the Franchise Finance Program, but only to the extent of your actual net RA (See Items 7 and 10). You will also continue to be obligated under the terms of your existing Franchisee Servicing Agreement and van lease.

<sup>11</sup> **Administrative Handling Charge.** We may periodically charge an administrative handling charge to cover our administrative costs of handling advertising promotion and will result in a lower discount to you for **Products** you sell under those promotions.

<sup>12</sup> **Van Lease and Maintenance Fee Payments.** The fee amount in the table above assumes a van lease through Snap-on Credit. The lower payment is for a new van with a cost of \$89,000 and is calculated with a lease rate of 7.35% for a 72-month period. The higher payment is for a new van with a cost of \$95,000 and is calculated with a lease rate of 10.85% for a 72-month term. The lease rates vary based on your credit and are the rates effective January 20, 2011. You also pay a maintenance fee of \$216.00 per month.

In addition to the monthly fee, you will incur the following costs in connection with leasing your van:

- (i) **Delivery Charge** – This is a one-time charge, which we estimate will range between \$190 to \$3,650 depending on where you are located within the continental United States. This amount will be exceeded in Alaska and Hawaii, but it is not possible to give an accurate estimate. We will provide a quote to Alaska and Hawaii franchisees

prior to signing your Franchise Agreement. Although none currently exists, it is possible that a delivery fuel surcharge may be instituted during the effective period of this disclosure document.

- (ii) **Sales and/or Use Tax ("Sales Tax")** – This varies by the state in which you are located. It is sometimes charged on the lease payment and ranges up to 12% of the lease payment. Some states charge sales tax on the purchase price of the van and in that case the sales tax will be included in the cost of the lease and will increase your monthly payment accordingly. Some states have no applicable sales tax and some states include sales tax in the annual license fee you must pay to the state.

It is possible that you may be assigned a used van which could have a higher monthly payment, which we estimate will not exceed \$50.00 per month in excess of the monthly lease payment for a new van as reflected in the table above, but the total payments you make during the lease term should be less than the total payments during the lease term for a new van. Your exact monthly payment will depend on the cost of the van assigned to you, any required down payment, the residual (price at which the van can be purchased at the end of the lease), the lease term available for that van and the applicable lease rate. Snap-on Credit collects the lease and maintenance fee payments from you on a weekly basis and pays them to the van lease company (if a third party lessor is used) and fleet administrator respectively. See Item 10 for a further discussion of the van and maintenance requirements and the Snap-on Credit Van Lease Program.

- 13 **Snap-on Credit EC Paper Contract and Manual Payment Processing Fee.** Snap-on Credit imposes this fee for any month during which Snap-on Credit allows you to submit an EC Contract in paper form or remit funds in any manner other than electronically by way of ACH (through the electronic interface on your point of sale system). This fee is subject to change by Snap-on Credit during the term of your Franchise Agreement.
- 14 **Snap-on Manual Processing Fee.** We require that you submit payments to us electronically by way of ACH (through the electronic interface on your point of sale system). If you fail to do this, we will charge you this fee. This fee is subject to change by us during the term of your Franchise Agreement.
- 15 **Training.** You will not incur a training fee at the time you purchase your initial Standard Franchise. If you purchase an additional franchise or additional van under the Expansion Program the following will apply: (i) no training fee for your initial employee under an additional franchise or additional van during any calendar year and (ii) a fee of \$1,800 for training each additional employee applicable to such additional franchise or additional van during such calendar year. This is the fee that is currently in effect, but we reserve the right to change the fee during the term of your Franchise Agreement. See Item 11 for a further description of the training fee and the training program.
- 16 **Merchandising Program.** This provides you with van signage and print collateral used in promotional programs. The cost may increase during the term of your Franchise Agreement.
- 17 **New Product Purchases.** As described in Item 8, we provide important new Products in quantities we determine are appropriate. The cost may increase during the term of your Franchise Agreement.
- 18 **Accounting Service.** As described in Item 8, unless you are doing business under a franchise agreement with Snap-on on February 28, 2010, you are required to participate in the accounting service offered by ProfitKeeper. Snap-on will bill you for this service and remit the monies collected to ProfitKeeper. The amount of this fee is determined by ProfitKeeper and may change during the term of your Franchise Agreement.

Unless otherwise indicated, no fees in this Item 6 are refundable.

## **GATEWAY FRANCHISE – OTHER FEES**

The fees in this item apply to all Gateway Franchises.

| <b>Name of Fee</b>   | <b>Amount</b>  | <b>Due Date</b>  |
|--|--|--|
| Gateway Franchise Equity Payment <sup>1</sup>  | \$335  | Payable weekly beginning in the fourteenth week after the effective date of your Franchise Agreement.                        |
| Gateway Franchise Weekly Remittance <sup>2</sup>   | 100% of miscellaneous charges less miscellaneous credits, plus any amount necessary to be \$1.00 under your credit limit.  | Payable weekly.  |
| Credit Program and Open Account Payments <sup>3</sup>  | To be determined.  | To be determined.  |
| Insurance and Other Coverage <sup>4</sup>  | \$2,140-\$10,700   | Payable annually, quarterly or monthly.  |
| Indemnification <sup>5</sup>   | To be determined.  | To be determined.  |
| Administrative Handling Charge <sup>6</sup>  | To be determined.  | To be determined.  |
| Van Lease and Maintenance Fee Payment <sup>7</sup>   | \$1,484-\$1,707/month van lease payment plus \$216/month maintenance fee.  | Payable weekly in advance of each month's lease payment due date under the Snap-on Credit Van Lease Program.                 |
| Van Lease Prepayment Fee (under Snap-on Credit Van Lease Program)  | One to three months' lease payments (See Item 10 for a further discussion).  | Upon prepayment.   |
| Van Lease Termination Fee (under Snap-on Credit Van Lease Program)   | Up to one month's lease payment (See Item 10 for a further discussion).  | Upon termination.  |
| Late charges (under Snap-on Credit Van Lease Program)  | 5% of the amount due (plus interest at 10%) for payment delayed more than 10 days or \$10.00, whichever is greater.  | Upon failure to make timely payment.   |
| Charges for insufficient funds or dishonor of payment under Snap-on Credit Programs or for payments to Snap-on | Up to \$25.00, which may increase during the term of your Franchise Agreement  | Upon dishonor of payment by check, ACH or similar instrument.  |
| Audit  | Cost of audit.   | Payable 15 days after receipt of report if audit shows breach and resulted from your failure to provide information on time. |
| EC Paper Contract Processing Fee <sup>8</sup>  | \$150 for any month in which Snap-on Credit allows you to submit an EC contract on paper rather than electronically or remit EC collections manually rather than electronically. | At the end of the month during which a paper contract is submitted or EC collections are not electronically remitted.        |
| Manual Check Processing Fee <sup>9</sup>   | \$50.00 per month if you fail to pay Snap-on electronically.   | Monthly.   |
| Merchandising Program <sup>10</sup>  | \$70-\$100 per month.  | Monthly upon invoice.  |
| New Product Purchases <sup>11</sup>  | Up to \$800 per month.   | Upon invoice.  |
| Accounting Service <sup>12</sup>   | \$19-\$29 per month.   | Monthly upon invoice.  |

### **NOTES**

<sup>1</sup> **Gateway Franchise Equity Payment.** We collect this payment during the term of your Gateway Franchise Agreement. It will not be held in a separate account or trust account and will be commingled with our other funds. You will not receive interest on this amount. Upon termination of your Gateway Franchise Agreement, including for conversion to a Standard Franchise Agreement, we will use the funds to pay any outstanding indebtedness you have to us or our affiliates. After doing so, if you convert to a Standard Franchise, we will credit or

release any remaining funds for expenses in connection with the Standard Franchise. Any remaining funds will be returned to you.

- <sup>2</sup> **Weekly Remittance.** As of the effective date of this disclosure document, this is the minimum payment for **Products** and services you purchase from us on credit. We have the right to unilaterally change payment terms at any time.

- <sup>3</sup> **Credit Programs/Open Accounts.** Snap-on Credit may make credit programs available to you to finance your qualifying customers' purchases of **Products**. These programs give you immediate credit on your Snap-on weekly invoice for sales to customers.

Under the Extended Credit Program, you receive immediate credit for an EC Contract accepted by Snap-on Credit for the total net cash price of a sale less the applicable EC Reserve Requirement, which is held by Snap-on as a reserve for bad debts and other obligations. The EC Reserve Requirement is determined by Snap-on Credit and will range between 0% and 15% of the total cash price of a sale. The amount held by Snap-on as the EC Reserve Requirement earns interest based on the prevailing Fidelity Money Market Fund Retail (FDRXX) rate and is adjusted quarterly. Snap-on may at any time change the method for calculating interest or discontinue payment of interest on this reserve account. Under the Credit Programs, you must repurchase repossessed **Products** and participate in losses. See Item 10 for a further discussion of the Credit Programs.

We may accept your assignment of Open Accounts on 30-day terms or 30-60-90 day terms. If an Open Account customer fails to pay us within 60 days of our invoice on 30-day accounts, we will charge back to you the total unpaid amount of the Open Account. On 30-60-90 day accounts, if the Open Account customer fails to pay us within 7 days of any agreed upon installment date, we will charge back to you the total unpaid amount of the Open Account. See Item 10 for a further discussion of Open Accounts.

- <sup>4</sup> **Insurance and Other Coverage.** You must submit written evidence that you have obtained the insurance and other coverage required by the Gateway Franchise Agreement from any insurance carrier of your choice, provided that it is acceptable to us. You may obtain the required insurance and other coverage through the Snap-on Franchisee insurance program, to the extent offered. We will not unreasonably withhold our acceptance of a carrier, but at a minimum, it must be rated A or better by Best's Insurance Reports. If your insurance carrier cancels or fails to renew any of your insurance policies (other than commercial business auto liability insurance), we must be notified and can obtain the insurance for you (but we are not obligated to do so) and invoice you for the actual cost of the insurance. You must pay this invoice within 5 business days. If you choose to obtain insurance through certain insurance programs that SecureCorp offers, we will collect premiums on behalf of the insurer. These payments are not refundable. Under our insurance programs, Snap-on SecureCorp acts as the plan administrator and in most states the claims adjuster for the insurer of the Franchisee Inventory Insurance Coverage Program which we offer. Insurance coverage under all Snap-on insurance programs is provided by third party insurers, but an affiliate of Snap-on SecureCorp may also act as the re-insurer of some or all of the coverage insured. Based on information available to us, we believe that the cost to you for required insurance will range from \$2,140 to \$10,700 per year. In some instances some of the premiums may be payable monthly or quarterly. Your inventory insurance must contain a loss payable clause naming Snap-on Tools Company LLC as loss payee as its interests may appear. Since you will participate in the Snap-on Credit Van Lease Program, your van insurance must also contain a loss payable clause naming the lessor as loss payee for risk and additional insured for liability.

- 5 **Indemnification.** Under the Gateway Franchise Agreement, you agree to indemnify us and our affiliates for all losses and expenses from any action relating to the operation of your franchise except as provided in the Gateway Franchise Agreement (See Item 9).
- 6 **Administrative Handling Charge.** We may periodically charge an administrative handling charge to cover our administrative costs of handling advertising promotions and will result in a lower discount to you for **Products** you sell under those promotions.
- 7 **Van Lease and Maintenance Fee Payment.** Under the Gateway Franchise, you must lease a specified van (which may be new or used at the discretion of Snap-on Credit or its designee) from a designated source on terms arranged by Snap-on Credit. The lower payment is for a new van with a cost of \$89,000 and is calculated with a lease rate of 7.35% for a 72-month term. The higher payment is for a new van with a cost of \$95,000 and is calculated with a lease rate of 10.85% for a 72-month term. The lease rates vary based on your credit and are the rates effective January 20, 2011. You will also pay a maintenance fee of \$216.00 per month.

In addition to the monthly fee, you will incur the following costs in connection with leasing your van:

- (i) **Delivery Charge** – This is a one-time charge, which we estimate will range between \$190 to \$3,650 depending on where you are located within the continental United States. This amount will be exceeded in Alaska and Hawaii, but it is not possible to give an accurate estimate. We will provide a quote to Alaska and Hawaii franchisees prior to signing the Franchise Agreement. Although none currently exists, it is possible that a delivery fuel surcharge may be instituted during the effective period of this disclosure document.
- (ii) **Sales and/or Use Tax (“Sales Tax”)** – This varies by the state in which you are located. It is sometimes charged on the lease payment and ranges up to 12% of the lease payment. Some states charge sales tax on the purchase price of the van and in that case the sales tax will be included in the cost of the lease and will increase your monthly payment accordingly. Some states have no applicable sales tax and some states include sales tax in the annual license fee you must pay to the state.

It is possible that you may be assigned a used van which has a higher monthly lease payment, which we estimate will not exceed \$50.00 per month in excess of the monthly lease payment for a new van reflected in the table above, but the total payments you make during the lease term should be less than the total payments during the lease term for a new van. Your exact monthly payment will depend on the cost of the van assigned to you, any required down payment, the residual (price at which the van can be purchased at the end of the lease), the lease term available for that van and the applicable lease rate. Snap-on Credit collects the lease and maintenance fee payments from you on a weekly basis and pays them to the van lease company (if a third party lessor is used) and fleet administrator respectively. See Item 10 for a further discussion of the van and maintenance requirements and the Snap-on Credit Van Lease Program.

- 8 **Snap-on Credit EC Paper Contract and Manual Payment Processing Fee.** Snap-on Credit imposes this fee for any month during which Snap-on Credit allows you to submit an EC Contract in paper form or remit funds in any manner other than electronically by way of ACH (through the electronic interface on your point of sale system). This fee is subject to change by Snap-on Credit during the term of your Franchise Agreement.
- 9 **Snap-on Manual Processing Fee.** We require that you submit payments to us electronically by way of ACH (through the electronic interface on your point of sale system). If



you fail to do this, we will charge you this fee. This fee is subject to change by us during the term of your Franchise Agreement.

- 10 **Merchandising Program.** This provides you with van signage and print collateral used in promotional programs. The cost may increase during the term of your Franchise Agreement.
- 11 **New Product Purchases.** As described in Item 8, we provide important new Products in quantities we determine are appropriate. The cost may increase during the term of your Franchise Agreement.
- 12 **Accounting Service.** As described in Item 8, you are required to participate in this accounting service offered by ProfitKeeper. Snap-on will bill you for these services and remit the monies collected to ProfitKeeper. The amount of this fee is determined by ProfitKeeper and may change during the term of your Franchise Agreement.

Unless otherwise indicated, no fees in this Item 6 are refundable.

If you qualify for the Standard Franchise, upon becoming a Standard Franchisee, you will be required to pay the then-current other fees for the Standard Franchise. The other fees for the Standard Franchise as of the effective date of this disclosure document are described at the beginning of this Item 6. These other fees may change by the time you become a Standard Franchisee.

## **ITEM 7** **YOUR ESTIMATED INITIAL INVESTMENT**

**We have separated the discussion of estimated initial investment in this Item to discuss the estimated initial investment for a Standard Franchise first and then the estimated initial investment for a Gateway Franchise.**

### **STANDARD FRANCHISE – ESTIMATED INITIAL INVESTMENT**

The following information presents our best estimate, as of the date of this disclosure document, of the range of estimated initial investment expense that you can typically expect. We base this information on our experience in assisting new Standard Franchisees. Except as otherwise described, these categories of initial investment expenses are applicable to all Standard Franchisees. The notes at the end of this Item are an integral part of this Item, and you and your financial advisor should read them carefully.

Most new Standard Franchisees elect to finance a large portion of the initial investment of the franchise through the Franchise Finance Program offered through Snap-on Credit and described in Item 10 and throughout this disclosure document. The first column of the following table shows the estimated out-of-pocket expenses of a typical Standard Franchisee who participates in the Franchise Finance Program. The second column shows the total estimated initial investment amounts (described, where applicable, by a low-high range), a portion of which you may be able to finance through the Franchise Finance Program or other third-party sources.

|                                  | Estimated Range of Initial Standard Franchisee Investment               |  |                   |              |                               |
|----------------------------------|---|--|-------------------|--------------|-------------------------------|
|                                  | Out-of-Pocket Expenses with Snap-on Franchise Finance Program Financing | Estimated Total Initial Investment Range | Method of Payment | When Due     | To Whom Payment is to be Made |
| Real Estate <sup>1</sup>         | \$0   | \$0                                      |                   |              |                               |
| Initial License Fee <sup>2</sup> | \$0   | \$7,500-\$15,000                         | Lump sum          | Upon signing | Snap-on                       |

|   | Estimated Range of Initial Standard Franchisee Investment               |  |                       |                                    |  |
|---|---|--|-----------------------|------------------------------------|--|
|   | Out-of-Pocket Expenses with Snap-on Franchise Finance Program Financing | Estimated Total Initial Investment Range | Method of Payment     | When Due                           | To Whom Payment is to be Made  |
| Initial Inventory <sup>3</sup>                                      | \$0   | \$72,000-\$76,000                        | Lump sum              | When invoiced                      | Snap-on or predecessor franchisee if transfer                                      |
| Technology Package <sup>4</sup>                                     | \$0-\$2,700   | \$0-\$2,700                              | Lump sum              | When invoiced                      | Snap-on  |
| Supplies <sup>5</sup>   | \$0-\$400   | \$0-\$400                                | Lump sum              | When invoiced                      | Snap-on  |
| Uniforms <sup>5</sup>   | \$0-\$400   | \$0-\$400                                | Lump sum              | When invoiced                      | Snap-on  |
| Accounting Service Set-up Fee <sup>6</sup>                          | \$0-\$220   | \$0-\$220                                | Lump sum              | Prior to start of business         | Snap-on for vendor   |
| New Franchisee Credit Marketing Program <sup>7</sup>                | \$480-\$500   | \$480-\$500                              | Lump sum              | When billed                        | Snap-on for Snap-on Credit   |
| Van <sup>8</sup>  | \$3,434-\$3,980   | \$6,000-\$95,000                         | As agreed             | As agreed                          | Van Leasing Company, or predecessor franchisee if transfer                         |
| Van Insurance <sup>8</sup> (3 months)                               | \$250-\$1,250   | \$250-\$1,250                            | As agreed             | As agreed                          | Third Parties, Snap-on Secure Corp.  |
| Van Delivery Charge <sup>8</sup>                                    | \$190-\$3,650   | \$190-\$3,650                            | Lump sum or as agreed | Prior to start of operation        | Third Parties  |
| License <sup>8</sup>  | \$200-\$2,400   | \$200-\$2,400                            | As agreed             | As agreed                          | Third Parties  |
| Acquisition / Development of Revolving Accounts <sup>9</sup>        | \$0   | \$52,500                                 | Lump sum              | Prior to start of operation        | Predecessor franchisee; Snap-on; or you, if you were a Trial or Gateway Franchisee |
| Other Equipment, Fixtures and Expenses <sup>10</sup>                | \$150-\$350   | \$150-\$350                              | As agreed             | As ordered                         | Suppliers; Snap-on; predecessor franchisee if transfer                             |
| Computer Software License Fee                                       | \$0   | \$770                                    | Lump sum              | Prior to start of operation        | Snap-on  |
| Invoice Line of Credit Repayment <sup>11</sup>                      | \$0-\$20,000  | \$0-\$20,000                             | As agreed             | As agreed                          | Snap-on  |
| Van Merchandise Displays and Safety Equipment <sup>12</sup>         | \$0   | \$1,600-\$4,000                          | Lump sum              | Prior to start of operation        | Snap-on  |
| Documentation Fee with Snap-on Franchise Finance Loan <sup>13</sup> | \$100-\$250   | Not applicable                           | Lump sum              | At time loan documents are signed  | Snap-on Credit   |
| Minimum Down Payment with Franchise Finance Loan <sup>14</sup>      | \$25,000  | Not applicable                           | Lump sum              | At time loan documents are signed. | Snap-on  |
| Additional Funds - 3 Months <sup>15</sup>                           | \$8,974-\$18,971  | \$8,974-\$13,940                         | As incurred           | As incurred                        | Third Parties  |
| Estimated Totals <sup>16</sup>                                      | \$38,778-\$80,071   | \$150,614-\$289,080                      |                       |                                    |  |

## NOTES

- <sup>1</sup> **Real Estate.** You do not have to purchase or lease any real estate. If you desire office space for completing and maintaining your records, you would typically use a room in your residence.
- <sup>2</sup> **Initial License Fee.** See Item 5 for a description of the initial license fee applicable to you. Snap-on Credit may offer financing for the Initial License Fee through the Franchise Finance Program (See Item 10).
- <sup>3</sup> **Initial Inventory.** We sell **Products** to you at a discount from suggested retail prices, currently ranging between 10% and 43%. We require that you begin operations with an initial inventory having a suggested retail price approximately between \$109,000 to \$112,000 and a cost to you approximately between \$72,000 to \$76,000. Your initial inventory may include up to \$4,500, at franchisee cost, of demonstration tools ("Demonstration Tools"), which we select for you. Demonstration Tools are not intended for resale, but rather to assist you in the sale of tools to your customers. If you choose to purchase more inventory, this amount will be higher.

If you are a Gateway Franchisee converting to become a Standard Franchisee, some or all of your initial inventory will be inventory that was previously consigned to you.

If you are purchasing a Transfer Franchise, you will purchase all or part of this inventory from the franchisee whose assets you are buying, to the extent we approve this inventory. However, you may need to purchase additional inventory so that your total new, current and saleable inventory has a suggested retail price approximately between \$109,000 to \$112,000 and a current franchisee cost approximately between \$72,000 and \$76,000.

If you are either a veteran of the United States Military Service who has been honorably discharged from the service or you are purchasing an Expansion Franchise, your investment in inventory will be reduced as described in Item 5.

As described in Item 5, if you are an Unassociated Dealer, you may receive a portion of your initial inventory without cost to you, which will reduce your initial investment accordingly.

All **Products** are subject to the terms of our tool return policy in effect on the date you return the **Product**. Under the current policy, you are allowed to return current **Product** in new, unused, saleable condition and in original packaging. We do not give credit for **Products**, which we no longer manufacture or distribute or **Products** specially made or ordered for you or a customer. Under our current tool return policy, you will be given 30 days notice on any **Product** (other than **Products** we distribute through our internal warehouse distributor program "RWD Products") that we discontinue or intend to cease manufacturing. This notice may be provided to you electronically or in such other manner as we determine. After this 30-day period, we may no longer give you credit for these items. Our current policy regarding Demonstration Tools permits you to exchange Demonstration Tools for updated Demonstration Tools. If you have a Demonstration Tool that is discontinued, you will have 30 days after you are given notice that the tool will be discontinued as a **Product** to exchange the Demonstration Tool for an updated Demonstration Tool. If you fail to do so within this 30-day period, we may no longer allow you to exchange the discontinued Demonstration Tool. We may change our tool return policy for **Products** and exchange policy for Demonstration Tools during the effective period of this disclosure document or during the term of your Franchise Agreement, including imposing a restocking fee or otherwise limiting or restricting your ability to return **Products** or exchange Demonstration Tools.

- <sup>4</sup> **Technology Package.** This is included in the initial license fee, except in the case of a Gateway Franchisee converting to a Standard Franchise, a Transfer Franchise or Renewal Franchise. You will only be required to make this purchase if it is not included and at the time you sign the Standard Franchise Agreement your equipment does not meet the then-current specifications of Snap-on as more particularly described in Item 11.
- <sup>5</sup> **Supplies and Uniforms.** These are included in the initial license fee, except in the case of a Gateway Franchisee converting to a Standard Franchise, a Transfer Franchise or Renewal Franchise. In the case of a conversion to a Standard Franchise or a renewal, you will likely have these items and in the case of a transfer, you may purchase supplies as part of the transfer.
- <sup>6</sup> **Accounting Service Set-up Fee.** This is a one-time fee to set up the accounting service with ProfitKeeper. As described in Item 8, unless you are an existing franchisee of Snap-on on February 28, 2010, you are required to use this service. Snap-on will collect this fee and remit it to ProfitKeeper. See Item 8 for a further description.
- <sup>7</sup> **New Franchisee Credit Marketing Program.** This is a one-time payment for promotional items, such as hats, T-shirts or similar items for you to use to promote your Extended Credit business. See Item 8 for a description of this program.
- <sup>8</sup> **Van.** The estimated cost of this item reflects what we believe to be the initial cost of leasing or purchasing outright a fully-equipped van (including the required security system). Snap-on Credit offers van leasing under the Snap-on Credit Van Lease Program. Unless you are participating in the Franchise Finance Program, which requires a specified van lease and maintenance package, you may purchase or lease a van that meets specifications contained in the Snap-on Program from any approved supplier or leasing company, or from any non-approved supplier or leasing company with our prior approval.

If you are a Gateway Franchisee and are converting to a Standard Franchise, you will continue the lease you previously entered into. Certain prepayment or early termination penalties may apply if you do not continue this lease.

A used van, which meets our specifications, may be available at a lower cost. If you acquire an additional van under the Expansion Program, the specific type of vehicle you use will be established in consultation with your Regional Manager. The cost of such vehicle may be lower, but ordinarily it will not exceed the cost described here. If you select a van, which does not meet our normal specifications (with our approval) it may not be approved for use other than as an additional van under the Expansion Program.

The out-of-pocket expenses with Franchise Finance Program financing in the table above assumes your participation in the Snap-on Credit Van Lease Program. The low range is for a new van with a cost of \$89,000 and is calculated with a lease rate of interest of 7.35%, which is the lowest lease rate of interest available on January 20, 2011, for a 72-month lease term. The high range is for a new van with a cost of \$95,000 calculated with a lease rate of interest of 10.85%, which is the highest lease rate of interest charged on January 20, 2011, for a 72-month lease term. The amount in the table, which represents the advance payment, includes (i) one month's lease payment at the low range of \$1,434 and at the high range of \$1,707, (ii) a security deposit equal to one month's lease payment at the low range of \$1,434 and at the high range of \$1,707, (iii) the maintenance fee for the first month of \$216 and (iv) the one-time documentation fee of \$350. See Item 6 for a discussion of sales tax, which might increase your initial investment.

The other expenses related to your van and included in the table above as part of your initial investment are the following:

- (i) **Van Insurance.** We estimate that your annual premium for your van insurance will range between \$1,000 and \$5,000, which can be paid monthly or quarterly. The table above reflects the first quarterly payment for this premium as part of your initial investment.
- (ii) **Van Delivery Charge.** This is a one-time charge, which we estimate will range between \$190 to \$3,650 depending on where you are located within the continental United States. This amount will be exceeded in Alaska and Hawaii, but it is not possible to give an accurate estimate. We will provide a quote to our Alaska and Hawaii franchisees prior to signing the Franchise Agreement. Although none currently exists, it is possible that a delivery fuel surcharge may be instituted during the effective period of this disclosure document.
- (iii) **License.** We estimate that your annual license fee paid to your state will range between \$200 and \$2,400. The table above reflects your first year's license payment as part of your initial investment.

Depending on where you live, local laws and regulations may require you to park your van somewhere other than at your residence. This may result in a rental or lease payment, or a parking fee that you will negotiate directly with the provider of the space.

See Item 10 for a further discussion of van requirements and the Snap-on Credit Van Lease Program.

- 9 **Acquisition/Development of Revolving Accounts and RA Deposit.** Revolving Account or "RA" sales will typically make up a large percentage of your sales. RA sales are credit sales between you and a customer to whom you extend personal credit, usually at no interest, to finance the customer's purchase of **Products**. You and the customer decide terms, such as price, down payment and repayment schedules. Since you extend your own credit, you bear 100% of the risk of loss if the customer defaults on an RA.

RA sales typically create cash flow demands on the operation of your franchise. You will have the immediate expense of purchasing **Products** from us, but customers will pay you over time. The high percentage of RA sales also means that you will typically carry a substantial amount of accounts receivable owed to you by your customers. Your RAs are created two ways. Usually, the predecessor franchisee who previously sold to customers on your List of Calls will offer you the opportunity to purchase his or her RAs. We call this RA Acquisition. The second method for creating RAs is for **Products** you sell to your customers as RA sales, which is RA Development.

In order to assist you in managing cash flow needs created by RA sales, we require that you deposit with us a certain amount of money called the "RA Deposit."

**RA Deposit.** Your Minimum RA Deposit is \$52,500, whether or not you participate in the RA Financing Program, which is described in Item 10. The RA Deposit is used first to fund RA Acquisition. If the amount of RA Acquisition is less than \$52,500, then a portion of the RA Deposit is set aside to use for RA Development. Generally the total amount of the RA Deposit will not exceed \$52,500 but it will depend on the value of the RAs the predecessor franchisee offers to you for purchase. We may require that your Minimum RA Deposit be increased up to the total amount of your RA Acquisition. As a result, in rare instances, the RA Deposit may exceed \$52,500.

For purposes of calculating the "Net" RA Acquisition, we use 75% of the list price (gross amount) of RA Acquisition and for purposes of calculating the "Net" RA Development; we use

75% of the list price (gross amount) of RA Development. Your Minimum RA Deposit is calculated at net. If your Net RA Acquisition is greater than or equal to \$52,500, then your Minimum RA Deposit will equal your RA Acquisition and no RA Development will be required.

We will refund your RA Deposit (if any) upon termination of your Standard Franchise Agreement after you have paid all amounts owed to us and our affiliates.

If you participate in the RA Financing Program, but do not use the RA Financing Program in amounts sufficient to fund your Minimum RA Deposit you are required under the Standard Franchise Agreement at the time you stop participating in the RA Financing Program to separately fund the additional amounts required to meet your Minimum RA deposit.

**Waiver of RA Deposit Requirement.** If you are a Gateway Franchisee purchasing a Standard Franchise or you are purchasing an Expansion Franchise or Transfer Franchise, or if you are a Snap-on employee, Snap-on may waive all or part of the RA Deposit requirement. If you are financing your franchise with Snap-on Credit, a waiver from Snap-on Credit will also be required. RA Deposit is not applicable if you are purchasing a Renewal Franchise.

**RA Acquisition/Purchasing and Rejecting RAs.** As discussed above, the predecessor franchisee will probably offer you the opportunity to purchase his or her RAs. There are two ways to purchase these RAs.

The first is to fail to properly reject them. The only way you can properly reject some or all of the RAs offered by the predecessor franchisee is by giving written notice of rejection to Snap-on and the predecessor franchisee within 45 days after you start servicing customers in the List of Calls. The written notice must specify which RAs you wish to reject. Rejection in writing is the only way to reject RAs. If you are purchasing a Transfer Franchise, you may agree with the predecessor franchisee to reduce or eliminate this 45-day period and/or your right to reject some or all RAs.

The second way to purchase RAs is to sell **Products** to a customer whose RA the predecessor franchisee offers to you without first properly rejecting it as described above.

So, at the end of the 45-day period (or possibly earlier, in the case of a transfer), you will have purchased every RA you do not reject in writing, as well as every RA assigned to a customer to whom you make a sale without first giving notice of rejection.

If you are a Gateway Franchisee converting to a Standard Franchise, you may not reject RAs you previously acquired or developed.

**Purchase Price.** The purchase price for the RAs you purchase is 75% of the balance due of each RA sold unless you and the predecessor franchisee agree to a different amount.

**RA Development.** The second way you can use the RA Deposit is to pay for your cost of goods sold, which is the cost of Products purchased from us and sold to your customers as RA sales. This fund is intended to assist you in evening out your cash flow. Remember, on an RA sale the cash is received from the customer over time, but you must purchase the **Product** before the sale. If in any week your RA sales (which excludes any down payment and trade-in allowance but includes sales tax) exceed your RA collections, then to the extent funds are available to you, we will credit to your statement a portion of the RA Deposit equal to 75% of the difference between your RA sales and your RA collections for that week. We will apply this amount as a credit to what you owe us. Your RA Deposit will decrease by the amount applied until it is \$0. If in any week your RA collections exceed your RA sales, we will

charge you for an amount equal to 75% of the amount by which your RA collections exceed your RA Sales for that week and your available RA Deposit will be increased by the amount of this charge. We also process adjustments to reflect changes in your total outstanding RA balance, such as to reflect RA accounts written off to bad debts. See Item 10 for a description of available financing of RA Acquisition and RA Development under the RA Financing Program with Snap-on and the RA Loan Program with Snap-on Credit.

- <sup>10</sup> **Other Equipment, Fixtures and Expenses.** This item covers miscellaneous expense items and optional items you choose to purchase to assist you in the operation of your franchise.
- <sup>11</sup> **Invoice Line of Credit Repayment.** If you are a Gateway Franchisee, we made available this line of credit during the term of your Gateway Franchise. After conversion, you will continue to owe this amount to Snap-on, provided that you are obligated to repay at the time of conversion the amount, if any, by which your indebtedness will exceed the credit limit established for you as a Standard Franchisee. Snap-on Credit may offer to finance up to a maximum of \$10,000 of this amount.
- <sup>12</sup> **Van Merchandise Displays and Safety Equipment.** The van merchandise displays are placed on the van to properly display certain **Products** being offered for sale on the van. In addition, you are required to purchase certain safety equipment that we require to promote safety on the van.
- <sup>13</sup> **Documentation Fee with Snap-on Franchise Finance Loan.** A one-time documentation fee is required by Snap-on Credit at the time loan documents are signed. It is \$250, but if you are an existing franchisee purchasing an additional franchise, it will be \$100.
- <sup>14</sup> **Minimum Down Payment with Franchise Finance Program.** If you take part in the Franchise Finance Program, you must make a minimum down payment of \$25,000, although Snap-on Credit may require a higher down payment. As used in this disclosure document, down payment shall represent funds deposited into the operation of the business for which your business assets are not used as collateral. Snap-on Credit may in its sole discretion waive this requirement or reduce the amount of the required down payment because you have satisfactory credit and are (i) a current or former Snap-on or Snap-on affiliate employee (which does not include employees of a franchisee), (ii) a Standard Franchisee relocating your franchise or (iii) a Standard Franchisee acquiring an Expansion Franchise. If you obtain financing from a lender other than Snap-on Credit, that lender will determine the amount of any required down payment. Snap-on will require that the lender subordinate its security interest in your business assets to the security interest of Snap-on in those business assets in a minimum amount of \$40,000.
- <sup>15</sup> **Additional Funds – Three Months.** This item estimates initial start up expenses for your first three months of operation. In the high range of out of-pocket with financing it includes \$5,031 which are the estimated loan payments for the first three months, which are applicable only to a Gateway Franchisee becoming a Standard Franchisee. This amount is not applicable to a new franchisee who will not make a payment during the first 90 days. This item includes expenses for fuel, telephone and other communications, van maintenance, van lease payments, required insurance (other than van insurance), monthly license fee, monthly software maintenance fee and certain miscellaneous expenses. These expenses do not include any draw or salary for you or in the case of an Expansion Franchise, any employee salary or other expenses applicable to employees, such as workers compensation, unemployment and employer's contribution to social security tax. These figures are estimates; we cannot guarantee that you will not have additional expenses starting the business. We presume that upon opening your mobile store you will generate a certain level of cash flow that you can use for initial start up expenses. Your costs will depend on factors

such as: how closely you follow the Snap-on Program; your management skills, experience and business acumen; local economic conditions; the local market for your products and services; competition; and the sales level reached during the initial period.

<sup>16</sup> **Estimated Total Initial Franchise Expense.** There will be a period of time after you sign the Franchise Agreement and before you begin operations when you will not be earning any income. There also will be a period of time after you begin operations when your cash flow will be insufficient to permit you to draw a salary. You should have sufficient funds to permit you to cover living expenses during these periods. Because the cost of personal living expenses will vary greatly from one franchisee to another, we do not include them in the estimates of a typical franchisee's initial investment. In your financial planning you should take into account these periods of no income or low cash flow.

Except as otherwise specifically provided in the notes above, all payments are non-refundable.

You should not buy or lease a van, borrow money, make a change in employment status or make any other commitments until after you and Snap-on have signed the Franchise Agreement and you have obtained a financing commitment (if necessary).

## END OF NOTES

Except where otherwise indicated, all costs and expenditures mentioned in this disclosure document are estimates only, and subject to variances based on location, size and age of the van you select, inflation and other general economic conditions. The figures given represent the best estimates known to us for these costs. Questions concerning whether to finance your initial investment through Snap-on Credit or another third-party lender, or otherwise, are decisions you must make relying on whatever advice you choose to consider.

## **GATEWAY FRANCHISE – ESTIMATED INITIAL INVESTMENT**

The following information presents our best estimate, as of the date of this disclosure document, of the range of estimated initial investment expense you can typically expect for a Gateway Franchise. The first column of the following table shows the estimated out-of-pocket expenses of a typical Gateway Franchisee and the second column shows the total estimated initial investment for a typical Gateway Franchisee. We base this information on our experience in assisting new Standard Franchisees and Gateway Franchisees. This information may not be the same for all new Gateway Franchisees joining the Snap-on Program. These categories of initial investment expenses are applicable to all new Gateway Franchisees (unless otherwise noted). The notes at the end of this Item are an integral part of this Item, and you and your financial advisor should read them carefully.

|  | Estimated Range of Initial Gateway Franchisee Investment |  |                   |                            |                                     |
|--|--|--|-------------------|----------------------------|-------------------------------------|
|  | Out-of-Pocket Expenses                                   | Estimated Total Initial Investment Range | Method of Payment | When Due                   | To Whom Payment is to be Made       |
| Real Estate <sup>1</sup>                             | \$0  | \$0                                      |                   |                            |                                     |
| Initial License Fee <sup>2</sup>                     | \$5,000  | \$5,000                                  | Lump sum          | Upon signing               | Snap-on                             |
| Initial Inventory <sup>3</sup>                       | \$0  | \$0                                      |                   |                            |                                     |
| Accounting Service Set-up Fee <sup>4</sup>           | \$220  | \$220                                    | Lump sum          | Prior to start of business | Snap-on for vendor                  |
| New Franchisee Credit Marketing Program <sup>5</sup> | \$480-\$500  | \$480-\$500                              | Lump sum          | When billed                | Snap-on for Snap-on Credit          |
| Van <sup>6</sup>                                     | \$3,434-\$3,980  | \$3,434-\$3,980                          | As agreed         | As agreed                  | Van Leasing Company                 |
| Van Insurance <sup>6</sup> (3 months)                | \$250-\$1,250  | \$250-\$1,250                            | As agreed         | As agreed                  | Third Parties, Snap-on Secure Corp. |



|  | Estimated Range of Initial Gateway Franchisee Investment |  |                       |                             |                                   |
|--|--|--|-----------------------|-----------------------------|-----------------------------------|
|  | Out-of-Pocket Expenses                                   | Estimated Total Initial Investment Range | Method of Payment     | When Due                    | To Whom Payment is to be Made     |
| Van Delivery Charge <sup>6</sup>                               | \$190-\$3,650  | \$190-\$3,650                            | Lump sum or as agreed | Prior to start of operation | Third Parties                     |
| License <sup>6</sup>   | \$200-\$2,400  | \$200-\$2,400                            | As agreed             | As agreed                   | Third Parties                     |
| Acquisition and Development of Revolving Accounts <sup>7</sup> | \$0  | \$0-\$52,500                             | Lump sum              | Prior To Start of Operation | Snap-on or predecessor franchisee |
| Other Equipment, Fixtures, and Expenses <sup>8</sup>           | \$150-\$500  | \$150-\$500                              | As agreed             | As ordered                  | Suppliers; Snap-on                |
| Van Merchandise Displays and Safety Equipment <sup>9</sup>     | \$0  | \$0                                      |                       |                             |                                   |
| Additional Funds - 3 Months <sup>10</sup>                      | \$8,001-\$13,941   | \$8,001-\$13,941                         | As incurred           | As incurred                 | Third Parties                     |
| Estimated Totals <sup>11</sup>                                 | \$17,925-\$31,441  | \$17,925-\$83,941                        |                       |                             |                                   |

## NOTES

- <sup>1</sup> **Real Estate.** You do not have to purchase or lease any real estate. If you desire office space for completing and maintaining your records, you would typically use a room in your residence.
- <sup>2</sup> **Initial License Fee.** See Item 5 for a discussion of what is included in the initial license fee.
- <sup>3</sup> **Initial Inventory.** We require that you begin operations with an initial inventory having a suggested retail price approximately between \$109,000 to \$112,000 and a franchisee cost approximately between \$72,000 to \$76,000, which will be **Products** selected by us and delivered to you on consignment. If you are an Unassociated Dealer, we may provide you with a portion of your inventory, without cost to you, at the time you convert to the Snap-on Program. If we do, the amount of the consigned inventory you receive will be reduced by the amount of inventory which we provide you without cost to you.

Your initial consigned inventory may include up to \$4,500 at franchisee cost of demonstration tools ("Demonstration Tools") which we select for you. Demonstration Tools are not intended for resale but rather to assist you in the sale of tools to your customers.

You must at all times maintain your inventory in at least the minimum amount of 90% of the suggested retail price of the initial consigned inventory you received from us. Upon conversion to a Standard Franchise Agreement (if you qualify) you will need to purchase an initial inventory in the amount and composition we require for Standard Franchisees at the time of conversion. You will purchase the consigned inventory in your possession, which will be applied toward the amount of the initial inventory required for a Standard Franchise. Snap-on will also sell **Products** to you at a discount from suggested retail prices, currently ranging between 10% and 43%.

All **Products** are subject to the terms of our tool return policy in effect on the date you return the **Product**. Under the current policy, you are allowed to return current **Product** in new, unused, saleable condition and in original packaging. We do not give credit for **Products**, which we no longer manufacture or distribute or **Products** specially made or ordered for you or a customer. Under our current tool return policy, you will be given 30 days notice on any **Product** (other than **Products** we distribute through our internal warehouse distributor program "RWD Products") that we discontinue or intend to cease manufacturing. This notice may be provided to you electronically or in such other manner as we determine. After this 30-day period, we may no longer give you credit for these items. Our current policy regarding Demonstration Tools permits you to exchange Demonstration Tools for updated Demonstration Tools. If you have a Demonstration Tool that is discontinued, you will have 30 days after you are given notice that the tool will be discontinued as a **Product** to exchange

the Demonstration Tool for an updated Demonstration Tool. If you fail to do so within this 30-day period, we may no longer allow you to exchange the discontinued Demonstration Tool. We may change our tool return policy for **Products** and exchange policy for Demonstration Tools during the effective term of this disclosure document or during the term of your Franchise Agreement, including imposing a restocking fee or otherwise limiting or restricting your ability to return **Products** or exchange Demonstration Tools.

- 4 **Accounting Service Set-up Fee.** This is a one-time fee to set up the accounting service with ProfitKeeper. Snap-on will collect this fee and remit it to ProfitKeeper. See Item 8 for a further description.
- 5 **New Franchisee Credit Marketing Program.** This is a one-time payment for promotional items such as hats, T-shirts or similar items for you to use to promote your Extended Credit business. See Item 8 for a description of this program.
- 6 **Van.** The estimated cost of this item reflects what we believe to be the initial cost of leasing a fully equipped van (including the required security system). As described in Item 10, Snap-on Credit offers van leasing under the Snap-on Credit Van Lease Program and this cost is based on that lease. As a Gateway Franchisee you are required to lease a specified van ("Program Van") from a source designated by Snap-on Credit.

The low range is for a new van with a cost of \$89,000 and is calculated with a lease rate of interest of 7.35%, which is the lowest lease rate of interest available on January 20, 2011, for a 72-month lease term. The high range is for a new van with a cost of \$95,000 calculated with a lease rate of interest of 10.85%, which is the highest rate of interest charged on January 20, 2011. The amount in the table, which represents the advance payment, includes (i) one month's lease payment at the low range of \$1,434 and at the high range of \$1,707, (ii) a security deposit equal to one month's lease payment at the low range of \$1,434 and at the high range of \$1,707, (iii) the maintenance fee for the first month of \$216 and (iv) the one-time documentation fee of \$350. See Item 6 for a discussion of sales tax, which might increase your initial investment.

The other expenses related to your van and included in the table above as part of your initial investment are the following:

- (i) **Van Insurance.** We estimate that your annual premium for your van insurance will range between \$1,000 and \$5,000, which can be paid monthly or quarterly. The table above reflects the first quarterly payment for this premium as part of your initial investment.
- (ii) **Van Delivery Charge.** This is a one-time charge, which we estimate will range between \$190 to \$3,650 depending on where you are located within the continental United States. This amount will be exceeded in Alaska and Hawaii, but it is not possible to give an accurate estimate. We will provide a quote to Alaska and Hawaii franchisees prior to signing the Franchise Agreement. Although none currently exists, it is possible that a delivery fuel surcharge will be instituted during the effective period of this disclosure document.
- (iii) **License.** We estimate that your annual license fee paid to your state will range between \$200 and \$2,400 and the table above reflects your first year's license payment as part of your initial investment.

Depending on where you live, local laws and regulations may require you to park your van somewhere other than at your residence. This may result in a rental or lease payment, or a parking fee that you will negotiate with the provider of the space.

See Item 10 for a further discussion of van requirements and the Snap-on Credit Van Lease Program.

- 7 **Acquisition and Development of Revolving Accounts.** Revolving Account or “RA” sales will typically make up a large percentage of your sales. RA sales are credit sales between you and a customer to whom you extend personal credit, usually at no interest, to finance the customer’s purchase of **Products**. You and the customer decide terms such as price, down payment and repayment schedules. Since you extend your own credit, you bear 100% of the risk of loss if the customer defaults on an RA.

RA sales typically create cash flow demands on the operation of your franchise. You will have the immediate expense of purchasing **Products** from us, but customers will pay you over time. The high percentage of RA sales also means that you will typically carry a substantial amount of accounts receivable owed to you by your customers. Your RAs are created in two ways. Usually the predecessor franchisee who previously sold to customers on your List of Calls will offer you the opportunity to purchase his or her RAs. We call this RA Acquisition. The second method for creating RAs is for Products you sell to your customers as RA sales. We call this RA Development.

**RA Acquisition/Rejecting RAs.** As discussed above, the predecessor franchisee will probably offer you the opportunity to purchase his or her RAs. There are two ways to purchase these RAs.

The first is to fail to properly reject them. The only way you can properly reject some or all of the RAs offered by the predecessor franchisee is by giving written notice of rejection to Snap-on and the predecessor franchisee within 45 days after you start servicing customers in the List of Calls. The written notice must specify which RAs you wish to reject. If you are purchasing RAs from a predecessor franchisee, you may agree with the predecessor franchisee to reduce or eliminate this 45-day period and/or your right to reject some or all RAs.

The second way to purchase RAs is to sell **Products** to a customer whose RA the predecessor franchisee offers to you without first properly rejecting it as described above.

So, at the end of the 45-day period (or possibly earlier in the case of a transfer), you will have purchased every RA you do not reject in writing, as well as every RA assigned to a customer to whom you make a sale without first giving notice of rejection.

**Purchase Price.** The purchase price for the RAs you purchase is 75% of the balance due of each RA sold unless you and the predecessor franchisee agree to a different amount.

**RA Development.** The second way you create RAs is through the sale of Products you purchase from us and sell to your customers as RA sales. Remember, on an RA sale the cash is received from the customer over time, but you must purchase the **Product** before the sale.

**RA Finance Program.** In order to assist you in managing cash flow needs created by RA sales, and to enable you to build up the RAs needed to meet the Minimum RA Deposit required of Standard Franchisees (see above), we make financing available to Gateway Franchisees for RAs through our RA Finance Program. By becoming a Gateway Franchisee, you will automatically participate in the RA Finance Program. See Item 10 for a further discussion of the RA Finance Program.

Unlike Standard Franchisees, Gateway Franchisees do not have a Minimum RA Deposit. If a Gateway Franchisee becomes a Standard Franchisee, the Minimum RA Deposit may be required as set forth in Snap-on's then-current disclosure document. Snap-on's Minimum RA Deposit for Standard Franchisees signing Standard Franchise Agreements as of the effective date of this disclosure document is described in the first part of this Item.

- <sup>8</sup> **Other Equipment, Fixtures and Expenses.** This item covers miscellaneous expense items and optional items you choose to purchase to assist you in the operation of your franchise.
- <sup>9</sup> **Van Merchandise Displays and Safety Equipment.** The van merchandise displays are placed on the van to properly merchandise certain **Products** being offered for sale on the van. We require certain safety equipment to promote safety on the van. We provide these displays and safety equipment, which we estimate to have an approximate cost of between \$1,600 and \$4,000, to you on consignment. You will pay for them at the time you convert to a Standard Franchise or your Franchise Agreement expires or otherwise terminates.
- <sup>10</sup> **Additional Funds – Three Months.** This item estimates initial start up expenses for your first three months of operation. It includes expenses for fuel, telephone and other communications, van maintenance, van lease payments and required insurance (other than van insurance) and certain miscellaneous expenses. These expenses do not include any draw or salary for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. We presume that upon opening your mobile store you will generate a certain level of cash flow that you can use for initial start up expenses. Your costs will depend on factors such as: how closely you follow the Snap-on Program; your management skills, experience and business acumen; local economic conditions; the local market for your products and services; competition; and the sales level reached during the initial period.
- <sup>11</sup> **Estimated Total Initial Franchise Expense.** There will be a period of time after you sign the Franchise Agreement and before you begin operations when you will not be earning any income. There also will be a period of time after you begin operations when your cash flow will be insufficient to permit you to draw a salary. You should have sufficient funds to permit you to cover living expenses during these periods. Because the cost of personal living expenses will vary greatly from one franchisee to another, we do not include them in the estimates of a typical Gateway Franchisee's initial investment. In your financial planning you should take into account these periods of no income or low cash flow.

In order to assist you during this period, Snap-on will pay you \$800 per week on the last day of each of the three weeks commencing on the date you start classroom training. If you are a Sales Representative or company store manager becoming a Gateway Franchisee you will not receive these payments.

Except as otherwise specifically provided in the notes above, all payments are non-refundable.

You should not lease a van, borrow money, make a change in employment status or make any other commitments until after you and Snap-on have signed the Gateway Franchise Agreement.

If you qualify for a Standard Franchise, upon becoming a Standard Franchisee, you will be required to pay the then-current Initial Investment for the Standard Franchise. The Initial Investment for the Standard Franchise as of the effective date of this disclosure document is described at the beginning of this Item 7 above. These Estimated Initial Investment

requirements may change by the time you are eligible and qualify to become a Standard Franchisee.

ITEM 8  
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may sell only **Products** and **Approved Tools** (defined below). “**Products**” include two different groups of merchandise:

1. tools and equipment *manufactured by or for Snap-on* and distributed by Snap-on to franchisees and Independents; and
2. tools and equipment *distributed (but not manufactured by or for Snap-on)* to franchisees and Independents.

You must obtain all **Products**, including tools and equipment distributed (but not manufactured by or for Snap-on), only from us. We impose this requirement because we want our mobile stores to carry substantially the same types of items and want our franchisees to concentrate their efforts on selling **Products** to their customers and collecting money from customers rather than on sourcing merchandise.

You are required to participate in a program under which we identify important new **Products** and ship these new **Products** in quantities we determine to be reasonable without you placing an order. We estimate, as of the date of this disclosure document, that the total cost of new **Products** shipped under this program will not exceed \$800 in any month, although this may change during the term of your franchise. The terms of this program are governed by the Agreement to Purchase New Products attached as Appendix I.1.E. We may modify or terminate this program at any time.

If you are a Standard Franchisee, unless you are purchasing the assets of a current Snap-on franchisee through Snap-on’s Transfer Program, you must purchase your initial inventory of **Products** from us. If you are a Standard Franchisee purchasing the assets of a current Snap-on franchisee through Snap-on’s Transfer Program, you may purchase all or part of your initial inventory from that franchisee. In such a case, if you purchase less than the amount of inventory required under the Snap-on Program, you must purchase the difference from us. If you are a Gateway Franchisee, you will receive your initial inventory of Products on consignment from us.

“**Approved Tools**” are merchandise other than **Products** that we provide express, prior written consent for you to sell. We will not unreasonably withhold our consent, but may later revoke it. You must give us written notice of your desire to sell **Approved Tools** sufficiently in advance of offering them for sale so that we may verify supplier and specification data and test the merchandise for conformity with all of our specifications including appearance, uniformity and quality. We may require that the testing be performed again at a later date to ensure that the manufacturer or supplier continues to meet our requirements. We can, and likely will, refuse to approve merchandise as **Approved Tools** if the merchandise directly competes with any of the **Products**.

We also will condition our consent to your sale of **Approved Tools** on our receipt and approval of a products’ liability insurance policy (or a certificate of insurance) with coverage limits and other terms reasonably satisfactory to us. This policy must name Snap-on Tools Company LLC as an additional insured. If we revoke our consent to any merchandise as an Approved Tool, you must stop selling the merchandise within 30 days of notification from us.

You are required to report all purchases and sales of **Approved Tools** to us.

We may arrange for certain items of merchandise to be offered directly by a supplier or suppliers to our franchisees. The restrictions regarding **Approved Tools** do not apply to merchandise you take as a trade-in from a customer or the items of merchandise you purchase from our approved supplier. You can sell these trade-ins and items of merchandise purchased from our approved supplier without obtaining our prior written consent.

We are the only source for software that you must use on your computer to access the Snap-on Program (See Item 11). We do derive revenue from this software.

If you are a Standard Franchisee, you must purchase or lease your van in accordance with specifications contained in the Snap-on Program. If you are a Standard Franchisee and qualify for the Franchise Finance Program, Snap-on Credit may require that you lease a specified van from a designated source. Because we will guarantee the van lease for a Gateway Franchisee, you are required to lease a specified van from a designated source. You will be required to have proper decals on your van. Snap-on Credit receives revenue for vans leased through them or the Snap-on Credit van lease vendor but not from purchases or leases when Snap-on Credit is not involved (See Item 10).

Standard Franchisees must purchase van merchandise displays from us and keep them current to better merchandise the **Products** on the van. In addition, Standard Franchisees must purchase certain safety equipment for the van. Gateway Franchisees are provided the initial displays and safety equipment on consignment by Snap-on but must purchase new displays from Snap-on when they are revised. We derive revenue from these purchases.

Since we want to provide a consistent brand experience for our customers, you are required to purchase a monthly merchandising program from us, which provides you with van signage and print collateral needed to drive promotional programs. The cost of this merchandising program is currently estimated to be between \$70 and \$100 per month, but may increase during the term of your Franchise Agreement. We derive revenue from this program. We may modify or terminate this program at any time.

You must either purchase insurance meeting the specifications provided in the Franchise Agreement as supplemented and changed from time to time in the Operations Manual, from Snap-on SecureCorp or from an insurance company approved by Snap-on SecureCorp. The minimum criteria for approval is an insurance company rated "A" or better by Best Insurance Reports. Snap-on SecureCorp derives revenue from insurance purchased through them, but not from insurance purchased through an approved insurance company.

You must purchase your promotional items bearing Snap-on trademarks (such as T-shirts, hats, mugs, pens and the like) as well as the clothing you wear when making sales calls, directly from suppliers which we approve. We license the suppliers of promotional and clothing items to use the trademarks as part of our licensing program. We make these promotional items available for purchase by the general public and by Snap-on franchisees. We will derive revenue from purchases by franchisees of these promotional items bearing the Snap-on marks, whether purchased directly from Snap-on, its affiliates or through third-party suppliers.

All advertising and promotional materials you use must comply with advertising guidelines which we publish. You must submit any advertising or promotional materials not purchased from us, our affiliates, or other approved suppliers to us at least 60 days before use for our approval. We do not derive revenue from advertising or promotional materials not purchased from us.

Unless you were an existing franchisee of Snap-on on February 28, 2010, we require you to use an accounting service offered through ProfitKeeper. You will sign an agreement with

ProfitKeeper, but Snap-on will collect the initial set-up cost, which is currently \$220 and a monthly fee, which is currently between \$19 and \$29 and remit the amount collected to ProfitKeeper. Snap-on will not receive any payment from ProfitKeeper for this service. Snap-on believes that it is advantageous to the Snap-on system to have a uniform accounting system used by our franchisees and because of the number of franchisees involved, we believe this is a competitive price for this service. Snap-on reserves the right to change the provider of the accounting service during the term of your Franchise Agreement and reserves the right to require that you make this change. You should be aware that under the arrangement with ProfitKeeper, Snap-on can view your individual information which you provide to ProfitKeeper.

Snap-on Credit sponsors a New Franchisee Credit Marketing Program that you are required to participate in and is intended to help stimulate your customers' financing the purchase of certain Products through the Extended Credit Program. You will pay between \$480 and \$500 to be used toward the purchase of hats, T-shirts or similar promotional items selected by Snap-on Credit with a cost of between \$960 and \$1,000 for you to give to your customers to promote the sale of Products that will be financed through the Extended Credit Program. If you write 10 or more Extended Credit contracts with your customers during the first 10 weeks that you are in business, Snap-on Credit will reimburse you for the entire cost you pay for these items. If you fail to write 10 or more contracts during this period, no portion of this cost will be reimbursed by Snap-on Credit.

While you are not required to accept credit cards from your customers, and if you do, you are not required to use any particular company to process your credit card transactions, we have an arrangement with Paymentech, which is the exclusive credit card processor that can be used through the software you will use on your computer. If you elect to use Paymentech, we will receive revenue from them.

In the fiscal year ending January 1, 2011, our revenue from the sale of **Products** to franchisees and Independents in the United States was \$697,515,588 or 91.43% of our total revenue of \$762,878,888. In the fiscal year ending January 1, 2011, we also received \$6,943,381 in revenue as a result of required purchases by franchisees and Independents, including payments from third party suppliers of promotional items and licensed products, fees paid to Snap-on by Paymentech and receipt of computer software license fees and computer software maintenance fees paid by franchisees directly to us. This is an additional .009% of our total revenue. These figures are derived from our financial statements, work papers and other documentation.

Snap-on Credit derives revenue from payments made by franchisees and Independents for van leasing and other credit programs. Snap-on Credit's revenue (which includes the interest component and fees collected by franchisees from their customers and remitted to Snap-on Credit under the Credit Programs) in the fiscal year ending January 1, 2011, was \$76,085,022. Snap-on SecureCorp derives revenue from insurance premiums and claims administration. In the fiscal year ending January 1, 2011, revenues were \$11,792,000. In fiscal year ending January 1, 2011, Wheeltronic derived revenue from equipment sales to franchisees of \$227,147, and Snap-on Equipment derived revenue from equipment sales to franchisees of \$301,114.

We are unaware of the existence of any purchasing or distribution cooperatives.

We generally do not use approved suppliers. For a limited number of items, such as promotional items, we approve specific suppliers and you are required to use those suppliers if you elect to purchase those items. We do not make our criteria for approving suppliers available to you. We notify franchisees of new approved suppliers directly through published brochures or electronic means. Other than the arrangements which we negotiate with the van leasing company, the credit card vendor, outside software vendor and vendors for licensed merchandise, we do not negotiate purchase arrangements with suppliers for the benefit of franchisees, and we do not

provide material benefits to franchisees for using any approved supplier. Some of our officers may own nominal interests in certain publicly traded suppliers.

All of your purchases and leases of goods and services in establishing and operating your franchise will be **Products, Approved Tools** (other than trade-ins and purchases from approved suppliers, as noted above, and goods and services you use in operating and maintaining your van). Your purchases and leases of required goods or services should exceed 95% of all of your purchases and leases in establishing and operating your franchise.

## ITEM 9 **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.**

### **STANDARD FRANCHISE**

| <b>Obligation</b>   | <b>Section in Agreement</b>  | <b>Disclosure Document Item</b>   |
|---|--|-----------------------------------|
| a. Site selection and acquisition/lease                     | None [but see "Van Lease/Van Leasing Requirements" at Item y., and "List of Calls" at Item cc., below]   |                                   |
| b. Pre-opening purchases/leases                             | Sections 4, 8 and 20.B(9) of Standard Franchise Agreement, Vehicle Lease Agreement   | Items 5, 6, 7, 8, 10 and 11       |
| c. Site development and other pre-opening requirements      | Sections 7, 10, 20.B(8) and 20.B(9) of Standard Franchise Agreement  | Items 5, 6, 7 and 8               |
| d. Initial and ongoing training                             | Section 7.C of Standard Franchise Agreement<br>Addendum to Snap-on Tools Standard Franchise Agreement (Renewal Franchise)<br>Addendum to Snap-on Tools Standard Franchise Agreement (Gateway Franchisee Becoming Standard Franchisee)  | Item 7 and 11                     |
| e. Opening  | Sections 7.C, 20.B(8) and 20.B(9) of Standard Franchise Agreement  | Items 8 and 11                    |
| f. Fees   | Sections 3, 4, 6, 7, 8, 10, 16, 17, 18, 20.B(9), 24, 25 and 30 of Standard Franchise Agreement<br>Addendum to the Snap-on Standard Franchise Agreement (Renewal Franchise)<br>Addendum to the Snap-on Standard Franchise Agreement (Transfer Franchise)<br>Addendum to the Snap-on Standard Franchise Agreement (Gateway Franchisee Becoming a Standard Franchisee)<br>Addendum to the Snap-on Standard Franchise Agreement (Expansion Franchise)<br>Addendum to the Snap-on Standard Franchise Agreement (Veterans Discount)<br>Sections 2, 7 and 9 of Loan and Security Agreement<br>Promissory Note<br>Sections 2, 5, 8, 11, 12, 13, 15 and 21 of Franchisee Servicing Agreement<br>Pages 1 and 2 and Sections 2, 4, 5, 9, 10, 12, 13, 14, 19, 21, 22 and 23 of Vehicle Lease Agreement<br>Section 2 of Van Maintenance Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement<br>RA Loan Addendum to Loan and Security Agreement;<br>RA Note | Items 5, 6, 7, 10, 11 and 17      |
| g. Compliance with standards and policies/ Operating Manual | Sections 1, 3, 5, 6, 8, 10 and 12 of Standard Franchise Agreement<br>Section 4 of Franchisee Servicing Agreement   | Items 1, 8, 10, 11, 12, 15 and 16 |
| h. Trademarks and proprietary information                   | Sections 6, 13 and 15 of Standard Franchise Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement   | Items 11, 13, 14, 15 and 17       |
| i. Restrictions on products/ services offered               | Sections 1 and 8 of Standard Franchise Agreement   | Items 8 and 16                    |
| j. Warranty and customer service requirements               | Sections 1 and 8 of Standard Franchise Agreement   | Items 12, 15 and 16               |



| Obligation   | Section in Agreement   | Disclosure Document Item            |
|--|--|-------------------------------------|
| k. Territorial development and sales quotas            | Sections 1, 8 and 20.B(7) of Standard Franchise Agreement  | Items 12, 16 and 17                 |
| l. Ongoing product/service purchases                   | Sections 7, 8 and 11 of Standard Franchise Agreement<br>Section 5.b(iv) of Loan and Security Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement  | Items 5, 6, 7, 8, 10, 11, 15 and 16 |
| m. Maintenance, appearance and remodeling requirements | Sections 3, 6 and 8 of Standard Franchise Agreement<br>Section 3 of Loan and Security Agreement<br>Section 9 of Vehicle Lease Agreement<br>Van Maintenance Agreement<br>Acceptance Certificate   | Items 10, 11 and 17                 |
| n. Insurance   | Section 17 of Standard Franchise Agreement<br>Section 3.e of Loan and Security Agreement<br>Section 10 of Vehicle Lease Agreement  | Items 6, 7, 8, 10 and 11            |
| o. Advertising   | Sections 11 and 13 of Standard Franchise Agreement   | Items 6, 8, 11 and 13               |
| p. Indemnification                                     | Section 24 of Standard Franchise Agreement [see also "Security Interest" at item z., below]<br>Section 8 of Loan and Security Agreement<br>Section 14 of Vehicle Lease Agreement<br>Section 6 of Franchisee Servicing Agreement  | Item 6 and 10                       |
| q. Owner's participation / management / staffing       | Section 8.C of Standard Franchise Agreement  | Item 15                             |
| r. Records and reports                                 | Sections 8.N. and 12 of Standard Franchise Agreement<br>Section 5.b(vi) of Loan and Security Agreement<br>Section 9 of Franchisee Servicing Agreement  | Items 8 and 11                      |
| s. Inspections and audits                              | Sections 3.A, 8.B and 12.D of Standard Franchise Agreement<br>Section 3.c of Loan and Security Agreement<br>Section 9 of Franchisee Servicing Agreement<br>Section 8 of Vehicle Lease Agreement<br>DSS OnLine Agreement/Snap-on Tools License and Support Agreement<br>Section 3 of RA Development Agreement   | Item 11                             |
| t. Transfer  | Section 18 of Standard Franchise Agreement<br>Addendum to Snap-on Tools Standard Franchise Agreement (Transfer Franchise)<br>Section 5.a(i) and 9.h of Loan and Security Agreement<br>Section 17 of Franchisee Servicing Agreement<br>Section 17 of Vehicle Lease Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement | Item 17                             |
| u. Renewal   | Section 3 of Standard Franchise Agreement<br>Addendum to Snap-on Tools Standard Franchise Agreement (Renewal Franchise)<br>Sections 2 and 21 of Vehicle Lease Agreement<br>Section 18 of Franchisee Servicing Agreement  | Item 17                             |
| v. Post-termination obligations                        | Sections 21 and 22 of Standard Franchise Agreement<br>Sections 3(i) and 7 of Loan and Security Agreement<br>Section 21 of Franchisee Servicing Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement<br>Sections 13, 15, 16 and 21 of Vehicle Lease Agreement   | Items 10 and 17                     |
| w. Non-competition covenants                           | Sections 1, 8 and 22 of Standard Franchise Agreement   | Items 12 and 17                     |
| x. Dispute resolution                                  | Section 25 of Standard Franchise Agreement<br>Section 9 of Loan and Security Agreement<br>Section 15 of Franchisee Servicing Agreement<br>Sections 27 and 28 of Vehicle Lease Agreement<br>Section 5.1 of Van Maintenance Agreement  | Items 10 and 17                     |
| y. Van/Van Lease Requirements                          | Section 8.H of Standard Franchise Agreement<br>Sections 2.d, 2.e and 5.b(vii) of Loan and Security Agreement<br>Vehicle Lease Agreement<br>Van Maintenance Agreement   | Items 6, 7, 8 and 10                |
| z. Security Interest                                   | Section 9 of Standard Franchise Agreement<br>Sections 3 and 5 of Loan and Security Agreement<br>Section 13 of Franchisee Servicing Agreement<br>Section 24 of Vehicle Lease Agreement<br>Section 6 of RA Development Agreement   | Item 10                             |

| Obligation                         | Section in Agreement  | Disclosure Document Item |
|------------------------------------|---|--------------------------|
| aa. Revolving Account/RA Deposit   | Section 10.A of Standard Franchise Agreement<br>Sections 2 and 5.a(v) of Loan and Security Agreement<br>RA Financing Agreement (Standard Franchise)<br>RA Loan Addendum to Loan and Security Agreement<br>RA Note | Items 5, 6 and 7         |
| bb. Computer and Computer Software | Section 8.J of Standard Franchise Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement<br>Section 5 of Franchisee Servicing Agreement   | Items 5, 6, 7, 8 and 11  |
| cc. List of Calls                  | Section 1 of Standard Franchise Agreement   | Items 1, 12 and 16       |

## GATEWAY FRANCHISE

| Obligation   | Section in Agreement  | Disclosure Document Item            |
|--|---|-------------------------------------|
| a. Site selection and acquisition/lease                    | None [but see "Van Lease/Van Leasing Requirements" at item y., and "List of Calls" at item cc., below]  |                                     |
| b. Pre-opening purchases/leases                            | Sections 7, 8 and 20.B(9) of Gateway Franchise Agreement, Vehicle Lease Agreement   | Items 5, 6, 7, 8, 10 and 11         |
| c. Site development and other pre-opening requirements     | Sections 7, 20.B(8) and 20.B(9) of Gateway Franchise Agreement  | Items 5, 6, 7 and 8                 |
| d. Initial and ongoing training                            | Section 7.E of Gateway Franchise Agreement  | Item 7 and 11                       |
| e. Opening   | Sections 7.E, 20.B(8) and 20.B(9) of Gateway Franchise Agreement  | Items 8 and 11                      |
| f. Fees  | Sections 4, 6, 7, 8, 10, 16, 17, 18, 20.B(9), 24, 25 and 30 of Gateway Franchise Agreement<br>Sections 2, 5, 8, 11, 12, 13 and 21 of Franchisee Servicing Agreement<br>Pages 1 and 2 and sections 2, 4, 5, 9, 10, 12, 13, 14, 19, 21, 22 and 23 of Vehicle Lease Agreement<br>Section 2 of Van Maintenance Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement | Items 5, 6, 7, 10, 11 and 17        |
| g. Compliance with standards and policies/Operating Manual | Sections 1, 3, 5, 6, 8, 10 and 12 of Gateway Franchise Agreement<br>Section 4 of Franchisee Servicing Agreement   | Items 1, 8, 10, 11, 12, 15 and 16   |
| h. Trademarks and proprietary information                  | Sections 6, 13 and 15 of Gateway Franchise Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement   | Items 11, 13, 14, 15 and 17         |
| i. Restrictions on products/services offered               | Sections 1 and 8 of Gateway Franchise Agreement   | Items 8 and 16                      |
| j. Warranty and customer service requirements              | Sections 1 and 8 of Gateway Franchise Agreement   | Items 12, 15 and 16                 |
| k. Territorial development and sales quotas                | Sections 1, 3, 8 and 20.B(7) of Gateway Franchise Agreement   | Items 12, 16 and 17                 |
| l. Ongoing product/service purchases                       | Sections 7, 8 and 11 of Gateway Franchise Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement  | Items 5, 6, 7, 8, 10, 11, 15 and 16 |
| m. Maintenance, appearance and remodeling requirements     | Sections 3, 6 and 8 of Gateway Franchise Agreement<br>Section 9 of Vehicle Lease Agreement<br>Van Maintenance Agreement<br>Acceptance Certificate   | Items 10, 11 and 17                 |
| n. Insurance   | Section 17 of Gateway Franchise Agreement<br>Section 10 of Vehicle Lease Agreement  | Items 6, 7, 8, and 11               |
| o. Advertising   | Sections 11 and 13 of Gateway Franchise Agreement   | Items 6, 8, 11 and 13               |
| p. Indemnification   | Section 24 of Gateway Franchise Agreement [see also "Security Interest" at item z, below.]<br>Section 14 of Vehicle Lease Agreement<br>Section 6 of Franchisee Servicing Agreement  | Item 6 and 10                       |
| q. Owner's participation/management/staffing               | Section 8.C of Gateway Franchise Agreement  | Item 15                             |
| r. Records and reports                                     | Section 12 of Gateway Franchise Agreement<br>Section 9 of Franchisee Servicing Agreement  | Items 8 and 11                      |
| s. Inspections and audits                                  | Sections 3.A, 7.A(4), 8.B and 12.D of Gateway Franchise Agreement<br>Section 9 of Franchisee Servicing Agreement<br>Section 8 of Vehicle Lease Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement   | Item 11                             |

| Obligation                               | Section in Agreement  | Disclosure Document Item |
|--|---|--------------------------|
| t. Transfer                              | Section 18 of Gateway Franchise Agreement<br>Section 17 of Franchisee Servicing Agreement<br>Section 17 of Vehicle Lease Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement                         | Item 17                  |
| u. Renewal                               | Section 2 of Gateway Franchise Agreement<br>Sections 2 and 21 of Vehicle Lease Agreement<br>Section 18 of Franchisee Servicing Agreement  | Item 17                  |
| v. Post-termination obligations          | Sections 21 and 22 of Gateway Franchise Agreement<br>Section 21 of Franchisee Servicing Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement<br>Sections 13, 15, 16 and 21 of Vehicle Lease Agreement | Items 10 and 17          |
| w. Non-competition covenants             | Sections 1, 8 and 22 of Gateway Franchise Agreement   | Item 17                  |
| x. Dispute resolution                    | Section 25 of Gateway Franchise Agreement<br>Section 15 of Franchisee Servicing Agreement<br>Sections 27 and 28 of Vehicle Lease Agreement<br>Section 5.1 of Van Maintenance Agreement  | Items 10 and 17          |
| y. Van/Van Lease Requirements            | Section 8.H of Gateway Franchise Agreement<br>Vehicle Lease Agreement<br>Van Maintenance Agreement  | Items 6, 7, 8 and 10     |
| z. Security Interest                     | Section 9 of Gateway Franchise Agreement<br>Section 13 of Franchisee Servicing Agreement<br>Section 24 of Vehicle Lease Agreement   | Item 10                  |
| aa. Revolving Account/RA Finance Program | Section 10.A of Gateway Franchise Agreement   | Items 5, 6 and 7         |
| bb. Computer and Computer Software       | Section 8.J of Gateway Franchise Agreement<br>DSS OnLine Agreement/Snap-on Tools Software License and Support Agreement   | Items 5, 6, 7, 8 and 11  |
| cc. List of Calls                        | Section 1 of Gateway Franchise Agreement  | Items 1, 12 and 16       |

## ITEM 10 FINANCING

**We have separated the discussion of financing in this Item to discuss financing for a Standard Franchise first and then financing for a Gateway Franchise.**

### **STANDARD FRANCHISE – FINANCING**

Snap-on Credit offers certain financing programs described below. If you meet all the requirements, Snap-on Credit, may lend you funds to cover certain initial investment costs and expenses of your franchise. Snap-on Credit may also lend you funds to cover initial investment costs and expenses for an additional franchise or to add an additional van under the Expansion Program, to purchase additional inventory, finance your RAs or recapitalize your business. If you are a current Snap-on franchisee relocating your franchise and are already participating in one or more of these programs, Snap-on Credit may allow you to continue to participate in the program under the terms, conditions and documents which you already have in place. Snap-on Credit is owned by Snap-on Incorporated.

### **Franchise Finance Program**

Through the Franchise Finance Program, Snap-on Credit offers a loan program to approved applicants to finance a substantial portion of your initial investment. While interest accrues from the inception of the loan, you will not have any scheduled payments during the first 90 days unless you are a Gateway Franchisee converting to a Standard Franchise. In the case of a Gateway Franchisee becoming a Standard Franchisee, you will immediately begin paying principal and interest. Repayment of principal and interest is financed and amortized over a term of 10 years. If Snap-on Credit approves you for financing, you are only permitted to finance the following initial investment categories set forth in Item 7: initial license fee; initial inventory; Invoice

Line of Credit (for a Gateway Franchisee becoming a Standard Franchisee) up to a maximum of \$10,000; RA Acquisition and RA Development (for a Gateway Franchisee becoming a Standard Franchisee), Computer Software License Fee and Van Merchandise Displays and Safety Equipment. See Item 7 for a discussion of the amount of each of these investment categories. Snap-on Credit may not finance all of the RAs you acquired or developed as a Gateway Franchisee. If you are borrowing funds to finance these initial investment costs for an Expansion Franchise, you must pay off any pre-existing debt outstanding on your current franchise, other than any pre-existing liability to Snap-on Credit, prior to borrowing any funds under the Franchise Finance Program for the additional franchise. Snap-on Credit may, in its sole discretion, lend you additional funds to pay your pre-existing debt.

**Down Payment.** You must make a minimum down payment of \$25,000, provided however, Snap-on Credit may require a larger down payment. If you are (i) a current or former Snap-on or Snap-on affiliate employee (which does not include employees of a franchisee), (ii) a Standard Franchisee relocating your franchise or (iii) a Standard Franchisee acquiring an Expansion Franchise and have satisfactory credit, Snap-on Credit may waive all or part of this requirement.

**Loan Documentation.** If you participate in the Franchise Finance Program, you must enter into a Loan and Security Agreement with Snap-on Credit and sign a Promissory Note evidencing the loan. If you participate in the Franchise Finance Program to finance these initial investment costs for an Expansion Franchise, you must enter into a separate Loan and Security Agreement and sign a Promissory Note evidencing that loan. The current form of Loan and Security Agreement is attached as Appendix I.3. The current form of Promissory Note you will sign is attached as Appendix I.4, except that if you are a Gateway Franchisee becoming a Standard Franchisee, you will sign the form attached as Appendix I.4.A.

**Documentation Fee.** You will be required to pay a documentation fee of \$250 at the time you sign your loan documentation. If you are purchasing an Expansion Franchise, your documentation fee will be \$100.

**Interest.** The Promissory Note(s) will bear interest at a fixed rate set at least seven days before you sign the Standard Franchise Agreement and will not change during the term of the loan. The interest rate will be the then current yield to maturity of like-term United States Treasury Obligations published by the *Wall Street Journal* (the "Treasury Rate") plus an additional amount, between 5 and 8.5 percentage points, subject to the maximum permitted by applicable law. As of January 20, 2011, the annual percentage rate of interest charged under the Franchise Finance Program would be between 8.26% and 11.76%. The interest rate you will pay will be determined by the Treasury Rate at the time the loan is made and the additional amount you will be charged will be determined by your credit history.

**Determination of Loan Amount and Borrowing.** If you are approved by Snap-on Credit, the loan amount for which you will be approved will be an amount equal to the initial license fee; initial inventory; estimated RA Acquisition and RA Development (only for Gateway Franchisees becoming a Standard Franchisee), Computer Software License Fee and van merchandise display signs less the required down payment. This loan will typically not be approved unless the minimum Approved Loan Amount is at least \$25,000.

**Term, Payment Requirements.** Unless you are a Gateway Franchisee becoming a Standard Franchisee, during the first 90 days after you sign the Loan and Security Agreement, you will not have any scheduled payments, although interest will accrue from the inception of the loan. On the first Monday after the 90<sup>th</sup> day of the term of your loan you will make your first weekly installment payment of principal and interest. The amount of each installment payment will be sufficient to pay your loan over 10 years or such lesser term as specified in your credit approval and loan documents. You will be required to make level payments of principal and interest over

the applicable term of the loan, but you will be required to pay any remaining balance, accrued but unpaid interest, or any other amounts due under this loan with the last installment.

If you are a Gateway Franchisee becoming a Standard Franchisee, you will make scheduled loan payments beginning immediately. Except for this difference, the other terms and conditions are the same.

**Prepayment.** Except for partial prepayments of not more than one additional weekly payment per week, you will not be permitted to make partial prepayments without incurring a prepayment fee determined by the amount of the prepayment. If you repay your loan in full prior to the expiration or termination of your Loan Agreement you will have to pay a prepayment fee of 5% (3% if the loan is to finance an Expansion Franchise) of the outstanding principal balance of your loan at the time of prepayment unless (1) your Standard Franchise Agreement also expires or terminates at the time of repayment or (2) you are a current franchisee relocating your franchise and you elect to continue your existing loan with Snap-on Credit. Otherwise, you may prepay your loan payments in full, but if you do, you will be responsible for all amounts due, including the applicable prepayment fee.

Termination of your franchise automatically makes the loan immediately due and payable in full without notice. In addition, the loan may become immediately due and payable if you do not make timely payments according to the Loan and Security Agreement or any agreements related to the Loan and Security Agreement, including a van lease with Snap-on Credit or a third-party lessor. The loan may also become immediately due and payable if you otherwise default under these agreements and do not cure the default within the time permitted for cure. Defaults include misrepresentations and failures to act in accordance with the terms of these agreements, such as failure to maintain the collateral in a secure and good condition (see the Loan and Security Agreement, Sections 6 and 7). If the loan becomes due and payable in full, you must pay the balance due on the loan, including any missed payments or amounts due in arrears, plus the expense of retaking possession of and removing or collecting, protecting and selling the collateral, court costs and reasonable attorneys' fees. Upon default, interest will accrue at the stated rate plus four percentage points unless otherwise limited by applicable law.

### **RA Financing Program**

We provide you with a credit line ("RA Line of Credit") up to the amount of \$52,500 (the "credit cap") to fund the acquisition of RAs from a predecessor franchisee and develop additional RAs. If your RA Acquisition exceeds \$52,500, the credit cap will be increased to equal the amount of the RA Acquisition. The RA Line of Credit also allows you to pay for the cost of the Products you sell your customers as RA sales, which is RA Development (See Item 7 for a discussion of RA). Your available credit under the credit cap will be increased by the amount of any RA Acquisition you later reject. You will be able to finance your RA Acquisition and RA Development under the RA Line of Credit for a period of time not to exceed 6 months. You will be able to obtain credit weekly against this credit cap in an amount equal to 75% of the difference between the amount you sell to customers on RA, and the amount of RA you collect from them in that week. If you collect more from your RAs than you sell on RAs in any week, you will be charged back 75% of that amount, and your available credit under the credit cap will be increased by the amount of the charge. We also process adjustments to reflect changes in your total RA balance, such as to reflect RA accounts written off to bad debts. In the case of an RA account written off, 75% of the RA account balance being written off will be charged to you and the available credit under the credit cap will be increased by the amount of the charge.

You can participate in the RA Financing Program as long as you are not borrowing funds from a lender, other than Snap-on Credit, who requires a pledge of your business assets. If you participate in the RA Financing Program, you must sign the RA Financing Agreement (attached

in Appendix I.6.A). No fees or interest will be accrued or charged under this Program. This RA Line of Credit for Standard Franchisees is not available to a Gateway franchisee purchasing a Standard Franchise, since you have enjoyed a comparable program during the term of your Gateway Franchise.

You must repay the amount borrowed under the RA Line of Credit six months after you start the program. Provided you qualify and the amount due is at least \$5,000, Snap-on Credit will finance this amount due through the RA Loan Program up to the maximum amount of 75% of the balance due on your RA accounts that have been active during the last 45 days.

### **RA Loan Program**

If you apply and are approved by Snap-on Credit to participate in the RA Loan Program, you must sign an RA Loan Addendum and RA Loan Promissory Note ("RA Note") for the balance due under the Snap-on Financing Program. This loan will be amortized over a period of time not to exceed the time remaining on the term of your existing Promissory Note (not including any renewals) or, if you do not have a Promissory Note, the time remaining on the term of your Standard Franchise Agreement (also not including any renewals). You may request that the loan be amortized over a longer period than the remaining term of your existing Promissory Note, and subject to Snap-on Credit's approval, a longer term may be granted up to the maximum term remaining on your Standard Franchise Agreement. Under the RA Note, you will be required to repay the amount borrowed in equal weekly installments. If the term of your existing Promissory Note is 10 years 90 days, then the term of the RA Note will equal 10 years 90 days less the time which has elapsed since you signed your existing Promissory Note. The RA Note will contain the same prepayment requirements as described under the Franchise Finance Program. You will be required to pay a documentation fee of \$100 at the time you sign your loan documents.

The rate of interest for this program will be the rate being offered to new Standard Franchisees entering the Franchise Finance Program at the time you enter into the RA Note and will not change during the term of the loan. As of January 20, 2011, this rate was between 8.26% and 11.76%. Prior to entering into the RA Loan no interest or fees of any kind will be accrued or charged under the RA Financing Program with Snap-on described above.

A Gateway Franchisee will finance RA through the Franchise Finance Loan and therefore is not eligible for this financing.

### **Assignment of Financing by Snap-on Credit**

Snap-on Credit may assign the Promissory Note and Loan and Security Agreement and any Addendum and additional Promissory Note to a bank, or other third party. Upon assignment, the third party may become a holder in due course, and claims by you against Snap-on Credit could not be set off against the holder of the Promissory Note. Snap-on Credit may service the loan and receive servicing fees for these services if it assigns the loan to a third-party (see Loan and Security Agreement, Appendix I.3, Promissory Notes, Appendix I.4 and Appendix I.4.A.).

In order to enforce Snap-on Credit's (or its assigns') ability to collect on the borrowed funds if you default, you agree under the Loan and Security Agreement to waive any right under any law that would restrict or limit the right or ability of Snap-on Credit (or its assigns) to obtain payment (Loan and Security Agreement, Section 9).

### **Van Requirements and Van Leasing**

**Van Requirements under the Franchise Finance Program.** Under the Franchise Finance Program, you must lease a Program Van, which is a specified van (which may be new or used

and differ as to the type of van at the discretion of Snap-on Credit) from a designated source. The designated source is Snap-on Credit, and in the case of certain leases for an approved used van, CIT Financial USA, Inc. ("CIT"), which is a third party formerly affiliated with Snap-on Credit. As of the date of this disclosure document we estimate that the cost of a fully equipped new 16-foot Program Van will be \$89,000, however, during the effective period of this disclosure document, we believe that as a result of certain enhancements to the van and cost increases from the supplier, the cost of a fully equipped new van may increase up to \$95,000. Snap-on Credit leases vans through the Snap-on Credit Van Lease Program (described below) under a Vehicle Lease Agreement (a sample copy of which is attached as Appendix I.7).

If you assume an existing lease for an approved used van, the terms of your lease will be different, but will be arranged by Snap-on Credit.

Snap-on Credit will waive the specified van requirement if you acquire a van free and clear (that is, with no ongoing payment obligations like a lease or loan payment). Snap-on Credit may also waive this requirement if Snap-on Credit provides you with financing to purchase your franchise from a current franchisee. In all cases, you must acquire a van which meets the requirements and specifications of the Snap-on Program, and you must meet all other requirements of the Franchise Finance Program, including age and other limitations on the van. You must continue with a "Program Van" until the Franchise Finance Loan is paid in full unless Snap-on and Snap-on Credit specifically waive this requirement in writing. This waiver will not be unreasonably withheld.

If you are a Gateway Franchisee or Sales Representative you will already have a van and have entered into a van lease. You will continue with that van and van lease upon becoming a Standard Franchisee, whether or not you obtain financing under the Franchise Finance Program. You will also be subject to the terms of the van maintenance agreement that was in effect during the term of your Gateway Franchise or while you were a Sales Representative.

**Lessor other than the Snap-on Credit or CIT.** If you do not participate in the Franchise Finance Program and you lease from a source other than Snap-on Credit or CIT, Snap-on Credit reserves the right to review and approve the terms and conditions of your lease. You will negotiate the terms of your lease directly with the third party van leasing company. As of the date of this disclosure document there is no designated third-party leasing company. Snap-on Credit may designate one in the future.

**Snap-on Credit Van Lease Program.** The van lease requires that you pay in advance the first month's lease payment and a security deposit equal to one month's lease payment.

Your weekly or monthly expense for the van is determined by the cost of the van, the lease rate of interest at the time the van is leased, your credit and the residual purchase price (the purchase price for the van at the end of the lease term).

Unless you are accepting assignment of an existing lease, the lease rate of interest on this lease is fixed at least 7 days prior to signing your lease. For a 72-month van lease, the rate will be equal to the yield on comparable term U.S. Treasury Notes as published by the *Wall Street Journal* at the time the rate is fixed plus an additional amount of 5% to 8.5%. As of January 20, 2011, the annual lease rate was between 7.35% (the yield on a 72-month T-note of 2.35% plus 5%) and 10.85% (the yield on a 72-month T-note of 2.35% plus 8.5%).

For a van with a cost of \$89,000, as of January 20, 2011, the estimated weekly and monthly cost, using a lease rate of 7.35% is \$331 per week (\$1,434 per month), and using a lease rate of 10.85% is \$369 per week (\$1,599 per month). For a van with a cost of \$95,000, as of January 20, 2011, the estimated weekly and monthly cost, using a lease rate of 7.35% is \$353 per week

(\$1,530 per month), and using a lease rate of 10.85% is \$394 per week (\$1,707 per month). This estimated lease payment does not include the van delivery charge, documentation fee, sales tax, van insurance, title fee and license fee you will be required to pay. See Items 6 and 7 for a further discussion of these charges.

It is possible that you may be assigned a used van which has a higher monthly payment, which we estimate will not exceed an additional \$50 per month in excess of the monthly lease payment for a new van, but the total payments you make during the lease term should be less than the total payments during the lease term for a new van. If the van being assigned to you was previously leased by another franchisee, you may be required to assume the obligations of the existing lease, which the other franchisee had, in which case the terms of the lease may vary from those described above. The exact cost of your lease payment will depend on the cost of the van assigned to you, any required down payment, the residual, the lease term available for that van and the lease rate in effect at the time you sign your van lease. Rates will be fixed at least 7 days before you sign your lease. This lease payment is paid weekly in advance of the payment due date specified in the lease.

Vans leased from Snap-on Credit may be financed through various sources, including in some cases, a lease of the van from a bank or other lender by Snap-on Credit and a sublease to you. A vehicle lease agreement or other financing agreement between a bank or other lender and Snap-on Credit may include a pledge of security or subleasing arrangement. Your specific van lease may include a subordination of certain rights to Snap-on Credit's existing financing agreement for the van and the option of an identified lender or lessor to redirect your payments from Snap-on Credit to such third-party lender or lessor. Regardless of such arrangement, so long as you are not in default of your lease, you will, enjoy the rights of quiet enjoyment under your lease, subject to you remaining in compliance under your Franchise Agreement and all other agreements with Snap-on or Snap-on Credit.

At the end of the lease, you will have an option to purchase the van as follows: (i) if it is a new van, the residual or price at which you can purchase your van will be equal to 10% of the original cost of the van; (ii) if it is a used van, the residual will be a) 10% of the financed amount of the van at the time you enter into the lease, b) 10% of the original cost of the van or c) \$1.00. The higher the residual, the lower your monthly payments. While Snap-on Credit prefers the \$1.00 residual for a used van, it determines the actual residual with a goal of keeping the monthly lease payment no greater than \$50 more than the monthly lease payment for a new van.

If you do not elect to purchase the van, you must return it at your cost to a location designated by Snap-on Credit in the same condition it was delivered to you, reasonable wear and tear excepted, otherwise you will be required to pay for the cost of refurbishing the van.

You may be permitted to prepay your lease. However, if you do, you will be responsible for all invoiced and outstanding amounts due plus a prepayment fee of up to three months' lease payments. If you elect to purchase the van during the term of the lease, you will also have to pay the discounted value of the remaining lease payments, plus the purchase option (calculated at the lease rate). If your lease allows you to return the van at any time during the term of the lease, you will have to pay for the cost of refurbishing and the cost of returning the van to a destination designated by Snap-on Credit. If you terminate your franchise, provided you do not become a Standard Franchisee or Gateway Franchisee in another List of Calls, and return the van, you will not pay a prepayment fee, but you will be responsible for all outstanding amounts due, including weekly payments through the end of the month of termination, a termination fee equal to one month's lease payment and the cost of refurbishing the vehicle and you are responsible for the cost of returning the van to a destination designated by Snap-on Credit. If you cease operating your additional van under the Expansion Program, it will not be treated as the termination of a franchise and your lease obligation will continue. You are also required to give written notice to



Snap-on Credit 14 days prior to terminating your lease. Default under your lease may lead to default of your Standard Franchise Agreement and your Franchise Finance Loans, if any. Snap-on Credit or CIT may assign the lease without notice to you (Section 17, Vehicle Lease Agreement). Upon assignment the assignee may have rights, which prevent you from setting off claims you may have against Snap-on Credit or CIT.

You are required to assist Snap-on Credit in completing the titling and registration of your van.

**Non-Program Used Vans for Additional Franchise and Additional Van Expansion.** You may purchase or lease a used van as your additional van or for your additional franchise, subject to our approval of the type and condition of the van. A used van that's approved for use as an additional van may not be approved for use other than as an additional van. If you are participating in the Franchise Finance Program, a waiver of the Program Van requirement by Snap-on Credit will also be required. If you elect to lease a used non-program van, and meet the requirements of Snap-on Credit, you may lease such a van from the Snap-on Credit or CIT. Subject to Snap-on Credit's approval, you may be able to assume an existing Snap-on Credit Van Lease from another franchisee for your additional van or Expansion Franchise. Snap-on Credit may at any time specify a type of van or discontinue leasing vans to be used as additional vans in the Expansion Program. You will be required to pay up to 20% down. The available lease term will be based on the cost and the age of the vehicle. The estimated van lease payment is \$253 per week (\$1,097 per month) to \$259 per week (\$1,121 per month) based on a 36-month lease term for a lease amount of \$35,000 (lease amount means the cost of the van minus the down payment); \$284 per week (\$1,232 per month) to \$292 per week (\$1,267 per month) based on a 48-month lease term for a lease amount of \$50,000. These estimated van lease payments are calculated based on the lease rate effective January 20, 2011, and do not include the van delivery charge, documentation fee, sales tax, van insurance and license fees you will be required to pay. See Items 6 and 7 for a further discussion of these charges. It is possible for you to lease a used van for a 60-month term in rare circumstances for more expensive vans. The exact cost of your lease payment will depend on the cost of the van, the required down payment, the lease term available for that van and the applicable lease rate. This lease payment is paid weekly in advance (that is, prior to the month covered by the payment). You will have an option to purchase the van at the end of the lease term for \$1.00.

You may be permitted to prepay your lease. However, if you do, you will be responsible for all invoiced and outstanding amounts due plus a prepayment fee of up to two months' lease payments. If you elect to purchase the van during the term of the lease, you will also have to pay the discounted value of the remaining lease payments, plus the purchase option (calculated at the lease rate). If you terminate your franchise or cease operating your additional van, your lease obligation will continue and you must make all scheduled payments under the lease. You will not be permitted to terminate this lease before expiration for any reason, except as a result of the purchase of the van. Default under your lease may lead to default of your Standard Franchise Agreement(s) and your Franchise Finance Loan. Snap-on Credit or CIT may assign the lease without notice to you (Section 17, Vehicle Lease Agreement). Upon assignment, the assignee may have rights which may not be set off by any claims you may have against Snap-on Credit or a third party leasing source.

Unless you are accepting assignment of an existing lease, the lease rate is fixed at least 7 days prior to you signing the lease and will be equal to the yield on comparable term of U.S. Treasury Notes published by the *Wall Street Journal* plus an additional amount between 7% and 8.5%. As of January 20, 2011, the annual lease rate that would be charged for the 36-month lease described above would be 7.99% (the yield on a 36-month Treasury Note as of January 20, 2011, of .99% plus 7%) to 9.49% (the yield on the 36-month Treasury Note as of January 20, 2011, of .99% plus 8.5%) and the annual lease rate that would be charged for the 48-month lease described above would be 8.47% (the yield on a 48-month Treasury Note as of January

20, 2011, of 1.47% plus 7%) to 9.97% (the yield on a 48-month Treasury Note as of January 20, 2011, of 1.47% plus 8.5%).

**Maintenance Fee.** You will be responsible to maintain your leased van in good condition. You are required to participate in the van maintenance program and you will pay an additional \$50 per week (approximately \$216 per month) van maintenance fee. Snap-on Credit may, in its sole discretion, waive the requirement that you participate in the van maintenance program based on your equity and/or experience and type of van being leased. Maintenance fee payments are used as a fund from which certain of your maintenance obligations can be paid. While this fee amount may not cover all of your maintenance needs, in most cases it will cover a majority of routine maintenance expenses. Snap-on Credit currently pays up to \$10 per participating Standard Franchisee per month to the administrator of the van maintenance program, but this amount is subject to change at any time. On the effective date of this disclosure document, the van maintenance program is administered by an unrelated third party, but Snap-on, Snap-on Credit or one of their affiliates may, in the future, administer the van maintenance program and in such event payments would be made to them. In the event you terminate your van lease earlier than the scheduled termination date, or do not elect to exercise any purchase option at the scheduled termination date, you will forfeit any balance in the maintenance fund.

**Third-Party Agreements and Payment of Lease and Maintenance Fees.** You must enter into separate agreements with Snap-on Credit or third parties containing the terms and conditions of the van lease and the requirements of the van maintenance program. Under the Franchise Finance Program, payment is made through weekly direct debits in an amount sufficient to cover the van lease, van maintenance fee payments and Promissory Note payments. Snap-on Credit will apply funds you pay in any month first to pay the van lease, if included in the direct debit amount, and next to pay the holder of the Promissory Note. If you lease your van from a third party leasing company, Snap-on Credit may waive the weekly direct debit for your lease payment while requiring a weekly direct debit for your van maintenance fee. If your monthly lease payment is not included in the weekly direct debit, you will be responsible to make your van lease payments directly to the third party van leasing company. This debited amount will be deposited with Snap-on Credit in advance or in arrears, as the case may be, of each month's lease and van maintenance fee payment due date. You must also pay any shortages or extra charges provided under your van lease and any maintenance expenses not covered by the van maintenance fee payments.

### **Other Financing Available To Existing Snap-on Franchisees**

**Short Term Credit Line Program.** Through the Short Term Credit Line Program, after you are in operation as a Standard Franchisee, Snap-on Credit may provide funds to finance the acquisition of additional inventory, promotional merchandise and specific **Products**. If Snap-on Credit approves you and you use the Short Term Credit Line Program, the maximum amount of funds available is generally limited to \$50,000, although in certain situations additional amounts may be available under this Program at the discretion of Snap-on Credit. The interest rate currently charged is the Prime Rate as published in the *Wall Street Journal* ("Prime Rate"), plus an additional amount of 3 percentage points or less as permitted by applicable law with a weekly repayment through a direct debit. As of January 20, 2011, the rate would be 6.25%. For amounts up to \$10,000 for promotional merchandise or specific **Products**, repayment must be made in 8 or 13 weeks. For amounts borrowed between \$10,000 and \$15,000, repayment must be made in 8, 13 or 20 weeks. For amounts borrowed of more than \$15,000, repayment must be made in 8, 13, 20 or 26 weeks. The minimum amount loaned will be \$5,000. You will sign a separate Loan Agreement, Security Agreement and Promissory Note if you participate in this Program and you will sign a separate Request for Advance for each purchase under this Program. The Promissory Note may be secured or unsecured.

**Dealer Equity Line of Credit.** Snap-on Credit may invite a number of Standard Franchisees to apply for an equity line of credit to be used in their Snap-on business. To be eligible, Standard Franchisees will have to first meet certain performance criteria, credit-worthiness and length of service requirements. Accepted Standard Franchisees will be offered a revolving credit line in an amount established by Snap-on Credit. Credit lines will be determined by the equity levels in the Standard Franchisee's business along with the creditworthiness of the Standard Franchisee. The minimum amount for this credit line is \$25,000 and the minimum draw is \$10,000 or the balance remaining on the credit line if less. Draws are allowed a maximum of two times per month and the amount borrowed will be paid to you by giving you a credit on your Snap-on statement. The rate of interest charged will be the Prime Rate plus an additional amount, between 1 and 6 percentage points. As of January 20, 2011, the rate would be between 4.25% and 9.25%. Interest is variable and will fluctuate in accordance with the Prime Rate during the term. You will be required to make monthly payments consisting of interest calculated on the average daily principal balance outstanding during the prior month plus 1% of the outstanding principal balance at the end of the prior month. The term will be up to 5 years and you may be given the option to refinance the balance at maturity at the sole discretion of Snap-on Credit at prevailing rates at the time of the refinancing. You may repay principal without premium or penalty at any time. The Equity Line of Credit may be used only for approved Snap-on business purposes, including financing your investment in an additional van or Expansion Franchise pursuant to the Expansion Program. You will enter into a separate Loan and Security Agreement and Promissory Note with Snap-on Credit or an Addendum and additional Promissory Note evidencing the additional loan which will govern your participation in this program. You will be required to pay a documentation fee of \$100 at the time you sign your loan documents.

**Recapitalization, Refinancing and Additional Van Expansion.** Snap-on Credit, may offer additional funds to you in order to assist you in growing your business by increasing your inventory, growing your RA account base, reducing your outstanding debt to Snap-on, refinancing a balloon payment that comes due under previous financing, upgrading your van or participating in the Expansion Program by adding an additional van to your existing Standard Franchise. To be eligible, Standard Franchisees will have to first meet certain performance criteria, creditworthiness and length of service requirements. Approval may be conditional on you making additional working capital or equity payments. These loans will include interest at the comparable term of U.S. Treasury Notes published in the *Wall Street Journal*, plus an additional amount between 5 and 8.5 percentage points or less as permitted by applicable law. As of January 20, 2011, the rate would be between 6.96% (the yield on a 60-month Treasury Note as of January 20, 2011 of 1.96% plus 5%) and 10.46% (the yield on a 60-month Treasury Note as of January 20, 2011 of 1.96% plus 8.5%). The interest rate is fixed for the term of the loan. There is a prepayment fee of 3% of the outstanding principal balance of your loan at the time of prepayment. These loans are generally for a term of up to 5 years but may be extended to a maximum of 10 years at the discretion of Snap-on Credit.

You will enter into a separate Loan and Security Agreement and Promissory Note with Snap-on Credit if you do not have an existing loan with Snap-on Credit or an Addendum and additional Promissory Note if you have a loan with Snap-on Credit, which will govern your participation in this program. You must pay off any existing indebtedness on your franchise, other than existing indebtedness to Snap-on Credit, prior to borrowing funds under these loans. Snap-on Credit may in its sole discretion agree to lend you additional funds to pay off your existing indebtedness to parties other than Snap-on Credit. You will be required to pay a documentation fee of \$100 at the time you sign your loan documents.

The entire amount of any additional expansion van loan will become immediately due and payable in the event you terminate the operation of that additional van, however, you will not be required to pay a prepayment fee.

## Credit Programs

Snap-on Credit, at its option and in its sole discretion, makes credit programs available to you to finance certain sales to your customers. The primary program, as of the date of this disclosure document, is the Extended Credit Program. Snap-on Credit may amend, terminate or supplement any or all of the Credit Programs at any time.

Under the Extended Credit Program, you receive credit for **Products** sold immediately after the sale rather than waiting for your customer to pay for the **Product** over time. Under certain other programs, Snap-on may make direct sales to customers on your List of Calls on an installment basis and you will receive credits as your customers make installment payments. You do not have to participate in any Credit Program, including the Extended Credit Program.

**Extended Credit Program.** If you choose to participate in the Extended Credit Program, you must adhere to the requirements for use of electronic commerce, collect on these accounts, assist in repossessions and participate in losses in accordance with the terms of the Franchisee Servicing Agreement between you and Snap-on Credit (the “Franchisee Servicing Agreement”). See Appendix I.2. Under the Franchisee Servicing Agreement, Snap-on Credit can assign accounts written by another franchisee or Snap-on to you for collection. If you are a Gateway Franchisee and you entered into a Franchisee Servicing Agreement, that Agreement will continue if you do not sign a new Franchisee Servicing Agreement when you become a Standard Franchisee.

As a participant in the Extended Credit Program, you must set up the Snap-on Credit software interface and complete the Snap-on Credit Automated Remittance Agreement, a copy of which is attached as Appendix I.8. You should use the automated credit application submission process within the interface to send the application and receive approval to enter into a Credit Sale Contract also referred to as an Extended Credit contract (an “EC Contract”) each time a customer makes a purchase on credit under this program. You then assign the EC Contract to Snap-on Credit with limited recourse to you for bad debts. Before entering into the EC Contract, you must receive pre-approval from Snap-on Credit. In some instances when Snap-on Credit does not provide pre-approval, you may be able to assign certain unapproved EC Contracts subject to full recourse to you as provided in the Program Manual. Reporting and updates to customer balances are obtained through the interface. Snap-on Credit provides you with the capability of writing electronic EC Contracts (paperless, with a hard copy provided to the customer). To use the electronic EC Contract program, you must use an electronic signature apparatus. This is included in the technology package provided to you by Snap-on. You must remit monies collected by using the interface to authorize Snap-on Credit to direct debit your business checking account for the amount of the funds collected. As of the effective date of this disclosure document, you may be charged up to \$150 in any month that Snap-on Credit allows you to either submit a paper EC Contract or submit collected funds in any manner other than ACH. This fee is subject to change by Snap-on Credit at any time. EC Contracts contain language assigning the contract to Snap-on Credit. Snap-on Credit has the right to revise the forms of agreements you use or to otherwise modify this program at any time.

When Snap-on Credit receives and accepts an EC Contract, Snap-on Credit will advise Snap-on to credit your Snap-on statement for the total net cash price of the sale less the applicable EC Reserve Requirement, which is held by Snap-on to cover your share of bad debt losses and other obligations. The EC Reserve Requirement is determined by Snap-on Credit and will range between 0% and 15%. The total held by Snap-on as a reserve will generally not exceed the Reserve Requirement percentage and in any event, should not exceed 15% of the total outstanding balance of EC Contracts you assign to Snap-on Credit, plus any others that you service but may not have written. In determining your EC Reserve Requirement, Snap-on Credit considers your EC Contract delinquency, credit quality and performance with respect to collection

of EC Contracts and other serviced paper. It is possible that you will be given the opportunity to participate in a program in which you will use a portion of this EC reserve to pay for your cost of participating in such other program, which will decrease your EC reserve accordingly. Although not obligated to do so, Snap-on currently credits any excess of this reserve to you through a credit to your Snap-on statement three times a year.

Your share of bad debt losses will generally not exceed 25% of the outstanding balance due from the customer on your assigned Extended Credit accounts, except that Snap-on Credit may charge you 100% of the unpaid final balance of any EC Contract if (i) Snap-on Credit determines fraudulent or other improper actions on your part (or your employee's part) are involved, including the failure to remit payments collected from the customer, the failure to notify Snap-on Credit of the repossession, return or trade of merchandise covered by an EC Contract, or any misrepresentations to Snap-on or Snap-on Credit or (ii) the EC Contract is written and assigned to Snap-on Credit subject to a full recourse arrangement you agree to at the time of assignment. To participate in the Extended Credit Program, you agree to collect Extended Credit payments and other payments as required in the Franchisee Servicing Agreement. You must remit these payments on a weekly basis, assist in repossessions and repurchase repossessed merchandise on EC Contracts related to customers on your List of Calls. See Repossession below.

Because control of delinquency is so important to the success of this program, your participation may be terminated by Snap-on Credit if you fail to meet the delinquency metrics established for you from time to time by Snap-on Credit.

Snap-on Credit may assign all or any portion of its rights under the Franchisee Servicing Agreement, including any Extended Credit Contracts held under the Franchisee Servicing Agreement.

**Repossessions.** Under the Credit Programs, you must repurchase **Products** or other merchandise which you sold or leased or which is security for accounts written by others and assigned to you to service and which Snap-on Credit later repossesses (with or without your assistance) after a customer default. Your repurchase price will generally be the Fair Market Value (as defined in the Operations Manual) as of the date of repossession of the **Products** or other merchandise under the applicable credit contract. At the time **Products** or other merchandise are repossessed, Snap-on Credit will charge you 25% of the bad debt loss on the contracts covering such repossessed **Products** or merchandise under the Extended Credit Program. Sometimes your purchase of repossessed **Products** or other merchandise may cause you to have all of the rights and obligations of a secured party of the customer regarding the repossessed **Products** or other merchandise. This means you may have the duty to give the customer notices and repay the customer for any excess proceeds you realize on later resale of the **Products** or other merchandise.

### Open Accounts

You may enter into short-term credit sales contracts with businesses ("Open Accounts") on 30-day terms or 30-60-90 day terms and request that we accept assignment of them. We will charge you for the total unpaid amount of an Open Account if your customer fails to pay us within sixty (60) days of invoice on 30-day accounts or within 7 days of any installment date for 30-60-90 day accounts, but will credit you for any payments later made on these accounts. The Snap-on Program governs Open Accounts. If you are a Gateway Franchisee, any Open Account obligations incurred during the term of your Gateway Franchise Agreement will continue if you become a Standard Franchisee.

## General

**Finance Program Changes.** For all of the financing programs offered by Snap-on Credit or Snap-on, the description above is effective as of the date of this disclosure document only, and Snap-on Credit or Snap-on can discontinue offering or revise or modify any program at any time. These modifications may include new and different credit programs with qualifications, credit availability and loss liability different from those now in effect (for example, Snap-on Credit may provide otherwise unavailable credit for customer purchases if you accept increased liability or additional recourse for the sale).

**Security Interest.** For each of the finance programs described above, unless otherwise specified, Snap-on or Snap-on Credit, as the case may be, will secure your obligation by a first security interest in your business assets including all inventory, parts, accounts, equipment, business vehicles, reserve accounts and all replacements and proceeds.

**Personal Guarantee.** If the franchisee is originally or later becomes a corporation or limited liability company, you and any other owner will be required to jointly and severally personally guarantee all obligations of the corporation or limited liability company under all finance programs described above.

**Arbitration; Waiver.** For each of the finance programs described above, all disputes under the applicable program documents are subject to arbitration and you agree to waive your right to a jury trial and in the case of the Snap-on Credit Van Lease Program, you waive any claims against Snap-on Credit or CIT arising out of the use or warranty of the van (Sections 6, 26 and 28 of the Vehicle Lease Agreement).

The Franchisee Servicing Agreement, the Vehicle Lease Agreement and the Loan and Security Agreement contain grounds for termination of those agreements and acceleration of your obligations, separate from grounds for termination of the franchise set forth in your Standard Franchise Agreement.

### **GATEWAY FRANCHISE – FINANCING**

We offer you direct financing assistance. If you meet all the requirements, we will finance certain initial investment costs and expenses of the Gateway Franchise. In addition, Snap-on Credit offers certain financing as discussed below.

## Consignment Program

**Inventory.** As a Gateway Franchisee, we will provide you with inventory in the amount, at suggested retail price approximately between \$109,000 to \$112,000 and a franchisee cost approximately between \$72,000 to \$76,000. As described in Item 5, if you are an Unassociated Dealer converting to the Snap-on Program as a Gateway Franchisee, the amount of the consigned inventory you receive will be reduced by the amount of the initial inventory, if any, which we provide you without cost to you. While you are a Gateway Franchisee you will not be charged for your consigned inventory, however, you must at all times maintain your inventory in at least the minimum amount of 90% of the suggested retail price of the initial consigned inventory we provide to you. You must provide to us, at the time of conversion to a Standard Franchise or other termination of your Gateway Franchise Agreement, inventory and/or cash in the amount of the franchisee cost of your initial consigned inventory.

Title to the consigned inventory remains with Snap-on until the earlier of: (i) the time at which an item of consigned inventory is sold to a customer, at which time title passes to that customer; or (ii) you purchase the consigned inventory (discussed below) at which time title passes to you. You will notify your creditors that the consigned inventory is the property of Snap-on.

During the term of your Gateway Franchise, we will allow you to purchase additional inventory on an Invoice Line of Credit subject to payment terms as set forth in the Snap-on Program. The initial Invoice Line of Credit will be \$20,000 and thereafter will be adjusted by Snap-on.

Upon termination of your Gateway Franchise Agreement, if you become a Standard Franchisee, any **Products** in your possession will be used toward the amount of initial inventory of **Products** required for Standard Franchisees. If you become a Standard Franchisee, you will be responsible to Snap-on for the amount of your initial consignment. To the extent **Products** in your possession are used to satisfy your Standard Franchise initial inventory requirement, Snap-on Credit may provide financing for that amount. Otherwise, upon termination of your Gateway Franchise Agreement, you are required to return to us **Products** in the amount of your initial consignment at suggested retail prices. If you do not have **Products** in your possession in that amount, you will be responsible to make up any shortfall.

During the term of your Gateway Franchise Agreement no payments are required to be made toward the amount of the initial consignment and no interest will be charged.

**Van Merchandise Displays and Safety Equipment.** We provide you with initial van merchandise displays and certain safety equipment, with an approximate cost between \$1,600 and \$4,000 on consignment. While you are a Gateway Franchisee, you are not required to pay any amount toward these consigned displays and safety equipment. You are required to pay for them at the time you convert to a Standard Franchise or at the time your Gateway Franchise expires or otherwise terminates.

### RA Finance Program

Revolving Account or “RA” sales typically make up a large percentage of a franchisee’s sales. RA sales are credit sales between a franchisee and a franchisee’s customer where a franchisee extends personal credit, usually at no interest, to finance the customer’s purchase of **Products**. Terms such as price, down payment and repayment schedules are decided by the franchisee and the customer. Since the franchisee’s own credit is extended on an RA, the franchisee bears 100% of the risk of loss on a defaulting RA. Your RAs are created through the acquisition of RAs from a predecessor franchisee and from the creation of RAs through your RA sales to your customers. See Item 7 for a detailed description of RA Acquisition and RA Development.

We provide the Gateway Franchisee with a credit line (“RA Line of Credit”) up to the amount of \$52,500 (“credit cap”) to fund the acquisition of RAs from a predecessor franchisee and the RAs you develop. If your RA Acquisition exceeds \$52,500, your credit cap will equal your RA Acquisition. We finance 75% of the balance due on each RA you purchase up to the credit cap. Your available credit under the credit cap will be increased by the amount, if any, of financed RA Acquisition that you later reject as described in Item 7. The RA Line of Credit may also be used to finance the payment of your cost of goods sold, which is the cost of **Products** purchased from us and sold to your customers as RA sales. While you are a Gateway Franchisee, you will be able to obtain credit weekly against this credit cap in an amount equal to 75% of the difference between the amount you sell to customers on RA, and the amount of RA you collect from them in that week. If you collect more from your RAs than you sell on RA, you will be charged back, 75% of that amount, and your available credit under the credit cap will be increased by the amount of the charge. We also process adjustments to reflect changes in your total RA balance, such as to reflect RA accounts written off to bad debts. In the case of an RA account written off as a bad debt, 75% of the RA account balance written off will be charged to you and your available credit under the credit cap will be increased by the amount of the charge. Since you will be making RA sales of **Products**, the RA Line of Credit, when used for later purchases of **Products**, will assist

you in replenishing inventory pending your development of cash flow from collections on RA sales. Once the credit cap is reached, no further RA financing will be available.

No fees or interest will be accrued or charged under this Program while you are a Gateway Franchisee. Also, you will not make any payments toward any amounts due under your RA Line of Credit while you are a Gateway Franchisee. Upon termination of your Gateway Franchise Agreement, you will be responsible for payment of the amount of your RA Line of Credit. Snap-on Credit may finance all or part of it through the Franchise Finance Program if you become a Standard Franchisee. You are required to sign the RA Financing Agreement in the form attached as Appendix I.6.B.

## **Van Requirements and Van Leasing**

**Van Requirements Under the Program.** Under the Gateway Franchise Program, you must lease a Program Van, which is a specified van (which may be new or used and differ as to the type of van at the discretion of Snap-on Credit) from a designated source. As of the date of this disclosure document, we estimate that the cost of a fully equipped new standard 16-foot Program Van will be \$89,000; however, during the effective period of this disclosure document, we believe that as a result of certain enhancements to the van and cost increases from the supplier, the cost of a fully equipped new van may increase up to \$95,000. The designated source for your van is Snap-on Credit, and in the case of certain leases for an approved used van, it will be CIT Financial USA, Inc. ("CIT"), which is a third party formerly affiliated with Snap-on Credit. Snap-on Credit will lease vans under the terms of a Vehicle Lease Agreement (a copy of which is attached as Appendix I.7). You must continue with a Program Van during the term of your Gateway Franchise unless this requirement is waived specifically in writing by Snap-on and Snap-on Credit.

If you assume an existing CIT lease for an approved used van, the terms of your lease will be different, but will be arranged by Snap-on Credit.

If you are a Sales Representative becoming a Gateway Franchisee, your existing van lease will continue during the term of your Gateway Franchise. As a Gateway Franchisee, you will already have a van and have entered into a van lease, which will continue if you become a Standard Franchisee whether or not you obtain financing under the Franchise Finance Program. You will also be subject to the terms of the Van Maintenance Agreement that was in effect during the term of your Gateway Franchise.

**Snap-on Credit Van Lease Program.** The van lease requires that you pay the first month's lease payment and a security deposit equal to one month's lease payment in advance.

Your weekly or monthly expense for the van is determined by the cost of the van, the lease rate of interest at the time the van is leased, your credit and the residual purchase price (the purchase price for the van at the end of the lease term).

Unless you are accepting assignment of an existing lease, the lease rate of interest on this lease is fixed at least 7 days prior to signing your lease. For a 72-month van lease, the rate will be equal to the yield on comparable term U.S. Treasury Notes as published by the *Wall Street Journal* at the time the rate is fixed plus an additional amount of 5% to 8.5%. As of January 20, 2011, the annual lease rate was between 7.35% (the yield on a 72-month T-note of 2.35% plus 5%) and 10.85% (the yield on a 72-month T-note of 2.35% plus 8.5%).

For a van with a cost of \$89,000, as of January 20, 2011, the estimated weekly and monthly cost, using a lease rate of 7.35% is \$331 per week (\$1,434 per month), and using a lease rate of 10.85% is \$369 per week (\$1,599 per month). For a van with a cost of \$95,000, as of January



20, 2011, the estimated weekly and monthly cost, using a lease rate of 7.35% is \$353 per week (\$1,530 per month), and using a lease rate of 10.85% is \$394 per week (\$1,707 per month). This estimated lease payment does not include the van delivery charge, documentation fee, sales tax, van insurance, title charge and license fee you will be required to pay. See Items 6 and 7 for a further discussion of these charges.

It is possible that you may be assigned a used van which has a higher monthly payment, which we estimate will not exceed an additional \$50.00 per month in excess of the monthly lease payment for a new van, but the total payments you make during the lease term should be less than the total payments during the lease term for a new van. If the van being assigned to you was previously leased by another franchisee, you may be required to assume the obligations of the existing lease, which the other franchisee had, in which case the terms of the lease may vary from those described above. The exact cost of your lease payment will depend on the cost of the van assigned to you, any required down payment, the residual, the lease term available for that van and the lease rate in effect at the time you sign your van lease. Rates will be fixed at least 7 days before you sign your lease. This lease payment is paid weekly in advance of the payment due date specified in the lease.

Vans leased from Snap-on Credit may be financed through various sources, including in some cases, a lease of the van from a bank or other lender by Snap-on Credit and a sublease to you. A vehicle lease agreement or other financing agreement between a bank or other lender and Snap-on Credit may include a pledge of security or subleasing arrangement. Your specific van lease may include a subordination of certain rights to Snap-on Credit's existing financing agreement for the van and the option of an identified lender or lessor to redirect your payments from Snap-on Credit to such third-party lender or lessor. Regardless of such arrangement, so long as you are not in default of your lease, you will enjoy the rights of quiet enjoyment under your lease subject to remaining in compliance under your Franchise Agreement and all other agreements with Snap-on or Snap-on Credit.

At the end of the lease, you will have an option to purchase the van as follows: (i) if it is a new van, the residual or price at which you can purchase your van will be equal to 10% of the original cost of the van; (ii) if it is a used van, the residual will be a) 10% of the financed amount of the van at the time you enter into the lease, b) 10% of the original cost of the van or (c) \$1.00. The higher the residual, the lower your monthly payments. While Snap-on Credit prefers the \$1.00 residual for a used van, it determines the actual residual with a goal of keeping the monthly lease payment no greater than \$50.00 more than the monthly lease payment for a new van.

If you do not elect to purchase the van, you must return it at your cost to a location designated by Snap-on Credit in the same condition it was delivered to you, reasonable wear and tear excepted, otherwise you will be required to pay for the cost of refurbishing the van.

You may be permitted to prepay your lease. However, if you do, you will be responsible for all invoiced and outstanding amounts due plus a prepayment fee of up to three months' lease payments. If you elect to purchase the van during the term of the lease, you will also have to pay the discounted value of the remaining lease payments, plus the purchase option (calculated at the lease rate). If you return the van at any time during the term of the lease, you will have to pay for the cost of refurbishing and you are responsible for the cost of returning the van to a destination designated by Snap-on Credit. If you become a Standard Franchisee, your Van Lease and Maintenance Agreement will continue during the term of your Standard Franchise. Otherwise, upon termination of your Gateway Franchise, you may return the van in the same condition it was delivered to you, reasonable wear and tear excepted. You will not pay a prepayment fee, but you will be responsible for all outstanding amounts due plus weekly payments through the end of termination, plus a termination fee equal to one month's lease payment, plus the cost of refurbishing the van and shipping it to a destination designated by

Snap-on Credit. You are also required to give written notice to Snap-on Credit 14 days prior to terminating your lease. Default under your lease may lead to default of your Gateway Franchise Agreement. Snap-on Credit or CIT may assign the lease without notice to you (Section 17, Vehicle Lease Agreement). Upon assignment the assignee may have rights, which prevent you from setting off claims you may have against Snap-on Credit or a third party leasing source.

You are required to assist Snap-on Credit in completing the titling and registration of your van.

**Maintenance Fee.** You will be responsible to maintain your leased van in good condition. You are required to participate in the van maintenance program, which requires you to pay an additional \$50.00 per week (\$216 per month) van maintenance fee. Maintenance fee payments are used as a fund from which certain of your maintenance obligations can be paid. While this fee amount may not cover all of your maintenance needs, in most cases it will cover a majority of routine maintenance expenses. Snap-on Credit pays up to \$10.00 per participating Gateway Franchisee per month to the administrator of the van maintenance program, but the amount is subject to change at any time. On the effective date of this disclosure document, the van maintenance program is administered by an unrelated third party, but Snap-on, Snap-on Credit or one of their affiliates may, in the future, administer the van maintenance program and in such event payments would be made to them. In the event you terminate your van lease earlier than the scheduled termination date, or do not elect to exercise any purchase option at the scheduled termination date, you will forfeit any balance in the maintenance fund.

**Third-Party Agreements and Payment of Lease and Maintenance Fee.** You must enter into separate agreements with Snap-on Credit or third parties containing the terms and conditions of the van lease and the requirements of the van maintenance program. Payment is made through a weekly direct debit in an amount sufficient to cover van lease and van maintenance fee payments. This debited amount will be deposited with Snap-on Credit in advance of each month's lease and van maintenance fee payment due date. You must also pay any shortages or extra charges provided under your van lease and any maintenance expenses not covered by the van maintenance fee payments.

### **Credit Programs**

Snap-on Credit, at its option and in its sole discretion, makes credit programs available to you to finance certain sales to your customers. The primary program, as of the date of this disclosure document is the Extended Credit Program. Snap-on Credit may amend, terminate or supplement any or all of the Credit Programs at any time.

Under the Extended Credit Program, you receive credit for **Products** sold immediately after the sale rather than waiting for your customer to pay for the **Product** over time. Under certain other programs, Snap-on may make direct sales to customers on your List of Calls on an installment basis and you will receive credits as your customers make installment payments. You do not have to participate in any Credit Program, including the Extended Credit Program.

**Extended Credit Program.** If you choose to participate in the Extended Credit Program, you must adhere to the requirements for use of electronic commerce, collect on these accounts, assist in repossessions and participate in losses in accordance with the terms of the Franchisee Servicing Agreement between you and Snap-on Credit (the "Franchisee Servicing Agreement"). See Appendix I.2. Under the Franchisee Servicing Agreement, Snap-on Credit can assign accounts written by another franchisee or Snap-on to you for collection. The Franchisee Servicing Agreement you enter into will continue if you do not sign a new Franchisee Servicing Agreement when you become a Standard Franchisee.

As a participant in the Extended Credit Program, you must set up the Snap-on Credit software interface and complete the Snap-on Credit Automated Remittance Agreement, a copy of which is attached as Appendix I.8. You should use the automated credit application submission process within the interface to send the application and receive approval to enter into a Credit Sale Contract also referred to as an Extended Credit contract (an "EC Contract") each time a customer makes a purchase on credit under this program. You then assign the EC Contract to Snap-on Credit with limited recourse to you for bad debts. Before entering into the EC Contract, you must receive pre-approval from Snap-on Credit. In some instances when Snap-on Credit does not provide pre-approval, you may be able to assign certain unapproved EC Contracts subject to full recourse to you as provided in the Program Manual. Reporting and updates to customer balances are obtained through the interface. Snap-on Credit provides you with the capability of writing electronic EC Contracts (paperless, with a hard copy provided to the customer). To use the electronic EC Contract program, Snap-on Credit requires that you must use an electronic signature apparatus. This is included in the technology package provided to you by Snap-on without additional cost to you. You can remit monies collected by using the interface to authorize Snap-on Credit to direct debit your business checking account ("ACH") for the amount of the funds collected. As of the effective date of this disclosure document, you may be charged up to \$150 in any month that Snap-on Credit allows you to either submit a paper EC Contract or submit collected funds in any manner other than ACH. This fee is subject to change by Snap-on Credit at any time. EC Contracts contain language assigning the contract to Snap-on Credit. Snap-on Credit has the right to revise the forms of agreements you use or to otherwise modify this program at any time.

When Snap-on Credit receives and accepts an EC Contract, Snap-on Credit will advise Snap-on to credit your Snap-on statement for the total net cash price of the sale less the applicable EC Reserve Requirement, which is held by Snap-on to cover your share of bad debt losses and other obligations. The EC Reserve Requirement is determined by Snap-on Credit and will range between 0% and 15%. The total held by Snap-on as a reserve will generally not exceed the Reserve Requirement percentage and in any event should not exceed 15% of the total outstanding balance of EC Contracts you assign to Snap-on Credit, plus any others that you service but may not have written. In determining your EC Reserve Requirement, Snap-on Credit considers your EC Contract delinquency, credit quality and performance with respect to collection of EC Contracts and other serviced paper. It is possible that you will be given the opportunity to participate in a program in which you will use a portion of the EC reserve to pay for your cost of participating in such other program, which will result in a decrease in the amount of your EC reserve. Although not required to do so, Snap-on currently credits the excess of this reserve to you through a credit to your Snap-on statement three times a year.

Your share of bad debt losses will generally not exceed 25% of the outstanding balance due from the customer on your assigned Extended Credit accounts, except that Snap-on Credit may charge you 100% of the unpaid final balance of any EC Contract if (i) Snap-on Credit determines fraudulent or other improper actions on your part (or your employee's part) are involved, including the failure to remit payments received from customers, the failure to notify Snap-on Credit of the repossession, return or trade of merchandise covered by an EC Contract or any misrepresentations to Snap-on or Snap-on Credit or (ii) the EC Contract is written and assigned to Snap-on Credit subject to a full recourse arrangement you agree to at the time of assignment. To participate in the Extended Credit Program, you agree to collect Extended Credit payments and other payments as required in the Franchisee Servicing Agreement. You must remit these payments on a weekly basis, assist in repossessions and repurchase repossessed merchandise on EC Contracts related to customers on your List of Calls. See Repossession below.

Because control of delinquency is so important to the success of this program, your participation may be terminated by Snap-on Credit if you fail to meet the delinquency metrics established for you from time to time by Snap-on Credit.

Snap-on Credit may assign all or any portion of its rights under the Franchisee Servicing Agreement, including any Leases and Dealer Paper (including any Extended Credit Contracts) held under the Franchisee Servicing Agreement.

**Repossessions.** Under the Credit Programs, you must repurchase **Products** or other merchandise which you sold or leased or which is security for accounts written by others and assigned to you to service which Snap-on Credit later repossesses (with or without your assistance) after a customer default. Your repurchase price will generally be the Fair Market Value (defined in the Operations Manual) as of the date of repossession of the **Products** or other merchandise under the applicable credit contract. At the time the **Products** or other merchandise are repossessed, Snap-on Credit will charge you 25% of the bad debt loss on the contracts covering such repossessed **Products** or other merchandise under the Extended Credit Program. Sometimes your purchase of repossessed **Products** or other merchandise may cause you to have all of the rights and obligations of a secured party of the customer regarding the repossessed **Products** or other merchandise. This means you may have the duty to give the customer notices and repay the customer for any excess proceeds you realize on later resale of the **Products** or other merchandise.

### Open Accounts

You may enter into short-term credit sales contracts with businesses ("Open Accounts") on 30-day terms or 30-60-90 day terms and request that we accept assignment of them. We will charge you for the total unpaid amount of an Open Account if your customer fails to pay us within sixty (60) days of invoice on 30 day accounts or within 7 days of any installment date for 30-60-90 day accounts, but will credit you for any payments later made on these accounts. The Snap-on Program governs Open Accounts. Any Open Account obligations incurred during the term of your Gateway Franchise Agreement will continue if you become a Standard Franchisee.

### General

**Finance Program Changes.** For all of the financing programs offered by Snap-on Credit or Snap-on, the description above is effective as of the date of this disclosure document only, and Snap-on Credit or Snap-on can discontinue offering or revise or modify any program at any time. These modifications may include new and different credit programs with qualifications, credit availability and loss liability different from those now in effect (for example, Snap-on Credit may provide otherwise unavailable credit for customer purchases if you accept increased liability or recourse for the sale).

**Security Interest.** For each of the Finance programs described above, unless otherwise specified, Snap-on or Snap-on Credit, as the case may be, will secure your obligation by a first security interest in your business assets including all inventory, parts, accounts, equipment, business vehicles, reserve accounts and all replacements and proceeds.

**Arbitration; Waiver.** For each of the finance programs described above, all disputes under the applicable program documents are subject to arbitration and you agree to waive your right to a jury trial and in the case of the Snap-on Credit Van Lease Program, you waive any claims against Snap-on Credit or CIT arising out of the use or warranty of the van (Sections 6, 26 and 28 of the Vehicle Lease Agreement).

The Franchisee Servicing Agreement and the Vehicle Lease Agreement contain grounds for termination of those agreements and acceleration of your obligations, separate from grounds for termination of the Gateway Franchise Agreement set forth in the Gateway Franchise Agreement.

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

**Except as listed below, we need not provide any assistance to you.**

We agree in the Standard Franchise Agreement and Gateway Franchise Agreement to provide several services to you. Neither the Standard Franchise Agreement nor the Gateway Franchise Agreement specifies whether we must provide them before or after you begin to operate under your franchise.

**Obligations We Will Perform Before You Open Under Your Franchise.**

We will perform the following obligations before you begin to operate under your franchise:

***Standard Franchise:***

**Sale of Products.** We will make available an initial inventory of **Products**, which you may purchase at our suggested retail price, less any discounts in effect when we receive your orders. We can change the **Products**, suggested retail prices, and available franchisee discounts without notice (Standard Franchise Agreement, §7.A.).

**Uniforms.** Except Trial or Gateway Franchisees converting to a Standard Franchise and franchisees purchasing a Transfer Franchise or Renewal Franchise, we provide you with uniforms, without cost to you, with a franchisee cost of \$400 (Standard Franchise Agreement §8.I.; Addendum to Snap-on Tools Standard Franchise Agreement (Transfer Franchise); Addendum to Snap-on Tools Standard Franchise Agreement (Renewal Franchise); Addendum to Snap-on Standard Franchise Agreement (Gateway Franchisee Becoming a Standard Franchisee)).

**Technology Package.** Except for Gateway Franchisees converting to a Standard Franchise, and franchisees purchasing a Renewal Franchise or Transfer Franchise, we provide you, without charge to you, with a technology package that includes your computer, loaded with applicable software, a printer and electronic signature pad (Standard Franchise Agreement, §8.J.; Addendum to Snap-on Tools Standard Franchise Agreement (Transfer Franchise); Addendum to the Snap-on Tools Standard Franchise Agreement (Renewal Franchise); Addendum to the Snap-on Tools Standard Franchise Agreement (Gateway Franchisee Becoming a Standard Franchisee)).

**Standard Franchise Operations Manual.** We will provide you on loan for the term of your Standard Franchise Agreement access to a Standard Franchise Operations Manual, which may include sections on policies and procedures for the Credit Programs. The Standard Franchise Operations Manual may be provided in paper or electronic format (including posting on a Snap-on sponsored intranet site) or combination thereof and will be licensed to you for the duration of your Standard Franchise Agreement. You will be required to return all copies of the Standard Franchise Operations Manual in your possession when you cease operation as a franchisee (Standard Franchise Agreement, §5).

**Training.** We will conduct an initial training program for you. A Gateway Franchisee converting to become a Standard Franchisee or a renewal franchisee will not receive this training (Standard Franchise Agreement, §7.C.; Addendum to Snap-on Tools Standard Franchise Agreement (Gateway Franchisee Becoming a Standard Franchisee); Addendum to Snap-on Tools Standard Franchise Agreement (Renewal Franchise)).

**Gateway Franchise:**

**Inventory of Products.** We will provide you with an initial inventory of **Products**, on consignment from us with an approximate suggested retail price between \$109,000 to \$112,000 (Gateway Franchise Agreement, §7.A.).

**Uniforms.** We provide you with uniforms, without cost to you, with a franchisee cost of \$400 (Gateway Franchise Agreement, §8.I.).

**Technology Package.** We provide you with a technology package that includes your computer, loaded with applicable software, a printer and electronic signature pad (Gateway Franchise Agreement, §8.J.).

**Gateway Franchise Operations Manual.** We will provide you on loan for the term of your Gateway Franchise Agreement access to a Gateway Franchise Operations Manual, which may include sections on policies and procedures for the Credit Programs. The Gateway Franchise Operations Manual may at our election be in paper or electronic format (including posting on a Snap-on sponsored intranet site) or a combination thereof and will be licensed to you for the duration of your Gateway Franchise Agreement. You will be required to return all copies of the Gateway Franchise Operations Manual in your possession either when you cease operation as a franchisee or when you convert to a Standard Franchise (Gateway Franchise Agreement, §5).

**Training.** We will conduct an initial training program for you (Gateway Franchise Agreement, §7.E.).

**Van Merchandise Displays and Safety Equipment.** We will provide you with current van merchandise displays for the proper display of certain **Products** on your van and certain safety equipment with an approximate cost between \$1,600 and \$4,000 on consignment (Gateway Franchise Agreement 7.F.).

**Time between Signing the Franchise Agreement and Opening of Your Franchise.** Typically, the length of time between signing the Franchise Agreement and the beginning of operations ranges from three to six weeks. You agree to this time period separately with us. Factors affecting the length of this period include obtaining financing, obtaining a van, equipping the van with any necessary fixtures and the initial inventory of **Products**, and completing our training program. Depending on whether you receive a fully merchandized van, you will be required to spend between 10 and 60 hours to inventory and if necessary, merchandise your van with the initial inventory. If you convert from a Gateway Franchise to the Standard Franchise, you will commence operating under the Standard Franchise simultaneously with the termination of the Gateway Franchise.

**Obligations to be met by us During the Operation of Your Franchise.** We will provide the following services after you begin to operate under your franchise:

**Sale of Products:**

**Standard Franchise** – We will make **Products** available to you for purchase at our suggested retail price, less any discounts in effect when we receive your orders. When we receive an order, we will use reasonable efforts to ship all **Products** you order promptly to you or to another recipient at your direction. All sales of **Products** will be made on our standard terms of sale which are in effect at the time of the sale. You must pay all amounts due us through such means as we may prescribe in the Snap-on Program. We currently require that you pay us by direct debit of your bank account. We may refuse to ship additional **Products** to you while amounts due are unpaid or if your purchases and other charges exceed your credit limit. Also, there may be production delays, shipment delays, or other reasons why, in spite of our reasonable efforts, we cannot deliver **Products** you order in a timely manner. We are not liable for any delays in

shipment, or for failure to make any delivery of **Products**, because you did not pay invoices when due or exceeded your credit limit, or if we use reasonable efforts to deliver the **Products** (Standard Franchise Agreement, § 7.A.).

**Gateway Franchise** – We will make **Products** available to you for purchase at our suggested retail price, less any discounts in effect when we receive your orders. We can change the **Products**, suggested retail prices, and discounts without notice. When we receive an order, we will use reasonable efforts to ship all **Products** you order promptly to you or to another recipient at your direction. All sales of **Products** will be made on our standard terms of sale applicable to Gateway Franchisees which are in effect at the time of the sale. You must pay all amounts due us through such means as we may prescribe in the Snap-on Program. We currently require that you pay us by direct debit of your bank account. We may refuse to ship additional **Products** to you while amounts due are unpaid or if your purchases and other charges exceed your Invoice Line of Credit. Also, there may be production delays, shipment delays, or other reasons why, in spite of our reasonable efforts, we cannot deliver **Products** you order in a timely manner. We are not liable for any delays in shipment, or for failure to make any delivery of **Products**, because you did not pay invoices when due or exceeded your credit limit, or if we use reasonable efforts to deliver the **Products** (Gateway Franchise Agreement, §7.B.).

**Approved Tools.** You can request permission to sell items other than **Products** by notice to us sufficiently in advance of offering them for sale. Our consent is required to sell these items and we will not unreasonably withhold our consent and may revoke such consent (Standard Franchise Agreement, §8.E. and Gateway Franchise Agreement, §8.E.).

**Retail Prices.** We periodically provide you with suggested retail prices for the **Products** (Standard Franchise Agreement, §8.G. and Gateway Franchise Agreement, §8.G.).

**General Assistance.** As we deem appropriate, we will provide you with reasonable access to our knowledge and expertise in the Snap-on Program, together with business forms, information on bookkeeping and operational methods, inventory control methods, **Product** knowledge, and sales and marketing advice. This assistance may be in the form of our representative riding with you as you call upon customers, the distribution of printed and filmed material, meetings, telephone, internet and other electronic communications (Standard Franchise Agreement, §7.B. and Gateway Franchise Agreement, §7.D.).

**Reserve Accounts.** We will maintain the following reserve account for you if you are a Standard Franchisee other than if you are purchasing a Renewal Franchise: a Deferred RA Account, into which we will place your RA Deposit and against which we will charge for credit we extend to you to finance RAs and to purchase **Products** (Standard Franchise Agreement, §10.A.). We maintain for both Standard Franchisees and Gateway Franchisees the Reserve Account (“E.C. Reserve Account”) into which Snap-on Credit deposits between 0% and 15% of the net cash price for **Products** you sell, when the account is purchased by Snap-on Credit under the Extended Credit Program. Snap-on Credit may charge against the E.C. Reserve Account if a customer who financed a purchase under an Extended Credit Program defaults. We hold the E.C. Reserve Account at the direction of and for the benefit of Snap-on Credit. Snap-on Credit may apply the EC Reserve Account to any bad debt loss (Franchisee Servicing Agreement, §11 and §12.). We may commingle these reserve accounts with our general funds and may apply these accounts to other obligations you owe to us.

**Modifications of the Snap-on Program.** We (and our subsidiaries and affiliates) may change or modify the Snap-on Program, including the adding or removing of **Products**, adopting new administrative forms, adopting and using new or modified Trademarks or deleting Trademarks or copyrighted materials, and modifying methods for selling **Products**. The Snap-on Program

includes the Credit and Lease Programs and the Franchise Finance Program (Standard Franchise Agreement, §6 and Gateway Franchise Agreement, §6.)

**Credit Programs.** As described in Item 10, Snap-on Credit may make the Credit Programs available to you to finance sales to your customers. Snap-on Credit may revise the Credit Programs during the term of your Franchise Agreement. If you participate in any Credit Program, Snap-on Credit may accept the assignment of contracts that you offer. The Franchisee Servicing Agreement and the Snap-on Program govern EC Contracts and other credit programs offered from time to time (Standard Franchise Agreement and Gateway Franchise Agreement, §10.C. and §10.D.; Franchisee Servicing Agreement, pages 1 through 8.)

**Advertising.** We conduct advertising of Snap-on **Products** in trade magazines and other print media which are national in scope. This advertising is created both in-house and through national advertising agencies. We may also conduct certain other specialized or regional advertising promotions during the term of your Franchise Agreement, and we may make arrangements for certain promotions where suppliers to the automotive aftermarket will supply coupons or other discount certificates to customers on the List of Calls. You must accept these coupons or certificates in accordance with the terms of the promotion (as we announce), and the sales you make under the promotion will be subject to a handling charge. This handling charge will result in a reduced discount in your purchase price for these **Products**. We are not required to advertise in the area in which your List of Calls is located.

All advertising and promotional materials you use must comply with advertising guidelines which we publish. You must submit any advertising or promotional materials not purchased from us, our affiliates or approved suppliers to us at least 60 days before use for our approval. If we fail to respond within 60 days the advertising is deemed approved.

There is no advertising council of franchisees and we currently have no plan to form one. You are not required to participate in any advertising cooperative or any other advertising fund.

**Electronic Cash Register/Point of Sale System.** We provide Standard Franchisees (other than Gateway Franchisees converting to a Standard Franchise, renewal franchisees and franchisees purchasing the assets of an existing franchisee) and Gateway Franchisees at no additional cost to you with a technology package through our current supplier, Arlington Computers. We may change our supplier at any time. This package enables you to run the proprietary software described below, which allows you to manage the day-to-day operation of your business. You will place orders for **Products** with us, keep accurate pricing information, print customer receipts, prepare and submit Credit Sales contracts to Snap-on Credit, make payments to Snap-on and Snap-on Credit, process credit card transactions, keep track of amounts owed to you by your customers and generally do all of your recordkeeping through this system. The exact content of the technology package may be changed from time to time in our sole discretion.

If you are purchasing a Renewal Franchise, a Transfer Franchise or converting from a Gateway Franchise to a Standard Franchise and your computer and other hardware components do not meet Snap-on's then-current requirements, you will be required to purchase the necessary computer and/or other hardware components at your cost and expense.

While we reserve the right, we do not intend to require that you change your computer and other hardware components more often than every 30 months, but you will be required every 30 months to update your computer and other hardware components included in the technology package to the current minimum specifications we require at that time at your cost and expense. We estimate that the current cost of the technology package is approximately \$2,700, but of course, at the time of update, the cost may have increased. If you fail to update your computer



when required, we have the right (but not an obligation) to purchase a computer and other hardware components included in the then-current technology package for you, and you will be required to pay us for the computer and other hardware components.

***The Software Used in Conjunction with the Technology Package is as follows:***

**DSS OnLine Software Package.** As of the date of this disclosure document, we license and distribute to Standard Franchisees and Gateway Franchisees DSS OnLine software package ("DSS OnLine") as agent for an outside vendor, Hatala Systems Group, Inc. ("Hatala") 517 East Border Street, Arlington, Texas, 76010, Telephone: (800) 611-6846. You must sign the DSS OnLine Agreement with us for this software. This agreement is attached as Appendix I.5.A. You must pay us the initial Computer Software License Fee (not applicable to renewal franchisees and not payable by Gateway Franchisees until they become Standard Franchisees), which is currently \$770, plus any applicable tax (See Item 5). Standard Franchisees must also pay a monthly maintenance fee of \$26 for the provision of maintenance by Hatala in accordance with the terms of the DSS OnLine Agreement. It is possible that we might directly provide the maintenance rather than having it provided through Hatala. You are required to have a separate computer and DSS software for each additional van (as well as additional franchise). A Gateway Franchisee becoming a Standard Franchisee will pay the Computer Software License Fee in effect at the time of conversion and will commence the payment of the monthly maintenance fee at that time. The maintenance fee is subject to change and may increase during the term of your Standard Franchise Agreement.

**MFS OnLine Software Package.** As of the date of this disclosure document, we license and distribute MFS OnLine software as an agent for Hatala. This is an optional software package that is available to Standard Franchisees who have multiple vans, to assist them in managing their business. It is only available to Standard Franchisees licensed to use a minimum of two copies of DSS OnLine software. This software is available for an initial license fee of \$350, including shipping and handling and does not require a monthly maintenance fee, as long as you continue to have licenses for a minimum of two copies of DSS OnLine software. Your license for MFS OnLine software will automatically terminate if you no longer are a licensee of a minimum of two copies of DSS OnLine software. You must sign the MFS OnLine License Agreement, which is attached as Appendix I.5.B. The initial MFS OnLine license fee is subject to change and we reserve the right in the future to charge a maintenance fee during the term of your Standard Franchise Agreement.

DSS OnLine and MFS OnLine software are the proprietary property of Hatala, licensed to us. As of the date of this disclosure document, there are no compatible or equivalent programs available to use in place of DSS OnLine.

**Snap-on Software Package.** We have developed and are piloting a proprietary software system as a replacement for DSS OnLine and MFS OnLine. If you are a Standard Franchisee receiving the Snap-on Software Package and have not previously paid the Computer Software License Fee, you will be required to pay it and sign the Snap-on Tools Software License and Support Agreement attached as Appendix I.5.C. If you are a Standard Franchisee you will also pay a monthly maintenance fee of \$26.00 for maintenance by Snap-on, which may be changed by Snap-on during the term of your franchise. A Gateway Franchisee will not pay a Computer Software License Fee or monthly maintenance fee until conversion to a Standard Franchise. We expect to commence licensing the Snap-on Software Package for use by both Standard Franchisees and Gateway Franchisees during the effective period of this disclosure document. Depending on when you sign a Franchise Agreement, you may receive either DSS OnLine or the Snap-on Software Package. It is likely that during the term of your Franchise Agreement that DSS OnLine will be decommissioned and you will be required to convert to the Snap-on Software Package. In such case, you will be required to sign the Snap-on Tools Software License and

Support Agreement but will not be required to pay a Computer Software License Fee if you paid that fee for DSS OnLine.

Before you begin operations, you will enter all pertinent information relating to your List of Calls into your computer. We will train you in using DSS OnLine or the Snap-on Software Package, as applicable, during your initial new franchisee training, with continuing training, as necessary, during Business Contacts (See “Snap-on’s Training Program” below). Once you begin operations, you must keep your computer records up-to-date by entering all orders you place with us and approved suppliers and all customer tool orders into the computer. This includes cash sales, Revolving Accounts, Extended Credit Contracts, Open Accounts and Equipment Leases.

Provided you enter all stock orders, customer transactions and required adjustments properly, DSS OnLine and the Snap-on Software Package will also generate inventory and sales reports that you can use to evaluate your business and prepare stock orders. DSS OnLine and the Snap-on Software Package enable you to transmit and receive stock orders and other information via electronic mail. Under the Snap-on Program, you must submit periodic reports to us.

We have developed an interface with DSS OnLine, and will have an interface with the Snap-on Software Package, also known as ACH, to allow you to pay your weekly statement by authorizing us to direct debit your business checking account for the amount you authorize each week. You are required to use this program and must sign up through DSS OnLine or the Snap-on Software Package.

You are required to use various third-party software in order to use DSS OnLine and will need to do so with the Snap-on Software Package. As of the effective date of this disclosure document, there is no charge for such use by the third-party vendors.

We may require through the Snap-on Program that you purchase and use additional or different software during the term of your Franchise Agreement.

We will have independent access to the information and data on your computer regarding customer data, **Product** inventory and sale information. There is no contractual limitation on our use of this information.

**Franchisee Web Page.** We currently have a web site [www.snapon.com](http://www.snapon.com), which we make available to our franchisees for Franchise Web Pages. This is currently made available to the franchisees without any cost to the franchisee; however, we may in the future impose a charge for this service and may terminate this support at any time. As long as we offer this support, you are required to participate and sign the Franchisee Web Page Participation Agreement attached as Appendix I.9. Under this Agreement, we may at any time substitute the web site with a different site or cease providing the support for this program.

**E-mail Address.** We also provide to every franchisee an email address under the snapon.com domain. The address format for the email address is [firstname.lastname@snapon.com](mailto:firstname.lastname@snapon.com), and franchisees can access the web mail function at <http://access.snapon.com> using a Company-assigned username and password. Franchisees should check the Snap-on web email system regularly as important Company communications and notifications are distributed via email. You must have a reliable internet service to support this communication.

**Other Electronic Communication.** We may also require during the term of your franchise that you subscribe, at your expense, to other types of communication, such as electronic point of sale equipment, computer equipment, operating software, communications services, web pages, intranets, extranets, portals and other electronic and computer systems, software, services and

the like for communicating (with us, your customers and others), invoicing, accounting, record keeping, reporting and other franchise operations. Any or all of these services, software, equipment and providers may be designated by us. We have the right under both the Standard Franchise Agreement and the Gateway Franchise Agreement to control all aspects of electronic commerce and communication used in the operation of your franchise. We make or plan to make additional information available to you on the internet. We may require that any and all communications with us be made through the internet or such other electronic medium as we designate. You may be required to access the internet or other electronic information on a regular basis to obtain full benefit of the Snap-on Program. We are not liable for any damage to you including lost profits, delayed orders or the like which are the result of any outage or delay related to electronic transmission of information, whether by the internet or otherwise. The manner, implementation and use of such systems, software, equipment and providers in the operation of Snap-on franchises and their respective specifications and requirements may change from time to time during the term of your Franchise Agreement. We cannot estimate future costs for such changes as may occur.

**Operations Manual.** Snap-on currently makes the Standard Franchise Operations Manual for Standard Franchisees and Gateway Franchise Operations Manual for Gateway Franchisees available on the Dealer Portal, which is an intranet site available to Snap-on franchisees. The table of contents of the Standard Franchise Operations Manual as of January 31, 2011, is set forth on Appendix M.1. As of January 31, 2011, the Standard Franchise Operations Manual has a total of 72 pages, plus appendices containing an additional 45 pages. The table of contents of the Gateway Franchise Operations Manual as of January 31, 2011, is set forth on Appendix M.2. As of January 31, 2011, the Gateway Franchise Operations Manual has a total of 70 pages, plus appendices containing an additional 45 pages. We may revise the Standard Franchise Operations Manual and Gateway Franchise Operations Manual at anytime during the term of your Franchise Agreement and may do so electronically or by paper or a combination thereof (Standard Franchise Agreement §6 and Gateway Franchise Agreement §6).

**Snap-on's Training Programs.** Before you begin the operation of your franchise, we provide you with New Franchisee Training. If you are a Gateway Franchisee and you convert to the Standard Franchise, you will not be provided training at the time of conversion, since you will have received substantially the same training prior to becoming a Gateway Franchisee. All Standard Franchisees, Gateway Franchisees and employees of a Standard Franchisee who will operate an Expansion Franchise or additional van must satisfactorily complete New Franchisee Training, or in the case of an employee operating an additional van, the portions of New Franchisee Training applicable to that employee. New Franchisee Training is not provided to you if you are purchasing a Renewal Franchise.

As of February 5, 2011, we provide the following New Franchisee Training. The amounts of time allocated to each training component on the chart below are an estimate of the maximum amount of time devoted to each component. Your actual training may take less time.

#### Training Program

| Subject                                   | Hours of Classroom Training <sup>1</sup> | Hours of On-the-Job Training <sup>2</sup> | Location <sup>3</sup> |
|---|--|---|-----------------------|
| Orientation on Being a Snap-on Franchisee | 3.5                                      |   | Ft. Worth, Texas      |
| Selling Skills                            | 14                                       |   | Ft. Worth, Texas      |
| Tote & Promote                            | 1.5                                      |   | Ft. Worth, Texas      |
| Computer Training                         | 13.5                                     |   | Ft. Worth, Texas      |

| Subject  | Hours of Classroom Training <sup>1</sup> | Hours of On-the-Job Training <sup>2</sup> | Location <sup>3</sup>   |
|--|--|---|-------------------------|
| Introduction to Product Knowledge - Basics   | 1  |   | Ft. Worth, Texas        |
| Business Management  | 3  |   | Ft. Worth, Texas        |
| Credit Programs  | 2.25                                     |   | Ft. Worth, Texas        |
| Product Knowledge - Hand Tools   | 4  |   | Ft. Worth, Texas        |
| Collections  | 3.25                                     |   | Ft. Worth, Texas        |
| Product Knowledge – Tool Storage   | 3.5                                      |   | Ft. Worth, Texas        |
| Product Knowledge – Trade-ins  | 1  |   | Ft. Worth, Texas        |
| Product Knowledge – Diagnostics  | 1  |   | Ft. Worth, Texas        |
| Product Knowledge – Power Tools  | 2  |   | Ft. Worth, Texas        |
| Review (Exam)  | 2  |   | Ft. Worth, Texas        |
| In-Field Training Application of the <b>Snap-on Program</b> (“Field initial training”) |  | 135 hours (45 hours per week)             | In your Franchise Route |

## NOTES

- <sup>1</sup> You may be assigned evening work during the classroom training at our training facility, which is currently located in Ft. Worth, Texas. We may, during the effective period of this disclosure document, change the location of our training facility. A Regional Training Manager is in charge of classroom training and will usually be assisted by a Snap-on Credit training manager and Field Management. In addition to the Regional Training Manager, trainers can include Snap-on Credit trainers, Franchisee Developers, Sales Developers and other employees having experience that we determine makes them qualified to conduct training. We use training binders, Power Point slides, video and point of sale software as our training materials. We also introduce you to the Operations Manual. The number of years of experience with the Snap-on Program will vary by individual. The Regional Training Managers have between 12 and 35 years of experience with the Snap-on Program.
- <sup>2</sup> On-the-job training will be conducted by Snap-on personnel, including a Franchisee Developer, Sales Developer or Business Manager. All personnel conducting training have field experience with the Snap-on Program and franchise operation, or have other experience that we determine makes them qualified to conduct training. The number of years of experience with the Snap-on Program will vary by individual. We use the New Franchisee Training Checklist, Franchise Performance Checklist, point of sale software and electronic Operations Manual as training materials. This training will last a minimum of three weeks, and we estimate that each week you will spend 45 hours. We will determine the exact period based on our estimate of the progress you make.
- <sup>3</sup> Our training school is currently located in Fort Worth, Texas, but Snap-on reserves the right to relocate it at any time.

We conduct *classroom training* following the execution of a Standard Franchise Agreement or Gateway Franchise Agreement and before you begin operations. We conduct the *Field initial training* at the time you begin operations. We plan to be flexible in scheduling training to accommodate both you and our personnel. For calendar year 2011, we have scheduled 43 separate classes for classroom training. Field initial training will be scheduled around the classroom training you will attend.

If you add an additional van through the Expansion Program, your employee will receive the classroom initial training as described above. Since you are primarily responsible for training

your employee, we will not provide Field initial training or schedule on-going training for your employee. This is solely your responsibility. You may, with the consent of your Regional Manager, designate your employee to receive on-going training which you are entitled to receive. If you participate in the Expansion Program through an Expansion Franchise, we will provide the same New Franchisee Training to your employee on the same terms as received by any new Standard Franchisee.

You will not incur a separate charge for training at the time you purchase your Standard Franchise or Gateway Franchise or add an additional van. We provide, at no additional cost to you, an airline ticket (or train ticket in rare cases) for travel to our training facility for classroom training and we arrange for and pay for your lodging and meals while at the training facility. You will be responsible only for incidental expenses you incur, such as the cost of getting to the airport from which you depart. We reserve the right under both the Standard Franchise Agreement and Gateway Franchise Agreement to modify the cost of New Franchisee Training and ongoing training, including the expenses you are required to pay to attend such training.

If you participate in the Expansion Program, it is your sole responsibility to replace any employee who leaves your employment for any reason. We do require that before a new employee begins servicing customers, he or she must attend Classroom initial training. We currently charge a separate training fee of \$1,800 for each additional employee (after the first) during a calendar year to attend classroom training for an Expansion Franchise or additional van.

As a Gateway Franchisee, you will receive a payment of \$800 per week for three consecutive weeks, payable at the end of each week, commencing with the week during which you begin classroom training. This subsidy is not applicable to a Sales Representative or Company Store Manager who becomes a Gateway Franchisee.

Between five months and six months after you begin operating your business, at a time determined by Snap-on, you will be required to attend New Franchisee Training 2 at our training school located in Ft. Worth, Texas, or such other location as we designate. This consists of approximately 12 hours of training (usually on Friday and Saturday) and is intended to reinforce previous training after you have had actual experience operating your franchise. There will be no charge by Snap-on for this additional training and you will be provided with an airline ticket (or train ticket in rare circumstances) and we arrange for and pay for your lodging and meals while at our facility. You will be responsible for your incidental expenses. During calendar year 2011, we plan on conducting 25 separate classes of New Franchisee Training 2.

Once you begin operation of your franchise as either a Standard Franchisee or a Gateway Franchisee, you must participate in Franchise Performance Team ("FPT") meetings (if provided by us) as part of your on-going training. We generally hold these meetings once per month, but may hold them more or less frequently as we determine appropriate. Sales techniques, **Product** information and other aspects of the Snap-on Program will be discussed at these meetings. There currently is no fee for FPT meetings, but you must pay all of your own expenses to attend these meetings. Depending on the geographic location of your List of Calls, the number of franchisees, franchisee employees and Independents in your FPT will vary.

You may be required to attend periodic refresher or advanced training courses and programs we provide. For example, we may require attendance at refresher training courses if you fail to satisfy our minimum standards in any BC (Business Contact). A Business Contact is a personal review and evaluation session conducted by your Business Manager or other qualified Snap-on employee or representatives as we deem appropriate. The BC evaluates your adherence to and compliance with the Snap-on Program. Additional training programs will be at times and places which we designate. The duration and content of these programs will vary depending upon the

type of additional training. You will pay all of your expenses in attending such programs and we may charge a fee for this training.

We reserve the right to make changes in the training program without notice to you.

## ITEM 12 TERRITORY

We grant you the right, subject to the terms provided below, to use the Snap-on Program, and to purchase **Products** from us for resale only at the locations identified on your List of Calls. **“Products”** are the tools and equipment *manufactured and/or distributed by us* and made available by us for resale by our franchisees.

The List of Calls consists of a series of business addresses or “stops” at which we have determined that there are, or should be, tool users who purchase their own tools. While the number of potential customers on a List of Calls will vary to some extent from franchisee to franchisee, it is our intent that each List of Calls contains at least 200 potential Core Customers at the time a Franchise Agreement is signed. Potential “Core Customers” are full-time professional mechanics and other customers in the automotive after-market and related markets who are required to furnish their own tools in the normal course of their business. Remember, these are potential Core Customers, which does not mean that they all will purchase Products from you or that they all are creditworthy. It simply means that it is up to you to sell Products on terms you deem appropriate to the potential Core Customers at locations on your List of Calls. The business located at a stop and/or the number of potential Core Customers located at a stop will change from time to time during the term of your Franchise Agreement. It is not possible for us to assure you that you will have the same number of potential Core Customers, or even 200 potential Core Customers, during the entire term of your Franchise Agreement, particularly in markets which have negative economic changes.

If you acquire an additional van under the Expansion Program the number of potential Core Customers on the additional van List of Calls will be established between you and your Regional Manager and will generally be less than 200 potential Core Customers. In addition to Core Customers, the List of Calls identifies potential additional tool purchasers either at the same or additional business addresses who are not considered potential Core Customers according to Snap-on's criteria, but to whom you are allowed to sell **Products** and are identified as potential “Exception Customers”.

You will receive the List of Calls along with the completed Standard Franchise Agreement or Gateway Franchise Agreement at least seven calendar days prior to signing your Franchise Agreement, which will allow you to understand the potential Core Customers and Exception Customers on your List of Calls prior to signing the Franchise Agreement. It is important that you use this time to be sure that you are satisfied with your List of Calls before you sign your Franchise Agreement. It is your responsibility to perform this due diligence, but if you request, we will provide you with assistance in analyzing your List of Calls, which may even include making a Snap-on employee or other representative of Snap-on available to ride through some or all of the stops on your List of Calls to help you identify stops and potential customers and answer questions you might have prior to signing your Franchise Agreement. At the time you sign your Franchise Agreement, you will be requested to sign the Acknowledgement Regarding List of Calls (the “Acknowledgement”) attached as Appendix I.10. If any statements in the Acknowledgement are not accurate, you should not sign the Acknowledgement.

If you are a Gateway Franchisee converting to become a Standard Franchisee, all or part of the List of Calls granted to you as a Standard Franchisee may be different than the List of Calls

granted to you as a Gateway Franchisee. To the extent that your List of Calls as a Standard Franchisee contains stops that are the same as you called on as a Gateway Franchisee, we will assume that you are familiar with the stops and potential customers and how to evaluate your List of Calls without providing additional assistance. If you are purchasing a Renewal Franchise, your List of Calls will ordinarily contain stops that you previously serviced and based on your experience, we do not make additional assistance available to you.

You will not receive an exclusive territory. You may face competition from us or other third parties or from other channels of distribution or competitive brands that we control (as described in this Item 12).

Except as provided below, during the term of your Franchise Agreement, if you are not in default under your Franchise Agreement, Snap-on will not sell, or license others to sell, **Products** at those locations identified on your List of Calls without your consent. Snap-on and its affiliates sell or may in the future sell **Products** bearing the principal trademark or other trademarks owned by Snap-on or its affiliates at locations in the geographic area near the stops described on the List of Calls.

You are not permitted to use the Snap-on Program or sell **Products** at any location not identified as a stop on your List of Calls (even if the location is adjacent to or near stops on your List of Calls), or to any customer or purchaser who moves to a location not identified as a stop on your List of Calls. You may not use alternative methods of distribution, such as the internet or catalogs, to sell to customers that are not at locations on your List of Calls. If you want to use the Snap-on Program or sell **Products** at any location not on your List of Calls, you must notify your Business Manager and request that the additional location(s) be added to your List of Calls. We, in our sole business judgment, will determine whether to add these additional location(s) to your List of Calls. We will not unreasonably withhold our consent to add these locations, and the determination as to whether additional location(s) will be added to your List of Calls is based on a number of factors such as the number of customers and potential customers on your List of Calls, the proximity of the additional location(s) to stops on your List of Calls and the service provided by you to customers and potential customers on your List of Calls. If you participate in the Credit Programs, under the Franchisee Servicing Agreement, you agree to collect from customers not on your List of Calls (including at their homes) at the request of Snap-on Credit (See Item 10).

You may relocate your franchise only with our prior written approval, which we may grant in our sole business judgment. Any approval of a relocation is subject to route availability and requires that you are in full compliance with all agreements you have with Snap-on and our affiliates. If you relocate your franchise and you are operating under the Standard Franchise Agreement, you may be required to enter into our then-current form of Standard Franchise Agreement or we may accomplish the relocation by an amendment to your existing Standard Franchise Agreement. It is not likely that a Gateway Franchisee will be allowed to relocate but if so, you will continue under the original Gateway Franchise Agreement.

We may offer you an Expansion Franchise or the opportunity to add an additional van under your existing franchise if you have consistently met Snap-on's standards for quality, service and professionalism and otherwise meet Snap-on requirements for expansion as determined from time to time by Snap-on. You do not have a right of first refusal or any similar right to acquire additional franchises or add additional vans to an existing franchise.

**Adjustment to List of Calls.** Weekly visits by you to customers, high quality service to customers and the solicitation of potential customers at stops on your List of Calls are essential elements of the Snap-on Program. We reserve the right to adjust your List of Calls and the number and/or location of stops on your List of Calls if we determine in our sole business judgment that these changes are necessary because of existing or future competition,

inadequacy of service to customers, inadequacy of solicitation of potential customers, or other reasons which we deem relevant. We will provide you written notice of an adjustment to your List of Calls (which notice shall identify the stops added to, or deleted from, your List of Calls) at least 10 days before the adjustment takes effect.

We may make such surveys of customers at stops on your List of Calls as we, in our sole business judgment, believe are necessary or advisable for the purpose of determining the number of customers and/or potential customers on your List of Calls, the frequency and quality of your service to customers or for any other purpose that we reasonably determine is appropriate.

If you are a Standard Franchisee purchasing the assets of an existing Snap-on franchisee through Snap-on's Transfer Program, we will update and develop a List of Calls. This List of Calls is likely to differ from the List of Calls serviced by your predecessor franchisee, although it is our intent to provide as similar a List of Calls as possible.

**National Accounts Program.** We reserve the right to develop and operate the Snap-on National Accounts Program and other related programs. Through these programs, we (or our designee) sell and/or distribute **Products**, tools, equipment, other merchandise and services to purchasers on a national or regional contract basis. You will receive a brokerage fee on sales of **Products** made through the Snap-on National Accounts Program directly to customers on your List of Calls, according to a commission schedule which we periodically publish. These programs do not offer commissions on all merchandise (that is, merchandise which is not a **Product**). Also, in some cases, we will not determine the merchandise distributed through the program, which will be selected by the customer on whose behalf we (or our affiliates) run the program (such as an original equipment manufacturer who designates the use of certain tools or equipment by its mechanics). These policies and procedures are subject to change.

**Industrial Stops.** We exclusively reserve to ourselves the right to contact and sell **Products** to industrial users, railroads, manufacturers, central purchasing offices, government installations and institutions (including schools) and all other potential customers who require scientific information, special devices, special services and/or technical and engineering data or who require special procurement procedures ("Industrial Stop(s)"). If an Industrial Stop employs professional mechanics who purchase their own tools, we may, but we are not obligated to, include that Industrial Stop on your List of Calls only for the purpose of permitting you to sell **Products** to those mechanics. This is known as a "Dual Stop." We, in our sole business judgment, determine whether a stop or customer is an Industrial Stop or a Dual Stop.

The Student Excellence Program ("SEP") is administered by Snap-on Industrial and offers special pricing for students training to be technicians in auto, diesel, collision repair, aircraft maintenance and other tool using disciplines. Unless specific permission is granted, franchisees are not permitted to service schools, and SEP program pricing to these students is not offered through franchisees.

**Internet Sales.** We do sell **Products** which customers can order over the internet. While the typical internet customer is not a professional mechanic, it is possible that a customer on your List of Calls might place a direct order with us over the internet for the purchase of a **Product**. While this is not a sale of a **Product** at a location on your List of Calls, it is our policy to ask customers placing an internet order if they have a franchisee servicing them and if the customer gives the name of the franchisee, we provide a commission on the internet sale to the franchisee servicing the customer. This is our current policy, which we may change at any time, including eliminating the payment of a commission.



**Racing Teams.** We sponsor various racing teams and as part of the sponsorship provide tool storage units and other tools and equipment, which are **Products**, to the teams. You will not receive any compensation for **Products** provided by Snap-on to a racing team even if the racing team is on your List of Calls. We believe that this ultimately benefits franchisees that have a racing team on their List of Calls by having the team use Snap-on tools rather than the tools of a competitor. Most of our franchisees do not have racing teams on their List of Calls.

**Other Channels of Distribution.** We and our affiliates may sell tools and equipment through various channels of distribution during the term of your Franchise Agreement. The tools and equipment which we and our affiliates make available through these different channels of distribution may be **Products**, or may be similar in design and functionality to the **Products** that you sell. In some instances, distribution through these other channels may include **Products** which will be sold near locations on your List of Calls or may include tools and equipment which are similar in design and functionality to **Products** and may be sold to customers on your List of Calls.

We reserve the right to establish or utilize other channels of distribution using the trademark “Snap-on” or different trademarks. These channels of distribution encompass sales by us and third parties to distributors, customers and consumers and may include, without limitation, catalog sales, telemarketing or other direct marketing sales, mail order, retail sales, internet sales and other forms of electronic commerce. The trademarks and brand names may include Snap-on, Blue-Point, BAHCO, Blackhawk, Hofmann, Kansas Jack, Williams, Sioux, John Bean, Mitchell<sup>1</sup>, and new trademarks that may include the trademark “Snap-on”. We may establish some of these channels of distribution through acquisition.

Except as otherwise provided above, we do not intend to sell or license others to sell **Products** at the locations on your List of Calls. However, in the event that any sale of **Products** takes place at the locations on your List of Calls, we will on a case by case basis use reasonable efforts to resolve conflicts (if any) that may result from these sales.

We may sell other items, including licensed merchandise and products and services under the trademark “Snap-on” or trademarks that include the trademark “Snap-on” directly to consumers, customers or to resellers.

**Repair Systems and Information Group.** We have a network of Diagnostics Sales Developers who provide sales support and product training for certain Snap-on products in the United States. If a Diagnostics Sales Developer is assigned to work with you, he/she will assist you in the sale of Snap-on branded equipment. Diagnostics Sales Developers will work with certain of our franchisees to identify sales leads and respond to customer needs. The level of assistance and amount of time made available by the Diagnostics Sales Developers for sales assistance and product training to customers at stops on a List of Calls will vary from franchisee to franchisee and you may not receive any dedicated assistance or service under this Program. The Diagnostics Sales Developer also plans to sell Snap-on branded equipment directly, including by means of electronic commerce and internet sales, and other direct sales. You will share in the proceeds of these sales if they are to customers at locations on your List of Calls either through the franchisee discount program, or through a brokerage fee program for these sales. We make no representations as to the brokerage fees or sales commissions you may make through these programs. We will determine the terms of these programs and may change them during the term of your Franchise Agreement including potentially to suspend or terminate the assistance and service being provided to you by any Diagnostics Sales Developer.

**Equipment Sales Through Snap-on Equipment.** Snap-on Equipment offers equipment under trademarks other than Snap-on, including John Bean, Hofmann, Blackhawk and Kansas Jack, for sale directly to customers, including customers who may be on your List of Calls. Some of this

equipment may be similar in design and functionality to **Products** and may be marketed to customers on your List of Calls. You will be encouraged to provide leads Snap-on Equipment regarding customers on your List of Calls who have an interest in purchasing certain equipment marketed by Snap-on Equipment, such as aligners, wheel balancers, tire changers, and brake lathes. If a sale is consummated to the customer on your List of Calls within 60 days after you provide this lead, you will receive a brokerage commission. If Snap-on Equipment makes a sale to a customer on your List of Calls for which you have not provided the lead or more than 60 days after you provide the lead, no brokerage commission will be paid. We make no representation as to the brokerage commissions you may make through this program. We will periodically determine the terms of this program, including products which will qualify for brokerage commission and the rate of commission paid. We may change the terms of this program during the term of your Franchise Agreement, including the right to discontinue the payment of any brokerage commission.

### ITEM 13 TRADEMARKS

You will be granted the right to use the “Snap-on” name in the operation of your franchise. “Snap-on” is a registered Trademark. You will also be granted the right to use other trademarks, service marks, trade names, advertising and other commercial symbols in the operation of your franchise in the manner we authorize. You will not be permitted to use the name “Snap-on” or any other trademark in the name you select for your business or in any unauthorized manner. The principal trademark of the Snap-on Program is “Snap-on” for which Snap-on Incorporated owns a number of registrations issued by the United States Patent and Trademark Office. Snap-on Incorporated licenses certain of these trademarks to us and allows us to license them to you. Information regarding the “Snap-on” marks and others, those of which have been registered with the United States Patent and Trademark Office on the Principal Register or for which an application has been filed are set forth in Appendix C. Snap-on Incorporated also asserts common law rights in all of these marks. All registrations listed are currently effective. Any of these registrations which have required renewal to be currently valid have been renewed. All required affidavits of use have been filed.

Neither we nor Snap-on Incorporated is obligated by the Standard Franchise Agreement, the Gateway Franchise Agreement, or otherwise to protect any rights to use the trademarks or to protect you against claims of infringement or unfair competition with respect to the trademarks. You must notify us immediately when you learn about an infringement of or challenge to any of the trademarks. We will directly or through Snap-on Incorporated take the action we think appropriate and we have the right to control any litigation or other proceeding. If we elect to use a name other than “Snap-on” to identify the Snap-on Program, we may select another name and the Snap-on Program and your Franchise Agreement will be deemed amended to substitute that name. You must modify or discontinue use of any of the trademarks upon notice from us, and you must pay all expenses for modifying or discontinuing use.

There are no currently effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the Trademark Administrator of any court, nor is there any pending infringement, opposition or cancellation proceeding nor any pending material litigation involving the principal trademark. We are not aware of any superior prior rights or infringing uses which could materially affect your use of the principal trademark. There are no agreements currently in effect which significantly limit our rights to use or license the use of the principal trademark in a manner material to your franchise.

ITEM 14  
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We, along with Snap-on Incorporated, own patents on a number of the **Products** that you will be permitted to resell in the operation of your franchise under either a Standard Franchise Agreement or Gateway Franchise Agreement. Those patents are identified in Appendix D. We along with Snap-on Incorporated claim copyright ownership in all materials provided by us, including the catalogue featuring the **Products**, the advertising and promotional materials that you may receive or purchase from us and the Operations Manual. Snap-on Incorporated also asserts copyright in certain software incorporated into **Products**. We intend and Snap-on Incorporated intends to renew these copyrights. While we have not directly or through Snap-on Incorporated or any of our affiliates obtained any copyright registrations for the other materials referenced above; all of this information is proprietary. Except for these rights, our rights in the Snap-on Program (See Item 1) and our (or Snap-on Incorporated, as applicable) proprietary software rights (See Item 11), we do not own any rights in or to any patents, copyrights or proprietary information that are material to your franchise.

There are no currently effective determinations of, or pending proceedings in, the United States Patent and Trademark Office, the Library of Congress or any court concerning patents or copyrights that are material to the operation of your franchise. We are not aware of any infringing uses that could materially affect your use of the patents or copyrights. There are no agreements currently in effect that significantly limit our rights to use or license the use of the patents or copyrights. We are not obligated by the Franchise Agreement or otherwise to protect any rights that you have to use the patents or copyrights.

In both the Standard Franchise Agreement and Gateway Franchise Agreement, you acknowledge that we own the Snap-on Program, which includes, but is not limited to, our trade secrets, your List of Calls, the Operations Manual and any other manuals we provide to you. We will disclose the Snap-on Program to you only in confidence and solely for the purpose of enabling you to operate your franchise, and you have no right to disclose any part of it to anyone other than your employees in your Snap-on business, Snap-on employees or other Snap-on franchisees. We are entitled to obtain injunctive relief in addition to any other legal or equitable remedies we may have upon a breach of these provisions by you.

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

Unless we otherwise agree in writing, you alone must personally make all regular sales and service calls on potential customers on your List of Calls. This requirement will not apply to an Expansion Franchise or additional van under the Expansion Program or if we waive the requirement. You must use your best efforts to promote aggressively and develop fully the sales of **Products** to these potential customers, and maintain an inventory of **Products** in at least the minimum amount specified in the Snap-on Program so that you can maximize your sale of **Products**. Unless we otherwise agree in writing, you must call on every potential customer at stops on your List of Calls at least once a week, again so that you can maximize your sale of **Products** and provide the service expected by Snap-on customers. You must refrain from engaging in activities that would conflict with these purposes and you must devote full business attention and efforts to these purposes.

During the first three years of the operation of your Standard Franchise and during the term of your Gateway Franchise, you may not take more than 10 working days of vacation during any 12-month period. After that, you may take reasonable vacation time but not more than 10

working days in a row. You must advise customers of your vacations and make arrangements for them to continue payment of their credit accounts.

We make available to our existing Standard Franchisees, who qualify, the opportunity to purchase an Expansion Franchise or add an additional van to an existing Standard Franchise under the Expansion Program. The Expansion Program is not available to franchisees under a Gateway Franchise. A Standard Franchisee may not add a Gateway Franchise as an additional franchise under the Expansion Program. If you take part in the Expansion Program, you will be required to sign either a new Standard Franchise Agreement for the Expansion Franchise or an Additional Van Addendum if adding an additional van to your existing Standard Franchise. You will also be required to sign all other documents required for a new Standard Franchise if adding an Expansion Franchise. In the case of both an additional Standard Franchise and additional van you will be required to sign a general release for any claims against us that arose prior to the date the document is signed, then for the Expansion Franchise or additional van only, we will waive the requirement that you personally service the customers on the List of Calls. A copy of the release currently used is attached as Appendix I.11.A. You must hire an employee to service the customers associated with that van or franchise. Your employee, under your direct supervision, will then have to service those customers and comply with all the requirements of the Snap-on Program and your Franchise Agreement just as you would, including all service obligations, although you are ultimately responsible for compliance with those requirements. Your employee must complete to our satisfaction all training requirements (to the extent we offer such employee training) for new franchisees. See Item 11 for a further description of training requirements for your employees. Your employee must sign a written agreement to maintain confidential information and trade secrets. You are responsible for complying with any and all employment, tax, insurance, and other laws applicable to your employees. You are solely responsible to hire a qualified employee (who we must approve in advance) to replace any employee who terminates his employment. If you fail to do this on a timely basis it can result in a breach of your Franchise Agreement.

If you are adding an Expansion Franchise or additional van, we recommend that you have an assistant. While in most instances we prohibit an assistant from driving the van and calling on customers without you being present, we do recommend that multiple van operators be off of the van to spend time working with and developing employees. The number of days we recommend is one-half day per week when you have two vans, two days per week when you have three vans and an additional one day per week for each van you operate over three. These recommendations are applicable whether you add a van under an additional Standard Franchise Agreement or as an additional van under an existing Franchise Agreement. Since you must continue to provide service to your customers while you are off the van, the assistant will be permitted to drive the van and service customers without you being present in this case. The assistant is your employee and you are solely responsible for the employee issues discussed above. Your assistant must sign a written agreement to maintain confidential information and trade secrets.

If a Standard Franchise Agreement is issued to a corporation or limited liability company or if a Standard Franchise Agreement is assigned to a corporation or limited liability company, the corporation or limited liability company may not be used to conduct any business other than the Snap-on business. In determining to grant a Standard Franchise, even if it is issued to a corporation or limited liability company, we rely on the qualifications of you as an individual rather than the qualifications of the corporation or limited liability company and therefore we require that you individually participate in the business as described herein. You must individually own in excess of 50% of the outstanding shares of stock of a corporation or membership interest in a limited liability company to whom a Standard Franchise Agreement is issued or transferred, and you must sign a personal guaranty and remain personally liable for all obligations under the Standard Franchise Agreement and all other agreements you enter into with us. You will also

have to sign a personal guaranty and remain personally liable for all obligations under the Franchise Finance Program or any other agreement you have with Snap-on Credit. If you are a Gateway Franchisee, you are not permitted to assign ownership of your franchise to a corporation or limited liability company while you operate under a Gateway Franchise Agreement.

You may not subfranchise, sublicense or in any way delegate or transfer your rights in your franchise except as permitted under the Snap-on Transfer Program or as Snap-on otherwise expressly permits in writing.

#### ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Except as discussed in this Item and Item 8, you may offer and sell only **Products** (tools and equipment manufactured and/or distributed by us and made available by us for resale by our franchisees and Independents). You may sell **Products** only to customers on your List of Calls (See Item 12). You are not restricted in the **Products** you elect to sell, but you must carry and offer to sell “new **Products**” (See Item 8). You may not sell **Products** to any person or entity who is purchasing **Products** for resale. We have the absolute right to add to or delete from the **Products** that you can sell. There are no limits on our rights to do so.

You must also assist us in honoring all warranties on **Products**. This will require that you perform service on tools and equipment at the customer's place of business. To the extent you are not qualified to repair an item, you will assist the customer in getting it to the proper repair facility. This is the quality service expected by your customers. You do not receive compensation from Snap-on for performing these services. It is not possible to estimate the amount of time you will be required to spend on warranty work to properly service your customers. We have the right to change the warranties at any time and this may result in additional warranty work for you.

You may sell or offer for sale merchandise other than **Products** only with our express, prior written consent, which we will not unreasonably withhold, but which we may later revoke (“**Approved Tools**”). We can, and likely will, refuse to approve specific items of merchandise as **Approved Tools** if this merchandise directly competes with **Products**. The restrictions regarding **Approved Tools** do not apply to merchandise that you take as a trade-in from a customer or items which are purchased from an approved supplier designated by us (for a discussion of **Approved Tools**, see Item 8).

These restrictions as to the goods that you may sell are not conditioned on your meeting defined sales efforts or results.

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

##### **THE FRANCHISE RELATIONSHIP**

This table lists certain important provisions of the franchise and related agreements. In addition to the Standard Franchise Agreement and Gateway Franchise Agreement, we have included separate tables for the Loan and Security Agreement, Franchisee Servicing Agreement and Vehicle Lease Agreement because of their significance to the franchise. You should read these provisions in the agreements attached to this disclosure document.

## STANDARD FRANCHISE AGREEMENT

| Provision   | Section in Standard Franchise Agreement  | Summary  |
|---|--|--|
| a. Length of the franchise                        | Section 2, Paragraph 1 of Addendum to Snap-on Tools Standard Franchise Agreement (Renewal Franchise) | 10 years; 5 years for a Renewal Franchise.   |
| b. Renewal or extension of the term               | Section 3, Paragraph 2 of Addendum to Snap-on Tools Standard Franchise Agreement (Renewal Franchise) | You can add one term of 5 years. Not applicable to a Renewal Franchise. Snap-on may grant an additional 5-year renewal if you meet Snap-on's then-current requirements for renewal.  |
| c. Requirements for franchisee to renew or extend | Section 3  | <ul style="list-style-type: none"> <li>▪ Prior written notice between 9 months and 12 months prior to expiration,</li> <li>▪ Meet new franchise standards,</li> <li>▪ Compliance with all agreements,</li> <li>▪ Satisfy all monetary obligations,</li> <li>▪ Sign general release, a copy of the form currently used is attached as Appendix I.11.B,</li> <li>▪ Comply with current qualifications and training requirements,</li> <li>▪ Pay renewal fee of 50% of then-current initial license fee,</li> <li>▪ Have not engaged in activities that would impair relationship,</li> <li>▪ You may be asked to sign a contract with materially different terms and conditions than your original contract. You will be required to sign then-current forms of agreements</li> </ul>  |
| d. Termination by franchisee                      | Section 19   | Termination with cause 30 days after written notice of default and failure to cure.  |
| e. Termination by franchisor without cause        | Not applicable   |  |
| f. Termination by franchisor with cause           | Section 20   | Snap-on can terminate only if you default.   |
| g. "Cause" defined-curable defaults               | Section 20.C.  | <p>10 days to cure nonpayment and 30 days to cure any other default not listed in h. below, including a failure to:</p> <ul style="list-style-type: none"> <li>▪ Comply with Franchise Agreement or <b>Snap-on Program</b>,</li> <li>▪ Submit required reports,</li> <li>▪ Act in a manner consistent with Snap-on image,</li> <li>▪ Maintain neat and clean appearance, Promote and develop sales of Products, and provide weekly service.</li> </ul>   |
| h. "Cause" defined-non curable defaults           | Sections 20.A and 20.B   | <p>Non curable defaults:</p> <ul style="list-style-type: none"> <li>▪ Bankruptcy, insolvency and similar defaults,</li> <li>▪ Death or incapacity,</li> <li>▪ Failure to satisfy material final judgment,</li> <li>▪ Falsification of reports, misrepresentation or dishonesty,</li> <li>▪ Ceasing operation,</li> <li>▪ Felony or other crime or conduct which may adversely affect the <b>Snap-on Program</b>,</li> <li>▪ Engaging in public conduct that reflects materially and unfavorably on the <b>Snap-on Program</b>, its reputation and goodwill,</li> <li>▪ Sale of <b>Products</b> to a customer on another franchisee's List of Calls and failure to credit that franchisee for that sale,</li> <li>▪ Offer to sell <b>Products</b> by general publication,</li> <li>▪ Sale or offer of <b>Products</b> to a customer not on List of Calls after notice to cease,</li> <li>▪ Threat or danger to public health or safety,</li> <li>▪ Failure to meet start-up requirements,</li> <li>▪ Termination or default (beyond cure period) under other agreement with Snap-on or its affiliates,</li> <li>▪ Violation of confidentiality provisions,</li> <li>▪ Three defaults in twelve-month period,</li> <li>▪ Unapproved assignment or transfer,</li> <li>▪ Inability to perform duties under Franchise Agreement for period of 30 days.</li> </ul> |

| Provision   | Section in Standard Franchise Agreement | Summary  |
|---|---|--|
| i. Franchisee's obligations on termination/nonrenewal                     | Section 21                              | <ul style="list-style-type: none"> <li>Continued compliance with confidentiality requirements (<i>also see r., below</i>) and other agreements,</li> <li>Payment of all amounts due,</li> <li>Return of all manuals and other materials,</li> <li>Discontinuance of any trademark use and advertising,</li> <li>Stop doing business in a way that gives the impression you are still a Snap-on franchisee.</li> </ul>  |
| j. Assignment of contract by franchisor                                   | Section 18.A                            | No restriction on Snap-on's right to assign.   |
| k. "Transfer" by franchisee - defined                                     | Section 18.B                            | Includes transfer or encumbrance of any interest in franchisee (if franchisee is a corporation or limited liability company), the Standard Franchise Agreement or the assets of the franchisee.  |
| l. Franchisor approval of transfer by franchisee                          | Sections 18.B and 18.C                  | Snap-on has the right to approve all transfers and will not unreasonably withhold approval.  |
| m. Conditions for franchisor approval of transfer                         | Sections 18.B and 18.C                  | <ul style="list-style-type: none"> <li>Interest being transferred must first be offered to Snap-on (<i>see n., below</i>),</li> <li>Snap-on must approve terms,</li> <li>You must satisfy all monetary obligations and comply with all agreements,</li> <li>Sign a general release, a copy of the current form used is attached as Appendix I.11.C,</li> <li>Transferee must qualify and sign Snap-on's then-current Franchise Agreement, satisfactorily complete training and pay the transfer fee.</li> </ul> <p>Separate conditions exist for transfer to your corporation or limited liability company ("Corporate Standard Franchisee"). They are: i) the individual Standard Franchisee owns more than 50% of the Corporate Standard Franchisee, ii) evidence of ownership must be restrictively endorsed, iii) sign Snap-on assignment document and guarantee obligations of Corporate Standard Franchisee, iv) provide documents requested by Snap-on and v) Corporate Standard Franchisee grants Snap-on security interest in assets.</p> |
| n. Franchisor's right of first refusal to acquire franchisee's business   | Section 18.D                            | Snap-on can match any offer for your business.   |
| o. Franchisor's option to purchase franchisee's business                  | Not applicable                          |  |
| p. Death or disability of franchisee                                      | Section 20.A.(5)                        | Standard Franchise Agreement terminates in accordance with Snap-on's survivorship policy.  |
| q. Non-competition covenants during the term of the franchise             | Sections 1, 8.C, 8.D, 8.E, 8F and 22    | You are not permitted to sell any merchandise other than <b>Products</b> and <b>Approved Tools</b> . You are permitted to sell only to customers on the List of Calls. You may not compete during the term of the Franchise Agreement.   |
| r. Non-competition covenants after the franchise is terminated or expires | Section 22                              | No direct or indirect solicitation or sale of competing products to any customer on the List of Calls at termination for the shorter of 12 months or the length of time your Franchise Agreement was in effect.  |
| s. Modification of the agreement  | Sections 5, 6 and 26                    | No modifications without mutual agreement but <b>Snap-on Program</b> and Operations Manual subject to change.  |
| t. Integration/merger clause  | Section 26                              | For matters governed by the Standard Franchise Agreement, only the terms of the Franchise Agreement and other agreements signed with it are binding. Any other promises may not be enforceable. Snap-on makes no other promises, arrangements or agreements except in the Standard Franchise Agreement. Our integration/merger clause does not disclaim the representations made in this disclosure document.  |

| Provision   | Section in Standard Franchise Agreement | Summary   |
|---|---|---|
| u. Dispute resolution by arbitration or mediation | Section 25                              | Except for certain provisional remedies, disputes arising out of the termination of your business or the termination or nonrenewal of the Standard Franchise Agreement, must be mediated prior to arbitration. Except for certain provisional remedies, all disputes must be arbitrated at the office of the American Arbitration Association closest to your Regional Sales Office. If not in your home state, you can require an office in your home state. The arbitration will be governed by the Federal Arbitration Act and the rules of the American Arbitration Association will apply. |
| v. Choice of forum                                | Section 25                              | You and Snap-on consent to jurisdiction for enforcement of arbitration decisions or awards, and for enforcement of provisional remedies (see u., above).  |
| w. Choice of law                                  | Section 27                              | Law of state in which your Snap-on Regional Sales Office is located at the time Franchise Agreement is signed applies (except to the extent the Federal Arbitration Act may apply in u., above).  |

## GATEWAY FRANCHISE AGREEMENT

| Provision  | Section in Gateway Franchise Agreement | Summary   |
|--|--|---|
| a. Length of the franchise                               | Section 2                              | 2 years.  |
| b. Renewal or extension of the term                      | Section 2 and 3                        | Subject to applicable law, you may not renew or extend the term, but you may convert to a Standard Franchise.   |
| c. Requirements for you to convert to Standard Franchise | Section 3                              | Conditions to convert to a Standard Franchise: <ul style="list-style-type: none"> <li>▪ Meet requirements for Standard Franchise,</li> <li>▪ Compliance with all terms of Gateway,</li> <li>▪ Satisfy all monetary obligations,</li> <li>▪ Sign all then required documents for a Standard Franchise,</li> <li>▪ Sign a general release, a copy of the current form is attached as Appendix I.11.D</li> <li>▪ Pay then-current initial license fee for a Standard Franchise,</li> <li>▪ Achieve an average of at least \$7,000 per week in paid sales and \$5,000 per week in RA collections during any ten consecutive week period during the 52-week period preceding Franchisee's notice of a desire to convert,</li> <li>▪ Provide notice of desire to convert between 6 months and 12 months prior to expiration.</li> </ul> |
| d. Termination by franchisee                             | Section 19                             | Termination with cause 30 days after written notice of default and failure to cure.   |
| e. Termination by franchisor without cause               | Not applicable                         |   |
| f. Termination by franchisor with cause                  | Section 20                             | Snap-on can terminate only if you default.  |
| g. "Cause" defined-curable defaults                      | Section 20.C.                          | 10 days to cure nonpayment and 30 days to cure any other default not listed in h. below, including a failure to: <ul style="list-style-type: none"> <li>▪ Comply with Franchise Agreement or Snap-on Program,</li> <li>▪ Submit required reports,</li> <li>▪ Act in a manner consistent with Snap-on image,</li> <li>▪ Maintain neat and clean appearance,</li> <li>▪ Promote aggressively and develop sales of Products, and provide weekly service.</li> </ul>  |
| h. "Cause" defined-non curable defaults                  | Sections 20.A and 20.B                 | Non curable defaults: <ul style="list-style-type: none"> <li>▪ Bankruptcy, insolvency and similar defaults,</li> <li>▪ Death or incapacity,</li> <li>▪ Failure to satisfy material final judgment,</li> <li>▪ Falsification of reports, misrepresentation or dishonesty,</li> <li>▪ Ceasing operation;</li> </ul>   |



| Provision   | Section in Gateway Franchise Agreement | Summary  |
|---|--|--|
|   |  | <ul style="list-style-type: none"> <li>Felony or other crime or conduct which may adversely affect the <b>Snap-on Program</b>;</li> <li>Engaging in public conduct that reflects materially and unfavorably on the Snap-on Program, its reputation and goodwill,</li> <li>Sale of <b>Products</b> to a customer on another franchisee's or Independent's List of Calls and failure to credit that franchisee for such sale,</li> <li>Offer to sell <b>Products</b> by general publication,</li> <li>Sale or offer of <b>Product</b> to a customer not on List of Calls after notice to cease,</li> <li>Threat or danger to public health or safety,</li> <li>Failure to meet start-up requirements,</li> <li>Termination or default (beyond cure period) under other agreement with Snap-on or its affiliates,</li> <li>Violation of confidentiality provisions,</li> <li>Three defaults in twelve-month period,</li> <li>Unapproved assignment or transfer,</li> <li>Inability to perform duties under Franchise Agreement for period of 30 days,</li> <li>Failure to maintain minimum inventory,</li> <li>After 12 months, failure to either have at least average paid sales of \$5,600 or RA collections of \$4,000 both during the 6-week period preceding the measurement and from the effective date of the Franchise Agreement through the date of measurement.</li> </ul> |
| i. Franchisee's obligations on termination/nonrenewal                     | Section 21                             | <ul style="list-style-type: none"> <li>Continued compliance with confidentiality requirements (also see r, below) and other agreements,</li> <li>Payment of all amounts due,</li> <li>Return of all manuals and other materials,</li> <li>Discontinuance of any trademark use and advertising,</li> <li>Stop doing business in a way that gives the impression you are still a Snap-on franchisee,</li> <li>Return Consigned Inventory and other Products purchased by you. If Products returned do not have an aggregate value at least equal to the sums owed to Snap-on or affiliates, pay the difference after applying Gateway Franchise Equity Payments.</li> </ul>  |
| j. Assignment of contract by franchisor                                   | Section 18.A                           | No restriction on Snap-on's right to assign.   |
| k. "Transfer" by franchisee - defined                                     | Section 18.B                           | Includes transfer or encumbrance of any interest in franchisee, the Gateway Franchise Agreement or the assets of the franchisee.   |
| l. Franchisor approval of transfer by franchisee                          | Section 18.B                           | Subject to applicable law not permitted  |
| m. Conditions for franchisor approval of transfer                         | Section 18.B                           | Not applicable.  |
| n. Franchisor's right of first refusal to acquire franchisee's business   | Not applicable                         |  |
| o. Franchisor's option to purchase your business                          | Not applicable                         |  |
| p. Death or disability of franchisee                                      | Section 20                             | Gateway Franchise Agreement terminates in accordance with Snap-on's survivorship policy.   |
| q. Non-competition covenants during the term of the franchise             | Sections 1, 8.C, 8.D, 8.E, 8.F and 22  | You are not permitted to sell any merchandise other than <b>Products</b> and <b>Approved Tools</b> . You are permitted to sell only to customers on the List of Calls. You may not compete during the term of the Gateway Franchise Agreement.   |
| r. Non-competition covenants after the franchise is terminated or expires | Section 22                             | No direct or indirect solicitation or sale of competing products to any customer on the List of Calls at termination for the shorter of 12 months or the length of time your Gateway Franchise Agreement was in effect.  |
| s. Modification of the agreement  | Sections 5, 6 and 26                   | No modifications without mutual agreement but <b>Snap-on Program</b> and Operations Manual subject to change.  |

| Provision   | Section in Gateway Franchise Agreement | Summary  |
|---|--|--|
| t. Integration/merger clause                      | Section 26                             | For matters governed by the Gateway Franchise Agreement, only the terms of the Franchise Agreement and other agreements signed with it are binding. Any other promises may not be enforceable. Snap-on makes no other promises, arrangements or agreements except in the Gateway Franchise Agreement. Our integration/ merger clause does not disclaim the representations made in this disclosure document.   |
| u. Dispute resolution by arbitration or mediation | Section 25                             | Except for certain provisional remedies, disputes arising out of the termination of your business or the termination or nonrenewal of the Gateway Franchise Agreement, must be mediated prior to arbitration. Except for certain provisional remedies, all disputes must be arbitrated at the office of the American Arbitration Association closest to your Regional Sales Office. If not in your home state, you can require an office in your home state. The arbitration will be governed by the Federal Arbitration Act and the rules of the American Arbitration Association will apply. |
| v. Choice of forum                                | Section 25                             | You and Snap-on consent to jurisdiction for enforcement of arbitration decisions or awards, and for enforcement of provisional remedies (see u., above).   |
| w. Choice of law                                  | Section 27                             | Law of state in which your Snap-on Regional Sales Office is located at the time Franchise Agreement is signed applies (except to the extent the Federal Arbitration Act may apply in u., above).   |

## LOAN AND SECURITY AGREEMENT

| Provision                                      | Section in Loan and Security Agreement | Summary   |
|--|--|---|
| a. Length of the franchise                     | Not applicable                         |   |
| b. Renewal or extension of the term            | Not applicable                         |   |
| c. Requirements for you to renew or extend     | Not applicable                         |   |
| d. Termination by franchisee                   | Not applicable                         |   |
| e. Termination by Snap-on Credit without cause | Not applicable                         |   |
| f. Termination by Snap-on Credit with cause    | Section 6                              | Snap-on Credit can accelerate the loan only if you default.   |
| g. "Cause" defined curable defaults            | Section 6.c.                           | 10 days to cure nonpayment.<br>30 days to cure any default not listed in h., below, including failure to comply with requirements and covenants or submit required reports.   |
| h. "Cause" defined non curable defaults        | Section 6.a and 6.b                    | <ul style="list-style-type: none"> <li>▪ Bankruptcy, insolvency and similar defaults,</li> <li>▪ Death or incapacity,</li> <li>▪ Ceasing to be a franchisee;</li> <li>▪ Material final judgment,</li> <li>▪ Untrue representation or warranty,</li> <li>▪ Falsification of reports, misrepresentation or Dishonesty,</li> <li>▪ Decrease of equity in the franchise,</li> <li>▪ Default (beyond cure period) under any other agreement with Snap-on,</li> <li>▪ Credit, Snap-on, or Snap-on's affiliates,</li> <li>▪ Termination of any guarantee.</li> </ul> |

| Provision   | Section in Loan and Security Agreement  | Summary  |
|---|---|--|
| i. Franchisee's obligations on termination/nonrenewal                     | Sections 2(e), 3(i) and 7 (also, if applicable, RA Development Loan Addendum and RA Development Note) | Upon default Snap-on Credit may terminate the Loan and Security Agreement if the loan has not been disbursed, refuse to disburse additional loan amounts, declare the entire unpaid amount of your unpaid liabilities due and payable, sell, transfer or foreclose on any or all of the collateral, or apply any amounts received or held by Snap-on Credit to your obligations. You must pay any amounts owed plus any prepayment fees.   |
| j. Assignment of contract by Snap-on Credit                               | Section 9.h   | No restriction on Snap-on Credit's right to assign agreement.  |
| k. "Transfer" by franchisee defined                                       | Section 9.h   | Includes transfer of Loan and Security Agreement.  |
| l. Snap-on Credit's approval of transfer by franchisee                    | Section 9.h   | Snap-on Credit has the right to approve all transfers of agreement.  |
| m. Conditions for Snap-on Credit's approval of transfer                   | Not applicable  |  |
| n. Snap-on Credit's right of first refusal to acquire your business       | Not applicable  |  |
| o. Snap-on Credit's option to purchase your business                      | Not applicable  |  |
| p. Death or disability of franchisee                                      | Section 6.a.  | Loan and Security Agreement automatically terminates without notice.   |
| q. Non-competition covenants during the term of the franchise             | Not applicable  |  |
| r. Non-competition covenants after the franchise is terminated or expires | Not applicable  |  |
| s. Modification of the agreement  | Section 9.j.  | No modifications without mutual agreement, but amendment signed by you can be enforced against you.  |
| t. Integration/merger clause  | Section 9.l   | The agreement contains all agreements between you and Snap-on Credit on this subject matter.   |
| u. Dispute resolution by arbitration or mediation                         | Section 9.a   | Except for certain provisional remedies, disputes arising out of the termination of your business or the termination or nonrenewal of the Loan and Security Agreement, must be mediated prior to arbitration. Except for certain claims for provisional remedies, all disputes must be arbitrated at the office of the American Arbitration Association closest to your Regional Sales Office. If not in your home state, you can agree to an office in your home state. The arbitration will be governed by the Federal Arbitration Act and the rules of the American Arbitration Association will apply. |
| v. Choice of forum  | Section 9.a   | The parties consent to jurisdiction for enforcement of arbitration decisions or awards, and for enforcement of provisional remedies (see u., above).   |
| w. Choice of law  | Section 9.m   | Law of state of Illinois (except to the extent the Federal Arbitration Act may apply in u., above).  |

## FRANCHISEE SERVICING AGREEMENT

| Provision                                      | Section in Franchising Servicing Agreement | Summary   |
|--|--|---|
| a. Term of the agreement                       | 18   | 10 years or the remaining term of the Franchise Agreement, whichever is less. |
| b. Renewal or extension of the term            | Not applicable                             |   |
| c. Requirements for you to renew or extend     | Not applicable                             |   |
| d. Termination by franchisee                   | Section 19.                                | Termination of agreement without cause upon 30 days advance written notice.   |
| e. Termination by Snap-on Credit without cause | Not applicable                             |   |
| f. Termination by Snap-on Credit with cause    | Section 20.                                | Snap-on Credit can terminate only if you default.                             |

| Provision   | Section in Franchising Servicing Agreement | Summary  |
|---|--|--|
| g. "Cause" defined-curable defaults                                       | Sections 20(d), 20(c).                     | 10 days to cure monetary nonpayment.<br>30 days (60 days in the case of a delinquency default) to cure a default not listed in h., below, including failure to comply with the requirements of the Franchisee Servicing Agreement or submit required reports.  |
| h. "Cause" defined-non curable defaults                                   | Sections 20(a) and 20(b)                   | Non curable defaults: <ul style="list-style-type: none"> <li>▪ Bankruptcy, insolvency and similar defaults,</li> <li>▪ Ceasing to be a franchisee;</li> <li>▪ Death or incapacity,</li> <li>▪ Falsification of reports, misrepresentation or dishonesty,</li> <li>▪ Remaining in default (beyond cure) under any other written agreement with Snap-on Credit</li> </ul> Snap-on or affiliates,<br><ul style="list-style-type: none"> <li>▪ Three defaults in 12-month period.</li> </ul>   |
| i. Franchisee's obligations on termination / nonrenewal                   | Section 21                                 | Upon termination of agreement, obligations include complete payment of all amounts due, continued compliance with all outstanding obligations, warranties and agreements incurred during term of Franchisee Servicing Agreement. Snap-on Credit will not purchase any additional Franchisee Paper or Leases following termination.   |
| j. Assignment of contract by Snap-on Credit                               | Section 17                                 | No restriction on Snap-on Credit's right to assign all or any portion of (i) Franchisee Servicing Agreement, (ii) Leases, or (iii) Franchisee Paper purchased by Snap-on Credit.   |
| k. "Transfer" by franchisee-defined                                       | Section 17                                 | Includes transfer of agreement or rights or duties under the agreement.  |
| l. Snap-on Credit's approval of transfer by franchisee                    | Section 17                                 | Snap-on Credit has the right to approve any assignment or delegation of any rights or duties under the agreement.  |
| m. Conditions for Snap-on Credit approval of transfer                     | Not applicable                             |  |
| n. Snap-on Credit's right of first refusal to acquire your business       | Not applicable                             |  |
| o. Snap-on Credit's option to purchase your business                      | Not applicable                             |  |
| p. Death or disability of franchisee                                      | Section 20(a)                              | Franchisee Servicing Agreement automatically terminates without notice.  |
| q. Non-competition covenants during the term of the franchise             | Not applicable                             |  |
| r. Non-competition covenants after the franchise is terminated or expires | Not applicable                             |  |
| s. Modification of the agreement  | Sections 4 and 22                          | No modifications without mutual agreement but <b>Snap-on Program</b> and Operations Manual subject to change.  |
| t. Integration/merger clause  | Section 27                                 | Only the terms of the Franchisee Servicing Agreement are binding and it supersedes all other promises, arrangements or agreements, including the Dealer Credit Agreement or Dealer Servicing Agreement. If the Franchisee Servicing Agreement and the Franchise Agreement conflict, the Franchise Agreement shall control.   |
| u. Dispute resolution by arbitration or mediation                         | Section 15                                 | Except for certain provisional remedies, disputes arising out of the termination of your business or the termination or nonrenewal of the Franchisee Servicing Agreement, must be mediated prior to arbitration. Except for certain provisional remedies, all disputes must be arbitrated at the office of the American Arbitration Association closest to your Regional Sales Office. If not in your home state, you can agree to an office in your home state. The arbitration will be governed by the Federal Arbitration Act and the rules of the American Arbitration Association will apply. |

| Provision          | Section in Franchising Servicing Agreement | Summary  |
|--------------------|--|--|
| v. Choice of forum | Section 15                                 | You and Snap-on Credit consent to jurisdiction for enforcement of arbitration decisions or awards, and for provisional remedies.               |
| w. Choice of law   | Section 24                                 | Law of state in which your Snap-on Regional Sales Office is located (except to the extent the Federal Arbitration Act may apply in u., above). |

## VEHICLE LEASE AGREEMENT

| Provision   | Section in Vehicle Lease Agreement | Summary   |
|---|------------------------------------|---|
| a. Term of the franchise  | Not applicable                     |   |
| b. Renewal or extension of the term   | Section 21                         | If you are not in default, you may elect to enter into a lease renewal under terms agreed to between you and lessor.  |
| c. Requirements for you to renew or extend                                  | Not applicable                     |   |
| d. Termination by franchisee  | Section 23                         | If you terminate your franchise, you may elect to terminate prior to the end of lease within 14 days prior written notice, payment of all payments due, termination payment, repair and redelivery charges.   |
| e. Termination by Lessor or Snap-on Credit without cause                    | Not applicable                     |   |
| f. Termination by Lessor or Snap-on Credit with cause                       | Sections 15 and 16                 | Lessor may accelerate lease, sue for all rent payments and/or retake possession of vehicle upon event of default.   |
| g. "Cause" defined-curable defaults   | Not applicable                     |   |
| h. "Cause" defined-non curable defaults                                     | Sections 15 and 16                 | The following defaults may lead to Lessors remedies in item f. above: failure to pay; cessation of business; or cessation being a Snap-on franchisee; insolvency; bankruptcy; petition filed against franchisee; appointment of receiver or similar appointment; transfer of franchise; untrue or unperformed statements representations or warranties, non-release attachments or levies, bulk transfer; default under other agreements; death of a guarantor. |
| i. Your obligations on termination/nonrenewal                               | Section 13                         | You must redeliver the van and pay any amounts owed plus any prepayment termination, redelivery and other charges.  |
| j. Assignment of contract by lessor   | Section 17                         | No restrictions on Lessor's right to assign.  |
| k. "Transfer" by franchisee-defined   | Not applicable                     |   |
| l. Snap-on Credit's approval of transfer by franchisee                      | Section 17                         | Franchisee may not assign, transfer all or part of lease or vehicle without Lessor's prior written consent or sublet or lend the vehicle for use by anyone other than franchisee or franchisee's employees.   |
| m. Conditions for Snap-on Credit's approval of transfer                     | Not applicable                     |   |
| n. Snap-on Credit's right of first refusal to acquire franchisee's business | Not applicable                     |   |
| o. Snap-on Credit's option to purchase franchisee's business                | Not applicable                     |   |
| p. Death or disability of franchisee  | Not applicable                     |   |
| q. Non-competition covenants during the term of the franchise               | Not applicable                     |   |
| r. Non-competition covenants after the franchise is terminated or expires   | Not applicable                     |   |
| s. Modification of the agreement  | Section 25                         | No modifications without mutual written agreement.  |
| t. Integration/merger clause  | Section 25                         | Written lease supersedes all other oral or written representations.   |

| Provision   | Section in Vehicle Lease Agreement | Summary  |
|---|------------------------------------|--|
| u. Dispute resolution by arbitration or mediation | Sections 27 and 28                 | Except for certain claims, all disputes must be resolved by final and binding arbitration at the office of the American Arbitration Association closest to your Regional Sales Office. If not in your home state, you can agree to an office in your home state. The arbitration will be governed by the Federal Arbitration Act and the rules of the American Arbitration Association will apply. |
| v. Choice of forum                                | Section 28                         | You and Lessor consent to jurisdiction for enforcement of arbitration decisions or awards, and for provisional remedies.   |
| w. Choice of law                                  | Section 31                         | Law of State of Illinois   |

## ITEM 18 PUBLIC FIGURES

Cruz Pedregon and Tony Pedregon race in the National Hot Rod Series and are sponsored by Snap-on. They will promote the Snap-on franchise and for that purpose will be paid a combined \$60,000. No other public figures will be used to promote our franchise.

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

The following Statement of "Paid Sales" ("Statement") illustrates the various levels of sales reported by numerous franchisees in the Snap-on system for sales activity during the 2010 reporting period. "Paid Sales" are presented in \$25,000 increments. This information reflects a number of assumptions and limitations noted after the Statement, and which you should read together with the Statement.

**THE NOTES THAT FOLLOW THIS STATEMENT ARE AN INTEGRAL PART OF THE STATEMENT.**

| REPORTED PAID SALES FOR 2010 | Number of Franchisees Reporting | %    |
|------------------------------|---------------------------------|------|
| Less than \$50,000           | 5                               | 0.2% |
| \$50,000 to \$74,999         | 5                               | 0.2% |
| \$75,000 to \$99,999         | 5                               | 0.2% |
| \$100,000 to \$124,999       | 11                              | 0.4% |
| \$125,000 to \$149,999       | 17                              | 0.6% |
| \$150,000 to \$174,999       | 33                              | 1.2% |
| \$175,000 to \$199,999       | 43                              | 1.6% |
| \$200,000 to \$224,999       | 78                              | 2.9% |

|                        |              |               |
|------------------------|--------------|---------------|
| \$225,000 to \$249,999 | 90           | 3.3%          |
| \$250,000 to \$274,999 | 135          | 5.0%          |
| \$275,000 to \$299,999 | 168          | 6.2%          |
| \$300,000 to \$324,999 | 181          | 6.7%          |
| \$325,000 to \$349,999 | 201          | 7.4%          |
| \$350,000 to \$374,999 | 216          | 8.0%          |
| \$375,000 to \$399,999 | 250          | 9.2%          |
| \$400,000 to \$424,999 | 197          | 7.3%          |
| \$425,000 to \$449,999 | 178          | 6.6%          |
| \$450,000 to \$474,999 | 183          | 6.7%          |
| \$475,000 to \$499,999 | 146          | 5.4%          |
| \$500,000 to \$524,999 | 112          | 4.1%          |
| \$525,000 to \$549,999 | 110          | 4.1%          |
| \$550,000 to \$574,999 | 78           | 2.9%          |
| \$575,000 to \$599,999 | 55           | 2.0%          |
| Over \$600,000         | 219          | 8.1%          |
| <b>TOTAL</b>           | <b>2,716</b> | <b>100.0%</b> |

THE PAID SALES FIGURES USED IN THIS STATEMENT ARE REPORTED BY SPECIFIC FRANCHISEES AND SHOULD NOT BE CONSIDERED THE ACTUAL OR PROBABLE PAID SALES THAT MAY BE REALIZED BY ANY FRANCHISEE. YOUR PAID SALES MAY BE AFFECTED BY A NUMBER OF COMMERCIAL VARIABLES AND COMPETITIVE MARKET CONDITIONS. SNAP-ON DOES NOT REPRESENT THAT YOU OR ANY FRANCHISEE CAN EXPECT TO ATTAIN ANY PARTICULAR LEVEL OF PAID SALES.

**NOTES:**

I. Franchisee Information Included in the Statement.

We compiled the Statement from information reported to us by Snap-on franchisees. We did not verify these reports.

Since the franchisees reporting Paid Sales have, for the most part, operated under a Standard Franchise Agreement the Paid Sales information presented may not be as meaningful to a prospective Gateway Franchisee.

The Statement includes only information received from franchisees who operated for all 12 months of the 2010 reporting period and for which we have received Paid Sales information for the full period. Accordingly, franchisees who began or ended operations during calendar year 2010 are not included in the Statement nor are franchisees who failed to submit all Paid Sales information for all of 2010. Some franchisees included in the Statement may have operated part of the year as a Gateway Franchisee and part of the year as a Standard Franchisee, but to be included, they must have operated during the entire calendar year as a Gateway Franchisee or a Standard Franchisee or a combination thereof. We have not attempted to verify the information received from franchisees and have no knowledge whether franchisees prepared the information submitted to us in accordance with generally accepted accounting principles.

If a franchisee operated an additional van under a Franchise Agreement, the Paid Sales of that additional van are not included in this Statement, either as sales under the franchise under which that additional van operates or as a separate franchise. If a franchisee operated an additional franchise, that additional franchise is reported as a separate "franchise" on the Statement.

The Statement does not include information on Paid Sales for Snap-on employees who sell tools and equipment to customers that are similar to a franchisee's customers or Paid Sales of Independents.

## II. Definition of "Paid Sales".

Snap-on franchisees do not have to report their total revenue to us. A franchisee's Paid Sales (defined below) should approximate "total revenues," except that a franchisee's sales of tools and equipment purchased from a source other than Snap-on (which is permitted in older contracts) and the value of tools and equipment accepted by a franchisee as a trade-in may not be included in the Paid Sales figure reported to us.

The Statement does not include information about franchisee expenses, or profits and losses; it sets forth Paid Sales only, and a prospective franchisee should discuss the significance of the numbers with an advisor of his choice.

A franchisee's Paid Sales means the sum of: (1) all of the franchisee's cash sales and revolving account collections; (2) all open account and extended credit sales assigned to Snap-on or Snap-on Credit by the franchisee; and (3) all leases assigned to Snap-on or Snap-on Credit by the franchisee. To the extent sales taxes are reported to Snap-on by franchisee, they are included in Paid Sales (each of these terms is defined below). All franchisees included in the Statement were requested to use the same definition of Paid Sales in the reports submitted to Snap-on.

Cash Sales – Those sales for which a franchisee receives a cash payment at the time of the sale and any cash down payment received on an extended credit sale or a lease.

Revolving Account Collections – As described in Item 7, Revolving Account sales are credit sales between a franchisee and a franchisee's customer where a franchisee extends personal credit, usually at no interest, to finance the customer's purchase of tools and equipment. Revolving account collections are the collections made by a franchisee on revolving account financing extended by the franchisee.

Open Account Sales – Open account sales are short term credit sales made by a franchisee to businesses which the franchisee assigns to Snap-on and for which Snap-on gives the franchisee immediate credit as if the franchisee's customer had paid in cash (See Item 10). Included in Paid Sales is the dollar amount of the credit (which excludes any down payment and trade-in allowance) given to a franchisee when Snap-on accepted assignment of an open account.

Extended Credit Sales – For certain customer purchases a franchisee may assign to Snap-on Credit with Snap-on Credit's consent the purchase money security agreements (also referred to as the "Extended Credit Contracts") for customer purchases (See Item 10). Snap-on Credit credits a franchisee the net sales price (which excludes any down payment and trade-in allowance) for the tools or equipment being sold. This credit is included in Paid Sales.

Leases – For certain tools and equipment, Snap-on Credit has offered in the past and may in the future offer certain customers the opportunity to lease the **Products**. Such a lease with a customer of a franchisee may be assigned to Snap-on Credit. Once Snap-on Credit accepts the assignment, the franchisee receives a credit calculated in the same manner as for an Extended Credit contract. This credit is included in Paid Sales.

Sales Tax – Most states require that a franchisee collect and pay sales tax on purchases made by franchisee's customers. To the extent sales taxes are reported to Snap-on by franchisee they are included in Paid Sales.



III. Other Notes and Assumptions.

Percentage totals may not equal 100% due to rounding.

Reported Paid Sales are based on franchisee reports submitted weekly and do not correspond exactly with the calendar year. Some weekly reports cover Paid Sales beginning a few days before the start of the calendar year; others end a few days after. In all cases Paid Sales figures in this Appendix reflect no more than one year's Paid Sales.

The Statement reflects the various levels of Paid Sales in all parts of the United States and the prospective franchisee should not assume that the level of sales shown will be reflected in his particular area or in his particular franchise.

Substantiation of the data used in preparing this Statement will be made available to a prospective franchisee upon reasonable request; however, no information that relates to any specific franchise will be made available.

Except for the financial performance representations above, we do not furnish or authorize our employees to furnish any oral or written information concerning the potential sales, costs, income or profits of a Snap-on franchise. Results vary, and we cannot estimate the results of any particular franchisee.

ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION

The chart below shows the total number of Standard Franchises, Gateway Franchises and company-owned outlets for the last three fiscal years ending January 1, 2011, January 2, 2010 and January 3, 2009. For purposes of this Item 20, an "outlet" is analogous to the route or List of Calls that a franchisee will service. Although a route or List of Calls changes from time to time, for purposes of this Item 20 we have considered an outlet to be the same if it remains substantially similar. Although an additional van added to an existing franchise may have a separate List of Calls, we do not consider it as a separate outlet. In addition, we have included independents as a Standard Franchise outlet because the outlets operated by independents were included in the calculations previously published in 2008 and 2009. As of January 1, 2011, there were 125 independent outlets. We have included Trial Franchisees under the category of Gateway Franchisees because of the similar nature of the programs.

**System wide Outlet Summary for Years 2008 – 2010**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|-------------|------|----------------------------------|--------------------------------|------------|
| Franchised  | 2008 | 3015                             | 3035                           | +20        |
|             | 2009 | 3035                             | 2992                           | -43        |
|             | 2010 | 2992                             | 3015                           | +23        |
| Gateway     | 2008 | 268                              | 227                            | -41        |
|             | 2009 | 227                              | 220                            | -7         |
|             | 2010 | 220                              | 181                            | -39        |

|               |      |      |      |     |
|---------------|------|------|------|-----|
| Company Owned | 2008 | 43   | 93   | +50 |
|               | 2009 | 93   | 165  | +72 |
|               | 2010 | 165  | 196  | +31 |
| TOTAL OUTLETS | 2008 | 3326 | 3355 | +29 |
|               | 2009 | 3355 | 3377 | +22 |
|               | 2010 | 3377 | 3392 | +15 |

**NOTE:** The total Outlets at the End of the Year 2010 in the chart above excludes 25 Standard Franchise outlets and 10 Gateway Franchise outlets for which Snap-on entered into a franchise agreement, but the outlets were not operational as of the fiscal year ending January 1, 2011. As of the Effective Date of this disclosure document, 23 of these Standard Franchisee outlets and all of these Gateway outlets are in operation.

The chart below sets forth, on a state-by-state basis, the number of outlets transferred by a Standard Franchisee during the last three fiscal years ending January 1, 2011, January 2, 2010 and January 3, 2009. A transfer occurs when the Standard Franchisee transfers its interest in the franchise to a person other than Snap-on or any affiliate.

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2008 – 2010**

| State | Year | Number of Transfers |
|-------|------|---------------------|
| AL    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| AK    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| AZ    | 2008 | 1                   |
|       | 2009 | 0                   |
|       | 2010 | 3                   |
| AR    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| CA    | 2008 | 9                   |
|       | 2009 | 4                   |
|       | 2010 | 11                  |
| CO    | 2008 | 0                   |
|       | 2009 | 2                   |
|       | 2010 | 3                   |
| CT    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| DE    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |

| State | Year | Number of Transfers |
|-------|------|---------------------|
| FL    | 2008 | 1                   |
|       | 2009 | 0                   |
|       | 2010 | 2                   |
| GA    | 2008 | 0                   |
|       | 2009 | 1                   |
|       | 2010 | 1                   |
| HI    | 2008 | 1                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| ID    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| IL    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 4                   |
| IN    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 2                   |
| IA    | 2008 | 1                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| KS    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| KY    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 3                   |
| LA    | 2008 | 1                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| ME    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| MD    | 2008 | 3                   |
|       | 2009 | 1                   |
|       | 2010 | 1                   |
| MA    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| MI    | 2008 | 2                   |
|       | 2009 | 1                   |
|       | 2010 | 0                   |
| MN    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 1                   |
| MS    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |

| State | Year | Number of Transfers |
|-------|------|---------------------|
| MO    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| MT    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| NE    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| NV    | 2008 | 1                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| NH    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 1                   |
| NJ    | 2008 | 2                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| NM    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| NY    | 2008 | 4                   |
|       | 2009 | 0                   |
|       | 2010 | 2                   |
| NC    | 2008 | 2                   |
|       | 2009 | 1                   |
|       | 2010 | 1                   |
| ND    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| OH    | 2008 | 0                   |
|       | 2009 | 1                   |
|       | 2010 | 0                   |
| OK    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 1                   |
| OR    | 2008 | 1                   |
|       | 2009 | 0                   |
|       | 2010 | 1                   |
| PA    | 2008 | 3                   |
|       | 2009 | 0                   |
|       | 2010 | 1                   |
| RI    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| SC    | 2008 | 1                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |

| State | Year | Number of Transfers |
|-------|------|---------------------|
| SD    | 2008 | 1                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| TN    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| TX    | 2008 | 2                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| UT    | 2008 | 0                   |
|       | 2009 | 1                   |
|       | 2010 | 0                   |
| VT    | 2008 | 0                   |
|       | 2009 | 1                   |
|       | 2010 | 0                   |
| VA    | 2008 | 3                   |
|       | 2009 | 1                   |
|       | 2010 | 1                   |
| WA    | 2008 | 2                   |
|       | 2009 | 1                   |
|       | 2010 | 0                   |
| WV    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| WI    | 2008 | 0                   |
|       | 2009 | 2                   |
|       | 2010 | 0                   |
| WY    | 2008 | 1                   |
|       | 2009 | 0                   |
|       | 2010 | 1                   |
| PR    | 2008 | 0                   |
|       | 2009 | 0                   |
|       | 2010 | 0                   |
| TOTAL | 2008 | 42                  |
|       | 2009 | 17                  |
|       | 2010 | 40                  |

The chart below sets forth, on a state-by-state basis, the status of outlets owned by Standard Franchisees (but not including Gateway Franchisees) for the last three fiscal years ending January 1, 2010, January 2, 2010 and January 3, 2009. As mentioned above, the totals include independents because independents were included in the calculations previously published in 2009 and 2010.

## Status of Franchise Outlets for Years 2008 – 2010

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------|
| AL    | 2008 | 37                       | 3              | 0            | 0            | 6                        | 0                                 | 34                     |
|       | 2009 | 34                       | 3              | 0            | 0            | 5                        | 0                                 | 32                     |
|       | 2010 | 32                       | 5              | 0            | 0            | 2                        | 0                                 | 35                     |
| AK    | 2008 | 12                       | 0              | 0            | 0            | 0                        | 0                                 | 12                     |
|       | 2009 | 12                       | 0              | 0            | 0            | 0                        | 0                                 | 12                     |
|       | 2010 | 12                       | 1              | 0            | 0            | 2                        | 0                                 | 11                     |
| AZ    | 2008 | 54                       | 4              | 0            | 0            | 6                        | 0                                 | 52                     |
|       | 2009 | 52                       | 5              | 0            | 0            | 8                        | 0                                 | 49                     |
|       | 2010 | 49                       | 3              | 0            | 0            | 6                        | 0                                 | 46                     |
| AR    | 2008 | 36                       | 3              | 0            | 0            | 4                        | 0                                 | 35                     |
|       | 2009 | 35                       | 2              | 0            | 0            | 6                        | 0                                 | 31                     |
|       | 2010 | 31                       | 7              | 0            | 0            | 4                        | 0                                 | 34                     |
| CA    | 2008 | 366                      | 26             | 0            | 0            | 36                       | 0                                 | 356                    |
|       | 2009 | 356                      | 19             | 0            | 0            | 30                       | 0                                 | 345                    |
|       | 2010 | 345                      | 11             | 0            | 0            | 29                       | 0                                 | 327                    |
| CO    | 2008 | 72                       | 4              | 0            | 0            | 2                        | 0                                 | 74                     |
|       | 2009 | 74                       | 0              | 0            | 0            | 4                        | 0                                 | 70                     |
|       | 2010 | 70                       | 6              | 0            | 0            | 4                        | 0                                 | 72                     |
| CT    | 2008 | 42                       | 2              | 0            | 0            | 4                        | 0                                 | 40                     |
|       | 2009 | 40                       | 1              | 0            | 0            | 2                        | 0                                 | 39                     |
|       | 2010 | 39                       | 2              | 0            | 0            | 2                        | 0                                 | 39                     |
| DE    | 2008 | 9                        | 0              | 0            | 0            | 1                        | 0                                 | 8                      |
|       | 2009 | 8                        | 2              | 0            | 0            | 1                        | 0                                 | 9                      |
|       | 2010 | 9                        | 1              | 0            | 0            | 1                        | 0                                 | 9                      |
| FL    | 2008 | 157                      | 18             | 0            | 0            | 21                       | 0                                 | 154                    |
|       | 2009 | 154                      | 10             | 0            | 0            | 23                       | 0                                 | 141                    |
|       | 2010 | 141                      | 15             | 0            | 0            | 15                       | 0                                 | 141                    |
| GA    | 2008 | 82                       | 6              | 0            | 0            | 5                        | 0                                 | 83                     |
|       | 2009 | 83                       | 14             | 0            | 0            | 11                       | 0                                 | 86                     |
|       | 2010 | 86                       | 10             | 0            | 0            | 10                       | 0                                 | 86                     |
| HI    | 2008 | 15                       | 1              | 0            | 0            | 1                        | 0                                 | 15                     |
|       | 2009 | 15                       | 1              | 0            | 0            | 0                        | 0                                 | 16                     |
|       | 2010 | 16                       | 0              | 0            | 0            | 1                        | 0                                 | 15                     |
| ID    | 2008 | 19                       | 4              | 0            | 0            | 1                        | 0                                 | 22                     |
|       | 2009 | 22                       | 0              | 0            | 0            | 3                        | 0                                 | 19                     |
|       | 2010 | 19                       | 5              | 0            | 0            | 4                        | 0                                 | 20                     |
| IL    | 2008 | 112                      | 6              | 0            | 0            | 7                        | 0                                 | 111                    |
|       | 2009 | 111                      | 7              | 0            | 0            | 9                        | 0                                 | 109                    |
|       | 2010 | 109                      | 7              | 0            | 0            | 7                        | 0                                 | 109                    |
| IN    | 2008 | 62                       | 8              | 0            | 0            | 8                        | 0                                 | 62                     |
|       | 2009 | 62                       | 5              | 0            | 0            | 4                        | 0                                 | 63                     |
|       | 2010 | 63                       | 5              | 0            | 0            | 5                        | 0                                 | 63                     |
| IA    | 2008 | 46                       | 4              | 0            | 0            | 2                        | 0                                 | 48                     |
|       | 2009 | 48                       | 0              | 0            | 0            | 2                        | 0                                 | 46                     |
|       | 2010 | 46                       | 6              | 0            | 0            | 5                        | 0                                 | 47                     |
| KS    | 2008 | 37                       | 0              | 0            | 0            | 1                        | 0                                 | 36                     |
|       | 2009 | 36                       | 0              | 0            | 0            | 3                        | 0                                 | 33                     |
|       | 2010 | 33                       | 3              | 0            | 0            | 2                        | 0                                 | 34                     |
| KY    | 2008 | 31                       | 6              | 0            | 0            | 3                        | 0                                 | 34                     |
|       | 2009 | 34                       | 7              | 0            | 0            | 2                        | 0                                 | 39                     |
|       | 2010 | 39                       | 3              | 0            | 0            | 0                        | 0                                 | 42                     |
| LA    | 2008 | 30                       | 1              | 0            | 0            | 5                        | 0                                 | 26                     |
|       | 2009 | 26                       | 2              | 0            | 0            | 4                        | 0                                 | 24                     |
|       | 2010 | 24                       | 6              | 0            | 0            | 5                        | 0                                 | 25                     |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------|
| ME    | 2008 | 16                       | 7              | 0            | 0            | 1                        | 0                                 | 22                     |
|       | 2009 | 22                       | 2              | 0            | 0            | 0                        | 0                                 | 24                     |
|       | 2010 | 24                       | 1              | 0            | 0            | 2                        | 0                                 | 23                     |
| MD    | 2008 | 68                       | 9              | 0            | 0            | 8                        | 0                                 | 69                     |
|       | 2009 | 69                       | 7              | 0            | 0            | 12                       | 0                                 | 64                     |
|       | 2010 | 64                       | 4              | 0            | 0            | 2                        | 0                                 | 66                     |
| MA    | 2008 | 69                       | 7              | 0            | 0            | 7                        | 0                                 | 69                     |
|       | 2009 | 69                       | 5              | 0            | 0            | 5                        | 0                                 | 69                     |
|       | 2010 | 69                       | 7              | 0            | 0            | 7                        | 0                                 | 69                     |
| MI    | 2008 | 110                      | 10             | 0            | 0            | 14                       | 0                                 | 106                    |
|       | 2009 | 106                      | 3              | 0            | 0            | 5                        | 0                                 | 104                    |
|       | 2010 | 104                      | 10             | 0            | 0            | 12                       | 0                                 | 102                    |
| MN    | 2008 | 52                       | 6              | 0            | 0            | 4                        | 0                                 | 54                     |
|       | 2009 | 54                       | 3              | 0            | 0            | 4                        | 0                                 | 53                     |
|       | 2010 | 53                       | 6              | 0            | 0            | 4                        | 0                                 | 55                     |
| MS    | 2008 | 20                       | 2              | 0            | 0            | 1                        | 0                                 | 21                     |
|       | 2009 | 21                       | 3              | 0            | 0            | 3                        | 0                                 | 21                     |
|       | 2010 | 21                       | 5              | 0            | 0            | 2                        | 0                                 | 24                     |
| MO    | 2008 | 51                       | 3              | 0            | 0            | 4                        | 0                                 | 50                     |
|       | 2009 | 50                       | 6              | 0            | 0            | 8                        | 0                                 | 48                     |
|       | 2010 | 48                       | 7              | 0            | 0            | 8                        | 0                                 | 47                     |
| MT    | 2008 | 19                       | 0              | 0            | 0            | 0                        | 0                                 | 19                     |
|       | 2009 | 19                       | 2              | 0            | 0            | 3                        | 0                                 | 18                     |
|       | 2010 | 18                       | 1              | 0            | 0            | 2                        | 0                                 | 17                     |
| NE    | 2008 | 27                       | 3              | 0            | 0            | 2                        | 0                                 | 28                     |
|       | 2009 | 28                       | 5              | 0            | 0            | 3                        | 0                                 | 30                     |
|       | 2010 | 30                       | 3              | 0            | 0            | 3                        | 0                                 | 30                     |
| NV    | 2008 | 22                       | 3              | 0            | 0            | 3                        | 0                                 | 22                     |
|       | 2009 | 22                       | 0              | 0            | 0            | 1                        | 0                                 | 21                     |
|       | 2010 | 21                       | 3              | 0            | 0            | 2                        | 0                                 | 22                     |
| NH    | 2008 | 26                       | 5              | 0            | 0            | 1                        | 0                                 | 30                     |
|       | 2009 | 30                       | 4              | 0            | 0            | 2                        | 0                                 | 32                     |
|       | 2010 | 32                       | 6              | 0            | 0            | 3                        | 0                                 | 35                     |
| NJ    | 2008 | 105                      | 9              | 0            | 0            | 6                        | 0                                 | 108                    |
|       | 2009 | 108                      | 6              | 0            | 0            | 9                        | 0                                 | 105                    |
|       | 2010 | 105                      | 8              | 0            | 0            | 9                        | 0                                 | 104                    |
| NM    | 2008 | 12                       | 2              | 0            | 0            | 1                        | 0                                 | 13                     |
|       | 2009 | 13                       | 1              | 0            | 0            | 1                        | 0                                 | 13                     |
|       | 2010 | 13                       | 3              | 0            | 0            | 2                        | 0                                 | 14                     |
| NY    | 2008 | 186                      | 6              | 0            | 0            | 8                        | 0                                 | 184                    |
|       | 2009 | 184                      | 15             | 0            | 0            | 17                       | 0                                 | 182                    |
|       | 2010 | 182                      | 15             | 0            | 0            | 19                       | 0                                 | 178                    |
| NC    | 2008 | 67                       | 14             | 0            | 0            | 8                        | 0                                 | 73                     |
|       | 2009 | 73                       | 7              | 0            | 0            | 3                        | 0                                 | 77                     |
|       | 2010 | 77                       | 8              | 0            | 0            | 4                        | 0                                 | 81                     |
| ND    | 2008 | 10                       | 2              | 0            | 0            | 2                        | 0                                 | 10                     |
|       | 2009 | 10                       | 1              | 0            | 0            | 0                        | 0                                 | 11                     |
|       | 2010 | 11                       | 0              | 0            | 0            | 1                        | 0                                 | 10                     |
| OH    | 2008 | 103                      | 11             | 0            | 0            | 9                        | 0                                 | 105                    |
|       | 2009 | 105                      | 9              | 0            | 0            | 7                        | 0                                 | 107                    |
|       | 2010 | 107                      | 17             | 0            | 0            | 8                        | 0                                 | 116                    |
| OK    | 2008 | 36                       | 8              | 0            | 0            | 4                        | 0                                 | 40                     |
|       | 2009 | 40                       | 3              | 0            | 0            | 2                        | 0                                 | 41                     |
|       | 2010 | 41                       | 4              | 0            | 0            | 4                        | 0                                 | 41                     |
| OR    | 2008 | 39                       | 5              | 0            | 0            | 2                        | 0                                 | 42                     |
|       | 2009 | 42                       | 2              | 0            | 0            | 5                        | 0                                 | 39                     |
|       | 2010 | 39                       | 8              | 0            | 0            | 3                        | 0                                 | 44                     |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|-----------------------------------|------------------------|
| PA    | 2008 | 166                      | 15             | 0            | 0            | 18                       | 0                                 | 163                    |
|       | 2009 | 163                      | 14             | 0            | 0            | 17                       | 0                                 | 160                    |
|       | 2010 | 160                      | 16             | 0            | 0            | 17                       | 0                                 | 159                    |
| RI    | 2008 | 6                        | 0              | 0            | 0            | 3                        | 0                                 | 3                      |
|       | 2009 | 3                        | 1              | 0            | 0            | 0                        | 0                                 | 4                      |
|       | 2010 | 4                        | 0              | 0            | 0            | 0                        | 0                                 | 4                      |
| SC    | 2008 | 33                       | 9              | 0            | 0            | 5                        | 0                                 | 37                     |
|       | 2009 | 37                       | 4              | 0            | 0            | 6                        | 0                                 | 35                     |
|       | 2010 | 35                       | 9              | 0            | 0            | 5                        | 0                                 | 39                     |
| SD    | 2008 | 14                       | 0              | 0            | 0            | 1                        | 0                                 | 13                     |
|       | 2009 | 13                       | 2              | 0            | 0            | 1                        | 0                                 | 14                     |
|       | 2010 | 14                       | 2              | 0            | 0            | 2                        | 0                                 | 14                     |
| TN    | 2008 | 46                       | 6              | 0            | 0            | 11                       | 0                                 | 41                     |
|       | 2009 | 41                       | 6              | 0            | 0            | 7                        | 0                                 | 40                     |
|       | 2010 | 40                       | 7              | 0            | 0            | 4                        | 0                                 | 43                     |
| TX    | 2008 | 202                      | 25             | 0            | 0            | 15                       | 0                                 | 212                    |
|       | 2009 | 212                      | 19             | 0            | 0            | 13                       | 0                                 | 218                    |
|       | 2010 | 218                      | 18             | 0            | 0            | 16                       | 0                                 | 220                    |
| UT    | 2008 | 25                       | 3              | 0            | 0            | 2                        | 0                                 | 26                     |
|       | 2009 | 26                       | 2              | 0            | 0            | 1                        | 0                                 | 27                     |
|       | 2010 | 27                       | 1              | 0            | 0            | 4                        | 0                                 | 24                     |
| VT    | 2008 | 11                       | 0              | 0            | 0            | 0                        | 0                                 | 11                     |
|       | 2009 | 11                       | 2              | 0            | 0            | 1                        | 0                                 | 12                     |
|       | 2010 | 12                       | 2              | 0            | 0            | 1                        | 0                                 | 13                     |
| VA    | 2008 | 91                       | 10             | 0            | 0            | 8                        | 0                                 | 93                     |
|       | 2009 | 93                       | 7              | 0            | 0            | 13                       | 0                                 | 87                     |
|       | 2010 | 87                       | 13             | 0            | 0            | 11                       | 0                                 | 89                     |
| WA    | 2008 | 63                       | 7              | 0            | 0            | 7                        | 0                                 | 63                     |
|       | 2009 | 63                       | 5              | 0            | 0            | 6                        | 0                                 | 62                     |
|       | 2010 | 62                       | 5              | 0            | 0            | 7                        | 0                                 | 60                     |
| WV    | 2008 | 10                       | 8              | 0            | 0            | 1                        | 0                                 | 17                     |
|       | 2009 | 17                       | 4              | 0            | 0            | 0                        | 0                                 | 21                     |
|       | 2010 | 21                       | 1              | 0            | 0            | 4                        | 0                                 | 18                     |
| WI    | 2008 | 66                       | 6              | 0            | 0            | 9                        | 0                                 | 63                     |
|       | 2009 | 63                       | 7              | 0            | 0            | 7                        | 0                                 | 63                     |
|       | 2010 | 63                       | 6              | 0            | 0            | 3                        | 0                                 | 66                     |
| WY    | 2008 | 12                       | 0              | 0            | 0            | 0                        | 0                                 | 12                     |
|       | 2009 | 12                       | 2              | 0            | 0            | 1                        | 0                                 | 13                     |
|       | 2010 | 13                       | 1              | 0            | 0            | 1                        | 0                                 | 13                     |
| PR    | 2008 | 13                       | 1              | 0            | 0            | 0                        | 0                                 | 14                     |
|       | 2009 | 14                       | 0              | 0            | 0            | 0                        | 0                                 | 14                     |
|       | 2010 | 14                       | 7              | 0            | 0            | 1                        | 0                                 | 20                     |
| TOTAL | 2008 | 3015                     | 298            | 0            | 0            | 278                      | 0                                 | 3035                   |
|       | 2009 | 3035                     | 237            | 0            | 0            | 280                      | 0                                 | 2992                   |
|       | 2010 | 2992                     | 300            | 0            | 0            | 277                      | 0                                 | 3015                   |

**NOTE:** The total Outlets Opened and Outlets at End of Year 2010 in the chart above, excludes 25 Standard Franchise outlets for which Snap-on entered into a franchise agreement, but the outlets were not operational as of the fiscal year ending January 1, 2011. As of the Effective Date of this disclosure document, 23 of these outlets are in operation.

**NOTES:**

In the table above, certain outlets or franchises changed ownership two or more times during the same fiscal year. Set forth below is a description of those changes:



AL 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

2009 – 3 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Gateway Franchise, ceased operations again in 2009 and was reacquired by Snap-on in 2009.

2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

AK 2010 – 1 Standard Franchise ceased operations in 2020, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

AZ 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on, re-franchised as a Standard Franchise, ceased operations again in 2008 and was reacquired by Snap-on in 2008.

2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

AR 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- CA 2008 – 14 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2008 – 2 Standard Franchises terminated for cause in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2008, ceased operations again in 2008 and was reacquired by Snap-on in 2008.

2009 – 10 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 6 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2009 – 1 Independent ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2010, ceased operations again in 2010 and was reacquired by Snap-on in 2010.

2010 – 11 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 4 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

2010 – 1 Independent ceased operations in 2010, was reacquired by Snap-on and franchised as a Standard Franchise in 2010.

- CO 2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2009 – 4 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2010, ceased operations again in 2010 and was reacquired by Snap-on in 2010.

2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

- DE 2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2010 – 1 Standard Franchise terminated for cause in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- FL 2008 – 11 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on, re-franchised as a Gateway Franchise in 2008, ceased operations again in 2008 and was reacquired by Snap-on in 2008.

2009 – 6 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 1 Standard Franchise terminated for cause in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 8 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Gateway Franchise in 2009, ceased operations again in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 8 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 3 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

- GA 2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2009 – 8 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2010 – 5 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 1 Standard Franchise not renewed by Snap-on in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

- HI 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- ID 2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on re-franchised as a Standard Franchise in 2009.

2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

- IL 2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

2010 – 3 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

- IN 2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on, re-franchised as a Gateway Franchise in 2008, ceased operations again in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 2 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2009 – 1 Standard Franchise terminated for cause in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

2010 – 1 Independent ceased operations in 2010, was reacquired by Snap-on and franchised as a Standard Franchise in 2010.

- IA 2008 – 1 Independent ceased operations in 2008, was reacquired by Snap-on and franchised as a Standard Franchise in 2008.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

- KS 2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- KY 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- LA 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

2008 – 1 Standard Franchise terminated for cause in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

- ME 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2010 -1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- MD 2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Standard Franchise terminated for cause in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

- MA 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.
- 2009 – 3 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.
- 2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.
- MI 2008 – 5 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.
- 2008 – 5 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.
- 2009 – 4 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.
- 2010 – 1 Standard Franchise terminated for cause in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.
- 2010 – 4 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.
- 2010 – 3 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.
- 2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2010, ceased operations again in 2010 and re-acquired by Snap-on in 2010.
- MN 2009 – 3 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.
- 2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.
- 2010 – 6 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.
- MS 2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.
- MO 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.
- 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.
- 2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2009, ceased operations again in 2009 and was reacquired by Snap-on.

2010 – 3 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on, re-franchised as a Gateway Franchise in 2010, ceased operations again in 2010, re-acquired by Snap-on and re-franchised as a Standard Franchise again in 2010.

MT 2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

NE 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 3 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

NV 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

NH 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2010 – 3 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on, re-franchised again as a Standard Franchise in 2010, ceased operations again in 2010 and re-acquired by Snap-on in 2010.

NJ 2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2009 – 3 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 1 Standard Franchise terminated for cause in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Standard Franchise terminated for cause in 2009, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2009, ceased operations again in 2009, re-acquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2010 – 2 Standard Franchise ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2010, ceased operations again in 2010, reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

2010 – 1 Standard Franchise terminated for cause in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

NM 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

NY 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 9 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2009, ceased operations again in 2009 and reacquired by Snap-on in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Gateway Franchise in 2009, ceased operations again in 2009, reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Independent ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2010 – 10 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.



2010 – 1 Standard Franchise terminated for cause in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

2010 – 3 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

NC 2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2009, ceased operations again in 2009, reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

OH 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on, re-franchised as a Gateway Franchise in 2008, ceased operations again in 2008, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2008 and ceased operations again in 2008.

2009 – 4 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2009 – 2 Independents ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Standard Franchise, ceased operations again in 2009, reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2010 – 5 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

OK 2008 – 3 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2009 – 3 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

2010 – 1 Independent ceased operations in 2010, was reacquired by Snap-on and franchised as a Gateway Franchise in 2010.

OR 2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

PA 2008 – 5 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2008 – 3 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2009 – 4 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 4 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2009 – 2 Standard Franchises terminated for cause in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2009, ceased operations again in 2009, reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 4 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

2010 – 1 Independent ceased operations in 2010, was reacquired by Snap-on and franchised as a Gateway Franchise in 2010.

2010 – 1 Standard Franchise was not renewed in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

RI 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

SC 2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

SD 2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

TN 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

2010 – 1 Standard Franchise was terminated for cause in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

TX 2008 – 6 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2008 – 3 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 4 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Gateway in 2009, ceased operations again in 2009, reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 8 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2010, ceased operations again in 2010 and reacquired by Snap-on in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2010, ceased operations again in 2010, reacquired by Snap-on in 2010 and re-franchised again as a Standard Franchise in 2010.

2010 – 3 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

- UT 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.
- 2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.
- 2010 – 3 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.
- VT 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.
- 2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.
- 2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.
- VA 2008 – 3 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.
- 2009 – 3 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.
- 2009 – 2 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.
- 2010 – 5 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.
- 2010 – 2 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.
- 2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2010, ceased operations again in 2010 and reacquired by Snap-on in 2010.
- WA 2008 – 2 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.
- 2008 – 1 Standard Franchise terminated for cause in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.
- 2009 – 3 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.
- 2010 – 3 Standard Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.
- WV 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.
- 2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on, re-franchised as a Gateway Franchise in 2010, ceased operations again in 2010 and reacquired by Snap-on in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

WI 2008 – 4 Standard Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2008 – 1 Standard Franchise terminated for cause in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008

2008 – 1 Standard Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 3 Standard Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Gateway Franchise in 2009, ceased operations again in 2009 and reacquired by Snap-on in 2009.

2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Standard Franchise in 2009, ceased operations again in 2009, and reacquired by Snap-on in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

WY 2009 – 1 Standard Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2010 – 1 Standard Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

The totals in the “Outlets Open” column include the Gateway Franchisees who converted to a Standard Franchisee. For a state-by-state analysis of the number of Gateway Franchises that were converted to a Standard Franchise, refer to the “Conversion from Gateway to Standard Franchise” column in the Status of Gateway Outlets table.

The number of outlets reacquired by Snap-on includes outlets where the Standard Franchise was terminated for cause or where Snap-on unilaterally refused renewal. Because Snap-on also reacquires these outlets after the Standard Franchise has been terminated or not renewed by Snap-on, these outlets are set forth in the “Reacquired by Franchisor” column. Set forth below is a state-by-state listing of the number of franchises that were terminated for cause during the last three fiscal years. The balance in the column represents the outlets where the Standard Franchisee ceased operations and the outlet was reacquired by Snap-on.

AR 2009 – 2 franchises were terminated for cause.  
2009 – 1 franchise was not renewed by Snap-on.

AZ 2009 – 2 franchises were terminated for cause.

CA 2008 – 3 franchises were terminated for cause.  
2009 – 2 franchises were terminated for cause.

DE 2010 – 1 franchise was terminated for cause.

FL 2008 – 1 franchise was terminated for cause.  
2009 – 1 franchise was terminated for cause.

GA 2010 – 1 franchise not renewed by Snap-on.

IL 2008 – 1 franchise was terminated for cause.

IN 2009 – 1 franchise was terminated for cause.  
2010 – 1 franchise was terminated for cause.

LA 2008 – 1 franchise was terminated for cause.

MD 2008 – 2 franchises were terminated for cause.  
2009 – 2 franchises were terminated for cause.

MA 2009 – 1 franchise was terminated for cause.

MI 2010 – 1 franchise was terminated for cause

MO 2010 – 1 franchise was terminated for cause.

NJ 2008 – 2 franchises were terminated for cause.  
2009 – 2 franchises were terminated for cause.  
2010 – 1 franchise was terminated for cause.

NY 2010 – 1 franchise was terminated for cause.

NC 2008 – 1 franchise was terminated for cause.

PA 2009 – 2 franchises were terminated for cause.  
2010 – 1 franchise not renewed by Snap-on.

TN 2010 – 1 franchise terminated for cause.

TX 2008 – 2 franchises were terminated for cause.  
2009 – 1 franchise was terminated for cause.  
2010 – 2 franchises terminated for cause.

VA 2008 – 1 franchise was terminated for cause.  
2009 – 1 franchise was terminated for cause.

WA 2008 – 1 franchise was terminated for cause.

WI 2008 – 1 franchise was terminated for cause.

The chart below sets, on a state-by-state basis, the status of outlets owned by Gateway Franchisees for the last three fiscal years ending January 1, 2011, January 2, 2010 and January 3, 2009.

#### Status of Gateway Outlets for Years 2008 – 2010

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Conversion from Gateway to Standard Franchise | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---|------------------------|
| AL    | 2008 | 3                        | 2              | 0            | 0            | 2                        | 2   | 1                      |
|       | 2009 | 1                        | 6              | 0            | 0            | 1                        | 1   | 5                      |
|       | 2010 | 5                        | 2              | 0            | 0            | 1                        | 2   | 4                      |
| AK    | 2008 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2009 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2010 | 0                        | 1              | 0            | 0            | 0                        | 0   | 1                      |
| AZ    | 2008 | 3                        | 5              | 0            | 0            | 1                        | 0   | 7                      |
|       | 2009 | 7                        | 3              | 0            | 0            | 3                        | 1   | 6                      |
|       | 2010 | 6                        | 2              | 0            | 0            | 2                        | 1   | 5                      |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Conversion from Gateway to Standard Franchise | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---|------------------------|
| AR    | 2008 | 2                        | 1              | 0            | 0            | 3                        | 0   | 0                      |
|       | 2009 | 0                        | 2              | 0            | 0            | 0                        | 0   | 2                      |
|       | 2010 | 2                        | 3              | 0            | 0            | 1                        | 2   | 2                      |
| CA    | 2008 | 3                        | 2              | 0            | 0            | 0                        | 0   | 5                      |
|       | 2009 | 5                        | 7              | 0            | 0            | 3                        | 1   | 8                      |
|       | 2010 | 8                        | 10             | 0            | 0            | 1                        | 2   | 15                     |
| CO    | 2008 | 1                        | 0              | 0            | 0            | 0                        | 1   | 0                      |
|       | 2009 | 0                        | 4              | 0            | 0            | 0                        | 0   | 4                      |
|       | 2010 | 4                        | 0              | 0            | 0            | 0                        | 3   | 1                      |
| CT    | 2008 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2009 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2010 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
| DE    | 2008 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2009 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2010 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
| FL    | 2008 | 10                       | 7              | 0            | 0            | 3                        | 4   | 10                     |
|       | 2009 | 10                       | 12             | 0            | 0            | 3                        | 3   | 16                     |
|       | 2010 | 16                       | 3              | 0            | 0            | 4                        | 3   | 12                     |
| GA    | 2008 | 10                       | 4              | 0            | 0            | 3                        | 3   | 8                      |
|       | 2009 | 8                        | 1              | 0            | 0            | 4                        | 1   | 4                      |
|       | 2010 | 4                        | 1              | 0            | 0            | 2                        | 1   | 2                      |
| HI    | 2008 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2009 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2010 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
| ID    | 2008 | 2                        | 0              | 0            | 0            | 0                        | 2   | 0                      |
|       | 2009 | 0                        | 1              | 0            | 0            | 0                        | 0   | 1                      |
|       | 2010 | 1                        | 1              | 0            | 0            | 1                        | 0   | 1                      |
| IL    | 2008 | 9                        | 7              | 0            | 0            | 4                        | 1   | 11                     |
|       | 2009 | 11                       | 4              | 0            | 0            | 4                        | 1   | 10                     |
|       | 2010 | 10                       | 7              | 0            | 0            | 4                        | 3   | 10                     |
| IN    | 2008 | 11                       | 5              | 0            | 0            | 3                        | 4   | 9                      |
|       | 2009 | 9                        | 4              | 0            | 0            | 1                        | 4   | 8                      |
|       | 2010 | 8                        | 4              | 0            | 0            | 4                        | 1   | 7                      |
| IA    | 2008 | 4                        | 2              | 0            | 0            | 2                        | 1   | 3                      |
|       | 2009 | 3                        | 2              | 0            | 0            | 1                        | 0   | 4                      |
|       | 2010 | 4                        | 1              | 0            | 0            | 2                        | 1   | 2                      |
| KS    | 2008 | 1                        | 1              | 0            | 0            | 1                        | 1   | 0                      |
|       | 2009 | 0                        | 4              | 0            | 0            | 0                        | 0   | 4                      |
|       | 2010 | 4                        | 1              | 0            | 0            | 1                        | 2   | 2                      |
| KY    | 2008 | 6                        | 3              | 0            | 0            | 1                        | 3   | 5                      |
|       | 2009 | 5                        | 1              | 0            | 0            | 3                        | 1   | 2                      |
|       | 2010 | 2                        | 1              | 0            | 0            | 0                        | 1   | 2                      |
| LA    | 2008 | 2                        | 2              | 0            | 0            | 0                        | 0   | 4                      |
|       | 2009 | 4                        | 0              | 0            | 0            | 0                        | 1   | 3                      |
|       | 2010 | 3                        | 1              | 0            | 0            | 1                        | 2   | 1                      |
| ME    | 2008 | 6                        | 2              | 0            | 0            | 3                        | 3   | 2                      |
|       | 2009 | 2                        | 0              | 0            | 0            | 1                        | 1   | 0                      |
|       | 2010 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Conversion from Gateway to Standard Franchise | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---|------------------------|
| MD    | 2008 | 6                        | 1              | 0            | 0            | 3                        | 1   | 3                      |
|       | 2009 | 3                        | 2              | 0            | 0            | 0                        | 2   | 3                      |
|       | 2010 | 3                        | 1              | 0            | 0            | 0                        | 1   | 3                      |
| MA    | 2008 | 5                        | 2              | 0            | 0            | 3                        | 1   | 3                      |
|       | 2009 | 3                        | 1              | 0            | 0            | 1                        | 2   | 1                      |
|       | 2010 | 1                        | 0              | 0            | 0            | 0                        | 0   | 1                      |
| MI    | 2008 | 10                       | 7              | 0            | 0            | 1                        | 4   | 12                     |
|       | 2009 | 12                       | 8              | 0            | 0            | 4                        | 2   | 14                     |
|       | 2010 | 14                       | 5              | 0            | 0            | 6                        | 4   | 9                      |
| MN    | 2008 | 3                        | 2              | 0            | 0            | 1                        | 1   | 3                      |
|       | 2009 | 3                        | 3              | 0            | 0            | 1                        | 1   | 4                      |
|       | 2010 | 4                        | 0              | 0            | 0            | 1                        | 0   | 3                      |
| MS    | 2008 | 4                        | 3              | 0            | 0            | 0                        | 1   | 6                      |
|       | 2009 | 6                        | 4              | 0            | 0            | 3                        | 1   | 6                      |
|       | 2010 | 6                        | 3              | 0            | 0            | 1                        | 4   | 4                      |
| MO    | 2008 | 11                       | 3              | 0            | 0            | 7                        | 2   | 5                      |
|       | 2009 | 5                        | 1              | 0            | 0            | 0                        | 2   | 4                      |
|       | 2010 | 4                        | 2              | 0            | 0            | 1                        | 1   | 4                      |
| MT    | 2008 | 0                        | 1              | 0            | 0            | 0                        | 0   | 1                      |
|       | 2009 | 1                        | 0              | 0            | 0            | 1                        | 0   | 0                      |
|       | 2010 | 0                        | 1              | 0            | 0            | 0                        | 0   | 1                      |
| NE    | 2008 | 4                        | 2              | 0            | 0            | 1                        | 1   | 4                      |
|       | 2009 | 4                        | 1              | 0            | 0            | 2                        | 1   | 2                      |
|       | 2010 | 2                        | 3              | 0            | 0            | 0                        | 1   | 4                      |
| NV    | 2008 | 0                        | 3              | 0            | 0            | 0                        | 0   | 3                      |
|       | 2009 | 3                        | 0              | 0            | 0            | 0                        | 0   | 3                      |
|       | 2010 | 3                        | 0              | 0            | 0            | 0                        | 2   | 1                      |
| NH    | 2008 | 7                        | 0              | 0            | 0            | 0                        | 3   | 4                      |
|       | 2009 | 4                        | 0              | 0            | 0            | 1                        | 2   | 1                      |
|       | 2010 | 1                        | 0              | 0            | 0            | 0                        | 1   | 0                      |
| NJ    | 2008 | 6                        | 0              | 0            | 0            | 3                        | 1   | 2                      |
|       | 2009 | 2                        | 1              | 0            | 0            | 0                        | 2   | 1                      |
|       | 2010 | 1                        | 1              | 3            | 0            | 0                        | 0   | 4                      |
| NM    | 2008 | 3                        | 2              | 0            | 0            | 0                        | 1   | 4                      |
|       | 2009 | 4                        | 1              | 0            | 0            | 1                        | 1   | 3                      |
|       | 2010 | 3                        | 0              | 0            | 0            | 1                        | 1   | 1                      |
| NY    | 2008 | 6                        | 6              | 0            | 0            | 3                        | 0   | 9                      |
|       | 2009 | 9                        | 2              | 0            | 0            | 2                        | 6   | 3                      |
|       | 2010 | 3                        | 4              | 0            | 0            | 0                        | 2   | 5                      |
| NC    | 2008 | 16                       | 2              | 0            | 0            | 5                        | 8   | 5                      |
|       | 2009 | 5                        | 3              | 0            | 0            | 2                        | 1   | 5                      |
|       | 2010 | 5                        | 1              | 0            | 0            | 2                        | 2   | 2                      |
| ND    | 2008 | 1                        | 0              | 0            | 0            | 1                        | 0   | 0                      |
|       | 2009 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2010 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
| OH    | 2008 | 13                       | 11             | 0            | 0            | 4                        | 5   | 15                     |
|       | 2009 | 15                       | 9              | 0            | 0            | 3                        | 5   | 16                     |
|       | 2010 | 16                       | 6              | 0            | 0            | 5                        | 6   | 11                     |



| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Conversion from Gateway to Standard Franchise | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---|------------------------|
| OK    | 2008 | 11                       | 7              | 0            | 0            | 3                        | 6   | 9                      |
|       | 2009 | 9                        | 4              | 0            | 0            | 3                        | 1   | 9                      |
|       | 2010 | 9                        | 6              | 0            | 0            | 1                        | 4   | 10                     |
| OR    | 2008 | 7                        | 1              | 0            | 0            | 2                        | 3   | 3                      |
|       | 2009 | 3                        | 1              | 0            | 0            | 1                        | 1   | 2                      |
|       | 2010 | 2                        | 2              | 0            | 0            | 0                        | 1   | 1                      |
| PA    | 2008 | 14                       | 9              | 0            | 0            | 4                        | 3   | 16                     |
|       | 2009 | 16                       | 11             | 0            | 0            | 6                        | 3   | 18                     |
|       | 2010 | 18                       | 5              | 0            | 0            | 9                        | 4   | 10                     |
| RI    | 2008 | 1                        | 0              | 0            | 0            | 1                        | 0   | 0                      |
|       | 2009 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2010 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
| SC    | 2008 | 2                        | 2              | 0            | 0            | 0                        | 1   | 3                      |
|       | 2009 | 3                        | 2              | 0            | 0            | 1                        | 1   | 3                      |
|       | 2010 | 3                        | 1              | 0            | 0            | 0                        | 2   | 2                      |
| SD    | 2008 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2009 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2010 | 0                        | 1              | 0            | 0            | 0                        | 0   | 1                      |
| TN    | 2008 | 7                        | 2              | 0            | 0            | 4                        | 0   | 5                      |
|       | 2009 | 5                        | 1              | 0            | 0            | 2                        | 1   | 3                      |
|       | 2010 | 3                        | 4              | 0            | 0            | 0                        | 3   | 4                      |
| TX    | 2008 | 21                       | 7              | 0            | 0            | 8                        | 7   | 13                     |
|       | 2009 | 13                       | 11             | 0            | 0            | 6                        | 5   | 13                     |
|       | 2010 | 13                       | 9              | 0            | 0            | 2                        | 5   | 15                     |
| UT    | 2008 | 2                        | 2              | 0            | 0            | 0                        | 1   | 3                      |
|       | 2009 | 3                        | 3              | 0            | 0            | 1                        | 2   | 3                      |
|       | 2010 | 3                        | 3              | 0            | 0            | 1                        | 1   | 4                      |
| VT    | 2008 | 0                        | 1              | 0            | 0            | 0                        | 0   | 1                      |
|       | 2009 | 1                        | 0              | 0            | 0            | 1                        | 0   | 0                      |
|       | 2010 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
| VA    | 2008 | 10                       | 2              | 0            | 0            | 1                        | 4   | 7                      |
|       | 2009 | 7                        | 6              | 0            | 0            | 1                        | 2   | 10                     |
|       | 2010 | 10                       | 3              | 0            | 0            | 2                        | 5   | 6                      |
| WA    | 2008 | 3                        | 0              | 0            | 0            | 0                        | 1   | 2                      |
|       | 2009 | 2                        | 0              | 0            | 0            | 0                        | 1   | 1                      |
|       | 2010 | 1                        | 1              | 0            | 0            | 1                        | 0   | 1                      |
| WV    | 2008 | 7                        | 3              | 0            | 0            | 2                        | 5   | 3                      |
|       | 2009 | 3                        | 0              | 0            | 0            | 1                        | 2   | 0                      |
|       | 2010 | 0                        | 2              | 0            | 0            | 2                        | 0   | 0                      |
| WI    | 2008 | 9                        | 10             | 0            | 0            | 4                        | 3   | 12                     |
|       | 2009 | 12                       | 5              | 0            | 0            | 3                        | 4   | 10                     |
|       | 2010 | 10                       | 4              | 0            | 0            | 5                        | 2   | 7                      |
| WY    | 2008 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2009 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |
|       | 2010 | 0                        | 0              | 0            | 0            | 0                        | 0   | 0                      |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewals | Reacquired by Franchisor | Conversion from Gateway to Standard Franchise | Outlets at End of Year |
|-------|------|--------------------------|----------------|--------------|--------------|--------------------------|---|------------------------|
| PR    | 2008 | 6                        | 0              | 0            | 0            | 0                        | 0   | 6                      |
|       | 2009 | 6                        | 0              | 0            | 0            | 1                        | 0   | 5                      |
|       | 2010 | 5                        | 0              | 0            | 0            | 2                        | 3   | 0                      |
| TOTAL | 2008 | 268                      | 134            | 0            | 0            | 87                       | 88  | 227                    |
|       | 2009 | 227                      | 131            | 0            | 0            | 72                       | 66  | 220                    |
|       | 2010 | 220                      | 106            | 0            | 0            | 66                       | 79  | 181                    |

**NOTE:** The total Outlets Opened and Outlets at End of Year 2010 in the chart above, excludes 10 Gateway Franchise outlets for which Snap-on entered into a franchise agreement, but the outlets were not operational as of the fiscal year ending January 1, 2011. As of the Effective Date of this disclosure document, these 10 outlets are all in operation.

**NOTES:**

In the table above, certain outlets or franchises changed ownership two or more times during the same fiscal year. Set forth below is a description of those changes:

AL 2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

AR 2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

AZ 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

CA 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

FL 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 2 Gateway Franchise ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

2010 – 2 Gateway Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

GA 2008 – 2 Gateway Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2009 – 2 Gateway Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- IL 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 2 Gateway Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- IN 2010 – 2 Gateway Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- IA 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- LA 2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- KS 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

- KY 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

- ME 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on, re-franchised as a Gateway Franchise in 2008, ceased operations again in 2008, reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

- MI 2009 – 2 Gateway Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.
- 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.
- 2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.
- MN 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.
- 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on re-franchised as a Standard Franchise in 2009, ceased operations again in 2009, reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.
- MS 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.
- 2009 – 3 Gateway Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.
- MO 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.
- 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.
- 2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.
- NE 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.
- 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.
- 2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.
- NH 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.
- NJ 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.
- 2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.
- NY 2008 – 2 Gateway Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.
- 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

- NC 2008 – 2 Gateway Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2010.

- ND 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

- OH 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 3 Gateway Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

2010 – 4 - Gateway Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

- OK 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2008 – 2 Gateway Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

- OR 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

- PA 2008 – 2 Gateway Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2009 – 2 Gateway Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2009.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on, re-franchised as a Gateway in 2009, ceased operations again in 2009 and reacquired by Snap-on.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

2010 – 4 Gateway Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2010.

SC 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

TN 2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchises in 2008.

2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2008.

2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on, re-franchised as a Gateway in 2008, ceased operations again in 2008 and was reacquired by Snap-on in 2008.

TX 2008 – 2 Gateway Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Standard Franchises in 2008.

2008 – 3 Gateway Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2009 – 2 Gateway Franchises ceased operations in 2009, were reacquired by Snap-on and re-franchised as Standard Franchises in 2009.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

VA 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 1 Gateway Franchise ceased operations in 2010, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2010.

VT 2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2009.

WI 2008 – 2 Gateway Franchises ceased operations in 2008, were reacquired by Snap-on and re-franchised as Gateway Franchises in 2008.

2008 – 1 Gateway Franchise ceased operations in 2008, was reacquired by Snap-on and re-franchised as a Standard Franchise in 2008.

2009 – 1 Gateway Franchise ceased operations in 2009, was reacquired by Snap-on and re-franchised as a Gateway Franchise in 2009.

2010 – 3 Gateway Franchises ceased operations in 2010, were reacquired by Snap-on and re-franchised as Standard Franchises in 2010.

The number of Gateway Franchised Outlets reacquired by Snap-on includes outlets where the Gateway Franchise was terminated for cause. Because Snap-on also reacquires these outlets after the Gateway Franchise has been terminated, these outlets are set forth in the “Reacquired by Franchisor” column. Set forth below is a state-by-state listing of the number of Gateway Franchises that were terminated for cause during the last three fiscal years. The balance in the column represents the outlets where the Gateway Franchisee ceased operations and the outlet was reacquired by Snap-on.

FL 2008 – 1 franchise was terminated for cause.

The chart below sets forth, on a state-by-state basis, the status of Company-owned outlets for the last three fiscal years ending January 1, 2011, January 2, 2010 and January 3, 2009.

#### Status of Company-Owned Outlets for Years 2008 – 2010

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of Year |
|-------|------|--------------------------|----------------|-------------------------------------|----------------|-----------------------------|------------------------|
| AL    | 2008 | 2                        | 2              | 8                                   | 7              | 3                           | 2                      |
|       | 2009 | 2                        | 2              | 6                                   | 4              | 2                           | 4                      |
|       | 2010 | 4                        | 0              | 3                                   | 2              | 1                           | 4                      |
| AK    | 2008 | 0                        | 0              | 0                                   | 0              | 0                           | 0                      |
|       | 2009 | 0                        | 0              | 0                                   | 0              | 0                           | 0                      |
|       | 2010 | 0                        | 0              | 2                                   | 0              | 2                           | 0                      |
| AZ    | 2008 | 1                        | 1              | 7                                   | 4              | 4                           | 1                      |
|       | 2009 | 1                        | 2              | 11                                  | 1              | 10                          | 3                      |
|       | 2010 | 3                        | 2              | 8                                   | 3              | 5                           | 5                      |
| AR    | 2008 | 0                        | 0              | 7                                   | 4              | 3                           | 0                      |
|       | 2009 | 0                        | 2              | 6                                   | 3              | 3                           | 2                      |
|       | 2010 | 2                        | 1              | 5                                   | 2              | 3                           | 3                      |
| CA    | 2008 | 2                        | 9              | 36                                  | 24             | 13                          | 10                     |
|       | 2009 | 10                       | 1              | 33                                  | 17             | 17                          | 10                     |
|       | 2010 | 10                       | 4              | 30                                  | 9              | 20                          | 15                     |
| CO    | 2008 | 0                        | 0              | 2                                   | 0              | 2                           | 0                      |
|       | 2009 | 0                        | 0              | 4                                   | 0              | 4                           | 0                      |
|       | 2010 | 0                        | 0              | 4                                   | 1              | 3                           | 0                      |
| CT    | 2008 | 0                        | 1              | 4                                   | 4              | 0                           | 1                      |
|       | 2009 | 1                        | 3              | 2                                   | 2              | 0                           | 4                      |
|       | 2010 | 4                        | 2              | 2                                   | 0              | 3                           | 5                      |
| DE    | 2008 | 0                        | 0              | 1                                   | 1              | 0                           | 0                      |
|       | 2009 | 0                        | 1              | 1                                   | 0              | 1                           | 1                      |
|       | 2010 | 1                        | 0              | 0                                   | 0              | 1                           | 1                      |
| FL    | 2008 | 1                        | 3              | 24                                  | 7              | 18                          | 3                      |
|       | 2009 | 3                        | 6              | 26                                  | 3              | 23                          | 9                      |
|       | 2010 | 9                        | 2              | 19                                  | 4              | 13                          | 13                     |
| GA    | 2008 | 1                        | 2              | 8                                   | 5              | 4                           | 2                      |
|       | 2009 | 2                        | 4              | 15                                  | 1              | 14                          | 6                      |
|       | 2010 | 6                        | 0              | 12                                  | 1              | 11                          | 6                      |
| HI    | 2008 | 0                        | 0              | 1                                   | 1              | 0                           | 0                      |
|       | 2009 | 0                        | 0              | 0                                   | 0              | 0                           | 0                      |
|       | 2010 | 0                        | 0              | 1                                   | 0              | 1                           | 0                      |

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of Year |
|-------|------|--------------------------|----------------|-------------------------------------|----------------|-----------------------------|------------------------|
| ID    | 2008 | 0                        | 0              | 1                                   | 1              | 0                           | 0                      |
|       | 2009 | 0                        | 1              | 3                                   | 1              | 2                           | 1                      |
|       | 2010 | 1                        | 0              | 5                                   | 0              | 5                           | 1                      |
| IL    | 2008 | 2                        | 3              | 11                                  | 0              | 11                          | 5                      |
|       | 2009 | 5                        | 6              | 13                                  | 5              | 10                          | 9                      |
|       | 2010 | 9                        | 3              | 11                                  | 3              | 9                           | 11                     |
| IN    | 2008 | 3                        | 2              | 11                                  | 11             | 3                           | 2                      |
|       | 2009 | 2                        | 1              | 5                                   | 3              | 2                           | 3                      |
|       | 2010 | 3                        | 1              | 9                                   | 4              | 7                           | 2                      |
| IA    | 2008 | 0                        | 2              | 4                                   | 3              | 1                           | 2                      |
|       | 2009 | 2                        | 0              | 3                                   | 1              | 2                           | 2                      |
|       | 2010 | 2                        | 0              | 7                                   | 0              | 7                           | 2                      |
| KS    | 2008 | 0                        | 1              | 2                                   | 1              | 1                           | 1                      |
|       | 2009 | 1                        | 1              | 3                                   | 1              | 2                           | 2                      |
|       | 2010 | 2                        | 0              | 3                                   | 2              | 2                           | 1                      |
| KY    | 2008 | 1                        | 0              | 4                                   | 4              | 1                           | 0                      |
|       | 2009 | 0                        | 0              | 5                                   | 3              | 2                           | 0                      |
|       | 2010 | 0                        | 0              | 0                                   | 0              | 0                           | 0                      |
| LA    | 2008 | 0                        | 2              | 5                                   | 2              | 3                           | 2                      |
|       | 2009 | 2                        | 1              | 4                                   | 3              | 1                           | 3                      |
|       | 2010 | 3                        | 1              | 6                                   | 2              | 4                           | 4                      |
| ME    | 2008 | 1                        | 0              | 4                                   | 2              | 3                           | 0                      |
|       | 2009 | 0                        | 0              | 1                                   | 1              | 0                           | 0                      |
|       | 2010 | 0                        | 0              | 2                                   | 0              | 2                           | 0                      |
| MD    | 2008 | 0                        | 2              | 11                                  | 6              | 5                           | 2                      |
|       | 2009 | 2                        | 3              | 12                                  | 6              | 7                           | 4                      |
|       | 2010 | 4                        | 0              | 2                                   | 2              | 1                           | 3                      |
| MA    | 2008 | 0                        | 5              | 10                                  | 10             | 0                           | 5                      |
|       | 2009 | 5                        | 3              | 6                                   | 3              | 4                           | 7                      |
|       | 2010 | 7                        | 2              | 7                                   | 1              | 6                           | 9                      |
| MI    | 2008 | 1                        | 3              | 15                                  | 8              | 6                           | 5                      |
|       | 2009 | 5                        | 4              | 9                                   | 5              | 6                           | 7                      |
|       | 2010 | 7                        | 4              | 18                                  | 5              | 15                          | 9                      |
| MN    | 2008 | 2                        | 1              | 5                                   | 6              | 1                           | 1                      |
|       | 2009 | 1                        | 2              | 5                                   | 2              | 3                           | 3                      |
|       | 2010 | 3                        | 2              | 5                                   | 2              | 4                           | 4                      |
| MS    | 2008 | 1                        | 2              | 1                                   | 3              | 0                           | 1                      |
|       | 2009 | 1                        | 0              | 6                                   | 2              | 4                           | 1                      |
|       | 2010 | 1                        | 0              | 3                                   | 1              | 2                           | 1                      |
| MO    | 2008 | 0                        | 6              | 11                                  | 5              | 6                           | 6                      |
|       | 2009 | 6                        | 1              | 8                                   | 5              | 3                           | 7                      |
|       | 2010 | 7                        | 2              | 9                                   | 4              | 4                           | 10                     |
| MT    | 2008 | 0                        | 1              | 0                                   | 1              | 0                           | 0                      |
|       | 2009 | 0                        | 1              | 4                                   | 2              | 2                           | 1                      |
|       | 2010 | 1                        | 0              | 2                                   | 1              | 1                           | 1                      |
| NE    | 2008 | 1                        | 0              | 3                                   | 3              | 1                           | 0                      |
|       | 2009 | 0                        | 0              | 5                                   | 2              | 3                           | 0                      |
|       | 2010 | 0                        | 1              | 3                                   | 0              | 3                           | 1                      |
| NV    | 2008 | 0                        | 0              | 3                                   | 1              | 2                           | 0                      |
|       | 2009 | 0                        | 0              | 1                                   | 1              | 0                           | 0                      |
|       | 2010 | 0                        | 0              | 2                                   | 0              | 2                           | 0                      |



| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of Year |
|-------|------|--------------------------|----------------|-------------------------------------|----------------|-----------------------------|------------------------|
| NH    | 2008 | 0                        | 0              | 1                                   | 0              | 1                           | 0                      |
|       | 2009 | 0                        | 0              | 3                                   | 0              | 3                           | 1                      |
|       | 2010 | 1                        | 0              | 3                                   | 0              | 3                           | 1                      |
| NJ    | 2008 | 0                        | 3              | 9                                   | 3              | 6                           | 3                      |
|       | 2009 | 3                        | 0              | 9                                   | 2              | 7                           | 3                      |
|       | 2010 | 3                        | 1              | 9                                   | 1              | 8                           | 4                      |
| NM    | 2008 | 0                        | 3              | 1                                   | 1              | 0                           | 3                      |
|       | 2009 | 3                        | 1              | 2                                   | 2              | 0                           | 4                      |
|       | 2010 | 4                        | 1              | 3                                   | 0              | 3                           | 5                      |
| NY    | 2008 | 0                        | 3              | 11                                  | 9              | 2                           | 3                      |
|       | 2009 | 3                        | 5              | 19                                  | 5              | 14                          | 8                      |
|       | 2010 | 8                        | 3              | 19                                  | 4              | 16                          | 10                     |
| NC    | 2008 | 4                        | 2              | 13                                  | 14             | 3                           | 2                      |
|       | 2009 | 2                        | 3              | 5                                   | 3              | 3                           | 4                      |
|       | 2010 | 4                        | 2              | 6                                   | 2              | 5                           | 5                      |
| ND    | 2008 | 0                        | 0              | 3                                   | 1              | 2                           | 0                      |
|       | 2009 | 0                        | 0              | 0                                   | 0              | 0                           | 0                      |
|       | 2010 | 0                        | 0              | 1                                   | 0              | 1                           | 0                      |
| OH    | 2008 | 2                        | 6              | 13                                  | 12             | 2                           | 7                      |
|       | 2009 | 7                        | 3              | 10                                  | 5              | 5                           | 10                     |
|       | 2010 | 10                       | 1              | 13                                  | 3              | 12                          | 9                      |
| OK    | 2008 | 0                        | 1              | 7                                   | 3              | 4                           | 1                      |
|       | 2009 | 1                        | 0              | 5                                   | 0              | 5                           | 1                      |
|       | 2010 | 1                        | 0              | 5                                   | 0              | 5                           | 1                      |
| OR    | 2008 | 1                        | 2              | 4                                   | 4              | 1                           | 2                      |
|       | 2009 | 2                        | 1              | 6                                   | 4              | 1                           | 4                      |
|       | 2010 | 4                        | 0              | 3                                   | 2              | 2                           | 3                      |
| PA    | 2008 | 3                        | 3              | 22                                  | 16             | 7                           | 5                      |
|       | 2009 | 5                        | 8              | 23                                  | 5              | 18                          | 13                     |
|       | 2010 | 13                       | 4              | 26                                  | 12             | 15                          | 16                     |
| RI    | 2008 | 0                        | 0              | 4                                   | 2              | 2                           | 0                      |
|       | 2009 | 0                        | 1              | 0                                   | 0              | 0                           | 1                      |
|       | 2010 | 1                        | 0              | 0                                   | 0              | 0                           | 1                      |
| SC    | 2008 | 0                        | 0              | 5                                   | 2              | 3                           | 0                      |
|       | 2009 | 0                        | 1              | 7                                   | 3              | 4                           | 1                      |
|       | 2010 | 1                        | 0              | 5                                   | 0              | 5                           | 1                      |
| SD    | 2008 | 0                        | 0              | 1                                   | 1              | 0                           | 0                      |
|       | 2009 | 0                        | 0              | 1                                   | 1              | 0                           | 0                      |
|       | 2010 | 0                        | 0              | 2                                   | 1              | 1                           | 0                      |
| TN    | 2008 | 0                        | 2              | 15                                  | 8              | 7                           | 2                      |
|       | 2009 | 2                        | 4              | 9                                   | 7              | 2                           | 6                      |
|       | 2010 | 6                        | 3              | 4                                   | 5              | 2                           | 6                      |
| TX    | 2008 | 2                        | 5              | 23                                  | 15             | 11                          | 4                      |
|       | 2009 | 4                        | 3              | 19                                  | 12             | 9                           | 5                      |
|       | 2010 | 5                        | 0              | 18                                  | 6              | 14                          | 3                      |
| UT    | 2008 | 0                        | 0              | 2                                   | 1              | 0                           | 1                      |
|       | 2009 | 1                        | 1              | 2                                   | 0              | 2                           | 2                      |
|       | 2010 | 2                        | 0              | 5                                   | 0              | 5                           | 2                      |
| VT    | 2008 | 0                        | 1              | 0                                   | 1              | 0                           | 0                      |
|       | 2009 | 0                        | 2              | 2                                   | 0              | 2                           | 2                      |
|       | 2010 | 2                        | 0              | 1                                   | 0              | 3                           | 0                      |

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of Year |
|-------|------|--------------------------|----------------|-------------------------------------|----------------|-----------------------------|------------------------|
| VA    | 2008 | 5                        | 0              | 9                                   | 11             | 1                           | 2                      |
|       | 2009 | 2                        | 0              | 14                                  | 5              | 9                           | 2                      |
|       | 2010 | 2                        | 0              | 13                                  | 3              | 7                           | 5                      |
| WA    | 2008 | 0                        | 0              | 7                                   | 3              | 4                           | 0                      |
|       | 2009 | 0                        | 1              | 6                                   | 2              | 4                           | 1                      |
|       | 2010 | 1                        | 1              | 8                                   | 4              | 4                           | 2                      |
| WV    | 2008 | 5                        | 0              | 3                                   | 6              | 1                           | 1                      |
|       | 2009 | 1                        | 0              | 1                                   | 2              | 0                           | 0                      |
|       | 2010 | 0                        | 2              | 6                                   | 2              | 4                           | 2                      |
| WI    | 2008 | 2                        | 5              | 13                                  | 14             | 1                           | 5                      |
|       | 2009 | 5                        | 3              | 10                                  | 4              | 6                           | 8                      |
|       | 2010 | 8                        | 1              | 8                                   | 3              | 6                           | 8                      |
| WY    | 2008 | 0                        | 0              | 0                                   | 0              | 0                           | 0                      |
|       | 2009 | 0                        | 0              | 1                                   | 0              | 1                           | 0                      |
|       | 2010 | 0                        | 0              | 1                                   | 0              | 1                           | 0                      |
| DC    | 2008 | 0                        | 1              | 0                                   | 0              | 0                           | 1                      |
|       | 2009 | 1                        | 0              | 0                                   | 1              | 0                           | 0                      |
|       | 2010 | 0                        | 1              | 0                                   | 0              | 0                           | 1                      |
| PR    | 2008 | 0                        | 0              | 0                                   | 0              | 0                           | 0                      |
|       | 2009 | 0                        | 0              | 1                                   | 0              | 1                           | 0                      |
|       | 2010 | 0                        | 0              | 3                                   | 0              | 3                           | 0                      |
| TOTAL | 2008 | 43                       | 85             | 365                                 | 251            | 149                         | 93                     |
|       | 2009 | 93                       | 83             | 352                                 | 140            | 223                         | 165                    |
|       | 2010 | 165                      | 47             | 343                                 | 96             | 263                         | 196                    |

**NOTES:**

The totals in the “Outlets Reacquired from Franchisees” and “Outlets Sold to Franchisees” do not include the outlets which were converted from a Gateway Franchise to a Standard Franchise.

The “Outlets Closed” column includes company-owned outlets that ceased being operated by an employee. It also includes situations where the outlet or List of Calls has been dissolved and the “outlet” no longer exists as it had in prior years. The “Outlet Closed” column also includes the outlets or routes which are vacant at the end of the fiscal year and not being serviced by a company-owned representative or a franchisee.

The “Outlets at End of Year” column includes 3 Sales Representatives.

The chart below sets, on a state-by-state basis, the projected opening of outlets to be opened during the 2011 fiscal year.

**Projected New Franchised Outlets during the 2011 Fiscal Year**

| State | Franchise Agreements Signed but Outlet not Opened | Projected New Franchised Outlet in the Next Fiscal Year | Projected New Gateway Outlets in Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|-------|---|---|---|---|
| AL    | 0   | 3   | 1   | 0   |
| AK    | 0   | 2   | 0   | 0   |
| AZ    | 1   | 8   | 4   | 0   |
| AR    | 0   | 5   | 2   | 0   |

| State | Franchise Agreements Signed but Outlet not Opened | Projected New Franchised Outlet in the Next Fiscal Year | Projected New Gateway Outlets in Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|-------|---|---|---|---|
| CA    | 5   | 21  | 6   | 1   |
| CO    | 1   | 3   | 1   | 0   |
| CT    | 0   | 1   | 0   | 0   |
| DE    | 0   | 1   | 0   | 0   |
| FL    | 4   | 17  | 2   | 1   |
| GA    | 0   | 13  | 1   | 0   |
| HI    | 1   | 3   | 0   | 0   |
| ID    | 0   | 4   | 2   | 0   |
| IL    | 2   | 12  | 3   | 0   |
| IN    | 1   | 8   | 3   | 0   |
| IA    | 0   | 5   | 1   | 0   |
| KS    | 1   | 6   | 3   | 0   |
| KY    | 1   | 5   | 1   | 0   |
| LA    | 0   | 9   | 2   | 0   |
| ME    | 0   | 6   | 0   | 0   |
| MD    | 1   | 6   | 1   | 1   |
| MA    | 1   | 8   | 1   | 0   |
| MI    | 3   | 11  | 7   | 2   |
| MN    | 0   | 5   | 3   | 0   |
| MS    | 0   | 2   | 1   | 0   |
| MO    | 2   | 7   | 4   | 0   |
| MT    | 0   | 2   | 2   | 0   |
| NE    | 0   | 4   | 2   | 0   |
| NV    | 0   | 3   | 1   | 0   |
| NH    | 0   | 5   | 0   | 0   |
| NJ    | 0   | 18  | 2   | 1   |
| NM    | 0   | 2   | 2   | 1   |
| NY    | 1   | 14  | 2   | 1   |
| NC    | 1   | 13  | 1   | 0   |
| ND    | 0   | 1   | 1   | 0   |
| OH    | 0   | 13  | 3   | 0   |
| OK    | 0   | 6   | 3   | 0   |
| OR    | 0   | 6   | 1   | 0   |
| PA    | 1   | 21  | 4   | 2   |
| RI    | 0   | 4   | 1   | 0   |
| SC    | 0   | 7   | 1   | 0   |
| SD    | 0   | 2   | 1   | 0   |
| TN    | 1   | 7   | 2   | 1   |
| TX    | 1   | 18  | 5   | 1   |
| UT    | 1   | 5   | 3   | 0   |
| VT    | 0   | 4   | 0   | 0   |
| VA    | 1   | 6   | 1   | 1   |
| WA    | 0   | 4   | 2   | 1   |
| WV    | 2   | 3   | 1   | 0   |
| WI    | 2   | 3   | 1   | 0   |
| WY    | 0   | 2   | 1   | 0   |

| State        | Franchise Agreements Signed but Outlet not Opened | Projected New Franchised Outlet in the Next Fiscal Year | Projected New Gateway Outlets in Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|--------------|---|---|---|---|
| PR           | 0   | 3   | 0   | 0   |
| <b>TOTAL</b> | 35  | 352   | 92  | 13  |

**NOTE:** Of the 35 Franchise Agreements Signed but Outlet not Opened as of fiscal year ending January 1, 2011, in the table above, 33 are in operation as of the Effective Date of this disclosure document.

A list of the names of all current franchisees as of January 1, 2011, along with their addresses and telephone numbers are listed as Appendix E to this disclosure document.

Attached as Appendix F is a list of the names, city and state, and last known home telephone number of franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the fiscal year ended January 1, 2011, or who has not communicated with Snap-on within 10 weeks of the date of this disclosure document. It includes 332 former franchisees or Independents who are no longer in the system. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign agreements with provisions restricting their ability to speak openly about their experience with Snap-on. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We created a National Franchisee Advisory Council ("NFAC"), which currently consists of 9 franchisees elected by their peers and 3 members that we appoint. It meets with management at least two times a year and brings to management's attention issues raised by franchisees. Information about the NFAC or their members can be obtained from David Wells, Lead Ombudsman, at 2801 80<sup>th</sup> Street, Kenosha, Wisconsin, 53143.

## ITEM 21 FINANCIAL STATEMENTS

Attached as Appendix G to this disclosure document are Snap-on Incorporated's audited consolidated financial statements, including comparative balance sheets as of January 1, 2011 and January 2, 2010, and statements of earnings, stockholders equity and cash flows for the years ended January 1, 2011, January 2, 2010 and January 3, 2009. Snap-on Incorporated absolutely and unconditionally guarantees to assume the duties and obligations of Snap-on to those franchisees who purchase franchises from Snap-on prior to the expiration of this disclosure document. A copy of the guarantee of Snap-on Incorporated is also attached as Appendix H.

## ITEM 22 CONTRACTS

The following agreements are attached as Appendix I to this disclosure document:

- I.1.A Standard Franchise Agreement
- I.1.B Gateway Franchise Agreement

- I.1.C Owner's Guaranty of Franchisee's Obligations
- I.1.D.1 Addendum to Snap-on Tools Standard Franchise Agreement (Renewal Franchise)
- I.1.D.2 Addendum to Snap-on Tools Standard Franchise Agreement (Transfer Franchise)
- I.1.D.3 Addendum to Snap-on Tools Standard Franchise Agreement (Gateway Franchisee Becoming a Standard Franchisee)
- I.1.D.4 Addendum to Snap-on Tools Standard Franchise Agreement (Expansion Franchise)
- I.1.D.5 Addendum to Snap-on Tools Standard Franchise Agreement (Veterans Discount)
- I.1.D.6 Addendum to Snap-on Tools Standard Franchise Agreement (Additional Van Conversion to Standard Franchise)
- I.1.E Agreement to Purchase New Products
  
- I.2 Franchisee Servicing Agreement
  
- I.3 Loan and Security Agreement
- I.3.A Continuing Unconditional Guarantee
  
- I.4 Promissory Note
- I.4.A Promissory Note
  
- I.5.A DSS OnLine Limited Software License and Maintenance Agreement
- I.5.B MFS OnLine Limited Software License and Maintenance Agreement
- I.5.C Snap-on Tools Software License and Support Agreement
  
- I.6.A RA Financing Agreement (Standard Franchise)
- I.6.B RA Financing Agreement (Gateway Franchise)
- I.6.C RA Loan Addendum to Loan and Security Agreement
- I.6.D RA Loan Promissory Note
  
- I.7 Vehicle Lease Agreement, Amendment to Vehicle Lease Agreement, Continuing Unconditional Guarantee, Acceptance Certificate and Van Maintenance Agreement
  
- I.8 Snap-on Credit Automated Payment Plan
  
- I.9 Franchisee Web Page Participation Agreement
  
- I.10 Acknowledgement Regarding List of Calls
  
- I.11.A Release (Expansion)
- I.11.B Release (Renewal)
- I.11.C Consent to Transfer Agreement
- I.11.D Cancellation of Gateway Franchise Agreement and Release

ITEM 23  
RECEIPT

The last two pages of this disclosure document are detachable documents acknowledging your receipt of the disclosure document. Keep one copy of this receipt and return the other, fully executed, to us.

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in California**

1. Except as set forth in Appendices A and B, neither Snap-on nor any of the persons identified in Item 2 of the 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, suspending or expelling such persons from membership in such association or exchange.

2. The following sentence is added at the end of Item 6:

Snap-on cannot ascertain the amount of the Credit and Lease Program and Open Account Payments, Indemnification or Administrative Handling Charge as each of these fees will vary from franchisee to franchisee and will depend on your particular circumstances.

3. The following paragraphs are added at the end of Item 17 of the disclosure document pursuant to regulations under the California Franchise Investment Law:

Transfer upon Death. The California Franchise Agreement provides for transfer upon death (See the Addendum to Standard Franchise Agreement for Use in California or the Addendum to Gateway Franchise Agreement for Use in California).

California Law Regarding Termination and Non-Renewal. California Business and Professions Code, sections 20000 through 20043, provide rights to franchisees concerning termination of the franchise. If the Franchise Agreement contains a provision that is inconsistent with this law, the law will control.

Termination upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (Title 11, United States Code, section 101 and following sections).

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which franchisee was assigned prior to the dispute; provided, however, if such office is outside the state in which the franchisee resides, franchisee may cause the arbitration to be held within franchisee's state of residence at a place mutually convenient to the parties and the arbitrator. The arbitration shall proceed before a single arbitrator. The arbitrator shall be chosen by the striking method from a panel of neutral arbitrators provided by the American Arbitration Association. If the amount claimed by the party filing for arbitration both in the original demand for arbitration and in any amendment is less than Seventy-five Thousand Dollars (\$75,000.00), Snap-on shall pay the fees and expenses of the arbitrator and shall also pay the filing fees and costs charged by the American Arbitration Association up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500.00). Any amount in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) will be split equally by the parties. If the amount of the claim filed either in the original demand for arbitration or by amendment is for Seventy-five Thousand Dollars (\$75,000.00) or more, the parties agree to split equally the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association.

This provision may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the state in which the Snap-on Regional Sales Office is located to which franchisee was assigned at the time the Franchise Agreement was executed, except to the extent that the Federal Arbitration Act shall apply. This provision may not be enforceable under California law.

Post-Term Noncompetition Covenant. The Franchise Agreement contains a post-term covenant not to compete. This provision may not be enforceable under California law.

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in Hawaii**

The State of Hawaii requires that the following statement be added to the Cover Page of the disclosure document:

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

The State of Hawaii also requires that the following additional information be provided with respect to Item 17 of the Franchise disclosure document:

1. Under the Hawaii Franchise Investment Law, the conditions under which Snap-on may repurchase inventory cannot be conditioned upon signing a termination agreement (see the Addendum to Standard Franchise Agreement for Use in Hawaii or the Addendum to Gateway Franchise Agreement for Use in Hawaii).

The following paragraphs are added at the end of Item 20 of this disclosure document pursuant to regulation promulgated under the Hawaii Franchise Investment Law:

The following list reflects the status of the franchise registrations of Snap-on in the states which require registration:

a. The states in which this proposed registration is effective: California (exempt), Florida (exempt), Hawaii, Illinois (exempt), Indiana (exempt), Maine, Maryland (exempt), Michigan, Minnesota, Nebraska (exempt), New York (exempt), North Carolina, North Dakota (exempt), Rhode Island (exempt), South Dakota, Utah (exempt), Virginia (exempt), Washington and Wisconsin (exempt).



- b. The states in which this proposed registration is or will be shortly on file: None.
- c. The states, if any, which have refused, by order or otherwise, to register these franchises: None.
- d. The states, if any, which have revoked or suspended the right to offer these franchises: None.
- e. The states, if any, in which the proposed registration of these franchises has been withdrawn: None.

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in Illinois**

The State of Illinois requires that the following additional information be provided with respect to Item 17 of the disclosure document:

1. The conditions under which a franchisee can be terminated may be affected by Illinois law, 815 ILCS 705/19 and 705/20.
2. Any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of the State.
3. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act (the "Act") or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in Indiana**

The State of Indiana requires that the following additional information be provided with respect to Item 17 of the disclosure document:

1. The Indiana Franchise Agreement provides for certain rights of the surviving spouse, heirs or the estate of the franchisee upon the death or incapacity of franchisee (See the Addendum to Standard Franchise Agreement for Use in Indiana or the Addendum to Gateway Franchise Agreement for Use in Indiana).

2. The Indiana Deceptive Franchise Practices Act provides that your Franchise Agreement cannot contain a provision requiring you to prospectively assent to a release which purports to release any person from any claims under the Indiana Franchise Disclosure Law and the Indiana Deceptive Practices Act. Any provision in your Franchise Agreement that is inconsistent with this provision will be unenforceable.

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in Maine**

The following additional information is required to be disclosed by Maine law:

1. As required by Maine law, Snap-on has secured a bond in the amount of \$30,000 issued by Travelers Casualty and Surety Company of America, 445 South Moorland Road, Brookfield, WI 53005. Before signing a contract to purchase a business opportunity, you should check with the surety company to determine the current status of the bond.
2. Pursuant to Maine law, you have the right to avoid the contract for purchase of this business opportunity within 3 business days following the signing of the contract. You should obtain and study a copy of the law regulating the sale of business opportunities before you attempt to avoid the contract. This law is found in the Maine Revised Statutes, Title 32, section 4698.

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in Minnesota**

1. The Minnesota Department of Commerce requires that, unless the RA Deposit has been financed by Snap-on, the balance remaining, if any, of the RA Deposit is to be refunded six months from the effective date of the Standard Franchise Agreement or, if applicable, from the effective date of the RA Loan Promissory Note for Standard Franchisees participating in the RA Financing Program. The Minnesota Department of Commerce also requires that the refund, if any, not be offset against obligations of Standard Franchisee to Snap-on and that it be refunded promptly (See Item 7, note 7, Standard Franchise-Initial Investment, for a discussion concerning the RA Deposit).

2. The second paragraph in Item 13 of the disclosure document is amended to add the following language as the last sentence:

However, Snap-on will indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that your use of Snap-on's trademarks infringes trademark rights of the third party; provided that you give notice to Snap-on of any such claim within 10 days and you tender to Snap-on defense of the claim and management of the defense, including the right to compromise, settle, or otherwise resolve the claims and to decide whether to appeal any determination involving the claim.

3. Snap-on will comply with Minnesota Statutes section 80C.14, subdivisions 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) (See Item 17 of the disclosure document, the Addendum to the Standard Franchise Agreement for Use in Minnesota or the Addendum to the Gateway Franchise Agreement for Use in Minnesota).

4. The State of Minnesota requires that the Cover Page and Item 17 of the disclosure document be amended to include the following language as it concerns governing law, jurisdiction and venue, and choice of forum:

“Pursuant to Minn. Stat. 80C.21 and Minn. Rule 2860.4400J, this section shall not in any way abrogate or reduce any rights of the Standard Franchisee or Gateway Franchisee as provided for in Minnesota Statutes, Chapter 80C.”

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in North Carolina**

The following additional information is required to be disclosed by North Carolina law:

1. As required by North Carolina law, Snap-on has secured a bond issued by Travelers Casualty and Surety Company of America, 445 South Moorland Road, Brookfield, WI, 53005, a surety company authorized to do business in this State. Before signing a contract to purchase this business opportunity, you should check with the surety company to determine the bond's current status.
2. If Snap-on fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify Snap-on in writing and demand that the contract be canceled.

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in North Dakota**

The State of North Dakota requires that the following additional information be provided with respect to Item 17 of the disclosure document:

1. The North Dakota Securities Commissioner mandates that North Dakota franchisees may not be required to consent to the jurisdiction of courts outside of North Dakota (See Addendum to Standard Franchise Agreement for Use in North Dakota or the Addendum to Gateway Franchise Agreement for Use in North Dakota).
2. The North Dakota Securities Commissioner mandates that a North Dakota franchise agreement be governed by the laws of North Dakota (See Addendum to Standard Franchise Agreement for Use in North Dakota or Addendum to Gateway Franchise Agreement for Use in North Dakota).

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in Rhode Island**

1. The State of Rhode Island requires that Item 17 of the disclosure document be amended to include the following language as it concerns governing law, jurisdiction and venue, and choice of forum:

“Sec. 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 this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”



**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in South Dakota**

1. Item 6, note 3, Standard Franchise – Other Fees, of the Franchise Disclosure Document is amended to include the following sentence:

“Snap-on may, in its sole business judgment, increase the Computer Software Maintenance Fee once each calendar year by no more than 50% of the then-current Computer Software Maintenance Fee. Snap-on will provide you with 30 days written notice of any increase in this fee. Snap-on does not intend to increase the Computer Software Maintenance Fee through March 2011.” Gateway Franchisees are not required to pay the Computer Software Maintenance Fee.

2. The following information is provided with respect to Item 17 of the disclosure document for the State of South Dakota:

- a. The South Dakota Division of Securities mandates that arbitrations occur at a place mutually agreed by the parties, that South Dakota franchisees may not be required to consent to the jurisdiction of courts outside of South Dakota, and that certain aspects of a South Dakota franchise agreement be governed by the laws of South Dakota.
- b. The South Dakota Division of Securities prohibits the waiver of punitive or exemplary damages.
- c. The South Dakota Division of Securities prohibits a clause which requires you to waive judicial review of a violation of Chapter 37-5A SDCL or any rule or order under that Chapter.

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in Virginia**

The State of Virginia requires that the following additional information be provided with respect to Item 17 of the disclosure document:

“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.”

**Addendum to the  
Snap-on Tools Company LLC  
Franchise Disclosure Document  
For Use in Washington**

The State of Washington requires that the following additional information be provided with respect to Item 17 of the disclosure document:

1. If any of the provisions in the franchise disclosure document or franchise agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Act will prevail over the inconsistent provisions of the franchise disclosure document and franchise agreement with regard to any franchise sold in Washington.
2. 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.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
4. The Washington Franchise Investment Protection Act, Chapter 19.100.220.(2) RCW provides as follows:

“(2) Any agreement, condition, stipulation or provision, including a choice of law provision, purporting to bind any person to waive compliance with any provision of this chapter or any rule or order hereunder is void. A release or waiver executed by any person pursuant to a negotiated settlement in connection with a bona fide dispute between a franchisee and a franchisor, arising after their franchise agreement has taken effect, in which the person given the release or waiver is represented by independent legal counsel, is not an agreement prohibited by this subsection.”
5. 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 trial may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. The Washington Franchise Agreement provides for transfer of your franchise upon death (See the Addendum to the Standard Franchise Agreement for Use in Washington or the Addendum to Gateway Franchise Agreement for Use in Washington).

# APPENDIX A

## PENDING LITIGATION AND LITIGATION FILED BY SNAP-ON AGAINST FRANCHISEES IN FISCAL YEAR ENDING JANUARY 1, 2011

### PENDING LITIGATION.

The following actions have been filed against Snap-on's affiliate, Snap-on Tools of Canada, Ltd. ("Snap-on Canada"):

Snap-on Tools of Canada Ltd. and Snap-on Credit Canada Ltd v. Zoltan Farkas. This case was filed in the Court of Queen's Bench of Alberta Judicial District of Calgary (Action No. 0501-12509) on August 25, 2005, by Snap-on Canada and Snap-on Credit Canada Ltd. as a collection action requesting judgment in the amount of \$53,635.06, interest and attorney fees against a former franchisee, Zoltan Farkas. Farkas denied the allegations and filed a counterclaim alleging that Snap-on Canada materially and unilaterally reduced his List of Calls constituting a breach of the franchise agreement and requesting damages of \$373,217.49, interest and costs. Discovery is proceeding but no trial date has been set.

Snap-on Tools of Canada Ltd. and Snap-on Credit Canada Ltd. v. Kevin Tyson. This case was filed in the Court of Queen's Bench of Alberta Judicial District of Calgary (Action No. 0501-14510) on October 6, 2005, by Snap-on Canada and Snap-on Credit Canada Ltd. as a collection action requesting judgment in the amount of \$95,793.69, interest and costs against a former franchisee, Kevin Tyson. Tyson denied the allegations and filed a counterclaim alleging breach of the franchise agreement and wrongful termination of the franchise agreement and seeking damages of \$156,000, interest and costs. Discovery is proceeding but no trial date has been set.

Steve Johnstone Holdings Ltd. and Steve Johnstone v. Snap-on Tools of Canada Ltd. This case was filed in Court of Queen's Bench of Alberta Judicial District of Red Deer in March 2006 (Action No. 0610-00239), alleging misrepresentation, breach of the franchise agreement, forced purchasing and breach of fiduciary duty. Plaintiffs claim damages of \$250,000 plus \$20,000 in punitive damages, pre and post judgment interest and costs and attorney fees. Snap-on Tools of Canada Ltd. ("Snap-on Canada") denied the allegations in the complaint and counterclaimed for \$56,000 for unpaid balance of the initial loan and unpaid account balance. Discovery is proceeding, but no trial date has been set.

Except for the actions against Snap-on Canada, no other action is required to be disclosed.

### LITIGATION FILED BY SNAP-ON AGAINST FRANCHISEES IN FISCAL YEAR ENDING JANUARY 1, 2011.

Collection Actions:

Snap-on Tools Company LLC and Snap-on Credit LLC v. Joseph Benedetto, Jr. This action was filed with the American Arbitration Association in Orlando, Florida, on March 15, 2010, as case No. 331140014410.

Snap-on Tools Company LLC and Snap-on Credit LLC v. Raymond "Bud" Kulek and Does I-XX Inclusive. This action was filed in the Superior Court of California, County of Riverside on March 30, 2010, as case No. RIC10005794.

Snap-on Tools Company LLC and Snap-on Credit LLC v. Jeffrey T. Patterson and Does I-XX Inclusive. This action was filed in the Superior Court of California, County of San Bernardino on April 14, 2010, as case No. CIVVS1002494.

# APPENDIX B

## CONCLUDED LITIGATION

During the ten (10) year period immediately preceding the date of this disclosure document, Snap-on Tools Company LLC, Snap-on Incorporated, or a predecessor in name (references to Snap-on in this Appendix B mean Snap-on Tools Company LLC, Snap-on Incorporated, or a predecessor in name) and, where indicated, persons identified in Item II have been the subject of the following concluded civil actions. Some of the following claims were alleged in these civil actions: A violation of a franchise, antitrust or securities law; fraud; unfair or deceptive practices; or comparable allegations. Any additional claims that were alleged in these civil actions are included in the description of each action. Unless otherwise indicated, each plaintiff was a franchisee or non franchised dealer prior to, or at, the time the action was filed, or the spouse of a current or former franchisee or non franchised dealer at the time the action was filed. Cases have either settled or had a judgment awarded or confirmed. Snap-on paid the amount described in each case summary and the parties relinquished all claims against one another.

### I. THE FOLLOWING ACTIONS WERE BROUGHT BY FRANCHISEES.

Mike Barnes v. Snap-on Incorporated (OR). Demand for arbitration was filed by Mike Barnes June 24, 2006, seeking monetary damages of \$500,000.00, attorney's fees, arbitration costs and punitive and/or exemplary damages. Additional allegations included failure to provide adequate training; failure to provide field manager support; failure to provide technical support for sale of equipment; failure to provide adequate territory and misrepresentation of profitability of business and expenses of business. Snap-on agreed on January 30, 2007, to pay Barnes \$87,500.00, and the parties exchanged mutual general releases.

Tim Barnes v. Snap-on Incorporated (OR). Demand for arbitration filed by Tim Barnes on June 24, 2006, seeking monetary damages of \$250,000.00. Snap-on agreed on January 31, 2007, to pay Barnes \$75,000.00, and the parties exchanged mutual general releases.

George Brenski v. Snap-on (IL). Demand for arbitration filed by George Brenski on August 14, 2003, seeking \$250,000.00. Additional allegations included failing to provide adequate field manager support and breach of contract. Snap-on filed a counterclaim on April 12, 2004, and an amended counterclaim on April 26, 2004. An award was granted on June 28, 2004, in favor of Brenski for \$80,000.00 plus fees and expenses.

Luis Canaveral v. Snap-on Incorporated (FL). Demand for arbitration filed by Luis Canaveral on June 26, 2006, seeking monetary damages of \$250,000.00. Additional allegations include breach of contract and breach of implied covenant of good faith and fair dealing. This matter was dismissed with prejudice and a confidential settlement agreement entered into in May, 2007 pursuant to which Snap-on paid Mr. Canaveral \$82,500.00.

Darin Canetti v. Snap-on Tools Company LLC, Snap-on Credit LLC, Bart Wignall, Michael Montemurro, Nicholas Loffredo and David Pence (NJ). Demand for arbitration filed by Darin Canetti in December 2004, seeking monetary damages of \$1,000,000.00, attorney's fees, and injunctive relief. Allegations included misrepresentation, fraud, breach of contract, breach of fiduciary duty, and breach of implied covenant of good faith and fair dealing. This matter was settled pursuant to a Confidential Settlement Agreement and Full and Final Release entered into in December 2007, pursuant to which Snap-on paid Canetti \$240,000.00, and the parties exchanged general releases.

Brian Casey v. Snap-on (NJ). Demand for arbitration filed on July 26, 2002, by Snap-on for \$205,938.43 that Casey allegedly owed to Snap-on Tools and for \$110,274.60 that Casey allegedly owed to Snap-on Credit. On May 1, 2003, Casey filed a counterclaim seeking \$774,000.00. Additional allegations included short territory, inaccurate/misleading budget and management conflict of interest. On September 4, 2003, Casey filed an amended counterclaim. Additional allegations included excessive extension of credit, management conflict of interest and breach of fiduciary duty. Award granted on July 13, 2004, in favor of Casey for \$314,608.00 plus arbitration fees.

Scott W. Copperthite v. Snap-on Tools Company LLC (CT). Demand for arbitration was filed by Scott Copperthite in February 2007, seeking monetary damages of \$500,000.00, attorney fees, interest, arbitration costs and punitive/exemplary damages. Allegations included breach of contract, fraud, misrepresentation and breach of implied duty of good faith and fair dealing. Snap-on denied these allegations and counterclaimed against Copperthite for \$85,484.51 for unpaid Product purchases. This matter was settled in December 2007, pursuant to a Confidential Settlement Agreement and Full and final Release. Snap-on paid Copperthite \$60,000.00, and the parties exchanged mutual general releases.

Ronald DeSantis, Matt Setser, Shawn Dickmeyer, William Bradley Freeman, Scott Factor, Scott Ingenito, Aaron Reeves, Anthony Hobby, Dwight Lankart, Richard Fortuna, and Paul Vladyka, on behalf of themselves and others similarly situated, Plaintiffs, vs. Snap-on Tools Company LLC, Snap-on Credit LLC and Snap-on Incorporated, Defendants. (Civil Action 06-CV-02231(DMC), United States District Court for the District of New Jersey) filed May 17, 2006 (the "Federal Class Action"). This complaint set forth various alleged deceptive practices, sought to represent a class for current and former franchisees and independent dealers, sought injunctive relief, and contained counts for alleged violation of RICO, state statutes prohibiting deceptive trade practices, deceptive franchise practices and consumer fraud, common law fraud, breach of contract, breach of fiduciary duty and breach of implied covenant of good faith and fair dealing. Snap-on denied these allegations. On May 17, 2006, the parties filed a Settlement Agreement with the Court and obtained preliminary Court approval of the settlement which included a class consisting of all individuals and entities who from January 1, 1998, through April 18, 2006, operated one or more franchises, independent dealerships and/or conversion franchises, but did not include trial franchisees. Under terms of the settlement (i) a current franchisee as of April 18, 2006, may receive credits to accounts with Snap-on Tools up to \$9,200.00 and will benefit from certain changes in Snap-on business practices; (ii) a former franchisee as of April 18, 2006, may receive an amount up to \$20,000.00 and forgiveness of debt owed to Snap-on and Snap-on Credit; (iii) each named plaintiff will receive an additional \$50,000.00; and (iv) certain current and former franchisees who were represented by an attorney as of April 18, 2006, received an additional \$15,000.00. Snap-on and Snap-on Credit received a full release from all class participants as of November 27, 2006. The Court gave final approval to this settlement as of October 27, 2006. Snap-on expects to pay class participants in March 2007. Snap-on recorded a \$38,000,000.00 pretax charge in the second quarter of 2006 representing its best estimate of the costs to settle this matter, including attorney fees, costs and expenses. This settlement resolves the claims raised in the DeSantis Class Action, the Reeves Class Action and the individual arbitrations filed by each of the named plaintiffs in this action.

Ronald DeSantis, Shawn Dickmeyer, Scott Factor, William Bradley Freeman, Scott Ingenito and Matt Setser v. Snap-on Tools Company LLC, Snap-on Credit LLC, Michael Montemurro, Kevin Gallagher, Carl Herald, Joseph Kuebler, Larry Leighton, Rick Smith, David Spence, David Pence, Bart Wignall, John Doe Field Managers 1-20 and John Doe Branch Managers 1-20 (DeSantis Class Action) (Case No. 04-8709-C1-7, Circuit Court, Pinellas County, FL). Court case filed on December 12, 2004. Plaintiffs sought class action status to represent franchised dealers assigned to a Snap-on branch office in Florida and various types of injunctive relief. Additional allegations included counts

under the Florida Deceptive Trade Practices and Unfair Competition Act, Florida Franchise Act, breach of contract, breach of fiduciary duty and breach of implied covenant of good faith and fair dealing. This matter was settled as part of the settlement of the Federal Class Action without additional consideration.

Ronald DeSantis v. Snap-on Tools Company LLC, Snap-on Credit LLC, Michael Montemurro, Kevin Gallagher, Rick Smith and Bart Wignall (FL). Demand for Arbitration and Class Action was filed October 4, 2005, by DeSantis seeking class action status to represent all franchised dealers assigned to a Snap-on Branch Office located in Florida and/or functioning as a Snap-on franchised dealer in Florida, preliminary and permanent injunctive relief and damages. Additional allegations included counts under Florida Deceptive Unfair Trade Practices Act, Florida Franchise Act, breach of contract, breach of fiduciary duty and breach of implied covenant of good faith and fair dealing. This matter was settled as part of the settlement of the Federal Class Action without additional consideration.

Shawn Dickmeyer v. Snap-on Tools Company LLC, Snap-on Credit LLC, Michael Montemurro, Carl Herald, Joseph Kuebler, Rick Smith and Bart Wignall (FL). Demand for Arbitration and Class Action was filed October 4, 2005, by Dickmeyer seeking class action status to represent all franchised dealers assigned to a Snap-on Branch Office located in Florida and/or functioning as a Snap-on franchised dealer in Florida, preliminary and permanent injunctive relief and damages. Additional allegations include counts under Florida Deceptive Unfair Trade Practices Act, Florida Franchise Act, breach of contract, breach of fiduciary duty and breach of implied covenant of good faith and fair dealing. This matter was settled as part of the settlement of the Federal Class Action without additional consideration.

Michael Dittfield v. Snap-on Tools Company (Docket No. PAS-L-1503-04, Superior Court of New Jersey, Law Division, Passaic County). Court case filed April 8, 2004. Additional allegations included short territory, breach of implied duties of good faith and fair dealing and negligent misrepresentation. Dittfield sought unspecified compensatory and consequential damages, plus attorneys' fees and costs. The action was dismissed with prejudice following execution of a confidential settlement agreement dated July 16, 2004, pursuant to which Snap-on paid plaintiff \$15,000.00.

Scott Factor v. Snap-on Tools Company LLC, Snap-on Credit LLC, Michael Montemurro, Kevin Gallagher, Rick Smith and Bart Wignall (FL). Demand for Arbitration and Class Action was filed October 4, 2005, by Factor seeking class action status to represent all franchised dealers assigned to a Snap-on Branch Office located in Florida and/or functioning as a Snap-on franchised dealer in Florida, preliminary and permanent injunctive relief and damages. Additional allegations include counts under Florida Deceptive Unfair Trade Practices Act, Florida Franchise Act, breach of contract, breach of fiduciary duty and breach of implied covenant of good faith and fair dealing. This matter was settled as part of the settlement of the Federal Class Action without additional consideration.

Jeffrey Fillinger v. Snap-on and Gary Jeffers (WI). Demand for arbitration filed by Jeffrey Fillinger on July 21, 2003, seeking \$250,000.00, plus costs and attorneys' fees. Additional allegations included breach of contract and violation of exclusive territory rights. An amended statement of claim was filed on October 16, 2003. Additional allegations included violation of the Wisconsin Fair Dealership Law. The action was dismissed with prejudice following execution of a confidential settlement agreement dated April 7, 2004, pursuant to which Snap-on paid plaintiff \$49,500.00.

Richard Fortuna v. Snap-on Tools Company LLC and Snap-on Credit LLC (NJ). Demand for arbitration was filed by Richard Fortuna on July 15, 2004, against Snap-on Tools Company LLC seeking class action status, preliminary and permanent injunctive relief and damages. Plaintiff filed

amended demand for arbitration on October 18, 2004, adding Snap-on Credit LLC as a defendant. Snap-on Tools filed a counterclaim on November 22, 2004, claiming breach of contract and conversion. This action in the District Court was consolidated with Case CV 04563, which is the Reeves Class Action in which Mr. Fortuna was also a plaintiff and was settled as part of the Federal Class Action without additional consideration.

Mark S. Foster v. Snap-on and Snap-on Credit LLC (Case No. GIC815219, Superior Court of California, County of San Diego, CA). Court case filed July 30, 2003, seeking various damages and costs. Additional allegations included breach of contract and rescission of franchise agreement. Stipulation and Order entered on December 10, 2003, dismissing case without prejudice and ordering all claims to be submitted to arbitration. Foster filed a demand for arbitration on May 27, 2004. Snap-on filed a cross complaint on July 8, 2004, seeking \$119,736.70. The action was dismissed with prejudice following execution of a confidential settlement agreement dated May 18, 2005, pursuant to which Snap-on paid Plaintiff \$60,000.00.

Francisco Franco v. Snap-on Tools Company and Snap-on Credit LLC (NJ). Demand for arbitration filed on April 1, 2002, by Snap-on and Snap-on Credit LLC against Franco for \$134,932.00 that Franco allegedly owed to Snap-on Tools and \$37,516.07 that Franco allegedly owed to Snap-on Credit. On May 1, 2003, Franco filed a counterclaim seeking damages in the amount of \$295,800.00 trebled plus attorneys' fees as well as the request for an injunction. Additional allegations include breach of fiduciary duty. On August 13, 2004, Franco filed an amended counterclaim seeking class action status. Additional allegations included violations of the Fair Labor Standards Act and the New Jersey Consumer Fraud Act, negligent misrepresentation and breach of implied covenant of good faith and fair dealing. Final award of arbitrator entered March 23, 2005. Plaintiff's amended counterclaim and second amended counterclaim were dismissed. Snap-on Tools' claim was voided. Franco to pay \$5,000.00 plus interest to Snap-on Credit. Snap-on Credit awarded attorneys' fees of \$35,000.00 plus interest. Franco filed petition to vacate arbitrator's award and on October 10, 2005, the parties, together with Maritsa Franco, his wife and complainant in Maritsa Franco, Jane Catrini, and Abbeye Goldwasser v. Snap-on Tools Company LLC, Snap-on Credit LLC, Gateion Canonico, Richard McKenna and William Moran described in Part III of this Appendix, entered into a confidential Settlement Agreement and Full and Final Release, pursuant to which Snap-on paid Franco \$500,000.00, the arbitration award against Franco was dismissed and this case dismissed with prejudice.

William Bradley Freeman v. Snap-on Tools Company LLC and Snap-on Credit LLC, Michael Montemurro, David Spence and Bart Wignall (FL). Demand for Arbitration and Class Action was filed October 4, 2005, by Freeman seeking class action status to represent all franchised dealers assigned to a Snap-on Branch Office located in Florida and/or functioning as a Snap-on franchised dealer in Florida, preliminary and permanent injunctive relief and damages. Additional allegations included counts under Florida Deceptive Unfair Trade Practices Act, Florida Franchise Act, breach of contract, breach of fiduciary duty and breach of implied covenant of good faith and fair dealing. This matter was settled as part of the Federal Class Action without additional consideration.

Timothy Geisel v. Snap-on (TX). Geisel filed a complaint in the 68<sup>th</sup> Judicial District, Dallas County, Texas, Case No. 02-8322 on September 4, 2002, seeking \$350,000.00, plus punitive damages and attorney's fees. Snap-on moved to stay pending arbitration, and Geisel agreed to arbitrate. Additional allegations include breach of contract, negligence and breach of fiduciary duty. The parties entered into a confidential settlement agreement and release in June, 2007 pursuant to which Snap-on paid Mr. Geisel \$210,000.00 and this arbitration was dismissed with prejudice.



Gary Geppi v. Snap-on Tools Company LLC, Snap-on Credit LLC, Michael Montemurro, Rich Meyers, Michael Ward, Rich Fitzhugh, Gary Huether, Frank Steffens and Jeffrey Howell (NJ). Demand for arbitration filed by Gary Geppi on February 3, 2005, seeking injunctive relief, monetary damages, attorneys' fees, rescission of franchise agreement and nullification of release of claims. Additional allegations included breach of Maryland Franchise Disclosure Law, breach of contract, breach of fiduciary duty and breach of covenant of good faith and fair dealing. On May 23, 2005, Snap-on filed a counterclaim seeking \$137,743.71 plus interest. The action was dismissed with prejudice following execution of a Confidential Settlement agreement dated June 22, 2005, pursuant to which Snap-on paid Geppi \$25,000.00.

Jeffrey Goldwasser v. Snap-on (NJ). Demand for arbitration filed on April 23, 2003, by Snap-on for \$18,291.65 that Goldwasser allegedly owed to Snap-on Tools. On May 2, 2003, Goldwasser filed a counterclaim seeking damages of \$300,250.00 trebled plus attorneys' fees. Additional allegations included inadequate territory, excessive extension of credit, failure to compensate for labor services and breach of fiduciary duty. The action was dismissed with prejudice following execution of a Settlement Agreement dated April 25, 2005, pursuant to which Snap-on paid \$50,000.00 to Goldwasser and his wife, Abbeye Goldwasser, a previously named plaintiff in the case captioned Maritsa Franco, Jane Catrini and Abbeye Goldwasser v. Snap-on Tools Company LLC, Snap-on Credit, LLC, Gateion Canonico, Richard McKenna and William Moran.

Paul Harz v. Snap-on Tools Company and Snap-on Credit LLC (NY). Demand for arbitration filed on April 2, 2002, by Snap-on for \$75,156.91 that Harz allegedly owed to Snap-on and for \$50,620.90 that Harz allegedly owed to Snap-on Credit. On April 28, 2003, Harz filed a counterclaim seeking damages of \$245,000.00 trebled plus attorney fees. Additional allegations included short territory, excessive extension of credit and breach of fiduciary duty. The parties have entered into a confidential Settlement Agreement dated October 1, 2005, pursuant to which Snap-on paid Harz \$23,000.00 and all claims have been dismissed with prejudice.

Justin Hemker v. Snap-on (MI). Demand for arbitration filed by Hemker on March 11, 2003, seeking \$150,000.00, cancellation of claimed indebtedness by Snap-on and punitive damages. Additional allegations included breach of contract. Snap-on filed a counterclaim against Hemker on August 26, 2003, for \$62,895.22. Action dismissed with prejudice following execution of a confidential settlement agreement dated March 1, 2004, in which Snap-on paid \$15,000.00 to Hemker.

Anthony Hobby v. Snap-on Tools Company LLC and Snap-on Credit LLC (NJ). Demand for arbitration was filed by Anthony Hobby on July 15, 2004, against Snap-on Tools Company LLC seeking class action status, preliminary and permanent injunctive relief and damages. Plaintiff filed amended demand for arbitration on October 18, 2004, adding Snap-on Credit LLC as a defendant. Snap-on Tools filed a counterclaim on November 22, 2004, claiming breach of contract and conversion. This action in the District court was consolidated with case CV 04563, which is the Reeves Class Action in which Mr. Hobby was also a plaintiff and has been settled as part of the Federal Class Action without additional consideration.

Scott Ingenito v. Snap-on Tools Company LLC and Snap-on Credit LLC, Michael Montemurro, Larry Leighton and Bart Wignall (FL). Demand for Arbitration and Class Action was filed October 4, 2005, by Ingenito seeking class action status to represent all franchised dealers assigned to a Snap-on Branch Office located in Florida and/or functioning as a Snap-on franchised dealer in Florida, preliminary and permanent injunctive relief and damages. Additional allegations included counts under Florida Deceptive Unfair Trade Practices Act, Florida Franchise Act, breach of contract, breach of fiduciary duty and breach of implied covenant of good faith and fair dealing. This matter was settled as part of the Federal Class Action without additional consideration.

Dwight Lankart v. Snap-on Tools Company LLC (NJ). Demand for arbitration was filed by Dwight Lankart on July 15, 2004, seeking class action status, preliminary and permanent injunctive relief and damages. This matter was settled as part of the Federal Class Action without additional consideration.

Perry E. Littlejohn and wife, Betty H. Littlejohn v. Snap-on Tools Company. Case No. 3-CV-487 Eastern District of Tennessee, Knoxville Division. This action was originally filed July 20, 2000, as Case No. V00185 H in the Circuit Ct. of Monroe County, Tennessee. It was removed to this court. Additional allegations include negligence in handling plaintiff's inventory insurance claim, breach of contract, intentional infliction of emotional distress, and slander. This matter was dismissed with prejudice and settlement agreement entered into in December 2006 pursuant to which Snap-on paid the Littlejohns \$50,000.00.

Peter LoRe v. Snap-on (NY). Demand for arbitration filed on September 4, 2002, by Snap-on and Snap-on Credit against LoRe for \$114,855.69 that LoRe allegedly owed to Snap-on Tools and \$96,104.30 that LoRe allegedly owed to Snap-on Credit LLC. On February 5, 2003, LoRe filed a counterclaim seeking unspecified damages. Additional allegations included breach of contract. On April 30, 2003, LoRe filed another counterclaim seeking damages of \$306,800.00 trebled. Additional allegations included short territory, inaccurate/misleading budget, excessive extension of credit, management conflict of interest, and failure to compensate for labor services. The action was dismissed with prejudice following the execution of a confidential Settlement Agreement dated June 29, 2005, pursuant to which Snap-on paid LoRe \$45,000.00.

Michael Marron v. Snap-on (NJ). Demand for arbitration was filed on May 2, 2002, by Snap-on against Marron for \$141,708.00 that Marron allegedly owed to Snap-on Tools and \$96,193.61 that Marron allegedly owed to Snap-on Credit. On April 30, 2003, Marron filed a counterclaim seeking \$197,000.00 trebled plus attorney fees. Additional allegations include inadequate territory, excessive extension of credit and breach of fiduciary duty. This matter was settled as part of the Federal Class Action without additional consideration.

Kevin Meehan v. Snap-on Tools Company (NJ). Demand for arbitration filed by Kevin Meehan on December 30, 2003, seeking damages of \$5,000,000.00. Snap-on filed a counterclaim on June 11, 2004, for \$708,239.82 plus damages, costs and fees. Plaintiff sought leave to file a class arbitration demand and seeking injunctive relief. On September 30, 2004, the American Arbitration Association advised that in accordance with their policy on class arbitration, the case would only proceed with Mr. Meehan's individual claims. The parties agreed to dismiss this action with prejudice following execution of a Confidential Settlement Agreement pursuant to which Snap-on paid Meehan \$315,000.00.

James Miller v. Snap-on (CA). Miller filed a demand for arbitration on October 21, 1999. The matter remained completely inactive and the AAA closed its file when Miller failed to provide further information and the required filing fee. Miller filed a second demand for arbitration on June 25, 2001. Additional allegations included wrongful termination, breach of contract, defamation, intentional interference with economic advantage, slander and conversion. Snap-on filed a motion seeking to have the matter dismissed pursuant to the contractual limitations provision. The action was dismissed with prejudice following execution of a confidential settlement agreement dated October 2, 2002, pursuant to which Snap-on paid plaintiff \$53,500.00.

Christopher Palmerini v. Snap-on Tools Company and Snap-on Credit LLC (NY). Demand for arbitration filed by Christopher Palmerini on January 21, 2003, seeking damages of \$75,000.00. Amended claim filed on May 5, 2003. Plaintiff sought damages of \$342,420.00 trebled. Additional

allegations included short territory, excessive extension of credit, breach of fiduciary duty and failure to compensate for labor services. On July 29, 2004, Palmerini filed a second amended counterclaim seeking class action status. Additional allegations included violations of the Fair Labor Standards Act, the New York Sales Act, New York Consumer Protection Act and breach of implied covenant of good faith and fair dealing. The action was dismissed without prejudice following execution of a confidential settlement agreement dated June 6, 2005, pursuant to which Snap-on paid Plaintiff \$50,000.00.

Aaron Reeves v. Snap-on Tools Company LLC and Snap-on Credit LLC (NJ). Demand for arbitration filed by Aaron Reeves on July 15, 2004, against Snap-on Tools Company LLC, seeking class action status, preliminary and permanent injunctive relief and damages. Plaintiff filed amended demand for arbitration on October 18, 2004, adding Snap-on Credit LLC as a defendant. Snap-on Tools filed a counterclaim on November 22, 2004, claiming breach of contract and conversion. This matter was settled as part of the Federal Class Action without additional consideration.

Aaron Reeves, Anthony Hobby, Bryan Van Curen, Dwight Lankart, Richard Fortuna and Paul Vladyka v. Snap-on Tools Company LLC and Snap-on Credit LLC (Reeves Class Action) (Case No. 2:03 CV 04563, U.S. District Court for the District of New Jersey). This court case was originally filed on September 25, 2003, and captioned Michael Marron, Jeffrey Goldwasser, Aaron Reeves and Anthony Hobby v. Snap-on Tools Company LLC and Snap-on Credit LLC (Marron Class Action) (Case No. 2:03 CV 04563, U.S. District Court for the District of New Jersey), in which plaintiffs sought class action status and various types of injunctive relief. Additional allegations include Fair Labor Standards Act violations, breach of contract and breach of fiduciary duty. The Reeves Class Action resulted from an amended complaint filed in the Marron Class Action in which plaintiffs Marron and Goldwasser were removed as plaintiffs. Richard Fortuna, Dwight Lankart, Bryan Van Curen and Paul Vladyka were added as plaintiffs. This matter was settled as part of the Federal Class Action without additional consideration.

Michael T. Rowley v. Snap-on Incorporated (OR). Demand for arbitration filed by Michael Rowley on June 28, 2006, seeking monetary damages of \$970,507.37. Additional allegations include breach of contract and breach of implied covenant of good faith and fair dealing. The parties agreed in July 2007 to enter into a confidential settlement agreement pursuant to which this matter will be dismissed with prejudice and Snap-on will pay Mr. Rowley \$150,000.00.

William F. Schafer v. Snap-on Credit LLC and Snap-on Tools Company LLC (FL). Demand for arbitration filed on October 6, 2004, by Snap-on Credit LLC for \$70,430.76 that Schafer allegedly owed Snap-on Credit LLC. On December 2, 2004, Schafer filed a counterclaim against Snap-on Credit and initial claim by way of counterclaim against Snap-on Tools seeking monetary, actual and punitive damages and attorneys' fees and costs. Additional allegations included violation of the Fair Labor Standards Act, violation of N.C. Gen. Stat. § 66-98(1) (2004), negligent misrepresentation, breach of contract, breach of fiduciary duty, and breach of implied covenant of good faith and fair dealing. The action was dismissed with prejudice following execution of a confidential settlement agreement dated April 25, 2005, pursuant to which Snap-on paid plaintiff \$27,000.00.

Matt Setser v. Snap-on Tools Company LLC and Snap-on Credit LLC, Michael Montemurro, David Spence, David Pence and Bart Wignall (FL). Demand for arbitration was filed October 4, 2005, by Setser seeking class action status to represent all franchised dealers assigned to a Snap-on Branch Office located in Florida and/or functioning as a Snap-on franchised dealer in Florida, preliminary and permanent injunctive relief and damages. Additional allegations include counts under Florida Deceptive Unfair Trade Practices Act, Florida Franchise Act, breach of contract, breach of fiduciary duty and breach of implied covenant of good faith and fair dealing. This matter was settled as part of the Federal Class Action without additional consideration.

Lee A. Smith v. Snap-on Tools Company (IL). Demand for arbitration filed by Lee A. Smith on February 3, 2004, seeking a sum in excess of \$300,000.00 plus costs and attorney's fees and cancellation of any alleged debt owed to Snap-on. The parties agreed on September 29, 2006, to settle this case through the payment by Snap-on to Smith of \$30,000.00. The parties entered into a confidential Settlement Agreement pursuant to which the parties exchanged mutual general releases in February, 2007.

Bryan Van Curen v. Snap-on Tools Company LLC and Snap-on Credit LLC (NJ). Demand for arbitration was filed by Bryan Van Curen on July 15, 2004, against Snap-on Tools Company LLC, seeking class action status, preliminary and permanent injunctive relief and damages. Plaintiff filed amended demand for arbitration on October 18, 2004, adding Snap-on Credit LLC as a defendant. Snap-on Tools filed a counterclaim on November 22, 2004, claiming breach of contract and conversion. Van Curen was also a plaintiff in the Reeves Class Action. The parties entered into a confidential Settlement Agreement and Full and Final Release on July 15, 2005, pursuant to which Snap-on paid Van Curen \$23,000.00 and all claims of all parties were dismissed with prejudice.

Paul Vladyka v. Snap-on Tools Company LLC and Snap-on Credit LLC (NJ). Demand for arbitration was filed by Paul Vladyka on July 15, 2004, against Snap-on Tools Company LLC, seeking class action status, preliminary and permanent injunctive relief and damages. Plaintiff filed amended demand for arbitration on October 18, 2004, adding Snap-on Credit LLC as a defendant. Snap-on Tools filed a counterclaim on November 22, 2004, claiming breach of contract and conversion. This matter was settled as part of the Federal Class Action without additional consideration.

George Wutz v. Snap-on Tools Company LLC, Snap-on Credit LLC, Michael Montemurro, Robert Jaros, John Doe Field Managers 1-20, Steve Schmidt, Dave Cimermanic and John Doe Branch Managers 1-10 (IL). Demand for Arbitration and Class Action filed April 26, 2005, by Wutz seeking class action status, preliminary and permanent injunctive relief and damages. On May 5, 2005, the American Arbitration Association advised that in accordance with their policy on class arbitrations, the case would only proceed as an individual action. On August 8, 2005, Wutz filed an Amended Demand for Arbitration. On December 12, 2005, the parties entered into a confidential Settlement Agreement and Full and Final Release, pursuant to which Snap-on paid Wutz \$18,000.00, and the matter was dismissed with prejudice.

## **II. THE FOLLOWING ACTIONS WERE BROUGHT BY NON-FRANCHISE DEALERS.**

Snap-on Tools Company LLC v. Michael Ferbert (Case No. 02-6-13-CV-W-HFS United States District Court for the Western District of Missouri, Western Division). Complaint filed by Snap-on against Ferbert on February 14, 2002, for trademark and trade name infringement and violation of the Lanham Act arising out of Ferbert's continued use of Snap-on's name and trademarks after the termination of his dealership. Ferbert counterclaimed on April 12, 2002. On January 7, 2003, the Court granted Snap-on's motion for summary judgment dismissing Ferbert's claim that Snap-on had violated the Missouri Merchandising Practices Act. Remaining additional allegations included breach of contract, tortious interference and defamation. The action was dismissed with prejudice following the execution of a confidential Settlement Agreement dated March 3, 2004, pursuant to which Snap-on paid plaintiff \$150,000.00.

Theodore A. Guthrie/Snap-on and Willis Hartley v. (File No. 97 CVS 1641, Wilkes County, North Carolina, General Court of Justice, Superior Court Division). Court case filed September 8, 1997. Additional allegations: negligent misrepresentation, breach of fiduciary duty. Guthrie sought damages in an amount in excess of \$10,000.00 and voluntarily dismissed his complaint on November

20, 1997. In November 1998, Guthrie asserted a demand for arbitration and seeks unspecified damages. In October 2001, an arbitration panel awarded Guthrie \$9,722.50.

Robin Dale Hayes v. Snap-on Tools Company LLC and Bill Schneider (Case No. 16-05-CA-4302, Duval County Circuit Court, FL). Court case filed on June 27, 2005. Plaintiff sought damages in excess of \$15,000.00. Additional allegations included breach of contract, breach of implied covenants of good faith and fair dealing, negligent misrepresentation, violation of the Florida Franchise Act and tortious interference. In December 2006, the parties entered into a confidential Settlement Agreement, pursuant to which Snap-on paid Hayes \$345,000.00, and the parties exchanged mutual general releases.

Clifton Ivey v. Snap-on (Case No. 462539 19<sup>th</sup> Judicial District Parish of E. Baton Rouge). Court case filed on July 16, 1999. Additional allegations included wrongful termination. Ivey sought damages in an amount not exceeding \$75,000.00. The action was dismissed with prejudice following execution of a confidential Settlement Agreement dated October 14, 2003, pursuant to which Snap-on paid plaintiff \$22,958.00.

Ismael Ortiz v. Snap-on Tools Company LLC (NY). Demand for arbitration filed by Ismael Ortiz on January 22, 2004, seeking \$1,600,000.00 in damages. This action was settled as part of the Federal Class Action without additional consideration.

Henry Ponzo and Shirly Ponzo v. Snap-on Tools Corporation, Gary DeBoer, Dennis Chittick, Frank Louthan, Mike Castro and Does 1-50 and Doe Companies 1-20 (Case No. 99AS0601S, Cal. Super. Ct., Sacramento County) Court case filed October 28, 1999. Additional allegations: intentional interference with prospective economic advantage; negligent interference with prospective economic advantage; violation of Business and Professions Code Section 17200; emotional distress and loss of consortium. Plaintiffs sought damages in excess of \$100,000.00; loss of future income; an injunction requiring Snap-on to disgorge profits allegedly obtained as a result of wrongfully terminating existing dealers; and punitive damages. The action was dismissed with prejudice following execution of a confidential Settlement Agreement dated May 31, 2001, pursuant to which Snap-on paid Ponzo \$175,000.00.

### **III. OTHER ACTIONS.**

Bruce Branton v. Snap-on Tools Company, Snap-on Credit Corporation, Ron Ball, in his official capacity as Sheriff of Hot Springs County Arkansas and the City of Friendship, Arkansas pending in Arkansas State Court (AR) Case No. CV 2003-174-1. Case filed in the Circuit Court of Hot Spring County, Arkansas on July 14, 2003, seeking unspecified damages. Additional allegations include: breach of contract, violation of the Arkansas Deceptive Trade Practices Act, conversion, tort of outrage, slander/defamation. Branton was a customer of Cyril Gray, a former Snap-on Dealer. Branton claimed that Gray and the local authorities wrongfully repossessed a toolbox and tools from Mr. Branton's premises. A Confidential Settlement Agreement was entered into in June 2005, whereby Branton was paid \$55,000.00.

Nancy Casey v. Snap-on Tools Company LLC, Snap-on Credit LLC, Gateion Canonico and Richard McKenna (Docket No. Mid L 261-04, Superior Court of New Jersey, Law Division, Middlesex County). Court case brought by the wife of a franchise Dealer and filed on January 13, 2004, seeking various damages, fees and costs. Additional allegations include short territories, intentional infliction of emotional distress, negligent misrepresentation, gender discrimination and violation of the New Jersey Law Against Discrimination (LAD). In June 2004 plaintiff filed amended complaint striking Canonico and McKenna from the action and added Robert Creque as a defendant. In November

2005, the parties entered into a confidential Settlement Agreement and Full and Final Release, pursuant to which Snap-on paid plaintiff \$92,500.00 and the action was dismissed with prejudice.

D&B Automotive Equipment, Inc., a California corporation dba Automotive Equipment, Collision Equipment Specialist, Equipment Specialists Co., P.A.C.E., Inc., a Washington Corporation, Pallas Equipment, Inc., a Colorado corporation and Harold W. Fizone v. Snap-on, Inc., a Delaware corporation, and Hein-Werner Corporation, a Wisconsin corporation dba Collision Repair Equipment Group and Blackhawk-Kansas Jack and David E. Cox (Case No. 03-C-0141 in the United States District Court for the Eastern District of Wisconsin). The case was filed on or about February 21, 2003 by five former Hein-Werner distributors alleging breach of contract, fraud, breach of implied warranties, violation of deceptive and unfair trade practices statutes, tortious interference with contract, tortious interference with prospective business advantage and defamation, and seeking \$4,414,000.00 plus loss of business value, punitive damages and costs. The parties entered into a Confidential Settlement Agreement and Release effective October 24, 2007, pursuant to which Snap-on paid plaintiffs \$220,000.00, the parties exchanged mutual general releases and the action was dismissed with prejudice.

Elliott's Auto Body, Inc. d/b/a Bench and Equipment Systems, Inc. v Snap-on Inc., Snap-on Tools Co., LLC, Equipment Services, Inc. d/b/a Kansas Jack/Brewco Division of Equipment Services, Inc. (Case No. 04-C-0068, U.S. District Court, Eastern District of Wisconsin). Case filed January 22, 2004, seeking damages in excess of \$75,000.00 plus punitive damages, costs and attorneys' fees. This action was brought by a Brewco distributor alleging that defendants sold certain collision repair product knowing that it would not perform as represented. Plaintiff alleged causes of action for breach of contract, fraud, breach of implied warranties, violation of consumer fraud and deceptive business practices statutes, tortious interference with prospective economic advantage and quantum meruit. The action was dismissed with prejudice following execution of a Confidential Settlement agreement dated September 7, 2004, pursuant to which Snap-on paid Elliott's \$90,000.00.

Maritsa Franco, Jane Catrini and Abbeye Goldwasser v. Snap-on Tools Company LLC, Snap-on Credit LLC, Gateion Canonico, Richard McKenna and William Moran (Docket No. Mid L 260-04, Superior Court of New Jersey, Law Division, Middlesex County). Court case brought by the wife of a franchise Dealer and filed January 13, 2004, seeking various damages, fees and costs. Additional allegations include short territories, income misrepresentation, intentional infliction of emotional distress, negligent misrepresentation, gender discrimination and violation of the New Jersey Law Against Discrimination (LAD). On June 24, 2004, plaintiffs filed an amended counterclaim striking Canonico, McKenna and Moran and added Ronald Booth and Robert Creque. Jane Catrini was no longer a named plaintiff. Abbeye Goldwasser and Jeffrey Goldwasser, her husband, together settled for \$50,000.00, and her claim was dismissed with prejudice. Jeffery Goldwasser's action is captioned Jeffery Goldwasser v. Snap-on and is described in Part I in this Appendix B. On October 10, 2005, the remaining parties, together with Francisco Franco, Maritsa Franco's husband, entered into a confidential Settlement Agreement and Full and Final Release, pursuant to which Snap-on paid Maritsa Franco \$50,000.00 and this case was dismissed with prejudice. Francisco Franco's action is captioned Francisco Franco v. Snap-on Tools Company and Snap-on Credit LLC and is described in Part I in this Appendix B.

Chuck McDonald, Stanley Rogers, Charles Smith, Kevin Ford and Barry Gordon v. Snap-on Tools Company, Snap-on Credit Corporation and Cyril Gray (Class Action) (AR). Case No. CV 2003-102. Case filed in the Circuit Court of Clark County, Arkansas on May 22, 2003, seeking unspecified damages. Additional allegations include: breach of contract, violation of the Arkansas Deceptive Trade Practices Act, civil conspiracy, and negligence. This is a lawsuit brought by five Snap-on mechanic customers. Plaintiffs claim the defendant, Cyril Gray, a former Snap-on Dealer, acting on

behalf of Snap-on and Snap-on Credit, committed numerous improprieties pertaining to customer accounts. Plaintiffs sought class action status. The parties have entered into confidential settlement agreements dated April 13, 2007, pursuant to which Snap-on paid a combined payment of \$19,400.00 and released the combined debt of \$48,000.00.

Summit Bank v. Cyril M. Gray and Mendy M. Gray and the Snap-on Tools Company LLC (AR). Case No. CV-2005-279-II. Case filed in the Circuit Court of Garland County, Arkansas on January 21, 2005, seeking a judgment against Gray jointly and severally in the sum of \$604,099.85 for the defaulted promissory note with Summit Bank. Plaintiff contended note was in default by conversion of property to Snap-on. The action was dismissed with prejudice following execution of a confidential settlement agreement dated March 4, 2005, pursuant to which Snap-on paid plaintiffs \$162,500.00.

Summit Bank v. Snap-on Tools Company LLC (AR). Case No. CV 2004-708-3. Case filed in the Circuit Court of Saline County, Arkansas on August 30, 2004, seeking compensatory damages in excess of \$400,000.00 plus punitive damages, interest, attorneys' fees and costs. Plaintiff claims included wrongful conversion of its equipment for financial gain and specific intent to deprive it of its lawful interest. The action was dismissed with prejudice following execution of a confidential settlement agreement dated March 4, 2005, pursuant to which Snap-on paid plaintiffs \$162,500.00.

# APPENDIX C

## Trademarks Registered in U.S.A.

| Mark Name                             | Application Number | Application Date | Registration Number | Registration Date | Expiration Date |
|---------------------------------------|--------------------|------------------|---------------------|-------------------|-----------------|
| 2 COOL LOGO                           | 78/332119          | 11/24/2003       | 3021841             | 11/29/2005        | 11/29/2015      |
| BLUE POINT (BLOCK)                    | 73/450432          | 10/31/1983       | 1471176             | 1/5/1988          | 1/5/2018        |
| BLUE-POINT (STYLIZED)                 | 73/746917          | 8/18/1988        | 1553456             | 8/29/1989         | 8/29/2019       |
| BLUE STEEL                            | 77/603216          | 10/29/2008       | 3730584             | 12/29/2009        | 12/29/2019      |
| CARTPORT                              | 78/412246          | 5/3/2004         | 3121625             | 7/25/2006         | 7/25/2016       |
| CRUD THUG                             | 76/311681          | 9/12/2001        | 2600941             | 7/30/2002         | 7/30/2012       |
| DOCKER LOCKER                         | 76/252356          | 5/4/2001         | 2678887             | 1/21/2003         | 1/21/2013       |
| DOCUTORQ                              | 78/275930          | 7/18/2003        | 3159757             | 10/17/2006        | 10/17/2016      |
| DUAL-80                               | 77/155796          | 4/13/2007        | 3499696             | 9/18/2008         | 9/18/2018       |
| ECSTREAM                              | 77/061502          | 12/11/2006       | 3648016             | 6/30/2009         | 6/30/2019       |
| ELECTROTORK (BLOCK)                   | 73/706621          | 1/20/1988        | 1509072             | 10/18/1988        | 10/18/2018      |
| EQUIPMENT SOLUTIONS (BLOCK)           | 75/106641          | 5/20/1996        | 2119012             | 12/9/1997         | 12/9/2017       |
| ETHOS                                 | 77/638049          | 12/22/2008       | 3631358             | 6/2/2009          | 6/2/2019        |
| ETHOS SCANNER                         | 78/945995          | 8/7/2005         | 3494116             | 8/26/2008         | 8/26/2018       |
| EUROCHECK                             | 78/302562          | 9/19/2003        | 2973789             | 7/19/2005         | 7/19/2015       |
| FLANK DRIVE (BLOCK)                   | 73/291515          | 12/31/1980       | 1200860             | 7/13/1982         | 7/13/2012       |
| GLO-MAD                               | 77/469389          | 5/8/2008         | 3752888             | 22/23/2010        | 2/23/2020       |
| HANDLE WITH ONE GROOVE (DESIGN)       | 76/609870          | 9/16/2004        | 3025816             | 12/13/2005        | 12/13/2015      |
| HANDLE WITH TWO GROOVE (DESIGN)       | 76/609865          | 9/16/2004        | 3039421             | 1/10/2006         | 1/10/2016       |
| INSTINCT                              | 78/840859          | 3/20/2006        | 3360711             | 12/25/2007        | 12/25/2017      |
| ISO-RIDE AND DESIGN                   | 77/100142          | 2/6/2007         | 3897565             | 12/28/2010        | 12/28/2020      |
| LIGHTNING                             | 75/912066          | 2/7/2000         | 2707449             | 4/15/2003         | 4/15/2013       |
| LOCK 'N ROLL (BLOCK)                  | 74/622184          | 1/17/1995        | 1982124             | 6/25/1996         | 6/25/2016       |
| LOXOCKET (BLOCK)                      | 73/502456          | 10/5/1984        | 1334023             | 5/7/1985          | 5/7/2015        |
| MICROSCAN                             | 76/388720          | 3/29/2002        | 2854474             | 6/15/2004         | 6/15/2014       |
| MISCELLANEOUS DESIGN (ONE GROOVE)     | 76/214992          | 2/26/2001        | 2689962             | 2/25/2003         | 2/25/2013       |
| MISCELLANEOUS DESIGN (THREE GROOVES)  | 76/214688          | 2/26/2001        | 2689961             | 2/25/2003         | 2/25/2013       |
| MISCELLANEOUS DESIGN (TWO GROOVES)    | 76/214993          | 2/26/2001        | 2689963             | 2/25/2003         | 2/25/2013       |
| PAR-X (BLOCK)                         | 72/121607          | 6/7/1961         | 731472              | 5/15/1962         | 5/15/2012       |
| RATCHET HANDLE (TWO GROOVES AT END)   | 76/214991          | 2/26/2001        | 2717021             | 5/20/2003         | 5/20/2013       |
| Ratchet Handle design (THREE GROOVES) | 76/214990          | 2/26/2001        | 2717020             | 5/20/2003         | 5/20/2013       |
| RWD                                   | 77/712273          | 4/13/2009        | 3701592             | 10/27/2009        | 10/27/2010      |
| S (WRENCH DESIGN)                     | 76/019920          | 4/6/2000         | 2469437             | 7/17/2001         | 7/17/2011       |
| S DESIGN                              | 78/957696          | 8/22/2006        | 3667938             | 8/11/2009         | 8/11/2019       |
| SHAPE OF HANDLE I DESIGN              | 74/531304          | 5/31/1994        | 1940587             | 12/12/1995        | 12/12/2015      |
| SHAPE OF HANDLE II DESIGN             | 74/531305          | 5/31/1994        | 1940588             | 12/12/1995        | 12/12/2015      |
| SHOE DESIGN                           | 74/694365          | 6/27/1995        | 1996742             | 8/27/1996         | 8/27/2016       |
| SNAP-ON                               | 77/513705          | 7/2/2008         | 3768399             | 3/30/2010         | 3/30/2020       |
| SNAP-ON                               | 77/513780          | 7/2/2008         | 3883346             | 11/30/2010        | 11/30/2020      |
| SNAP-ON                               | 77/513764          | 7/2/2008         | 3768400             | 3/30/2010         | 3/30/2020       |
| SNAP-ON                               | 77/513735          | 7/2/2008         | 3883345             | 11/30/10          | 11/30/2020      |
| SNAP-ON                               | 77/853621          | 10/21/2009       | 3802780             | 6/15/2010         | 6/15/2020       |
| SNAP-ON (BLOCK)                       | 72/213904          | 3/11/1965        | 804474              | 3/1/1966          | 3/1/2016        |
| SNAP-ON (BLOCK)                       | 72/288987          | 11/22/1967       | 869928              | 5/27/1969         | 5/27/2009       |
| SNAP-ON (BLOCK)                       | 74/135800          | 2/4/1991         | 1763791             | 4/6/1993          | 4/6/2013        |



| Mark Name             | Application Number | Application Date | Registration Number | Registration Date | Expiration Date |
|-----------------------|--------------------|------------------|---------------------|-------------------|-----------------|
| SNAP-ON (BLOCK)       | 74/618141          | 1/5/1995         | 1961694             | 3/12/1996         | 3/12/2016       |
| SNAP-ON (BLOCK)       | 72/200498          | 8/24/1964        | 826632              | 4/4/1967          | 4/4/2017        |
| SNAP-ON (BLOCK)       | 72/197514          | 7/9/1964         | 788320              | 4/20/1965         | 4/20/2015       |
| SNAP-ON (BLOCK)       | 72/213903          | 3/11/1965        | 835768              | 9/26/1967         | 9/26/2017       |
| SNAP-ON (BLOCK)       | 73/491406          | 7/23/1984        | 1610337             | 8/21/1990         | 8/21/2010       |
| SNAP-ON (BLOCK)       | 74/618140          | 1/5/1995         | 1983599             | 7/2/1996          | 7/2/2016        |
| SNAP-ON (BLOCK)       | 72/197513          | 7/9/1964         | 788618              | 4/27/1965         | 4/27/2015       |
| SNAP-ON (BLOCK)       | 74/618142          | 1/5/1995         | 1961695             | 3/12/1996         | 3/12/2016       |
| SNAP-ON (BLOCK)       | 72/213902          | 3/11/1965        | 871795              | 6/24/1969         | 6/24/2009       |
| SNAP-ON (BLOCK)       | 74/262034          | 4/3/1992         | 1761046             | 3/30/1993         | 3/30/2013       |
| SNAP-ON (BLOCK)       | 72/318335          | 2/4/1969         | 964404              | 7/17/1973         | 7/1/2013        |
| SNAP-ON (BLOCK)       | 73/481972          | 5/24/1984        | 1372116             | 11/26/1985        | 11/26/2015      |
| SNAP-ON (BLOCK)       | 78/329488          | 11/18/2003       | 2966535             | 7/12/2005         | 7/12/2015       |
| SNAP-ON (BLOCK)       | 76/240863          | 4/13/2001        | 2565234             | 4/30/2002         | 4/30/2012       |
| SNAP-ON (BLOCK)       | 74/700665          | 7/13/1995        | 2024681             | 12/17/1996        | 12/17/2016      |
| SNAP-ON (BLOCK)       | 75/638522          | 2/11/1999        | 2464334             | 6/26/2001         | 6/26/2011       |
| SNAP-ON (STYLIZED)    | 71/535356          | 9/23/1947        | 660530              | 4/15/1958         | 4/15/2018       |
| SNAP-ON (WRENCH LOGO) | 74/279039          | 5/26/1992        | 1810439             | 12/14/1993        | 12/14/2013      |
| SNAPCAL               | 76/331280          | 10/29/2001       | 2776435             | 10/21/2003        | 10/21/2013      |
| SPOOLIGHT             | 76/468880          | 11/21/2002       | 2867524             | 7/27/2004         | 7/27/2014       |
| TECHANGLE             | 78/613815          | 4/21/2005        | 3349528             | 12/4/2007         | 12/4/2017       |
| TECHWRENCH            | 76/335554          | 11/8/2001        | 2789411             | 12/2/2003         | 12/2/2013       |
| TOOL SWEEP LOGO       | 74/279038          | 5/26/1992        | 1811823             | 12/21/1993        | 12/21/2013      |
| TORQLOG               | 78/329473          | 11/18/2003       | 3018558             | 11/22/2005        | 11/22/2015      |
| TORQOMETER (STYLIZED) | 71/544784          | 12/18/1947       | 530116              | 9/5/1950          | 9/5/2010        |
| TRUE-FIT (child)      | 78/979180          | 4/13/2005        | 3370929             | 1/15/2008         | 1/15/2018       |
| VERSAVOLT             | 76/038372          | 5/2/2000         | 2808793             | 1/27/2004         | 1/27/2014       |
| VERSADRIVER           | 76/335555          | 11/8/2001        | 2792279             | 12/9/2003         | 12/9/2013       |
| VERSAMETER            | 76/335556          | 11/8/2001        | 2795568             | 12/16/2003        | 12/16/2013      |
| VERSATORQ (BLOCK)     | 75/240477          | 2/12/1997        | 2237391             | 4/6/1999          | 4/6/2019        |
| VERUS                 | 77/478974          | 5/20/2008        | 3629950             | 6/2/2009          | 6/2/2019        |
| WHAT A GRIP!          | 76/532772          | 7/15/2003        | 2918534             | 1/18/2005         | 1/18/2015       |

### Pending

| Mark Name                   | Application Number | Application Date | Intent to Use / Actual Use Application | Published Date | Status – Allowed |
|-----------------------------|--------------------|------------------|--|----------------|------------------|
| BLUE STEEL                  | 77/936504          | 2/16/10          | In Use                                 | -              | -                |
| BLUE STEEL                  | 77/936514          | 2/16/10          | In Use                                 | -              | -                |
| BLUE STEEL                  | 77/936551          | 2/16/10          | In Use                                 | -              | -                |
| BLUE STEEL                  | 77/936558          | 2/16/10          | In Use                                 | -              | -                |
| LEVEL 5 TOOL CONTROL SYSTEM | 77/703299          | 3/31/2009        | In Use                                 | -              | -                |
| SMART SMOKE                 | 85/067317          | 6/21/2010        | In Use                                 | -              | -                |
| SNAP-ON                     | 77/412957          | 3/4/2008         | In Use                                 | 1/27/2009      | 4/21/2009        |
| SNAP-ON                     | 77/513752          | 7/2/2008         | In Use                                 | 6/23/2009      | 9/15/2009        |

| Mark Name                   | Application Number | Application Date | Intent to Use / Actual Use Application | Published Date | Status – Allowed |
|-----------------------------|--------------------|------------------|--|----------------|------------------|
| SNAP-ON                     | 77/513682          | 7/2/2008         | In Use                                 | 1/12/2010      | 4/6/2010         |
| SNAP-ON                     | 77/513669          | 7/2/2008         | In Use                                 | 1/12/2009      | 4/16/2010        |
| SNAP-ON                     | 77/513691          | 7/2/2008         | In Use                                 | 1/12/2010      | 4/6/2010         |
| SNAP-ON                     | 77/513718          | 7/2/2008         | In Use                                 | 1/19/2009      | 4/13/2010        |
| SNAP-ON                     | 77/513792          | 7/2/2008         | In Use                                 | 1/12/2010      | 4/6/2010         |
| SNAP-ON NO COMPROMISE TOUR  | 77/515664          | 7/7/2008         | In Use                                 | 4/14/2009      | 7/7/2009         |
| SNAP-ON NO COMPROMISE TOUR  | 77/515657          | 7/7/2008         | In Use                                 | 4/14/2009      | 7/7/2009         |
| SNAP-ON RACING (AND DESIGN) | 78/756730          | 11/18/2005       | In Use                                 |                |                  |
| SNAP-ON RACING (AND DESIGN) | 77/793231          | 7/30/2009        | In Use                                 | 7/30/2009      |                  |
| SNAP-ON (WRENCH LOGO)       | 85/166090          | 11/1/2010        | In Use                                 | -              | -                |
| SNAP-ON (WRENCH LOGO)       | 85/186966          | 11/30/2010       | In Use                                 | -              | -                |
| SOLUS ULTRA                 | 85/228732          | 1/28/2011        | In Use                                 | -              | -                |
| TRU-FIT                     | 77/804557          | 8/14/2009        | Intent to Use                          | 7/6/2010       | 8/31/2010        |
| VERDICT                     | 85/186979          | 11/30/2010       | In Use                                 | -              | -                |

# APPENDIX D

| Issued and Pending U.S. Patents |  |             |               |                   |
|---------------------------------|--|-------------|---------------|-------------------|
| Country                         | Title  | Patent #    | Patent Status | Patent Issue Date |
| United States                   | Dead Blow Hammer   | USD533759S  | Issued        | 2006-Dec-19       |
| United States                   | Tool Chest with Tool Pallet  | RE36379     | Issued        | 1999-Nov-09       |
| United States                   | Digital Engine Analyzer (RPM Setpoint/Freeze)  | 4812768     | Issued        | 1989-Mar-14       |
| United States                   | Method and Apparatus for Determining Relative Contributions of Individual Cylinders  | 5396427     | Issued        | 1995-Mar-07       |
| United States                   | Magnetic Bit Holder and Hand Tool Incorporating Same   | 5577426     | Issued        | 1996-Nov-26       |
| United States                   | Wheel Balancer in Which a Sub-Housing Carrying a Main Shaft is Pivotal From a Horizontal to a Vertical Position for Aligning a Wheel on the Main Shaft | 5419193     | Issued        | 1995-May-30       |
| United States                   | Injection Molded Pliers with Insert Molded Dual Purpose Reinforcing and Implement Structure  | US6530099B1 | Issued        | 2003-Mar-11       |
| United States                   | Automatic Wheel Profiler (AWP)   | US6535281B2 | Issued        | 2003-Mar-18       |
| United States                   | Joint Press Set  | US7610664   | Issued        | 2009-Nov-03       |
| United States                   | Tool Box   | USD530914S  | Issued        | 2006-Oct-31       |
| United States                   | System and Method for Distributed Computer Automotive Service Equipment - Divisional   | US6564128B2 | Issued        | 2003-May-13       |
| United States                   | Computer Implemented Speech Recognition System Training  | US6556971B1 | Issued        | 2003-Apr-29       |
| United States                   | Handle   | USD481290S  | Issued        | 2003-Oct-28       |
| United States                   | Pipe Wrench with Differentiated Tooth Size   | 6393951B1   | Issued        | 2002-May-28       |
| United States                   | Paint Scraper  | USD459043S  | Issued        | 2002-Jun-18       |
| United States                   | Scissors-Type Vehicle Lift   | US6405997B1 | Issued        | 2002-Jun-18       |
| United States                   | Steering Symmetry Feature for Wheel alignment  | US6634109B1 | Issued        | 2003-Oct-21       |
| United States                   | Pneumatic Tool With Muffler Bypass Mechanism   | US6530436B2 | Issued        | 2003-Mar-11       |
| United States                   | Foldable Saw   | DES429137   | Issued        | 2000-Aug-08       |
| United States                   | Single Pole Quick Travel Wheel Clamp   |             | Filed         |                   |
| United States                   | Retention Socket Geometry Variations   | US6626067B1 | Issued        | 2003-Sep-30       |
| United States                   | Four Sensor System for Wheel Alignment   | US6327785B1 | Issued        | 2001-Dec-11       |
| United States                   | Elongated Pneumatic Tool with Replaceable Soft Grip  | US6547015B1 | Issued        | 2003-Apr-15       |
| United States                   | Method and Apparatus for Measuring Vehicle Wheel Roll Radius   | US6237234B1 | Issued        | 2001-May-29       |
| United States                   | Single Hand Held Display Unit  | USD451097S  | Issued        | 2001-Nov-27       |
| United States                   | Wrench Having a Socket with Circumferentially Spaced Recesses  | 6079299     | Issued        | 2000-Jun-27       |
| United States                   | Method of and Apparatus for Fitting or Removing a Motor Vehicle Tyre   |             | Filed         |                   |
| United States                   | Image-Based Inventory Control System and Method  |             | Filed         |                   |
| United States                   | Image-Based Inventory Control System Using Advanced Image Recognition  |             | Filed         |                   |
| United States                   | Image-Based Inventory Control System with Automatic Calibration and Image Correction   |             | Filed         |                   |
| United States                   | Retention Socket   | US7523688   | Issued        | 2009-Apr-28       |

| Country       | Title  | Patent #     | Patent Status | Patent Issue Date |
|---------------|--|--------------|---------------|-------------------|
| United States | Interchangeable Saw Blade System   | D586643      | Issued        | 2009-Feb-17       |
| United States | Vehicle Measurement System with User Interface   |              | Filed         |                   |
| United States | Reversible Ratchet Wrench  | US7229720    | Issued        | 2007-Nov-27       |
| United States | Compact Device for Measuring the Forces Generated by a Rotor Imbalance   |              | Filed         |                   |
| United States | Lightweight Wheelclamp for Vehicle Wheel Alignment System  |              | Filed         |                   |
| United States | Rack Drive-on Assistance Systems   |              | Filed         |                   |
| United States | Parameter detection system and control method  |              | Filed         |                   |
| United States | Hand Tool with Adjustable Head   | US7481135    | Issued        | 2009-Jan-27       |
| United States | Vehicle Diagnostic Tool with Copy Protection and Automatic Identification of Vehicle ECUs and Fault Display          |              | Filed         |                   |
| United States | Positive Pivot Centers for Adjustable Tools  |              | Filed         |                   |
| United States | Improved Vehicle Alignment Software (Thundercloud)   |              | Filed         |                   |
| United States | Vehicle Diagnostic Tool With Packet And Voice Over Packet Communications and Systems Incorporating Such A Tool       |              | Filed         |                   |
| United States | Extended Low-Torque Ratchet Wrench   | US 7,775,141 | Issued        | 2010-Aug-17       |
| United States | Suspendable Locker   | US7722141    | Issued        | 2010-May-25       |
| United States | Low Cost Imaging/Conventional Hybrid Alignment System  |              | Filed         |                   |
| United States | System and Method for Integrating Devices for Servicing a Device-Under-Service                                       |              | Filed         |                   |
| United States | System and Method for Extending Communication Range and Reducing Power Consumption of Vehicle Diagnostic Equipment   |              | Filed         |                   |
| United States | System and Method for Preventing Theft of Vehicle Diagnostic Equipment   |              | Filed         |                   |
| United States | System and Method for Displaying Input Data on a Remote Display Device   |              | Filed         |                   |
| United States | System and Method for Universal Scanner Module to Buffer and Bulk Send Vehicle Data Responsive to Network Conditions |              | Filed         |                   |
| United States | System and Method for a Vehicle Scanner to Automatically Execute a Test Suite from a Storage Card                    |              | Filed         |                   |
| United States | Overvoltage and Over current Protection Scheme   |              | Filed         |                   |
| United States | Cable Assembly for Protection Against Undesired Signals  |              | Filed         |                   |
| United States | Apparatus and Method for Controlled Ethernet Switching   |              | Filed         |                   |
| United States | System and Method for Selecting Individual Parameters to Transition from Text-to-Graph or Graph-to-Text              |              | Filed         |                   |
| United States | Detachable Wireless Adapter for Vehicle Communication Modules  |              | Filed         |                   |
| United States | Manually Actuated Brake System for Manually Towable Vehicle  | 7584827      | Issued        | 2009-Sep-08       |
| United States | Wheel Balancer with Weight Application Error Correction System   | 7,584,659B1  | Issued        | 2009-Sep-08       |
| United States | Tool Apparatus, System and Method of Use   | US7182147B2  | Issued        | 2007-Feb-27       |
| United States | Click-Type Wrench and Improved Cam Assembly Therefor   | US7174818B1  | Issued        | 2007-Feb-13       |

| Country       | Title  | Patent #     | Patent Status | Patent Issue Date |
|---------------|--|--------------|---------------|-------------------|
| United States | Steering Wheel Level Verification with Alignment Sensors Attached  | 7,681,322    | Issued        | 2010-Mar-23       |
| United States | Battery Charger for Different Capacity Cells   |              | Filed         |                   |
| United States | Apparatus System and Method of Use   |              | Filed         |                   |
| United States | Polygon Mirror   | US6639206B1  | Issued        | 2003-Oct-28       |
| United States | Four Column Vehicle Lift   | US6550584B1  | Issued        | 2003-Apr-22       |
| United States | Scissors Type Vehicle Lift   | US6405997B1  | Issued        | 2002-Jun-18       |
| United States | Apparatus to Measure Forces Created by the Unbalance of a Rotor  | US6430992B1  | Issued        | 2002-Aug-13       |
| United States | Two Wheel Alignment Adjustment Method  | 7,532,742    | Issued        | 2009-May-12       |
| United States | Ratcheting Tool  | US7213491B2  | Issued        | 2007-May-08       |
| United States | Planetary Gear Set Centering Ring  |              | Filed         |                   |
| United States | System and Method for Using Vehicle Attributes to Identify a Vehicle Under Service                               |              | Filed         |                   |
| United States | Anvil for a Power Tool   |              | Filed         |                   |
| United States | System and Method for Using Vehicle Attributes to identify a Vehicle Under Service                               |              | Filed         |                   |
| United States | Multi-Function Battery Service System  | 7657386      | Issued        | 2010-Feb-02       |
| United States | Interchangeable Saw Blade System   | D579291      | Issued        | 2008-Oct-28       |
| United States | Bias Assembly for Ratchet Tools  |              | Filed         |                   |
| United States | Tool Storage Work Surface with Electrical Outlet Strip   |              | Filed         |                   |
| United States | Automated Definition and Orchestration of Contracts in Digital Format  |              | Filed         |                   |
| United States | Universal Retention Cavities for Cable Mounted Remote Hose Clap Pliers Head                                      | 7313984      | Issued        | 2008-Jan-01       |
| United States | Wireless Network and Methodology for Automotive Service Systems  |              | Filed         |                   |
| United States | Calibration and Operation of Wheel Alignment Systems   | 7,640,673    | Issued        | 2010-Jan-05       |
| United States | Cable Strain-Relieving Mechanism   | US7429187B1  | Issued        | 2008-Sep-30       |
| United States | Reduced Weight Wheel Clamp   | US 7,870,677 | Issued        | 2011-Jan-18       |
| United States | Detachable Interface Device for Powering Portable Data Processing System Using a Vehicle Diagnostic Port         |              | Filed         |                   |
| United States | Method for Use with and Optical Aligner System for Positioning a Fixture Relative to a Vehicle                   | 7424387      | Issued        | 2008-Sep-09       |
| United States | Torque Limited Screwdriver   | US6487943B1  | Issued        | 2000-Oct-10       |
| United States | Standard Duty Creeper Design   |              | Filed         |                   |
| United States | Vehicle Diagnostics  | 7519458      | Issued        | 2009-Apr-14       |
| United States | Improved Bandsaw   | 6269722      | Issued        | 1998-Jun-25       |
| United States | Vehicle Identification Key for Use Between Multiple Computer Applications  | 7684908      | Issued        | 2010-Mar-23       |
| United States | Remote Monitoring, Configuring, Programming and Diagnostic System and Method for Vehicles and Vehicle Components |              | Filed         |                   |
| United States | Method and System for Adaptively Modifying Diagnostic Vehicle Information  | 7706936B2    | Issued        | 2010-Apr-27       |
| United States | Ratcheting Tool With Spring Pawl Retainer  | US7044029B1  | Issued        | 2006-May-16       |

| Country       | Title   | Patent #        | Patent Status | Patent Issue Date |
|---------------|---|-----------------|---------------|-------------------|
| United States | Setting Equipment for Saw Blades  | US7096757       | Issued        | 2006-Aug-29       |
| United States | Marketplace for Vehicle Original Equipment Manufacturer   |                 | Filed         |                   |
| United States | Hardening Fixture   | 7060221         | Issued        | 2006-Jun-13       |
| United States | T-Handled Torque-Limiting Device  | 7272999         | Issued        | 2007-Sep-25       |
| United States | Swivel Adaptor  |                 | Filed         |                   |
| United States | System and Method for Optimizing Vehicle Diagnostic Trees Using Similar Templates               | US7373226B1     | Issued        | 2008-May-13       |
| United States | Method and System for Optimizing Vehicle Diagnostic Trees Using Similar Templates               | US7373225B1     | Issued        | 2008-May-13       |
| United States | Portal for Distributing Business and Product Information  |                 | Filed         |                   |
| United States | Roller Brake Testing Dynamometer  |                 | Filed         |                   |
| United States | Self-Calibrating, Multi-Camera Machine Vision Measuring System                                  | US6968282B1     | Issued        | 2005-Nov-22       |
| United States | File Handle   | US D607708S     | Issued        | 2010-Jan-12       |
| United States | Universal Pulling Tool  | US 7770277 B2   | Issued        | 2010-Aug-10       |
| United States | Tool Storage Lock with Visual Indicator   |                 | Filed         |                   |
| United States | Method and Systems for Providing Open Access to Vehicle Data                                    |                 | Filed         |                   |
| United States | Fault Tolerant Wheel Alignment Head and System  | 7,684,026       | Issued        | 2010-Mar-30       |
| United States | Alignment Head  | US D590,279 S   | Issued        | 2009-Apr-14       |
| United States | Dual Pawl Ratchet Mechanism and Reversing Method  |                 | Filed         |                   |
| United States | Snap-lock   |                 | Filed         |                   |
| United States | Sawblade for Wood   |                 | Filed         |                   |
| United States | Vehicle Wheel Alignment System and Methodology  | US 7,458,165 B2 | Issued        | 2008-Dec-02       |
| United States | Distributed Vehicle Service Method and System   |                 | Filed         |                   |
| United States | Assym. Hand Saw Handles   | D599185         | Issued        | 2009-Sep-01       |
| United States | Wheel Alignment Head and System with Advanced Power Management                                  |                 | Filed         |                   |
| United States | Roller Brake Testing Dynamometer  | 7,584,654       | Issued        | 2009-Sep-08       |
| United States | Method of and Apparatus for Determining Geometrical Dimensions of a Vehicle Wheel               | 7,768,632       | Issued        | 2010-Aug-03       |
| United States | Handsaw Blade   | D626806S        | Issued        | 2010-Nov-09       |
| United States | Apparatus for Contactless 3D Wheel Alignment, System and Method Therefor                        | 7,746,456       | Issued        | 2010-Jun-29       |
| United States | Tyre Changer Apparatus  | 7,740,043       | Issued        | 2010-Jun-22       |
| United States | Method of Optically Scanning the Tread Surface of a Pneumatic Tyre of a Vehicle Wheel           | 7,523,655       | Issued        | 2009-Apr-28       |
| United States | Wheel Balancing Apparatus and Method with Improved Hidden Spokes Placement for Irregular Wheels | 7,792,610       | Issued        | 2010-Sep-07       |
| United States | Saw Horse   | D604864         | Issued        | 2009-Nov-24       |

| Country       | Title   | Patent #      | Patent Status | Patent Issue Date |
|---------------|---|---------------|---------------|-------------------|
| United States | Method and Apparatus for Updating of Software and/or Collecting of Operational Data in a Machine Unit                     |               | Filed         |                   |
| United States | Weight Miser  | 12/179,920    | Filed         |                   |
| United States | Method and System for Optimizing Vehicle Diagnostic Trees Using Similar Templates   |               | Filed         |                   |
| United States | Roller Pair For A Roller Testing Stand  | US6898965B2   | Issued        | 2005-May-31       |
| United States | Gradient Calculating Camera Board   | US7069660B2   | Issued        | 2006-Jul-04       |
| United States | Testing and Display of Electrical System Impedance  | 7764071       | Issued        | 2010-Jul-27       |
| United States | Method and System for Enhanced Scanner User Interface   |               | Filed         |                   |
| United States | System for Dynamic Diagnosis of Apparatus Operating Conditions  |               | Filed         |                   |
| United States | Intelligent Stationary Power Equipment and Diagnostics  | 7603586B1     | Issued        | 2009-Oct-13       |
| United States | Starting Motor Tester that Measures Power   | US7409856B2   | Issued        | 2008-Aug-12       |
| United States | Torque-Angle Instrument   |               | Filed         |                   |
| United States | Indexable Pliers-Type Tool  | 7451673       | Issued        | 2008-Nov-18       |
| United States | Cordless Power Tool   | USD524135     | Issued        | 2006-Jul-04       |
| United States | Camera Technique for Adaptive Cruise Control (ACC) Adjustment   | US7121011B2   | Issued        | 2006-Oct-17       |
| United States | Vehicle Diagnostic Tool With Packet and Voice Over Packet Communications and Systems incorporating Such a Tool            | 7769508B2     | Issued        | 2010-Aug-03       |
| United States | Vehicle Diagnostic Method and System with Intelligent Data Collection   | 7739007       | Issued        | 2010-Jun-15       |
| United States | Lubrication System for Impact Wrenches  | US7331404B2   | Issued        | 2008-Feb-19       |
| United States | Snap-lock for Tool Bag  |               | Filed         |                   |
| United States | Screwdriver Handle  | USD542620S    | Issued        | 2007-May-15       |
| United States | Method and Apparatus for Tracking Wheel Balancer Corrective Weight Usage  | 7,644,616     | Issued        | 2010-Jan-12       |
| United States | Procedure and Apparatus for Optical Scanning of a Vehicle Wheel   | US7199880B2   | Issued        | 2007-Apr-03       |
| United States | Wheel Aligner Measurement Module Attachment System  | 7,369,222     | Issued        | 2008-May-06       |
| United States | In-Vehicle Diagnostic System with Built-in Browser Capabilities   |               | Filed         |                   |
| United States | Optical Spot Scanning of the Condition of a Tyre of a Vehicle Wheel (with wheel balancing machine) (Optima tyre analysis) | 7,466,430     | Issued        | 2008-Dec-16       |
| United States | Device for Mounting and Dismounting Tyres   | US7108036B2   | Issued        | 2006-Sep-19       |
| United States | Tool Bag  |               | Filed         |                   |
| United States | Method and Apparatus for Balancing a Motor Vehicle Wheel (Optima- Teach in)   | US7199873B2   | Issued        | 2007-Apr-03       |
| United States | Method of Matching a Vehicle Wheel  | US7065444B2   | Issued        | 2006-Jun-20       |
| United States | Ergonomic Electronic Torque Wrench  | US7107884B2   | Issued        | 2006-Sep-19       |
| United States | Manually Actuated Brake System for Manually Towable Vehicle   |               | Filed         |                   |
| United States | Vehicle Wheel Alignment System and Methodology  | 7313869       | Issued        | 2008-Jan-01       |
| United States | Turntable for Wheel Alignment   | US 7472485 B2 | Issued        | 2009-Jan-06       |

| Country       | Title   | Patent #    | Patent Status | Patent Issue Date |
|---------------|---|-------------|---------------|-------------------|
| United States | Network System for a Vehicle Testing Environment  |             | Filed         |                   |
| United States | Sensing Steering Axis Inclination and Camber with an Accelerometer  | US7181852B2 | Issued        | 2007-Feb-27       |
| United States | Method and Apparatus for Determining Geometrical Data of a Motor Vehicle Wheel Mounted Rotatably about an Axis of Rotation (Optima) | US7064818B2 | Issued        | 2006-Jun-20       |
| United States | Scraper Blade for Paint Scrapers  |             | Filed         |                   |
| United States | Three Dimensional (3D) Measuring with Multiple Reference Frames   | 7307737     | Issued        | 2007-Dec-11       |
| United States | Tyre Test   | US7055379B2 | Issued        | 2006-Jun-06       |
| United States | Random Orbital Sander   | US7222679B2 | Issued        | 2007-May-29       |
| United States | Anvil for a Power Tool  |             | Filed         |                   |
| United States | Wireless Vehicle Service Systems Using Addressable Devices  | 7,729,880   | Issued        | 2010-Jun-01       |
| United States | Interface Between Busses of Different Physical Layers   | 7779196B2   | Issued        | 2010-Aug-17       |
| United States | Trigger-Actuated Tip-Type Air Valve with Integrated Wear Surface  | 7445055     | Issued        | 2008-Nov-04       |
| United States | Wheel Alignment System Using Smart MEMS   | US7581324   | Issued        | 2009-Sep-01       |
| United States | Integration of Direct Pressure Measurement Capability in a Tool to Monitor On-Board Tire Pressure Monitoring Systems                |             | Filed         |                   |
| United States | Retro-Reflective Target Wafer for a Position Determination System   | 7373726     | Issued        | 2008-May-20       |
| United States | Electronic Publishing System  | 5142662     | Issued        | 1992-Aug-25       |
| United States | Tool Storage Drawer with Electrical Outlet Strip  |             | Filed         |                   |
| United States | Dual Hardness Steel Rivet   |             | Filed         |                   |
| United States | Lift in Connection with Wheel Aligner   | US6729032B2 | Issued        | 2004-May-04       |
| United States | Cart-Housing for Automotive Service Equipment   | USD465895S  | Issued        | 2002-Nov-19       |
| United States | Saw Blade for Cutting Metal   | 5331876     | Issued        | 1994-Jul-26       |
| United States | Hand Held Data Entry and Display Unit   |             | Filed         |                   |
| United States | Dial Indicator Torque Wrench  | USD439815S  | Issued        | 2001-Apr-03       |
| United States | Textual Data Storage System and Method  | US6898605B2 | Issued        | 2005-May-24       |
| United States | Hand Held Power Tool  | USD458101S  | Issued        | 2002-Jun-04       |
| United States | 3D Machine Vision Measuring System with Vehicle Position Adjustment Mechanism for Positioning Vehicle                               | US6658749B2 | Issued        | 2003-Dec-09       |
| United States | Bead Breaking Lever (Tool)  |             | Filed         |                   |
| United States | Inground Lift   | US6244390B1 | Issued        | 2001-Jun-12       |
| United States | Suspendable Locker  | US6719384B1 | Issued        | 2004-Apr-13       |
| United States | Handle With Marking   | 6094781     | Issued        | 2000-Aug-01       |
| United States | Tool Handle   | 6128808     | Issued        | 2000-Oct-10       |
| United States | Foldable Handle   | USD437201S  | Issued        | 2001-Feb-06       |
| United States | Ratcheting Composite Screwdriver  | US6260445B1 | Issued        | 2001-Jul-17       |
| United States | Programmable Cable Adaptor  | 5442170     | Issued        | 1995-Aug-15       |



| Country       | Title   | Patent #    | Patent Status | Patent Issue Date |
|---------------|---|-------------|---------------|-------------------|
| United States | Multi-Position Ratcheting Screwdriver Handle  |             | Filed         |                   |
| United States | Hand Saw Having a Handle Including a Pivoted Protector for Protecting a Blade   | US6253455B1 | Issued        | 2001-Jul-03       |
| United States | Metal-Cutting Saw Having Straight and Set Teeth and Method of Making  | US6257226B1 | Issued        | 2001-Jul-10       |
| United States | Alternator Testing Method and System Using Ripple Detection   | US6806727B2 | Issued        | 2004-Oct-19       |
| United States | Two Piece Alignment Head  | US6574877B2 | Issued        | 2003-Jun-10       |
| United States | Method and Apparatus For Automotive and Other Battery Testing   | US6268732B1 | Issued        | 2001-Jul-31       |
| United States | Composite Hollow Shaft Tool and Method of Construction Thereof  | US6427563B1 | Issued        | 2002-Aug-06       |
| United States | Insulating Composite Shaft Tools With Interchangeable Heads   | US6408723B1 | Issued        | 2002-Jun-25       |
| United States | Quick System Tester - MicroVat  | USD445703S  | Issued        | 2001-Jul-31       |
| United States | Self-Calibrating 3D Machine Measuring System Useful in Motor Vehicle Wheel Alignment                                  | US6731382B2 | Issued        | 2004-May-04       |
| United States | Method and System for Conducting Wheel Alignment  | US6560883B2 | Issued        | 2003-May-13       |
| United States | Method and Apparatus for Diagnosing Fuel Injectors  | US6754604B2 | Issued        | 2004-Jun-22       |
| United States | Saw Sheath  | DES414330   | Issued        | 1999-Sep-28       |
| United States | Low Power Indication Circuit For Lead Acid Battery Pack   | US6313611B1 | Issued        | 2001-Nov-06       |
| United States | Jump Start Battery Pack and Enclosure Therefor  | US6222342B1 | Issued        | 2001-Apr-24       |
| United States | A Process for Reading Fractions of an Interval between Contiguous Photo-Sensitive Elements in a Linear Optical sensor | US6643003B2 | Issued        | 2003-Nov-04       |
| United States | Wireless Data Transmission (RF Multi-Channel Communication)   | US6917304B1 | Issued        | 2005-Jul-12       |
| United States | Reversible Impact Mechanism With Structure Limiting Hammer Travel   | US6227308B1 | Issued        | 2001-May-08       |
| United States | Cordless Power Tool And Convertible Remote Battery Pack Thereof   | US6501197B1 | Issued        | 2002-Dec-31       |
| United States | Diagnostic Display Unit Including Replaceable Display Protector   | US7251552B2 | Issued        | 2007-Jul-31       |
| United States | Battery Pack Discharge Recovery Circuit   | US6262560B1 | Issued        | 2001-Jul-17       |
| United States | Impact Tool Battery Pack with Acoustically-Triggered Timed Impact Shut-off  | US6508313B1 | Issued        | 2003-Jan-21       |
| United States | Pneumatic Air Tool with Direct Air Path Motor   | US6634438B1 | Issued        | 2003-Oct-21       |
| United States | Ignition Signal Pickup Interface Box  | US6717412B1 | Issued        | 2004-Apr-06       |
| United States | Sawblade Having Unequal Spacing Between Identical Tooth Groups  | 6119571     | Issued        | 2000-Sep-19       |
| United States | Self-Calibrating, Multi /Camera Machine Vision Measuring System   | US6931340B2 | Issued        | 2005-Aug-16       |
| United States | Control Button  | USD480691S  | Issued        | 2003-Oct-14       |
| United States | Power Hand Tool and Removable Grip Therefor   | US6796389B2 | Issued        | 2004-Sep-28       |
| United States | Handle for a Hand Saw   | D463966 S   | Issued        | 2002-Oct-08       |
| United States | Locking Drive Tool  | US6851341B2 | Issued        | 2005-Feb-08       |
| United States | Pliers  | USD483633S  | Issued        | 2003-Dec-16       |
| United States | Unidirectional Ratchet Wrench   | US6792830B2 | Issued        | 2004-Sep-21       |
| United States | Pliers  | USD483634S  | Issued        | 2003-Dec-16       |
| United States | A Method and Apparatus for Controlling an Equal Transfer of Fluids in a System  |             | Filed         |                   |

| Country       | Title   | Patent #     | Patent Status | Patent Issue Date |
|---------------|---|--------------|---------------|-------------------|
| United States | Robust Designed, Cord-Free, Multi-Voltage Input Power Station   | USD527024S   | Issued        | 2006-Aug-22       |
| United States | Network Based Method and System for Distributing Data   | US6859699B2  | Issued        | 2005-Feb-22       |
| United States | Pipe Wrench   | DES413237    | Issued        | 1999-Aug-31       |
| United States | Equalizer   | US6321634B1  | Issued        | 2001-Nov-27       |
| United States | Alignment Head (Two Piece)  | USD446732S   | Issued        | 2001-Aug-21       |
| United States | System, Method and User Interface   |              | Filed         |                   |
| United States | Common Platform System Automotive Service Equipment   | US6892216B2  | Issued        | 2005-May-10       |
| United States | Automotive Diagnostics Data Management  |              | Filed         |                   |
| United States | Automotive Diagnostics Data Management  |              | Filed         |                   |
| United States | System, Method and User Interface (initial release of MODIS)  |              | Filed         |                   |
| United States | IM3100 3/8" Impact Wrench   | USD472782S   | Issued        | 2003-Apr-08       |
| United States | Air Ratchet   | USD455327S   | Issued        | 2002-Apr-09       |
| United States | Textual and Graphic Data Presentation System and Method   | 7117194      | Issued        | 2006-Oct-03       |
| United States | Self Calibrating Position Determination System  | US6839972B2  | Issued        | 2005-Jan-11       |
| United States | Impact Wrench   | USD50795i S  | Issued        | 2005-Aug-02       |
| United States | Data Processing Device  | USD475369S   | Issued        | 2003-Jun-03       |
| United States | Ratchet Head Assembly and Reversing Knob Therefor   | 5603393      | Issued        | 1997-Feb-18       |
| United States | Ratcheting Screwdriver  | 5437212      | Issued        | 1995-Aug-01       |
| United States | Lockable Sliding Drawer Tray  | US6811232B2  | Issued        | 2004-Nov-02       |
| United States | Gradient Calculating Camera Board   | US6871409B2  | Issued        | 2005-Mar-29       |
| United States | System and Method for Distributed Computer Automotive Service Equipment                               | US6560516B1  | Issued        | 2003-May-06       |
| United States | Encapsulated Dead Blow Hammer with Improved Skeleton  | US6595087B2  | Issued        | 2003-Jul-22       |
| United States | Position Defining and Energy Isolating Mountings  | US6874220B1  | Issued        | 2005-Apr-05       |
| United States | Method and Apparatus for Determining Ride Height of a Vehicle   | 6,912,477 B2 | Issued        | 2005-Jun-28       |
| United States | Method and System for Measuring Caster Trail  | US6661505B2  | Issued        | 2003-Dec-09       |
| United States | Remote Monitoring, Configuring, Programming and Diagnostic System and Method for Vehicles and Vehicle | US7092803B2  | Issued        | 2006-Aug-15       |
| United States | Remote Vehicle Security System  | US7084735B2  | Issued        | 2006-Aug-01       |
| United States | Vehicle Diagnostic, Prognostic, and Telematic System  |              | Filed         |                   |
| United States | Ratcheting Torque-Angle Wrench and Method   | 7082866B2    | Issued        | 2006-Aug-01       |
| United States | Three Dimensional Mapping Systems for Automotive Vehicles and Other Articles                          | US6732030B2  | Issued        | 2004-May-04       |
| United States | Torque Wrench with Finite Plurality of Selectable Torque Values                                       | US6945144B1  | Issued        | 2005-Sep-20       |
| United States | Non-Contact Method and System for Tire Analysis   | 7269997      | Issued        | 2007-Sep-18       |
| United States | Method and Apparatus for Automotive Rim Edge analysis and Corrective Weight Selection Guide           | US6983656B2  | Issued        | 2006-Jan-10       |
| United States | A System and Method for Tracking Maintenance Expenses   |              | Filed         |                   |

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| United States | Power Tool with Detachable Drive End  | US7083003B1 | Issued        | 2006-Aug-01       |
| United States | An Extensible Speed Wrench Crowfoot Wrench Head   | US6805029B1 | Issued        | 2004-Oct-19       |
| United States | Power Tool With Air Seal and Vibration Dampener   | US7152695B2 | Issued        | 2006-Dec-26       |
| United States | Adjustable Riser-Ramp Assembly  | 5544861     | Issued        | 1996-Aug-13       |
| United States | Remote Control Pump   | 5634778     | Issued        | 1997-Jun-03       |
| United States | Paint Scraper   | D453599     | Issued        | 2002-Feb-12       |
| United States | Method for Motor Vehicle Wheel Balancing  | 5979237     | Issued        | 1999-Nov-09       |
| United States | Electronic Torque Wrench  | USD497294S  | Issued        | 2004-Oct-19       |
| United States | Method and Apparatus for Holding in Position a Motor Vehicle Wheel Clamped on a Balancing Machine Measuring Spindle | 5959204     | Issued        | 1999-Sep-28       |
| United States | Glint Resistant Position Determination System   | US6526665B2 | Issued        | 2003-Mar-04       |
| United States | System for Adjusting the Track on Motor Vehicle Wheels  | US6367157B1 | Issued        | 2002-Apr-09       |
| United States | Tool Package  | US6186323B1 | Issued        | 2001-Feb-13       |
| United States | Gas Analyzer Module   | USD499347S  | Issued        | 2004-Dec-07       |
| United States | Socket Including a Reinforcing Structure  | 7299721     | Issued        | 2007-Nov-27       |
| United States | Low Cost, Limited Use, Torque Limited "T" Handled Driver  |             | Filed         |                   |
| United States | Target System for Use with Position Determination System  | US6796043B2 | Issued        | 2004-Sep-28       |
| United States | Burn Time Coil on Plug  | US6850069B2 | Issued        | 2005-Feb-01       |
| United States | Top Chest to Roll Cab Attachment  | US7008031B2 | Issued        | 2006-Mar-07       |
| United States | Electronic Torque Wrench  | US6968759   | Issued        | 2005-Nov-29       |
| United States | Synchronizable Item Locator   |             | Filed         |                   |
| United States | Air Tool  | D347372     | Issued        | 1994-May-31       |
| United States | Torque Wrench with Measurements Independent of Hand Hold Position   | 4982612     | Issued        | 1991-Jan-08       |
| United States | Method and Apparatus for Lamp Heat Control  | 7372210     | Issued        | 2008-May-13       |
| United States | Combination Tool Assembly For Bicycles  | US6637061B1 | Issued        | 2003-Oct-28       |
| United States | Dynamic Diagnosis of Vehicle Drivability Conditions   | US6615120B1 | Issued        | 2003-Sep-02       |
| United States | Tire Removal Apparatus  | US6289962B1 | Issued        | 2001-Sep-18       |
| United States | Impact Tool Drive Bit   |             | Filed         |                   |
| United States | Vehicle Diagnostic, Prognostic, and Telematic System  |             | Filed         |                   |
| United States | Preset Torque Wrench with Multiple Setting Torque Selector Mechanism  | US7044036B1 | Issued        | 2006-May-16       |
| United States | Dual Voltage Circuit Tester   | US6888341B2 | Issued        | 2005-May-03       |
| United States | Pliers  | DES378042   | Issued        | 1997-Feb-18       |
| United States | Pliers  | DES386374   | Issued        | 1997-Nov-18       |
| United States | Pliers  | DES386658   | Issued        | 1997-Nov-25       |
| United States | Pliers  | DES386659   | Issued        | 1997-Nov-25       |
| United States | Pliers  | DES386957   | Issued        | 1997-Dec-02       |

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| United States | Pruning Saw  | DES346937   | Issued        | 1994-May-17       |
| United States | Handle for a Bow Saw   | USD450555S  | Issued        | 2001-Nov-20       |
| United States | Tool Holder  | USD461309S  | Issued        | 2002-Aug-13       |
| United States | Paint Scraper  | USD461938S  | Issued        | 2002-Aug-20       |
| United States | Low-Level Lift   | US6601826B1 | Issued        | 2003-Aug-05       |
| United States | Coil on Plug Inductive Sampling Method and Apparatus   | US6850070B2 | Issued        | 2005-Feb-01       |
| United States | Diagnostic Method and System for a Multiple-Link Steering System                                     | US6728609B2 | Issued        | 2004-Apr-27       |
| United States | Wrench with Flexible Ring  | US6988430B1 | Issued        | 2006-Jan-24       |
| United States | System, Method & Computer Program Product for Remote Vehicle Diagnostics, Monitoring, Configuring    | US7155321B2 | Issued        | 2006-Dec-26       |
| United States | Self-Calibrating, Multi-Camera Machine Vision Measuring System                                       | US6959253B2 | Issued        | 2005-Oct-25       |
| United States | Attachment for Impact Hammer   | 6997269B1   | Issued        | 2006-Feb-14       |
| United States | Drawer Latch   | US7121638B1 | Issued        | 2006-Oct-17       |
| United States | Antirotation Device for Insert on Pneumatic Hammer Retaining Chuck                                   | US7052022B2 | Issued        | 2006-May-30       |
| United States | System for Dynamic Diagnosis of Apparatus Operating Conditions                                       | US6845307B2 | Issued        | 2005-Jan-18       |
| United States | Tool Lanyard   | US7124470B2 | Issued        | 2006-Oct-24       |
| United States | Chain Saw Nose Sprocket  | 6317989     | Issued        | 2001-Nov-20       |
| United States | Cutting Tip Having Rounded Main Cutting Edge and Sharp Side Cutting Edges                            | 6321618     | Issued        | 2001-Nov-27       |
| United States | Data Method Alignment and System   | 7512156     | Issued        | 2009-Mar-31       |
| United States | Communications and Systems for Diagnostic Devices  |             | Filed         |                   |
| United States | Device for Measuring the Forces Generated by a Rotor Imbalance                                       | US6430992B1 | Issued        | 2002-Aug-13       |
| United States | Tool Handle  | D462003 S   | Issued        | 2002-Aug-27       |
| United States | DSP Assisted Peak Capture Circuit  | US6879919B2 | Issued        | 2005-Apr-12       |
| United States | Adjustable Torque  | 6,752,016   | Issued        | 2004-Jun-22       |
| United States | Flexible Head for Electronic Torque Wrench   | US6796190B2 | Issued        | 2004-Sep-28       |
| United States | Vehicular Pressure Testing Apparatus   | 5187974     | Issued        | 1993-Feb-23       |
| United States | Method and Apparatus for Determining Relative Contributions of Individual Comb. Cylinders Using Tach | 5182512     | Issued        | 1993-Jan-26       |
| United States | Air Conditioner Charging Station with Same Refrigerant Reclaiming and Liquid Refrigerant Return      | 4909042     | Issued        | 1990-Mar-20       |
| United States | Air Conditioner Charging Station with Same Refrigerant Return and Method                             | 4982576     | Issued        | 1991-Jan-08       |
| United States | Diagnostic Analyzer  | DES313764   | Issued        | 1991-Jan-15       |
| United States | Distributorless Ignition Interface   | 4847563     | Issued        | 1989-Jul-11       |
| United States | Ergonomic Tool   | 4934222     | Issued        | 1990-Jun-19       |
| United States | Electrically Insulating Composite Hand Tool  | 5259277     | Issued        | 1993-Nov-09       |
| United States | Hammer (Encapsulated)  | D350269     | Issued        | 1994-Sep-06       |

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| United States | Flag Generation System  | 4907176     | Issued        | 1990-Mar-06       |
| United States | Fluid Driven Rotary Motor   | 4898524     | Issued        | 1990-Feb-06       |
| United States | Diagnostic Director   | US6714846B2 | Issued        | 2004-Mar-30       |
| United States | Hacksaw Blade Dispenser   | USD456651S  | Issued        | 2002-May-07       |
| United States | Lamp  | USD482150S  | Issued        | 2003-Nov-11       |
| United States | Hammer Handle With Cushion Grip   | USD463725S  | Issued        | 2002-Oct-01       |
| United States | Handle  | USD468182S  | Issued        | 2003-Jan-07       |
| United States | Method and Apparatus for Low Power Offset Correcting of Amplified Sensor                            | 4816752     | Issued        | 1989-Mar-28       |
| United States | Method of Forming Tool with Dual-Material Handle  | US6368536B1 | Issued        | 2002-Apr-09       |
| United States | Reversible Ratchet Wrench with Integrated Dual Pawl and Spring and Cam Unit                         | 5174176     | Issued        | 1992-Dec-29       |
| United States | Rotary Air Motor with Curved Tangential Vanes   | 5174742     | Issued        | 1992-Dec-29       |
| United States | Speed Sensor for use with Engine Analyzer   | D332065     | Issued        | 1992-Dec-29       |
| United States | Target System for Use with Position Determination System  | US6658751B2 | Issued        | 2003-Dec-09       |
| United States | Interchangeable Grips for Power Tools   | 6155354     | Issued        | 2000-Dec-05       |
| United States | Device Having Socket with Retention Surfaces  | 5277531     | Issued        | 1994-Jan-11       |
| United States | Screwdriver Handle (Ratcheting)   | D360344     | Issued        | 1995-Jul-18       |
| United States | Detachable Joint  | 6341918     | Issued        |                   |
| United States | Sliding Latch Mechanism for a Cabinet Drawer (Improved)   | 5388902     | Issued        | 1995-Feb-14       |
| United States | Square Drive Adapter  | 5485769     | Issued        | 1996-Jan-23       |
| United States | Integrated Diagnostic System  | US7350159   | Issued        | 2008-Mar-25       |
| United States | Vehicle Wheel Alignment Adjustment Method   | 7415324     | Issued        | 2008-Aug-19       |
| United States | Procedure and Apparatus to Retain a Motor Vehicle Wheel Clamped on a Measuring Shaft of a Balancing | US5959204   | Issued        | 1999-Sep-28       |
| United States | Hacksaw Frame   | DES409892   | Issued        | 1999-May-18       |
| United States | Device For Straightening A Frame of an Automobile   | 5623846     | Issued        | 1997-Apr-29       |
| United States | Device for Use in Conjunction with the Straightening of the Frame of an Automobile                  |             | Filed         |                   |
| United States | Cordless Fluorescent Light  | D409776     | Issued        | 1999-May-11       |
| United States | Impulse Wrench with Wrap Spring Clutch Assembly   | 5881855     | Issued        | 1999-Mar-16       |
| United States | Hacksaw Frame   | D472445 S   | Issued        | 2003-Apr-01       |
| United States | Reciprocating Saw Blade   | USD479106S  | Issued        | 2003-Sep-02       |
| United States | Ornamental Design of Pneumatic Hammer   | USD487219S  | Issued        | 2004-Mar-02       |
| United States | Cordless Power Tool   | USD484384S  | Issued        | 2003-Dec-30       |
| United States | Integrated Battery Service System   | US7089127B2 | Issued        | 2006-Aug-08       |
| United States | Handle Assembly for Hand Tool (Long Reach Partially Overlapping )                                   | D380656     | Issued        | 1997-Jul-08       |
| United States | Handle Assembly For Hand Tool f/k/a Long Reach Pistol Grip Flush Joint Pliers                       | D398510     | Issued        | 1998-Sep-22       |
| United States | Corrugated Three-Piece Drawer Slide Assembly  | 5549377     | Issued        | 1996-Aug-27       |

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| United States | Analytical Tachometers   | 5646340     | Issued        | 1997-Jul-08       |
| United States | PC Compatible Modular Based Diagnostic System  | 5659680     | Issued        | 1997-Aug-19       |
| United States | Sheath for Scissors or Shears  | DES415890   | Issued        | 1999-Nov-02       |
| United States | Outsole  | D387193     | Issued        | 1997-Dec-09       |
| United States | Reversible Ratcheting Screwdriver with Spinner and Ergonomic Handle                                  | 5520073     | Issued        | 1996-May-28       |
| United States | Dual-Pawl Ratcheting Mechanism with Provision for Preventing Pawl Jamming                            | 5537899     | Issued        | 1996-Jul-23       |
| United States | Manually Actuated Brake System for Manually Towable Vehicle  | US7124859B2 | Issued        | 2006-Oct-24       |
| United States | Method and Apparatus for Determining Cylinder #1 Power Firing in Wasted Spark Ignition Systems       | 4795979     | Issued        | 1989-Jan-03       |
| United States | Method and Apparatus for Emission Testing  | 4881183     | Issued        | 1989-Nov-14       |
| United States | Hands Free Automotive System-(U.S. continuation)   | US6826532B1 | Issued        | 2004-Nov-30       |
| United States | Apparatus for Balancing Vehicle Wheels   | US6622551B2 | Issued        | 2003-Sep-23       |
| United States | Apparatus for Use with a 3D Image Wheel Aligner for Facilitating Adjustment of Cruise Control Sensor | US6823601B2 | Issued        | 2004-Nov-30       |
| United States | Recessed Control Knobs (Tool Control)  |             | Filed         |                   |
| United States | Coordinate Measuring System and Field-of-View Indicators Therefor                                    | US6950775   | Issued        | 2005-Sep-27       |
| United States | Cordless Lamp Styling (Utility of lamp with open grill)  |             | Filed         |                   |
| United States | Brake Lathe Station  | 6546832 B2  | Issued        | 2003-Apr-15       |
| United States | Apparatus and Method for Vehicle Manipulative Anchoring  | 6568237 B1  | Issued        | 2003-May-27       |
| United States | Brake Lathe Suspension Arm   | 6679144 B2  | Issued        | 2004-Jan-20       |
| United States | Portal for Distributing Business and Product Information   | 7583401     | Issued        | 2009-Sep-01       |
| United States | Paint Scraper with Nailset   | 6532614 B2  | Issued        | 2003-Mar-18       |
| United States | Universal Capacitive Adapter for Engine Diagnostics  | US7009400B1 | Issued        | 2006-Mar-07       |
| United States | Power Tool with Detachable Drive End   | 7025149B2   | Issued        | 2006-Apr-11       |
| United States | Alternator Testing Method and System Using Timed Application of Load                                 | US6777941B2 | Issued        | 2004-Aug-17       |
| United States | Data Processing Device   | USD475371S  | Issued        | 2003-Jun-03       |
| United States | Axial Pawl Ratchet Mechanism   | 7454997     | Issued        | 2008-Nov-25       |
| United States | Weight-Monitored Air Conditioner Charging Station  | RE32451     | Issued        | 1987-Jul-07       |
| United States | Fixed Point Method of Video Display Scaling  | 5150461     | Issued        | 1992-Sep-22       |
| United States | Custom Vehicle Wheel Aligner   | 5909379     | Issued        | 1999-Jun-01       |
| United States | Axial Stability Inspection Device and Method   |             | Filed         |                   |
| United States | Method and Apparatus for Generating Display Waveforms in Wasted Spark Ignition Systems               | 5068613     | Issued        | 1991-Nov-26       |
| United States | Method of Identifying Flag Bits  | 4903219     | Issued        | 1990-Feb-20       |
| United States | Portable Socket Holder   | 5284245     | Issued        | 1994-Feb-08       |
| United States | Impulse Wrench with Wrap Spring Clutch Assembly  | 5941360     | Issued        | 1999-Aug-24       |

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| United States | Triangular Screwdriver Handle   | D398508     | Issued        | 1998-Sep-22       |
| United States | Opening Spring for Pivoting Hand Tool   | 5619892     | Issued        | 1997-Apr-15       |
| United States | Semi Universal Torque Coupling  | 5738586     | Issued        | 1998-Apr-14       |
| United States | Engine Analyzer with Single-Head Ignition Scope   | 5778328     | Issued        | 1998-Jul-07       |
| United States | Engine Analyzer with Pattern Library Linked to Vehicle ID and Display Scope Configuration                                       | 5852789     | Issued        | 1998-Dec-22       |
| United States | Stress Reduced Pinned Anvil and Socket  | 5595099     | Issued        | 1997-Jan-21       |
| United States | Drive Shaft Lock  | US6488451B1 | Issued        | 2002-Dec-03       |
| United States | Self-Calibrating Wheel Alignment Apparatus and Method   | 5531030     | Issued        | 1996-Jul-02       |
| United States | Improved Eight Sensor Wheel Aligner   | 5519488     | Issued        | 1996-May-21       |
| United States | Tilttable Ball-Type Driver  | 5408905     | Issued        | 1995-Apr-25       |
| United States | Tool Chest with Tool Pallet   | 5332305     | Issued        | 1994-Jul-26       |
| United States | Battery Impedance Monitor   | 5773978     | Issued        | 1998-Jun-30       |
| United States | Method and Apparatus for Calibrating Cameras Used in the Alignment of Motor Vehicle Wheels                                      | 5809658     | Issued        | 1998-Sep-22       |
| United States | Sheath for Handsaws   | 6076261     | Issued        | 2000-Jun-20       |
| United States | Full Width Overlay Drawer   | US7552950   | Issued        | 2009-Jun-30       |
| United States | Hydraulic Lift  | 4724930     | Issued        | 1988-Feb-16       |
| United States | Vehicle Lift and Lock Mechanism   | 5322143     | Issued        | 1994-Jun-21       |
| United States | Reversible Ratchet Wrench   | 5522288     | Issued        | 1996-Jun-04       |
| United States | Speed Wrench  | 5551322     | Issued        | 1996-Sep-03       |
| United States | Handle for Garden Saw   | DES430785   | Issued        | 2000-Sep-12       |
| United States | Holesaw   | 6120221     | Issued        | 2000-Sep-19       |
| United States | Pruning Saw   | 6125544     | Issued        | 2000-Oct-03       |
| United States | System for Remote Monitoring of a Vehicle and Method of Determining Vehicle Mileage, Jurisdiction Crossing and Fuel Consumption | US6714857B2 | Issued        | 2004-Mar-30       |
| United States | Drive Element with Drive Bore Compound Entry Surface  | 4993289     | Issued        | 1991-Feb-19       |
| United States | Fatigue Resistant Spindle End   | 5038869     | Issued        | 1991-Aug-13       |
| United States | Cover for Pneumatic Tool  | 4879847     | Issued        | 1989-Nov-14       |
| United States | One Piece, Open-End Wrenching Head with Roughened Jaw   | 5148726     | Issued        | 1992-Sep-22       |
| United States | Torque Driving Tool and Retainer for Driven Member  | 4970922     | Issued        | 1990-Nov-20       |
| United States | Cordless Impact Wrench  | D335073     | Issued        | 1993-Apr-27       |
| United States | Composite Hand Tool   | 5394773     | Issued        | 1995-Mar-07       |
| United States | Method for ECU Programming Authorization  |             | Filed         |                   |
| United States | Vehicle Computer Diagnostic Interface Apparatus   | 4853850     | Issued        | 1989-Aug-01       |
| United States | Apparatus for Securing Vehicle  | US6185982B1 | Issued        | 2001-Feb-13       |

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| United States | Fuse Saving Test Assembly for Fused Circuit   | US7148698B2 | Issued        | 2006-Dec-12       |
| United States | Cordless Impact Wrench (Power Tool)   | USD476544S  | Issued        | 2003-Jul-01       |
| United States | RX-Compound Bio Spring  | 6109143     | Issued        |                   |
| United States | Apparatus and Method for Mounting Analysis Equipment on a Vehicle   |             | Filed         |                   |
| United States | Data Processing Device  | USD475370S  | Issued        | 2003-Jun-03       |
| United States | Ratchet Mechanism with Laminated Parts and Method of Making Same  | 5983757     | Issued        | 1999-Nov-16       |
| United States | Procedure for Transmission of Information in Aligning Equipment for Motor Vehicles, and Aligning Equipment for Carrying out the Procedure | 5421095     | Issued        | 1995-Jun-06       |
| United States | A Balancing Method For Motorvehicle Wheels  | 5895849     | Issued        | 1999-Apr-20       |
| United States | Device for Constraining a Wheel and Type Assembly on a Platform   | 6065522     | Issued        | 2000-May-23       |
| United States | Integrated Refrigerant Identifier   |             | Filed         |                   |
| United States | Automatic Clamping Device for Wheels on a Main Shaft of a Balancing Machine   | 5615574     | Issued        | 1997-Jan-04       |
| United States | Floating Fulcrum for Torque Wrenches  | 4732062     | Issued        | 1988-Mar-22       |
| United States | Triangular Screwdriver Handle   | D398507     | Issued        | 1998-Sep-22       |
| United States | Tire Changing and Balancing Machine   | 5385045     | Issued        | 1995-Jan-31       |
| United States | Brake Lathe with Electronic Feed Control  | 5347895     | Issued        | 1994-Sep-20       |
| United States | Computer Interface Board for Electronic Automotive Vehicle Service Equipment  | 5734569     | Issued        | 1998-Mar-31       |
| United States | Garden Saw  | USD436013S  | Issued        | 2001-Jan-09       |
| United States | Long Term Firing and Spark Display  | 5680311     | Issued        | 1997-Oct-21       |
| United States | Adjustable Wrench with Worm Locking Mechanism   | 5644957     | Issued        | 1997-Jul-08       |
| United States | Remote Portable Display Unit with Wireless Transceiver and Engine Analyzing System Incorporating Same                                     | 6029508     | Issued        | 2000-Feb-29       |
| United States | Removable Core Lock with Latch Alignment and Limited Latch Rotation   | 5634359     | Issued        | 1997-Jun-03       |
| United States | Compact Folding Wrench with Improved Grip   | DES419837   | Issued        | 2000-Feb-01       |
| United States | Cordless Impact Wrench  | D404276     | Issued        | 1999-Jan-19       |
| United States | Liftable Head Wheel Balancer  |             | Filed         |                   |
| United States | Wheel Alignment Rim Clamp Claw  | 5024001     | Issued        | 1991-Jun-18       |
| United States | Composite Hand Tool   | 5448932     | Issued        | 1995-Sep-12       |
| United States | Torque Angle Wrench (Electronic)  | 5589644     | Issued        | 1996-Dec-31       |
| United States | Valve Assembly and Method   | 4903944     | Issued        | 1990-Feb-27       |
| United States | Method of Deriving a Primary Clock From Secondary Signals in a Distributorless Ignition System  | 5175501     | Issued        | 1992-Dec-29       |
| United States | Ratchet Tool (Manifold)   | 5309714     | Issued        | 1994-May-10       |
| United States | Rectifier Structure   | 4994890     | Issued        | 1991-Feb-19       |
| United States | Electronic Torque Wrench with Tactile Indication  | 4958541     | Issued        | 1990-Sep-25       |
| United States | Lift Safety System  | US6186280B1 | Issued        | 2001-Feb-13       |



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|---------------|---|-------------|---------------|-------------------|
| United States | Alignment System with Locking Turntables and Skid Plates                                  | US7143519B2 | Issued        | 2006-Dec-05       |
| United States | Cordless Drill  | USD536591S  | Issued        | 2007-Feb-13       |
| United States | Method and Apparatus for Determining the Position of a Wheel Mounted on a Vehicle         | 6414304B1   | Issued        | 2002-Jul-02       |
| United States | Bit with Frictional Retention in Drive Socket   | 5295423     | Issued        | 1994-Mar-22       |
| United States | Combined Handle and Head for Hammer (Encapsulated)  | D350470     | Issued        | 1994-Sep-13       |
| United States | Sheath for a Paint Scraper  | DES433564   | Issued        | 2000-Nov-14       |
| United States | Reversible Ratcheting Power Tool with Synchronized Motor and Ratchet Control              | US6199642B1 | Issued        | 2001-Mar-13       |
| United States | Apparatus for Measuring Unbalance on Rotary Members                                       | 5060513     | Issued        | 1991-Oct-29       |
| United States | Pneumatic Tool And Air Deflector Boot Therefor  | US6199383B1 | Issued        | 2001-Mar-13       |
| United States | Improved Computerized Automotive Service System   | US6512968B1 | Issued        | 2003-Jan-28       |
| United States | Method and Apparatus for Detection of Missing Pulses from a Repetitive Pulse Train        | 5764524     | Issued        | 1998-Jun-09       |
| United States | Method and Apparatus for Detection and Acquisition of Automotive Fuel Injector Pulsewidth | 5804970     | Issued        | 1998-Sep-08       |
| United States | Vehicle Ride Height Measurement Apparatus and Method                                      | 5490092     | Issued        | 1996-Feb-06       |
| United States | Technique for Plotting a Variable-Width Signal in a Fixed-Width Plot Area                 | 5784284     | Issued        | 1998-Jul-21       |
| United States | Cordless Drill  | D382457     | Issued        | 1997-Aug-19       |
| United States | Open-end Wrench Head  | USD488363S  | Issued        | 2004-Apr-13       |
| United States | Method of Stopping an Electric Motor-Driven Balancing Machine Main Shaft                  | 5909097     | Issued        | 1999-Jun-01       |
| United States | Opening Spring for Pivoting Hand Tool   | 5522289     | Issued        | 1996-Jun-04       |
| United States | Metal Shears with Mechanical Advantage  | US6199284B1 | Issued        | 2001-Mar-13       |
| United States | Sheath for Secateurs  | US6173875B1 | Issued        | 2001-Jan-16       |
| United States | Air Powered Torque Control Tool Driver with Automatic Torque Disconnect                   | 5005682     | Issued        | 1991-Apr-09       |
| United States | Programmable Cable Adaptor  | B15442170   | Issued        | 1996-Nov-05       |
| United States | Vehicle Wheel Balancing Machine   | 5447064     | Issued        | 1995-Sep-05       |
| United States | Vehicle Wheel Balancing Machine   | 5563342     | Issued        | 1996-Oct-08       |
| United States | Method and Arrangement for Clamping a Motor Vehicle Wheel on a Balancing Machine Shaft    | US5948980   | Issued        | 1999-Sep-07       |
| United States | Drawer with Double-Tiered Sliding Tray System   | 5927839     | Issued        | 1999-Jul-27       |
| United States | Composite Ratcheting Box Wrench and Method of Making Same                                 | 5713251     | Issued        | 1998-Feb-03       |
| United States | Torque Angle Instrument   | 7565844     | Issued        | 2009-Jul-28       |
| United States | Method And Apparatus For Tire Pressure Determination                                      |             | Filed         |                   |
| United States | Tire Pressure Determination   | US6343506B1 | Issued        | 2002-Feb-05       |
| United States | Ergonomic Handle for Rolling Manually Propelled Vehicle                                   | 5788252     | Issued        | 1998-Aug-04       |
| United States | Location designator for Wheel Service Machines  | 5109715     | Issued        | 1992-May-05       |
| United States | Ratcheting Screwdriver (Mini)   | 5535648     | Issued        | 1996-Jul-16       |

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| United States | Tool Box and One Piece Bottom Panel Therefor  | 5580137     | Issued        | 1996-Dec-03       |
| United States | Shock Absorbing Disconnect Latch for Drawer Slides  | 5542759     | Issued        | 1996-Aug-06       |
| United States | Procedure and Apparatus to Balance a Motor Vehicle Wheel  | 5587528     | Issued        | 1996-Dec-24       |
| United States | Bending Beam Torque Wrench  | US6463811B1 | Issued        | 2002-Oct-15       |
| United States | Ratcheting Screwdriver Handle   | DES421888   | Issued        | 2000-Mar-28       |
| United States | Motorcycle Lift   | US6345693B1 | Issued        | 2002-Feb-12       |
| United States | Method and Apparatus for Detection and Acquisition of Automotive Fuel Injector Pulse Width          | 6018245     | Issued        | 2000-Jan-25       |
| United States | Compartment With Vertical Drawers and Structure For Allowing Only One Vertical Drawer To Be Outside | 6113200     | Issued        | 2000-Sep-05       |
| United States | Computerized Automotive Service Equipment Using Multipoint Serial Link Data Transmission Protocols  | US6282469B1 | Issued        | 2001-Aug-28       |
| United States | Measuring Device Primarily for Use with Vehicles  | 6115927     | Issued        | 2000-Sep-12       |
| United States | Eccentric Ring Ratchet Mechanism  |             | Filed         |                   |
| United States | Electronic Torque Wrench  | US6981436B2 | Issued        | 2006-Jan-03       |
| United States | Testing and Display of Electrical System Impedance  | US7215130B2 | Issued        | 2007-May-08       |
| United States | Distributed Expert Diagnostic Service and System  | US7209860B2 | Issued        | 2007-Apr-24       |
| United States | Vehicle Data Stream Pause Based on Data Value   | US7020546B2 | Issued        | 2006-Mar-28       |
| United States | Reversible Impact Mechanism With Structure Limiting Hammer Travel                                   | 6158526     | Issued        | 2000-Dec-12       |
| United States | Improved Biasing Structure For Ratchet Wrench Pawl  | 6109141     | Issued        | 2000-Aug-29       |
| United States | Tool with Dual-Material Handle-Divisional   | US6228306B1 | Issued        | 2001-May-08       |
| United States | Quick Release Mechanism for Socket Drive Tool   | US6199457B1 | Issued        | 2001-Mar-13       |
| United States | Cordless Screwdriver and Multi-Position Battery Pack Therefor                                       | 6139359     | Issued        | 2000-Oct-31       |
| United States | Method And Apparatus For Performing Vehicle Scrub Radius  | US6532062B2 | Issued        | 2003-Mar-11       |
| United States | Metal Saw Device  | 4827619     | Issued        | 1989-May-09       |
| United States | Saw Blade   | 5603252     | Issued        | 1997-Feb-18       |
| United States | Tooth Structure of a Bandsaw Blade  | 5832803     | Issued        | 1998-Nov-10       |
| United States | Vertical Drawer With Catch Basin and Storage Chest Containing Same                                  | 6135584     | Issued        | 2000-Oct-24       |
| United States | Power Tool With Air Deflector For Venting Motor Exhaust Air   | 6043575     | Issued        | 2000-Mar-28       |
| United States | Torque Transducer   | 4977775     | Issued        | 1990-Dec-18       |
| United States | Balancing Machine Especially for Motor Vehicle Wheels   |             | Filed         |                   |
| United States | Pliers with Flush Joint Bias Spring   | 5904078     | Issued        | 1999-May-18       |
| United States | Molding and Emblem Removal Tool   | 5930899     | Issued        | 1999-Aug-03       |
| United States | Tool with Dual-Material Handle  | 5964009     | Issued        | 1999-Oct-12       |
| United States | Composite Box Wrench with Reinforcing and Retaining Structure                                       | US6318216B1 | Issued        | 2001-Nov-20       |
| United States | Apparatus and Method for Tire Condition Assessment  | 6069966     | Issued        | 2000-May-30       |

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| United States | Procedure and Apparatus to Index the Unbalance Correction Position on a Balancing Machine           | 5847277      | Issued        | 1998-Dec-08       |
| United States | Compensation For Undesired Angle Deviations Arising During Vehicle Wheel Alignment Operations       | 5875418      | Issued        | 1999-Feb-23       |
| United States | Heavy Duty Auxiliary Tower For A Repair Rack  | 5189898      | Issued        | 1993-Mar-02       |
| United States | Torque Wrench Structure   | 5662012      | Issued        | 1997-Sep-02       |
| United States | Maximum Storage Tool Chest  | 5857757      | Issued        | 1999-Jan-12       |
| United States | Drive Configuration with Differential Driving Surfaces  | 5860339      | Issued        | 1999-Jan-19       |
| United States | Apparatus and Method for Sensing Unbalance Force and Location Through Frequency Modulation          | 5201224      | Issued        | 1993-Apr-13       |
| United States | Plug-In Wheel Grabber   | 5242202      | Issued        | 1993-Sep-07       |
| United States | Wheel Alignment System  | 5208646      | Issued        | 1993-May-04       |
| United States | Automotive Service Equipment Expert System  | 5602733      | Issued        | 1997-Feb-11       |
| United States | Cordless Impact Tool  | USD535536S   | Issued        | 2007-Jan-23       |
| United States | Computer Interface Board for Electronic Automotive Vehicle Service Equipment                        | 5999867      | Issued        | 1999-Dec-07       |
| United States | Ratcheting Screwdriver with Reversing Cap Having Projecting Pin                                     | 5570616      | Issued        | 1996-Nov-15       |
| United States | Long Reach Modified Pistol Grip Handles for Cutters and the Like                                    | DES397603    | Issued        | 1998-Sep-01       |
| United States | Viewer Orientation Indicator for an Illustration  | 5943037      | Issued        | 1999-Aug-24       |
| United States | Image Aligner- Method and Apparatus for Determining the Alignment of Motor Vehicle Wheels           | 5724743      | Issued        | 1998-Mar-10       |
| United States | Multi-Modular Vehicle Repair System   | 5931043      | Issued        | 1999-Aug-03       |
| United States | Modular Electronic Device   | 4942356      | Issued        | 1990-Jul-17       |
| United States | Needle Nose Pliers  | D350265      | Issued        | 1994-Sep-06       |
| United States | Measuring Wheel Base Parallelism with a Position Determination System                               | US6823246B2  | Issued        | 2004-Nov-23       |
| United States | Battery Testing and Classification  | US6526361B1  | Issued        | 2003-Feb-25       |
| United States | Process and Apparatus for the Input of Parameters of a Rotary Member to be Balanced into a Balancer | 5172596      | Issued        | 1992-Dec-22       |
| United States | Apparatus and Method for Determining Axial Stability  | 5969246      | Issued        | 1999-Oct-19       |
| United States | Wrench for Hexagonal Nuts   | 6098501      | Issued        | 2000-Aug-08       |
| United States | Wheel Balancing System with Integrated Wheel Lift, Loaded Mode Testing, and Wheel Imaging System    | US6907781 B2 | Issued        | 2005-Jun-21       |
| United States | Process of Undermolding in Injection Molding  | US6962098B2  | Issued        | 2005-Nov-08       |
| United States | Jacket for Air Tool   | DES428787    | Issued        | 2000-Aug-01       |
| United States | Ergonomic Hex Cushion Grip  | 5819594      | Issued        | 1998-Oct-13       |
| United States | Device For Use In Conjunction with Straightening of Frame of Automobile                             | 5918500      | Issued        | 1999-Jul-06       |
| United States | Air Ratchet Hand Tool With Thermoplastic Jacket   | 5992540      | Issued        | 1999-Nov-30       |

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| United States | Ratchet and Handle Therefore   | Des423891   | Issued        | 2000-May-02       |
| United States | Ratchet Head Electronic Torque Wrench  | 6070506     | Issued        | 2000-Jun-06       |
| United States | Lighting the Rim Disc  | 5831152     | Issued        | 1998-Nov-03       |
| United States | Lighting the Rim Disc  |             | Filed         |                   |
| United States | Inclined Slide Assemblies for Vertical Drawers   | 5992956     | Issued        | 1999-Nov-30       |
| United States | Ratchet Wrench with Multi-Position Ratchet Head  | US6405621B1 | Issued        | 2002-Jun-18       |
| United States | Tip Valve for Pneumatic Tool   | 6027099     | Issued        | 2000-Feb-22       |
| United States | Multi-Purpose Screwdriver  | 6019022     | Issued        | 2000-Feb-01       |
| United States | Fuse Saving Tester for Fused Circuit   | RE41466E    | Issued        | 2010-Aug-03       |
| United States | Vehicle Alignment Condition Measurement And Display (As Amended)                                   | 5948024     | Issued        | 1999-Sep-07       |
| United States | Integral Reamer Apparatus with Guide Counterbores in Female Press-Fitted Parts                     | 5720749     | Issued        | 1998-Feb-24       |
| United States | Engine Analyzer with Dual-Trace Scope and Selective Control of Synchronization of the Scope Traces | 5742276     | Issued        | 1998-Apr-21       |
| United States | Tooth Arrangement in a Metal Cutting Bandsaw   | 6269722 B1  | Issued        | 2001-Aug-07       |
| United States | Tool Chest   | D430426     | Issued        | 2000-Sep-05       |
| United States | Cam-Lobed Salvage Tool   | 6003411     | Issued        | 1999-Dec-21       |
| United States | Method and Apparatus for Checking the Chassis of a Motor Vehicle                                   | 4761991     | Issued        | 1988-Aug-09       |
| United States | Ratcheting Driver  | 4777852     | Issued        | 1988-Oct-18       |
| United States | Tool Box   | D386903     | Issued        | 1997-Dec-02       |
| United States | Disposable Torque Limiting Wrench  | 5571014     | Issued        | 1996-Nov-05       |
| United States | Interactive Diagnostic System for an Automotive Vehicle, and Method                                | 5214582     | Issued        | 1993-May-25       |
| United States | Integral Reamer Apparatus  |             | Filed         |                   |
| United States | Reversible Ratcheting Screwdriver with Improved Reversing Ring                                     | 5711193     | Issued        | 1998-Jan-27       |
| United States | Method and Apparatus for Machine Diagnosis   | 5730526     | Issued        | 1998-Mar-24       |
| United States | Tool for the Cutting or Coining of Metal   | US6226874B1 | Issued        | 2001-May-08       |
| United States | Tooth Arrangement of Metal-Cutting Bandsaw Blade   | 6220140 B1  | Issued        | 2001-Apr-24       |
| United States | Capacitor Charging Circuit for Timing Light Power  | 4965494     | Issued        | 1990-Oct-23       |
| United States | Digital Engine Analyzer (Fill-in-the-Dots)   | 4800378     | Issued        | 1989-Jan-24       |
| United States | Digital Engine Analyzer (Peak Insertion)   | 4804921     | Issued        | 1989-Feb-14       |
| United States | Digital Engine Analyzer (Dual Memory Bank)   | 4980845     | Issued        | 1990-Dec-25       |
| United States | Digital Engine Analyzer (Split Screen Display)   | 4851833     | Issued        | 1989-Jul-25       |
| United States | Digital Engine Analyzer (Bar Graph Generation)   | 4849744     | Issued        | 1989-Jul-18       |
| United States | Wheel Balancer   | US6244108B1 | Issued        | 2001-Jun-12       |
| United States | Wireless Communication for Diagnostic Instrument   | US7225064B2 | Issued        | 2007-May-29       |
| United States | Multiple Drawer Cabinet Allowing One Drawer Opened at a Time                                       | US6634726B1 | Issued        | 2003-Oct-21       |
| United States | Drawer Open Position Controller  | US6722749B1 | Issued        | 2004-Apr-20       |

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| United States | Battery Side-Terminal Adapter And Kelvin Connector                    | US6254438B1 | Issued        | 2001-Jul-03       |
| United States | Computer Method of Adjusting Wheel Alignment Angles                   | US6327548B1 | Issued        | 2001-Dec-04       |
| United States | Method and apparatus for grinding teeth in a steel strip to form saws | 5016497     | Issued        | 1991-May-21       |
| United States | Bandsaw blade and method of manufacturing same                        | 5249485     | Issued        | 1993-Oct-05       |
| United States | Cutting element, cutting edge and method of making cutting edges      | 5427000     | Issued        | 1995-Jun-27       |
| United States | Chain saw guide bar with liquid spray device                          | 5778537     | Issued        | 1998-Jul-14       |
| United States | Chain saw guide bar having dye-emitting nozzles                       | 5797187     | Issued        | 1998-Aug-25       |
| United States | Methods and apparatus for aligning band saw blade for strip ends      | 5931369     | Issued        | 1999-Aug-03       |
| United States | Ratchet Wrench  | 5230262     | Issued        | 1993-Jul-27       |
| United States | Handle for a file having polygonal cross section                      | 5762344     | Issued        | 1998-Jun-09       |
| United States | Air Auto Shut-Off   | US6883617B2 | Issued        | 2005-Apr-26       |
| United States | Wire retainer and diagonal cutting nipper with wire retainer          | 4404746     | Issued        | 1983-Sep-20       |
| United States | Electronic Torque Wrench and Overshoot Compensation Circuit Therefor  | 5130700     | Issued        | 1992-Jul-14       |
| United States | Trigger and Clutch Arrangement for Power Tools                        | US6244358B1 | Issued        | 2001-Jun-12       |
| United States | Blue-Point 1/4" Impact Wrench   | USD514413S  | Issued        | 2006-Feb-07       |
| United States | Pulse Dampener and Gas Analyzer Incorporating Same                    | 6138499     | Issued        | 2000-Oct-31       |
| United States | Sealed Reversible Ratchet Wrench                                      | 5921158     | Issued        | 1999-Jul-13       |
| United States | Wheel Aligner Cordless Communications Unit                            | 5592383     | Issued        | 1997-Jan-07       |
| United States | Clamping Device for Vehicle Wheel Alignment Equipment                 | 5625953     | Issued        | 1997-May-06       |
| United States | Wedge Type Adjustment Tool  | US6209427B1 | Issued        | 2001-Apr-03       |
| United States | Chain Liner   | 5146775     | Issued        | 1992-Sep-15       |
| United States | Method and Apparatus for Engine Analysis by Waveform Comparison       | 5978727     | Issued        | 1999-Nov-02       |
| United States | Collet Lock Arrangement for Power Tool                                | 5496139     | Issued        | 1996-Mar-05       |
| United States | IM6100 1/2" Impact Wrench   | D410830     | Issued        | 1999-Jun-08       |
| United States | Handle (Dual Material)  | D414095     | Issued        | 1999-Sep-21       |
| United States | Handle For Ratchet and The Like                                       | DES422192   | Issued        | 2000-Apr-04       |
| United States | Pneumatic Tool With Increased Power Capability                        | 6062323     | Issued        | 2000-May-16       |
| United States | Ergonomic Palm Driver   | 6079298     | Issued        | 2000-Jun-27       |
| United States | Magnetic Bit Holder and Hand Tool Incorporating Same                  | RE36797     | Issued        | 2000-Aug-01       |
| United States | Sealed Reversible Ratchet Wrench                                      | 4934220     | Issued        | 1990-Jun-19       |
| United States | Interchangeable Grips for Power Tools                                 | 6082468     | Issued        | 2000-Jul-04       |
| United States | Composite Sockets With Dual Inserts And Annular Reinforcing Member    | 6029547     | Issued        | 2000-Feb-29       |
| United States | Medium/High Carbon Low Alloy Steel For Warm/Cold Forming              | 5928442     | Issued        | 1999-Jul-27       |
| United States | Composite Socket with Double Inserts                                  | 5970826     | Issued        | 1999-Oct-26       |
| United States | Torque Tool Tester Machine  | 5703277     | Issued        | 1997-Dec-30       |
| United States | Ratcheting Screwdriver with Reversing Cap Having Projecting Pin       | US6370988B1 | Issued        | 2002-Apr-16       |

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| United States | Hammer Handle (Encapsulated)   | D356481     | Issued        | 1995-Mar-21       |
| United States | Arcuate Tip Driver - Improved  | 5367926     | Issued        | 1994-Nov-29       |
| United States | Method and Apparatus for Determining the Alignment of Motor Vehicle Wheels | 5535522     | Issued        | 1996-Jul-16       |
| United States | Method of Calculating Modal Mass Emissions using Engine Speed              | 5639957     | Issued        | 1997-Jun-17       |
| United States | Screwdriver Handle with Swiveling Cap                                      | D378186     | Issued        | 1997-Feb-25       |
| United States | Improved Wheel Balancer Apparatus and Method                               | 5488861     | Issued        | 1996-Feb-06       |
| United States | Drive Device for Chain Saw   | 5802946     | Issued        | 1998-Sep-08       |
| United States | Chain Saw Guide Bar with Replaceable Liquid-Conducting Tubes               | 5845402     | Issued        | 1998-Dec-08       |
| United States | Handle for a Handsaw   | DES317395   | Issued        | 1991-Jun-11       |
| United States | Sawblades for a Power Saw with Reciprocating Blades                        | 4934056     | Issued        | 1990-Jun-19       |
| United States | Felling Bar with Striking Lug  | 5092562     | Issued        | 1992-Mar-03       |
| United States | Saw Blade  | 5351592     | Issued        | 1994-Oct-04       |
| United States | Saw Blade  | 5361665     | Issued        | 1994-Nov-08       |
| United States | Drill Bit  | 5452970     | Issued        | 1995-Sep-26       |
| United States | Filing Gauge for Saw Chains  | 5241882     | Issued        | 1993-Sep-07       |
| United States | Mounting base for Guidebars  | 5396705     | Issued        | 1995-Mar-14       |
| United States | Method for Hardfacing of Chainsaw and Guide Bars                           | 5448929     | Issued        | 1995-Sep-12       |
| United States | Chainsaw Guide Bar   | 5561908     | Issued        | 1996-Oct-08       |
| United States | Chainsaw Guide Bar   | 5596811     | Issued        | 1997-Jan-28       |
| United States | Drive Sprocket Device with Flanges   | 5606801     | Issued        | 1997-Mar-04       |
| United States | Drive Sprocket Device  | 5667450     | Issued        | 1997-Sep-16       |
| United States | Chain Saw Drive Sprocket Device  | 5699619     | Issued        | 1997-Dec-23       |
| United States | Methods of Assembling a Chain and a Rivet for use in Such Assembly         | 5729882     | Issued        | 1998-Mar-24       |
| United States | Coated Chain Saw Nose Sprocket   | 5865699     | Issued        | 1999-Feb-02       |
| United States | Chainsaw Guide Bar which Stiffens When Bent                                | 5884406     | Issued        | 1999-Mar-23       |
| United States | Sprocket with Indentations Forming Hydrodynamic Bearings                   | 5924945     | Issued        | 1999-Jul-20       |
| United States | Coil On Plug Signal Detection  | US6396277B1 | Issued        | 2002-May-28       |
| United States | Compact Folding Wrench   | DES359211   | Issued        | 1995-Jun-13       |
| United States | Sealed Reversible Ratchet Wrench   | 6101907     | Issued        | 2000-Aug-15       |
| United States | Improved Open-End, Four-Post Vehicle Lift                                  |             | Filed         |                   |
| United States | Easy Toe Adjustment  | 5832617     | Issued        | 1998-Nov-10       |
| United States | Safety Restraint and Barrier For Use With Tire Servicing Equipment         | 5971053     | Issued        | 1999-Oct-26       |
| United States | System and Method For Distributed Computer Automotive Service Equipment    | US6405111B2 | Issued        | 2002-Jun-11       |
| United States | Method and Apparatus for Determining the Alignment of Motor Vehicle Wheels | 5943783     | Issued        | 1999-Aug-31       |
| United States | Computerized Automotive Service System                                     | US6285932B1 | Issued        | 2001-Sep-04       |
| United States | Ratchet and Handle Therefore   | USD438438S  | Issued        | 2001-Mar-06       |

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| United States | Saw Blade Container   | DES317985   | Issued        | 1991-Jul-09       |
| United States | Single-Hand Held Diagnostic Display Unit  | US6693367B1 | Issued        | 2004-Feb-17       |
| United States | Caster Locking Mechanism and Carriage   | RE34433     | Issued        | 1990-May-08       |
| United States | Insulating Driver With Injection Molded Shank And Fluted Working Tip                          | US6655240B1 | Issued        | 2003-Dec-02       |
| United States | Sawchain  | 4896575     | Issued        | 1990-Jan-30       |
| United States | Laminated Guidebar  | 4965934     | Issued        | 1990-Oct-30       |
| United States | Air-Motor with Offset Front and Rear Exhausts   | 5383771     | Issued        | 1995-Jan-24       |
| United States | Arcuate Tip Driver  | 5347893     | Issued        | 1994-Sep-20       |
| United States | Nitric Oxide Enhanced Response Circuit for Gas Analyzer                                       | 6082177     | Issued        | 2000-Jul-04       |
| United States | Method and Apparatus for Detection of Missing Pulses from a Repetitive Pulse Train            | US6453250B1 | Issued        | 2002-Sep-17       |
| United States | Integral Reamer Apparatus with Guide Counterbores in Female Press-Fitted Parts                | 5720749     | Issued        | 1998-Feb-24       |
| United States | Magnetic Bit Holder and Hand Tool Incorporating Same  | RE38778E    | Issued        | 2005-Aug-23       |
| United States | System for Dynamic Diagnosis of Apparatus Operating Conditions                                | 6141608     | Issued        | 2000-Oct-31       |
| United States | High Strength Sealed Ratchet  | 6125722     | Issued        | 2000-Oct-03       |
| United States | Vehicle Collision Damage Display Technique  | 6947867     | Issued        | 2005-Sep-20       |
| United States | Method and Implementation for Addressing and Accessing an Expanded Read Only Memory (ROM)     | US6687782B1 | Issued        | 2004-Feb-03       |
| United States | Coil Over Plug Adapter  | USD452450S  | Issued        | 2001-Dec-25       |
| United States | Method and Apparatus for Determining the Alignment of Motor Vehicle Wheels                    | 6148528     | Issued        | 2000-Nov-21       |
| United States | Drawer Fronts   | US7540576   | Issued        | 2009-Jun-02       |
| United States | Cabinet Locking System and Method   | US7461908B1 | Issued        | 2008-Dec-09       |
| United States | Reversible Ratchet with Remote Reversing Operating Mechanism                                  | US6253647B1 | Issued        | 2001-Jul-03       |
| United States | Method and Apparatus of Automatically Identifying Faults in a Machine Vision Measuring System | US6323776B1 | Issued        | 2001-Nov-27       |
| United States | Method and Device for Determining the Amount of Undissolved Gas in a Hydraulic System         | 6081767     | Issued        | 2000-Jun-27       |
| United States | Hands Free Automotive Service System  | 6085428     | Issued        | 2000-Jul-11       |
| United States | Tool Chest  | D 430426    | Issued        | 2000-Sep-05       |
| United States | Invisible Target Illuminators for 3D Camera Based Alignment Systems                           |             | Filed         |                   |
| United States | Volumetric Operating System for Vehicle Lifts   | US6811000B1 | Issued        | 2004-Nov-02       |
| United States | Adjustable Length Extension   |             | Filed         |                   |
| United States | Optimized Vehicle Ball Joint/U-Joint Service Set  |             | Filed         |                   |
| United States | Device for Measuring Rotor Imbalance  | US6708563B2 | Issued        | 2004-Mar-23       |
| United States | Edge Protection Device for Hole Saw   | 6746187 B2  | Issued        | 2004-Jun-08       |
| United States | Method and Apparatus for Balancing a Motor Vehicle Wheel                                      | US6752016B2 | Issued        | 2004-Jun-22       |
| United States | Retention Socket  | 7311022     | Issued        | 2007-Dec-25       |

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|---------------|---|---------------|---------------|-------------------|
| United States | Cordless Alignment System Having Conveniently Interchangeable Batteries   | US6763594B2   | Issued        | 2004-Jul-20       |
| United States | Pliers  | D486047       | Issued        | 2004-Feb-03       |
| United States | Pliers  | D494826 S     | Issued        | 2004-Aug-24       |
| United States | Active Tester for Vehicle Circuit Evaluation  | US7209850B2   | Issued        | 2007-Apr-24       |
| United States | Bead Breaking Lever   |               | Filed         |                   |
| United States | Diagnosing Malfunctioning Wheel Alignment System  | 7643915       | Issued        | 2010-Jan-05       |
| United States | Electronic Torque Wrench  | USD530166S    | Issued        | 2006-Oct-17       |
| United States | Wheel Alignment with Surface-Oriented Runout Determination  | 7206716       | Issued        | 2007-Apr-17       |
| United States | Impact Wrench   | USD507732     | Issued        | 2005-Jul-26       |
| United States | Process for Identifying a Specific Light Signal Used in a Linear Optical Sensor of Goniometer From Among Other Potentially Disturbing Light Signals | US6714291B2   | Issued        | 2004-Mar-30       |
| United States | Calibration Certification for Wheel Alignment Equipment   | US7089776B2   | Issued        | 2006-Aug-15       |
| United States | Fuel Cell Service Method and Apparatus  | US 7684880 B2 | Issued        | 2010-Mar-23       |
| United States | Vehicle Data Recorder Using Digital and Analog Diagnostic Data  | US7340331B2   | Issued        | 2008-Mar-04       |
| United States | Method and System for Dynamically Adjusting Searches for Diagnostics Information  |               | Filed         |                   |
| United States | Prioritized Test Procedure and Step Display Using Statistical Feedback  | US7142960B2   | Issued        | 2006-Nov-28       |
| United States | Dead Blow Hammer With Composite Holder  | US7168338B2   | Issued        | 2007-Jan-30       |
| United States | Circuit Highlighting and Information System   |               | Filed         |                   |
| United States | User Adjustable Electronic Torque Wrench Design With Ergonomic Features, and Signaling Capabilities   |               | Filed         |                   |
| United States | Dynamic Information Method and System   | 7555376       | Issued        | 2009-Jun-30       |
| United States | User Interface Diagnostic Instrument  |               | Filed         |                   |
| United States | Method and System for Retrieving Diagnostic Information   |               | Filed         |                   |
| United States | System and Method for Providing Data from a Server to a Client  |               | Filed         |                   |
| United States | Vehicle Wheel Alignment System and Methodology  | 7703213       | Issued        | 2010-Apr-27       |
| United States | Ultrasonic Position Measuring System  |               | Filed         |                   |
| United States | Wireless Network and Methodology for Automotive Service Systems   |               | Filed         |                   |
| United States | Sheet of Light Imaging system   | 7,738,120     | Issued        | 2010-Jun-15       |
| United States | System and Method for Rendering a Set of Program Instructions as Executable or Non-Executable   |               | Filed         |                   |
| United States | Tyre Fitting Machine  | 7,784,519     | Issued        | 2010-Aug-31       |
| United States | Apparatus for Positioning Tyred Wheels on a Tyre Changer Machine  |               | Filed         |                   |
| United States | Device for Mounting or Dismounting a Pneumatic Tyre from the Rim of a Vehicle Wheel   | 7,743,812     | Issued        | 2010-Jun-29       |
| United States | Procedure and Apparatus to Brake the Main Shaft of a Balancing Machine  | 6,826,958     | Issued        | 2004-Dec-07       |



| Country       | Title  | Patent #     | Patent Status | Patent Issue Date |
|---------------|--|--------------|---------------|-------------------|
| United States | Image-Based Inventory Control System   |              | Filed         |                   |
| United States | Apparatus for Determining the Condition of a Tire Tread of a Vehicle Wheel   | 12 496 753   | Filed         |                   |
| United States | Vehicle Diagnostic Equipment Providing Hands Free Operation  |              | Filed         |                   |
| United States | Method and Apparatus for Wheel Alignment   |              | Filed         |                   |
| United States | Interchangeable Sawblade System  |              | Filed         |                   |
| United States | Tool Storage Drawer with Electrical Outlet Strip   |              | Filed         |                   |
| United States | Rim Protection System for Tire Changers  | 7,715,024    | Issued        | 2010-May-11       |
| United States | Intelligent Primary Shaft Blocking   | 7,377,164    | Issued        | 2008-May-27       |
| United States | Power Clamp Device   | 6,928,871    | Issued        | 2005-Aug-16       |
| United States | Lighting the Rim Disc  | 5,831,152    | Issued        | 1998-Nov-03       |
| United States | Network System for Automotive Shops  |              | Filed         |                   |
| United States | Tool Inventory Control System  |              | Filed         |                   |
| United States | Method for Optimizing Joint Press Set for Use with a Plurality of Ball Joints  | US7610664    | Issued        | 2009-Nov-03       |
| United States | Improved Integrated Circuit Image Sensor for Wheel Alignment Systems   | US7855783    | Issued        | 2010-Dec-21       |
| United States | Test Procedures Using Pictures   | US7516000B2  | Issued        | 2009-Apr-07       |
| United States | Test Procedures Using Pictures   | US7209815B2  | Issued        | 2007-Apr-24       |
| United States | Method and Device for Inserting a Rotor, in Particular a Motor Vehicle Wheel, Which is Rotably Mounded on an Unbalance Machine and Can Be Driven by Means of an Electric Motor | US6826958B2  | Issued        | 2004-Dec-07       |
| United States | Brake Lathe Suspension Arm   | 6679144 B2   | Issued        | 2004-Jan-20       |
| United States | Apparatus and Method for Measuring of Any Imbalance of a Motorcycle Wheel  | US6871543B2  | Issued        | 2005-Mar-29       |
| United States | Self-Calibrating Position Determination System and User Interface  | US7062861B2  | Issued        | 2006-Jun-20       |
| United States | Low Clearance Socket and Drive System  |              | Filed         |                   |
| United States | Hacksaw  | D504.802S    | Issued        |                   |
| United States | Hand-Held Diagnostic Display Unit Including Combination Folding Stand and Hanger Assembly  | US 7859853B2 | Issued        | 2010-Dec-28       |
| United States | Kit of Power Tools   | US7609025    | Issued        | 2009-Oct-27       |
| United States | Vehicle or Engine Diagnostics Systems Supporting Fast Boot and Reprogramming   |              | Filed         |                   |
| United States | Vehicle or Engine Diagnostic Systems with Advanced Non-Volatile Memory   | 7634337      | Issued        | 2009-Dec-15       |
| United States | Hand Tool  | US7021177B2  | Issued        | 2006-Apr-04       |
| United States | System, Method and Apparatus for Displaying Products to Customers  |              | Filed         |                   |
| United States | Diagnostic Tree Substitution System and Method   | 7551993      | Issued        | 2009-Jun-23       |
| United States | Superimposing Current or Previous Graphing Data for Anomaly Detection  | US7254469B2  | Issued        | 2007-Aug-07       |
| United States | Method and Apparatus for Attaching and Detaching an Attachable Device  | US6920810B1  | Issued        | 2005-Jul-26       |
| United States | Scribe Aligner   | 75555        | Issued        | 2002-Mar-21       |

| Country   | Title  | Patent #    | Patent Status | Patent Issue Date |
|---|--|-------------|---------------|-------------------|
| United States   | Screwdrivers   | D538,129    | Issued        | 2007-Mar-13       |
| United States   | Pilfer-Proof Package   | US6695143B2 | Issued        | 2004-Feb-24       |
| United States   | Apparatus and Method to Transfer Data from a Tire Pressure Monitor Tool to a Remote Output Device Such as a Printer        | 7589619B2   | Issued        | 2009-Sep-15       |
| United States   | Apparatus and Method for Managing Software Applications Using Partitioned Data Storage Devices                             |             | Filed         |                   |
| United States   | System and Method for Wireless Pairing via Wired Connection  |             | Filed         |                   |
| United States   | Method for Optimizing Joint Press Set for Use With a Plurality of Ball Joints  | US7669305   | Issued        | 2010-Mar-02       |
| United States   | Method for Optimizing Joint Press Set for Use with a Plurality of Ball Joints  |             | Filed         |                   |
| United States   | Integrated Universal Input-Output Interface Circuit  |             | Filed         |                   |
| United States   | Method and Apparatus to us Remote and Local Control Modes to Acquire and Visually Present Data                             |             | Filed         |                   |
| United States   | System and Method for Simultaneous Display of Waveforms Generated from Input Signals Received at a Data Acquisition Device |             | Filed         |                   |
| United States   | System and Method for Rendering a Set of Program Instructions as Executable or Non-Executable                              |             | Filed         |                   |
| United States   | System and Method for Integrating Devices for Servicing a Device-Under-Service   |             | Filed         |                   |
|   |  |             |               |                   |
| A total of <b>771 records</b> are presented in this report.   |  |             |               |                   |
| Snap-on Incorporated is the owner of the trademark SNAP-ON registered in the United States and other countries, and also claims rights associated with its unregistered trademarks.© 2002-2011 Snap-on Incorporated; All rights reserved. |  |             |               |                   |

# **APPENDIX E**

## **Franchisees as of January 1, 2011**

Note: In some instances franchisees sign agreements with provisions restricting their ability to speak openly about their experience with Snap-on. You may wish to speak with these franchisees, but be aware that not all franchisees will be able to communicate with you.

# APPENDIX E

Report ID: LEGAL 22

## Franchisees as of January 1, 2011

| Name                  | Address                 | City & State  | Zip      | Home Phone   |
|-----------------------|-------------------------|---------------|----------|--------------|
| Auerhammer, Andrew M  | 118 East Highlander     | Harvest       | AL 35749 | 256-759-4049 |
| Austin, Wesley A      | 7386 Hwy 278            | Sulligent     | AL 35586 | 205-698-9249 |
| Bidney, David J       | 144 Ridgewood Drive     | Daphne        | AL 36526 | 251/753-4493 |
| Brassfield, Steven L  | 67 Abercorn Court       | Deatsville    | AL 36022 | 334-517-4777 |
| Creasy, Kevin M       | 132 Wind Stone Drive    | Toney         | AL 35773 | 205/333-0190 |
| Cruce, Rex S          | 657 Wisteria Way        | Gardendale    | AL 35071 | 205-631-4081 |
| Cunningham, James J   | 2796 Mountainview Dr    | Gadsden       | AL 35907 | 256/442-8445 |
| Feazell, Bryan L      | 1774 Broughton          | Wellington    | AL 36279 | 256/435-1781 |
| Fullman, Terry R      | 4033 Charring CrossLn   | Hoover        | AL 35226 | 205/823-3417 |
| Green Jr, David P     | 3219 Lancaster Ln       | Montgomery    | AL 36106 | 334/277-9107 |
| Green, David P        | 98 Abercorn Court       | Deatsville    | AL 36022 | 334/300-4521 |
| Grimes, Robert L      | 3311 Meadow Lane        | Mobile        | AL 36618 | 251-272-3486 |
| Hall, Quincy A        | 1151 County Road 144    | Falkville     | AL 35622 | 256/736-8622 |
| Hamby, James W        | 14008 Randamere Dr      | Huntsville    | AL 35803 | 256/883-6292 |
| Holder, Wilmer E      | 3331 S State Hwy 123    | Newton        | AL 36352 | 334/692-5725 |
| Howell, Benjamin F    | 253 Kenyon Drive        | Ohatchee      | AL 36271 | 256-820-6819 |
| Jones, Michael C      | 1572 Carter Grove       | Hazel Green   | AL 35750 | 256/828-5504 |
| Kimsey, James M       | 108 Fernway             | Atmore        | AL 36502 | 334/368-2051 |
| Locklear, Gilbert L   | 14467 State Hwy 181     | Fairhope      | AL 36532 | 251/990-0470 |
| Massey, Bruce A       | 2255 County Rd 400      | Fyffe         | AL 35971 | 256/659-3040 |
| Mundy, Charles G      | 220 Mitchell Blvd.      | Gadsden       | AL 35904 | 256-547-3314 |
| Myhan Jr, Robert D    | 314 Martin Drive        | Muscle Shoals | AL 35661 | 256/383-3199 |
| O'Berry, Michael W    | 2123 Redtail Ln         | Waverly       | AL 36879 | 706-568-9033 |
| Payne, Bart R         | 5526 McCaleb Drive      | Dora          | AL 35062 | 205-648-2178 |
| Phillips, Stevie W    | 3701 CO RD 33           | Fyffe         | AL 35971 | 256-659-4453 |
| Powell, Herschel L    | 9940 Breckenridge Dr    | Mobile        | AL 36608 | 251/634-0379 |
| Price, Michael S      | 109 Brooke Dr.          | Muscle Shoals | AL 35661 | 256/383-0988 |
| Raley, Jason C        | 7436 S Park Ave         | Dothan        | AL 36301 | 334/792-7605 |
| Rushing, Lance G      | 604 Oakline Drive       | Hoover        | AL 35226 | 220-597-9503 |
| Speese, Patrick D     | 2121 Knollwood Place    | Birmingham    | AL 35242 | 205-981-2027 |
| Stephenson, Randy L   | 409 Oneal Drive         | Hoover        | AL 35226 | 205-823-6364 |
| Waits, James A        | 501 Darrell Dr          | Tuscumbia     | AL 35674 | 256/383-7988 |
| Widner, Christopher D | 92 County Rd 738        | Cullman       | AL 35055 | 256/734-8600 |
| Williams, Gary W      | 903 West College St     | Enterprise    | AL 36330 | 334/347-6149 |
| Winningham, Joseph R  | 317 Rogers St East      | Fort Deposit  | AL 36032 | 334/227-0797 |
| Wood, Johnny H        | 14895 Hwy 411 N         | Centre        | AL 35960 | 256/475-3846 |
| Buholm, Aksel P       | 5135 Rhyner Court #B    | Anchorage     | AK 99508 | 907-929-1166 |
| Cannon, Robert G      | 4500 Huffman Road       | Anchorage     | AK 99516 | 907-333-5689 |
| Dilley, Brandon A     | 3760 Cleo Ave.          | Anchorage     | AK 99516 | 907-244-9029 |
| Fitzhugh, Clois D     | 5900 Old ValdezTrail    | Salcha        | AK 99714 | 907/488-6382 |
| Goodwin, Milton E     | 4225 Marik #1           | Anchorage     | AK 99504 | 907/338-3513 |
| Jensen, Marcus W      | 2028 Casey Cusack Lo    | Anchorage     | AK 99515 | 907-222-5175 |
| Lane, Gary L          | 1133 Solidute Way       | Fairbanks     | AK 99709 | 907/451-4479 |
| McCallister, Andrew S | 316 E. Country RidgeDr. | Wasilla       | AK 99654 | 907/357-5432 |
| Virgil, Richard F     | 47040 Wazzu Dr.         | Soldotna      | AK 99669 | 907/262-2466 |

**\*\*These franchises were not operational as of fiscal year-end 2010, but the franchise is operational as of the Effective Date of this disclosure document. If Additional Franchise is noted next to the franchisee's name, the Additional Franchise was not operational as of year-end 2010.**

## Franchisees as of January 1, 2011

| Name                    | Address                              | City & State     | Zip      | Home Phone   |
|-------------------------|--------------------------------------|------------------|----------|--------------|
| Alejandro, Robert       | 8749 W. Charter Oak                  | Peoria           | AZ 85381 | 623/847-9273 |
| Amos, Gary M            | 600 Pueblo Drive                     | Havasut City     | AZ 86406 | 928-715-8665 |
| Anderson, Sterling E    | PO Box 3805                          | Flagstaff        | AZ 86003 | 928/527-9347 |
| Benza, John M           | 3843 E. Remington Dr                 | Gilbert          | AZ 85297 | 480-279-1499 |
| Cacioppo, Christopher T | 1450 N. 66th Place                   | Mesa             | AZ 85205 | 480/225-7266 |
| Carroll, Bruce A        | 100 N. 15th Drive                    | Showlow          | AZ 85901 | 928-532-0890 |
| Castagna, Carlo A       | 7842 W Hearn Rd                      | Peoria           | AZ 85381 | 623/773-9411 |
| Chandler, Charles J     | 11301 North MountainBreeze Drive     | Oro Valley       | AZ 85737 | 520/742-0995 |
| Ching, Adam K           | 3922 East Jasper Dri                 | Gilbert          | AZ 85296 | 480-628-8135 |
| Claybaugh, Steven N     | 17511 N 86th Ave.                    | Peoria           | AZ 85382 | 602-622-5839 |
| Corvi, John             | 12677 North 77ThDrive                | Peoria           | AZ 85381 | 623/412-3569 |
| Creek, Charles S        | 5409 West Garden Dr                  | Glendale         | AZ 85304 | 623-979-1442 |
| Donathan, Norman D      | 33712 N 26th Ave                     | Phoenix          | AZ 85085 | 623-780-3530 |
| Eastman, Michael S      | 941 E BirchwoodPlace                 | Chandler         | AZ 85249 | 480/961-9792 |
| Evans, Paul D           | 6673 W Mare Ave                      | Coolidge         | AZ 85128 | 480/981-7162 |
| Fittro, Timmy L         | 8648 West Deanna Dri                 | Peoria           | AZ 85382 | 623-362-1029 |
| Fry, Charles W          | 2220 Willow Breeze Street            | Chino Valley     | AZ 86323 | 928/273-4406 |
| Gabel, Robert D         | 1133 N. Quail Ave                    | Mesa             | AZ 85205 | 480/363-8167 |
| Gano, Erick P           | 9213 West Avenida De                 | Peoria           | AZ 85383 | 480-272-4338 |
| Gibbons, Collin H       | 6548 E. Bambi Drive                  | Mesa             | AZ 85215 | 480-807-2752 |
| Haas III, Fred C        | 3512 Buckboard Drive                 | Lake Havasu City | AZ 86404 | 928/855-6387 |
| Hannar, Steve F         | 8218 West Patrick Ln                 | Peoria           | AZ 85383 | 623-566-4834 |
| Harper, Greg L          | 1212 East Louis Way                  | Tempe            | AZ 85284 | 480/838-9321 |
| Higgins, Brian A        | 3517 East Elgin Stre                 | Gilbert          | AZ 85295 | 480-361-6330 |
| Hillock, Thomas J       | 4203 N PinnacleRidge                 | Mesa             | AZ 85207 | 480/892-5306 |
| Hoxie, Steven J         | 14206 W Calavar Road                 | Surprise         | AZ 85379 | 602-324-7195 |
| Kirk, Randal L          | 3784 E Via Del Ranch                 | Gilbert          | AZ 85298 | 480-559-1552 |
| Klein, Joseph E         | 4405 N. Baker Drive                  | Kingman          | AZ 86401 | 928/412-8665 |
| Malone, Darrell J       | 815 W. Highland                      | CHandler         | AZ 85283 | 480/634-1390 |
| McKinney, Troy K        | 20488 E Appaloosa Dr                 | Queen Creek      | AZ 85142 | 480-857-1492 |
| McMillan, Thomas J      | 5138 Via de Lomas                    | Sierra Vista     | AZ 85635 | 520/266-3818 |
| Naaktgeboren, Vance D   | 1917 W. University Heights Dr. South | Flagstaff        | AZ 86001 | 928/779-5470 |
| Nickels, Brian L        | 9541 West Bent Tree                  | Peoria           | AZ 85383 | 623/376-0243 |
| Outcalt, Vince P        | 11728 North 93rdPlace                | Scottsdale       | AZ 85260 | 480/451-1496 |
| Parker, Barton T        | 4501 E. 24th St.                     | Tucson           | AZ 85711 | 520-747-2171 |
| Peck, Brian A           | 10609 N Decker Drive                 | Tucson           | AZ 85742 | 520-744-2062 |
| Potts, Anthony G        | 4825 W Candleberry W                 | Tucson           | AZ 85742 | 520/575-5906 |
| Rios, Joe D             | 7152 W. Roanoke Ave                  | Phoenix          | AZ 85035 | 623-328-7019 |
| Ross, Gale Dean         | 5317 East Hillary Dr                 | Scottsdale       | AZ 85254 | 602/996-7271 |
| Rudolph, Bill J         | 12721 North 85th Ave                 | Peoria           | AZ 85381 | 623/878-5016 |
| Shawley, Steve A        | 20834 West Prospecto                 | Buckeye          | AZ 85396 | 928-645-2336 |
| Stanley, Scott A        | 5575 Lebanon Loop Rd                 | Safford          | AZ 85546 | 928-428-7350 |
| Stidham, Bobby C        | 7733 Cinnabar Ave                    | Peoria           | AZ 85345 | 623/773-1943 |
| Swanberg Jr, Curtis M   | 12532 E KitCarson Place              | Tucson           | AZ 85749 | 520-749-5743 |
| Swanson, Christopher J  | 2570 W Lazybrook Dri                 | Tucson           | AZ 85741 | 520-548-2325 |
| Tauber, Mitchell L      | 30506 N 63RD ST                      | Cave Creek       | AZ 85331 | 480/575-1331 |
| Thompson, Matthew S     | 2711 W Briarwood Ter                 | Phoenix          | AZ 85045 | 480-994-7301 |
| Tschirhart, Michael P   | 8257 S Via Del Barqu                 | Tucson           | AZ 85747 | 520-574-2850 |
| Vasquez II, Robert F    | P.O. Box 8841                        | Fort Mohave      | AZ 86427 | 928/763-6530 |
| Ward, Richard D         | 22018 West BeaconLane                | Whittman         | AZ 85361 | 623/388-2294 |
| Warren, Dale R          | 1262 East Cassia Lan                 | Gilbert          | AZ 85298 | 480-652-4960 |
| Youngker, Jeffrey R     | 7249 North Citrus Ro                 | Waddell          | AZ 85355 | 602-919-0389 |

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## Franchisees as of January 1, 2011

| Name                     | Address                    | City & State   | Zip      | Home Phone   |
|--------------------------|----------------------------|----------------|----------|--------------|
| Aleshire, Charles C      | 18372 Pepper Hill Dr       | Siloam Springs | AR 72761 | 479-599-8103 |
| Barham, Benjamin R       | 2004 North Hills Blv       | Van Buren      | AR 72956 | 479-970-7354 |
| Brasfield, Bobby J       | 2906 Ridgemont Rd          | Jonesboro      | AR 72401 | 870/935-6851 |
| Brixy, Randy             | 2432 W 4th Street          | Russellville   | AR 72801 | 479/857-1312 |
| Clem, Ronnie             | 76 Rocky Gap               | Mayflower      | AR 72106 | 501/470-1971 |
| Cochran, Gary C          | Po Box 1240                | Greenwood      | AR 72936 | 479-996-4807 |
| Cooper, Jerry B          | 233 Blair Drive            | Marion         | AR 72364 | 870-559-2169 |
| Cothren, Walton V        | P.O. Box 1179              | Tontitown      | AR 72770 | 501-825-7991 |
| Endacott, William T      | 217 Madison 1539           | Huntsville     | AR 72740 | 479-559-2651 |
| Gerrald, Michael A       | 945 Stafford Rd            | Wilmar         | AR 71675 | 870/469-5799 |
| Hamilton, Donald G       | 2514 E. Frontier Elm       | Fayetteville   | AR 72703 | 479/582-9330 |
| Johnson, Shawn L         | 107 Elliott Road           | Greenbrier     | AR 72058 | 501-679-4488 |
| Kosteletzky, Randle L    | 1399 Harmon Rd Wc31        | Fayetteville   | AR 72704 | 479/361-2206 |
| Lawson, Eugene R         | 2935 Polk 54               | Mena           | AR 71953 | 479-394-7043 |
| McCaslin, Mitchell Orval | 280 White Sulphur Road     | Hot Springs    | AR 71901 | 501/321-2256 |
| McNay, Michael J         | 2105 S. Main St. #B        | Stuttgart      | AR 72160 | 870/673-3003 |
| Norris, Mark A           | 142 Panther Trail          | Searcy         | AR 72143 | 501/278-2333 |
| Phelps, Richard Lon      | 10020 Hwy 270              | Malvern        | AR 72104 | 501/337-4249 |
| Pledger, Steve V         | 8 Ocoee Cove               | Harrison       | AR 72601 | 870/741-2456 |
| Powell, Steven Ray       | 373 Henrietta              | Cabot          | AR 72023 | 479/941-1973 |
| Reynolds, Jerry Donald   | 3733 Wildcat Creek Blvd    | Fayetteville   | AR 72704 | 479/361-9757 |
| Richardson, James B      | PO Box 7                   | Locust Grove   | AR 72550 | 870-613-3701 |
| Seabaugh, Stephen C      | PO Box 367                 | Wynne          | AR 72396 | 870/442-9998 |
| Shaw, Dick L             | 412 Akel Rd                | Cabot          | AR 72023 | 501/988-4716 |
| Strange, Robert G        | 712 Baylor Dr              | West Memphis   | AR 72301 | 870/732-2839 |
| Tate, Larry J            | 1174 Sycamore Springs Road | Mountain Home  | AR 72653 | 870/424-4693 |
| Tyler, Garry E           | 3162 West County Rd        | Dyess          | AR 72330 | 870-764-2293 |
| Underwood, Michael R     | 4408 Webb Way              | Fort Smith     | AR 72916 | 479/648-0495 |
|                          |                            |                |          |              |
| Acampora, Perry J        | 5110 Espinoza Rd           | El Cajon       | CA 92021 | 619/562-0334 |
| Agnew, Philip B          | 6733 Olive Point Way       | Roseville      | CA 95678 | 916-781-6075 |
| Andrusiak, John M        | 719 Cutting Way            | Sacramento     | CA 95831 | 916-421-6313 |
| Ansiel, Gary T           | 2447 E Hoyt Road           | Hoitville      | CA 92250 | 760/356-1712 |
| Arteaga, Andres          | 632 Serrano Ln             | Chula Vista    | CA 91910 | 619/710-5822 |
| Baggarley, Clint D       | 318 Olivina Avenue         | Livermore      | CA 94551 | 925-373-7058 |
| Baisa, Alexander A       | 5819 Latina Drive          | Bakersfield    | CA 93308 | 661-243-7833 |
| Baker, Shane M           | 2505 Center Road           | Novato         | CA 94947 | 415/892-8940 |
| Baldwin, Henry W         | 27143 Echo Canyon Co       | Corona         | CA 92883 | 951-674-1821 |
| Balkowitsch, John R      | 770 El Margarita Rd        | Yuba City      | CA 95993 | 530/671-4700 |
| Baptista, Arnold Frank   | 3710 Duffy Way             | Bonita         | CA 91902 | 619-434-4456 |
| Barberena, Erwin A       | 2937 1/2 Raymond Ave       | Los Angeles    | CA 90007 | 323-733-6331 |
| Bartz, James F           | 390 D St                   | Ramona         | CA 92065 | 760-789-2285 |
| Bartz, Jason Skip        | 1538 N. 3rd Ave.           | Upland         | CA 91786 | 909-920-9120 |
| Bath, Ronald E           | 1312 Mildred Ct            | Windsor        | CA 95492 | 707/838-9567 |
| Beaver, Thomas           | 5477 Eastwood              | Alta Loma      | CA 91737 | 626/675-3519 |
| Beck, Ernest K           | 23015 Currier Drive        | Tracy          | CA 95304 | 209-835-8804 |
| Benassi, LeeAnn          | 570 Tuscan Place           | Hollister      | CA 95023 | 408-272-7164 |
| Bettencourt, Shamus      | 1600 N Douth St            | Hanford        | CA 93230 | 209/582-8138 |
| Bogosian, Hovanes        | 9120 Valley View           | Whittier       | CA 90603 | 562-698-8451 |
| Bogosian, Walter M       | 13423 Hadley Street        | Whittier       | CA 90601 | 562/693-5889 |
| Bolles, Bradley          | 8131 Wynne Ave             | Reseda         | CA 91335 | 818/342-1147 |

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## Franchisees as of January 1, 2011

| Name                      | Address                    | City & State      | Zip      | Home Phone   |
|---------------------------|----------------------------|-------------------|----------|--------------|
| Borgett, Joshua R         | 405 Clowe Court            | Lodi              | CA 95242 | 209-368-4460 |
| Bouma, Corey D            | 16201 Alpine Place         | LaMirada          | CA 90638 | 562-943-8801 |
| Bozzo, Stephen P          | 12679 Anvil Rd.            | Grass Valley      | CA 95945 | 916/477-8665 |
| Brackmann, Arvin A        | 3537 Chablis Circle        | San Jose          | CA 95132 | 408/259-4775 |
| Braley, Terry K           | 5966 Kirkwood Ave          | Alta Loma         | CA 91701 | 909-980-4727 |
| Bright, Craig             | 24595 Overlake Drive       | Lake Forest       | CA 92630 | 949/586-6404 |
| Brown, Andrew H           | 26013 Moreno Drive         | Valencia          | CA 91355 | 661-254-5936 |
| Brun, Karl R              | 13892 Alder Creek Rd       | Truckee           | CA 96161 | 530/587-8284 |
| Bruneau, David Douglas    | 10102 Mallow Drive         | Moreno Valley     | CA 92557 | 951/453-6598 |
| Bryan, Robert L           | 2141 Feliz Drive           | Novato            | CA 94945 | 415/892-8747 |
| Bucaro, James Lawrence    | 1402 Miss Elle Way         | Alpine            | CA 91901 | 619/659-9386 |
| Bullis, Kevin W           | 5947 Cypress Point D       | Livermore         | CA 94551 | 925-245-0566 |
| Burgasser, Christopher A  | 6457 N EI Capitan          | Fresno            | CA 93722 | 559-916-4477 |
| Burke, David L            | 102 Mylnar Avenue          | Manteca           | CA 95336 | 209-239-6081 |
| Burleson, Gary Eugene     | 309 Camino De Las Co       | Redondo Beach     | CA 90277 | 310-628-3078 |
| Butler, Jerry T           | 3385 Oakwood Dr.           | Redding           | CA 96001 | 530/241-6192 |
| Caggiano, Gino D          | 3814 N. Fulgham Ct.        | Visalia           | CA 93291 | 559-732-2140 |
| Caldwell, Brandon         | 4518 S Dans St             | Visalia           | CA 93277 | 559/625-9263 |
| Call, Richard S           | 27729 Stowe Lane           | Castaic           | CA 91384 | 805-257-8980 |
| Carvajal Jr, Steve F      | 6490 Aspenwood Way         | Livermore         | CA 94551 | 925/373-6862 |
| Casassa, Rick A           | 1112 Cayetano Dr           | Napa              | CA 94558 | 707/257-8823 |
| Castro, Michael B         | 103 Quail Ct               | Hercules          | CA 94547 | 415-799-5855 |
| Cervelli, Gerald D        | 500 Zita Court             | Danville          | CA 94526 | 925-820-0891 |
| Champlin, Steven L        | 4217 Adidas Avenue         | Bakersfield       | CA 93313 | 661-833-0763 |
| Chan, Elson P             | 1920 Johnson Drive         | Concord           | CA 94520 | 408-375-2977 |
| Chavarin, Phillip         | 23664 Gymkhana Rd          | Ramona            | CA 92065 | 760/788-0229 |
| Chrisman, David M         | 530 Grey Ghost Ct          | Morgan Hill       | CA 95037 | 408/778-3175 |
| Chuck, Paul A             | 1807 California St.        | Berkeley          | CA 94703 | 510-649-9692 |
| Chung, Paul V             | 116 S Bright View Dr       | Covina            | CA 91723 | 626-339-0520 |
| Cimmet, David E           | 1830 Indiana Street        | Gridley           | CA 95948 | 530-846-1187 |
| Clark, Daniel G           | 23630 Isla Del Rey         | Ramona            | CA 92065 | 760-644-7221 |
| Clauzel, John S           | 920 Innisfree Court        | Vallejo           | CA 94591 | 707/552-7908 |
| Clesi, David E            | PO Box 2329                | Woodland          | CA 95776 | 916/921-6689 |
| Cleveland, Cecil S        | 9793 Dunbar Lane           | El Cajon          | CA 92021 | 619-443-8387 |
| Codekas, Ernest J         | 630 Briarwood              | Brea              | CA 92821 | 714/256-2780 |
| Codekas, Nick J           | 630 Briarwood Drive        | Brea              | CA 92821 | 714-256-2780 |
| Collett, Robert           | 13829 Sagewood Dr.         | Poway             | CA 92064 | 858-451-3472 |
| Collier, Johnny L         | 1826 Santa Rena            | Rancho Palos Verd | CA 90275 | 310/832-7780 |
| Colvin, Matthew W         | 108 South Pacific St       | Oceanside         | CA 92054 | 760/722-9401 |
| Contino, Thomas           | 11590 Peach                | Hesperia          | CA 92345 | 760/956-1505 |
| Cook, Bret T              | 20705 Victor Street        | Torrance          | CA 90503 | 310/370-5365 |
| Cook, Michael C           | 26721 Sinforosa Dr         | Mission Viejo     | CA 92691 | 949/916-6086 |
| Cooper, Gregory           | 8159 Strub Ave             | Whittier          | CA 90602 | 562/696-0146 |
| Costello, Richard A       | 3191 Bertana Ct            | Rescue            | CA 95672 | 530-677-8047 |
| Courtney, Michael R       | 1621 Monterey Way          | San Jacinto       | CA 92583 | 951-634-5243 |
| Coute, John               | 108 N Waterman Avenu       | San Bernardino    | CA 92408 | 951-862-1937 |
| Crouch, Cleason L         | 4933 Charlotte Way         | Livermore         | CA 94550 | 925-455-4745 |
| Cruts, Duane L            | 3202 Catawba Dr            | Cameron Park      | CA 95682 | 530-676-1144 |
| Curtis, Norman G          | 7101 Uplandsof the Kern Dr | Bakersfield       | CA 93308 | 661/387-0124 |
| Curtis, Robert L          | 1701 Hampshire Ct          | San Dimas         | CA 91773 | 626/339-7156 |
| D'Onofrio, Michael Joseph | 109 Sheldon Street         | El Segundo        | CA 90245 | 310/325-6550 |
| Damoiseaux, Christopher   | 1659 8th St                | Manhattan Beach   | CA 90266 | 310-379-4705 |

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## Franchisees as of January 1, 2011

| Name                   | Address                   | City & State      | Zip      | Home Phone   |
|------------------------|---------------------------|-------------------|----------|--------------|
| Davalos,Victor T       | 2442 Channel Drive        | Riverbank         | CA 95367 | 209-863-9671 |
| Decino,William         | 6156 Stresemann St        | San Diego         | CA 92122 | 858-535-9569 |
| Denton,Greg E          | 1939 Dean Road            | Paradise          | CA 95969 | 530-872-4506 |
| Dewhirst,Kenneth S     | 22616 E. KentfieldSt.     | Grand Terrace     | CA 92313 | 909-824-3095 |
| DiLaura,Jason D        | 330 Union Heights         | Hollister         | CA 95023 | 831-635-9380 |
| Diaz,Joe R             | 1805 Paseo Azul           | Rowland Heights   | CA 91748 | 626/965-3185 |
| Dorado Jr,Rafael       | 130 Arana Drive           | Martinez          | CA 94553 | 510/458-2071 |
| Drummer,Douglas Albert | 249 Westridge Drive       | Santa Clara       | CA 95050 | 408/996-9396 |
| Dryden,Richard J       | 7161 Worthington Dri      | Eureka            | CA 95503 | 707-444-2985 |
| Duncan,David J         | 3144 N G St.Suite 125-317 | Merced            | CA 95340 | 209/723-7829 |
| Dunlap,Steve R         | 5746 No Pleasant          | Fresno            | CA 93711 | 559/439-0126 |
| Endler,Mark N          | 1161 Oak Glen Road        | Santa Ynez Valley | CA 93460 | 805-688-2310 |
| English,Jonathan T     | 3842 FourteenMile Drive   | Stockton          | CA 95219 | 209/951-1020 |
| Erny,Roy C             | 161 Canon Drive           | Orinda            | CA 94563 | 925-254-6788 |
| Evans,Robin R          | 1301 Randy Ave            | Modesto           | CA 95355 | 209/576-2966 |
| Fairman,Jonathon R     | 537 Bishop Ave            | Hayward           | CA 94544 | 510-397-0316 |
| Farrokh-Siar,Stephen J | 15416 Patronella Ave      | Gardena           | CA 90249 | 310/325-5627 |
| Fedderson,Don          | 21651 Humming Bird ST     | Trabuco Canyon    | CA 92679 | 949/888-0838 |
| Ferland,Steven M       | 9911 Via Mavis            | Santee            | CA 92071 | 619-596-2598 |
| Fernandez,Demarco G    | 16638 La Canada Road      | Madera            | CA 93636 | 559-645-1112 |
| Feuerbach,Richard A    | 6130 Oak St               | Anderson          | CA 96007 | 530-357-3808 |
| Foley,Paul             | 13629 Rachel Road         | Yucaipa           | CA 92399 | 909-795-8709 |
| Fontana,Richard L      | 3905 Brando Dr            | Ceres             | CA 95307 | 209-537-6663 |
| Fosdick,Matthew T      | 10158 Kings Court         | Riverside         | CA 92509 | 951/360-1423 |
| Fowler,William R       | 23821 Pesaro              | Laguna Hills      | CA 92653 | 949/837-4552 |
| Francis,Mason          | 2839 Adams St.            | La Treseenta      | CA 91214 | 818-951-8059 |
| Fulde,David A **       | 43 Lind Avenue            | Clovis            | CA 93612 | 559-240-4774 |
| Garcia,Enrique         | 2732 East Cameron Av      | West Covina       | CA 91791 | 626-960-0612 |
| Garcia,Frank           | 31334 Tobiah Place        | Castaic           | CA 91384 | 661-775-8665 |
| Garcia,Robert          | 9024 Odessa Avenue        | Norh Hills        | CA 91343 | 818-830-3052 |
| Gebhart,Larry          | 220 El Vado               | Diamond Bar       | CA 91765 | 914-954-3897 |
| Gibson,Brandon J       | 10250 Timberlane Way      | Santee            | CA 92071 | 619/334-8354 |
| Gibson,James B         | 10337 Mt View Lane        | Lakeside          | CA 92040 | 619/258-9795 |
| Gobble Jr,James L      | 4231 N Cedarpine Ln       | Moorpark          | CA 93021 | 805/532-9981 |
| Gomez,Carlos E         | 1618 E Franzen Ave        | Santa Ana         | CA 92705 | 714-290-6494 |
| Gomez,Jesse P          | 1411 O'Malley Lane        | La Habra          | CA 90631 | 714-553-7464 |
| Gomez,Victor H         | 2918 S. Rita Way          | Santa Ana         | CA 92704 | 714-662-1457 |
| Gong,Craig             | 6505 E. Huntsman Ave      | Selma             | CA 93662 | 559/834-2521 |
| Gonsalves,Fernando F   | 1757 Monroe Street        | Santa Clara       | CA 95050 | 408/234-2401 |
| Gonzalez,Tom A         | 13405 S Dewolf            | Selma             | CA 93662 | 805/658-2121 |
| Goorsky,Jeff A         | 42592 Mayberry Ave        | Hemet             | CA 92544 | 951-927-5597 |
| Goshay,Richard E       | 230 Colt                  | Nipomo            | CA 93444 | 805/929-2485 |
| Green,William B        | 15212 Ardath Avenue       | Gardena           | CA 90249 | 310-538-4407 |
| Guagenti,Gary Anthony  | 4815 Moresbey Street      | Torrance          | CA 90505 | 310/373-9900 |
| Guagenti,Salvatore P   | 2131 W 230Th Place        | Torrance          | CA 90501 | 310-539-4549 |
| Guilbault,James M      | 5366 Donlyn Pl            | Antelope          | CA 95843 | 916-727-3216 |
| Halbasch,Philip J      | 2712 E Grove Ave          | Orange            | CA 92867 | 714-921-4704 |
| Hanger,Robert E **     | 8151 Padova Court         | Sacramento        | CA 95829 | 916-682-4567 |
| Harpine,Steven W       | 5903 N. Krotik Court      | Atwater           | CA 95301 | 209-358-0284 |
| Harris,Kenneth G       | 920 Summerhill Circl      | Gilroy            | CA 95020 | 408/848-6455 |
| Harris,Nolan R         | 784 Valley View Driv      | Oakdale           | CA 95361 | 209-845-1017 |
| Harris,Robert D        | 5557 Morningside Dr       | San Jose          | CA 95138 | 408/270-7494 |

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| Name                  | Address                     | City & State       | Zip      | Home Phone   |
|-----------------------|-----------------------------|--------------------|----------|--------------|
| Hegna, Cary K         | 5690 Macargo St             | Granite Bay        | CA 95746 | 916/791-8568 |
| Heisler, Doug         | 9280 Muller St              | Downey             | CA 90241 | 562-862-4485 |
| Heldt, Joel D         | 2818 Yulupa Avenue          | Santa Rosa         | CA 95405 | 707-293-4143 |
| Helton, David L       | 739 Glover Avenue           | Chula Vista        | CA 91910 | 619-585-7799 |
| Henderson, Michael    | 13755 Acorn Circle          | Valley Center      | CA 92082 | 760/781-1277 |
| Hendricks, Thomas     | 720 Bluegrass St            | Simi Valley        | CA 93065 | 805-432-2224 |
| Hernandez, Robert     | 1839 North Ave 55           | Los Angeles        | CA 90042 | 323/344-9501 |
| Hertzmann, Steven C   | 26635 Hawkhurst Dr          | Rancho Palos Verde | CA 90275 | 213-325-3932 |
| Hesse, William        | 19596 Elm Ridge Ln          | Huntington Beach   | CA 92648 | 714/969-7415 |
| Hildebrand, Kirk W    | 297 W Harold Griswol        | Hanford            | CA 93230 | 559/707-8799 |
| Hill, Ronald E        | 1551 Gascony Road           | Encinitas          | CA 92024 | 619-980-8525 |
| Hoff, Robert G        | 2041 Serrene Drive          | Hollister          | CA 95023 | 831/636-9815 |
| Holm, Brett T         | 13315 Morgan Territo        | Livermore          | CA 94551 | 510-886-2607 |
| Hom, Richard M        | 497 E. California Bl#321    | Pasadena           | CA 91106 | 626-712-6463 |
| Hopkins, Curtis W     | 1408 Oakridge Court         | Modesto            | CA 95351 | 209/531-0435 |
| Howlett, Trevor J     | 41227 45th ST West          | Quartz Hill        | CA 93536 | 661-943-5478 |
| Huffman, Robert       | 15902 Hummingbird Lane      | Huntington Beach   | CA 92649 | 714/891-9965 |
| Huit, Wayne R         | 3413 Mesa Verde Circ        | Stockton           | CA 95209 | 209-475-1620 |
| Ignacio, Bobby J      | 5143 Via Madrid             | Oceanside          | CA 92057 | 760-721-5349 |
| Ineich, Steven C      | 1114 Alomar Way             | Belmont            | CA 94002 | 415/595-5390 |
| Jacobson, Paul S      | 340 Spyglass Way            | Aptos              | CA 95003 | 831/688-0520 |
| Jacobus, Robert       | 19290 Desiree Court         | Cottonwood         | CA 96022 | 530/347-1176 |
| Jay, Ronald E         | 5116 Faust St               | Lakewood           | CA 90713 | 562-867-3883 |
| Jeldum, Daniel J      | 30709 Tarapaca Rd           | Rancho Palos Verd  | CA 90275 | 310/833-8545 |
| Jeralds, Robert A     | 13330 Eagle Canyon          | Chino Hills        | CA 91709 | 909-590-7007 |
| Jeske, Andrew A       | 2131 E Stearns Ave          | La Habra           | CA 90631 | 562-266-1830 |
| Johnson, Charlie      | 42215 Stetson Ave.          | Hemet              | CA 92544 | 951-927-3754 |
| Johnson, Craig V      | 44895 Marge Place           | Temecula           | CA 92592 | 951-302-6144 |
| Johnson, Philip J     | 1418 Stockton St            | Santa Maria        | CA 93455 | 805-720-4721 |
| Johnson, Wesley Scott | 26160 Avenida Hortensia     | Hemet              | CA 92544 | 951/927-7527 |
| Jones, Robert L       | 14507 Nelson Way            | San Jose           | CA 95124 | 408/879-9787 |
| Junk, William R       | 9657 Red Pony Lane          | El Cajon           | CA 92021 | 619/390-9337 |
| Kalton, Randall       | 981 Donald Way              | Santa Maria        | CA 93455 | 805/937-0017 |
| Kappen, David R       | 3143 Cherrywood Dr.         | Thousand Oaks      | CA 91360 | 805/492-4237 |
| Kavalle, Don Gerard   | 9117 Sharp Dr               | Alta Loma          | CA 91701 | 909/944-5458 |
| Keener, Paul C        | 313 Glenwood Drive          | Ventura            | CA 93003 | 805/642-1690 |
| Keith, David G        | 11 Pacifico                 | Laguna Niguel      | CA 92677 | 949/240-9958 |
| Kerr, Barney James    | 60 Old Chico Way            | Chico              | CA 95928 | 530/345-2300 |
| Kiernan, Michael E    | 160 W. Foothill Pkwy 105-97 | Corona             | CA 92882 | 951-232-4579 |
| Klein, Howard Lee     | 4287 Hitch Blvd             | Moorpark           | CA 93021 | 805/529-6887 |
| Krissman, Michael A   | 5410 Sunvalley Ct           | Agoura Hills       | CA 91301 | 626-398-5518 |
| Lanoye, Joshua        | 17805 Glenburn Ave          | Torrance           | CA 90504 | 310-516-7475 |
| Layman, Alexander R   | 4377 Lerida Dr              | San Diego          | CA 92115 | 619-520-6864 |
| Leiterman, Anthony    | 81339 Avenida Rosada        | Indio              | CA 92201 | 626-967-5027 |
| Lewis Jr, Robert J    | 44 Sorrel Court             | Oakley             | CA 94561 | 925/240-9952 |
| Lewis, Dan W          | 1481 N Meads Ave            | Orange             | CA 92869 | 714-744-1515 |
| Lewis, Jacob S        | 34145 Pacific Coast         | Dana Point         | CA 92629 | 949/582-5039 |
| Lindsay, John D       | 1969 N Clifford St          | Rialto             | CA 92376 | 714/875-1179 |
| Litke, Dale G         | 11518 Cotner Avenue         | Bakersfield        | CA 93312 | 661-589-5593 |
| Loera, Juan J         | 8404 Harrison Street        | Paramount          | CA 90723 | 562-308-0637 |
| Loera, Luis M         | 18574 Lemarsh St.           | Northridge         | CA 91324 | 562-630-0194 |
| Loufek, Lee Roy       | 39330 Cherry Tree Road      | Cherry Valley      | CA 92223 | 909/845-4656 |

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| Name                       | Address                | City & State   | Zip      | Home Phone   |
|----------------------------|------------------------|----------------|----------|--------------|
| Louthan,Noel R             | 10 Linda Ct.           | Pleasant Hill  | CA 94523 | 925-932-4383 |
| MacDonald,Robert S         | 6187 Deep Creek Rd.    | Hesperia       | CA 92308 | 760-240-7636 |
| Machado, Frank A           | 16750 Monreal Rd.      | Madera         | CA 93636 | 559-673-6092 |
| Machado,Paul R             | 12307 Roselawn Ave     | Turlock        | CA 95380 | 209/634-1023 |
| Macomber, Phil D           | P. O. Box 1210         | Valley Center  | CA 92082 | 619/432-0297 |
| Maderis,Robert John        | 1025 Mazzone Drive     | San Jose       | CA 95120 | 408/268-0126 |
| Marada,John D              | 25302 Misty Ridge      | Mission Viejo  | CA 92692 | 949/462-3747 |
| Marden,Clifford L          | 3269 Macadam Ct.       | Napa           | CA 94558 | 530/879-9131 |
| Marlow,Michael J           | 207 West Ash Street    | Burbank        | CA 91502 | 818/843-3771 |
| Marron,John N              | 2822 Via Blanco        | San Clemente   | CA 92673 | 949-366-0303 |
| Martinez,Richard G         | 6630 Steven Way        | San Bernardino | CA 92407 | 909/887-4955 |
| May,Larry Alan             | 908 Densmore Way       | Folsom         | CA 95630 | 916/984-7521 |
| McCallister,Timothy Joseph | 2125 Curtis Street     | Penngrove      | CA 94951 | 707/792-7667 |
| McCarty,Michael J          | 1243 N Euclid Street   | La Habra       | CA 90631 | 323/833-8211 |
| McKeown,Robert J           | 27641 Sedona Way       | Castaic        | CA 91384 | 661-257-2372 |
| McKittrick,Robert M        | P.O. Box 20575         | El Cajon       | CA 92021 | 619-440-2273 |
| McMullen,Jonathan C        | 3830 Mt. Aladin Ave.   | San Diego      | CA 92111 | 619/279-7939 |
| McNulty,John E             | 4319 Null Drive        | Antioch        | CA 94509 | 925/754-8571 |
| Meunier,Michael P          | 501 Brandywine Drive   | Lodi           | CA 95240 | 209-456-7113 |
| Miller,Albert M **         | 6060 E. Wentworth St   | Long Beach     | CA 90815 | 562-496-1234 |
| Miller,Karl E              | P.O. Box 630236        | Simi Valley    | CA 93063 | 805-583-4535 |
| Miller,Rodney J            | 671 Kelcie Drive       | Ripon          | CA 95366 | 209-599-6618 |
| Miramontes,Jose A          | 1515 West KendallDrive | San Bernadino  | CA 92407 | 909-880-6206 |
| Miranda,Craig              | 750 Coronado Blvd.     | Sacramento     | CA 95864 | 916-283-4041 |
| Mizer,Daniel E **          | 121 Browning Way       | Vallejo        | CA 94590 | 707-643-2070 |
| Molander,Michael H         | 14795 Deerwood St.     | Poway          | CA 92064 | 619-748-8665 |
| Moldenhauer,Eric Jerome    | 2385 Farrington Dr     | El Cajon       | CA 92020 | 619/562-9753 |
| Montez,Hector H            | 2268 Elkhorn Court     | San Jose       | CA 95125 | 408/978-7265 |
| Montooth,Justin W          | 743 Kristen Street     | Farmersville   | CA 93223 | 559-280-1182 |
| Morales,Javier A           | 1026 St. Andrews Str   | Ontario        | CA 91761 | 909-522-1594 |
| Moreira,Carlos             | 3469 Lucero Avenue     | LaVerne        | CA 91750 | 909/593-7784 |
| Munoz,Manuel               | 1611 Arenas Lane       | San Jacinto    | CA 92583 | 951-665-3811 |
| Munoz,Omar                 | 2410 Maverick Circle   | Corona         | CA 92881 | 951-340-1704 |
| Murray,Richard C           | 7510 Zemco Drive       | Lemon Grove    | CA 91945 | 717-649-6149 |
| Musilek,Greg S             | 16795 China Gulch Dr   | Anderson       | CA 96007 | 530-223-6861 |
| Nakamura,Val H             | 1721 Monte Vista Dr    | Vista          | CA 92084 | 760/726-7396 |
| Nay,Michial H              | 5404 Ridgeview         | Alta Loma      | CA 91737 | 909/989-2762 |
| Nevills,Bill               | 531 Gregory Drive      | Yuba City      | CA 95993 | 530/671-1404 |
| Nickols,Marshall E         | 8014 Lena Ave          | West Hills     | CA 91304 | 818-429-6415 |
| Nixon,Ryan E               | 27690 N Sunny Creek    | Valencia       | CA 91354 | 661-259-9333 |
| Norman,Kenneth Sean        | 5370 Mojave Way        | Antioch        | CA 94531 | 925/779-9909 |
| Norris,John Henry          | 136 N. Gwen Drive      | Ridgecrest     | CA 93555 | 760/375-0314 |
| O'Connell,Thomas M         | 3331 Appian Rd         | Carlsbad       | CA 92018 | 619/730-0326 |
| O'Dell,Kevin W             | 5104 Senasac Ave       | Lakewood       | CA 90713 | 562-925-2991 |
| O'Mara,David M             | 6097 HedgecrestCircle  | San Ramon      | CA 94582 | 925/735-3003 |
| O'Rourke,Kevin M           | 3900 Curry Ct          | Bakersfield    | CA 93309 | 661-834-0991 |
| Ohara,Yoshifumi F          | 23036 Benner Court     | Torrance       | CA 90505 | 310/534-3288 |
| Olson,John M               | 2444 HeatherlarkCircle | Pleasanton     | CA 94566 | 925/461-9873 |
| Orr,Robert Bridges         | 1620 Donelson Place    | Templeton      | CA 93465 | 805-434-2663 |
| Ozawa,Byron                | 1560 Kane Avenue       | Simi Valley    | CA 93065 | 805-584-0100 |
| Palmer,Scott W             | 15028 Lodosa           | Whittier       | CA 90602 | 562/789-9138 |
| Papish,Scott M             | 1549 Bravo Court       | Hughson        | CA 95326 | 209-883-0192 |

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| Name                    | Address                | City & State         | Zip      | Home Phone   |
|-------------------------|------------------------|----------------------|----------|--------------|
| Peeke, Gerald S         | 4230 Dauntless Drive   | Rancho Palos VerdeCA | 90275    | 310/544-1314 |
| Peneku, Leland          | 3635 Contour Place     | Carlsbad             | CA 92010 | 760/434-3837 |
| Pepin, Jeffrey B        | 1463 Fallbrook Avenue  | Clovis               | CA 93611 | 559-322-0179 |
| Petersen, Christopher C | 2701 Jacaranda Avenue  | Carlsbad             | CA 92009 | 858-750-9841 |
| Piazza, Ronald A        | 830 Seabury Drive      | San Jose             | CA 95136 | 408/978-0982 |
| Pierce, Donald Warren   | 4201 Cuneo Drive       | Concord              | CA 94518 | 925/674-9646 |
| Pinkus, Donald R        | 6855 Aberdeen Ct       | Rancho Cucamonga     | CA 92394 | 909/463-0215 |
| Porretta, Paul John     | 17480 High Country C   | Perris               | CA 92570 | 951-940-1852 |
| Porter, Jerry R         | 31086 San Bonito       | Hayward              | CA 94544 | 510-770-4856 |
| Potier, Richard G       | 5250 Cadiz Ct          | Santa Barbara        | CA 93111 | 805/967-8090 |
| Pullin, Jimmy C         | 4435 Tolenas Rd        | Fairfield            | CA 94533 | 707/422-8902 |
| Rauch, Mark J           | 11 North Pinewood St   | Agoura               | CA 91301 | 805/706-9505 |
| Reich, Leo              | 22024 Ybarra Rd        | Woodland Hills       | CA 91364 | 818/348-5890 |
| Richardson, Ralph E     | 2428 Michigan Dr       | Claremont            | CA 91711 | 909-621-1931 |
| Riddell, Randy D        | 2501 Mabry Dr.         | Sacramento           | CA 95835 | 916-285-7813 |
| Romer, David A          | 2502 Goodwin Ave       | Redwood City         | CA 94061 | 650-701-1215 |
| Romer, Larry M          | 1218 Annanapolis Dr    | San Mateo            | CA 94403 | 650/571-7838 |
| Rosenberg, David H      | 707 Marshall Place     | Long Beach           | CA 90807 | 562/424-3579 |
| Rothhammer, Robert R    | 175 Barrett Drive      | La Selva             | CA 95076 | 831/689-9978 |
| Ruiz, John              | 527 N. Azusa Ave. #3   | Covina               | CA 91722 | 626/859-0344 |
| Russell, Jeff D         | 5757 N Wheeler Ave     | Fresno               | CA 93722 | 559/271-2274 |
| Samuelson, Jon H        | 6 Paradise Cove        | Laguna Niguel        | CA 92677 | 949-388-2456 |
| Sanchez, Carlos M       | 609Knob Hill           | Redondo              | CA 90277 | 310/543-9639 |
| Sanchez, Jorge M        | 2502 W. 230th St       | Torrance             | CA 90503 | 310-937-1834 |
| Sandoval, Daniel O      | 12918 Arapaho Road     | Etiwanda             | CA 91739 | 909/350-6178 |
| Santana, Enrique H      | 493 Tower Hill Avenue  | San Jose             | CA 95136 | 408/679-0604 |
| Santoro, Steven P       | 4316 Rose Lane         | Concord              | CA 94518 | 925-676-2922 |
| Schings, Rudy H         | 9639 Andora Avenue     | Chatsworth           | CA 91311 | 818-998-0300 |
| Schluchter, Chad        | 2068 W 238th St        | Torrance             | CA 90501 | 310/325-2876 |
| Schnaars, Fred W        | PO Box 1164            | West Sacramento      | CA 95691 | 916/718-7640 |
| Schroeder, James C      | 2468 W 236th Place     | Torrance             | CA 90501 | 310-539-2768 |
| Schuyler, Irene M       | 17692 Sonoma Way       | Yorba Linda          | CA 92886 | 714/528-6143 |
| Schwarz, Erwin M        | 2214 Canalda Drive     | La Canada            | CA 91011 | 818/248-4512 |
| Self, Susie             | 530 Natalino Crt       | Santa Rosa           | CA 95401 | 707/545-0224 |
| Serrano, Luis A         | 1107 Waltham Road      | Simi Valley          | CA 93065 | 805-584-1015 |
| Shear, Michael J        | 8640 Covina St.        | San Diego            | CA 92126 | 714/999-1754 |
| Shonkwiler, Joseph S    | 1445 W Spruce Ct       | Ontario              | CA 91762 | 909/391-6093 |
| Skow, Jason G           | 2181 Beachwood Ct      | Hollister            | CA 95023 | 831-673-2546 |
| Sloustcher, Eitan       | 808 Holly Rd           | Belmont              | CA 94002 | 415/595-4201 |
| Smith, Rodney A         | 2714 West Avenue M-4   | Palmdale             | CA 93551 | 661/943-0276 |
| Smith, Timothy Mills    | 2768 Branch Mill Rd    | Arroyo Grande        | CA 93420 | 805/481-5590 |
| Spoelstra, Dave         | 20506 Sandpiper Lane   | Huntington Beach     | CA 92646 | 520/229-3613 |
| Spoelstra, Kyle S       | 1798 Pomona AveUnit D  | Costa Mesa           | CA 92627 | 760-497-4463 |
| Steed, Michael P        | 23700 N. Bryant Rd.    | Acampo               | CA 95220 | 209/333-2794 |
| Stephan, Robert L       | 69 1/2 Terrace View    | Scottsvalley         | CA 95066 | 831-479-8537 |
| Stephan, Tim            | 10346 Greystone Ave    | Escondido            | CA 92026 | 760/746-5965 |
| Stone, John C           | 112 Flat Rock Drive    | Folsom               | CA 95630 | 916-983-0222 |
| Sweida, Thomas          | 35 Headland Dr         | Rolling Hills        | CA 90275 | 310/831-3413 |
| Syrko, Michael J        | 7638 Vista Rio         | Highland             | CA 92346 | 909-792-5446 |
| Takahashi, Kenneth S    | 4110 W. 183rd St.      | Torrance             | CA 90504 | 310/691-6342 |
| Tanquary, John D        | 8647 Chili Hill Road   | New Castle           | CA 95658 | 530/268-2444 |
| Taylor, Gregory F       | 8721 Julie LynneCircle | Tracy                | CA 95304 | 209-832-7365 |

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## Franchisees as of January 1, 2011

| Name                     | Address                 | City & State     | Zip      | Home Phone   |
|--------------------------|-------------------------|------------------|----------|--------------|
| -----                    |                         |                  |          |              |
| Tevault, Wayne T         | 9511 Tryon Street       | Rancho Cucamonga | CA 91730 | 909-967-5468 |
| Thornton, Timothy M      | 5213 Lynnwood Drive     | Camarillo        | CA 93012 | 805/388-8703 |
| Tilley, Nicholas H       | 1332 Lewis Lane         | Tulare           | CA 93274 | 559-303-0488 |
| Tomas, Victor Z          | 1242 Spring Street      | Riverside        | CA 92507 | 951-684-3444 |
| Tuso, Richard            | 1520 Crestmont Ave      | Roseville        | CA 95661 | 916/773-1689 |
| Udell, Joshua J          | 12308 Loma Drive        | Whittier         | CA 90604 | 562-944-3891 |
| Udell, Michael           | 7676 Slater Ave. Uni    | Huntington Beach | CA 92647 | 562/944-2777 |
| Uhle, Scott              | 3418 Morgan Drive       | Norco            | CA 92860 | 951-735-3190 |
| Upham, Robert W          | 2333 Hyde Park Lane     | Campo            | CA 91906 | 619-415-5540 |
| Valentino, Domenico      | 1226a South Barranca    | Glendora         | CA 91740 | 909-592-0161 |
| Vallianos, Demostenis    | 952 Crespi Drive        | Pacifica         | CA 94044 | 650/359-6610 |
| Van Dieren, Gerard       | 8379 Mercury Dr         | Buena Park       | CA 90260 | 310-532-9377 |
| Van Dieren, Joe          | 536 Nenno Avenue        | Placentia        | CA 92870 | 714/528-9090 |
| Van Groningen, Neil Eric | 403 E Cedar St          | Hanford          | CA 93230 | 559-589-1252 |
| Velador, David           | 1171 Prune St           | Hollister        | CA 95023 | 831/637-8031 |
| Velasco, Miguel A        | 12200 Harris Avenue     | Lynwood          | CA 90262 | 310-638-5411 |
| Venable, Timothy B       | 37783 Seapines Court    | Murrieta         | CA 92563 | 951-301-5544 |
| Verducci, Eric T         | 2203 Center Ave         | Martinez         | CA 94553 | 925-890-2641 |
| Vukelich, William T      | 1931 Elder Glen Cr.     | Anahiem          | CA 92805 | 714-970-9084 |
| Wade, David A            | 431 S Tremont St        | Oceanside        | CA 92054 | 760/754-2967 |
| Walsh, John Clark        | 19135 Inglewood Ave     | Torrance         | CA 90503 | 310/370-5710 |
| Warburton, Donald M      | 835 Castleton St        | Salinas          | CA 93906 | 831-442-1614 |
| Warburton, Steven P      | 1455 West Street        | Soledad          | CA 93960 | 831-678-4678 |
| Warburton, Thomas A      | 25892 Paseo El Cajon    | Monterey         | CA 93940 | 831/333-1237 |
| Ward, Jeffrey L          | 1731 Howe Avenue #63    | Sacramento       | CA 95825 | 916/989-6866 |
| Watson, Timothy J        | 6284 Lake Lomond Dr.    | San Diego        | CA 92119 | 619-698-5091 |
| Wendt, Robert John       | 26569 Lido Drive        | Murrieta         | CA 92563 | 951-698-0032 |
| White, Sean F            | 85 Wrangler Road        | Simi Valley      | CA 93065 | 805/579-9167 |
| Whitehouse, Richard L    | 11702 Brookshire        | Garden Grove     | CA 92840 | 714/638-2989 |
| Wiedrick, John           | 5351 Glenstone Dr       | Huntington Beach | CA 92649 | 714/846-3444 |
| Wilkie, William J        | 5657 Los Alamos         | Buena Park       | CA 90621 | 714/826-3696 |
| Williams, Logan S        | 886 Bransford Court     | Fairfield        | CA 94533 | 707-429-4856 |
| Williams, Timothy B      | 946 Golden Rain St.     | Upland           | CA 91786 | 626-967-4763 |
| Williamson, David L      | 3955 Rolling Hills Road | Sheridan         | CA 95681 | 530-633-9667 |
| Williamson, Jonathan D   | 3156 S. Beale Road      | Wheatland        | CA 95692 | 530/633-4063 |
| Wright, Steven Wayne     | 35 Belluno Dr.          | Stockton         | CA 95209 | 209/367-4942 |
| Yearta, Danny L          | 22106 Linda Drive       | Torrance         | CA 90503 | 310-540-5762 |
| Yearta, Jerry A          | 7043 Elburn Court       | Alta Loma        | CA 91701 | 909/476-6851 |
|                          |                         |                  |          |              |
| Adcox, Michael H         | 3527 E. 104th Place     | Northglenn       | CO 80233 | 303/254-6898 |
| Aymond, Justin M         | 22261 East Navarro P    | Aurora           | CO 80018 | 303/617-8891 |
| Broes, Steven R **       | 634 County Road 40      | Berthoud         | CO 80513 | 303-946-4895 |
| Cairns, Michael J        | 2948 S. Grant Street    | Englewood        | CO 80110 | 303/762-0827 |
| Cardenas, Dean           | 4300 Oak Street         | Wheat Ridge      | CO 80033 | 303/423-2220 |
| Clawson, Ronald L        | 4517 County Road U      | Wiggins          | CO 80654 | 719/775-8773 |
| Conlon, David S          | 2825 S Jebel Way        | Aurora           | CO 80013 | 720-289-8017 |
| Connolly, John T         | 3630 Spaatz Road        | Monument         | CO 80132 | 719/488-0640 |
| Cummons, Daniel E        | 2204 Cambridge Stree    | Montrose         | CO 81401 | 970-234-1311 |
| Cusato, James A          | 1259 Rood Ave           | Grand Junction   | CO 81501 | 970-424-0595 |
| Dangremond, Edward J     | 1650 Smoke Ridge Drive  | Colorado Springs | CO 80919 | 719/535-0857 |
| Dennison, Denver S       | 928 D Bar K             | Durango          | CO 81301 | 970-903-3094 |

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| Name                   | Address                 | City & State     | Zip      | Home Phone   |
|------------------------|-------------------------|------------------|----------|--------------|
| Diaz, Mark C           | 9672 Sycamore GlenTrail | Colorado Springs | CO 80920 | 719/598-0274 |
| Eilers, Gary R         | 2044 Stonehenge Cir     | LaFayette        | CO 80026 | 720/479-8342 |
| Farmer, Theodore C     | 11250 W. Brandt Pl.     | Littleton        | CO 80127 | 303/920-4899 |
| Fields, Larry T        | 24036 E ProgressCircle  | Aurora           | CO 80016 | 303/400-1122 |
| Gorton, Ronald W       | 15847 Road 35.3         | Mancos           | CO 81328 | 970-882-8896 |
| Graf II, John H        | 12378 W 6Th Place       | Golden           | CO 80401 | 303/233-8065 |
| Hargrove, John W       | 1025 E Bates Parkway    | Englewood        | CO 80110 | 303/761-5064 |
| Hayes, Walter James    | 1201 S Kline Way        | Lakewood         | CO 80232 | 303/988-2566 |
| Hoff III, James E      | 30350 Coyote Run Ct     | Oark Creek       | CO 80467 | 970/736-2324 |
| Holt, William A        | PO Box 3635             | Pueblo           | CO 81005 | 719/542-2353 |
| Hook, Scott M          | 906 Province Rd         | Ft Collins       | CO 80525 | 970/223-4364 |
| Hormberg, James A      | 6977 Chestnut Court     | Parker           | CO 80134 | 720/851-2134 |
| Jacobs, Daryl Ray      | 17874 Pinion Park Ro    | Peyton           | CO 80831 | 719/749-2433 |
| Kindall, Kevin E       | 18448 6415 Court        | Montrose         | CO 81401 | 970/874-5648 |
| King, Robert G         | 537 Springwood Ct       | Windsor          | CO 80550 | 970-686-6024 |
| Koch, Steven J         | 1959 Blue MountainRoad  | Longmont         | CO 80504 | 303/682-2648 |
| Kuntz, Cary L          | 5505 E CountyRoad 16    | Loveland         | CO 80537 | 970/669-0933 |
| Ledford, Erik L        | 515 Fruit Avenue        | La Junta         | CO 81050 | 303/549-0551 |
| Lee, William D         | 3754 Swadley St         | Wheatridge       | CO 80033 | 303-421-1864 |
| Losh, David B          | PO Box 3166             | Dillon           | CO 80435 | 970/468-2437 |
| Loveland II, Richard C | 11311 W HampdenPlace    | Lakewood         | CO 80227 | 303/985-7732 |
| Martino, Stephen J     | 16793 Firebrick Dr      | Parker           | CO 80134 | 303/885-9500 |
| McAllaster, Charles M  | 5612 N 71st Street      | Longmont         | CO 80503 | 303/530-4235 |
| Miller, Christian N    | 5280 Lambert Ranch T    | Sedalia          | CO 80135 | 303/663-6883 |
| Miller, Lawrence C     | 842 Slickrock Drive     | Mack             | CO 81525 | 928/608-0070 |
| Montoya, James H       | 597 Quantico Ct         | Pueblo West      | CO 81007 | 303/278-4367 |
| Morin, Matthew D       | 4908 Glen Drive         | Berthoud         | CO 80513 | 303-717-5755 |
| Morris, Gregg W        | 1070 Rogers Street      | Golden           | CO 80401 | 303/278-0362 |
| Muthler, Robert L      | 4511 S. Jason St        | Englewood        | CO 80110 | 303/762-9911 |
| Nation, Joseph F       | 4016 S. Liver PoolWay   | Aurora           | CO 80013 | 303/617-9476 |
| Parr, Dustin J         | 22 West Ave.            | Alamosa          | CO 81101 | 719-589-8994 |
| Paulek, Tyler M        | 85 County Rd 231        | Durango          | CO 81303 | 970/259-5979 |
| Pennington, George H   | P.O. Box 1025           | Palmer Lake      | CO 80133 | 719-487-9214 |
| Purvis, Robert         | 9731 E. 145th Ave       | Brighton         | CO 80602 | 303/655-9213 |
| Quinn, Timothy E       | 1001 N Bonfoy           | Colorado Springs | CO 80909 | 719/633-2947 |
| Saylor, Peter T        | 6400 S Queen Way        | Littleton        | CO 80127 | 303/932-6474 |
| Schreiter, Dean        | 17675 County Road 45    | Burlington       | CO 80807 | 719/346-0386 |
| Schritter, Paul G      | 2901 North Court        | Grand Junction   | CO 81504 | 970/242-3543 |
| Sheehy, John P         | 13720 Boston Street     | Brighton         | CO 80602 | 303-659-1536 |
| Shipp, Joseph P        | 4862 S Robb St          | Littleton        | CO 80127 | 303/933-2580 |
| Skinner, Ronald L      | 244 Wellington Stree    | Northglenn       | CO 80234 | 303/457-3811 |
| Specht, James A        | 2536 58Th Ave           | Greeley          | CO 80634 | 970/330-2192 |
| Stonehouse, Stephen J  | 0010 125 Road           | Glenwood Springs | CO 81601 | 970/945-6935 |
| Swick, Fred L          | 2470 S Osceola St       | Denver           | CO 80219 | 303/937-0332 |
| Thomas, Robert L       | 1016 Adams Dr           | Colorado Springs | CO 80904 | 719-475-0036 |
| Thompson, Larry D      | P.O. Box 2713           | Elizabeth        | CO 80107 | 303/884-7227 |
| Thomsen, Don R         | 4795 S. Huron           | Englewood        | CO 80110 | 303/789-2068 |
| Till, Toby A           | 11560 Paris St          | Henderson        | CO 80640 | 303/519-3222 |
| VanOrsdale, Larry      | 1115 North Chelton R    | Colorado Springs | CO 90909 | 719-287-8979 |
| VandeVusse, Douglas E  | 6630 West 72nd Dr       | Arvada           | CO 80003 | 303/427-7315 |
| Vierow, Steven D       | 601 N. 6th Street       | Sterling         | CO 80751 | 970/521-0416 |
| Waltemeyer, Adam T     | 108 Racquette Dr #2A    | Ft Collins       | CO 80524 | 303-666-0093 |

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| Name                     | Address                       | City & State  | Zip      | Home Phone   |
|--------------------------|-------------------------------|---------------|----------|--------------|
| Wells, Kenneth           | 8056 Lee Court                | Arvada        | CO 80005 | 303/422-5633 |
| Work, Clinton D          | 7087 S. Garrison Str          | Littleton     | CO 80128 | 720/341-1494 |
| Ziegler, James W         | 783 Cedar Court               | Rifle         | CO 81650 | 970/871-6225 |
| Almeida, Mark            | 195 Babbs Road                | West Suffield | CT 06093 | 860/254-5600 |
| Bartle, James O          | P. O. Box 220                 | Ashford       | CT 06278 | 203/429-2783 |
| Bertrand, Ernie L        | 9 Beech Street                | N. Branford   | CT 06471 | 203/483-7095 |
| Berube, Alan R           | 60 Prentice Street            | Plainville    | CT 06062 | 860/793-2738 |
| Besade, Stephen A        | 126 Fog Plain Road PO Box 771 | Waterford     | CT 06385 | 860-443-6033 |
| Blakely, John D          | 25 Marguy                     | West Suffield | CT 06093 | 860/668-2036 |
| Ceulemans, Michael L     | 62 Robin Drive                | Barkhamsted   | CT 06063 | 860/677-6988 |
| Dubord, Richard P        | 25 Hunter Road                | Tolland       | CT 06084 | 860-896-1283 |
| Durner, Donald           | 17 Sand Piper Rd              | Enfield       | CT 06082 | 860/763-1350 |
| Feeney, Joe              | 4 Coachlight Dr               | Clinton       | CT 06413 | 860-669-3898 |
| Gemme, David P           | 25 Hancock Rd                 | Willington    | CT 06279 | 860/627-0083 |
| Gregoire, David L        | 66-12 Wakelee Rd              | Waterbury     | CT 06705 | 203/591-1485 |
| Haber, Lawrence J        | 226A Great Plain Rd.          | Danbury       | CT 06811 | 203-743-0003 |
| Halsted, Eugene          | 15 Lynch Drive                | Manchester    | CT 06040 | 860-645-1302 |
| Hoover Jr, Herbert       | PO Box 614                    | West Redding  | CT 06896 | 203-938-2698 |
| Johnson, Charles Francis | 196 New Canaan Rd             | Wilton        | CT 06897 | 203/847-2012 |
| Kolker, Bruce I          | 30 Heartwood Lane             | Trumbull      | CT 06611 | 203/445-9188 |
| Luginbuhl, Dean M        | 81 South Road                 | Ellington     | CT 06029 | 860/604-0795 |
| McBride, James N         | 214 Windsorville Rd           | Ellington     | CT 06029 | 860-872-1422 |
| Michalak, Paul H         | 2060 Cutspring Rd             | Stratford     | CT 06614 | 203/952-7849 |
| Mocofan, Marius          | 262 Center Road               | Vernon        | CT 06066 | 860-870-9764 |
| Moses, Paul              | 200 Whitbeck Rd               | New Hartford  | CT 06057 | 860-626-0668 |
| Moss, Christopher A      | 4 Meeting House Ridge         | Meriden       | CT 06450 | 203/235-4343 |
| Niemann, Russ            | 16 Brockway Road              | Ellington     | CT 06029 | 860-872-1934 |
| Pac, Daniel Joseph       | 309 Birge Park Rd             | Harwinton     | CT 06791 | 860-485-1998 |
| Perzan, Gregory M        | 41 Robinbrook Dr              | Newington     | CT 06111 | 860/985-2765 |
| Pessolano Sr, James      | 3 Hickory Lane                | New Fairfield | CT 06812 | 203-746-9185 |
| Prescott, Christopher L  | 20 Church Street              | Thompson      | CT 06277 | 860-928-6753 |
| Radway, Stephen W        | 19 Magonk Point Road          | Waterford     | CT 06385 | 860/443-2420 |
| Rusczyk, Stephen J       | 495 Babbs Road                | West Suffield | CT 06093 | 860/668-6062 |
| Schiavone, Robert J      | 27 Brodwood Drive             | Stamford      | CT 06902 | 203/274-6533 |
| Semnoski, Gary S         | 85 Evan Road                  | Southington   | CT 06489 | 860-620-0820 |
| Strebeyko, Jake H        | 129 Tudor Lane Apt.           | Manchester    | CT 06705 | 860-966-6348 |
| Werme, Peter             | 13 Mary Bee Lane              | Sherman       | CT 06784 | 860/354-1932 |
| Westdal, Edwin D         | 35 Valley View Dr             | Windsor       | CT 06095 | 860/688-6385 |
| Yannotti, Michael J      | 132 Woodside Green #          | Stamford      | CT 06905 | 203-274-5532 |
| Derby, Michael C         | 23 South Main Street          | Middletown    | DE 19709 | 302-836-4507 |
| Jones Jr, Alvin R        | 29890 AK Lane                 | Laurel        | DE 19956 | 302/875-5268 |
| Kodadek, Shawn T         | 2654 Grubb Road               | Wilmington    | DE 19810 | 610/586-5054 |
| Miller, Allan R          | 1910 E Zabenko Dr             | Wilmington    | DE 19808 | 302-998-4873 |
| Muffler, Robert J        | 12 NW Front Street #          | Milford       | DE 19963 | 302-491-6080 |
| Pride Jr, James M        | 22558 Huff Road               | Milton        | DE 19968 | 302/856-1742 |
| Pride Sr., Jim M         | 206 Milton Ellendale Hwy      | Millton       | DE 19968 | 302/684-4652 |
| Stewart, Charles Coleman | 10016 Sunnyside Road          | Bridgeville   | DE 19933 | 301-831-5558 |

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| Name                   | Address                       | City & State      | Zip      | Home Phone   |
|------------------------|-------------------------------|-------------------|----------|--------------|
| Akarjalian,Menas M     | 3749 Fox Hollow Driv          | Orlando           | FL 32829 | 407/380-700  |
| Alvarez,Adolfo J       | 16253 SW 78thTerrace          | Miami             | FL 33193 | 305/382-4575 |
| Anderson,Dan L         | 4002 Se 14th Place            | Ocala             | FL 34471 | 352/694-4575 |
| Anderson,James A       | 1125 A Spikes Rd              | Southport         | FL 32409 | 850-271-8116 |
| Ashley,Ray A           | 6493 May Tree Court           | Jacksonville      | FL 32258 | 904/563-3208 |
| Bacon,Norman H         | 43212 Hilltop LanePO Box 2017 | Callahan          | FL 32011 | 904/879-2647 |
| Basler,Edward T        | 8294 Norwood Rd               | Largo             | FL 33777 | 727/397-6088 |
| Beddome,Timothy R      | 449 SW Violet Ave             | Port St. Lucie    | FL 34983 | 772-342-7477 |
| Bell,Shaun A           | 6511 Nova Drive PMB           | Davey             | FL 33317 | 954-218-7915 |
| Benvenuto,Frank        | 5153 NW 57th Way              | Coral Springs     | FL 33067 | 561-445-4216 |
| Bosko,Kevin A          | 349 Blue Heron Drive          | Winter Park       | FL 32789 | 407-647-0769 |
| Canfield,Terry L       | 3326 63rd Square              | Vero Beach        | FL 32966 | 772/794-2135 |
| Capdarest,Christopher  | 2203 Yancy Street             | North Point       | FL 34286 | 941-423-6313 |
| Caponigro,Anthony J    | 8001 E. Shannon Cour          | Inverness         | FL 34450 | 352/726-5737 |
| Cesario,Robert F       | 4223 Royal Palm Dr            | Bradenton         | FL 34210 | 941/356-5799 |
| Chappell,Michael L     | 16030 Clark Road NE           | Hosford           | FL 32334 | 850/379-3753 |
| Cherr Jr,Joseph        | 740 Milan Court               | Marco Island      | FL 34145 | 239/389-4233 |
| Cholewinski,Kenneth J  | 3803 Manatee Street           | Orlando           | FL 32822 | 407/908-8014 |
| Conley,Jeff            | 13771 SW 36 Court             | Davie             | FL 33330 | 954/476-8056 |
| Coulter,Dennis         | 3125 Ellis Drive              | West Melbourne    | FL 32904 | 321/724-1282 |
| Cournoyer,Kenneth D    | 5925 W Hwy 92                 | Plant City        | FL 33566 | 813/659-1264 |
| Courtney,Clifford      | 127 East Villa CapriApt. E    | Deland            | FL 32724 | 386/253-5219 |
| Craig,Michael E        | 3100 Dolphin Drive            | Miramar           | FL 33025 | 954/431-5752 |
| Crozier,Carleton F     | 311 SE 9th Court              | Pompano Beach     | FL 33060 | 954/785-0792 |
| Cuevas,Victor          | 9366 SW 185th Street          | Miami             | FL 33157 | 305/979-9743 |
| Del Pino,Julio         | 9199 BW 117 Terrace           | Hialeah           | FL 33018 | 305-818-2475 |
| Denofa,Scott M         | 7039 Hawks HarbourCircle      | Bradenton         | FL 34207 | 941-342-9154 |
| Dick,Peter L           | 60 River Road                 | Orange Park       | FL 32073 | 904-278-6917 |
| Dokoupil,Robby J       | 4391 NW Brownell Ter          | Port St. Lucie    | FL 34983 | 561-642-0234 |
| Downie,Russell K       | 285 South Marco Way           | Satellite Beach   | FL 32937 | 321/426-4377 |
| Duford,Raymond F       | 2997 Karen Ave                | Largo             | FL 33774 | 727-580-6043 |
| Dunfee,Thomas          | 2268 West End Court           | Lehigh Acres      | FL 33973 | 239/693-7174 |
| Dutton Sr,Kerry D      | 9143 Tracy Way                | Panama City       | FL 32404 | 850-722-0267 |
| Eade,Jeffrey K         | 5207 Derby Forest Dr          | Jacksonville      | FL 32258 | 904-880-6912 |
| Ellis,James E          | 1903 Michael Tiago C          | Maitland          | FL 32751 | 407-474-5913 |
| Esquivel,Jorge         | 6450 Collins Ave Apt          | Miami Beach       | FL 33141 | 305/867-9737 |
| Feld,Brian M           | 1730 Moss Creek Dr            | Orange Park       | FL 32003 | 904/505-8274 |
| Flor,Alan P            | 178 Bristol Point             | Longwood          | FL 32779 | 407/788-9129 |
| Flotkoetter,James      | 2220 S E 6th Terrace          | Ocala             | FL 34471 | 352-622-2928 |
| Frangos,Michael C      | 1913 Hickory Trace D          | Orange Park       | FL 32003 | 904/278-8992 |
| Galvez,Eulalio         | 8240 SW 142 Ave               | Miami             | FL 33183 | 305/383-2668 |
| Garcia,Alejandro J     | 23711 SW 114th Place          | Homestead         | FL 33032 | 305-338-3627 |
| Gheorge,Kenneth A      | 7276 Viale Sonata             | Lakeworth         | FL 33467 | 561/965-2283 |
| Giragossian,Aaram R ** | 2431 Southwest Sanso          | Port Saint Lucie  | FL 34953 | 714-421-0413 |
| Gonos,John             | 13425 86th Ave N              | Seminole          | FL 33776 | 313/274-6508 |
| Gonzalez,Rafael        | 5500 SW 48th Street           | Davie             | FL 33314 | 954/581-2546 |
| Guidry,Glenn A         | 8294 Collins Road             | Jacksonville      | FL 32244 | 904-771-4009 |
| Guthrie,Jon E          | 8125 Coralberry Ln            | Jacksonville      | FL 32244 | 904/772-7644 |
| Hall,Russell L         | 7314 Woodknot Ct              | Orlando           | FL 32835 | 407/298-6481 |
| Harman,Jeff W          | 1039 Macon Drive              | Titusville        | FL 32780 | 321/269-1313 |
| Higley,Paul Joseph     | 6704 Ferri Circle             | Port Orange       | FL 32128 | 386/761-2678 |
| Holme,Christian Peter  | 15611 77th Trail N            | Palm Beach Garden | FL 33418 | 561-743-1004 |

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## Franchisees as of January 1, 2011

| Name                | Address                      | City & State      | Zip      | Home Phone   |
|---------------------|------------------------------|-------------------|----------|--------------|
| Howells,Justin C    | 800 Reedy Cove               | Casselberry       | FL 32707 | 407-595-7946 |
| Hrobak,Robert F     | 999 W Story Road             | Winter Garden     | FL 34787 | 407/656-5509 |
| Iannelli,Victor A   | 1795 Sunwood Blvd            | Longwood          | FL 32779 | 407/774-3132 |
| Iredale,Gerald R    | 17003 Aspen MeadowsDr        | Lutz              | FL 33548 | 813/948-0549 |
| Iredale,Jason W     | 1509 Haven Bend              | Tampa             | FL 33613 | 813/546-1709 |
| Johnson,Kenneth R   | 93 Swisher Road              | Havanna           | FL 32333 | 850/556-7830 |
| Johnston,Robert D   | 1146 N NaturesHammock Rd     | Jacksonville      | FL 32259 | 904/230-8205 |
| Kadinger,Phillip    | 2798 Byron Court             | Palm Harbor       | FL 34684 | 727/216-6022 |
| Kaprelian,Brian H   | 7425 Hypoluxo Farms          | Lake Worth        | FL 33463 | 561-642-0310 |
| Keith,Garrick N     | PO Box 742                   | San Antonio       | FL 33576 | 352-588-4351 |
| Kellner,Paul        | PO Box 1088                  | Ruskin            | FL 33575 | 813-562-4413 |
| Kellner,William J   | 904 Golf Island Dr           | Apollo Beach      | FL 33572 | 813-645-8858 |
| Klink,Christopher D | 1307 S. Valley Rd            | Fruitland Park    | FL 34731 | 352/365-6501 |
| Lacoste,Bob         | 6755 Hundred AcreDrive       | Port St John      | FL 32927 | 321-636-6805 |
| Lassiter,Donald G   | 2038 Pinehurst Dr            | West Palm Beach   | FL 33407 | 561/845-2016 |
| Lassiter,Robert J   | 2038 Pinehurst Drive         | West Palm Beach   | FL 33407 | 561/471-8501 |
| Lawrence,Jeffrey S  | 11314 Pond Cypress S         | Fort Myers        | FL 33913 | 239/948-7891 |
| Leonardo,Brian S    | 26729 Hickory Loop           | Lutz              | FL 33559 | 813-973-2120 |
| Long,Albert C       | 1882 Bayport Dr              | Deltona           | FL 32738 | 904/789-7731 |
| Lopez,Tomas         | 5510 Kelly Rd                | Plant City        | FL 33565 | 813/982-9667 |
| Mangoni,Carl A      | 5793 120 Ave North           | Royal Palm Beach  | FL 33411 | 561-333-2818 |
| Mardenfeld,Justin   | 8222 Waterford Lane          | Tamarac           | FL 33310 | 954/726-7376 |
| Maule,William R     | 5809 Eastwood Drive          | Ft. Pierce        | FL 34951 | 772/467-9337 |
| May,George C        | 22450 StillwoodDrive         | Land O'Lakes      | FL 34639 | 813/996-5539 |
| McCray,William J    | 11909 Steeds Run             | Tallahassee       | FL 32317 | 850/668-2641 |
| Moellentine,James P | 4600 S E 40th Ct             | Ocala             | FL 34480 | 352/694-1377 |
| Montenegro,Mario    | 16325 NW 83rd Ct             | Miami Lakes       | FL 33016 | 305/827-6972 |
| Moorer,Leslie E     | 4409 SouthministerCircle     | Niceville         | FL 32578 | 850/897-3875 |
| Morris,Brandon C ** | 19630 Paso Fino Way          | Dade City         | FL 33523 | 209/606-9569 |
| Myers Jr,John T     | 2201 S.W. RiversideDrive     | Palm City         | FL 34990 | 772/220-3182 |
| Natoli,John V **    | 700 Carriage Lake Wa         | Vero Beach        | FL 32968 | 772-299-3225 |
| Nelson,Charles C    | 6285 NW 72nd Way             | Parkland          | FL 33067 | 954/752-8942 |
| Ortega,Rolando J    | 14980 Durham Lane            | Davie             | FL 33331 | 305-300-4347 |
| Pearson,Kinsman P   | 5444 Rowe Trail              | Pace              | FL 32571 | 850/994-0812 |
| Perez,Jaime C       | 24216 NW 94th Ave            | Alachua           | FL 32615 | 352/454-7750 |
| Perez,Ulises        | 8918 W. Flagler Stre         | Miami             | FL 33174 | 305-223-5346 |
| Phelps,Paul W       | 4617 Chambliss Road          | Winter Haven      | FL 33884 | 863-224-4808 |
| Priester,Chace W    | 2848 Tremont Drive           | Eustis            | FL 32726 | 352-636-5382 |
| Quimby Jr,Dale M    | 6720 SW 56th Court           | Davie             | FL 33314 | 954/321-0982 |
| Quimby,Dale         | 6720 SW 56th Ct              | Davie             | FL 33314 | 954/321-0983 |
| Quintero,Gerney     | 3600 Southwest 139th         | Miramar           | FL 33027 | 321-917-5986 |
| Rau,Marcus D **     | 34023 Bluebird Place         | Callahan          | FL 32011 | 904-879-2394 |
| Reilly,James K      | 12760 IndianRocks RdUnit 101 | Largo             | FL 33774 | 727-596-5562 |
| Reimer,Roger P      | 3152 Little RoadSuite 200    | Trinity           | FL 34655 | 727/858-8655 |
| Richmond,Timothy J  | 115200 Oswalt Rd             | Clemont           | FL 34711 | 352/408-0657 |
| Rivera,Alberto      | 2727 Garrett Nichola         | Kissimmee         | FL 34746 | 407-344-9010 |
| Rodriguez,Samuel    | 3545 Sable Palm Lane         | Titusville        | FL 32780 | 787-671-2707 |
| Rogero,Robert       | 5420 Sw 199Th Ave            | Davie             | FL 33332 | 954/434-1592 |
| Ryder,Brian Joseph  | 12001 Nw 27Th St             | Plantation Acres  | FL 33323 | 954/370-3565 |
| Sacca,Joseph Ronald | 700 Lighthouse Drive         | North Palm Beach  | FL 33408 | 561/626-6464 |
| Sacca,Philip A      | 8524 Kelso Dr                | Palm Beach Garden | FL 33418 | 561/627-9251 |
| Sanchez,Antonio     | 17368 49th Street No         | Loxahatchee       | FL 33470 | 561-204-2630 |

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## Franchisees as of January 1, 2011

| Name                  | Address                 | City & State       | Zip      | Home Phone   |
|-----------------------|-------------------------|--------------------|----------|--------------|
| Sanchez, Julio        | 60 West 56 Street       | Hialeah            | FL 33012 | 305/823-0324 |
| Sandstrom, Larry J    | 101 Foxridge Run        | Longwood           | FL 32750 | 407-230-1135 |
| Schneider, William J  | 2280 Thornwood Lane     | Jacksonville       | FL 32207 | 904/398-5191 |
| Scott, Harold A       | #20 Village Dr          | Ormond Beach       | FL 32174 | 386/672-8112 |
| Seamans, Harry D      | 5950 NW 201st Lane      | Miami              | FL 33015 | 305/621-1519 |
| Skinner, Jeffrey L    | 4175 North Rd           | Naples             | FL 34104 | 239/649-4974 |
| Smith, Rick L         | 501 Greenbriar Rd       | Saint Johns        | FL 32259 | 904/287-0457 |
| Soriano, Juan         | 2230 Shadow Oak Rd      | Sarasota           | FL 34240 | 941-371-6459 |
| Souza, David J        | 105 N Sweetwater Blv    | Longwood           | FL 32779 | 407-310-3308 |
| Sportiello, Charles A | 2580 SE 6th St          | Pompano Beach      | FL 33062 | 954/943-9493 |
| Stanford, Peter R     | 153 Larch Road          | Ocala              | FL 34480 | 352/265-9265 |
| Suro, Hector A        | 4821 Taylor Street      | Hollywood          | FL 33021 | 954/989-8055 |
| Switzer, Todd M       | 2907 Riviera Drive      | Key West           | FL 33040 | 305/292-9001 |
| Taddeo, James D       | 3338 Waterford Drive    | Clearwater         | FL 33761 | 727-771-0532 |
| Taylor, Karl Robert   | 13215 Rolling Green     | Juno Beach         | FL 33408 | 561-694-2943 |
| Teegardin, JR         | 12200 NW 1st St         | Coral Springs      | FL 33071 | 954/227-3099 |
| Tejada, Jose R        | 8606 NW 192nd Lane      | Hialeah            | FL 33015 | 305/345-9629 |
| Thornton, Bob P       | 4257 South Atlantic Ave | Daytona Beach      | FL 32127 | 904/788-8665 |
| Thornton, John T      | 10113 Peppertree Cou    | Pensacola          | FL 32506 | 850-776-1343 |
| Vargas, Alvaro M      | 13260 SW 101st Stree    | Miami              | FL 33196 | 305-582-8920 |
| Vecin, Manuel         | 5715 NW 112 Terrace     | Hialeah            | FL 33012 | 305/362-4059 |
| Watson, Mark R        | 739 Brook Villa Ct      | Apopka             | FL 32712 | 407-889-0878 |
| Westberry, Kraig P    | 3603 Fairway Rd         | Sebring            | FL 33872 | 863-385-1526 |
| Williams, Eric J      | 1793 Southwest 23rd     | Okeechobee         | FL 34974 | 863-824-8791 |
| Wold, Jack            | 6 Mar Bay Lane          | Safety Harbor      | FL 34695 | 727/726-3550 |
| Wood, Jack M          | 1150 Ruth Avenue        | Jacksonville Beach | FL 32250 | 904/249-4010 |
| Yakos, John B         | 1289 Beacon Circle      | Wellington         | FL 33414 | 561/333-2945 |
|                       |                         |                    |          |              |
| Ambrose, Jeffery A    | 6755 Scottsfield Tra    | Cumming            | GA 30028 | 770/406-8561 |
| Anschuetz, Thomas E   | 5277 Cross Creek Tra    | Acworth            | GA 30102 | 678-494-0059 |
| Atcheson, Joseph      | 206 Forrest Rd          | Fort Oglethorpe    | GA 30742 | 423-505-3843 |
| Bales, Russ           | 3318 Rising Fawn Tra    | Suwanee            | GA 30024 | 404/476-0670 |
| Bates, Jeff E         | 871 Almeda Circle       | Lawrenceville      | GA 30043 | 770-963-4500 |
| Baxter, William D     | 235 Nature Path         | Dallas             | GA 30132 | 770/445-1778 |
| Belaski Jr, John J    | 9580 Poplar Court       | Douglasville       | GA 30135 | 770/947-0104 |
| Black, Terry J        | 4207 Alaina Circle      | Austell            | GA 30106 | 770-436-0611 |
| Bost, James P         | 3085 St Andrews Way     | Duluth             | GA 30096 | 770/623-4058 |
| Brockman, Steven T    | 3021 Sandy Creek Cou    | Loganville         | GA 30052 | 678-639-0916 |
| Carlier, Thomas G     | 160 Westchester Way     | Alpharetta         | GA 30005 | 404-660-3631 |
| Cason, Walter W       | 809 E Hwy 80            | Bloomington        | GA 31302 | 912/748-9350 |
| Corrigan, Douglas     | 10570 Shallowford Rd    | Roswell            | GA 30075 | 770/992-6401 |
| Crook, Thomas E       | 591 Mill Creek Rd       | Hiram              | GA 30141 | 770-577-9373 |
| Culpepper, David      | 778 Hwy 85 Connector    | Brooks             | GA 30205 | 770/460-0151 |
| Daugherty, Jim        | 144 Old Fortville Rd    | Gray               | GA 31032 | 478/986-4471 |
| Davis Jr, John W      | 150 Vaughn Dr           | Fayetteville       | GA 30214 | 770/461-1073 |
| Davis Sr, John W      | 685 Kenwood Road        | Fayetteville       | GA 30214 | 770-461-1315 |
| Davis, William L      | 148 Swan Lake Rd        | Stockbridge        | GA 30281 | 770-474-7318 |
| Dewey, Scott D        | 5425 Sugar Ridge Dri    | Buford             | GA 30518 | 706/870-9555 |
| Dreher-Roy, Matthew J | 6255 Edison Drive       | Cumming            | GA 30041 | 770-363-9125 |
| Eastman, David A      | 4598 Millhaven Rd       | Martinez           | GA 30907 | 706/868-1728 |
| Edwards, Mark R       | 363 Cohran Store Rd     | Douglasville       | GA 30134 | 770-942-4359 |

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|-------------------------|----------------------------|----------------|----------|--------------|
| Endicott, Steve         | 5233 Manhasset Cove        | Dunwoody       | GA 30338 | 770/396-1277 |
| Endicott, Steve         | 240 Chaffin Ridge Tr       | Roswell        | GA 30075 | 770-457-1512 |
| Freeman, Charles M      | 377 Widewater Dr.          | Newnan         | GA 30265 | 678/478-6981 |
| Garnett, Charles N      | 6092 Hwy 42 South          | Culloden       | GA 31016 | 478-992-9611 |
| Gaskins, Bobby A        | 9489 Old Valdosta Rd       | Nashville      | GA 31639 | 229-237-1602 |
| Gilbert, Luke A         | 392 Palmetto Rd.           | Tyrone         | GA 30290 | 404/635-0475 |
| Gloekler, William David | 1701 North Ola Rd          | Mcdonough      | GA 30252 | 770/914-8516 |
| Graves, John F          | 5967 Peacock Lane          | Hoschton       | GA 30548 | 770/945-0697 |
| Green, Billy J          | 91 Plemmons Rd PO Box      | Silver Creek   | GA 30173 | 678/848-4044 |
| Griggs, Shannon O       | 133 Serenity Loop          | Cataula        | GA 31804 | 706-681-0660 |
| Hagan, Gregory D        | 1198 Henry Blitch Rd       | Statesboro     | GA 30458 | 912/865-9191 |
| Hall, William J         | 2906 Pennbroke Drive       | Valdosta       | GA 31605 | 219-242-4930 |
| Holman, Tad S           | 603 Ann Court              | Woodstock      | GA 30188 | 770-924-4080 |
| Holmes, Robert W        | 4017 Seneca Valley         | Gainesville    | GA 30506 | 770-983-1593 |
| Huyett, Randy           | 3697 Shadow LaneNorth East | Atlanta        | GA 30319 | 770/451-6856 |
| Johnsa, Brian J         | 155 Price Drive West       | Locust Grove   | GA 30248 | 678-432-9274 |
| Kyle, Khary E           | 7124 Southlake Parkw       | Morrow         | GA 30260 | 678-428-4350 |
| Lowe, Pamela            | 1260 Fields Chapel R       | Canton         | GA 30114 | 770-720-5029 |
| Macbride, Guy D         | 30 Fort Argyle Lane        | Savannah       | GA 31419 | 912/748-9432 |
| Maxwell, James A        | 178 Barber Shop Rd         | Climax         | GA 39834 | 229/465-3379 |
| Mayers, Hugh E          | 3659 Lake Mayers Roa       | Baxley         | GA 31513 | 912-367-9267 |
| McTier, Russell H       | 303 Wellington Way         | Warner Robins  | GA 31093 | 478/971-4495 |
| Milligan, Elisha P      | 168 Currahee Plantat       | Toccoa         | GA 30577 | 706/297-7762 |
| Mock, Ralph W           | 147 Lucas Lane             | Waycross       | GA 31503 | 912/285-7569 |
| Mouat III, R B          | 53 Old Ty Ty Road          | Ty Ty          | GA 31795 | 229-386-2813 |
| Oswald, Stephen D       | 326 Cohran Store Roa       | Douglasville   | GA 30134 | 770-949-4162 |
| Oswald, Tommy J         | 1805 Rover Zetella R       | Williamson     | GA 30292 | 770-227-3876 |
| Pendlebury, Ian R       | 1185 Masters Lane          | Snellville     | GA 30078 | 404/392-5677 |
| Perez, Jose I           | 502 Winter Haven Lan       | Sugar Hill     | GA 30518 | 678/765-0150 |
| Pitt, John              | 3314 Hillside Drive        | Powder Springs | GA 30127 | 404/439-6416 |
| Price, Patrick Vonne    | 3215 Gilpin Rd Ne          | Thomson        | GA 30824 | 706/595-9641 |
| Reynolds, George R      | 890 S Steele BridgeRd      | Eatonton       | GA 31024 | 706-485-0566 |
| Ricks, Kevin S          | 1121 Mcwilliams Road       | Conyers        | GA 30094 | 678-413-8398 |
| Rix Jr, Jimmie L        | 178 Horseshoe Circle       | Americus       | GA 31719 | 229-924-6576 |
| Rosser Jr, Charles N    | 241 Parkview Drive         | Cartersville   | GA 30120 | 770/386-1330 |
| Scharlatt, Peter E      | 450 Barrington DriveWest   | Roswell        | GA 30076 | 404/428-3305 |
| Schwarz, Roy E          | 250 Mallard Lane           | Locust Grove   | GA 30248 | 770/914-0306 |
| Seckinger, Donald R     | 2455 Sawtooth Oak Dr       | Lawrenceville  | GA 30043 | 770/513-9454 |
| Shatzen, Erwin M        | 3852 Ivey Lane             | Lilburn        | GA 30047 | 770/923-6989 |
| Short, Jack P           | 1207 BlackcreekChurch Rd   | Ellabell       | GA 31308 | 912/858-3992 |
| Smith, Ron D            | 2291 Rabbit FarmCircle     | Loganville     | GA 30052 | 770/554-9299 |
| Spaggiari III, Lee J    | 653 Priddy Rd              | La Grange      | GA 30241 | 706/568-9567 |
| Stanford, Jason T       | 503 Johnson St. Apt        | Bremen         | GA 30110 | 352-271-9475 |
| Steiner, Randal W       | 1306 Sunflower Court       | Locust Grove   | GA 30248 | 770-954-3419 |
| Stillwagon, Andy B      | 319 River Ridge Rd         | Brunswick      | GA 31523 | 912/267-1091 |
| Thompson, Ricky L       | 28 Deer Run Trace          | Swainsboro     | GA 30401 | 478/289-9244 |
| Todd, Keith C           | 466 Heritage Drive         | Ringgold       | GA 30736 | 706/935-8648 |
| Trowell, Joseph H       | 1668 George Deen Rd        | Broxton        | GA 31519 | 912/359-2221 |
| Walker, Ronald K        | 133 Watkins Lake Way       | Buena Vista    | GA 31803 | 706/327-2322 |
| Wamsley, Bryan L        | 335 Arbor Woods Cr         | Ringgold       | GA 30736 | 706/858-4519 |
| Watts, Kenneth C        | 7860 Cedar Mountain        | Douglasville   | GA 30134 | 678-378-3286 |
| Westra, David           | 106 Nichols Street         | Perry          | GA 31069 | 478/987-1138 |

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| Name                                      | Address                    | City & State    | Zip      | Home Phone   |
|---|----------------------------|-----------------|----------|--------------|
| Wiles, Marty                              | 100 Natures Path           | Tyrone          | GA 30290 | 770/487-3450 |
| Williams, Joe                             | 650 McKinne's Ct           | Evans           | GA 30809 | 706/364-1183 |
| Winn, Christopher                         | 505 Hembree GroveOverlook  | Roswell         | GA 30076 | 770/475-0774 |
| Bourgeois, Stephen L                      | 91-338 Pukanala Plac       | Ewa Beach       | HI 96706 | 808-683-1129 |
| Butay, Bernard S                          | 851 Leilani Street S       | Hilo            | HI 96720 | 808-966-8810 |
| Chang, Arthur B                           | 74-5072 Tomi Tomi Dr       | Kailua Kona     | HI 96740 | 808/324-4908 |
| Ebesu, Glenn Y                            | 3095-A Aukele Street       | Lihue           | HI 96766 | 808-245-8140 |
| Fukuoka, Gerald M                         | 46 Ili Kuponon Street      | Wailuku         | HI 96793 | 808-242-8303 |
| Miyashiro, Miles T                        | 2221 Ahe Place             | Honolulu        | HI 96816 | 808-737-2314 |
| Miyashiro, Ross K                         | 95-1001 Kualapa St         | Mililani        | HI 96789 | 808/626-8430 |
| Momohara, Calvin Yukio                    | 961 Paako St.              | Kailua          | HI 96734 | 808/262-3861 |
| Moyers, Michael Lee                       | 870 Makalii Street         | Kahului         | HI 96732 | 808/877-3234 |
| Nakabyashi, Wade R                        | 94-870 LumiauauStreet D202 | Waipahu         | HI 96797 | 808/677-7116 |
| Oya, Richard Y                            | 94-397 Makapipipi St       | Mililani        | HI 96789 | 808/623-5342 |
| Stamm, Rudy H J                           | 91-977 Waimomona Pl        | Ewa Beach       | HI 96706 | 808/685-8840 |
| Tajima, Randall T ** Additional franchise | 42-101 Aleka Place         | Kailua          | HI 96734 | 808/263-8092 |
| Watanabe, Tracy M                         | 94-1145 Kahuanui St        | Waipahu         | HI 96797 | 808/683-0551 |
| Campbell, Kim B                           | 13128 North 15 East        | Idaho Falls     | ID 83401 | 208-390-8446 |
| Cass, Thomas M                            | 940 Canterwood Drive       | Moscow          | ID 83843 | 208/882-5840 |
| Costello, Walter F                        | 300 Dicky Drive            | Eagle           | ID 83616 | 208/939-0904 |
| Garvin, Phillip W                         | 3390 N Curt Dr             | Meridian        | ID 83642 | 208/888-5617 |
| Hatch, Jeramie L                          | 105 W. 600 N.              | Clifton         | ID 83228 | 208/747-3275 |
| Jahns, Jason                              | P.O. Box 5256              | Twinfalls       | ID 83301 | 208/731-9966 |
| Jones, Dustin S                           | 2219 E Franklin Rd.        | Meridian        | ID 83642 | 208-440-0723 |
| Keener, Philip G                          | 1327 Grelle Ave            | Lewiston        | ID 83501 | 208/746-5728 |
| Lloyd, Jeffrey Provan                     | 1393 W Deadwood Ct         | Eagle           | ID 83616 | 208/938-1064 |
| Marburger III, George G                   | 7350 W LedgerwoodLane      | Meridian        | ID 83642 | 208/286-0328 |
| Matthis, Bill N                           | 2299 W. Kelly CreekDrive   | Meridian        | ID 83646 | 208/887-1604 |
| Meeks, Jim E                              | 3917 W. Princetown         | Coeur d'Alene   | ID 83815 | 208/819-3584 |
| Meyer, Jeremiah W                         | 4444 Greenchain Loop       | Couer D'Alene   | ID 83814 | 425/844-9472 |
| Moen, Doyal P                             | PO Box 587                 | Gooding         | ID 83330 | 208-369-0979 |
| Orme, Kyle W                              | 1581 N 775 E               | Shelley         | ID 83274 | 208-357-0523 |
| Petersen, Robert J                        | 444 North Ash Street       | Black Foot      | ID 83221 | 541-477-3136 |
| Self, William A                           | 4493 Echo Glenn Ln         | Coeur d'Alene   | ID 83815 | 208/665-7510 |
| Sinclair, Shawn E                         | 2219 Grelle Ave            | Lewiston        | ID 83501 | 208-746-6381 |
| Upchurch, Brian T                         | 3156 N 3524 E              | Kimberly        | ID 83341 | 208/423-5849 |
| Whitworth, Chad B                         | 870 W. 100 N.              | Blackfoot       | ID 83221 | 208/684-5337 |
| Apps, Craig W                             | 412 N Prairie              | Raymond         | IL 62560 | 217-229-3474 |
| Baird, Ian S                              | 606 S Union                | Yates City      | IL 61572 | 309/337-5325 |
| Balsitis, Lawrence J                      | 460 Logeue Circle          | Seneca          | IL 61360 | 815-357-1349 |
| Beebe, Jeffrey W                          | 2260 US Route 52           | Serena          | IL 60549 | 815/498-1709 |
| Bodine, Kevin R                           | 4926 State Rt 97           | Pleasant Plains | IL 62677 | 217/626-1522 |
| Boyd, Robert J                            | 825 Cypress Ct             | Joliet          | IL 60435 | 815/730-0286 |
| Brauer, Kenneth F                         | 100 Hanover Street         | Germantown      | IL 62245 | 618-523-4343 |
| Brennan, Shaun F                          | 3915 Sandy Bluff Rd        | Plano           | IL 60545 | 815/786-7627 |
| Brindise, Ralph                           | 517 Northlake              | Mc Henry        | IL 60051 | 815/344-1848 |

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| Name                 | Address                    | City & State     | Zip      | Home Phone   |
|----------------------|----------------------------|------------------|----------|--------------|
| Bulster, John        | 8929 Palisades Road        | Burr Ridge       | IL 60527 | 630/655-2806 |
| Carter, Lloyd R      | 615 Elm St                 | Carmi            | IL 62821 | 618/382-3151 |
| Chiddister, Clark    | 2614 Chapel Hill Dr        | Elgin            | IL 60120 | 847/741-3037 |
| Cullen, Francis E    | 7023 Lockmann Rd           | Collinsville     | IL 62234 | 618/345-5903 |
| Cullen, Michael A    | 899 Lester Avenue          | Collinsville     | IL 62234 | 618-401-4663 |
| D'Amico, Sammy       | 13815 Kit Lane             | Lemont           | IL 60439 | 630/257-6740 |
| Deciani, Nickolas    | 6406 Emerald Ct            | Willowbrook      | IL 60521 | 630/655-1373 |
| Dehaan, Lonnie R     | 10787 W 4000 N Road        | Bonfield         | IL 60913 | 815/426-6815 |
| DiGrazia, Michael P  | 7956 West Bordeaux D       | Dixon            | IL 61021 | 815-285-0087 |
| Dickson, Thomas R    | 4515 Yale Dr.              | Rockford         | IL 61109 | 815/397-5597 |
| Diorka, Charles      | 8928 Monroe                | Brookfield       | IL 60513 | 708/485-1442 |
| Dorich, Brian Edmond | 1510 - 77th Street         | Darien           | IL 60561 | 630/960-9411 |
| Dost, Ted W          | 1155 Westwood Trail        | Addison          | IL 60101 | 630/543-7529 |
| Drake, Daniel B      | 4241 West 90th Place       | Hometown         | IL 60456 | 708-359-8165 |
| Edens, Donald E      | 10237 N 400 St             | Casey            | IL 62420 | 217/932-2286 |
| Elarde, Richard P    | 149 W. Bailey              | Naperville       | IL 60565 | 630/983-8422 |
| Eling, Ronald E      | 340 Woodridge CircleUnit D | South Elgin      | IL 60177 | 847/622-0473 |
| Enghausen, Kevin R   | 2672 County Road 350       | Mahomet          | IL 61853 | 217/897-1152 |
| Ervin, Wayne N       | 2179 StrawnsCrossing Rd    | Jacksonville     | IL 62650 | 217-243-4094 |
| Farrow, Jason M      | 2660 Seiler Road           | Alton            | IL 62002 | 618-466-0596 |
| Follensbee, Dennis C | 12075 N Ledges Dr          | Roscoe           | IL 61073 | 815/623-7990 |
| Fortman, Daniel F    | 13446 Parkcrest Rd         | Roscoe           | IL 61073 | 815/389-9225 |
| Fortuna, Michael J   | 1 S 576 Nimitz             | Oakbrook Terrace | IL 60181 | 630/941-0645 |
| Gawlik, Michael G    | 1334 Foxdale Dr            | Addison          | IL 60101 | 630/773-1101 |
| Golding, David W **  | 12609 Rail Lane            | Palos Park       | IL 60464 | 708-361-8123 |
| Goodwin, Richard M   | 657 Erica Drive            | Granite City     | IL 62040 | 618-931-1427 |
| Gore, Philip D       | 2434 W Irving ParkRoad     | Chicago          | IL 60618 | 773-267-3653 |
| Haar, Brian M        | 990 South Hull             | Aviston          | IL 62216 | 618-978-1436 |
| Hahn, James A        | 1013 Annis Avenue          | Mattoon          | IL 61938 | 217/235-3785 |
| Hain, Ernest O       | 1000 Center Drive          | South Elgin      | IL 60177 | 847-812-1300 |
| Harman, Todd R       | 9695 Four Corners La       | St. Jacob        | IL 62281 | 618-644-4727 |
| Hazelbower, James H  | 411 E. Prairie Stree       | Lanark           | IL 61046 | 815-493-2007 |
| Hill, David A        | 5700 State Street          | Quincy           | IL 62305 | 217/224-7865 |
| Horstmann, Daniel E  | 66 S Germantown Road       | Breese           | IL 62230 | 618/526-4139 |
| Huggins, Donald R    | 22203 S Gawain Dr          | Joliet           | IL 60404 | 815/729-4228 |
| Huling, James M      | 100 Plateau Court          | East Peoria      | IL 61611 | 309-698-3087 |
| Ihnen, Michael T     | 1909 Revere Lane           | Elk Grove        | IL 60007 | 847/584-9908 |
| Johnson, Billy J     | 470 W. German              | Chester          | IL 62233 | 618-826-2937 |
| Juern, Theodore V    | 2078 David Dr              | Des Plaines      | IL 60018 | 847/827-8959 |
| Junker, Michael J    | 601 Jacob Street           | Saint Jacob      | IL 62281 | 817-727-9171 |
| Kaufmann, Lee P      | 15520 N Blue PointTrail    | Effingham        | IL 62401 | 217-868-5525 |
| Kempen, Robert       | PO Box 241                 | Clifton          | IL 60927 | 815/694-2063 |
| Kenney, Craig Alan   | 723 N. River Road          | Algonquin        | IL 60102 | 630-830-2227 |
| Kleine, Andrew J     | 409 W 6th Street           | Benton           | IL 62812 | 618-218-2594 |
| Kluever, Mike L      | 1446 Lourdes Road          | Metamora         | IL 61548 | 309/383-4288 |
| Knaust, Eric G       | 6857 Deer Hill Road        | Waterloo         | IL 62298 | 618/939-8142 |
| Kolesar, Brian M     | 2 N 343 PrairieAvenue      | Glen Ellyn       | IL 60137 | 630/790-4593 |
| Kowalski, Tomasz B   | 6N442 Lloyd Avenue         | Itasca           | IL 60143 | 773-569-6461 |
| Kreitzer, Kenneth P  | 505 Palmer Ave.            | Aurora           | IL 60506 | 630/897-3756 |
| Lada, Michael R      | 5023 W Ainslie St          | Chicago          | IL 60630 | 773/283-0054 |
| Lullo, Steven J      | 2906 Marilyn Drive         | Joliet           | IL 60432 | 312/415-0523 |
| McAllister, Jade M   | 1533 Co Rd 1000 E          | Carmi            | IL 62821 | 618/382-4088 |

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## Franchisees as of January 1, 2011

| Name                 | Address                            | City & State    | Zip      | Home Phone   |
|----------------------|------------------------------------|-----------------|----------|--------------|
| Melton,Shane L       | 411 E. Hickory                     | Thayer          | IL 62689 | 217-965-1446 |
| Messick,Kelly M      | 243 Chatsworth Avenu               | Sugar Grove     | IL 60554 | 630-466-1335 |
| Miller,Jeffrey N     | 17419 Parkside Ave                 | Tinley Park     | IL 60477 | 708/429-0294 |
| Mizeur,Ralph K       | 2116 N 7th                         | Springfield     | IL 62702 | 217-825-8746 |
| Morris,Mark C        | 1102 W Strieff Lane                | Glenwood        | IL 60425 | 708-957-0879 |
| Morris,Michael J     | 436 Co. Rd. 1400 N                 | Mattoon         | IL 61938 | 217/258-8917 |
| Neil,Bryan S         | 1020 Hwy 61                        | Mendon          | IL 62351 | 217-936-3232 |
| Nix,Thomas F         | 3800 F Il 250                      | Olney           | IL 62450 | 618/392-4091 |
| Nunokawa,Mark R      | 1411 North20th Avenue              | Melrose Park    | IL 60160 | 708-343-2486 |
| Oelhafen,Scott       | 18842 Spring CreekDrive            | New Lenox       | IL 60451 | 815/485-5792 |
| Ohrstrom,Carl        | 9120 143 St West                   | Taylor Ridge    | IL 61284 | 309-737-3372 |
| Picchi,Americo J     | 18913 Spring CreekDrive            | New Lenox       | IL 60451 | 815/485-1886 |
| Pollasky,Arthur      | 5715 Farmbrook Lane                | Crystal Lake    | IL 60014 | 815/477-2650 |
| Polnow,Donna K       | 845 Merrimac                       | Cary            | IL 60013 | 847/462-0552 |
| Pratt,Clifford L     | 4265 N. 3350 East Ro               | Chatsworth      | IL 60921 | 815-953-4551 |
| Randall,Craig        | 1503 Kingston Lane                 | Schaumburg      | IL 60193 | 847/524-4415 |
| Randazzo,Ronald      | 322 O'Plaine Rd.                   | Gurnee          | IL 60031 | 847-249-5236 |
| Reynolds,Terry D     | 6 Tyler Lane                       | Metropolis      | IL 62960 | 618/524-6887 |
| Ritzheimer,Randall D | 712 N Main                         | Trenton         | IL 62293 | 618-224-7164 |
| Roberts,Jeffrey D    | 14637 Sparrow RdPO Box 140         | Pleasant Plains | IL 62677 | 217-626-2707 |
| Ryan,Patrick         | 1345 Marco Court                   | Darien          | IL 60561 | 630/241-2493 |
| Sachs,Clifton E      | 515 E Alton                        | Marine          | IL 62061 | 618/887-4025 |
| Sandoval,Francisco   | 210 3rd Street                     | Mendota         | IL 61342 | 815-830-0530 |
| Sarsfield,Robert     | 16724 Parker Rd                    | Homer Glen      | IL 60491 | 708-301-9210 |
| Scartozzi,Anthony    | 218 N Normandy Dr                  | Chicago Heights | IL 60411 | 708/754-4261 |
| Scartozzi,Thomas A   | 3020 Cedar Lane                    | Crete           | IL 60417 | 708-672-7598 |
| Schneider,Randal L   | 9N022 Oak Bluff Dr                 | Elgin           | IL 60124 | 847/464-5025 |
| Schoenbeck,Mark O    | 22382 E Illinois Hwy               | Bluford         | IL 62814 | 618-732-8533 |
| Schreiber,Erik R     | 6429 Ginos Way                     | Fox Lake        | IL 60020 | 847-275-7017 |
| Schulz,Scott M       | 17491 Central                      | Tinley Park     | IL 60477 | 708-532-0716 |
| Shurtleff,James      | 3N979 Farmview Rd                  | Elburn          | IL 60119 | 630/365-5357 |
| Simon,Keith          | 468 Hazel Dr                       | Schaumburg      | IL 60193 | 847/985-0068 |
| Singleton,Brett L    | 772 90th Ave                       | Roseville       | IL 61473 | 309/426-2475 |
| Sitton,Fred W        | 102 E Simmons                      | Roodhouse       | IL 62082 | 217/589-5092 |
| Spangler,Lawrence M  | 111 White Oak Drive                | Lindenhurst     | IL 60046 | 847/356-0638 |
| Sramek,Frank W       | 302 Bartram Rd                     | Riverside       | IL 60546 | 708/442-0990 |
| Studnicka,John       | 5005 W 120Th Pl                    | Alsip           | IL 60803 | 708/385-6372 |
| Travaglini,Bernard   | 459 Gail Ln                        | Chicago Heights | IL 60411 | 708/755-1973 |
| Tyler,Paul K         | 142 Lockerbie Lane                 | Wilmette        | IL 60091 | 847/256-1197 |
| Violetto,Derek A     | 305 N. Sycamore Ln                 | Norht Aurora    | IL 60542 | 630/906-0557 |
| Visona, Ryan D. **   | 9120 143 <sup>rd</sup> Street West | Taylor Ridge    | IL 61284 | 309/737-3372 |
| Weldy,Michael K      | 4 Paddock Court                    | Hawthorn Woods  | IL 60047 | 847-438-0819 |
| Werckle,Curtis D     | 10280 Homestead Rd                 | Stillman Valley | IL 61084 | 815/234-2575 |
| Wiewel,Steven F      | 2436 Cannonball Road               | Quincy          | IL 62305 | 217/223-7228 |
| Wilson,Mike J        | 23 2nd Avenue                      | Matherville     | IL 61263 | 309/754-8745 |
| Winters,William G    | 15946 N 975 East Rd                | Bloomington     | IL 61705 | 309/963-3042 |
| Wooldridge,Jace A    | 5720 Wesley ChapelRd               | Chatham         | IL 62629 | 217/546-4735 |
| Wylie,John G         | 487 Gerry Street                   | Woodstock       | IL 60098 | 815-337-2398 |
| Zehr,Rodney L        | 1206 Aurora Street                 | Pontiac         | IL 61764 | 815-844-6525 |

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| Name                    | Address                  | City & State       | Zip      | Home Phone   |
|-------------------------|--------------------------|--------------------|----------|--------------|
| Aaron,Joey M            | 5776 W 600 S             | New Palestine      | IN 46163 | 317-861-4373 |
| Bailey,Jerry C          | 11109 Liberty MillsRoad  | Ft Wayne           | IN 46814 | 260/436-2121 |
| Barnes,Nathan           | 8330 Tom Evans Rd        | Greenville         | IN 47124 | 502/639-0894 |
| Barnett,Michael R       | 731 E. 11th St.          | Mishiwaka          | IN 46544 | 574-252-5587 |
| Betz,Ryan C             | 9735 W. Co Rd 240 N      | West Baden Springs | IN 47469 | 812/936-2757 |
| Bittner,Matthew L       | 11255 S. Owensville      | Haubstadt          | IN 47639 | 812-768-5402 |
| Bridge,Brian S          | 3407 E 500 S             | Churubusco         | IN 46723 | 260/693-3165 |
| Brown,Michael L         | 10111 Lantern Road       | Fishers            | IN 46038 | 317/595-0500 |
| Butcher,Wilbur          | 11206 Waters Edge Dr     | Wheatfield         | IN 46392 | 219-956-2831 |
| Carmichael,Charles L    | 2448 W. 1150 S.          | Ladoga             | IN 47954 | 765-435-3807 |
| Chraponski,Michael J    | 3435 W 150th Lane        | Crown Point        | IN 46307 | 219-690-1342 |
| Clemens,Michael R       | 4244 W Buick Drive       | Bloomington        | IN 47404 | 812/935-6244 |
| Cooper,Thomas T         | 1240 Woodhollow Ct       | Schererville       | IN 46307 | 219/322-1220 |
| Cory,Nathan R           | 2 Clodfelder Dr.         | Vincennes          | IN 47591 | 812/886-8813 |
| Cripe,Gregory           | 18657 CR 14              | Bristol            | IN 46507 | 574/848-7655 |
| Dittman,Steven P        | 504 N. Williams          | Nappanee           | IN 46550 | 574/773-5537 |
| Ehman,Gary B            | 1611 South MainStreet    | Tipton             | IN 46072 | 765-675-7923 |
| England,George Allen    | 506 W Gump Road          | Ft Wayne           | IN 46845 | 260/637-1054 |
| Epperheimer,Anthony D   | 1238 Cannonero Ct        | Indianapolis       | IN 46217 | 317/224-9429 |
| Folk,Morris A           | 1628 W. 200 S.           | Warsaw             | IN 46580 | 574/269-2586 |
| Foster,Jeffrey M        | 8301 S. Pugsley Rd.      | Daleville          | IN 47334 | 317/759-9935 |
| Frye,Kenneth E          | 140 East County Road     | Connersville       | IN 47331 | 765-309-2912 |
| Gardner,Darren L        | 3542 N 300 E             | Anderson           | IN 46012 | 675-298-9153 |
| Gregory,Scott A         | 51 Grand View Ct.        | Hagerstown         | IN 47346 | 765-489-1645 |
| Hammond Jr,John D       | 3225 Chamberlin Dr       | Indianapolis       | IN 46227 | 317-784-0216 |
| Harris,David K          | 746 Clossey Drive        | Indianapolis       | IN 46227 | 317-887-9333 |
| Hedrick Jr,Robert E     | 1989 E Radio TowerRoad   | Scottsburg         | IN 47170 | 812/752-6172 |
| Hudson,Gerry D          | 22 Monticello Drive      | Greenwood          | IN 46142 | 317/535-5491 |
| Jablonski,Dennis R      | 8737 Monroe              | Munster            | IN 46321 | 219/836-2215 |
| Jackson,Christopher E   | 9407 Maze Rd             | Indianapolis       | IN 46259 | 317/862-1114 |
| Keenan,Randall B        | 8428 Brennan Ct.         | Fishers            | IN 46038 | 317/776-3682 |
| Kester,Christopher R    | 2713 N Jongkind ParkRoad | Laporte            | IN 46350 | 219/325-3538 |
| Kinnison Jr,Marion E    | 3419 Courtwood           | Ft Wayne           | IN 46815 | 260-437-2969 |
| Kramer,Kristopher L     | 1405 N Mann Ave          | Muncie             | IN 47304 | 765/286-5352 |
| Lewis,David M           | 8469 North 620 East      | Syracuse           | IN 46567 | 574-834-7064 |
| Martin,Gerald L         | 300 E. Elm Street        | Haubstadt          | IN 47639 | 812/768-6934 |
| Mascari,Michael Charles | 4533 Hickory GroveBlvd   | Greenwood          | IN 46143 | 317/422-5972 |
| Mindiola,Joseph A       | 172 Mill Springs         | Coatesville        | IN 46121 | 765-386-6566 |
| Mollencupp,Floyd E      | 943 N. Madison           | Kewanna            | IN 46939 | 574/653-2094 |
| Nix,Greggory L          | 9631 Reindeer            | Ft Wayne           | IN 46804 | 260/432-5476 |
| Novicki,T. Joe          | 5910 Paradise Drive      | Martinsville       | IN 46151 | 317-422-1813 |
| Phares,John R           | 6109 South Handy         | Bloomington        | IN 47401 | 812-322-6704 |
| Poe,Christopher A       | 3000 Mary Lane           | W Terre Haute      | IN 47885 | 812/535-3799 |
| Ramp,Dale               | 13469 Bloom Rd           | Mooreshill         | IN 47032 | 812/744-3131 |
| Reed,Trey S             | 409 Advance South Ma     | Jamestown          | IN 46147 | 317-557-3734 |
| Reese,David W           | 12145 Sycamore Drive     | Indianapolis       | IN 46236 | 317-823-5717 |
| Riffey,Eric R           | 7505 Miller StPO Box 23  | Buck Creek         | IN 47924 | 765/589-8699 |
| Roman III,Michael       | 662 Halleck Way          | Indianapolis       | IN 46234 | 317/271-2186 |
| Salmon,Christopher J    | 3063 Ja Dee Lane         | Greenwood          | IN 46143 | 317/422-1084 |
| Sapp,Donald R **        | 5100 Clover Creek Dr     | Greenville         | IN 47124 | 812-823-6190 |
| Schelstraete,Aaron M    | 20927 Osborne Rd         | Lakeville          | IN 46536 | 574/291-3758 |
| Schlie,Dave E           | 6716 Monterey Ct         | Ft Wayne           | IN 46819 | 260/747-7702 |

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| Name                 | Address              | City & State    | Zip      | Home Phone   |
|----------------------|----------------------|-----------------|----------|--------------|
| Schwartz Jr,David E  | 1214 Harvest Ridge B | Memphis         | IN 47143 | 812/294-1290 |
| Sherrard,James G     | 1123 St Rt 1         | West Harrison   | IN 47060 | 812-576-1104 |
| Steenport,Thomas G   | 9711 St. Joe Road    | Ft Wayne        | IN 46835 | 260/486-4115 |
| Stewart,Jonathan     | 2610 W. Sycamore Bea | Angola          | IN 46703 | 260-615-9418 |
| Temple,David R       | 613 N 275 E          | Columbus        | IN 47203 | 812/376-0111 |
| Trapp,Joseph H       | 560 E. Arnotts Drive | Rennselaer      | IN 47978 | 219-866-7540 |
| Wallace,Matthew S    | 5132 West Lilac Lane | New Palestine   | IN 46163 | 317/861-0177 |
| Weisheit,Kevin G     | 781 E. 520 N.        | Jasper          | IN 47546 | 812-695-5405 |
| Wells,James M        | 4098 E Scotland Road | Kirklin         | IN 46050 | 765-325-2513 |
| Westfall,Dennis      | 4191 East 400 South  | Laporte         | IN 46350 | 219/369-1493 |
| White,Thomas J       | 2345 1/2 Broadway    | Anderson        | IN 46012 | 765/622-0268 |
| Winter,Steve J       | 7080 N Michigan Rd   | Fairland        | IN 46126 | 317/395-6193 |
| Wolyniec,David B     | 124 Christy Lane     | Kokomo          | IN 46901 | 765/868-1174 |
| Arndt,Elec T         | 2714 College Avenue  | Davenport       | IA 52803 | 563-505-4399 |
| Avaux,David R        | 6902 Roseland Drive  | Urbandale       | IA 50322 | 515-278-5186 |
| Barker,Timothy A     | 4962 North Range Ct  | Dubuque         | IA 52002 | 563/588-0874 |
| Beenken,Lynn R       | Po Box 714           | Spencer         | IA 51301 | 712/580-5589 |
| Behrens,Douglas W    | 1108 S. Glass Street | Sioux City      | IA 51106 | 712-276-2151 |
| Burress,Brien D      | 6357 High Point Ct   | Davenport       | IA 52806 | 563/386-5104 |
| Carswell,John B      | 2174 200th Street    | Boone           | IA 50036 | 515-460-6736 |
| Crews,Gary D         | 1651 S 35th Street   | West Des Moines | IA 50265 | 515/224-5868 |
| Elbert,Terry G       | 1330 28th Avenue N   | Fort Dodge      | IA 50501 | 515/955-2380 |
| Goede,Donald D       | 314 S Minnesota      | Algona          | IA 50511 | 515/295-7888 |
| Goss,Tom E           | 372 255Th St         | West Branch     | IA 52358 | 319/643-5439 |
| Haverkamp,Thomas M   | 715 E Bloomington St | Iowa City       | IA 52245 | 319/337-6833 |
| Hawks,John C         | 4832 N Dayton Avenue | Ames            | IA 50010 | 515/233-4836 |
| Hlas,Larry D         | 1956 70th Street     | Van Horne       | IA 52346 | 319/228-8610 |
| Hutchinson,Duane D   | 1140 Maben           | Garner          | IA 50438 | 641/923-2318 |
| Jenkins,Marvin J     | 6613 Hwy F-48W       | Newton          | IA 50208 | 641/792-6426 |
| Kay,Duane F          | 2525 Timber Ave      | Charles City    | IA 50616 | 641/228-6265 |
| Kay,Philip R         | 2210 Aspen Avenue    | Waverly         | IA 50677 | 641/330-3617 |
| Klein,Justin L       | 923 Washington       | Lineville       | IA 50147 | 641/344-5515 |
| Kucera,Brian G       | 411 Cobblestone Dr N | Cedar Rapids    | IA 52405 | 319-390-3519 |
| Liske,Matthew J      | 5907 W. Kimberly     | Davenport       | IA 52806 | 563/370-7133 |
| Mauss,Daniel R       | 4410 Hwy. 146        | Grinnell        | IA 50112 | 641-236-8274 |
| McCracken,Jay Dean   | 4180 NW 46th Place   | Des Moines      | IA 50310 | 515/276-6785 |
| Megrath,Paul E       | 2273 Glasgow Road    | Fairfield       | IA 52556 | 641/472-4060 |
| Mitchell,Michael D   | 3851 34th Street     | Des Moines      | IA 50310 | 515-279-6349 |
| O'Donnell,Todd M     | 1875 Sugaridge Dr    | Marion          | IA 52302 | 319-377-6213 |
| Ritter,Corey A       | 9051 - 207th Avenue  | Anamosa         | IA 52205 | 319/363-1349 |
| Rohe,Donald G        | 117 E 13Th St        | Carroll         | IA 51401 | 712/792-6037 |
| Schmit,John E        | 102 E Austin Street  | Rockwell City   | IA 50579 | 712/297-5182 |
| Schutte,Roger        | 10986 Redwood Ave    | Davenport       | IA 52804 | 563/381-4523 |
| Seamans,C. Mark      | 7086 Worcester Rd    | Palo            | IA 52324 | 319/396-2518 |
| Shollenbarger,Tony R | 2503 7 Mile Rd       | Charles City    | IA 50616 | 641/228-1763 |
| Small,Steven M       | 10810 NW 105th CT    | Granger         | IA 50109 | 515-999-4058 |
| Snider,Russell D     | 1905 9th Avenue      | Camanche        | IA 52730 | 563-259-9013 |
| Sorensen,Theodor A   | 2675 205th Street    | New Hampton     | IA 50659 | 319/238-7651 |
| Stoll,Darin P        | 1388 362nd Ave       | Goose Lake      | IA 52750 | 563-577-2444 |
| Stuchel,Mark D       | 21389 360th Street   | Earlham         | IA 50072 | 515/834-2069 |

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| Name                   | Address                   | City & State    | Zip      | Home Phone   |
|------------------------|---------------------------|-----------------|----------|--------------|
| Thorson, Grant R       | 913 7th Street            | Sheldon         | IA 51201 | 712/324-1557 |
| Till, David J          | 2722 W 35Th Street        | Davenport       | IA 52806 | 563/391-1689 |
| Tschetter, Jeremy R    | 229 W Main Street         | Fremont         | IA 52561 | 641-799-8554 |
| Tschetter, Jerry       | 11051 111th St.           | Ottumwa         | IA 52501 | 641/682-2500 |
| Wellington, Earl D     | 145 Green Meadows Drive   | Washington      | IA 52353 | 319-863-0013 |
| Williams, Gary T       | 10138 165th Avenue        | West Burlington | IA 52655 | 319/753-3181 |
| Ade, Marty J           | 2102 N 155th Rd           | Concordia       | KS 66901 | 785/243-1682 |
| Becker, Mark J         | 9693 N E 10th Street      | Murdock         | KS 67111 | 785-422-2122 |
| Campbell, Laurie D     | 221 S Oak                 | McPherson       | KS 67460 | 620/241-6759 |
| Carter, Curtis L       | 15700 E 119th St South    | Mulvane         | KS 67110 | 316/777-1995 |
| Casey, Michael A **    | 8918 East Clubside C      | Wichita         | KS 67206 | 316-683-6899 |
| Courtney, James Roger  | 8821 W 131st Pl           | Overland Park   | KS 66213 | 913/681-2453 |
| Cranston, Roger D      | 15 Oak Valley Dr          | Manhattan       | KS 66502 | 785/537-8079 |
| Eastman, James Martin  | 4926 Memory Lane          | Wichita         | KS 67212 | 316/946-9475 |
| Eck, Robert L          | 307 N. Oak Street         | Home            | KS 66438 | 785/799-3427 |
| Fisher, Matthew        | 125 East 15th Street      | Hutchinson      | KS 67501 | 620-727-2596 |
| Foster Jr, David D     | 609 Senior Street         | Waverly         | KS 66871 | 785/733-2145 |
| Gatlin, Theodis R      | 851 S. Clearwater Cr      | Olathe          | KS 66061 | 913-360-9779 |
| Hafliger, Glenn        | 25007 J Rd.               | Wakeeney        | KS 67672 | 785/743-5613 |
| Hiltunen, Brian A      | 4611 Chouteau             | Shawnee         | KS 66226 | 913/441-1837 |
| Hudson, Henry L        | 3000 Lincolnshire         | Topeka          | KS 66614 | 785-273-2251 |
| Hurd, Phillip D        | 4489 N Wasserman Way      | Salina          | KS 67401 | 785/825-5682 |
| Hurt, Douglas C        | 7316 Goddard Street       | Shawnee         | KS 66203 | 913-636-2206 |
| Huss, Bernie           | 1313 N 1082 Road          | Lawrence        | KS 66046 | 785/842-5298 |
| Kennedy, David A       | 1944 West Radio Lane      | Arkansas City   | KS 67005 | 620/442-1005 |
| Knowles, William Kris  | 400 E. 17Th               | Hutchinson      | KS 67501 | 620-662-4192 |
| Lentz, Ronald H        | 11211 W 49th St           | Shawnee         | KS 66203 | 913/681-2309 |
| Maxwell, Scott D       | 306 E Irene               | Salina          | KS 67401 | 785/823-3645 |
| Mays, Gilbert D        | 2521 Yellowstone Court    | Wichita         | KS 67215 | 316/721-6150 |
| McDougal, John H       | 825 Lane Drive            | Colby           | KS 67701 | 285/462-2963 |
| Overman, William Scott | 213 Prairie Lane          | Wellsville      | KS 66092 | 785-883-2638 |
| Pando, Eduardo         | 2806 Academy Ave          | Dodge City      | KS 67801 | 620-624-4931 |
| Powell, David H        | 8138 Hardy                | Overland Park   | KS 66204 | 913/649-0577 |
| Rumold, Anthony A      | 5858 Sw 26Th Terrace      | Topeka          | KS 66614 | 785/273-2654 |
| Seibel, Michael E      | 3301 SW Indian Hills Road | Topeka          | KS 66614 | 785-478-3515 |
| Smith, Charles Dryden  | 6200 West 86th St.        | Overland Park   | KS 66207 | 913-648-6803 |
| Strickland, Daniel D   | 1030 South Holly Dri      | Liberal         | KS 67901 | 620-629-7758 |
| Whetstone, Gary        | PO Box 3935840 N 3rd St   | Garden City     | KS 67846 | 620-275-8173 |
| Williams, Michael D    | 2532 E 43rd Avenue        | Hutchinson      | KS 67502 | 620-669-9268 |
| Barr, David Lee        | 690 Barr Greenwell Rd     | Payneville      | KY 40157 | 270-496-4471 |
| Branstetter, Lee W     | 409 Elk Street            | Munfordville    | KY 42765 | 270-834-6201 |
| Broering, Craig        | 104 Bufflehead Ct         | Georgetown      | KY 40324 | 502-867-7713 |
| Brundage, James L      | 38 Woodland Way           | Grayson         | KY 41143 | 304/208-2630 |
| Burnsworth, Mark D     | 82 Beth Court             | Elizabethtown   | KY 42701 | 270/832-7039 |
| Castle, Michael G      | 3811 KY RT 3224           | River           | KY 41254 | 606/789-8074 |
| Clifford, Charles J    | 142 Kendall Branch R      | Cynthiana       | KY 41031 | 859-588-5510 |
| Collier, John A        | 1416 Caudell Rd           | Stanton         | KY 40380 | 606/663-1171 |
| Curran Jr, Arthur L    | 417 Dawson Hill Rd        | Louisville      | KY 40299 | 502/239-4035 |

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## Franchisees as of January 1, 2011

| Name                  | Address                     | City & State  | Zip      | Home Phone   |
|-----------------------|-----------------------------|---------------|----------|--------------|
| Demyan, Kyle A        | 3370 Rochester Rd           | Beaver Dam    | KY 42320 | 270/314-1545 |
| Gallant II, James     | 100 Berry Gentry Lan        | Scottsville   | KY 42164 | 270/239-4455 |
| Hammontree, Joseph D  | Rt 2 Box 76                 | Pineville     | KY 40977 | 606-524-2153 |
| Hinton, Jerry W       | 261 Beaver Mound Rd         | Glasgow       | KY 42141 | 270/646-4590 |
| Hodges, Jonathan      | 5102 Heather Hill Rd        | LeGrange      | KY 40031 | 502/222-9192 |
| Humfleet, Joseph J    | 3135 W Hwy 190              | Pineville     | KY 40977 | 606-337-7290 |
| Johnson, Michael J    | 2148 Highway 882            | Ezel          | KY 41425 | 606/726-5639 |
| Kremer, David A       | 4319 Taylorsville Rd        | Louisville    | KY 40220 | 502/499-2003 |
| Langton, Brett J      | 6300 Hayden Bridge Road     | Owensboro     | KY 42301 | 270/229-1981 |
| Mann, Heather L       | 573 Chillicoop Rd           | Sheperdsville | KY 40165 | 502/387-0661 |
| Marinelli, Michael W  | 4310 Rice Springs Road      | Kevil         | KY 42053 | 270-462-2777 |
| McGarry, Mike E       | 1205 Wolfe Ave.             | Louisville    | KY 40213 | 502/380-0552 |
| Milburn, Anthony J    | 2085 Twain Ridge Dr         | Lexington     | KY 40514 | 859/296-2836 |
| Milburn, John W       | 1421 Mt Rainier Dr          | Lexington     | KY 40517 | 859/271-5486 |
| Mitchell, David G     | 990 Royster Robards Rd      | Robards       | KY 42452 | 270/835-7216 |
| Montgomery, Jamie D   | 116 Norton Dr.              | Richmond      | KY 40475 | 859/514-1928 |
| Noon, James A         | 9311 Justine Ct             | Louisville    | KY 40299 | 502/266-6683 |
| Skidmore, Gregory N   | 3440 Kelley Road            | Kevil         | KY 42053 | 270/462-2573 |
| Smith, James Rickey   | 210 Hickory Hills Drive     | Livermore     | KY 42352 | 270/278-9772 |
| Taylor, Tracy W       | 365 East Lexington A        | Danville      | KY 40422 | 859/421-4645 |
| Vance, Gerald T       | 4333 Bayberry Dr            | Louisville    | KY 40216 | 502/447-2508 |
| Warren, David S       | 955 Morris Road             | Sadieville    | KY 40370 | 502/863-9273 |
| Whitaker, James O **  | 6115 Cedar Hill Lane        | Florence      | KY 41042 | 859/371-1814 |
| Whitaker, Kevin       | 3688 Rector Rd              | Morning View  | KY 41063 | 859/359-4270 |
| Blanque, David Andrew | 3508 Wanda Lynn Dr          | Metairie      | LA 70002 | 504/888-4758 |
| Carter Jr, Raymond A  | 955 Stonewall Frierson Road | Frierson      | LA 71027 | 318/797-2395 |
| Castille, Gerald G    | 34107 Fountain View         | Walker        | LA 70785 | 225/665-4466 |
| Drago, David A        | 6 Macomb                    | Kenner        | LA 70065 | 504/467-6718 |
| Eppinette, Robert D   | 1753 Prairie Rd             | Monroe        | LA 71202 | 318/388-4656 |
| Fryer, John R         | 120 Stanley Williams        | Rayville      | LA 71269 | 318-728-2984 |
| Gerrald, Stanley W    | 5243 Lake Island Lan        | Shreveport    | LA 71107 | 318-425-3945 |
| Harding, Gary         | 102 Longwood Court          | Pearl River   | LA 70452 | 985-863-6014 |
| Hebert, Tildon C      | 207 Shady Park Dr           | Lafayette     | LA 70508 | 337-981-3996 |
| Hicks, Paul D         | 113 Mona Kay Lane           | Houma         | LA 70364 | 504/868-9125 |
| Long III, James W     | 1904 Frankel Ave            | Metairie      | LA 70003 | 504/885-0741 |
| Louwien, Michael L    | 6040 Fox Chase Trail        | Shreveport    | LA 71129 | 318-686-5774 |
| Meynard, Lionel V     | 25 Acadia Street            | Kenner        | LA 70065 | 504/466-3632 |
| Reeves, David         | 310 Caldwell Road           | West Monroe   | LA 71291 | 318-267-0241 |
| Rock, Aaron A         | 18070 Woodhaven Driv        | Prairieville  | LA 70769 | 225-662-4878 |
| Rock, Alton L         | 6025 Parkhaven              | Baton Rouge   | LA 70816 | 225/751-8386 |
| Steen, Kerry T        | 158 Metairie Lawn Dr        | Metairie      | LA 70001 | 504-302-8665 |
| Verrette, Davis A     | 1001 Linwood Avenue         | Metairie      | LA 70003 | 504/455-7827 |
| Whittington, Max M    | 4244 Raven Way Drive        | Zachary       | LA 70791 | 225-658-6400 |
| Wilson, Paul M        | 15668 Marjorie Drive        | Baton Rouge   | LA 70819 | 225-335-2813 |
| Young, David L        | 77259 Donnie Road           | Folsom        | LA 70437 | 985-796-0864 |
| Allen, Scott W        | 8 Prescott Ridge            | Bridgton      | ME 04009 | 207/841-2864 |
| Baker, William E      | 78 Rocky Rd                 | Northport     | ME 04849 | 207-338-2824 |
| Beaulieu, Brian M     | 185 Watson Mill Road        | Saco          | ME 04072 | 207-571-9344 |

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## Franchisees as of January 1, 2011

| Name                    | Address                  | City & State  | Zip      | Home Phone   |
|-------------------------|--------------------------|---------------|----------|--------------|
| -----                   |                          |               |          |              |
| Bickford,Michael V      | 223 Kimball Pond Rd      | Vienna        | ME 04360 | 207/293-3949 |
| Brissette,Joe D         | 208 Lacroix Rd           | Peru          | ME 04290 | 207-562-7529 |
| Crandall,Calvin T       | RFD1 Box 708             | Oakfield      | ME 04763 | 207-757-8648 |
| Daries,Raymond J        | 176 Eaton Ridge Rd       | Holden        | ME 04429 | 207-989-1107 |
| DeLapp,David S          | 736 Ross Corner Road     | Shapleigh     | ME 04076 | 207-247-8855 |
| Dunn,Richard J          | 665 Wings Mills Rd       | Mt Vernon     | ME 04352 | 207-495-2035 |
| Hersom,Troy K           | 967 Cross Point Rd       | Edgecomb      | ME 04556 | 207-882-4283 |
| Johnson,Gregory D       | 19 Hutchins Street       | Saco          | ME 04072 | 207-283-1983 |
| Johnson,Lukas G         | 8 Bowker St.             | Machias       | ME 04654 | 203-263-7176 |
| Krim,William J          | 341 Main Street          | Fryaburg      | ME 04037 | 207-935-3017 |
| Maines,Joseph R         | 177 Warwick Street       | Portland      | ME 04102 | 207-774-9618 |
| McAfee Jr,James W       | 21 Pine Tree Road        | Brewer        | ME 04412 | 207/989-1732 |
| Parlin Jr,Stanton W     | 182 Vienna Road          | New Sharon    | ME 04955 | 207-779-0816 |
| Pedersen,Karl D         | 617 Whitefield Rd        | Pittston      | ME 04345 | 207/215-3005 |
| Poulin,Michael P        | 5 Cantara Ave            | Saco          | ME 04072 | 207/284-0381 |
| Richards,Franklin W     | 63 Charles Dr            | Holden        | ME 04429 | 207/989-6623 |
| St Peter,Aaron R        | 516 Lambert Road         | Brewer        | ME 04412 | 207/478-9847 |
| Taylor,Douglas T        | 5 Sequoia Lane           | Scarborough   | ME 04074 | 207/883-3777 |
| Young,Preston I         | 570 Bog Road             | Vasselboro    | ME 04989 | 207/923-3198 |
| Young,Ryan P            | 8 True Road              | Raymond       | ME 04071 | 207/923-3198 |
|                         |                          |               |          |              |
| Anders,Ronald Carroll   | 3565 Ady Rd              | Street        | MD 21154 | 410-836-3121 |
| Babkoff,Ronald W        | 11318 Daysville Road     | Frederick     | MD 21701 | 301-304-0155 |
| Bender Jr,Berwyn G      | 8006 Bellhaven Ave       | Pasadena      | MD 21122 | 410/437-3632 |
| Bowman,Patrick A        | 9202 Bessie ClemsonRoad  | Union Bridge  | MD 21791 | 301/898-3578 |
| Bramble III,Charles E   | 109 New Jersey AveNW     | Glen Burnie   | MD 21061 | 410/553-6631 |
| Buttrey,Choya R         | 2711 Lock Haven Dr       | Ijamsville    | MD 21754 | 301/865-3602 |
| Care,Ronald S           | 100 Tarks Lane           | Severna Park  | MD 21146 | 410/544-0837 |
| Creaghan,Michael        | 23517 Pocahontas Dr      | Laytonsville  | MD 20882 | 301/253-9441 |
| Crotty Sr,Keith W       | 8610 Dangerfield Rd      | Clinton       | MD 20735 | 301/856-9285 |
| Dicke,Philip J          | 2517 School House La     | Baltimore     | MD 21219 | 410/477-5150 |
| Dimig,John Marles       | 6765 Cortina Drive       | Highland      | MD 20777 | 301/854-3382 |
| Dorsey,Michael A        | 926 Grandin Ave          | Rockville     | MD 20851 | 301/315-9047 |
| Gifford,Michael L       | 18909 Middletown Rd      | Parkton       | MD 21120 | 443/823-0111 |
| Griffey,Joey L          | 1197 Ramblewood Driv     | Annapolis     | MD 21409 | 410-693-3155 |
| Hacunda,Paul E          | 5109 Old NationalPike    | Frederick     | MD 21702 | 301/473-5493 |
| Hann,Alan T             | 2435 Gibson Road         | Forest Hill   | MD 21050 | 410/893-6743 |
| Heineman,Stephen J      | 7000 Connection Rd       | Kingsville    | MD 21087 | 410/817-4167 |
| Hogan,Robert K          | 2192 Hallmark Ct         | Gambrills     | MD 21054 | 410/721-4807 |
| Hurlock Jr,Kenneth L    | 5533 Leconte Rd          | Rhodesdale    | MD 21659 | 410/943-3881 |
| Johnson,Jeffry L        | 6018 Suzanne Rd.         | Waldorf       | MD 20601 | 410-507-4114 |
| Johnson,Philip T        | 8271 Meehling Rd         | Pasadena      | MD 21122 | 410/439-3323 |
| Kennard,stephen D       | 86 Red Fox Dr            | Elkton        | MD 21921 | 410-398-9778 |
| Kernan,Howard           | 1632 Riverdale Drive     | Edgewater     | MD 21037 | 410/798-5930 |
| King Jr,Charles L       | 6080 Biggs Farm Plac     | Laplata       | MD 20646 | 301-609-8400 |
| Knowlton,Peter J        | 710 Governor BridgeRoad  | Davidsonville | MD 21035 | 301/261-7254 |
| LaBelle,Noah D          | 25281 Goldsboro Rd       | Henderson     | MD 21640 | 410-820-5071 |
| Lyvers,Matthew Wayne ** | 5345 Long Beach Rd       | St Leonard    | MD 20685 | 410/257-3222 |
| Marshall,Bruce F        | 6125 Owings Beach Rd     | Deale         | MD 20751 | 410/867-2996 |
| Marshall,Paul W         | 4930 Solomons IslandRoad | Harwood       | MD 20776 | 410/867-7866 |
| Martin,Dean A           | 12029 Stevens Avenue     | Smithsburg    | MD 21783 | 301/824-7183 |

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| Name                   | Address                   | City & State     | Zip      | Home Phone   |
|------------------------|---------------------------|------------------|----------|--------------|
| McGovern, Mark A       | 164 Long Drive            | Queenstown       | MD 21658 | 410/827-0977 |
| McIntire, Bud          | 48 Topeka Rd              | Conowingo        | MD 21918 | 410-658-9847 |
| McQueeney, Hugh F      | 12482 Barnard Way         | West Friendship  | MD 21794 | 410/489-5945 |
| Moser Jr, Leo H        | 7513 Sparrows Point Blvd  | Baltimore        | MD 21219 | 410/477-9495 |
| Murphy Jr, Michael W   | 7840 Shore Drive          | Preston          | MD 21655 | 410/820-4421 |
| Powell, David M        | 20040 Landis Rd           | Hagerstown       | MD 21740 | 301-733-0521 |
| Prkna, Michael K       | 8600 Oak Road             | Baltimore        | MD 21219 | 410/477-4825 |
| Redlack, Robert E      | 12927 Meadow View Dr      | Darnestown       | MD 20878 | 301/527-1482 |
| Ross, Robert G         | 1208 Highview Drive       | Annapolis        | MD 21401 | 410/643-1444 |
| Rucker, Brian A        | 5791 Alfran Dr            | Mt Airy          | MD 21771 | 301/704-7318 |
| Ryan Jr, John F        | 105 Ednor Road            | Silver Springs   | MD 20905 | 301-260-2950 |
| Ryan, Robert J         | 3220 Hayloft Ct           | Woodbine         | MD 21797 | 301/854-5535 |
| Sayers, William R      | 326 Oakway Court          | Joppa            | MD 21085 | 410-679-2405 |
| Schmidt, Richard R     | 1083 Rocks Spring Rd      | Conowingo        | MD 21918 | 410/378-2104 |
| Schuh, Jeffrey J       | 12130 Preston Drive       | Lusby            | MD 20657 | 410/326-0585 |
| Simms Jr, James E      | 4020 Cassell Blvd         | Prince Frederick | MD 20768 | 410/535-1391 |
| Smith, Jonathan David  | 18 Steamboat Landing Lane | Warwick          | MD 21912 | 410-775-6134 |
| Smith, Phillip J       | 1428 Bay Head Rd          | Annapolis        | MD 21401 | 410/757-9822 |
| Stanley, Shaun         | 1150 Bloom Road           | Westminster      | MD 21157 | 443-375-8977 |
| Stelfox, Brett D       | 517 Bruce Avenue          | Odenton          | MD 21113 | 410-674-6152 |
| Stenger, Donald W      | 3941 Old Rocks Road       | Street           | MD 21154 | 410-399-0383 |
| Strength, Kevin L      | 3226 Art Hall Lane        | Pasadena         | MD 21122 | 410/439-3387 |
| Sutton, David S        | 5316 Sudley Rd            | West River       | MD 20778 | 410/867-1308 |
| Tallman, Eric N        | 10217 Owen Brown Rd       | Columbia         | MD 21044 | 410/964-5458 |
| Uebel, Richard C       | 4301 Spring Ave           | Halethorpe       | MD 21227 | 410/536-9016 |
| Unkart, John B         | 7229 River Dr Rd          | Baltimore        | MD 21219 | 410/388-2084 |
| Wade, Keven Carter     | 12929 Woodburn Drive      | Hagerstown       | MD 21742 | 301/733-5657 |
| Wallace, Richard D     | 5813 Adamstown Rd         | Adamstown        | MD 21710 | 301/874-3821 |
| Ward, Robert J         | 4005 Tulip Ct.            | Huntingtown      | MD 20639 | 410-535-5573 |
| Weippert, John J       | 9319 Rum Ridge Road       | Delmar           | MD 21875 | 410-896-3680 |
| Yatchyshyn, Dean       | 631 N. Mechanic St        | Cumberland       | MD 21502 | 301/729-6069 |
| Young, Gary P          | 24741 Cutsail Drive       | Damascus         | MD 20872 | 301-253-3907 |
| Youngblood, Daniel N   | 14909 Paradise Stree      | Frostburg        | MD 21532 | 301-463-5234 |
| Alexander, Paul M      | 19 Richardson Road        | Hudson           | MA 01749 | 978-562-5998 |
| Allen, Robert G        | 188 River St.             | Bernardston      | MA 01337 | 413-648-5397 |
| Anderson, Steven K     | 30 Elmwood Street         | South Grafton    | MA 01560 | 508-839-0498 |
| Andrade, Joshua R      | 15 Dighton Ave            | Taunton          | MA 02780 | 508/977-2472 |
| Bava, Frank A          | 56 Spencer Street         | Agawam           | MA 01001 | 413-786-2337 |
| Beaudoin, Keith E      | 52 Pigeon Hill St         | Rockport         | MA 01966 | 978/546-2629 |
| Berthiaume, Brian G    | 4 Brian Avenue            | Webster          | MA 01570 | 508/943-9972 |
| Berthiaume, Kenneth M  | 11 Indian Lane            | Webster          | MA 01570 | 508-943-5813 |
| Cassidy, William P     | 197 Worcester Road        | Princeton        | MA 01541 | 978/464-2840 |
| Cisternelli, Stephen R | 12 Adrienne Road          | East Walpole     | MA 02032 | 508/660-1514 |
| Clifford, Shaun        | 3 Zina Road               | Hudson           | MA 01749 | 508/229-2482 |
| Cook, Thomas           | 35 Romoli Ave             | Attleboro        | MA 02703 | 508/399-7627 |
| Cram Jr, Robert F      | 85 Peter Blossom Ln       | West Barnstable  | MA 02668 | 508/362-5216 |
| Crampton, Kevin M      | 35 South Bedford Str      | Woburn           | MA 01801 | 781-933-5539 |
| Day, Alan H            | 12 White Street           | Raynham          | MA 02767 | 508-823-6138 |
| Dean, David            | 350 Flagg Street          | Bridgewater      | MA 02324 | 508-697-7387 |
| Debernardi, Donald     | 50 Wimbledon Circle       | Waltham          | MA 02454 | 781-890-2011 |

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| Name                        | Address              | City & State     | Zip      | Home Phone   |
|-----------------------------|----------------------|------------------|----------|--------------|
| Degre, Dean J               | 27 Albee Road        | Millville        | MA 01529 | 508-446-2555 |
| Dennen, Richard A           | 98 New Street        | Rehobeth         | MA 02769 | 508-252-3788 |
| Desjarlais, James M         | 10A Jasmine Road     | Medway           | MA 02053 | 508-533-5152 |
| Egan, Michael G             | 7 Morrisey Drive     | Carver           | MA 02330 | 508-866-6081 |
| Ekmalian Jr, James G        | 355 Trafton Rd       | Springfield      | MA 01108 | 413-737-3777 |
| Fales, Stephen R            | 516 Boxford Road     | Bradford         | MA 01835 | 978/372-8381 |
| Feeney, Jeffrey S           | 76 Pearl Street      | Hanson           | MA 02341 | 781-294-4946 |
| Franks, Larry Kim           | 47 Norwood Street    | Greenfield       | MA 01301 | 413/774-2484 |
| Gibbons, Michael J          | 1 Michaels Road      | Lynn Field       | MA 01940 | 781-334-4546 |
| Gilroy, Todd M              | 200 Central Turnpike | Sutton           | MA 01590 | 508/865-6376 |
| Greene, Albert              | 15 Joshua Rd         | Wrentham         | MA 02093 | 508-384-3103 |
| Guerriero, William F        | 25 Stacy Lane        | Hanover          | MA 02339 | 781-826-8062 |
| Hall, Bruce R               | 452 Union Street     | Braintree        | MA 02184 | 781-843-0252 |
| Hatzigiannis, Dimosthenis P | 9 Cypress Rd         | Medford          | MA 02155 | 781/391-3660 |
| Hatzigiannis, Efstratios P  | 25 Gavin Circle      | Andover          | MA 01810 | 978/475-0675 |
| Hopkins, Michael E          | 1562 Sassquin Avenue | New Bedford      | MA 02745 | 508-998-1799 |
| Hourin, Michael J           | 15 Hickory Rd        | Braintree        | MA 02184 | 781/843-5375 |
| Hulbert, Douglas G          | 15 Fowlers Ln        | Ipswich          | MA 01938 | 978-356-3017 |
| Jackson, Joseph D           | 858 Williams St.     | N. Dighton       | MA 02764 | 508-669-6437 |
| Jackson, Michael J          | 25 Marlise Dr.       | Attleboro        | MA 02703 | 508/695-5907 |
| Jannette, Joseph J          | 17 Bullard Road      | North Brookfield | MA 01535 | 508-867-6127 |
| Jaques, Jeffrey F           | 19 Wetherell St      | Newton           | MA 02464 | 617-332-6186 |
| Jezierski, James S          | 576 School St        | Webster          | MA 01570 | 508-943-7363 |
| Kevorkian, Charles J        | 1026 Belmont St      | Watertown        | MA 02172 | 617-489-2408 |
| Lafreniere, Anthony         | 48 Green Dr          | N Attleboro      | MA 02760 | 508-695-2967 |
| LeBlanc, Stephen G          | 154 Farnsworth Road  | Templeton        | MA 01468 | 978/939-5643 |
| Marek, Anthony D            | 12 Keene St          | Stoneham         | MA 02180 | 781-438-1950 |
| McDonough, Mark F **        | 805 Eames Way        | Marshfield       | MA 02050 | 617-909-0347 |
| McGurr, Charles F           | 92 Bay Road          | Norton           | MA 02766 | 508-285-2263 |
| McNeil, John S              | 16 Wellington St     | Braintree        | MA 02184 | 781-356-7778 |
| Montecalvo, Francis P       | 472 Central Turnpike | Sutton           | MA 01590 | 508-865-9515 |
| Moran, Robert J             | 10 A Street          | Reading          | MA 01867 | 781-944-5226 |
| Neves, Kevin J              | 7 Penny Lane         | Milford          | MA 01757 | 508-482-5547 |
| Noyes, Brian                | 175 Freedom Street   | Hopedale         | MA 01747 | 508/478-2931 |
| Paul, Brian D               | 3 Cherry Road        | Beverly          | MA 01915 | 978-927-9368 |
| Peters, David R             | 2 Olde Stable Lane   | North Easton     | MA 02356 | 508-238-4724 |
| Peterson, Ralph H           | 15 Ruddy Duck Lane   | East Harwich     | MA 02645 | 508/430-2919 |
| Picard, Aaron M             | 32 Stony Brook Road  | Weston           | MA 02493 | 781-790-1152 |
| Pickett, Stephen H          | 22 Aspen Street      | Brockton         | MA 02302 | 508/894-8215 |
| Pontes, Steven              | 138 Forest Street    | North Dighton    | MA 02764 | 508/824-3903 |
| Reed, Thomas A              | 167 Robin Hill Road  | Chelmsford       | MA 01824 | 508/256-6834 |
| Sermos, Evan K              | 6 Carriage Hill Road | Andover          | MA 01810 | 978/470-8570 |
| Shangraw, Scott Maxwell     | 20 Middle St         | Attleboro        | MA 02703 | 508/399-5057 |
| Snay, Brian A               | 114 Packard Hill Rd  | Ashburnham       | MA 01430 | 978/827-4667 |
| St Mary, Mike               | 284 Hillside Rd      | Westfield        | MA 01085 | 413/562-9353 |
| Stanton, William            | 125 Cross Street     | Norwell          | MA 02061 | 781-659-2056 |
| Stickney, Douglas P         | 888 Haverhill Street | Rowley           | MA 01969 | 978/852-1685 |
| Tortora, Steven             | 60 Bellevista Avenue | Mansfield        | MA 02048 | 508/339-7374 |
| Tubbs, Michael D            | 128 Balsam Street    | Fairhaven        | MA 02719 | 860/857-6774 |
| Urban, John F               | 290 Dunstable Road   | N Chelmsford     | MA 01863 | 978/251-3232 |
| Wallace, James J            | #2 Sunset Ave        | North Reading    | MA 01864 | 781/858-4827 |
| Walter, Jeffery M           | 30 Scott Rd          | Lanesboro        | MA 01237 | 413/447-3945 |

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| Name                   | Address                 | City & State      | Zip      | Home Phone   |
|------------------------|-------------------------|-------------------|----------|--------------|
| Wile,Robert R          | 59 Lakemans Lane        | Ipswich           | MA 01938 | 978-356-8025 |
| Young,Dave H           | 6 Russell Lane          | Easthampton       | MA 01027 | 413/527-6604 |
| Abner,Jeff W           | 8780 McCain Rd          | Parma             | MI 49269 | 517/531-3353 |
| Annis Jr,James L       | 6632 E. Hwy M-89        | Richland          | MI 49083 | 269/629-5757 |
| Auld,James D           | 27829 Marilyn           | Warren            | MI 48093 | 586-756-5224 |
| Barkley,John L         | 7090 Ann Arbor Rd       | Jackson           | MI 49201 | 517/522-4606 |
| Behm,James M           | 23420 Crescent Ridge    | New Boston        | MI 48164 | 734-552-8822 |
| Bizzocchi,Danny P      | 16325 Millar Rd         | Clinton Twp       | MI 48036 | 586/412-1962 |
| Browning,Wayne V       | 25942 DutchSettlement   | Dowagiac          | MI 49047 | 269/783-1324 |
| Brykalski,Joseph C     | 1028 Arbroad Way        | Lake Orion        | MI 48362 | 248/666-1973 |
| Ciochetto,Terese M **  | 850 Tonys Lane          | Ishpeming         | MI 49849 | 906/486-4129 |
| Clark,John D           | 3556 O'Hara             | Carleton          | MI 48117 | 734/654-2271 |
| Clements,Jim S         | 3640 N Shimmons Cir     | Auburn Hills      | MI 48326 | 248/377-2635 |
| Cole,Eric Todd         | 3507 S 35th MileRoad    | Cadillac          | MI 49601 | 231-779-8146 |
| Cousino,Kent W         | 8673 Mary Meadows       | Temperance        | MI 48182 | 734/850-8114 |
| Cross,Duane E          | 7560 N Orleans Rd       | Orleans           | MI 48865 | 616/761-3361 |
| Daum,Allen L           | 1306 S. May Street      | Bay City          | MI 48706 | 989-892-5358 |
| Dein,Scott B           | 30667 Triangle Drive    | Gibraltar         | MI 48173 | 734/692-2890 |
| Denton,Cliff           | 612 3rd Street          | Traverse City     | MI 49684 | 231/271-5125 |
| Derderian,Ronald       | 7018 Vernon Street      | Dearborn Hts      | MI 48127 | 313/565-6640 |
| DiCarlo,Craig A        | 903 East Second St.     | Monroe            | MI 48161 | 734-242-7047 |
| Farrell,Tim            | 3244 Erskine Rd         | Twin Lake         | MI 49457 | 616/866-4980 |
| Fluty,Joseph L         | 6245 Hess Road          | Saginaw           | MI 48601 | 989-992-1757 |
| Gehrig,Thomas          | 14278 Keiber Rd         | Greenville        | MI 48838 | 616/225-1508 |
| George,Robert B        | 10990 Stegman Forest    | Rockford          | MI 49341 | 616/863-6868 |
| Good,David E           | 821 Oberlin Rd          | Gladwin           | MI 48624 | 989-426-2175 |
| Grattan,Kevin M        | 4483 Egner              | Cedar Springs     | MI 49319 | 616/696-9849 |
| Hall,Bill Bryan        | 8564 Holton DuckLake Rd | Holton            | MI 49425 | 231/821-0331 |
| Harding,Michael P      | 38312 Maple Drive       | Clinton Township  | MI 48038 | 586-980-7630 |
| Hartsuff,Thomas Eugene | 9778 Coleman Rd         | Haslett           | MI 48840 | 517/339-3042 |
| Hartsuff,William G     | 10826 Kingsland         | Eaton Rapids      | MI 48827 | 517/663-3598 |
| Healy,Larry V          | 12409 E Bristol Rd      | Davison           | MI 48423 | 810/653-8725 |
| Healy,Richard J        | 7038 E. Coldwater       | Davison           | MI 48423 | 810/653-1212 |
| Helder,David Lee       | 0-186 Jackson StreetSw  | Grandville        | MI 49418 | 616/534-8791 |
| Helmuth,Landon T       | 4540 Hunt Club Drive    | Ypsilanti         | MI 48197 | 269-491-1247 |
| Heroy,Leonard W        | 23572 Shurte St.        | Cassopolis        | MI 49031 | 574-612-7026 |
| Hillier,Gary S         | 11511 Kent Street       | Washington        | MI 48094 | 586-781-4481 |
| Holton,Randy Ray       | 16681 152nd Ave         | Spring Lake       | MI 49456 | 616/846-5542 |
| Jacobs,Jeremy D        | 12437 North State Rd    | Otisville         | MI 48463 | 989-795-2869 |
| Jacobs,John            | 7473 Jordan Rd          | Grand Blanc       | MI 48439 | 810/695-4614 |
| Kautz,Dennis Michael   | 136 North Black Rive    | Croswell          | MI 48422 | 810-304-2598 |
| Keillor,Michael        | 1418 Nelson             | Whitehall         | MI 49461 | 616/894-8636 |
| Kleehammer,Gary J      | 27560 Ponchartrain      | Harrison Township | MI 48045 | 586/465-1379 |
| Lamay,Ernie            | 1886 E. Hubert Road     | Spruce            | MI 48762 | 989-471-2590 |
| Lauber,Bruce           | 19805 Gill Road         | Livonia           | MI 48150 | 248/477-0889 |
| Lavallee,Douglas A     | 1017 Huntly Rd          | Niles             | MI 49120 | 269/687-2720 |
| Lehnert,Kurt T         | 9503 Jack Pine Drive    | West Olive        | MI 49460 | 616-875-2775 |
| Lenning,Michael W      | 2764 North Harrison     | Harrison          | MI 48625 | 989-539-6942 |
| London,David J         | 607 E Sleights Rd       | Traverse City     | MI 49686 | 231/941-1687 |
| Lorey,William          | 15165 S. Seymour        | Linden            | MI 48451 | 810/735-9539 |

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## Franchisees as of January 1, 2011

| Name                                | Address                     | City & State     | Zip      | Home Phone   |
|-------------------------------------|-----------------------------|------------------|----------|--------------|
| Lute,Richard John                   | 781 E Harrison              | Alma             | MI 48801 | 989/463-6504 |
| Macewen,Ernest W                    | PO Box 414                  | South Rockwood   | MI 48179 | 734/379-9899 |
| Machiela,Jack Arlyn                 | 3740 88th Ave               | Zeeland          | MI 49464 | 616/772-9214 |
| Magyar,Gary M                       | 47755 Royal PointeDr        | Canton           | MI 48187 | 734/459-5839 |
| Mahoney,Anthony C                   | 914 Capital S.W.            | Battle Creek     | MI 49015 | 269/963-5063 |
| Malin,Leon J                        | 2360 Wagonwheel Stre        | Jenison          | MI 49428 | 616/240-6559 |
| Mandigo,Vaughn D                    | 66200 Meyers Rd             | Sturgis          | MI 49091 | 269/651-4492 |
| Marion,Michael J                    | 73619 Dequindre             | Leonard          | MI 48367 | 586/752-6068 |
| Marsh,John D                        | 3093 N Meridian Rd          | Sanford          | MI 48657 | 989/687-7836 |
| Martz,Travis P                      | 3066 Chaminade Court        | Grandville       | MI 49418 | 616/881-1620 |
| Mayo,Allen L                        | 5000 Fruit Ridge Ave        | Grand Rapids     | MI 49544 | 616/240-6873 |
| McCray,David W                      | 1222 S Magruder             | Shepherd         | MI 48883 | 517/773-3859 |
| Metzger,Brian J                     | 3305 Baum Rd                | Au Gres          | MI 48703 | 517/876-7817 |
| Morse,Kristopher J                  | 4431 S Morrice Rd           | Owosso           | MI 48867 | 517/719-3612 |
| Mosher,William H                    | 9243 Beard Rd               | Laingsburg       | MI 48848 | 517/675-7937 |
| Mossman,Lance                       | 3233 N. Irish Rd            | Davison          | MI 48423 | 810/964-7446 |
| Nattrass,Michael B                  | 13735 Spruce Street         | Southgate        | MI 48195 | 734-282-3933 |
| Nichols,John A                      | 1840 West River Roa         | Niles            | MI 49120 | 269/684-5495 |
| Nichols,Scott C                     | 125 N. Lima Center R        | Dexter           | MI 48130 | 989-942-1454 |
| O'Connor,Micheal Dennis             | 808 Dow Rd                  | West Branch      | MI 48661 | 989/345-0577 |
| Olesky,Michael J                    | 18526 Westbrook Driv        | Livonia          | MI 48152 | 248-982-9868 |
| Palmer,William M                    | 2447 North Hacker Rd        | Howell           | MI 48855 | 517/540-9984 |
| Parshall,Jeffrey A                  | 655 Hamman Rd               | Reading          | MI 49274 | 517/296-4367 |
| Perpich,Thomas Micheal              | 790 N Eckhardt Rd           | Central Lake     | MI 49622 | 231-938-9105 |
| Peterson,Christian D                | 5006 I.75 Lane              | Escanaba         | MI 49829 | 906/789-3569 |
| Petrilli,Thomas J                   | 5231 Renee Court            | Fowlerville      | MI 48836 | 517/223-0875 |
| Pyke,Don H                          | 58633 Christopher Rd        | Ray Twp          | MI 48096 | 810/786-1868 |
| Quinn,John A                        | 8778 Schroeder RdPO Box 234 | Ottawa Lake      | MI 49267 | 734/854-4365 |
| Raad,John L ** Additional franchise | 17374 Millar                | Clinton Township | MI 48036 | 586/263-1253 |
| Raad,John S                         | 17374 Millar                | Clinton Twp      | MI 48036 | 586/263-1253 |
| Rizzolo,Matt L                      | 3614 Alamo Ave              | Kalamazoo        | MI 49006 | 269/383-7159 |
| Rosema,Russell J                    | 1035 E 98th Street          | Grant            | MI 49327 | 616-675-4174 |
| Schlaire,Kevin R                    | 4833 Sawmill Lake Rd        | Ortonville       | MI 48462 | 248/627-5603 |
| Schwalm,Bradley R                   | 9589 Ausable Rd.            | Saint Helen      | MI 48656 | 989/389-3475 |
| Scofield,Robert Alan                | 6710 Gran Via               | Rockford         | MI 49341 | 810-625-4733 |
| Seeley,Bryce D                      | 6499 West Lake              | Elmira           | MI 49730 | 231-585-6271 |
| Shreve,Douglas J                    | 14720 21 Mile Rd            | Marshall         | MI 49068 | 269/789-0043 |
| Smalley,Aaron                       | 3675 Purdy Rd               | Bad Axe          | MI 48413 | 989/395-0016 |
| Snyder,Daniel                       | 8748 Eastern SE             | Byron Center     | MI 49315 | 616/554-6488 |
| Soss,Lloyd H **                     | 8502 Brown Street           | Ottawa Lake      | MI 49267 | 419-376-4910 |
| Spainhower,Terry Lee                | 11365 O'Dell Road           | Linden           | MI 48451 | 810/735-7362 |
| Stach,Robert J                      | 3207 Highland Blvd          | Highland         | MI 48356 | 248/887-2804 |
| Stacy,Dennis P                      | 5135 Green ArborPO Box 502  | Genesee          | MI 48437 | 810/640-1028 |
| Steinbrick,Thomas                   | 5193 Durnham                | Waterford        | MI 48327 | 248/408-1217 |
| Stone,Ronald H                      | 9110 Dixboro Rd             | South Lyon       | MI 48178 | 248/486-4739 |
| Summerer,Allen E                    | 814 Glenview Dr             | Plainwell        | MI 49080 | 269/685-3441 |
| Swank,Michael                       | 1152 Vassar                 | South Lyon       | MI 48178 | 248/767-9692 |
| Swendsen,Robert                     | 5011 Paula                  | Clarkston        | MI 48346 | 248/625-1294 |
| Taylor,Todd                         | 2541 N Lake PleasantRd      | Hillsdale        | MI 49242 | 517/439-0345 |
| Timmers,William L                   | 4280 Three Mile RdNE        | Grand Rapids     | MI 49525 | 616/365-8044 |
| Trevas,Kenneth B                    | 6337 Argentine Rd           | Howell           | MI 48855 | 517/546-5356 |
| Vinette,Thomas B                    | 31750 McNamee               | Fraser           | MI 48026 | 810/296-7524 |

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| Name                    | Address                  | City & State  | Zip      | Home Phone   |
|-------------------------|--------------------------|---------------|----------|--------------|
| Wilcome, David K        | PO Box 693               | Mt Clemens    | MI 48046 | 586/954-1539 |
| Woods, Robert B         | 4217 Phillips            | Metamora      | MI 48455 | 810-797-5998 |
| Yurkovich, David Donald | 29331 Tamarack           | Flat Rock     | MI 48134 | 734/782-4769 |
| Abraham, Eric A         | 19670 Orchid St NW       | Oak Grove     | MN 55303 | 763/753-3396 |
| Alfords, Tim S          | 27933 112th Street       | Zimmerman     | MN 55398 | 763/856-0070 |
| Bornholdt, John R       | 41177 Shanghai Rd        | Le Center     | MN 56057 | 507-357-6682 |
| Bromley, Jason V        | 10607 Washburn Avenu     | Bloomington   | MN 55431 | 952/888-9722 |
| Carbone, Steven D       | 6647 Crackleberry Co     | Woodbury      | MN 55129 | 651-503-1452 |
| Couch, Gary G           | 11401 Stoneridge Cir     | Dayton        | MN 55327 | 612/427-4499 |
| Dobesh, Robb P          | 8609 Trista Lane E       | St Bonifacius | MN 55375 | 952-446-8190 |
| Engebretson, Michael D  | 703 Ridgewood Road       | Grand Rapids  | MN 55744 | 218/326-9771 |
| Erickson, Steve C       | 5253 45th Ave NE         | Kandiyohi     | MN 56251 | 320-231-3746 |
| Field, James P          | 21770 Wagon Wheel Trail  | Lakeville     | MN 55044 | 952-461-2520 |
| Gerlach, Gerry          | 3910 6th St. So.         | Moorhead      | MN 56560 | 317/844-0549 |
| Guldenaar, Russell E    | 1818 243rd Ave N.W.      | St. Francis   | MN 55070 | 763-433-7389 |
| Haney, James M          | 7135 Lower 170th Court W | Rosemount     | MN 55068 | 952-431-9764 |
| Highet, Jamie C         | 1919 1st St NW           | Rochester     | MN 55901 | 507/398-9628 |
| Hoffmann, Donald J      | 40 Thomson Rd            | Esko          | MN 55733 | 218-879-1694 |
| Hogan, Jeffrey J        | 5875 Upper 182nd Str     | Farmington    | MN 55024 | 763-218-8164 |
| Jennen, Jerome M        | 17628 250th St           | Fergus Falls  | MN 56537 | 218/736-3866 |
| Johnson, Rodney K       | 14174 65th St So.        | Hastings      | MN 55033 | 612/386-7432 |
| Kalina, Neal E          | 10465 275th Ave          | Lowry         | MN 56349 | 320/283-5294 |
| Lemmerman, Edward A     | 100 Sandpiper Drive      | Mankato       | MN 56001 | 507-345-3193 |
| Lux, Craig M            | 1125 124th Circle NW     | Blaine        | MN 55413 | 763/754-1515 |
| Margo, Aaron J          | 1320 Earle Way           | Burnsville    | MN 55306 | 952-898-5695 |
| Mathison, Steve A       | 17530 218 Ave. North     | Big Lake      | MN 55309 | 320/254-3277 |
| McAfee, James P         | 16468 2nd Street N       | Lakeland      | MN 55043 | 651/436-2118 |
| Millar, Jeffrey L       | 38858 265th Street SW    | Fisher        | MN 56723 | 218/891-2287 |
| Miller, Paul R          | 39177 190th St           | Green Isle    | MN 55338 | 507-326-5121 |
| Miller, Wade C          | 16232 Wake St NE         | Ham Lake      | MN 55304 | 763-413-5250 |
| Moes, Shawn M           | 59706 205th Street       | Litchfield    | MN 55355 | 320-693-0167 |
| Motschenbacher, Brent J | 17945 330th Ave          | Detroit Lakes | MN 56501 | 218/847-3327 |
| Nelson, Scott A         | 4300 Tonkawood Road      | Minnetonka    | MN 55345 | 952/938-0533 |
| Nichols, Mark A         | 2666 English St          | Maplewood     | MN 55109 | 612/486-2932 |
| Olson, Benjamin J       | 14713 Boysenberry Co     | Rosemount     | MN 55068 | 651-303-7968 |
| Ommodt, Douglas C       | 2095 70th St SW          | Montevideo    | MN 56265 | 320/269-5605 |
| Pomerence, John R       | 25880 Freeborn Ave       | New Prague    | MN 56071 | 952-758-5686 |
| Preese, Sean D          | 2204 Garfield St.        | Minneapolis   | MN 55418 | 612/788-5717 |
| Radecki, Rick W         | 7217 Cartisian Ave N     | Brooklyn Park | MN 55428 | 763/533-2575 |
| Radziwill, Michael L    | 4447 Helena Way Nort     | Oakdale       | MN 55128 | 651-773-3504 |
| Rockstad, Erick T       | 22215 Cedar Dr           | Oak Grove     | MN 55011 | 612/282-0071 |
| Rosas, Daniel C         | 4936 Valley Drive NW     | Rochester     | MN 55901 | 507-261-9841 |
| Schmaltz, John J        | 21351 York St            | Elk River     | MN 55330 | 763/442-4575 |
| Schmitt, Daniel K       | 8850 Klien Drive         | Waconia       | MN 55387 | 952-442-4979 |
| Sherman, Thomas W       | 5845 Jersey Ave N        | Crystal       | MN 55428 | 763/533-8302 |
| Sieve, James F          | 11850 195th ave          | Hanska        | MN 56041 | 507/439-6247 |
| Stahl, Michael J        | 10523 Chestnut Cr        | Champlin      | MN 55316 | 763/427-5650 |
| Stein, Jeffrey G        | 670 Benton Street        | Anoka         | MN 55303 | 763/421-6460 |
| Stevens, Kenneth W      | 6320 11th Ave SW         | Rochester     | MN 55902 | 507/281-3290 |
| Stevens, Kevin L        | 1242 Granite Ct          | Shakopee      | MN 55379 | 952/403-0196 |

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| Name                      | Address                    | City & State  | Zip      | Home Phone   |
|---------------------------|----------------------------|---------------|----------|--------------|
| Sween,Daniel N            | 308 Grand Ave Box 298      | Grand Meadow  | MN 55936 | 507/754-5458 |
| Van Overbeke,John A       | 804 Woodfern Dr.           | Marshall      | MN 56258 | 507/537-0674 |
| Walby,Timm A              | 11808 Zion Street NW       | Coon Rapids   | MN 55433 | 763-757-2867 |
| Wolf,Bradley J            | 2014 Meadow Street         | Cologne       | MN 55322 | 952-466-5858 |
| Bell,Michael E            | 901 Easterly Drive         | Brandon       | MS 39042 | 601/591-5052 |
| Besinger,Rodney N         | 4538 Austin Road           | Nesbit        | MS 38651 | 662/781-4545 |
| Boyd,Billie V             | 110 Peyton Cove            | Saltillo      | MS 38866 | 662-242-6659 |
| Chadwick,Charles W        | 50116 Calvary ChurchRd     | Amory         | MS 38821 | 662/256-5096 |
| Davis,Joel V              | 4590 Pleasant Hill R       | Nesbit        | MS 38651 | 901-461-1218 |
| Edlund,Christopher A      | 209 Hickory Ridge Dr       | Florence      | MS 39073 | 601-497-0435 |
| Farabee,Steven Wayne      | 9704 Briar CrestLane       | Van Cleave    | MS 39565 | 228-452-6479 |
| Fricker,Donald S          | Box 15 Hwy 7 North         | Abbeville     | MS 38601 | 662/236-1811 |
| Gentry,Richard S          | 8494 Lakeview Drive        | Olive Branch  | MS 38654 | 662-895-0992 |
| Henderson,Roger D         | 7 CR 523                   | Corinth       | MS 38834 | 662/462-7713 |
| Huckaby,David E           | 1140 B Highway 9 Wes       | Banner        | MS 38913 | 662-413-4430 |
| Leitch,William J          | 7094 Timber Trail          | Southaven     | MS 38672 | 662/349-9982 |
| Mire,James F              | 39 Green WoodPlantation Rd | Natchez       | MS 39120 | 601/446-5793 |
| Moak,Craig L              | 1120 Quail Ridge Dri       | McComb        | MS 39648 | 601/250-4676 |
| Moore,Robert H            | 3205 Rosebrook Circl       | Southaven     | MS 38672 | 662-890-5496 |
| Murray,Robert W           | 500 Royal Street           | Edwards       | MS 39066 | 601-852-4076 |
| Murray,Shelby D           | 800 Newit-Vick Dr          | Vicksburg     | MS 39180 | 601/488-0326 |
| O'Quinn,Gregory           | 1203 BeinvilleStreet       | Tupelo        | MS 38801 | 662/840-4456 |
| Parker,Gary D             | 194 Burntbridge Rd         | Ellisville    | MS 39437 | 601/425-3149 |
| Saucier III,Larry E       | 18326 Pineridge Trai       | Saucier       | MS 39574 | 228/539-2109 |
| Simmons,Bobby H           | 325 Paulette Rd            | Macon         | MS 39341 | 662/726-2540 |
| Taylor,David M            | 2056 Carruth Drive         | Summit        | MS 39666 | 601/248-7177 |
| Thomas,Randall L          | 18262 Dara Hills Rd.       | Gulfport      | MS 39503 | 228/831-2915 |
| Tolbert,Richard L         | 600 Hwy 42 East            | Petal         | MS 39465 | 601/545-7443 |
| Walls,Jerry Dale          | 1308 CR 178                | Coila         | MS 38923 | 662/455-2208 |
| White,Timothy N           | 196 Raymond Purvis R       | Pelahatchie   | MS 39145 | 601-214-8765 |
| Allison,Steven E          | 7020 SE 80th Road          | St Joseph     | MO 64507 | 816/253-9810 |
| Armstrong,William R       | 3050 Chadwick Dr           | Florissant    | MO 63033 | 314/288-8995 |
| Bernhardt,Warren D        | 12704 Birch Dr             | Diamond       | MO 64840 | 417/623-2331 |
| Bly,Richard G             | 1802 York Ridge Cour       | Chesterfield  | MO 63017 | 314/680-1600 |
| Boswell,Mark D            | 6965 North Farm Road       | Springfield   | MO 65803 | 405/756-2842 |
| Brown,Daryl R             | 1770 Derhake Road          | Florissant    | MO 63033 | 314-921-3687 |
| Brundage,Gregory P        | 10714 North FarmRoad 141   | Brighton      | MO 65617 | 417-742-0876 |
| Bush,Joseph V             | 8625 Hoover Rd             | Platte City   | MO 64079 | 816-532-0839 |
| Cobb,Daniel C             | 8 Golden Eagle Drive       | High Hill     | MO 63350 | 636/359-1945 |
| Cole,Jeff D               | 815 East 33rd Street       | Joplin        | MO 64804 | 972-824-7485 |
| Crider,Mark               | 356 Daniels Estate D       | Union         | MO 63084 | 636-583-7916 |
| Cunningham,Todd A         | 185 Tonya Street           | Jackson       | MO 63755 | 573-450-8970 |
| Dannenmueller Jr,Daniel L | 9975 North Route E         | Harrisburg    | MO 65256 | 573/814-2803 |
| DeRochey,Rocke A          | 22226 Lawrence 1090        | Monett        | MO 65708 | 417/235-6003 |
| Ellriott,Michael L        | P.O. Box 274               | Potosi        | MO 63664 | 573-438-8978 |
| Franklin,Kevin L          | 379 Frannie Kay Driv       | Williamsville | MO 63967 | 573-998-2199 |
| Gabbert,Bryan K           | 425 Claymont Dr            | Ballwin       | MO 63011 | 314/849-2210 |
| Graf,Stephen C            | 12008 Old St CharlesRd     | Bridgeton     | MO 63044 | 314/298-0225 |

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| Name                   | Address                 | City & State   | Zip      | Home Phone   |
|------------------------|-------------------------|----------------|----------|--------------|
| -----                  |                         |                |          |              |
| Guffey, Chad J         | 3333 Highway 24 West    | Huntsville     | MO 65259 | 660-277-5246 |
| Hanna, Mark D          | 10175 State Rt C        | Savannah       | MO 64485 | 816/324-4887 |
| Hemme, Kent D          | 2506 NE Quail WalkCourt | Blue Springs   | MO 64014 | 816/228-6330 |
| Hoefler Jr, Wyman Y    | 2703 Luce St            | Cape Girardeau | MO 63701 | 417/724-9853 |
| Holloway, Michael S    | 308 Deanna Lane         | Warrenton      | MO 63383 | 636-456-6508 |
| Hubbard, Michael G     | 145 Royallpraire Lan    | O Fallon       | MO 63366 | 636-240-3839 |
| Ishmael, Timothy L     | 12610 NW 145th Terra    | Platte City    | MO 64079 | 816-464-2705 |
| Jones, Jason A **      | 1289 Ridge Road         | Troy           | MO 63379 | 314-486-8739 |
| Kelly, Dale E          | 2063 Carriage Drive     | Nixa           | MO 65714 | 417/725-5413 |
| Kleoppel, Randol R     | 5358 Gibson             | Odessa         | MO 64076 | 816/230-7292 |
| Logan, Howard J        | 3 Pioneer Point Ct.     | St Charles     | MO 63303 | 636-939-9383 |
| Long, Steven C         | 9016 E 73rd Street      | Raytown        | MO 64133 | 816-353-2709 |
| Magdaz, James A        | 200 Gloria Court        | Branson        | MO 65616 | 417/263-5678 |
| Mann, Pearce R         | 1 El Caballo            | Weldon Springs | MO 63304 | 314/441-8573 |
| McWhorter, Timothy     | 5125 N Harvey Lane      | Springfield    | MO 65803 | 417/833-5191 |
| Metzen, Steven M       | 8118 N. Hickory         | Columbia       | MO 65202 | 573/474-1130 |
| Moore, Bruce R         | 1464 Noche Lane         | Fenton         | MO 63026 | 636-225-6877 |
| Moore, Craig B         | 644 SW County Road B    | Centerview     | MO 64019 | 660-492-7627 |
| Moore, Jerry D         | 12650 E Remie Rd        | Centralia      | MO 65240 | 573/696-3498 |
| Nekuda, Larry          | 1305 Dunwich            | Liberty        | MO 64068 | 816/792-2842 |
| O'Grady, Bryan R       | 1906 S. W. 4th Stree    | Lee's Summit   | MO 64081 | 816-525-1394 |
| Pearcy, Brent J        | 18175 S. Old Route A    | Hartsburg      | MO 65039 | 573-636-7276 |
| Reisenbichler, Jason D | 9357 S. Hwy 61          | Perryville     | MO 63775 | 573/788-2879 |
| Robison, Gregg D       | 8077 Varner Rd          | Odessa         | MO 64076 | 816/633-5598 |
| Rogers, Stacy J        | 5574 Private Road 82    | West Plain     | MO 65775 | 417-256-7627 |
| Schuster, Benjamin J   | 25030 Arthur Ln         | Sedalia        | MO 65301 | 660-829-2886 |
| Scoggins, Derek J      | 8356 Coffman Rd.        | Farmington     | MO 63640 | 573-747-0477 |
| Smith, Wade N          | 500 S. Hughes           | Hamilton       | MO 64644 | 816-583-2815 |
| Stillwell, Daniel P    | 210 Front St            | Grain Valley   | MO 64029 | 816/522-9636 |
| Tiffany, Mike R **     | 13432 Garden Circle     | St. Louis      | MO 63128 | 314-842-7252 |
| Weilbrenner, Larry     | 19426 316th Avenue      | Canton         | MO 63435 | 573-288-5573 |
| White, Denis M         | 3037 Athena Oaks        | DeSoto         | MO 63020 | 636/586-3087 |
| White, Terry G         | 19 Forest Hill Dr       | Salem          | MO 65560 | 573/729-3255 |
|                        |                         |                |          |              |
| Boland, Erik D         | 13870 Sapphire Drive    | Lolo           | MT 59847 | 406/258-6986 |
| Charette, Albert J     | 9 East Chinook Court    | Columbia Falls | MT 59912 | 406-892-0628 |
| Ebert, Michael Sean    | P.O. Box 1132           | Great Falls    | MT 59403 | 406-452-4978 |
| Everhart, Robert E     | 76 Red Deer Lane        | Great Falls    | MT 59404 | 406/268-1072 |
| Giskaas, Emery Jerome  | PO Box 1770             | Great Falls    | MT 59403 | 406/761-4223 |
| Hansen, Leo D          | 1305 St. Johns Avenu    | Billings       | MT 59102 | 406-880-6332 |
| Hazen, Travis D        | 108 East River Rock     | Belgrade       | MT 59714 | 406-600-6567 |
| Hoggatt, Gary R        | 3415 Quincy Street      | Butte          | MT 59701 | 406/494-1155 |
| Jahner, Brian L        | 5816 Jay Lane           | Missoula       | MT 59803 | 406-251-5254 |
| Macy, John             | 98 Olive Tree Way       | Belgrade       | MT 59714 | 971-219-5447 |
| Merrill, Kent          | 1645 Mullan Trail       | Missoula       | MT 59808 | 406/721-4855 |
| Popp, Charlie T        | 2494 Kottas Court# 15   | East Helena    | MT 59635 | 406/227-6804 |
| Rhodes, Joseph L       | 1721 Maurine St         | Billings       | MT 59105 | 406/248-2475 |
| Rigler, Brett D        | PO Box 1044             | Frenchtown     | MT 59834 | 406-626-4539 |
| Thomson, Greg          | 5920 Creek View         | Shepard        | MT 59079 | 406-373-9343 |
| Vine, Dean W           | 11 Frontier Drive       | Bozeman        | MT 59718 | 406/587-6272 |
| Youree Jr, Jimmie L    | 21 Lakeview Dr          | Billings       | MT 59105 | 406-256-2203 |

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## Franchisees as of January 1, 2011

| Name                  | Address                   | City & State    | Zip      | Home Phone   |
|-----------------------|---------------------------|-----------------|----------|--------------|
| Barnes,Curtis W       | 11685 Fowler Ave          | Omaha           | NE 68164 | 402/493-4715 |
| Butler,Timothy L      | 56644 Hwy 98              | Wayne           | NE 68790 | 308/635-7475 |
| Cowardin,Spencer L    | 2305 S. 165 Street        | Omaha           | NE 68130 | 402-505-4489 |
| Cowell,James R        | 27257 385th Ave           | Monroe          | NE 68647 | 402/495-3300 |
| Cross,Gary L          | 117 East S St             | Ogallala        | NE 69153 | 308/284-4687 |
| Egger,Lance Leo       | 6201 Saddle CreekTrail    | Lincoln         | NE 68523 | 402/421-9096 |
| Foley,Edward J        | 4935 Bison Run            | Kearney         | NE 68845 | 308/236-9719 |
| Horton,Donald J       | 5720 Abbey Court #34      | Lincoln         | NE 68505 | 402-309-4033 |
| Jenkins,James E       | 10918 No. 51st St         | Omaha           | NE 68152 | 402/451-6392 |
| Kohle,Ryan J          | P.O. Box 272              | Stuart          | NE 68780 | 402/340-5537 |
| Korte,Craig M         | 1033 S. Pine St           | Grand Island    | NE 68801 | 308/550-0652 |
| Kulhanek,Lowell John  | 708 S Scottlane           | Lexington       | NE 68850 | 308/324-6170 |
| Lage,Jacob D          | 7815 N. 153rd Street      | Bennington      | NE 68007 | 402-504-4477 |
| Larson,Allen W        | 405 E Eighth StPO Box 423 | Stromsburg      | NE 68666 | 402/764-7101 |
| McCarraher,Brian D    | 4253 Shanna Street        | Grand Island    | NE 68803 | 308/382-2069 |
| Moore,Gregory Case    | 2920 So. Willow           | North Platte    | NE 69101 | 308/534-4889 |
| Oltmanns,Dean C       | 12848 Valley St           | Omaha           | NE 68144 | 402/697-1186 |
| Rasmussen,Thomas F    | 5203 North 126th Str      | Omaha           | NE 68164 | 402/660-8171 |
| Richards,Terry R      | 5800 West Yankee Lak      | Denton          | NE 68339 | 402/525-6995 |
| Rodgers,David W       | 1955 Dixie Trail          | Lincoln         | NE 68527 | 402/484-5576 |
| Rodgers,Jared A       | 515 Hastings Ave          | Norfolk         | NE 68701 | 402-750-9900 |
| Scheuffele,Justin R   | 602 West 18th Street      | Kearney         | NE 68845 | 308-234-9896 |
| Schleu,Rocki          | 6210 S 109th Street       | Omaha           | NE 68137 | 402-339-5204 |
| Seina,Ross S          | 8123 Raven Oaks Driv      | Omaha           | NE 68152 | 402-991-0603 |
| Thomas,Jeff D         | 415 South Smith Ave       | Kenesaw         | NE 68956 | 402/752-3621 |
| Vallette,David R      | 7457 370th Trail          | Rushville       | NE 69360 | 308/327-2745 |
| Van Velson,Carlin J   | 50120 Hilyard Drive       | Mitchell        | NE 69357 | 308-635-4997 |
| Wade,Scott A          | 12401 Bobwhite Trail      | Crete           | NE 68333 | 402-381-0042 |
| Wendt,Steven John     | 486 N 15th St             | David City      | NE 68632 | 402/367-3211 |
| Witt,Bradley T        | 5010 Lake Forest Dri      | Papillion       | NE 68133 | 402-968-6543 |
|                       |                           |                 |          |              |
| Adams,Anthony J       | 1405 Woodmore Street      | Las Vegas       | NV 89134 | 702/255-6897 |
| Baglione,Alexander    | 4251 East Rawhide St      | Las Vegas       | NV 89120 | 702/434-3390 |
| Bautista,Francisco    | 7878 Tulear Street        | Reno            | NV 89506 | 775/971-3526 |
| Cooley,Ronald W       | 772 Spring Valley Pa      | Spring Creek    | NV 89815 | 775-753-0911 |
| Foster,Michael J      | 11185 Fairfield Ave.      | Las Vegas       | NV 89183 | 702/396-2936 |
| Geiger,Michael A      | 1122 Teal Point Dr.       | Henderson       | NV 89074 | 702/436-0656 |
| Gerry,Andrew J        | 241 W. National Stre      | Winnemucca      | NV 89445 | 775-304-8792 |
| Grable,Donald K       | 7537 S. Rainbow Blvd#107  | Las Vegas       | NV 89139 | 702/260-7756 |
| Jahnke,Chris S        | 4880 Canyon Dr            | Reno            | NV 89519 | 702/747-6276 |
| Lawrence,David George | 4713 Estate Ranch         | North Las Vegas | NV 89031 | 702/873-0908 |
| Maga,Dean J           | 80 Chacon Ct              | Sparks          | NV 89441 | 775-425-3659 |
| Martinez,Carlos E     | 7321 Brawell Dr.          | Las Vegas       | NV 89128 | 610/500-9039 |
| McConnell,Robert V    | 1061 Golden Splendor      | Henderson       | NV 89002 | 702-401-2661 |
| Moore,Harold F        | 128 Katy Court            | Las Vegas       | NV 89145 | 702/658-2073 |
| Oldenburg,Aaron T     | 9356 W. Gilmore Ave.      | Las Vegas       | NV 89129 | 702-877-0083 |
| Raifaisen,Michael D   | 4290 Great FallsLoop      | Reno            | NV 89511 | 775/851-3265 |
| Ruskowitz,David A     | 2010 S Tenaya Way         | Las Vegas       | NV 89117 | 702/255-0117 |
| Savant,Kevin D        | 352 LSF #5                | Spring Creek    | NV 89815 | 775-744-2444 |
| Sliffe,Michael D      | 4740 Nambe Drive          | Las Vegas       | NV 89121 | 702-435-2571 |
| Stewart,Michael R     | 972 Farrier Court         | Gardnerville    | NV 89410 | 775/790-4566 |

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| Name                  | Address                | City & State      | Zip      | Home Phone   |
|-----------------------|------------------------|-------------------|----------|--------------|
| Stitt,Bradley J       | 1020 Jimmy Circle      | Las Vegas         | NV 89123 | 702-269-8229 |
| Van Der Wall,Seigurd  | 4345 Toro Court        | Reno              | NV 89502 | 775-825-7351 |
| Wiles,David Leroy     | 1617 So Deer Run Rd    | Carson City       | NV 89701 | 775/884-3475 |
| Bartley,Jonathan H    | 539 High St            | Candia            | NH 03034 | 603/483-0882 |
| Belanger,Randy A      | 221 Bible Hill Road    | Hillsboro         | NH 03244 | 603-464-4454 |
| Berthiaume,Jeffrey E  | 29 Bates Road          | Merrimac          | NH 03054 | 603/624-9001 |
| Blado,Irving          | Po Box 72              | South Newbury     | NH 03272 | 603-938-2678 |
| Bradbury,Alfred       | RR #2 Box 677          | New Ipswich       | NH 03071 | 603/878-3570 |
| Bresciano,Paul Joseph | 93 Mooar Hill Road     | Hollis            | NH 03049 | 603/465-6118 |
| Corea,Christopher M   | 23 Willow Street       | Pelham            | NH 03076 | 603/635-8292 |
| Ellis,Kevin E         | PO Box 436             | Lebanon           | NH 03766 | 603-448-6471 |
| Garnett,David A       | 116 Hutchinson Rd      | Chichester        | NH 03258 | 603/798-5645 |
| Gauffin,David A       | 29 Carriage Hill Rd    | Hancock           | NH 03449 | 603-525-4159 |
| Goins,Wilbur L        | 77 Old Post Rd         | Newington         | NH 03801 | 603-436-2489 |
| Graham,Dennis F       | 18 Rolling Hill Rd     | Hampstead         | NH 03841 | 603-329-6725 |
| Heintz,Michael Jason  | 948 Hill Rd            | Franklin          | NH 03235 | 603-366-4390 |
| Joyner Jr,Robert L    | 22 Justin Dr           | Danville          | NH 03819 | 603-382-5570 |
| Loiselle,Keith R      | 478 North PembrokeRoad | Pembroke          | NH 03275 | 603-224-6627 |
| Manseau,Darrin E      | 11 Pond View Drive     | Auburn            | NH 03032 | 603-587-0617 |
| McMaster,Kenneth J    | 77 Freeman Hall Rd     | Nottingham        | NH 03290 | 603/942-7487 |
| Moreno,Paul A         | 8 Wildwood Lane        | Salem             | NH 03079 | 603/898-0515 |
| Nattila,Steven S      | 489 NH Rt 12 N         | Fitzwilliam       | NH 03447 | 603/242-6686 |
| Paradiso,Eric J       | 7 Misty Lane           | Pelham            | NH 03076 | 603-635-9105 |
| Pellerin,Jules A      | 135 Tina Drive         | Pembroke          | NH 03275 | 603/485-4889 |
| Pino,Steven J         | 206 Meredith Neck Rd   | Meredith          | NH 03253 | 603-279-4536 |
| Querci III,Joseph     | 15 Spring Brook Dr     | Hampstead         | NH 03841 | 603/329-7447 |
| Ryll,Edward Alan      | 225 Pond Brook Road    | West Chesterfield | NH 03466 | 603/256-3225 |
| Ryll,Kevin E          | 243 Old Rochester Rd   | Somersworth       | NH 03878 | 603/969-5987 |
| Schultz,Shawn M       | 219 West High Street   | Somersworth       | NH 03878 | 603-502-1955 |
| Sepessy III,Henry L   | 41 Dow Rd              | Epsom             | NH 03234 | 603/736-4628 |
| Sepessy,Douglas A     | 88 Arizona Street      | Manchester        | NH 03104 | 603-627-9684 |
| Swanton,David R       | 4 Moulton Drive        | East Hampstead    | NH 03826 | 603/895-0231 |
| Swenson,David J       | 25 Oak Hill Dr         | Loudon            | NH 03307 | 603/224-6211 |
| Vance,Shelby S        | 414 Joppa Hill Road    | Bedford           | NH 03110 | 603-345-0674 |
| Wedick,Steven J       | 389 Winona Rd          | New Hampton       | NH 03256 | 603/279-5010 |
| Whitcher,Jason M      | 51 Ivie Lane           | Bethlehem         | NH 03574 | 603-869-9911 |
| White,Vincent R       | 68 Peaslee Road        | Merrimack         | NH 03054 | 603-429-3827 |
| Zawisza,Stephen A.    | 518 Old Shaker Road    | Loudon            | NH 03307 | 603-783-0490 |
| Acevedo,Christopher A | 205 Prospect Ave Apt   | North Arlington   | NJ 07031 | 201-704-0176 |
| Allen,Douglas L       | P.O. Box 5196          | Weehawken         | NJ 07086 | 201-864-2236 |
| Andolino,Peter        | 9 Klimback Court       | West Caldwell     | NJ 07006 | 973/618-0224 |
| Argalas,Barton        | 20 Green Valley Dr     | Greenbrook        | NJ 08812 | 908/922-3865 |
| Arzberger,Kenneth E   | 14 Snapper Avenue      | South River       | NJ 08882 | 732-390-0206 |
| Barbera,Robert        | 34A Garden Drive       | Elmwood Park      | NJ 07407 | 201-791-9271 |
| Barley,Michael F      | 176 Preakness Drive    | Mount Laurel      | NJ 08054 | 856-642-0997 |
| Bird,Michael K        | 658 Mount Laurel Rd    | Mount Laurel      | NJ 08054 | 856/722-1920 |
| Bock,Timothy J        | 1506 Spruce HillsDrive | Glen Gardner      | NJ 08826 | 908/537-4895 |
| Boss,James Glenn      | 124 Center St          | Pompton Lakes     | NJ 07442 | 973/839-2540 |

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| Name                  | Address                 | City & State       | Zip      | Home Phone   |
|-----------------------|-------------------------|--------------------|----------|--------------|
| Brennan,Greg P        | 1431 Kenney Street      | Forked River       | NJ 08731 | 609/693-1467 |
| Brennan,Joseph        | 4 Beekmeer Place        | Flanders           | NJ 07836 | 973/213-8222 |
| Brooks,David G        | 10 Deer Trail           | Tabernacle         | NJ 08088 | 609-801-0488 |
| Cannata,Salvatore A   | 24 Kiwi Loop            | Howell             | NJ 07731 | 732/919-0237 |
| Casler,Kenneth        | 58 North Watchung Dr    | Hawthorne          | NJ 07506 | 551/206-6374 |
| Castano,David         | 478 Township Line Rd    | Hillsboro          | NJ 08844 | 908/281-9072 |
| Cleffi,Christopher A  | 12 Hillary Terrace      | Succasunna         | NJ 07876 | 973-252-2834 |
| Crowley,Jon           | 10 Glencrest Drive      | Newton             | NJ 07860 | 973-579-3763 |
| Crutchley,Richard H   | 5 Ithaca Court          | Hamilton           | NJ 08690 | 609-587-3320 |
| DeLuca,John F         | 45 Sutton Drive         | Brick              | NJ 08724 | 732-608-3936 |
| Della Sala,George     | 436 Corson Tavern Rd    | Ocean View         | NJ 08230 | 609-624-7662 |
| Della Sala,Matthew G  | 27 Annapolis Drive      | Marlton            | NJ 08053 | 856/874-9365 |
| Dion Jr,Thomas M      | 128 Willow Grove        | Shamong            | NJ 08088 | 609-268-7932 |
| Dodd,Leigh P          | 6 Winters Street        | Oakland            | NJ 07436 | 201-337-9164 |
| Doumar,Albert L       | 55 Hillside Dr          | Totowa             | NJ 07512 | 973-956-7150 |
| Douvris,Anthony S     | 434 Margherita Place    | Brick              | NJ 08724 | 732-899-1509 |
| Dutton,James E        | 1725 East Grant Ave     | Vineland           | NJ 08361 | 856/691-9024 |
| Fowler,Doug           | 63 Lark Dr              | South River        | NJ 08882 | 732/390-0752 |
| Freeman,William A     | 378 Jeffries St         | Perth Amboy        | NJ 08861 | 732/826-4370 |
| Frye,Richard J        | 5 Deborah Lane          | Aberdeen           | NJ 07747 | 732-583-1330 |
| Gervasio Jr,Francis J | 191 Hillside Avenue     | Berkley Heights    | NJ 07922 | 908-464-5449 |
| Graeff,Gary B         | 27 Sycamore Drive       | Medford            | NJ 08055 | 609-654-8001 |
| Grimaldi,David M      | 126 Avon Ave            | South Plainfield   | NJ 07080 | 908/757-3374 |
| Grisham IV,Theodore V | 2100 New Albany Rd      | Cinnaminson        | NJ 08077 | 856/786-1248 |
| Hamway,Michael        | 755 Ringwood Avenue     | Pompton Lakes      | NJ 07442 | 973-835-7223 |
| Hasher,Alan           | 30 Walnut Alley         | Edgewater Park     | NJ 08010 | 609/877-7451 |
| Hennessey,Robert J    | 40 Dogwood Lane         | Emerson            | NJ 07630 | 201-265-7433 |
| Hlywa,Michael         | 12 Long Hill Road       | Newton             | NJ 07860 | 973-300-1117 |
| Hoffman,Robert J      | 718 Howard Avenue       | Wenonah            | NJ 08090 | 856-468-2667 |
| Jacobs,Russell S      | 514 Woodland Ave        | Brielle            | NJ 08730 | 732/528-7013 |
| Jelonek,Joseph P      | 29 Newark Ave.          | Spotswood          | NJ 08884 | 732-251-1310 |
| Kabbash,Douglas P     | 29 Cole Haven Terrac    | Montague           | NJ 07827 | 973/293-1097 |
| Killmeyer,James F     | 111 Woodbury Drive      | Egg Harbor Townshi | NJ 08234 | 609/847-1226 |
| Kleinot,Joseph P      | 231 Willow Ave          | Pompton Lake       | NJ 07442 | 973-616-7797 |
| Kleinwaks,Larry B     | 2704 Lighthouse Lane    | Parlin             | NJ 08859 | 732/721-2818 |
| Knothe,Daniel J       | 9 Clauss Ave            | Paramus            | NJ 07652 | 201-445-7997 |
| Kobesky,Gregg         | 915 Deer Run            | Newton             | NJ 07860 | 973-579-9246 |
| Krazer Jr,Curtis W    | 513 Ellis Road          | Milford            | NJ 08848 | 908-995-9162 |
| Krincek Jr,Vincent P  | 37 Shadylawn Drive      | Madison            | NJ 07940 | 973-377-6146 |
| Krueger,Stephen M     | 210 Elmira Trail        | Hopatcong          | NJ 07843 | 201-317-9639 |
| Laite,Chris A         | PO Box 460              | Tranquility        | NJ 07879 | 973/691-2595 |
| Leslie,Jason M        | 119 Woodland Avenue     | Keansburg          | NJ 07734 | 732-620-0859 |
| Liebenow,Bill         | 23 Mccampbell Rd        | Holmdel            | NJ 07733 | 732-946-8525 |
| Loffredo,Nicholas R   | 126 Willow Grove Rd     | Vincentown         | NJ 08088 | 609/654-5318 |
| Maista,Michael J      | 112 Hillcrest Ave       | Hilltop            | NJ 08012 | 856-401-0008 |
| Mancuso,John          | 49 Circle Drive         | Oak Ridge          | NJ 07438 | 973-697-4861 |
| Maurer,Michael W      | 17 Beaver Avenue        | Annadale           | NJ 08801 | 908-730-6778 |
| Mazzio,Tony           | 24 Winfield Circle      | Sewell             | NJ 08080 | 856/232-5224 |
| McCann Jr,James J     | 5744 BerkshireValley Rd | Oak Ridge          | NJ 07438 | 973/208-8998 |
| McGrady,Jim           | 7 Red Hill Road         | Warren             | NJ 07060 | 908-604-6272 |
| McKee,Joseph          | 416 High Street         | Runnemede          | NJ 08078 | 215-669-7702 |
| Menner,Mark Francis   | 969 Adams Pl            | Washington Townshi | NJ 07675 | 201/722-0503 |

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| Name                  | Address                 | City & State      | Zip      | Home Phone   |
|-----------------------|-------------------------|-------------------|----------|--------------|
| Mollabegiri,Skender   | 255 Hillcrest Ave       | Wood Ridge        | NJ 07075 | 201-939-1696 |
| Mullan,James E        | 11 Two Penny Run        | Pilesgrove        | NJ 08098 | 856-769-4065 |
| Murray III,James J    | 291 Highfield Lane      | Nutley            | NJ 07110 | 973-667-0152 |
| Natale,Joel A         | 4 Lind Drive            | Middletown        | NJ 07748 | 732-787-2875 |
| Pansa,Michael J       | 299 Factory Rd          | Cedarville        | NJ 08311 | 856/447-3558 |
| Peckmore,Douglas L    | 111 Shelbern Drive      | Lincroft          | NJ 07738 | 732-747-6291 |
| Peer,Donald           | 1 Fourth Avenue         | Cranford          | NJ 07016 | 908-276-0780 |
| Perez,Wilberto        | 102 Ploch Road          | Clifton           | NJ 07013 | 973-279-6052 |
| Petrella,Joe          | 21 New Bridge Rd        | Seaville          | NJ 08230 | 609-624-0373 |
| Piro Jr,Santino       | 402 Marvin Ave          | Hackensack        | NJ 07601 | 201/342-6415 |
| Polo,Thomas           | 15 Mulberry Road        | Turnersville      | NJ 08012 | 609/582-1925 |
| Pomerance,Michael     | 66 Cooper Rd            | Denville          | NJ 07834 | 973/366-7602 |
| Provenzano,Francesco  | 33 Cedar Drive          | Rochelle Park     | NJ 07662 | 201/843-5413 |
| Realbuto,Gary         | 23 Philip Drive         | Fairfield         | NJ 07004 | 973-614-8971 |
| Reed,Peter J          | 919 Summit Avenue       | Westfield         | NJ 07090 | 908/654-4479 |
| Rinaldi,Anthony       | 2 Dundar Road           | Edison            | NJ 08817 | 732/248-0919 |
| Rocco,Michael L       | 709 Deerfield Lane      | Asbury            | NJ 08802 | 908/713-1788 |
| Rodriguez,Angel L     | 4 Eagle Lake Drive      | Little Egg Harbor | NJ 08087 | 609-294-0196 |
| Rosen,David L         | 27 Toth Lane            | Rocky Hill        | NJ 08553 | 609/252-1234 |
| Rotondo,Richard L     | 178 Geary Dr.           | Middletown        | NJ 07748 | 732/787-1469 |
| Rupp,Kevin S          | 604 Cornwall            | Sewell            | NJ 08080 | 856/218-7392 |
| Saylor,Stephen B      | 436 Corsons TavernRoad  | Ocean View        | NJ 08230 | 609/624-8505 |
| Schwarz,Gary M        | 134 Taylor Ave          | Hillsborough      | NJ 08844 | 908-392-4281 |
| Sena,Keith T          | 16 Semel Avenue         | Iselin            | NJ 08830 | 732-494-1519 |
| Skok,Ron              | 527 Prospect Ave        | Neptune           | NJ 07753 | 732/775-6013 |
| Smith,William B       | 1307 East Main St       | Millville         | NJ 08332 | 856/327-0834 |
| Snelgrove,Mark A      | 27 Phyllis Lane         | Fairfield         | NJ 07004 | 973-882-3575 |
| Stahlman,Ricky L      | 55 Plow Point Rd        | Pennsville        | NJ 08070 | 856/935-3578 |
| Stassi,Anthony V      | 204 Stavola Place       | Maywood           | NJ 07607 | 201-587-9159 |
| Szapka,Jason J        | 100 Kilmer Road         | Mahwah            | NJ 07430 | 201/444-3832 |
| Szapka,Robert         | 478 Mason Place         | Paramus           | NJ 07652 | 201/444-3832 |
| Taormina Jr,Benedict  | 15 Burd Road            | Pennington        | NJ 08534 | 609-883-1782 |
| Tomosi,Steven M       | 695 7th Street          | Roebbing          | NJ 08554 | 609/360-0286 |
| Van Mater Jr,Joseph H | 289 East HighlandAvenue | Atlantic Highland | NJ 07716 | 732/872-2176 |
| West,Martin J         | 16 Quincy Dr            | Oak Ridge         | NJ 07438 | 973/208-7605 |
| Wood,Douglas B        | 144 Steward Street      | Trenton           | NJ 08610 | 609/584-7787 |
| Wyckoff,Frederick E   | 272 Skillman Road       | Skillman          | NJ 08558 | 609/466-7477 |
| Blackwell,Jeffrey A   | P.O. Box 1154           | Pecos             | NM 87552 | 505-577-3900 |
| Hacker,Ernie F        | 162 One Horse Rd        | Roswell           | NM 88201 | 575-625-9765 |
| Haller,James D        | 1215 S. 5Th             | Tucumcari         | NM 88401 | 505/461-3196 |
| Hendricks,Derrick E   | 1107 E. 19th            | Roswell           | NM 88201 | 575-623-9195 |
| Jones,Ronald D        | 5206 Lee Lane           | Farmington        | NM 87402 | 505-325-5183 |
| King,Mark S           | 7400 Luella Anne Ne     | Albuquerque       | NM 87109 | 505/822-1289 |
| Medina,Joe D          | 4068 Inca Ave           | Las Cruces        | NM 88005 | 575-647-2249 |
| Navarette,Richard D   | 220 W. Silver           | Hobbs             | NM 88240 | 505/738-0263 |
| Orozco,Eduardo        | 2126 Tierra DeSuenos    | Alamogordo        | NM 88310 | 575-434-1387 |
| Pagels,Mark F         | 3022 Mule Farm Place    | Albuquerque       | NM 87105 | 505-250-0733 |
| Riggins,Scott A       | 11 Jill Road            | Clovis            | NM 88101 | 575-791-6819 |
| Salazar,James L       | PO Box 593              | Espanola          | NM 87532 | 505/747-0383 |
| Shambarger,John D     | 5775 PaseoDel Rancho    | Farmington        | NM 87402 | 505/327-6656 |
| Strickland,Charles R  | 724 3rd Street NEW      | Rio Ranch         | NM 87124 | 505/836-5871 |

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| Name                  | Address                     | City & State     | Zip      | Home Phone   |
|-----------------------|-----------------------------|------------------|----------|--------------|
| Acuti,Nat             | 30 New Street               | Purchase         | NY 10577 | 914-253-9553 |
| Albert,Kenneth J      | 105 Adams Street            | Deer Park        | NY 11729 | 631/274-5898 |
| Arteca,William G      | 131 ShenandoahBoulevard     | Nesconset        | NY 11767 | 631-979-6082 |
| Bacon,Michael G       | 510 West Franklin St        | Endicott         | NY 13760 | 607-835-6782 |
| Bailey,David L        | 10460 State Rte 22          | Granville        | NY 12832 | 518-642-3261 |
| Bardeen,Daniel K      | 4656 West Lake Rd           | Canandaigua      | NY 14424 | 585-396-0281 |
| Baretsky,John         | 49 Astor Court              | Commack          | NY 11725 | 631/543-3491 |
| Bariteau,Stephen J    | 2190 Maple Ave              | Ballston Lake    | NY 12019 | 518/882-5338 |
| Beaulac,Mark R        | 104 Daniels Drive           | Wampsville       | NY 13163 | 315-761-9197 |
| Best,Robert W         | 8050 W. RivershoreDr        | Niagara Falls    | NY 14304 | 716/236-0235 |
| Bianco,Richard J      | 1114 Ocean Ave              | Bay Shore        | NY 11706 | 631/940-0913 |
| Bollet,Jeffrey        | 22A Plumbeach Point         | Sands Point      | NY 11050 | 516/944-5710 |
| Bologna,Dennis P      | 3 Lasalle Lane              | Kings Park       | NY 11754 | 631/544-7044 |
| Bonsignore,Eugene     | 122 Northwood Drive         | Rochester        | NY 14612 | 585/227-2223 |
| Boshart,Douglas F     | 25569 Bush Road             | Calcium          | NY 13616 | 315/788-6527 |
| Breese,Bart G         | 4809 RenaissanceLane        | Lockport         | NY 14094 | 716-628-0471 |
| Breese,James E        | 10 Royale Drive             | Fairport         | NY 14450 | 585/421-3822 |
| Budd,Richard          | 862 State Rte 11B           | Brushton         | NY 12916 | 518/529-0268 |
| Burke,Jeffrey E       | 58 Byron Way                | Oakdale          | NY 11769 | 631-244-8466 |
| Busch,Steven J        | 12 Main Street              | Ravena           | NY 12143 | 518/756-9149 |
| Caceci,Robert John    | 106 Forest Avenue           | Nesconset        | NY 11767 | 631-471-7694 |
| Cali,Gary             | 700 Hightower Way           | Webster          | NY 14580 | 585/671-8533 |
| Caneparo,Claudio      | 38 Argow Place              | Nanuet           | NY 10954 | 845/627-7015 |
| Cartagena,Jose A      | 3432 Giles Place            | Bronx            | NY 10463 | 718/543-7477 |
| Cassels,Peter         | 19 Sherwood Lane            | Stormville       | NY 12582 | 845/878-9848 |
| Cassetta,Robert J     | 483 Grandview Ave Ap        | Ridgewood        | NY 11385 | 718-628-5522 |
| Catello,Steve         | 5428 Canal St               | Durhamville      | NY 13054 | 315/363-7265 |
| Chase,Edmond C        | 228 Daniels DrivePO Box 582 | Wampsville       | NY 13163 | 315/363-0134 |
| Cirrito,Samuel K      | 2714 Stenzel Road           | North Tonawanda  | NY 14120 | 716/695-6610 |
| Clark,Michael S       | 1325 McGraw Marathon        | Marathon         | NY 13803 | 607-849-3401 |
| Cohen,Herbert         | 792 Cynthia Drive           | East Meadow      | NY 11554 | 516/489-5097 |
| Cornell,Robert B      | 347 Hauser Ave              | Holbrook         | NY 11741 | 631-467-8859 |
| Curcio,John           | Po Box 425                  | Baldwin Place    | NY 10505 | 914/621-2821 |
| DaCosta,Robert J      | 22 Winslow Ln               | Smithtown        | NY 11787 | 631/979-0127 |
| Davis,James M         | 5080 Willowbrook W          | Clarence         | NY 14031 | 716-741-2733 |
| DeCondo,David L.      | 37 Hall Rd.                 | Hammond          | NY 13646 | 315/324-5155 |
| Dobias,Ronald J       | 6 Ackerman Ave              | Suffern          | NY 10901 | 845-357-8541 |
| Dolan,Gregory         | 10 Brickyard Rd             | Troy             | NY 12182 | 518-237-4966 |
| Donohue,Matthew K     | 16 Sheldon Drive            | Poughkeepsie     | NY 12603 | 845-473-1529 |
| Duchano,Michael V     | 10 Brookside Drive          | West Monroe      | NY 13167 | 315/676-5602 |
| Durand Jr,Robert D    | 46 Hawleys CornersRoad      | Highland         | NY 12528 | 845/256-1016 |
| Farina,Carl           | 264 Claremont Avenue        | Mount Vernon     | NY 10552 | 914-664-2243 |
| Fehn,Steven V         | 7 Doyle Drive               | Wappingers Falls | NY 12590 | 845-298-1837 |
| Fermicola,Anthony     | 57 Lakeview Ave             | Hartsdale        | NY 10530 | 914-948-4867 |
| Festa,James B         | 228 Westminster Rd          | West Hempstead   | NY 11552 | 516-489-3994 |
| Fico,Dennis           | 341 Townline Road           | East Northport   | NY 11731 | 631-486-2127 |
| Fitzpatrick,William   | 40 River Road               | Petersburg       | NY 12138 | 518/658-2391 |
| Fleischer,Joseph D    | 5 Dixon Woods               | Honeoye Falls    | NY 14472 | 585/359-0478 |
| Funk,Kenneth R        | 1235 Main Road              | Locke            | NY 13092 | 315/497-1243 |
| Gavidia,Tito          | 79-19 60th Lane             | Glendale         | NY 11385 | 718-366-5357 |
| Giaramita,Francesco A | 153-35 80th Street          | Howard Beach     | NY 11414 | 718-323-2363 |
| Goc Jr,William J      | 8 St Martins Place          | Buffalo          | NY 14220 | 716/825-3429 |

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## Franchisees as of January 1, 2011

| Name                   | Address                       | City & State      | Zip      | Home Phone   |
|------------------------|-------------------------------|-------------------|----------|--------------|
| Goc,William J          | 59 Edgewood Ave.              | Buffalo           | NY 14220 | 716-698-7586 |
| Goebel,Jeffrey F       | 390 Everwild Lane             | Macedon           | NY 14502 | 585-760-4344 |
| Gooch,Thomas W         | 1244 Swede Road               | Ashville          | NY 14710 | 716-782-2859 |
| Graziano,Joseph        | 100 Fairview Ave.             | Port Washington   | NY 11050 | 516-767-9167 |
| Graziano,Michael J     | 7 Colgate Dr                  | Smithtown         | NY 11787 | 631/656-5647 |
| Green,David D          | 5226 County Rd 1              | Rushville         | NY 14544 | 585-554-4623 |
| Gruebel,Peter D        | 28 Chatham Woods Dr.          | Centereach        | NY 11720 | 516-585-3978 |
| Curdo,Lawrence         | 5217 Old Oneida Rd            | Verona            | NY 13478 | 315-336-0184 |
| Hamlin,Scott A         | 641 Snakehill Road            | Poestenkill       | NY 12140 | 518-283-2934 |
| Hanrahan,Brian P       | 128 Fitch Road                | Walton            | NY 13856 | 607-865-7969 |
| Hardy,Raymond M        | 100 Mayflower Street          | Rochester         | NY 14615 | 585/329-6934 |
| Hassan,Scott W         | 5654 Bowmiller Rd             | Lockport          | NY 14094 | 716/439-4620 |
| Henkiel,Jeffrey R      | 115 Richards Ave              | Vestal            | NY 13850 | 607-785-6049 |
| Hess,Christopher E     | 149 Pennsylvania Ave          | Medford           | NY 11763 | 631/289-5662 |
| Hill,Dale E            | 9317 Hamilton Brown           | Bridgeport        | NY 13030 | 315-633-5755 |
| Hodgson,Weston M       | 11379 Southard Rd             | Cato              | NY 13033 | 315-626-2059 |
| Hopp, Gregory M        | 32-32 55 <sup>th</sup> Street | Woodside          | NY 11377 | 646/739-9138 |
| Hulbert,Steven D       | 5322 State Rt 3               | Mexico            | NY 13114 | 315/963-8672 |
| Janke,Donald           | 36 Vernon Avenue              | East Norwich      | NY 11732 | 516-922-5290 |
| Janson,Ronald          | 17 Evergreen Drive            | Manorville        | NY 11949 | 631-878-6964 |
| Johnson,Larry          | 1207 Angus Rd                 | Penn Yan          | NY 14527 | 315-536-6127 |
| Kain,Jeffrey A         | 18 South Park Avenue          | Nanuet            | NY 10954 | 845-215-5124 |
| Kantor,David J         | 1018 Lone Pine Dr             | Forestport        | NY 13338 | 315-392-6005 |
| Katsur,Steven          | 71 Central Boulevard          | Merrick           | NY 11566 | 516-379-5489 |
| Kilroy,John J          | 242 Nassau Blvd               | West Hempstead    | NY 11552 | 516-481-6833 |
| Klee,Thomas H          | 1162 Beekman Rd               | Hopewell Junction | NY 12533 | 845/226-7437 |
| Koepka,Russell S       | 4515 Marie Dr                 | Hamburg           | NY 14075 | 716-648-4932 |
| Kohler,Michael J       | 499 South Plank Rd            | Westtown          | NY 10998 | 845-355-1176 |
| LaFountain,Henry C     | 127 Waite Road                | Hudson Falls      | NY 12839 | 518/747-5510 |
| Lambiase,Michael L     | 3 Yorktown Lane               | Stillwater        | NY 12170 | 518/541-2351 |
| Lane,Shawn K           | 609 Waukena Avenue            | Oceanside         | NY 11572 | 516-766-0544 |
| Lang,Edward S          | 317 Belmont Avenue            | North Babylon     | NY 11703 | 631-893-4315 |
| Loucks,Thomas K        | 41 Ichabod Lane               | Ballston Spa      | NY 12020 | 518/583-1558 |
| Lucido,Frank           | 702 Nassau St.                | Bellmore          | NY 11710 | 516-815-6765 |
| Mackie,Gordon S        | 709 Cross Bay Blvd.           | Broad Channel     | NY 11693 | 718-634-0426 |
| Mallison,Richard       | 179 Daven Dr                  | Getzville         | NY 14068 | 716-689-6433 |
| Mango Jr,Anthony J     | 536 Progress Road             | Gloversville      | NY 12078 | 518-773-2940 |
| Manuel,John G          | 828 Atlantic St.              | Lindenhurst       | NY 11757 | 631-226-2498 |
| Manukian,George        | 158-28 80th St                | Howard Beach      | NY 11414 | 718-835-9183 |
| Mariani,Christopher A  | 8 Monaco Drive                | Rochester         | NY 14624 | 585/705-2261 |
| Maziarczyk,Martin M ** | 9485 Route 21 South           | Wayland           | NY 14572 | 585-384-9822 |
| McAlister,Brian T      | 2147 Hillside Ave             | Bellmore          | NY 11710 | 516-783-1442 |
| McCormick,Michael      | 373 Mt. Airy Rd               | New Windsor       | NY 12553 | 845-564-7083 |
| McDowell,Michael D     | 31 South Lakeview Ro          | Wynantskill       | NY 12198 | 518-265-0741 |
| McKay,Kevin J          | 2826 Mandalay BeachRoad       | Wantagh           | NY 11793 | 516-735-2723 |
| Mendenhall,Chad R      | 4515 Westbury Rd              | Wolcott           | NY 14590 | 315/594-8065 |
| Miller,Daniel D        | 124 Tardy Lane South          | Wantagh           | NY 11793 | 516-781-7314 |
| Miller,Harvey          | 105 Betty Rd                  | East Meadow       | NY 11554 | 516-794-7059 |
| Miller,Robert J        | 423 Ave of the Stars          | North Blenheim    | NY 12131 | 518/827-7446 |
| Mok,Bob                | PO BOX 75                     | Radio City Stat   | NY 10019 | 917/692-6888 |
| Monahan,Brian K        | 1 Oak Tree Drive              | Smithtown         | NY 11787 | 516/353-3457 |
| Monfre,Paul R          | 201 N. First Street           | Sayville          | NY 11782 | 631/589-2229 |

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## Franchisees as of January 1, 2011

| Name                    | Address                  | City & State    | Zip      | Home Phone   |
|-------------------------|--------------------------|-----------------|----------|--------------|
| Montemurro, Joseph      | 25 Verdi Street          | Smithtown       | NY 11787 | 631-724-6409 |
| Moore, Dennis R         | 32 Sunset Drive          | Troy            | NY 12182 | 518-235-3219 |
| Moran, William H        | 54 Astor Ct              | Commack         | NY 11725 | 631-543-5214 |
| Moza III, Thomas A      | 4 Dewitt Street          | Ellenville      | NY 12428 | 845/647-8761 |
| Murray, Kevin A         | 6030 Newhouse Road       | East Amherst    | NY 14051 | 716-741-4872 |
| Murrock, Terry J        | Box 26321 Co Rt 160      | Watertown       | NY 13601 | 315-782-5663 |
| Nelson, Mark D          | 6287 Appletree Pt Rd     | Moravia         | NY 13118 | 315-496-2205 |
| O'Brien, John M         | 2486 Graffenburg Rd.     | New Hartford    | NY 13413 | 315-735-6741 |
| Odachowski, Martin John | 140 Hillside Drive       | Elma            | NY 14059 | 716-652-7833 |
| Osborn, Matthew T       | 4230 Greenfield          | Marion          | NY 14505 | 585/671-6058 |
| Pacileo, Thomas A       | 60 Lincoln Blvd          | Hauppauge       | NY 11788 | 631-582-8587 |
| Paladino, Michael C     | 91 Westcombe Park        | West Henrietta  | NY 14586 | 585-489-3898 |
| Palina, Joseph J        | 71 Florence Drive        | Manorville      | NY 11949 | 631-909-1701 |
| Pangman, Brian J        | 220 Barnerville Rd       | Cobleskill      | NY 12043 | 518-234-4466 |
| Panowich, Robert        | 5 Benjamin Place         | Locust Valley   | NY 11560 | 516-671-8533 |
| Pekrul, Michael         | PO Box 56                | Cairo           | NY 12413 | 518-622-8665 |
| Perotti, Michael J      | 28 Long Acre Dr          | Huntington      | NY 11743 | 631-673-5714 |
| Pfalzer, John E         | 6 Baker Street           | Churchville     | NY 14428 | 585/415-7041 |
| Pfisterer, Steven M     | 439 Briarwood Rd         | Massapequa      | NY 11758 | 516/622-1169 |
| Pincus, Adam            | 37 Edith Place           | Merrick         | NY 11566 | 516/785-2232 |
| Popielarz, Thomas G     | 1724 Crescent Road       | Rexford         | NY 12148 | 518-371-0601 |
| Primeau, Thomas G       | 27 N. Main Street        | Broadablin      | NY 12025 | 518-883-4586 |
| Pullara, Frank A        | 71-48 71st Place         | Glendale        | NY 11385 | 718-417-4321 |
| Raechal, Joe            | 7982 Davis Road          | Clay            | NY 13041 | 315/699-1415 |
| Rand, Stanley J         | 22 Kennedy Road          | Roslyn Heights  | NY 11577 | 516/621-0714 |
| Rawding, James R        | 119 Lathrop Road         | Binghamton      | NY 13903 | 607/772-0536 |
| Regan, Pat              | 11 Audobon Dr            | Ossining        | NY 10562 | 914/923-0081 |
| Rizzo, Christopher D    | 3391 Lindbergh Ave       | Oceanside       | NY 11572 | 516/536-4067 |
| Roselli, Gino L         | 16 Old Indianhead Rd     | Commack         | NY 11725 | 516-375-5885 |
| Roselli, John J         | 171 Grand Boulevard      | Massapequa Park | NY 11762 | 516/795-1451 |
| Rosengrant, Wes         | 628 Bromley Rd           | Churchville     | NY 14428 | 585/429-5853 |
| Rubio, Robert           | 18 Frost Valley Dr       | East Patchogue  | NY 11772 | 631-617-7263 |
| Rut, Michael J          | 2563 Columbus Ave        | N. Bellmore     | NY 11710 | 516-804-9076 |
| Saladino, Michael A     | 232 Riley Ave            | Calverton       | NY 11933 | 631/208-3280 |
| Samot, David            | PO Box 652               | East Hampton    | NY 11937 | 631/324-8910 |
| Sandstedt, Thomas       | 986 River Rd             | Redhook         | NY 12571 | 845-758-2817 |
| Sargent, Jeffrey T      | 328 County Rt. 37        | Central Square  | NY 13036 | 315-676-7660 |
| Saunderson, Anthony L   | 181 Lakeshore Road       | Fulton          | NY 13069 | 315-598-8590 |
| Savoia, Kenneth R       | 282 Raritan Ave          | Staten Island   | NY 10305 | 718-351-6583 |
| Schofield, Roger        | 7345 Balla Drive         | N Tonawanda     | NY 14120 | 716-693-1253 |
| Schulz, Ronald P        | 200 Hatchery Road        | Gansevoort      | NY 12831 | 518/745-7410 |
| Schuyler, Paul          | 70 Primrose Ln           | Kings Park      | NY 11754 | 631-360-8159 |
| Scuderi, Grace A        | 161-04 86th St           | Howard Beach    | NY 11414 | 718/845-6980 |
| Sculco, Richard A       | 1453 Wagner St           | Wantagh         | NY 11793 | 516/783-4777 |
| Shea, Brian F           | 222 Wensley Lane         | East Islip      | NY 11730 | 631/581-5504 |
| Shea, Patrick J         | 45 South Middletown Road | Pearl River     | NY 10965 | 845-735-8386 |
| Sidor, Thomas J         | 31 Martling              | Staten island   | NY 10310 | 718-556-5473 |
| Sitter, Jeffery A       | 70 Route 96              | Geneva          | NY 14456 | 315/789-3829 |
| Smith, Lawrence M       | 8587 Woodland Drive      | Leroy           | NY 14482 | 585/344-0367 |
| Smith, Thomas E         | 3848 Stalker Road        | Macedon         | NY 14502 | 585/377-4212 |
| Stark, William S        | 2746 Upper Mountain      | Sanborn         | NY 14132 | 716-731-7115 |
| Stone, Richard E        | 3645 Harris Road         | Ransomville     | NY 14131 | 716/791-3604 |

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| Name                  | Address                      | City & State     | Zip      | Home Phone   |
|-----------------------|------------------------------|------------------|----------|--------------|
| Strumpf, Kevin        | 21 Wayside Lane              | Selden           | NY 11784 | 631/474-4160 |
| Suarez, Edgar         | 89-13 168th Place            | Jamaica          | NY 11432 | 718/262-0624 |
| Summerlin, Jeffrey C  | 379 Old Route 82             | Craryville       | NY 12521 | 518/851-3233 |
| Tanzella, Charles L   | 33 Roberta Dr                | Cortlandt Manor  | NY 10567 | 914/739-0327 |
| Tartaglia, Frank A    | 3111 Dare Pl                 | New York         | NY 10465 | 718-239-1658 |
| Tepas, John H         | 4850 Sawmill Road            | Clarence         | NY 14031 | 716/759-2938 |
| Theisen, Gordon S     | 6843 US Highway 11           | Potsdam          | NY 13676 | 315/265-5871 |
| Vasti, Stephen A      | 18 Hampton Road              | North Massapequa | NY 11758 | 516/731-2778 |
| Villano, Joseph J     | 6402 10th Avenue             | Brooklyn         | NY 11219 | 718-680-5439 |
| Werner, George W      | 336 North Rutherford Avenue  | North Massapequa | NY 11758 | 516/249-1527 |
| Williamson, Thomas H  | 148 N. Tower Hill Rd         | Wassaic          | NY 12592 | 845/677-8895 |
| Witz, Richard M       | 4768 Verplank Rd             | Clay             | NY 13041 | 315/699-9592 |
| Wolf, Theodore C      | 1061 Bunn Hill Rd            | Vestal           | NY 13850 | 607/729-8015 |
| Yates, Jeffrey S      | 3564 Orangeport Road         | Gasport          | NY 14067 | 716/772-7498 |
| Yegerman, Richard     | 130 Laplante Road            | West Chazy       | NY 12992 | 518/493-2794 |
| Yorek, Gerald         | 985 Mark Drive               | North Bellmore   | NY 11710 | 516/783-1198 |
| Zufall, Scott M       | 1161 Willow St               | horseheads       | NY 14845 | 607/735-0337 |
| Barras, Glen A        | 5325 Marengo Circle          | Charlotte        | NC 28216 | 704-398-0521 |
| Benner, Larry         | 311 Smylax Lane              | Wilmington       | NC 28412 | 910/784-9151 |
| Bergenbush, Scott J   | 7301 Bouldercrest Co         | Apex             | NC 27539 | 919-986-9637 |
| Berube, David M       | 125 Kiger Farm Rd            | Winston Salem    | NC 27105 | 336/767-0752 |
| Bonds, Benny D        | 5409 SouthNew Hope Rd        | Belmont          | NC 28012 | 704/829-0088 |
| Bowman, Michael L     | 4157 Griswell Drive          | Concord          | NC 28027 | 704/652-7559 |
| Brower, Christopher M | 913 B South Main St.Box 121  | Kernersville     | NC 27284 | 336/869-8686 |
| Brown, Susan Jan      | 45 Beekeeper Trail           | Swannanoa        | NC 28778 | 828-891-5450 |
| Cain, Kevin A         | 1776 Arbor Grove Chu         | Purlear          | NC 28665 | 336/903-9351 |
| Clough, Billy D       | 155 Brookfield Dr.           | Stokesdale       | NC 27357 | 336-427-3065 |
| Corr, Mark S          | 302 Sherron Rd               | Durham           | NC 27703 | 919/596-0435 |
| Coyle, James A        | 1946 Elmwood Drive           | Gastonia         | NC 28054 | 704/516-2221 |
| Davis, Albert M       | 7233 Kemp Rd                 | Raleigh          | NC 27613 | 919-598-6749 |
| Davis, Robert L       | 2908 Waxhaw IndianTrail Rd S | Waxhaw           | NC 28173 | 704/843-4121 |
| Davis, Tony W         | 187 Raven Pine Cr.           | Wilkesboro       | NC 28697 | 336-973-3639 |
| Delvecchio, Joseph ** | 9820 Blackwell Road SE       | Leland           | NC 28451 | 914/462-6240 |
| DeTombour, Brian K    | 100 Leisure Road             | Hertford         | NC 27944 | 757/223-4865 |
| DiSalvo, David H      | 220 N. Harrison Plac         | Fuquay Varina    | NC 27526 | 704-996-2732 |
| Ehresmann, Harrison M | 7408 Quail Woods Rd          | Wilmington       | NC 28411 | 910-452-0871 |
| Farnsworth, John B    | 2445 Autumn WoodTrail        | Gastonia         | NC 28056 | 704-869-0983 |
| Farrell, Jeffrey Todd | 5508 Deer Hunter Ct.         | Garner           | NC 27529 | 919/662-9852 |
| Foote, Richard D      | 3429 Fortis Lane             | Matthews         | NC 28105 | 704/569-0236 |
| Furches, Brian C      | 5615 Sandhill Drive          | Winston-Salem    | NC 27105 | 336/924-0633 |
| Gaide, Christopher F  | 181 Princeton Ct.            | Advance          | NC 27006 | 336-998-4671 |
| Garris, Robert W      | 581 Hicks Creek Road         | Troutman         | NC 28166 | 704/528-5138 |
| Green Jr, Peter       | 2933 Manor Rd                | Charlotte        | NC 28209 | 704/578-6127 |
| Green, Kyle M         | 21010 Rio Oro Dr.            | Cornelius        | NC 28031 | 704-607-5301 |
| Halterman, Thomas M   | 104 Horsemans Trail          | Franklinton      | NC 27525 | 919/554-9634 |
| Hamm, Michael L       | 228 Stanford RdPMB 159       | Lincolnton       | NC 28092 | 828/310-4170 |
| Henderson, Darrel W   | 7244 Berkshire DownsDrive    | Raleigh          | NC 27616 | 919/875-0515 |
| Hill, John B          | 849 Piney Grove Road         | Deep Run         | NC 28525 | 252-568-2716 |
| Holland, Leland D     | 255 Broom Sage Drive         | Angier           | NC 27501 | 919/894-5245 |
| Inscore, Derek        | 2624 Speedway Rd             | N. Wilkesboro    | NC 28659 | 336/838-7579 |

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| Name                   | Address                      | City & State   | Zip      | Home Phone   |
|------------------------|------------------------------|----------------|----------|--------------|
| Jahn, William H        | 18 Tarragon Place            | Flat Rock      | NC 28731 | 828-694-3785 |
| Jones, Dale E          | 110 W Pettie Shore Drive     | Cofield        | NC 27922 | 252/356-2802 |
| Judge, Bryan J         | 7307 Village Acre Dr         | Whitsett       | NC 27377 | 336-595-6719 |
| Keim, Rick L           | 6053 Wiggins Mill Rd         | Lucama         | NC 27851 | 252/239-0773 |
| Kies, Thomas L         | 585 Ambergate Place          | Concord        | NC 28027 | 704-795-1071 |
| Killian, Kenneth S     | 115 Basswood Terrace         | Wilkesboro     | NC 28697 | 336/973-3885 |
| King, Dennis R         | 144 Starlight Lane           | Maysville      | NC 28555 | 910/743-2031 |
| Klefeker, Gregory H    | 9805 Ten Ten Road            | Raleigh        | NC 27603 | 919/329-7998 |
| Kritzman, Terry D      | 4507 James Crossing Drive    | Jamestown      | NC 27282 | 336/218-8815 |
| Leonard, David J       | 131 J Bell Lane              | Newport        | NC 28570 | 252/393-2014 |
| Leonard, Donald E      | 8460 Sandy Lane              | Rocky Mount    | NC 27803 | 252/977-1434 |
| Lindsey, Tony David    | PO Box 658113 West South     | Littleton      | NC 27870 | 252/586-8086 |
| McLoughlin, Dennis P   | 703 Baby Doe Circle          | Hampstead      | NC 28443 | 910/270-6038 |
| Merkel, Jeff A         | 228 Crimson Orchard          | Moorestville   | NC 28115 | 704-663-6728 |
| Messier, Norman J      | 3218 Mountain Creek          | Sherrills Ford | NC 28673 | 704-489-0573 |
| Midgett, Kevin H       | 10397 Falling Leaf D         | Concord        | NC 28027 | 704/615-1895 |
| Midgett, Robert M      | 10004 Gladwick Ct            | Huntersville   | NC 28078 | 704/895-8652 |
| Monroe, James R        | 211 Falling Creek Dr         | Advance        | NC 27006 | 336-998-9123 |
| Nisbett, Robert G      | 1827 Tarbert Drive           | Cary           | NC 27511 | 919/412-9663 |
| Outen, David R         | 1217 E Franklin St           | Monroe         | NC 28112 | 704/283-2643 |
| Overman, Mark L        | 2355 David Baptist C         | Kings Mountain | NC 28086 | 704-678-6006 |
| Panger, Ronald L       | 5527 Spearmint Drive         | Mint Hill      | NC 28227 | 704-545-3027 |
| Peracca Jr, John L     | 101 Allentown Rd             | Aydlett        | NC 27916 | 252/384-3471 |
| Petty, Claus G         | 2548 McFayden Rd             | Fayetteville   | NC 28306 | 910/484-8909 |
| Piercy, Ralph C        | 310 Mar Joy Drive            | Dunn           | NC 28334 | 910-897-5885 |
| Piszczor, Robert J     | 5200 Swisswood Dr            | Raleigh        | NC 27613 | 919/866-1135 |
| Powell, Timothy H      | 227 OakGroveCloverhill Ch Rd | Lawndale       | NC 28090 | 704/538-3576 |
| Price, Ricky L         | 209 Hughes Plantation Rd     | Pollocksville  | NC 28573 | 252-224-4241 |
| Pruitt, Jeffrey Eugene | 562 Fruitland Rd             | Hendersonville | NC 28792 | 828/685-7401 |
| Rausch Jr, Theodore A  | 119 River Falls              | Sanford        | NC 27332 | 919/774-0602 |
| Richards, Robert O     | 3341 School Rd               | Fayetteville   | NC 28306 | 910/425-8192 |
| Rogers, Joseph E       | 200 Cliffridge               | Winston Salem  | NC 27107 | 336-287-0584 |
| Rook, Charles A        | 513 Jackson Rd               | Mt. Airy       | NC 27030 | 336/786-1086 |
| Shivers, Jeffrey D     | 2715 Ivy Chase Road          | Winterville    | NC 28590 | 252-756-5770 |
| Shivers, William H     | 2001 Carey Court             | Winterville    | NC 28590 | 252-756-1241 |
| Short, Christopher R   | 4261 Yeaton Glen Cir         | Winston Salem  | NC 27107 | 336/788-6636 |
| Stup, Michael E        | 138 Dairy Farm Rd            | Moorestville   | NC 28115 | 704/660-6887 |
| Supernant, James P     | 4549 Millersville Rd         | Taylorsville   | NC 28681 | 828/635-3029 |
| Tallman, Tommy C       | 6611 Patchwork Circle        | Charlotte      | NC 28270 | 246-847-2445 |
| Teumer, Richard S      | 2411 Saguaro Lane            | Kannapolis     | NC 28083 | 704/932-5940 |
| Tilley, Thomas William | 5300 Highway 70              | Mebane         | NC 27302 | 336/403-5331 |
| Vincent, Gary L        | 720 Westland Dr.             | Greensboro     | NC 27410 | 336/299-3255 |
| Ward, Rexel A          | 4137 Appleton Hollow         | Concord        | NC 28027 | 205-485-2847 |
| Wood, Kenneth W        | 2816 White Road              | Wilmington     | NC 27358 | 336-644-0647 |
| Anderson, Steve        | 177 Dakota Street            | Killdeer       | ND 58640 | 701/764-5465 |
| Arnold, Steven A       | 1511 Cottonwood Stre         | Grand Forks    | ND 58201 | 701-772-9508 |
| Galvin, Michael D      | 200 29th Ave SE              | Minot          | ND 58701 | 701/838-4380 |
| Hehr, Jesse J          | 1706 2nd St NE               | Mandan         | ND 58554 | 701/222-0435 |
| Helland, David L       | 610 1st Ave. NW              | Bowman         | ND 58623 | 701/523-3752 |
| Hiemer, Todd A         | 908-76th Ave South           | Fargo          | ND 58104 | 701-234-9302 |

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## Franchisees as of January 1, 2011

| Name                  | Address                       | City & State     | Zip      | Home Phone   |
|-----------------------|-------------------------------|------------------|----------|--------------|
| Pesek, Benjamin J     | 9652 31st Street SE           | Spiritwood       | ND 58481 | 701/646-6807 |
| Vetter, Patrick L     | 7701 Northwood Dr             | Bismarck         | ND 58503 | 701-258-0189 |
| Young, Jon A          | 308 6Th St E                  | W Fargo          | ND 58078 | 701/492-0230 |
| Zietz, Gary C         | 1631 South Main St            | Minot            | ND 58701 | 701/839-3901 |
| Acord, Ronald E       | 6436 Gale Road SW             | Pataskala        | OH 43062 | 740-919-4029 |
| Andres, Verl J        | 6532 Woodbury Dr              | Solon            | OH 44139 | 440/498-0874 |
| Andrews, Thomas P     | 6849 Meadowood Dr             | Medina           | OH 44256 | 440/235-5772 |
| Armbruster, Michael C | 8152 Chesterton Lane          | North Royalton   | OH 44133 | 440/237-5509 |
| Babcock, Max T        | 3760 Belville North Road      | Belville         | OH 44813 | 419/886-3958 |
| Badger, Robert D      | 847 Twp. Road 133P.O.Box 337  | West Salem       | OH 44287 | 419/869-7011 |
| Badger, Ryan D        | 9857 Hiner Road               | Wooster          | OH 44691 | 330/466-4321 |
| Baker, Todd J         | 5054 Jacksontown Road SE      | Newark           | OH 43056 | 740/323-2042 |
| Baldini, Arthur       | 2931 Chautauqua               | Silver Lake      | OH 44224 | 330-686-9295 |
| Banker, David A       | 25485 Nichols Rd              | Columbia Station | OH 44028 | 440/236-3897 |
| Bartley, Gary L       | 12527 ST RTE 28               | Frankfort        | OH 45628 | 740/773-0444 |
| Bruewer, John G       | 9616 Monroe Ave               | Cincinnati       | OH 45242 | 513/793-9526 |
| Caldwell, Matthew W   | 2435 Spore-Brandywine         | Bucyrus          | OH 44820 | 419/562-3594 |
| Cargill, Kurt A       | 1110 Partridge Street         | Wadsworth        | OH 44281 | 216-336-8741 |
| Chiochetti, Thomas J  | 229 Center Street West        | Warren           | OH 44481 | 330/442-2832 |
| Cole, Dustin A        | 8136 Patterson-Halpin Road    | Sidney           | OH 45365 | 937/492-4180 |
| Covault, Randy L      | 1366 River Road               | Sidney           | OH 45365 | 937/778-1175 |
| Cribble, Gary A       | 4315 County Highway           | Ada              | OH 45810 | 419-326-8681 |
| Crider, Michael P     | 10755 State Route 39          | Millersburg      | OH 44654 | 330/889-3121 |
| Dean, Alexander J     | P.O. Box 56                   | Mt. Cory         | OH 45868 | 419/306-9361 |
| Denney, Michael T     | 1850 Oakland Hills Court      | Springboro       | OH 45066 | 937/748-3584 |
| Dixon, William J      | 14016 Douglas Lane Road       | Centerburg       | OH 43011 | 740-892-0007 |
| Donough, Gregory A    | 5468 Plymouth Springmill Road | Shelby           | OH 44875 | 419-347-2377 |
| Drake, Nicholas T     | 58 Page Road                  | Chillicothe      | OH 45601 | 740-775-0335 |
| Earnest, Mark T       | 14711 Hatfield Rd             | Rittman          | OH 44270 | 330/336-9444 |
| Ehrhard, Robert R     | 6573 Smith Rd                 | Loveland         | OH 45140 | 513-575-4432 |
| Evans, Stephen A      | Po Box 947                    | Middlefield      | OH 44062 | 440-632-1776 |
| Fletcher, Robert D    | 3236 Wilson Rd                | Sunbury          | OH 43074 | 740-965-6733 |
| Frank, Jeff A         | 14602 Powell Rd               | Portage          | OH 43451 | 419/686-8371 |
| Franklin, Paul M      | 254 Hearthstone Dr            | Delaware         | OH 43015 | 740/363-2908 |
| Freeman, Charles C    | 56 Page Rd                    | Chillicothe      | OH 45601 | 740-773-2027 |
| Geissler, Jonathan E  | 883 Gearhardt Ln              | Troy             | OH 45373 | 937/339-1070 |
| Grafft, Roger D       | 6274 Hedgerow Drive           | West Chester     | OH 45069 | 513-779-0484 |
| Graham, Jeffrey L     | 505 Oliver Court              | Cincinnati       | OH 45215 | 513-821-8381 |
| Gramberg, Eric J      | 4030 Call Rd                  | Perry            | OH 44081 | 440-259-8099 |
| Green, Martin R       | 9005 Blade Rd N W             | Malvern          | OH 44644 | 330/863-2821 |
| Gunsel, Joseph S      | 4408 Yorkshire Rd             | Parma            | OH 44134 | 440/886-5743 |
| Hall, Jeffrey S       | 1167 County Road 500          | Nova             | OH 44859 | 419/962-4028 |
| Hamilton, Derrick A   | 1435 Co. Rd. 1008             | Ashland          | OH 44805 | 419-685-3966 |
| Harris, Bradley A     | 2852 Maplewood Ave            | Springfield      | OH 45505 | 937/325-0550 |
| Hayashi, Glenn D      | 724 Pendley Rd                | Willowick        | OH 44095 | 440/944-0015 |
| Hedrick, Jeff F       | 7671 Godfrey Circle           | Reynoldsburg     | OH 43068 | 614/863-2889 |
| Hirt, Thomas E        | 1740 Wonderlick Rd            | Lima             | OH 45805 | 419/999-6479 |
| Hovis, Shane C        | 11575 Taylor Road             | Plain City       | OH 43064 | 614-288-8290 |
| Hughes, Joshua B      | 9103 Nichols Lane Rd          | Johnstown        | OH 43031 | 614/798-8486 |
| Hyre, Ronald E        | 2229 8th Street               | Cuyahoga Falls   | OH 44221 | 330-618-6008 |

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## Franchisees as of January 1, 2011

| Name                 | Address                     | City & State | Zip      | Home Phone   |
|----------------------|-----------------------------|--------------|----------|--------------|
| Iaroli,Christian L   | 17827 Gauche Road           | Williamsburg | OH 45176 | 937/444-2722 |
| Ison,Mark L          | 4720 Charleston Aven        | Lorain       | OH 44055 | 440-225-0293 |
| James,Steven R       | 28 Weidner Lane             | Centerville  | OH 45458 | 937-689-2774 |
| Jewett,Edward J      | 479 Footville-Richmond Road | Jefferson    | OH 44047 | 440/576-4549 |
| Jones,John Marc      | 6684 Creamer Rd             | Orient       | OH 43146 | 614/877-7311 |
| Kidd,Michael V       | 4864 St Rt 534              | Rome         | OH 44085 | 440-474-9744 |
| Kiefer,Rodney D      | 145 Grandview Drive         | Wintersville | OH 43953 | 740-264-0337 |
| King,Charles L       | 3278 Montego St. NE         | Hartville    | OH 44632 | 330-587-4333 |
| Kinter,John R        | 22551 Hawley Road           | Wellington   | OH 44090 | 440-647-2545 |
| Koehler,Tracy L      | 449 Crestview Dr            | Lebanon      | OH 45036 | 513/933-0862 |
| Kohn,James           | Po Box 62Nine W Cross       | Potsdam      | OH 45361 | 937/947-1010 |
| LaSota,Robert W      | 1884 Berwick Ct             | Columbus     | OH 43015 | 740-971-4901 |
| Lehrer,Timothy A     | P.O. Box 516                | Huron        | OH 44839 | 419/433-3969 |
| Loze Jr,Nick R       | 4932 South Turner Rd        | Canfield     | OH 44406 | 330/533-8245 |
| Luzius,Kurt M        | 8095 Carriage HillsDrive    | Concord      | OH 44060 | 440-947-6047 |
| McGregor,Curtis E    | 115 Holiday Dr              | Marietta     | OH 45750 | 740/374-8515 |
| McLean,Joseph D      | 739 16th St NE              | Massillon    | OH 44646 | 330-832-0113 |
| Michael,David W      | 6320 Carriageview Ln        | Cincinnati   | OH 45248 | 513/598-6602 |
| Minnick,James A      | 627 Dorchester Drive        | Hubbard      | OH 44425 | 330/534-8535 |
| Mitchell,Micky S     | 2599 Hartland Ctr Rd        | Collins      | OH 44826 | 419/663-2295 |
| Morgan,Christopher D | 54 N 40th Street            | Newark       | OH 43055 | 740-344-7583 |
| Morton,Philip I      | 7187 Preble County L        | Germantown   | OH 45327 | 937/272-1538 |
| Moseman,Michael S    | 2454 Hoose Drive            | Grove City   | OH 43123 | 614-878-0173 |
| Murray,John M        | 1560 Rt 307 W               | Jefferson    | OH 44047 | 440/576-4467 |
| Notman,Thomas N      | 7259 Chestnut Ridge         | Hubbard      | OH 44425 | 330/534-9233 |
| Null,Kenneth W       | 12331 Twp. Rd. 40           | Findlay      | OH 45840 | 419-365-5846 |
| Parker,John J        | 1075 Larkens Way            | Medina       | OH 44256 | 330-466-4665 |
| Perchinske,James R   | 5016 Barlow Dr.             | Brunswick    | OH 44212 | 330-220-2786 |
| Pickard,Jeffrey A    | 9129 Nichols Ln             | Johnstown    | OH 43031 | 740-967-0858 |
| Poole,Douglas B      | 4884 State Rt. 39           | Dover        | OH 44622 | 330/343-7807 |
| Printz,Dale          | 1065 West St Rt 571         | Tipp City    | OH 45371 | 937/667-8616 |
| Puglisi,Joe          | 14142 Hatfield Rd           | Rittman      | OH 44270 | 330/760-1463 |
| Ransick,Joseph       | 7092 WillowdaleDrive        | Cincinnati   | OH 45248 | 513/574-9128 |
| Rauvola,Michael A    | 1920 Union Ave SE           | Minerva      | OH 44657 | 330/868-3617 |
| Reasoner,Mark P      | 2239 Holt Road              | Grove City   | OH 43123 | 614/853-9478 |
| Reaume,Ronald J      | 2689 Genoa Rd               | Perrysburg   | OH 43551 | 419/837-2074 |
| Roberts,Matthew T    | 7295 Bear Road              | Amsterdam    | OH 43903 | 740-543-1178 |
| Ross,Brian S         | 191 Auta Ave                | Hamden       | OH 45634 | 740-384-4908 |
| Rudy,Timothy Michael | 2817 Progress ParkDrive     | Stow         | OH 44224 | 330/678-1617 |
| Santel,Robert        | 4471 Boardwalk Court        | Cincinnati   | OH 45242 | 513/891-4240 |
| Saunders,Jeremiah W  | 8196 W Fenner Rd            | Ludlow Falls | OH 45339 | 937/698-3801 |
| Schneider,Timothy J  | 16599 Southland Rd          | Botkins      | OH 45306 | 937/693-3249 |
| Scott,David H        | 10708 Prov-Neap-Swan Rd     | Grand Rapids | OH 43522 | 419/832-7018 |
| Smith,David W        | 5642 Bucktown Rd            | Williamsburg | OH 45176 | 513/625-0679 |
| Smith,Gary D         | 2908 Massillon Rd           | Akron        | OH 44312 | 330/644-0749 |
| Stahl,Kevin B        | 1453 Glenn Abbey Dr         | Kettering    | OH 45420 | 937/293-3408 |
| Stall,Gerald         | 310 Pearl Street            | Reading      | OH 45215 | 513/769-4080 |
| Stark,Alex J         | 10420 Veler Road            | Curtice      | OH 43412 | 419-351-7152 |
| Steinmiller,Adam R   | 19580 W MartinMoline        | Martin       | OH 43445 | 419/862-3821 |
| Stevens,Wesley A     | 468 Township Road 19        | Centerburg   | OH 43011 | 740-625-5015 |
| Szczepinski,Allan C  | 13418 Hickory Street        | Chesterland  | OH 44026 | 440-729-5248 |
| Tanner,Scott A       | 2743 East Powell Roa        | Lewis Center | OH 43035 | 614-989-6384 |

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| Name                   | Address                    | City & State  | Zip      | Home Phone   |
|------------------------|----------------------------|---------------|----------|--------------|
| Tirak,Rich J           | 15035 Regents Way          | Hambden       | OH 44024 | 440/463-8882 |
| Tyrrell,Mark E         | 27723 Hoffman Rd           | Defiance      | OH 43512 | 419/395-2437 |
| Ulrich,Amory A         | 5495 Jaycox Rd             | N Ridgeville  | OH 44039 | 440/327-6481 |
| Vonholten,James W      | 7360 Harriott Road         | Dublin        | OH 43017 | 614/271-0726 |
| Welch,Gregory D        | 1579 Dock Road             | Madison       | OH 44057 | 440-413-4991 |
| Whittenberger,Robert S | 4271 FairfieldSchool Rd    | Leetonia      | OH 44431 | 330/482-2799 |
| Wilson,Timothy L       | 14767 Morse Rd SW          | Pataskala     | OH 43062 | 740-964-6277 |
| Winkle,James R         | 1300 Old Trail Rd.         | Maumee        | OH 43537 | 419-893-5009 |
| Winter,Edward A        | 4169 Wood Rd               | Madison       | OH 44057 | 440-428-2634 |
| Wolfe,Paul A           | 119 Fairview AvePO Box 145 | New Madison   | OH 45346 | 937/996-4931 |
| Woolum,David W         | 1813 FranklinMeadows       | New Richmond  | OH 45157 | 513-553-0881 |
| Ames,Travis D          | PO Box 12                  | Wheatland     | OK 73097 | 405/261-0337 |
| Balkenbusch,Bart J     | 2319 South Florence        | Tulsa         | OK 74114 | 918-847-8462 |
| Baxley,Mark K          | 4061 County Road 146       | Ada           | OK 74820 | 580-759-3545 |
| Brown,Nathan F         | Rte 2 Box 77               | Hennessey     | OK 73742 | 405/853-2798 |
| Bullock,Matthew D      | Rt 1, Box 210N             | Duncan        | OK 73533 | 405/614-2522 |
| Burkett,John S         | 9600 96th St               | Lexington     | OK 73051 | 405/872-8373 |
| Claybaugh,John E       | 201 Richland RdS.W.        | Piedmont      | OK 73078 | 405-373-4431 |
| Claybaugh,Richard R    | 1323 So 76th E Ave         | Tulsa         | OK 74112 | 918/838-8354 |
| Cochran,Rickey T       | 2201 N Henney Rd           | Choctaw       | OK 73020 | 405-396-2858 |
| Cook,Brett Alan        | 720 CR 1350                | Chickasha     | OK 73018 | 405/222-0321 |
| Cook,Timothy J         | 100 Todd Estates           | Chickasha     | OK 73018 | 405/224-8001 |
| Crawford,Donnie R      | 1212 S 173rd E Ave         | Tulsa         | OK 74108 | 918/234-7226 |
| Croisant,Jackye L      | 3217 48th Street           | Woodward      | OK 73801 | 580-256-1210 |
| Davis,Mark S           | 13020 State Highway        | Ada           | OK 74820 | 580-421-7890 |
| Davisson,Bob Joe       | 210 California             | North Enid    | OK 73701 | 580-234-5380 |
| Day,Mark D             | 1300 N. MacArthur Av       | Blanchard     | OK 73010 | 405-485-3358 |
| Etzkorn,Charles E      | 8977 E 16th Street         | Tulsa         | OK 74112 | 918-671-4783 |
| Gale,James W           | 2304 Robinwood Place       | Shawnee       | OK 74801 | 405/275-4179 |
| Gale,Robin A           | 2304 Robinwood Place       | Shawnee       | OK 74801 | 405-275-4179 |
| Galloway,Wendell L     | 7218 N.W. Lawton Ave       | Lawton        | OK 73505 | 580-536-7248 |
| Gregory,Joe D          | Box 241                    | Heavener      | OK 74937 | 918/653-2703 |
| Hanneld,Kevin Lee      | 10301 Katyline Ct          | Yukon         | OK 73099 | 405-720-7673 |
| Hauck,Eddy A           | 35 SW 97th                 | Oklahoma City | OK 73139 | 405/799-4168 |
| Heiliger,Mark P        | 12170 S. Mesa Road         | Sapulpa       | OK 74066 | 405-612-0158 |
| Hickman,Danny K        | 320 S Habben Way           | Edmond        | OK 73034 | 405/341-8723 |
| Johnson,David D        | 2129 N Beard Street        | Shawnee       | OK 74804 | 405-517-1031 |
| Jones,Tory D           | 2014 Spencer Drive         | Harrah        | OK 73045 | 405-454-6751 |
| Kidwell Jr,Kenneth G   | 19381 East 430 Road        | Claremore     | OK 74017 | 918/343-2161 |
| King,Brian D           | 9328 S. 190th East A       | Broken Arrow  | OK 74012 | 918-455-8338 |
| Koch,Keith Allen       | 1707 W Avenue B            | Elk City      | OK 73644 | 580/225-6307 |
| Laplante,Kevin R       | 15926 County Rd 3535       | Ada           | OK 74820 | 580-332-0808 |
| Laskey,Ronald L        | 3124 E 84th Street         | Tulsa         | OK 74137 | 918-488-8121 |
| McKaughan,Cary Jim     | 7333 E Ridgeview Way       | Claremore     | OK 74017 | 918/266-5227 |
| Melton,David W         | 520 South St. Paul         | Midwest City  | OK 73130 | 405/732-3279 |
| Mudd,Christopher A     | 1216 Princeton             | Ponca City    | OK 74601 | 580/762-0221 |
| Norris,Wesley J        | 12541 East 38th Stre       | Tulsa         | OK 74146 | 918-828-7746 |
| Olinger,Charles D      | PO Box 747                 | Ada           | OK 74820 | 580-332-4012 |
| Ramsey,Justin A        | 4403 Buckhorn Lane         | El Reno       | OK 73036 | 405/265-2643 |
| Richardson,Harley E    | 910 7th Street             | Snyder        | OK 73566 | 580/568-4235 |

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| Name                   | Address                           | City & State  | Zip      | Home Phone   |
|------------------------|-----------------------------------|---------------|----------|--------------|
| Rogers,Chalis W        | 309 West Lincoln                  | Corn          | OK 73024 | 580-330-2046 |
| Saum,Ryan T            | 144 SE 26th St.                   | Moore         | OK 73160 | 405-735-3271 |
| Scott,Brian W          | Rt 3 Box 32AC                     | Guymon        | OK 73942 | 580-338-8071 |
| Stephens,Scott A       | 1260 E. Rock Creek R              | Tuttle        | OK 73089 | 405-381-4447 |
| Terry,Rodney D         | 1112 E. North LakeView Ln.        | Mustang       | OK 73064 | 405/256-0616 |
| Thompson,Christopher P | 904 Crestview                     | Ada           | OK 74820 | 580-559-9656 |
| Tucker,Chad E          | 502 E Beck Drive                  | Pawnee        | OK 74058 | 405-880-7320 |
| Webb,Johnny D          | Rt 4 Box1-2                       | Broken Bow    | OK 74728 | 580/584-6467 |
| White,Daniel           | 3628 E 102nd Street               | Tulsa         | OK 74137 | 918/296-9777 |
| Williams,Larry E       | 5101 NE Dearborn                  | Lawton        | OK 73507 | 580/250-0243 |
| Wride,Frank            | 10801 Katy Line Dr                | Yukon         | OK 73099 | 405-720-8953 |
|                        |                                   |               |          |              |
| Ahlgren,Gordon V       | 421 SW 6th Ave                    | Canby         | OR 97013 | 503/263-3291 |
| Baird,Eric L           | 5836 S.E. Harrison                | Milwaukie     | OR 97222 | 503-786-9226 |
| Bamrick,Daniel R       | 1335 2nd Street                   | Columbia City | OR 98018 | 503-459-7988 |
| Beckers,Richard John   | 13577 SW 74th                     | Tigard        | OR 97223 | 503/620-5880 |
| Brandt,Allan M         | PO Box 3467                       | Bay City      | OR 97107 | 503-377-2565 |
| Brown,Howard L         | 2353 N W 11 Mile Ave              | Gresham       | OR 97030 | 503-789-9732 |
| Butts,Gary L           | 44206 SE WarrinerRoad             | Corbett       | OR 97019 | 503-695-2807 |
| Cannoy,Dustin M        | 5050 7th Ave                      | Keizer        | OR 97303 | 503/881-4687 |
| Canon,Don W            | PO Box 558                        | Gold Hill     | OR 97525 | 541/826-6119 |
| Clayton,Douglas C      | 16600 SE StoneybrookCt            | Clackamas     | OR 97015 | 503/658-4730 |
| Curtis,Shawn A         | 377 Cherokee Ave                  | Roseburg      | OR 97470 | 541/580-0402 |
| Daniels,Ryan J         | 28791 Liberty Road                | Sweet Home    | OR 97386 | 541/367-4080 |
| Dixon,Daniel W         | 4175 Sunbeam Court S              | Salem         | OR 97302 | 503-581-7731 |
| Ehlers,Gerald J        | 1235 Cedar Ridge Dr               | Eugene        | OR 97401 | 541/344-4103 |
| Eichenberger,Dana M    | 1325 SE 66th Avenue               | Hillsboro     | OR 97123 | 503-591-1050 |
| Eldridge,Kevin L       | 1400 NW Chardonnay D              | McMinnville   | OR 97128 | 503-883-9057 |
| Hager,Frank L          | 1533 HWY. 20/26                   | Vale          | OR 97918 | 541-473-2656 |
| Hegge,Ky R             | 12622 Joseph Way                  | Oregon City   | OR 97045 | 503-518-0935 |
| Hess,Ty Buck           | PO Box 92415549 Lily Field Ln     | Brookings     | OR 97415 | 541/469-3243 |
| Hines,Shane S          | 2540 Mill Creek Dr                | Prospect      | OR 97536 | 541/560-3802 |
| Houston,Tyler S        | 9930 SE 99th Court                | Happy Valley  | OR 97086 | 503/777-6352 |
| Hubert,Mark R          | 35632 Oakville Rd                 | Albany        | OR 97321 | 541/928-2003 |
| Ihde,Michael E         | 182 NE Azalea Dr                  | Adair Village | OR 97330 | 541/745-5302 |
| Jackson,Robert B       | 2380 NW Quinn Creek               | Bend          | OR 97701 | 541/322-9760 |
| Kappa,Samuel J         | P.O. Box 156                      | North Bend    | OR 97459 | 541/260-5522 |
| Lease,Scott R          | 67038 Hunter Road                 | Summerville   | OR 97876 | 541/534-5390 |
| Martin,Travis W        | 825 Stephanie Court               | Newberg       | OR 97132 | 503/380-4452 |
| Morrison,Bill          | 1915 Sunset Drive                 | Pendleton     | OR 97801 | 541/276-5264 |
| O'Neil,Bryan E         | 863 Anderson Lane                 | Springfield   | OR 97477 | 541-744-2027 |
| Padilla,Michael R      | 7735 SW Norse Hall R              | Tualatin      | OR 97062 | 503-969-9308 |
| Pitts,Joel S           | 202 Sky Way                       | Grants Pass   | OR 97527 | 541/476-8148 |
| Porter,Randall W       | 15100 SE Anderson Rd              | Damascus      | OR 97089 | 503/658-6335 |
| Pritchard,Gerald R     | 12518 NE Airport WaySuite 148-172 | Portland      | OR 97230 | 503/650-6591 |
| Robinson,David A       | 2819 Hanover Circle               | Medford       | OR 97504 | 541/773-1897 |
| Schiltz,David C        | 6031 Latour Ln                    | Eugene        | OR 97402 | 541-895-3308 |
| Schultz,Terry P        | 785 SE 60th Ave                   | Hillsboro     | OR 97123 | 503/848-7321 |
| Smith,Kelly L          | 28425 Parkdale Rd.                | Rainier       | OR 97048 | 503/556-1286 |
| Smith,Robert H         | 8951 S Grizzly BearCt             | Canby         | OR 97013 | 503-651-3876 |
| Stagnoli,Maurizio      | 2155 S. 5th Street                | Lebanon       | OR 97335 | 541/451-4072 |

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| Name                    | Address                 | City & State     | Zip      | Home Phone   |
|-------------------------|-------------------------|------------------|----------|--------------|
| Stockfleth, Clint S     | 23203 South Redland     | Estacada         | OR 97023 | 503-705-6023 |
| Stringer, Travis R      | PO Box 1118             | Klamath Falls    | OR 97601 | 541/884-6055 |
| Wright, Eugene H        | 2522 NE 2nd Avenue      | Bend             | OR 97701 | 541/548-3058 |
| Ailes, Stephen          | 210 Fox Tail Court      | Gilbertsville    | PA 19525 | 267/688-8790 |
| Amen, Richard M         | 131 Windsor Dr          | Irwin            | PA 15642 | 724-864-4519 |
| Anderson, Russell S     | 3836 Greenfield Road    | Allison Park     | PA 15101 | 412-486-1592 |
| Baker, Jay A            | 141 Hickory Lane        | Bedford          | PA 15522 | 814/847-7762 |
| Barbour, Scott G        | 307 Pleasant Valley     | Bulger           | PA 15019 | 412-914-0162 |
| Bartnicki, Steven       | 1703 Waterglen Lane     | West Chester     | PA 19382 | 610/793-3947 |
| Beecher, Bradley M      | 7689 Scenic Drive       | Shippensburg     | PA 17257 | 717-790-5562 |
| Benedetto, Steven       | 103 Hunter Road         | Plymouth Meeting | PA 19462 | 610/825-7005 |
| Bitens Jr, Adolph V     | 60 Spruce Hollow Rd     | Homer City       | PA 15748 | 724-479-0966 |
| Boccelli, Brian J       | 2165 Meadowview Driv    | Jamison          | PA 18929 | 215/343-5560 |
| Boll, Donald E          | 115 Royer Road          | Ephrata          | PA 17522 | 717/859-3192 |
| Bottorf, Curtis W       | 218 Cornerstone Dr      | Blandon          | PA 19510 | 610/926-7818 |
| Bowman, Bill            | 167 Naftzingertown Road | Mohrsville       | PA 19541 | 610/488-6254 |
| Boyer, Joel Scott       | 51 School Lane          | Robesonia        | PA 19551 | 610/488-0373 |
| Bradley, James D        | 14459 Coleman Road      | Meadville        | PA 16335 | 814-724-1012 |
| Breining, Troy W        | 105 West 7th Avenue     | Conshohocken     | PA 19428 | 610-223-1219 |
| Breylinger, Dennis G    | 4435 Bethel Road        | Boothwyn         | PA 19061 | 302/239-2173 |
| Briggs, Graham A        | 107 Clearview Dr.       | Downington       | PA 19335 | 610/269-6203 |
| Brown, Allen J          | 645 Solomon Temple Rd   | Latrobe          | PA 15650 | 724/532-2929 |
| Brown, Kevin            | 135 N Orchard View D    | Hanover          | PA 17331 | 717-630-9794 |
| Brown, Michael R        | 4462 Woodcrest Drive    | Elizabethtown    | PA 17022 | 717/948-0800 |
| Brown, Richard J        | 4098 Greenridge Dr.     | Verona           | PA 15147 | 412/704-5564 |
| Bult, Randi Christopher | 3755 E Main St          | Slatington       | PA 18080 | 610/767-1084 |
| Butler, Wesley D        | 4348 Lafayette Rd       | Roaring Spring   | PA 16673 | 814/224-1504 |
| Cesmegi, Douglas A      | 602 S Main Street       | Perkasie         | PA 18944 | 215-989-3046 |
| Ciccone, John R         | 1576 Heebner Way        | Lansdale         | PA 19446 | 215/855-0445 |
| Clark, John W           | 142 Greshville Rd.      | Boyertown        | PA 19512 | 610/367-2910 |
| Collina, Anthony N      | 383 N Penn Dixie Rd     | Bath             | PA 18014 | 610/759-4277 |
| Davis, Brandon M        | 8991 Route 25           | Spring Glen      | PA 17978 | 717-265-3090 |
| Davis, Chad A           | 72 Hoover Rd            | Carlisle         | PA 17015 | 717/241-4298 |
| Dawson, Brian S **      | 104 Ketchum Drive       | Canonsburg       | PA 15317 | 864/314-3232 |
| Dawson, Shane S         | 416 Main Street         | Red Hill         | PA 18076 | 215/679-9197 |
| DePrato, David S        | 719 Crystal Street      | Peckville        | PA 18452 | 570/489-2594 |
| Decker, Ronald W        | 1423 Forestdale Circ    | Jamison          | PA 18929 | 215-491-1289 |
| Deery, Jacob R          | 11 Farm Lane            | Lititz           | PA 17543 | 717-625-0177 |
| DiSalvo, Francis C      | RR 7 Box 7741-B         | Stroudsburg      | PA 18360 | 570/476-4572 |
| Dion, Todd J            | 2335 Angel Drive        | Gilbertsville    | PA 19525 | 215/860-4695 |
| Donat, Dennis L         | 413 Wanoka Road         | Honesdale        | PA 18431 | 570-253-2100 |
| Dopkosky, Joseph M      | 802 Cedar Street        | Irwin            | PA 15642 | 724-515-7233 |
| Duckworth, Randy        | 506 Grandview Street    | Clarks Summit    | PA 18411 | 570-587-0432 |
| Dumont, David B         | 1124 Yankee Drive       | Downingtown      | PA 19335 | 610-873-8416 |
| Dunleavy, Timothy L     | 2069 Reservoir Dr       | Middletown       | PA 17057 | 717/944-1562 |
| Eismont, Erik           | 2626 Campbell Circle    | West Mifflin     | PA 15122 | 412/469-1575 |
| Favinger, Mark Thomas   | 1062 Forrest Rd         | Westchester      | PA 19382 | 610-793-6622 |
| Ference, Paul E         | 319 Lindsey Road        | Zelienople       | PA 16063 | 724/452-4418 |
| Ford, William           | 402 Rose Road           | Ligonier         | PA 15658 | 724-238-2605 |
| Gill, Rex A             | 65 Clearfield Drive     | Winfield         | PA 17889 | 570-274-6303 |

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## Franchisees as of January 1, 2011

| Name                   | Address                | City & State     | Zip      | Home Phone   |
|------------------------|------------------------|------------------|----------|--------------|
| Gimbel, William C      | 1233 Spencer Road      | Ivyland          | PA 18974 | 215-355-7251 |
| Gipe, Troy W           | 804 Lindia Drive       | Chambersburg     | PA 17202 | 717-377-2250 |
| Goodling, Rodney L     | PO BOX 117             | Wellsville       | PA 17365 | 717/502-0534 |
| Harvey, Ronald W       | 106 Manor View Dr.     | Manor            | PA 15665 | 412-401-8863 |
| Hearing, James R       | 506 Haven Ct           | Sellersville     | PA 18960 | 215-257-0594 |
| Hearl, Carrie M        | RR #2, Box 137A        | Falls            | PA 18615 | 570/586-7377 |
| Hearl, John L          | RR2, Box 137A          | Falls            | PA 18615 | 570-604-2688 |
| Henry, Derreck E       | 405 Heiser's Lane      | Carlisle         | PA 17013 | 717/243-8415 |
| Hesser, Mark D         | 141 Towhill Road       | Port Matilda     | PA 16870 | 814/692-5241 |
| Hessinger, Frederick W | 2360 Dorn Rd           | Waterford        | PA 16441 | 814-868-4096 |
| Hiller, David A        | Rd #2 Box 2152         | Nicholson        | PA 18446 | 570/945-5140 |
| Hines III, John A      | 1810 Chinquapin Road   | Churchville      | PA 18966 | 215/364-1614 |
| Hoffman, Stephen J     | 353 North 4th Street   | Lehighton        | PA 18235 | 610-377-4950 |
| Hopp, Gregory M        | 2126 Brushwood Dr.     | State College    | PA 16801 | 718/956-8825 |
| Hughes, Richard W      | 965 Saint Davids Rd    | Williamsport     | PA 17701 | 570-322-3823 |
| Hurley, Brian T        | 1515 Eagle Ridge Dr    | Downingtown      | PA 19335 | 610-410-7209 |
| Jackson, Barry N       | 6730 Walnut Creek Dr   | Fairview         | PA 16415 | 814-474-5010 |
| Jewell, Brandon R      | 700 Brainerd Road      | Exton            | PA 19341 | 484-879-6589 |
| Johnston, Judy A       | 149 Hidden Hill Rd.    | Sarver           | PA 16055 | 724/224-1901 |
| Jones, Mark D          | 202 Limestone Drive    | Bellefonte       | PA 16823 | 814-880-8698 |
| Kaltsas, Vasilios H    | 180 Sugar Street       | Bethany          | PA 18431 | 570-253-2578 |
| Kennedy, Brian W       | 718 Lily Road          | Warminster       | PA 19335 | 267/716-0333 |
| Kepler, Bradley L      | 1295 Turvot Avenue     | Watsonstown      | PA 17777 | 570-538-9274 |
| Killmer, Ronald R      | P.O. Box 2202          | Albrightsville   | PA 18210 | 570-722-1473 |
| Kimball, Karl          | 11 Covenant Court      | Doylestown       | PA 18902 | 215/297-8418 |
| Kirk, Brendan J        | 2771 Mount Carmel Ave. | Glenside         | PA 19038 | 215/886-2964 |
| Kissinger, Douglas A   | 4 Bingaman Rd          | Reading          | PA 19606 | 610/929-2149 |
| Kozak, John K          | 220 Spohn Rd           | Reading          | PA 19608 | 610/927-1505 |
| Kunkle, Ryan C         | 509 Deer Run Road      | Lititz           | PA 17543 | 717-989-2638 |
| Kutchner, Michael J    | 133 Villandry Blvd     | State College    | PA 16801 | 814/234-0846 |
| Landis, Jeffery R      | 405 Doe Run Rd         | Manhiem          | PA 17545 | 717/664-3320 |
| Liney, Patrick         | 2673 Mill Road         | Jamison          | PA 18929 | 215-669-0938 |
| Loranzo, Jonathan A    | 2747 Steinruck Road    | Elizabethtown    | PA 17022 | 717/361-2300 |
| Luckenbill, Robert L   | 3251 Mountain Rd       | Hamburg          | PA 19526 | 610/488-9369 |
| Maluda Jr, John G      | P.O. Box 65            | East Stroudsburg | PA 18301 | 601/681-3784 |
| Markulics, Paul J      | 938 Gapview Rd         | Nazareth         | PA 18064 | 610/588-1843 |
| Martin, Leroy E        | 5140 Primrose Ln       | New Holland      | PA 17557 | 717/355-2535 |
| Matiasic, Steve M      | 205 Timber Drive       | Trafford         | PA 15085 | 412/889-0842 |
| McAlla, Bradley J      | 471 Airport Rd-PO Bo   | Clifford         | PA 18413 | 570/222-2080 |
| McDade, Billy P        | 2647 Briana Drive      | Pottstown        | PA 19464 | 610-323-4924 |
| McGregor, Patrick A    | 12280 Blue Moutain Ave | Waynesboro       | PA 17268 | 717/765-8314 |
| Meenan, Frank          | 1570 Franklin Rd       | Langhorne        | PA 19047 | 215/860-8627 |
| Meyer, Stephen L       | 1142 Park Drive        | Palmyra          | PA 17078 | 717/838-9263 |
| Moore, Leslie D        | 4834 Ott Drive         | Bangor           | PA 18013 | 610/588-4734 |
| Moran, Michael D       | 3 Pennview Drive       | West Grove       | PA 19390 | 610/869-3598 |
| Morgera, Mark          | 4 Spring Street        | Media            | PA 19063 | 610-566-7883 |
| Moyer Jr, Jack E       | 1410 Brinkerton Rd     | Greensburg       | PA 15601 | 724/834-1523 |
| Muldowney, Joseph M    | 508 Crickett Avenue    | North Hills      | PA 19038 | 215/885-7995 |
| Mull, Daniel L         | 252 Flourtown Rd       | Lafayette Hill   | PA 19444 | 484-868-0028 |
| Murray, Michael J      | 733 Germantown Ave     | Lafayette Hill   | PA 19444 | 215/836-0915 |
| Murtha, Thomas E       | 1037 Riviera Road      | Warminster       | PA 18974 | 215-672-6141 |
| Myers, Timothy E       | 532 South Center Str   | Grove City       | PA 16127 | 724-458-4196 |

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| Name                     | Address              | City & State  | Zip      | Home Phone   |
|--------------------------|----------------------|---------------|----------|--------------|
| Nuzzo, William F         | 1592 Arona Road      | Irwin         | PA 15642 | 724-864-1893 |
| O'Leary, Terry           | 1815 Richhill Road   | Feasterville  | PA 19047 | 215/357-0559 |
| O'Neill Jr, David L      | 2675 Clearview Road  | Coplay        | PA 18037 | 610/799-4210 |
| Olexa, Joseph P          | 18 Stewart Street    | Smithfield    | PA 15478 | 724-569-9348 |
| Oravic, Michael J        | 2575 Tiffany Lane    | Harrisburg    | PA 17112 | 717-651-1150 |
| Orme, Michael W          | 1144 Colonial Ave.   | Abington      | PA 19001 | 215-884-7358 |
| Pane, Joseph M           | 493 Morgan Ct        | Holland       | PA 18966 | 215-860-2272 |
| Pearson, Jason M         | 319 Little Hill      | Lancaster     | PA 17602 | 717-392-4832 |
| Phillips, Daniel M       | 826 Adeline St       | Springdale    | PA 15144 | 724-275-2125 |
| Plance, Douglas Paul     | 4960 Mamont Rd       | Murrysville   | PA 15668 | 724/325-4544 |
| Ratiu, Gregory G         | 23 Vassar Drive      | Quakertown    | PA 18951 | 215/529-9589 |
| Raymond, Eugene J        | 294 Pine Hill Rd     | Andreas       | PA 18211 | 570/386-4575 |
| Reefer, Michael E        | 1047 Craig Run Road  | Avonmore      | PA 15618 | 724/478-3389 |
| Reilley III, John T      | 1330 Ferry Road      | Doylestown    | PA 18901 | 215/348-5451 |
| Renish, Joseph           | 1711 5Th Ave.        | Folsom        | PA 19033 | 610-461-0668 |
| Richardson, Jeffery L    | 554 Harold Avenue    | Johnstown     | PA 15906 | 814-269-2142 |
| Rising, William M        | 125 Fair Road        | Indiana       | PA 15701 | 724/840-3652 |
| Roberts, Allen M         | 375 Callowhill Road  | Chalfont      | PA 18914 | 215/822-7335 |
| Roupas, Chris            | 801 Saint Francis Dr | Broomall      | PA 19008 | 610/842-5955 |
| Rupp, Clinton J          | 122A Oakwood Lane    | Shippensburg  | PA 16254 | 814-229-6831 |
| Sambuchino, Marc         | 5423 Patton Street   | Erie          | PA 16509 | 814/866-0250 |
| Sanzi, Gary B            | 58 Quality Road      | Lattimer      | PA 18234 | 570/459-3445 |
| Scharff, Jeffrey Anthony | 2575 Allentown Road  | Quaker Town   | PA 18951 | 215/529-0601 |
| Schober, Robert G        | 104 Security Dr      | Washington    | PA 15301 | 724/228-3665 |
| Sedorchuk, Roman R       | 65 Cherokee Drive    | Shickshinny   | PA 18655 | 570/256-0101 |
| Segal, David             | 666 Meadobrooke Ave  | Ambler        | PA 19002 | 215/641-0174 |
| Serbak, Matthew P        | 255 East Grant St    | Houston       | PA 15342 | 724/746-7136 |
| Shtruzberg, Gennadiy     | 12005 Roosevelt Blvd | Philadelphia  | PA 19154 | 267-250-7272 |
| Siegenthaler, Peter H    | 365 Wagner Road      | Centre Hall   | PA 16828 | 814/364-1203 |
| Sileo Jr, David D        | 746 Mahood Rd.       | West Sunbury  | PA 16061 | 724/637-2639 |
| Singer, James Russell    | 1572 Kelly Ann Drive | West Chester  | PA 19380 | 610-269-8007 |
| Sitley, Kevin C          | 141 McDonald Way     | Oxford        | PA 19363 | 610/932-3469 |
| Slonaker, Walter L       | 41 Indian Lane       | Boyetown      | PA 19512 | 610/473-0776 |
| Smeeding, John A         | 5000 Uhlman Rd       | Fairview      | PA 16415 | 814-838-5175 |
| Smith, Bryan M           | 13 Luzerne Ave       | Kingston      | PA 18704 | 570/473-9903 |
| Smith, Nathan T          | 243 Grandview Dr.    | Manheim       | PA 17545 | 717/729-1599 |
| Snydeman, Gary P         | 441 Wingspread Ct    | Reading       | PA 19606 | 610-779-4117 |
| Sterner, David E         | 753 Bailey Road      | Curwensville  | PA 16833 | 814/236-0778 |
| Stewart, Christopher J   | 15 Ward Street       | Washington    | PA 15301 | 724-345-8152 |
| Stoner, Michael C        | 122 E. Green St.     | Shiremanstown | PA 17011 | 717-679-2802 |
| Strauss, Dustin J        | 676 Front Street     | Lititz        | PA 17543 | 717-572-0597 |
| Struble III, Stanley     | 33 Houk Rd           | Doylestown    | PA 18901 | 215/348-4696 |
| Swinnich, Kenneth        | 751 Balsam Rd        | Wellsboro     | PA 16901 | 570/723-4322 |
| Taylor, Bradley D        | 1248 Upton Circle    | West Chester  | PA 19380 | 610/738-9911 |
| Todd, Gregory J          | 1302 Sherwood Dr     | West Chester  | PA 19380 | 610/269-9334 |
| Unger, Carl              | 541 Kennerly Rd      | Springfield   | PA 19064 | 610-544-9112 |
| Ventrone, Joseph A       | 31 Ridge Road        | Malvern       | PA 19355 | 610-648-0683 |
| Weidler, William M       | 2606 East Valley Roa | Loganton      | PA 17747 | 570-725-7990 |
| Weiss, Robert L          | 220 Coal Run Rd      | Clarksburg    | PA 15725 | 724/726-9528 |
| Wherrity, Bruce M        | 772 Ivers Ln         | Warminster    | PA 18974 | 215/672-7727 |
| Wilburn, Matthew E       | 502 Madison Ave      | Tyrone        | PA 16686 | 814-684-5656 |
| Wisniewski, John A       | 16 Magnolia Drive    | Elizabethtown | PA 17022 | 717/367-6805 |

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| Name                      | Address                                | City & State    | Zip      | Home Phone   |
|---------------------------|--|-----------------|----------|--------------|
| Witucki, Frank L          | 6079 Rocky Road                        | Natrona Heights | PA 15068 | 724-295-4792 |
| Yeager, Mike R            | 344 N Sunrise Lane                     | Boyertown       | PA 19512 | 610/367-4038 |
| Yohn, Phillip C           | 360 Wood Chuck Drive                   | Ephrata         | PA 17522 | 717/733-0784 |
| Yordy, Gary L             | 152 Valley Drive                       | Fredericksburg  | PA 17026 | 717/865-6781 |
| York, William D           | 4211 Stratford Dr                      | Irwin           | PA 15642 | 724/861-8604 |
| Yulich, Kenneth A         | 315 Bradford Lane                      | Lansdale        | PA 19446 | 215-699-0211 |
| Zanolli, Robert L         | 112 Security Dr                        | Washington      | PA 15301 | 724/228-3147 |
| Cancel Ortiz, Francisco J | 439 Cemi Street Bris                   | Toa Alta        | PR 00953 | 787/470-4573 |
| Cintron, Julian           | Urb. Rio HondoCalle Rio Duey AA-16     | Bayamon         | PR 00961 | 787/795-2179 |
| Colon, Cesar A            | Calle Monte Pajaro 2Praderas del Rio   | Toa Baja        | PR 00953 | 787/854-4130 |
| Colon, Cesar D            | Urb. San PedroV-3 Calle San Marcos     | Fajardo         | PR 00738 | 787/860-5654 |
| Colon, Juan C             | Urb. Praderas de NavCalle Platino Y-6  | Gurabo          | PR 00778 | 787/590-9529 |
| Diaz, Reinaldo            | Mansion del MarMM-127                  | Toa Baja        | PR 00949 | 787/269-2815 |
| Lugo, Herber J            | Urb. Masion del SolMS-49 Via Arcoiris  | Sabana Seca     | PR 00952 | 787/784-7289 |
| Lugo, Pedro A             | PO Box 1286                            | Lajas           | PR 00667 | 787/899-0171 |
| Maldonado, Alfonso J      | Calle Monte Flores 1                   | Toa Alta        | PR 00953 | 787/636-7676 |
| Martinez, Carlos          | Carr # 795, KM 5.9Barrio Jagueyes      | Caguas          | PR 00725 | 939/642-8064 |
| Ortiz Silva, Luis A       | Solar 14, Bo Ceiba SSector Canales     | Juncos          | PR 00777 | 787/778-9273 |
| Ortiz, Felix              | Urb. ValparaisoF-1 Calle 7             | Toa Baja        | PR 00949 | 787-795-2179 |
| Ortiz, Luis A             | URB Santa JuanitaJ.T. Pinero WD-12     | Bayamon         | PR 00956 | 787-778-7273 |
| Rivera, Juan M            | Calle Faisan #132Hacienda Paloma       | Luquillo        | PR 00773 | 787/210-5034 |
| Rodriguez, Waldemar       | Calle Arecife D-3                      | Hatillo         | PR 00659 | 787/479-6253 |
| Santana, Eduardo          | URB Lirios Cala 2T-512 Calle San Lucas | Juncos          | PR 00777 | 787/599-0141 |
| Santiago Cruz, Reinaldo   | P.o. Box 1071                          | Rio Grande      | PR 00745 | 787/887-4255 |
| Graham, Howard T          | 368 Mail Coach Road                    | Portsmouth      | RI 02871 | 401-849-6016 |
| Ortiz, Ricardo C          | 127 East KillinglyRoad                 | Foster          | RI 02825 | 401-934-2154 |
| Power, Michael W          | 39 Frigate Street                      | Jamestown       | RI 02835 | 401/345-1872 |
| Werner, Dennis D          | 99 Bay View Avenue                     | Warwick         | RI 02818 | 401/886-5934 |
| Andrews Jr, David B       | 2739 Flushing Covey                    | Hartsville      | SC 29550 | 843/332-8860 |
| Arter, Lawrence A         | 118 Lillie Marie Dri                   | Piedmont        | SC 29673 | 407-509-8316 |
| Brune, Jason M            | 3127 Devon Rd                          | Florence        | SC 29505 | 843/413-0247 |
| Cockfield, Billy          | 2009 Old Laurens Rd                    | Greenwood       | SC 29649 | 864/223-3354 |
| Collins, Dean F           | 4766 Cascade Ave                       | Rock Hill       | SC 29732 | 803/366-7621 |
| Dandridge, William Morgan | 7 Dunvegan Drive                       | Charleston      | SC 29414 | 843/574-0115 |
| Dawson, Brian S           | 958 Boscobel Road                      | Anderson        | SC 29625 | 864-314-3232 |
| DeYoung, Jeffery D        | 1361-F W. Wade HamptPMB 9              | Greer           | SC 29650 | 864-553-9543 |
| Farrar III, William A     | 102 Huddersfield Dr                    | Piedmont        | SC 29673 | 864/605-0715 |
| Fisher, James W.          | 125 Saluda Drive                       | Santee          | SC 29142 | 208/839-2444 |
| Gill, Denise A            | 2 Cape Flattery Ct                     | Irmo            | SC 29063 | 803/781-9531 |
| Gonzalez, Edwin M         | 19 Fountain Lake Pla                   | Columbia        | SC 29209 | 803-708-3201 |
| Greene, Charles M         | 1812 Laurel Trail                      | Murrells Inlet  | SC 29575 | 843/685-6432 |
| Holloway, Patrick P       | 41 Sugaree Dr                          | Bluffton        | SC 29910 | 843/706-2020 |
| Hudson, Troy A            | 344 Kennesaw Ct.                       | Spartanburg     | SC 29301 | 864/574-1509 |
| Jones, John M             | 451 Shellbank Dr                       | Longs           | SC 29568 | 843/399-9537 |
| Kirby, Jonathan P         | 141 Tabby Lane                         | Orangeburg      | SC 29115 | 803-707-2314 |
| Kolodziej, Robert J       | 1360 Pinyan Pine Dr                    | Ladson          | SC 29456 | 843/870-7908 |

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| Name                     | Address                 | City & State    | Zip      | Home Phone   |
|--------------------------|-------------------------|-----------------|----------|--------------|
| Matthews, Joseph C       | 1005 Norwood Rd         | Olanta          | SC 29114 | 843-659-3203 |
| McCall, Christopher G    | 959 Garrison Road       | Pelzer          | SC 29669 | 864/243-2613 |
| McDaniel, Chad D         | 7000 North Rd           | North           | SC 29112 | 803/516-9680 |
| McGraw, Daniel A         | 1170 Furman Drive       | Sumter          | SC 29154 | 803-236-6117 |
| Morago, Camilo J         | 281 Kenmore Park Dr.    | Columbia        | SC 29223 | 803/422-2525 |
| Morgan, Rodger E         | 4042 PlantationHouse Rd | Summerville     | SC 29485 | 843/821-7126 |
| Patterson, Rene J        | 410 Hebron Road         | Seneca          | SC 29672 | 864-882-7865 |
| Plyler, Brett T          | 1829 Shamrock Ave       | Lancaster       | SC 29720 | 803/285-8945 |
| Pollvogt, Mark E         | 164 Summer Lady Lane    | Boiling Springs | SC 29316 | 864-384-9942 |
| Porter, Darrick W        | 902 Owens Drive         | Scranton        | SC 29591 | 843-373-3766 |
| Rossiter, Martin R       | 1090 Myrtle Drive       | Santee          | SC 29142 | 803/937-4808 |
| Shealy IV, Melton P      | 214 Bronlow Drive       | Irmo            | SC 29063 | 803/234-5819 |
| Shope, Dana Irvin        | 100 Wynmere Way         | Seneca          | SC 29672 | 864/882-7467 |
| Simms, Karl E            | 8114 Moonstruck Crt     | Myrtle Beach    | SC 29579 | 843/903-3931 |
| Sosebee, William Aubrey  | 1010 Trail Rd           | Belton          | SC 29627 | 864/338-4443 |
| Thomas, William D        | 205 Old RutherfordRoad  | Taylors         | SC 29687 | 864/879-1441 |
| Williams, Steven M       | 127 Breezeway Road      | Dorchester      | SC 29437 | 843-563-7794 |
| Yates, Joel A            | 45 Sugaree Dr           | Bluffton        | SC 29910 | 843/757-5613 |
| Young, Alton T           | 109 Maggie Lane         | Anderson        | SC 29625 | 864-287-4270 |
|                          |                         |                 |          |              |
| Biers, Dallas Q          | 10557 Mountain Shado    | Piedmont        | SD 57769 | 605-716-4222 |
| Binnebose, Mark A        | 2600 Abbott Drive       | Yankton         | SD 57078 | 402/388-2633 |
| Boyle, Gary W            | 303 N. Tedin Avenue     | Rosholt         | SD 57260 | 307-685-4347 |
| Davis, Larry W           | 2851 Essex Road         | Pierre          | SD 57501 | 605/224-7086 |
| Grosvenor, Steven A      | 211 North 5th St        | Beresford       | SD 57004 | 605/763-2487 |
| Hansen, Craig L          | 5860 Country Lane       | Aberdeen        | SD 57401 | 605-229-1859 |
| Ihnen, Chuck L           | 46674 Dakota Street     | Tea             | SD 57064 | 605/498-5382 |
| Irvine, Timothy R        | 27222 Lovely Place      | Tea             | SD 57064 | 605-368-9808 |
| Loof, Dean A             | 14128 Hacker Loop       | Rapid City      | SD 57701 | 605/342-1896 |
| Lukonen, Douglas D       | 4802 4th Avenue SW      | Watertown       | SD 57201 | 605/882-1061 |
| Martin, Gregory Emmert   | 1908 E Sequoia Trail    | Sioux Falls     | SD 57103 | 605/334-3854 |
| Schulte, John E          | 25807 471st Avenue      | Sioux Falls     | SD 57107 | 605/543-5084 |
| Trosper, Shawn T         | 832 Brookside Drive     | Jefferson       | SD 57038 | 605-422-3154 |
| Van Emmerik, Dean E      | 27434 457th Avenue      | Parker          | SD 57053 | 605-297-0382 |
|                          |                         |                 |          |              |
| Bamford, Sean N          | 104 Nixon Hollow Lan    | Pleasant Shade  | TN 37145 | 615-774-3168 |
| Barnes, Ricky G          | 398 Todd Lane           | McMinnville     | TN 37110 | 931-668-7674 |
| Beadle, Gary R           | 703 East Meadows Rd     | Mt Juliet       | TN 37122 | 615/754-5086 |
| Beckwith, Thomas D       | 2615 Cason Ct           | Murfreesboro    | TN 37133 | 615/895-4514 |
| Blow, Robert G           | 93 Northfork Cove       | Jackson         | TN 38305 | 731/664-6288 |
| Buchanan, Steven J       | 150 Bud Miller Road     | Roan Mountain   | TN 37687 | 423/772-4335 |
| Copeland, Joshua K **    | 1704 Summer Spring B    | Knoxville       | TN 37931 | 815-357-1349 |
| Coulter, Timothy A       | 1815 Turnstone Ct       | Murfreesboro    | TN 37128 | 615/907-4068 |
| Crabtree, Timothy B      | 146 Taborwood Trail     | Murfreesboro    | TN 37127 | 615/867-7293 |
| Cunningham, Jason K      | 5108 Yates Lane         | Knoxville       | TN 37912 | 865-803-5330 |
| Delaney, Richard J       | 10019 Carlas Cove       | Lyles           | TN 37098 | 931-670-1091 |
| Drury, Stacy A           | 1340 Grainger Ave       | Knoxville       | TN 37917 | 865-621-0002 |
| Early, Bradd D           | 6322 Cate Road          | Powell          | TN 37849 | 865/938-9947 |
| Espinoza-Hale, Charles A | 248 Jeffrey Drive       | Clarksville     | TN 37043 | 931-551-8443 |
| Fox, Michael J           | 7425 Willow Trace Ln    | Knoxville       | TN 37938 | 865/938-2329 |

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| Name                   | Address                  | City & State      | Zip      | Home Phone   |
|------------------------|--------------------------|-------------------|----------|--------------|
| Garrard,David William  | 2614 Albany Court        | Murfreesboro      | TN 37129 | 615/896-0730 |
| Garrick,John L         | 6037 Saddleview Driv     | Franklin          | TN 37067 | 615/591-4033 |
| Gower,Chad W           | 4889 Smiley Road         | Chapel Hill       | TN 37034 | 931-364-3107 |
| Graves,Stanley W       | 7809 Woodchase Dr        | Cordova           | TN 38018 | 901/752-4477 |
| Hale, Tony             | 248 Jeffrey Drive        | Clarksville       | TN 37043 | 615/330-2013 |
| Harris,Bryan K         | 9700 Clift Rd            | Strawberry Plains | TN 37871 | 865/925-4356 |
| Haynes,Joe H           | 329 Silver Leaf Driv     | Lenior City       | TN 37772 | 865-816-3411 |
| Horner,Jeffrey D       | 5479 Highway 50          | Centerville       | TN 37033 | 931-729-2591 |
| Hulsey,Gary H          | 1210 Knox ValleyDrive    | Brentwood         | TN 37027 | 615/370-3044 |
| Jackson,Terry L        | 2268 New Hope Road       | Hendersonville    | TN 37075 | 615-824-1865 |
| Keener,Jerry W         | 207 River Drive          | Mt Juliet         | TN 37122 | 615/754-2059 |
| Kulbeth,Marty L        | 6696 Messick Rd.         | Memphis           | TN 38119 | 901/755-0104 |
| Lane,Thomas P          | 4247 Lascassas Pike      | Murfreesboro      | TN 37130 | 615-890-3468 |
| Langston,Franklin D    | 2008 South CollegeStreet | Trenton           | TN 38382 | 731/855-0780 |
| Marlin,Jerry           | 834 Loretta Dr.          | Goodlesttsville   | TN 37072 | 615-855-0952 |
| Mayfield,Danny M       | 25395 Hwy 18 North       | Toone             | TN 38381 | 731/658-4884 |
| McDaniel,Robert M      | 4925 County HomeRoad     | Paris             | TN 38242 | 731/642-7293 |
| Meek,Rodger S          | 1622 Mill Springs Rd     | New Market        | TN 37820 | 970-945-5820 |
| Morel,Michael J        | 1049 Lebanon Rd          | Kingsport         | TN 37663 | 423-276-1608 |
| Moxley,Eugene T        | 6979 Scepter Cove        | Bartlett          | TN 38134 | 901/372-7449 |
| Nappier,Stephen Deshon | 105 W Harbor Court       | Hendersonville    | TN 37075 | 615/826-4070 |
| Neely,Scotty L         | 9591 Old Bon Aqua Ro     | Bon Aqua          | TN 37025 | 931-994-7748 |
| Parrish,Billy J        | 238 Channing Cove        | Lexington         | TN 38351 | 615/896-3254 |
| Robertson,Dustin W     | 1229 Cottonwood Driv     | Clarksville       | TN 37040 | 931-551-9494 |
| Rumble,Christopher M   | 990 Corum Hill Rd        | Castalian Springs | TN 37031 | 615/230-9684 |
| Sager Jr,Kenneth C     | 122 Bellamy Lane         | Rogersville       | TN 37857 | 423-272-9755 |
| Shearon,Clay R         | 2523 Burgess Street      | Murfreesboro      | TN 37128 | 615-895-0355 |
| Skidmore,Robert        | 634 Davidson Road        | Nashville         | TN 37205 | 615-353-6252 |
| Sutherland,Ronald L    | 7761 Grey Squirrel C     | Cordova           | TN 38018 | 901/365-9181 |
| Wenzler,Robert F       | 340 Oldham Dr            | Clarksville       | TN 37043 | 931-645-5816 |
|                        |                          |                   |          |              |
| Allen,Dan C            | 2491 Fm 234 S            | Edna              | TX 77957 | 361/782-3632 |
| Allen,Randy L          | 3175 Hwy 67/84           | Brownwood         | TX 76801 | 325-646-4985 |
| Armatta,William M      | 8306 Mescalero Cove      | Austin            | TX 78736 | 512-217-4441 |
| Bailey,Jeffery L       | 1133 Ridgeview Lane      | Longview          | TX 75604 | 903/297-9728 |
| Batky,Andre T          | 820 Overglen Dr.         | Dallas            | TX 75218 | 469-853-0003 |
| Bavousett Jr,Buddy J   | 105 NE Michael Drive     | Burleson          | TX 76028 | 817-295-5328 |
| Bay,Joseph W           | 143 County Road 3184     | Cleveland         | TX 77327 | 281/593-2431 |
| Bejrowski,Edward J     | 2015 Amber Glen Dr       | Katy              | TX 77474 | 281/395-3579 |
| Bernard,Erick C        | 18218 HammondsportLn     | Cypress           | TX 77429 | 281/932-7296 |
| Berry,Michael R        | 5628 West ValleyCircle   | El Paso           | TX 79932 | 915/585-2708 |
| Beymer,Richard G       | 1630 Copperfield         | San Antonio       | TX 78251 | 210-681-6390 |
| Bishop,Billy D         | 1066 Bob White Rd        | Longview          | TX 75605 | 903/757-4965 |
| Borth,Rickie L         | 224 Buckingham           | Denton            | TX 76201 | 940/382-2435 |
| Brannon,Jason M        | 710 Adowa Spring Loo     | Spring            | TX 77373 | 281/353-9829 |
| Brawner,Karl A         | 15077 Delaney Lane       | Forney            | TX 75126 | 214/882-9725 |
| Brayton,Ricki L        | 4646 Candlestick         | Garland           | TX 75043 | 972/240-2127 |
| Brom,Robert E          | 1091 County Road150      | Columbus          | TX 78934 | 979/732-8329 |
| Brown,Derek W          | 9133 Massey LakeRoad     | Silsbee           | TX 77656 | 409/385-2416 |
| Brown,Jarrold L        | 941 Yellow Jacket La     | Rockwall          | TX 75087 | 817-727-9171 |
| Brown,Patrick R        | 18219 Hammondsport L     | Cypress           | TX 77429 | 832-309-7883 |

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## Franchisees as of January 1, 2011

| Name                  | Address                       | City & State   | Zip      | Home Phone   |
|-----------------------|-------------------------------|----------------|----------|--------------|
| Brown,Ricky G         | 599 County Rd 1260            | Quitman        | TX 75783 | 903/878-2314 |
| Bruggman,David R      | 2935 Rocky Oak                | San Antonio    | TX 78232 | 210-490-0382 |
| Butler,Jerry Wayne    | 6030 Acton Meadows            | Granbury       | TX 76048 | 817/326-3078 |
| Cannon,Billy Wayne    | 9892 StoneHearth Lane         | Forney         | TX 75126 | 972/564-1835 |
| Cannon,Terry J        | 14527 Forest LodgeDrive       | Houston        | TX 77070 | 281-772-0656 |
| Cantrell,William S    | 2013 Jim Hogg Rd              | Georgetown     | TX 78633 | 512/864-0564 |
| Carpenter,Emmett D    | PO Box 69                     | Tuleta         | TX 78162 | 361/375-2471 |
| Carver,Darren L       | 4232 FM 1259                  | Hereford       | TX 79045 | 806/276-5215 |
| Carver,Michael K      | 1870 Whittington Rd           | Kilgore        | TX 75662 | 903/643-8677 |
| Christian,Wilburn R   | 1347 Macknight St             | Pollok         | TX 77969 | 409/867-5888 |
| Cisneros,Jose         | 14114 Kint Circle             | San Antonio    | TX 78247 | 210-490-3796 |
| Clark,Jack G          | 16647 Laurelwood              | Channelview    | TX 77530 | 713/452-7519 |
| Conklin,James G       | 511 Governors Place           | Katy           | TX 77450 | 281/392-6597 |
| Coombs,Shane M        | 4204 Springbranch             | Benbrook       | TX 76116 | 817/560-3922 |
| Corbit,Devin Lee      | Po Box 777                    | Richmond       | TX 77406 | 713/416-9999 |
| Cornett,Steven C      | 12104 Galleon Point           | Pearland       | TX 77584 | 713/436-3694 |
| Cowan,Dennis W        | 9000 Lake Ridge Lake          | Kaufman        | TX 75142 | 972/486-3889 |
| Cox,Larry D           | 9910 S Loop 335 EPO Box 32246 | Amarillo       | TX 79118 | 806/335-9499 |
| Crawford,Kenneth H    | 103 Hilltop Drive             | Kennedale      | TX 76060 | 214/202-7560 |
| Cremers,James J       | 9580 Tessa Lane               | Flint          | TX 75762 | 903-894-3126 |
| Crow,James M          | 1440 County Rd 247            | Gatesville     | TX 76528 | 254/865-6084 |
| Culter,David R        | 206 Millington Trail          | Mansfield      | TX 76063 | 682-518-9655 |
| Curtis,Greg M         | 2004 Moreland Dr.             | San Angelo     | TX 76905 | 325/651-8785 |
| Denard,William E      | 4014 Oakgardens               | Kingwood       | TX 77339 | 281/359-8351 |
| Denman,William E      | 3405 Front Street             | Vidor          | TX 77662 | 409-768-1855 |
| Diaz Moran,Jared V    | 2403 Sailfish Avenue          | Pharr          | TX 78577 | 956-239-4875 |
| Diaz,Abel R           | 6115 Heightsview Lan          | Fort Worth     | TX 76132 | 817/294-5738 |
| Edwards,Jeffrey M     | 709 Broadway                  | Eules          | TX 76040 | 972-841-7209 |
| Eiland,Kevin R        | 21819 Forest Vista            | Humble         | TX 77338 | 281/443-0310 |
| Evans,Tony Gayle      | 7819 FM 1476                  | Gustine        | TX 76455 | 325/667-7906 |
| Facundo Jr,Greg C     | 133 Pinnacle Parkway          | New Braunfels  | TX 78132 | 830/606-0490 |
| Faust,James R         | 4524 FM1372                   | North Zulch    | TX 77872 | 936-348-5041 |
| Ferrell,Trevor K      | 10331 Crestwater Cir          | Magnolia       | TX 77354 | 281/850-1424 |
| Flexner,Raymond J     | 9920 Michelle Hill            | Garden Ridge   | TX 78266 | 210/651-0442 |
| Flood Jr,Reid R       | 2902 St. Michael Dr           | Mansfield      | TX 76063 | 817/467-0250 |
| Freeman,Monty R       | 1739 Matlock                  | Mansfield      | TX 76063 | 817/477-2590 |
| French,Christopher D  | 1514 Sayles Ave.              | Arlington      | TX 76018 | 817-375-1206 |
| Furnace,Joel Ray      | 9807 Ravenswood Road          | Granbury       | TX 76049 | 817/579-8949 |
| Gaertner,Russell L    | 2936 Philo St.                | San Marcos     | TX 78666 | 512/396-1665 |
| Gibson,Wayne E        | 35 Coronado Trail             | Weatherford    | TX 76087 | 817/596-9517 |
| Gindrup,Michael Shane | 725 Country Road 112          | Burnet         | TX 78611 | 512/756-7818 |
| Glascock,Michael H    | 8604 Bear CreekDrive          | Austin         | TX 78737 | 512/288-4395 |
| Goen,Michael R        | 2804 Andrew Drive             | Farmersville   | TX 75442 | 972-475-5548 |
| Goolsby,Garland A     | 3403 108th Street             | Lubbock        | TX 79423 | 806/799-4889 |
| Gosnell,Wendell V     | 14603 Timbergreen             | Magnolia       | TX 77355 | 281-252-9892 |
| Grecu,Aurel T         | 809 College Street            | Grand Prairie  | TX 75050 | 817-614-8629 |
| Green,Michael C       | 10022 Peachridge              | Houston        | TX 77070 | 281/932-6538 |
| Gregg,Damon D         | 11501 Cactus Springs          | Keller         | TX 76244 | 972-889-1783 |
| Griffin,Mark C        | 271 Summit Drive              | Round Mountain | TX 78663 | 512-784-7670 |
| Griffith,Thomas H     | 3150 Thurman Road             | Lago Vista     | TX 78645 | 512/267-7713 |
| Gross,John R          | 3502 Sun Valley               | Houston        | TX 77025 | 713/661-7328 |
| Gunn,William D        | 3 Kingswood Dr                | Lucas          | TX 75002 | 972/727-4336 |

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| Name                     | Address                      | City & State     | Zip      | Home Phone   |
|--------------------------|------------------------------|------------------|----------|--------------|
| Hacking, Raymond D       | 1632 Lexington Place         | Bedord           | TX 76022 | 817-520-2691 |
| Hanson, Wayne N          | Rt 7 Box 53                  | Jasper           | TX 75951 | 409/384-7996 |
| Harris, Adam C           | 3606 Apple Grove             | Manvel           | TX 77578 | 832-428-3515 |
| Harrison, Brian Lee      | 2716 57th Street             | Lubbock          | TX 79413 | 806-791-2631 |
| Harrison, James B        | 1144 Greendale               | Bedford          | TX 76022 | 817-337-9044 |
| Hatfield, Scott A        | 2620 Geiberger               | Plano            | TX 75025 | 972-334-9522 |
| Hobdy, Gary C            | 9114 Taidswood Drive         | Spring           | TX 77379 | 281-376-9619 |
| Hoelting, Kent Dewayne   | 19421 Lantana RdPO Box 303   | Bushland         | TX 79012 | 806/358-2599 |
| Howell, Jack R           | 25629 White Ranch Rd         | La Feria         | TX 78559 | 956/797-4322 |
| Hudson, Thomas C         | 7440 County Rd 2120          | Grapeland        | TX 75844 | 936/687-2547 |
| Ihlenfeldt, Larry G      | 3858 River BendLane          | Waco             | TX 76705 | 254-799-1533 |
| Isbell, Michael S        | 17423 Wagganner Driv         | Hockley          | TX 77447 | 281/924-1414 |
| Johnson, Harold D        | 323 Timber Ridge Ln          | Coppell          | TX 75019 | 214/725-7732 |
| Johnson, Harry W         | 1360 Co Rd 3414              | Jacksonville     | TX 75766 | 903/586-3812 |
| Johnson, Tommy J         | 568 Sellmeyer Lane           | Highland Village | TX 75077 | 972-317-9524 |
| Johnston, Douglas Wayne  | 8221 FM 18                   | Clyde            | TX 79510 | 325/893-4179 |
| Jones, Eric W            | 339 CR 4670                  | Pittsburg        | TX 75686 | 903/572-3292 |
| Jones, Steve L           | 3511 Gin Road                | Texarkana        | TX 75503 | 903-831-4734 |
| Jordan, Jay S            | 2701 Club Meadow             | Garland          | TX 75043 | 972/271-6262 |
| Jordan, John Scott       | 1813 North Bluebird          | Harlingen        | TX 78550 | 956/440-1939 |
| Keane, Daniel T          | 12540 Park Ridge Tra         | Ft. Worth        | TX 76179 | 817/551-2992 |
| Kelly, John W            | 3906 Egret Ct                | Spring           | TX 77386 | 281/804-3655 |
| Kirkendall, Shane O      | 2908 Kenai Drive             | Cedar Park       | TX 78613 | 512/259-5222 |
| Kitt, John L             | 7303 Clear Rock Dr           | San Antonio      | TX 78255 | 210/695-2411 |
| Knippa, Ronald A         | 2662 Pebble Bow              | San Antonio      | TX 78232 | 512/496-3105 |
| Koronka, James R         | 22730 Heatherstone H         | Spring           | TX 77373 | 713-594-8398 |
| Krisle, Norman K         | PO Box 5446                  | Frisco           | TX 75035 | 903-520-4823 |
| Kuykendall, Alan W       | 315 Tremble Road             | Weatherford      | TX 76085 | 817-343-5254 |
| Lager, James B           | 3821 Bonita Dr               | Plano            | TX 75025 | 972-987-8613 |
| Lange, Michael L         | 480 Schuenemann Rd           | Seguin           | TX 78155 | 830/303-9212 |
| Lapp, Benjamin A         | 2404 San Miguel              | Friendswood      | TX 77546 | 281-992-4971 |
| Leon, David J            | 1350 Sadler Drive #4         | San Marcos       | TX 78666 | 210/834-4922 |
| Lindquist, Edwin G       | 201 Wood River Road          | Millsap          | TX 76066 | 940-353-7050 |
| Long, Lewis E            | PO Box 2183                  | Anahuac          | TX 77514 | 409/267-3278 |
| Loper, Scotty L          | 5021 Springbrook Rd          | Midlothian       | TX 76065 | 469-575-5291 |
| Low, Keven D             | 5134 Western Plains          | Abilene          | TX 79606 | 325/692-2596 |
| Lowder, Timothy D        | 6405 Cateau Street           | Corpus Christi   | TX 78414 | 361/985-1672 |
| Lugo, Jose O             | 27 Meyer                     | Huffman          | TX 77336 | 281-360-6194 |
| Maccanelli, Kevin L      | P. O. Box 80691              | Midland          | TX 79707 | 432/697-2566 |
| Madewell, Lee A          | 5181 CR 42600                | Paris            | TX 75462 | 903/784-7840 |
| Madison, Carl C          | 6142 Weiland Road            | Weatherford      | TX 76088 | 817/594-1070 |
| Manship, Michael         | 1642 Commons Dr              | El Paso          | TX 79936 | 915/592-8761 |
| Martin, Larry D          | 2025 Villa Lane              | Longview         | TX 75604 | 903/297-4587 |
| Martin, Robert E         | 538 Stroud Lane              | Garland          | TX 75043 | 972/270-3743 |
| McCormick, Robert A      | P O Box 697                  | Danbury          | TX 77534 | 979/922-1598 |
| McFarland, Sean M        | 215 Oak Grove                | Vidor            | TX 77670 | 409-768-1527 |
| McFarlane, Chad S        | 19850 FM 986                 | Terrell          | TX 75160 | 469/698-9764 |
| Messersmith Jr, Robert C | 3847 Harvey Penick D         | Round Rock       | TX 78664 | 512/257-1136 |
| Mijares, Ernesto         | 12453 Tierra Espada          | El Paso          | TX 79938 | 915-855-0973 |
| Minix, Ryan J            | 4788 Archer CityHwy 79 South | Wichita Falls    | TX 76310 | 970-372-0046 |
| Monnerjahn, David M      | 1414 Kings Castle            | Katy             | TX 77450 | 281-579-7993 |
| Moon Jr, David R         | 17840 CR 2507                | Eustace          | TX 75124 | 903/451-9967 |

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| Name                  | Address                 | City & State  | Zip      | Home Phone   |
|-----------------------|-------------------------|---------------|----------|--------------|
| Moon,Clay M           | 2627 Wood River Driv    | Spring        | TX 77373 | 281-635-5737 |
| Mrosko,Michael A      | 4815 San Antonio Riv    | Spring        | TX 77386 | 832/515-0709 |
| Mullett,Glen A        | 13831 Shavano Glenn     | San Antonio   | TX 78230 | 210/493-7262 |
| Murdoch,Mark A        | 2749 Cordova Rd         | Seguin        | TX 78155 | 830/303-3274 |
| Murray,John C **      | 371 Alaska St.          | Van           | TX 75790 | 903-963-4100 |
| Murray,Travis W       | PO Box 299              | Panola        | TX 75685 | 318/925-8937 |
| Nelson,Phillip E      | 2311 Fox Run            | Mission       | TX 78574 | 956/581-7683 |
| O'Connor,Duffy M      | 138 Majestic Oaks       | Boerne        | TX 78006 | 210-414-7534 |
| O'Leary,Patrick T     | 6145 Bandelero          | El Paso       | TX 79912 | 915/584-5819 |
| Olson,Robert D        | 3885 Mirror Fountain    | Frisco        | TX 75034 | 972/679-1208 |
| Ornelas,Eduardo       | 3086 Oak Arrow          | El Paso       | TX 79936 | 915/856-0259 |
| Oswalt,John D         | 312 E Carolanne Blvd    | Marshall      | TX 75672 | 903-407-2586 |
| Pagel,Darren M        | 13934 Miller Road       | St Hedwig     | TX 78152 | 210-667-9491 |
| Patterson,Jimmy L     | 5235 168th Street       | Lubbock       | TX 79424 | 806/698-1398 |
| Pennington,Joel K     | 11 Park Place           | Mansfield     | TX 76063 | 817/477-5958 |
| Peterson,Bruce R      | 6533 Grand Ridge Dr     | El Paso       | TX 79912 | 915-584-8981 |
| Petras,Michael Alvin  | 5796 N Circuit Dr       | Beaumont      | TX 77706 | 409/898-8464 |
| Petro,Curtis R        | 3108 Accomac Drive      | Austin        | TX 78748 | 512-349-6957 |
| Phillips Jr,James W   | 32527 PebbleBend Way    | Magnolia      | TX 77354 | 832-934-0271 |
| Pilkington,Ross S     | 3307 Jack Beaver Rd     | Santa Fe      | TX 77517 | 409-927-2816 |
| Plante,Daniel J       | 14118 Kint Circle St    | San Antonio   | TX 78247 | 210/496-0109 |
| Poorman,Jerry Michael | 10700 Jennifer Cr       | Forney        | TX 75126 | 972-552-9257 |
| Porter,James E        | 6182 Brodnax Lane       | San Angelo    | TX 76904 | 325/651-8665 |
| Presson,Kim B         | 1615 Grape Lane         | Pampa         | TX 79065 | 806-669-3456 |
| Regian,King Wayne     | 207 Twisted Oak Lane    | Crawford      | TX 76638 | 254/848-2502 |
| Reidel,Robert Philip  | 11502 Kingsford Crt     | Montgomery    | TX 77316 | 936-588-6322 |
| Rivich,Robert K       | 16847 Ivy Wild Lane     | Houston       | TX 77095 | 281-256-2519 |
| Rodenburgh,Luke E     | 116 Horizon Ridge Dr    | Mckinney      | TX 75071 | 940-594-5247 |
| Rodgers,Daniel R      | 161 Grand Oak           | San Antonio   | TX 78232 | 210-402-3904 |
| Rodriguez,Alejandro M | 11387 Wentworth Driv    | Frisco        | TX 75035 | 972-363-5855 |
| Rodriguez,Raul        | 602 Victoria            | Laredo        | TX 78040 | 956-763-2024 |
| Sandoval,Michael J    | 4608 Harvard St.        | Lubbock       | TX 79416 | 806/765-7922 |
| Savage,Kenneth J      | 240 P.R. 4331           | Longview      | TX 75604 | 903-295-1628 |
| Schaefer,Billy R      | 2009 Azalea             | Temple        | TX 76502 | 254/778-5912 |
| Schnoor,Daniel N      | 2330 Vernell Way        | Round Rock    | TX 78664 | 512/733-6192 |
| Schultz,Robert R      | 4227 Wildflower         | Alvin         | TX 77511 | 281-388-2147 |
| Scott,James D         | 22 Dartmouth Circle     | Odessa        | TX 79764 | 432/550-3921 |
| Shivers,Johnny E      | 1324 Durst              | Nacogdoches   | TX 75964 | 936/564-8676 |
| Sisemore,Juan R       | 1901 W 19th             | Plainview     | TX 79072 | 806/296-6091 |
| Snellgrove,Brian L    | 2100 Westside Drive     | Stanton       | TX 79782 | 432/756-2111 |
| Snow,Richard M        | 18102 Kitzman           | Cypress       | TX 77429 | 281/516-9194 |
| Staggs,Ronald E       | 8612 Pamona Drive       | Amarillo      | TX 79110 | 806/359-6074 |
| Stewart,David Gordon  | 5220 Shallow CreekCourt | Midlothian    | TX 76065 | 972/723-0123 |
| Streety,Glen L        | 7318 78th Street        | Lubbock       | TX 79424 | 806/794-9286 |
| Stuart,Jeffrey C      | 3259 Webb Rogers Roa    | Waskom        | TX 75692 | 903/938-1799 |
| Taft,Patrick A        | 1639 Sunfire Circle     | New Braunfels | TX 78130 | 830-626-1415 |
| Talancon,Javier E     | 3515 Calle Nortena      | Brownsville   | TX 78526 | 956-621-2390 |
| Tatsch,Rick A         | 115 Turtle Bend         | Georgetown    | TX 78628 | 512/868-8248 |
| Taylor,Dennis E       | 351 Cherrywood Ln       | Live Oak      | TX 78233 | 210/946-0451 |
| Taylor,Robert Clinton | 811 Essex Drive         | Friendswood   | TX 77546 | 281/992-1254 |
| Thier,Robert E        | 10480 Montanio Drive    | New Braunfels | TX 78132 | 830-606-2226 |
| Thomas,Billy J        | 20407 Misty Crossing    | Spring        | TX 77379 | 713-409-7909 |

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| Name                     | Address                   | City & State     | Zip      | Home Phone   |
|--------------------------|---------------------------|------------------|----------|--------------|
| Tipton,Donald T          | 3490 Riverbend Drive      | Vidor            | TX 77662 | 409/768-1122 |
| Toennis,Andre E          | 7264 Regency Sq Ct        | Houston          | TX 77036 | 713/266-0193 |
| Tomlinson,Donald W       | 1905 Timberline Dr        | Sherman          | TX 75092 | 903/893-8613 |
| Trliceck,Kevin J         | 193 Shannon ValleyDrive   | Victoria         | TX 77904 | 361-575-7060 |
| Valeri,Albert            | 232 Tupelo                | Conroe           | TX 77304 | 936-539-6258 |
| Vann,Robbie J            | 634 Key Lane              | Abilene          | TX 79602 | 325-668-4332 |
| Villarreal,Alfredo       | 1215 Gin Drive            | Pharr            | TX 78572 | 956-821-9574 |
| Walker,Van Harris        | 3717 WhiteSettlement Road | Weatherford      | TX 76087 | 817-441-7937 |
| Walters,Derek R          | 10639 Saratoga Sq.        | Missouri City    | TX 77459 | 281-778-6989 |
| Wamsley,Richard George   | 11202 Ashcreek            | Houston          | TX 77043 | 281/531-1516 |
| Waslien,Jay M            | 914 Colchester            | Garland          | TX 75040 | 972-530-6578 |
| Waters,Michael L         | 6022 Twin Creek           | Missouri City    | TX 77459 | 281-778-9602 |
| Weik,James B             | 134 Bent Tree Cove        | Cedar Creek      | TX 78612 | 512/431-5093 |
| Williams,Ricky D         | 9550 Braden Dr            | Canyon           | TX 79015 | 806/655-3973 |
| Winget,David E           | 250 Sunlake Court         | Waco             | TX 76712 | 254/848-9903 |
| Woods,Patrick J          | 13822 Eaglesnest Bay      | Corpus Christi   | TX 78418 | 361-949-7372 |
| Word,Bobby L             | 230 Pin Oak Lane          | Magnolia         | TX 77354 | 281/356-4505 |
| Word,Christopher         | P.O. Box 343              | Rhome            | TX 76078 | 817-734-9015 |
| Wright Jr,Stanley H      | 621 Hall Road             | Ferris           | TX 75125 | 972/544-2080 |
| Wyborny,Dana J           | 12301 Capitol Saddle      | Austin           | TX 78732 | 512/266-6765 |
| Yanowski,Gary E          | 7451 Gentling PlaceCt     | N Richland Hills | TX 76180 | 817/656-1142 |
| York,Lynn D              | 7402 Foster Creek         | Richmond         | TX 77469 | 979/921-0189 |
| Yost,Richard L           | 5549 Russell              | The Colony       | TX 75056 | 972/624-1129 |
|                          |                           |                  |          |              |
| Adams,Timothy C          | 2328 Alamosa Dr           | Washington       | UT 84780 | 435-627-2988 |
| Blackburn,Darren W **    | 1920 West Deep Creek      | Morgan           | UT 84050 | 801-829-0220 |
| Blackham,Jon Emerson     | 4593 W. 8230South         | West Jordan      | UT 84088 | 801/282-3899 |
| Boland,Scott             | 10032 Ridge Gate Cir      | Sandy            | UT 84092 | 801/576-0241 |
| Brian,Dick L             | 2205 E 2350 N             | Richfield        | UT 84701 | 435/896-6947 |
| Burton,Jared             | 2414 South 650 West       | Terry            | UT 84302 | 801/389-5051 |
| Campbell,Michael G       | 13930 South 2700West      | Bluffdale        | UT 84065 | 801/254-6444 |
| Cornish,Ian D            | 9748 So Chesapeake        | So Jordan        | UT 84095 | 801-253-4904 |
| Dennis,Kevin P           | 6683 Aqua Vista Cove      | Salt Lake City   | UT 84121 | 801/942-1376 |
| Denter,Cory J            | 7848 S Quick Water W      | West Jordan      | UT 84081 | 801-755-0656 |
| Flores,Rafael T          | 1283 E. Hidden Valle      | Sandy            | UT 84094 | 801-571-0484 |
| Graham,Ryan W            | 1879 Allison Way          | Syracuse         | UT 84075 | 801-458-9472 |
| Holloway,Richard Evan    | 1210 Meadow Ridge Ln      | South Jordan     | UT 84095 | 801-562-8695 |
| Hoskins,Wess L           | 2163 W 2550 S             | West Haven       | UT 84401 | 801-564-0726 |
| Jaynes,Daniel L          | 7894 West ThoreauDrive    | Magna            | UT 84044 | 801/798-0534 |
| Jolley,David Brent       | 608 S. 2050 W.            | Vernal           | UT 84078 | 801/789-7723 |
| Kawaguchi,Dennis M       | 511 N. Pleasant View      | Kaysville        | UT 84037 | 801-546-3074 |
| McComb,Robert M          | 405 E. Anna Lane          | Midway           | UT 84049 | 435-654-4030 |
| McDonald,Glade N         | 310 West 550 North        | Orem             | UT 84057 | 801-226-0445 |
| Mulliner Jr,Paul J       | 557 E 500 No              | Orem             | UT 84097 | 801-802-0403 |
| Okerlund,Michael A       | 3457 W Melody CreekCircle | Riverton         | UT 84065 | 801-302-5847 |
| Potter,Duane E           | 2571 West 10950South      | South Jordan     | UT 84095 | 801-446-3633 |
| Shattuck,Derek J         | 13984 Friendship Dri      | Herriman         | UT 84096 | 801-931-8313 |
| Smith,Justin R           | 1465 North 2425 West      | Layton           | UT 84041 | 801-721-1031 |
| Somerville,Christopher J | 2353 S. Alamosa Driv      | Washington       | UT 84780 | 435/680-0118 |
| Strahan,Scott N          | 4780 W. 4400 S.           | West Haven       | UT 84401 | 801/825-8050 |
| West,William Don         | 1550 E Braxton Place      | Logan            | UT 84321 | 435-752-4235 |

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## Franchisees as of January 1, 2011

| Name                    | Address                   | City & State     | Zip      | Home Phone   |
|-------------------------|---------------------------|------------------|----------|--------------|
| Wilkey, Jared M         | 2283 S 2410E              | St George        | UT 84790 | 435/656-1604 |
| Wright, Cody R          | 4398 West 5825 South      | Hooper           | UT 84315 | 435-229-2451 |
| Hayes, Justin G         | 136 Cross Parkway         | Burlington       | VT 05408 | 802/578-3786 |
| Holcomb, Kevin          | 38 West Street            | Essex Junction   | VT 05452 | 802-878-1113 |
| Jabour, Joe L           | 29 Country Club Dr        | South Burlington | VT 05403 | 802-864-6091 |
| Kingsbury, Evan T       | 86 Apple Ridge Rd         | Bradford         | VT 05033 | 802/222-4724 |
| Kruger, Jeffrey S       | 34 Tanglewood Drive       | Essex Junction   | VT 05452 | 802-238-6660 |
| Laperle, Mark R         | 419 Hill Street Extension | Berlin           | VT 05602 | 802-223-6316 |
| Lyon, Bruce E           | 697 Gould Hill Rd         | Johnson          | VT 05656 | 802/635-2678 |
| Maher, Shawn P          | 99 Holmes Road            | South Burlington | VT 05403 | 802/370-1302 |
| Martin, Cory A          | 2689 Gallup Rd            | Franklin         | VT 05457 | 802/285-6086 |
| Pelton, Peter           | 3044 RTE 153              | West Pawlet      | VT 05775 | 802-394-7846 |
| Smith, Jay W            | 465 Woodstock Rd          | Woodstock        | VT 05091 | 802-457-9064 |
| Tuure, Joshua D         | 6 Griswold Street         | Jericho          | VT 05465 | 802-899-3688 |
| Warrell, Rob            | 132 Highwinds Lane        | Florence         | VT 05744 | 802-483-6877 |
| Anderson, John W        | 11330 Dumaine Dr.         | Midlothian       | VA 23112 | 804-744-0704 |
| Anderson, Woodrow W     | 14049 Sir Walker Drive    | Mont Pelier      | VA 23192 | 804/264-5554 |
| Armbrust, Brian M       | 3700 Douglas Rd           | Chesapeake       | VA 23322 | 757/848-1024 |
| Baccari, Nicholas J     | 6808 Ontario Street       | Springfield      | VA 22152 | 703/913-3095 |
| Bagbey, George A        | 1168 Cluster Springs      | South Boston     | VA 24592 | 804/753-1465 |
| Bales, Stephen Alan     | 5773 Lee Highway          | Atkins           | VA 24311 | 276-783-3909 |
| Banff, Brian E          | 4006 Victory Blvd Suite J | Portsmouth       | VA 23701 | 757/875-0771 |
| Barger Jr, Donald W     | 1155 Quail Drive          | Goodview         | VA 24095 | 540/890-0421 |
| Bassett, Christopher A  | 2116 Temple Drive         | Roanoke          | VA 24017 | 540-330-4840 |
| Bell, David L           | PO Box 3406               | Hampton          | VA 23663 | 757/258-1022 |
| Blazier, Samuel J       | 1833 Shipwreck Drive      | New Market       | VA 22844 | 540-740-9316 |
| Brann, Timothy R        | 1356 Rich Neck Road       | Warsaw           | VA 22572 | 804-333-3034 |
| Brashears Jr, Russell S | 2409 Litchfield Way       | Virginia Beach   | VA 23453 | 757/563-6137 |
| Brown, James D          | 94 Ulysses Way            | Linden           | VA 22642 | 540-794-4402 |
| Bryant, Jason S         | 1033 Gauguin Drive        | Virginia Beach   | VA 23454 | 757-802-5612 |
| Bryant, Robert S        | 2609 Wilkes Drive         | Virginia Beach   | VA 23456 | 757-689-8356 |
| Cain, Andrew M          | 4999 Dan Robin Road       | Salem            | VA 24153 | 540/380-2694 |
| Cartwright, Mark W      | 5742 Firelight Terra      | Moseley          | VA 23120 | 804/639-6976 |
| Caulley, John L         | 10641 Figg Shop Road      | Gloucester       | VA 23061 | 804-693-2518 |
| Cheely, Mark K          | 334 Brunswick Dr          | Brodnax          | VA 23920 | 434/949-6246 |
| Clark, A. Hylton        | 1091 S Sleepy Creek Road  | Cross Junction   | VA 22625 | 540/888-9344 |
| Conron, Patrick         | 6107 Stegen Drive         | Alexandria       | VA 22310 | 703/960-8665 |
| Cook, Michael J         | 8109 Crown Colony Pkwy    | Mechanicsville   | VA 23116 | 804/746-2748 |
| Creed, Gary L           | 2140 Lees Gap Road        | Fincastle        | VA 24090 | 540-473-1671 |
| Crotty, Sean E          | 3704 Fort Hill Drive      | Alexandria       | VA 22310 | 301-856-9285 |
| Dadey, Craig J          | 6325 Mattawan Trail       | Mechanicsville   | VA 23116 | 804-569-1340 |
| Davis, Todd C           | 155 Turners Neck Road     | Toano            | VA 23168 | 757-508-2209 |
| Dawes, Mark A           | 6268 McClellan Road       | Mechanicsville   | VA 23111 | 804/781-0690 |
| Dodd, D Wayne           | 8103 Wyntrebroke Co       | Richmond         | VA 23235 | 804/745-2996 |
| Doughton, Danny         | 232 McNeil Mill Rd        | Rocky Mount      | VA 24151 | 540/489-5837 |
| Fraze, Donald W         | 16023 Fairway Drive       | Montclair        | VA 22025 | 703-878-8968 |
| Geffert, William J      | 445 Oak Springs Dr        | Aylett           | VA 23009 | 804-514-9998 |
| Gill, Todd C            | 4027 So Riverside Dr      | Lanexa           | VA 23089 | 757/566-3885 |

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| Name                   | Address                     | City & State    | Zip      | Home Phone   |
|------------------------|-----------------------------|-----------------|----------|--------------|
| Goad,Vince A           | 505 S Main                  | Hillsville      | VA 24343 | 276/728-4726 |
| Guckert,Bruce M        | 2616 Salem Rd               | Virginia Beach  | VA 23456 | 757/639-1566 |
| Hamilton,Jeffrey Grant | PO Box 1537                 | Gloucester      | VA 23061 | 804/693-9803 |
| Hamilton,Steven M      | 2652 Highland Meadows Way   | Virginia Beach  | VA 23456 | 757-689-3911 |
| Hawley,Dennis E        | 2805 Huntermill Rd          | Oakton          | VA 22124 | 703-242-8876 |
| Herceg Jr,George R     | 5213 Watercrest Rd          | Midlothian      | VA 23112 | 804-338-7746 |
| Hess,Gerald D          | PO Box 2241                 | Lebanon         | VA 24266 | 276/889-2964 |
| Hobbs Jr,Earle B       | 4610 Hopewell Road          | New Kent        | VA 23124 | 804/333-5135 |
| Holland,Earl G         | 114 Bradley Drive           | Yorktown        | VA 23692 | 757/898-7516 |
| Hudson,John N          | 10501 Beaver Pond Ct        | Fairfax Station | VA 22039 | 703/250-2836 |
| Isham,William H **     | 13318 Queen Street          | Disputanta      | VA 23842 | 804-991-2263 |
| Jenkins,Phillip E      | 6010 Belmont Rd             | Mineral         | VA 23117 | 540/854-4553 |
| Johnson,Roy M          | 103 Evergreen Street        | Sterling        | VA 20164 | 703/430-4572 |
| Johnston,Keith C       | 37665 Piggot HousePlace     | Purcellville    | VA 20132 | 540/338-8943 |
| Jones,Jack Dwayne      | 1133 Newmarket Dr           | Virginia Beach  | VA 23464 | 757/474-6171 |
| Jones,Marcus K         | 20600 Skinquarter Rd        | Moseley         | VA 23120 | 804/739-2132 |
| Jordan,David B         | 21233 Frog Level Rd         | Ruther Glen     | VA 22546 | 804/559-4851 |
| Kandzior,William T     | 3088 Indian ValleyRoad      | Radford         | VA 24141 | 540/789-2241 |
| Keeler Jr,Johnny L     | 5679 N. Seminole Tra        | Brightwood      | VA 22715 | 540/222-2446 |
| Klimas,Eugene M        | 5536 Millwood Drive         | Gloucester      | VA 23061 | 804/693-7815 |
| Landes,William D       | PO Box 224                  | Cloverdale      | VA 24077 | 540/529-7021 |
| Leuppert Jr,Fred W     | 25 Tarleton Way             | Stafford        | VA 22554 | 540/720-1268 |
| Lipscomb,Cody D        | 488 Deerfield Road          | Louisa          | VA 23093 | 434-981-4627 |
| Lyons,Bryan Lee        | 14120 Gusty Knoll Ln        | Leesburg        | VA 20176 | 703-777-5796 |
| Marston,Stephen T      | 24394 Lovers Lane           | Windsor         | VA 23487 | 757/242-3414 |
| Martin,James C         | 10900 Weybridge Rd          | Chester         | VA 23831 | 804-796-5147 |
| Massel,Jeffrey D       | 3909 Lombard Ct             | Virginia Beach  | VA 23453 | 757/471-7521 |
| Massie,Calvin W        | 977 Seminole TrailSuite 223 | Charlottesville | VA 22901 | 434/975-1825 |
| Mayberry,Michael W     | 116 Spangler Drive          | Dry Fork        | VA 24549 | 434-724-7956 |
| McDonnell,Harold J     | 333 Hickory RoadEast        | Chesapeake      | VA 23322 | 757/421-9078 |
| Mosdal,Eric A          | 7362 Port Republic R        | Port Republic   | VA 24471 | 540-808-9409 |
| Mottley,William E      | 1885 Hope Meadow Way        | Powhatan        | VA 23139 | 804-598-1549 |
| Muir,Alexander J       | 15416 Overlook Ct.          | Culpeper        | VA 22701 | 703-973-3113 |
| Nanni,Jay R            | 1009 Eagle Point Dr         | Virginia Beach  | VA 23456 | 757/892-0770 |
| Pardue,Richard S       | 13125 GreenwoodCreek Dr.    | Ashland         | VA 23005 | 804-752-4699 |
| Parulis,Stephen J      | 1303 Yellow TavernCt        | Herndon         | VA 20170 | 703/430-4533 |
| Paxton,Keith Lee       | 4801 Lynbrook Lane          | Richmond        | VA 23237 | 804/706-1754 |
| Pearson,Christopher W  | 25302 IndependenceRoad      | Unionville      | VA 22567 | 703/444-6308 |
| Pierce,Sean P          | 7626 Leeds ManorRoad        | Marshall        | VA 20115 | 540/364-4607 |
| Reed,Kenneth           | 1457 Stoverschool Rd        | Greenville      | VA 24440 | 540/885-3283 |
| Reed,Kenneth H         | 551 Draft Ave               | Stuarts Draft   | VA 24477 | 540-290-9074 |
| Rowell,Kevin S         | 712 Bartell Drive           | Chesapeake      | VA 23322 | 757-410-0754 |
| Sager,Earl D           | 513 Powhatan Court          | Stafford        | VA 22556 | 540-288-1200 |
| Schaffer,Mark D        | 10460 Greene Dr             | Lorton          | VA 22079 | 703/328-4072 |
| Theisen,Robert S       | 6725 Gateline Dr            | Richmond        | VA 23234 | 804-743-7141 |
| Tuck,Dallas Dale       | 3621 Green Pond Rd          | Chatham         | VA 24531 | 434/432-4663 |
| Wampler,Steve          | 16 Meadows KnollsLane       | Staunton        | VA 24401 | 540/337-1133 |
| Waro,Paul G            | 4826 Spruce Avenue          | Fairfax         | VA 22030 | 703/631-2315 |
| Watts,Kenneth A        | 7521 Hines Place            | Richmond        | VA 23231 | 804/795-7521 |
| Weiss,David Artwill    | 80 Old Forge Road           | Callaway        | VA 24067 | 828-545-2132 |
| Wheeler,Charles S      | PO Box 5303                 | Herndon         | VA 20172 | 703/898-7159 |
| Williams,Glen R        | 102 Cambridge Drive         | Danville        | VA 24541 | 434-251-9383 |

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| Name                    | Address                 | City & State      | Zip      | Home Phone   |
|-------------------------|-------------------------|-------------------|----------|--------------|
| Willie,William A        | 7531 Lisa Ln            | Richmond          | VA 23294 | 804/627-0551 |
| Wink,Robert C           | 306 Cardinal GlenCircle | Sterling          | VA 20164 | 571-323-1608 |
| Wooldridge,Ronnie Wayne | 649 Crossroads Ln       | Evington          | VA 24550 | 434/821-2136 |
| Wooldridge,Thomas W     | 255 White Cypress Dr    | Forest            | VA 24551 | 804/525-1524 |
| Woykowski,Theofil H     | 9518 Ada Road           | Marshall          | VA 20115 | 540/364-3960 |
| Adams,Shaun             | 13107 NE 144thStreet    | Brush Prairie     | WA 98606 | 360/260-8679 |
| Anderson,Steven L       | 10397 Ridge Place       | Sedro Wooley      | WA 98284 | 360/856-6477 |
| Battien,Jeff R          | 18309 96th Dr SE        | Snohomish         | WA 98290 | 425/338-0758 |
| Bielinski,Jack E        | 12021 223rd Drive SE    | Kent              | WA 98031 | 253-639-2504 |
| Deane,Francis T         | 3121 Green Tree Ln      | Port Angeles      | WA 98362 | 360/457-6909 |
| Dilbeck,Ricky L         | 502 Bittner Road        | Yakima            | WA 98901 | 509/452-3405 |
| Dodd,Charles L          | 23015 115th NE          | Arlington         | WA 98223 | 425-334-4052 |
| Dupraw,Jed E            | 5005 Silver BeachAvenue | Bellingham        | WA 98226 | 360/671-0989 |
| Ellithorpe,Roger E      | 15220 NE 209th Place    | Brush Prairie     | WA 98606 | 360-256-5611 |
| Felton,Ryan S           | 6604 78th Place NE      | Marysville        | WA 98270 | 426-238-4638 |
| Ferguson,Bradley A      | 2008 S. Tweedt Court    | Kennewick         | WA 99338 | 509-736-6812 |
| Force,Larry D           | PO Box 192              | Vaughn            | WA 98394 | 253-884-4501 |
| Foster,Bruce Alan       | North 5516 Best Rd.     | Spokane           | WA 99216 | 509/927-7923 |
| Giboney,Phil R          | 6009 Holm Lane          | Fife              | WA 98424 | 253/924-1324 |
| Graham,Robert T         | 7004 NE 75th Street     | Vancouver         | WA 98661 | 360-256-1963 |
| Green,Bruce A           | 20045 Gina Marie Ln     | Burlington        | WA 98233 | 360/757-8432 |
| Haight,Clyde W          | 1245 Hawley Way NE      | Bainbridge Islane | WA 98110 | 206-780-7762 |
| Hanson,Wallace L        | 2194 Elgin Rd NE        | Moses Lake        | WA 98837 | 509/765-4314 |
| Hardan,Andy W           | 21502 99th Ave S E      | Snohomish         | WA 98296 | 425/330-6677 |
| Harden,Darrell E        | 1027 E 19th             | Kennewick         | WA 99337 | 509/586-3593 |
| Harkleroad,Steven G     | 20446 299th Lane NE     | Duvall            | WA 98019 | 425-260-7566 |
| Harvey,Barton C         | 1122 Chestnut Dr        | Walla Walla       | WA 99362 | 509/525-7601 |
| Heitz,Richard L         | 8107 Hidden ValleyRoad  | Lacey             | WA 98503 | 360/491-8644 |
| Holt,David B            | 11531 Juanita Dr NE     | Kirkland          | WA 98034 | 425/823-9316 |
| Hower,Scott L           | 2427 274th Ave NE       | Redmond           | WA 98053 | 425/868-9201 |
| Kerr,Donald L           | 15750 Tieton Drive      | Yakima            | WA 98908 | 509-728-2832 |
| Kingsley,Michael Dean   | 3146 Allen Street       | Kelso             | WA 98626 | 360/577-7224 |
| Kinsey,William K        | 1060 Webb Place S       | East Wenatchee    | WA 98802 | 509/886-2088 |
| Koboski,Oscar G         | 663 Old Naches Hwy      | Yakima            | WA 98908 | 509-965-0711 |
| Langmack,David A        | 30124 3rd Pl. So.       | Federal Way       | WA 98003 | 253-946-9261 |
| Leonard,Joe             | 1109 E 19th Ave         | Kennewick         | WA 99337 | 509-586-7606 |
| Limpus,Matthew C        | 25850 175th Place SE    | Covington         | WA 98042 | 253/639-2067 |
| Marsland,Daniel C       | 10543 14th Ave So.      | Seattle           | WA 98168 | 206/242-2365 |
| Matthews,Joseph M       | 2825 121st Ave SE       | Lake Stevens      | WA 98258 | 425-343-2633 |
| McClure,Terry D         | 19007 N.E. 23rd St.     | Vancouver         | WA 98684 | 360/256-0695 |
| McGill,Chad J           | 34502 27th Ave SW       | Federal Way       | WA 98023 | 253-874-0264 |
| McWhirk,David J         | 27000 E Ante Rd         | Newman Lake       | WA 99025 | 509/226-2062 |
| Mikesh Jr,John L        | 2520 185th Ave E        | Lake Tapps        | WA 98391 | 253/891-0309 |
| Miller Jr,Edward F      | 20453 131st Pl SE       | Kent              | WA 98031 | 253/639-0421 |
| Miller,Walter M         | 16329 33rd Avenue So    | Mill Creek        | WA 98012 | 425/512-4261 |
| Moreland,Eric H         | 9711 151st Ave KPN      | Gig Harbor        | WA 98329 | 253-884-9764 |
| Morse,Chad H            | 24202 6th Pl. West      | Bothell           | WA 98021 | 425/424-0157 |
| Mueller,Steven A        | 13211 Faircourt Lane    | Rainier           | WA 98576 | 253-862-5263 |
| Muller,Charles F        | 25712 SE 310th St       | Black Diamond     | WA 98010 | 360/886-1789 |
| Mustain,Robert G        | 11554 Bullfrog Avenu    | Port Orchard      | WA 98367 | 253/475-5448 |

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| Name                     | Address                       | City & State    | Zip      | Home Phone   |
|--------------------------|-------------------------------|-----------------|----------|--------------|
| Owen,Brian William       | 2427 So 304Th St              | Federal Way     | WA 98003 | 253/927-6509 |
| Pietila,Steven C         | 1402 Auburn Way N 43          | Auburn          | WA 98092 | 253/351-0560 |
| Ragan,Billy Pat          | 3601 N Ashton Rd              | Otis Orchards   | WA 99027 | 509/927-7290 |
| Richardson,Randy L       | Po Box 403                    | Kingston        | WA 98346 | 360/297-3231 |
| Rogers,Wesley A          | P.O. Box 493                  | Puyallup        | WA 98371 | 253/840-2319 |
| Rosenberg,John S         | 710 198th Place SE            | Bothell         | WA 98012 | 425/987-8741 |
| Rus Jr, Frank C          | 2155 Central Road             | Everson         | WA 98247 | 206/387-8680 |
| Shelton,Kenneth W        | P. O. Box 822727              | Vancouver       | WA 98682 | 360/892-1467 |
| Sletmoen,Jon T           | 12906 66th Ave. SE            | Snohomish       | WA 98296 | 425/338-5702 |
| Smart,Darren             | 17700 SE 40th Place           | Bellevue        | WA 98008 | 425-941-1345 |
| Smith,Scott W            | PO Box 12578                  | Millcreek       | WA 98082 | 206/963-1038 |
| Sorenson,Todd S          | 1408 N.E. 103rd Ct            | Vancourver      | WA 98664 | 360-882-2846 |
| Strayer,Tracey A         | 1884 Camden Rd                | Newport         | WA 99156 | 509/292-5051 |
| Tobin,Mark P             | 8007 162nd Ave KPS            | Longbranch      | WA 98351 | 253/884-1902 |
| Wolff,Gary J             | 19425 N. Holcomb Rd           | Mead            | WA 99021 | 509/238-9406 |
| Zoller,Andrew P          | 6510 26th Street NE           | Tacoma          | WA 98422 | 253-531-5915 |
|                          |                               |                 |          |              |
| Adkins,Terry E           | 157 Moore Road                | Kenova          | WV 25530 | 304/453-6956 |
| Andrews,Mark A **        | 11064 Leetown Rd.             | Kearneysville   | WV 25430 | 304-279-1291 |
| Beckett,Rodney A         | Rt 1 Box 116                  | Ravenswood      | WV 26164 | 423-716-3112 |
| Brewbaker,Michael L      | 105 Winding Water Dr          | Inwood          | WV 25428 | 304/229-4419 |
| Burch,Nelson             | 412 Dug Hill Rd               | Morgantown      | WV 26508 | 304/296-7189 |
| Creager,David T          | 137 Flat Top Lake Rd          | Ghent           | WV 25843 | 304/787-4710 |
| Fetter,Thomas S          | PO Box 130                    | Williamsburg    | WV 24991 | 304/647-9995 |
| Greenwood,Paul F         | RR 6 Box 131                  | Fairmont        | WV 26554 | 304/366-8228 |
| Hill,Timothy P           | 43 Spruce Ridge               | Hurricane       | WV 25526 | 205/647-0834 |
| Hinrichs,Bryan W         | 10 Graceland HillsPO Box 2405 | Elkins          | WV 26241 | 304/636-1311 |
| Hinshaw,Michael S        | 1137 Hickory Mill Rd          | Hurricane       | WV 25526 | 304/562-3326 |
| Kirk,Richard L           | 141 Windwood Drive            | Morgantown      | WV 26505 | 845-298-1837 |
| McKee,Matthew G          | Route 9 Box 137               | Buckhannon      | WV 26201 | 304/472-1472 |
| Morehead,William B       | 513 Vineyard RidgeRd          | Looneyville     | WV 25259 | 304/565-3117 |
| Reckart,Brandon E        | 44 Belgian Estates            | Bruceeton Mills | WV 26525 | 304-379-1010 |
| Richard,Lesley N **      | 1533 Spring Valley D          | Huntington      | WV 25704 | 304-429-1660 |
| Sayre,Terry M            | 632 Ridgeview Dr.             | Jane Lew        | WV 26378 | 304/473-0588 |
| Suiter,Herman Dale       | RR 2 Box 628                  | Princeton       | WV 24740 | 304/384-9526 |
| Wheeler,Matthew J        | 69 Bird Lane                  | Fayetteville    | WV 25840 | 304/574-3348 |
| Zelewicz,Bernard P       | 400 S. York Street            | Wheeling        | WV 26003 | 239-596-4177 |
|                          |                               |                 |          |              |
| Adam,Jason K             | 929 Meadowood Ln              | Hudson          | WI 54016 | 715-386-9576 |
| Anderson,Jeremy M        | 2002 Deerfield Drive          | West Bend       | WI 53090 | 910-381-2033 |
| Barclay,Stacy S          | 14400 State Highway           | Herbster        | WI 54844 | 715-774-3138 |
| Beyer,Gary               | 957 Outward Dr                | De Pere         | WI 54115 | 920/337-0217 |
| Brezinsky,Lynn J         | 1043 Briarwood Lane           | Fond du Lac     | WI 54935 | 920/921-4768 |
| Bushey,Peter S           | 105 Grace Street              | Sharon          | WI 53585 | 262-736-9231 |
| Chelberg,Lawrence W      | 2181 140th Avenue             | St. Croix Falls | WI 54024 | 715-483-1553 |
| Christophersen,Douglas L | 604 Parrot Lane               | Wausau          | WI 54401 | 715/359-9631 |
| Dirks,Jon J              | 974 Wert Rd                   | Hudson          | WI 54016 | 715/377-0037 |
| Drogsvold,Dennis H       | 2665 Cross Prairie D          | Janesville      | WI 53546 | 608/352-7044 |
| Eling,Randy A            | N3348 Narciccus Road          | Lake Geneva     | WI 53147 | 262/903-1425 |
| Enders,Bradley P         | N2002 Wittwood                | Oostburg        | WI 53070 | 920/208-9548 |

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## Franchisees as of January 1, 2011

| Name                   | Address                         | City & State     | Zip      | Home Phone   |
|------------------------|---------------------------------|------------------|----------|--------------|
| Flikkeshaug, Richard A | N39765 County Rd O              | Whitehall        | WI 54773 | 715/694-2322 |
| Frankland, Daniel C    | W10632 Hwy J                    | Lodi             | WI 53555 | 608/592-4827 |
| Garrow, Stephen T      | 3535 Spruce St                  | Appleton         | WI 54914 | 920/730-0683 |
| Gaulke, Todd A         | 5613 N. Milwaukee River Parkway | Glendale         | WI 53209 | 414/352-8201 |
| Gilman, Robert A       | 166 Kuettel Ct                  | Neenah           | WI 54956 | 920/729-5443 |
| Gondek, Jeffrey R      | 2788 E State Road 1             | Superior         | WI 54880 | 715/394-9067 |
| Hagel, Marc A          | S9061 David Court               | Eleva            | WI 54738 | 715/878-9679 |
| Hanson, Todd A         | 11078 Main Street               | Hewitt           | WI 54441 | 715/389-8083 |
| Harris, Richard L      | N 4933 Beaverbrook Avenue       | Spooner          | WI 54801 | 715/635-7551 |
| Havlovick, Kenneth R   | N516 Fremont Rd                 | Whitewater       | WI 53190 | 262-473-3535 |
| Janson, Charles Lynn   | 18405 Countryside Ct            | Brookfield       | WI 53045 | 414-784-0142 |
| Jira, Anthony          | N6201 Claire Rd                 | Deerbrook        | WI 54424 | 715-623-4023 |
| Johnson, Bruce H       | E9708 County Road D             | Clintonville     | WI 54929 | 715/823-2507 |
| Koehn, James R         | N7570 Sandy Beach               | Fond Du Lac      | WI 54935 | 920-923-1963 |
| Koenen, Keith J        | 273 Henry St                    | Burlington       | WI 53105 | 262/763-1786 |
| Kopesky, James J       | 8262 63rd Ave                   | Pleasant Prairie | WI 53158 | 262/942-0597 |
| Kramer, Kenneth W      | 2313 W Roselawn Dr              | Appleton         | WI 54914 | 920/739-8803 |
| Kransberger, C Blair   | W9466 Lake Drive                | Edgerton         | WI 53534 | 608/884-3499 |
| Kuehn, Joseph L        | 1905 Aster Road                 | Wausau           | WI 54401 | 715-241-6222 |
| Larsen, Terrel S       | E5575 680th Avenue              | Menomonie        | WI 54751 | 715-875-4014 |
| Lehman, Todd M **      | 128 East Dank Street            | Fond Du Lac      | WI 54935 | 920-923-3836 |
| Lotto, Brandon C       | 655 Muenster Lane               | Seymour          | WI 54165 | 920/833-1115 |
| Mahoney, Douglas R     | N3468 Co Rd Q                   | Medford          | WI 54451 | 715/748-5328 |
| Marks, Wesley R        | 361 Northbrook Road             | Luxemburg        | WI 54217 | 920-845-5379 |
| Matenaer, Joseph P     | N4648 Hwy D                     | Helenville       | WI 53137 | 414/593-5088 |
| Mayotte, Keith L       | 2924 North Shore Dri            | East Troy        | WI 53120 | 262-684-5156 |
| Miles, Ronald J        | 19625 82nd St. #9               | Bristol          | WI 53104 | 262-515-6758 |
| Miles, Timothy P       | 3524 Leo Lane                   | Racine           | WI 53406 | 262-909-9595 |
| Mindiola, Anthony J    | W258 S4813 RedClover Dr         | Waukesha         | WI 53186 | 414-544-6452 |
| Nall, Jeff A           | 1420 Mackinac Ave               | South Milwaukee  | WI 53172 | 414/507-8507 |
| Ouimet, William G      | 4922 N Cumberland Blvd          | Whitefish Bay    | WI 53217 | 414/967-4904 |
| Peterson, Emmerly E    | 19254 52nd Ave                  | Chippewa Falls   | WI 54729 | 715/726-9386 |
| Quick, Terrance R      | W8939 Black Otter Co            | Hortonville      | WI 54944 | 920/858-1301 |
| Richard, Frank R       | PO Box 288                      | Kieler           | WI 53812 | 608/568-3416 |
| Ritchie, Eric J        | W3105 Artesia Beach             | Malone           | WI 53049 | 920-960-2169 |
| Ritzman, Robert V      | W5290 Pebble Beach D            | Elkhorn          | WI 53121 | 262/742-5298 |
| Schlater, Jess D       | 3411 Fischer Drive              | Burlington       | WI 53105 | 262-763-5015 |
| Schmitz, Brett         | 11990 Badger Meadows Road       | New Holstein     | WI 53061 | 920-894-4058 |
| Schmitz, Wayne J       | 9110 County Hwy JJ              | Manitowoc        | WI 54220 | 920/682-6474 |
| Schneider, Chad M      | N4509 Moehrke Road              | Chilton          | WI 53014 | 920-849-4515 |
| Siefert, Jared         | 736 N. Main Street              | Luxemburg        | WI 54217 | 920-819-3738 |
| Silverman, Kent E      | 265 Evergreen Ct                | Burlington       | WI 53105 | 262/767-1565 |
| Slaney, Jonathon J     | 8342 HWY P.D                    | Verona           | WI 53593 | 608-437-7479 |
| Sorenson, Joseph J     | W 1915 County Rd D              | Burlington       | WI 53105 | 262-210-2078 |
| Spiro, Steven A        | 3734 S 12th Place               | Sheboygan        | WI 53081 | 414/452-0777 |
| Stanton, Gary L        | 314 Columbia St.                | Mondovi          | WI 54755 | 715/926-3815 |
| Swenson, Daniel S      | W1024 Oak Valley Rd             | Fountain City    | WI 54629 | 608/687-7701 |
| Tab, Robert W          | 290 Catskill Rd.                | Waukesha         | WI 53186 | 262/798-9608 |
| Thomas, Scott L        | 2506 North Bremen St            | Milwaukee        | WI 53212 | 414-881-1078 |
| Thurston, Ronald E     | 931 S Bird St                   | Sun Prairie      | WI 53590 | 608/837-9073 |
| Van Doren, Keith J     | 7193 Woodcrest Circle           | Rhineland        | WI 54501 | 715/282-5460 |
| Van Hoof, Larry R      | N 3481 Riverbend Dr             | Peshtigo         | WI 54157 | 715/582-9948 |

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## Franchisees as of January 1, 2011

| Name                  | Address                    | City & State  | Zip      | Home Phone   |
|-----------------------|----------------------------|---------------|----------|--------------|
| Vetrone, Matthew J ** | 1022 Delafield Street      | Waukesha      | WI 53188 | 719/512-3134 |
| Washebek, James C     | 8808 Primrose Ln           | Wausau        | WI 54401 | 715/359-9249 |
| Weber, Anton J        | W331 N9353 WestShore Drive | Hartland      | WI 53029 | 414/966-0636 |
| Weber, James F        | W339 N9570 TownlineRd      | Oconomowoc    | WI 53066 | 920/474-3155 |
| Weber, Josef A        | W331 N9297 West Shore Dr   | Hartland      | WI 53029 | 262/966-2202 |
| Weitzel, Anthony J    | S6202 County Road PF       | North Freedom | WI 53951 | 608-522-4436 |
| Wold, Aaron R         | N 4702 County Road J       | Menomonie     | WI 54751 | 715/233-1460 |
| Young, John S         | 16578 W. Colbroth La       | Hayward       | WI 54843 | 715-634-0414 |
| Zahn, Randal L        | 12190 Stern Rd             | Gillett       | WI 54124 | 920/855-6073 |
| Banker, Timothy A     | 1719 McKinney Dr           | Cheyenne      | WY 82009 | 307/775-0119 |
| Burch, Ruth M         | 6712 Zero Road             | Casper        | WY 82604 | 307/237-7743 |
| Corbitt, Shawn D      | 201 Sunflower Lane         | Rock Springs  | WY 82901 | 307/382-3961 |
| Hovland, William G    | 38 Marquette Dr            | Cody          | WY 82414 | 307/527-5085 |
| Jacobson, Kirk L      | 6 Hilltop Circle           | Gillette      | WY 82716 | 307-687-0557 |
| Jensen, Kevin H       | PO Box 1669                | Afton         | WY 83110 | 307-883-1238 |
| Osback, Travis J      | 1801 E Park                | Riverton      | WY 82501 | 307/856-8764 |
| Rich, Steven C        | 3015 Cotton Creek Pl       | Casper        | WY 82604 | 307-235-1840 |
| Roth, James W         | 894 Olympus Drive          | Sheridan      | WY 82801 | 307/672-3387 |
| Schram, Kevin M       | 1861 Shalom Avenue         | Gillette      | WY 82718 | 307-687-1259 |
| Waufle, Blake L       | 220 S. 2nd                 | Glenrock      | WY 82637 | 307-631-2449 |
| Weron, Richard A      | 4512 Bobolink Lane         | Laramie       | WY 82070 | 307-742-0387 |
| Young, James          | 6236 Mountain View D       | Cheyenne      | WY 82009 | 307/634-9740 |

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## **APPENDIX F**

### **Franchisees Who Have Left the Snap-on System in the Twelve-Month Period Ended January 1, 2011**

Note: In some instances franchisees who have left the Snap-on System sign agreements with provisions restricting their ability to speak openly about their experience with Snap-on. You may wish to speak with these former franchisees, but be aware that not all former franchisees will be able to communicate with you.

# APPENDIX F

Report ID: LEGAL 023

## Franchisees Who Terminated Between January 2, 2010 and January 1, 2011

| Last Name  | First Name  | Middle Initial | Address                    | City & State       | Zip      | Home Phone   |
|------------|-------------|----------------|----------------------------|--------------------|----------|--------------|
| Kierspe    | Robert      | D              | 210 Chase Lane             | Pelham             | AL 35124 | 205/444-9847 |
| Losch      | Rudolph     | W              | 802 Pinewood Court         | Daphne             | AL 36526 | 251/656-1368 |
| Nowell     | Kenneth     |                | 10620 Hillcrest Dr         | Grand Bay          | AL 36541 | 251/865-3375 |
| Williams   | Steven      |                | 740 Briny Circle           | Anchorage          | AK 99515 | 907/345-2036 |
| Ballinger  | Gary        | N              | 8109 N Streamside Av       | Tuscon             | AZ 85741 | 520-744-9337 |
| Efnor      | David       | J              | 12305 East Gold Dust       | Tucson             | AZ 85479 | 520-749-6311 |
| Garcia     | Michael     | K              | 2829 South Calle Ros       | Mesa               | AZ 85202 | 480-577-2677 |
| Horton     | Zeb         | C              | 8552 W Pershing Ave        | Peoria             | AZ 85381 | 602/488-6425 |
| Johnson    | William     | M              | 8919 W. Quail Avenue       | Peoria             | AZ 85382 | 623-328-9752 |
| Norgord    | Michael     | S              | 374 Calle de Buena Vista   | Safford            | AZ 85546 | 928-348-4714 |
| Skorick    | Lowell      | E              | 1015 East Bah Ki Inn       | Coolidge           | AZ 85228 | 520-723-2544 |
| Speese III | James       | S              | 2810 N. 31st Street        | Phoenix            | AZ 85008 | 623/487-9006 |
| Wohlrabe   | Christopher | J              | 4501 North Sauter Dr       | East Prescott Vall | AZ 86314 | 928-759-0172 |
| Edmondson  | Michael     | L              | 14021 Wilkerson Rd         | Little Rock        | AR 72206 | 501/888-8278 |
| Hagar      | Darren      | S              | 105 Merit Cove             | Marion             | AR 72364 | 870/739-5788 |
| Patterson  | William     | C              | 339 County Rd 3582         | Clarksville        | AR 72830 | 479/754-5278 |
| Taylor     | Donald      | K              | 179 Adams Drive            | Quitman            | AR 72131 | 999/999-9999 |
| Tyree      | John        | B              | 469 Woodruff 250           | Augusta            | AR 72006 | 870-347-6051 |
| Armond     | Brian       | P              | 25090 Goose Lane           | Willits            | CA 95490 | 707/459-4817 |
| Ben-Jamin  | Mark        | I              | 37748 Alta Court           | Fremont            | CA 94536 | 510-742-1294 |
| Brenzel    | Doug        | R              | 2487 Wellingham            | Livermore          | CA 94550 | 925-443-9921 |
| Carroll    | Scott       | C              | 9729 Sorrena Way           | Elk Grove          | CA 95757 | 916-686-3799 |
| Clark      | Daniel      | G              | 2571 Douglaston Glen       | Escondido          | CA 92026 | 760/694-7221 |
| Collins    | John        | J              | PO Box 541                 | Bodfish            | CA 93205 | 760-379-4877 |
| Dickson    | Denis       | F              | 813 University Ave         | Burbank            | CA 91504 | 818/371-7869 |
| Fremgen    | Stephen     | J              | 25504 John Steinbeck Trail | Salinas            | CA 93906 | 831/206-4116 |
| Gilhuys    | Rene        |                | 17048 German Street        | Granada Hills      | CA 91344 | 818/363-1958 |
| Hernandez  | Ruben       |                | 9504 Maxine Street         | Pico Rivera        | CA 90660 | 562/949-3630 |
| Hoff       | Ryan        | D              | 14350 Mandan Road          | Apple Valley       | CA 92307 | 760/946-1942 |
| Holteen    | Curt        | A              | 3678 Farmhill Blvd         | Redwood City       | CA 94062 | 650/568-1971 |
| Intosthi   | Rodney      | A              | 1250 Lonetree Road         | Hollister          | CA 95023 | 831/637-8998 |
| Jones      | Christopher | M              | 329 Calle Escuela          | San Clemente       | CA 92672 | 949-940-0407 |
| Lenarth    | Richard     | P              | 79897 Barcelona            | La Quinta          | CA 92253 | 760-200-0688 |
| Livermore  | Roger       | A              | 1828 Glenview Ave          | Anaheim            | CA 92807 | 714/779-2493 |
| Llewellyn  | James       | E              | 427 Mountain Meadows       | Fairfield          | CA 94534 | 707-333-9734 |
| McFarland  | Riley       | F              | 165 Pebble Place           | Marina             | CA 93933 | 801-560-8988 |
| McNeely    | Jonathan    | A              | 2500 Cap Court             | Rowland Heights    | CA 91748 | 626-965-6814 |
| Morgan     | John        | D              | 8812 North Oaks Dr         | Oakdale            | CA 95361 | 209/847-4775 |
| Oshiro     | Charlie     |                | 439 Beethoven Street       | Los Angeles        | CA 90066 | 808/227-8537 |
| Pagliei    | Leo         |                | 4897 Berkley Ave           | Hemet              | CA 92544 | 951-927-2751 |
| Payne      | Franklin    | B              | 2980 Aber St               | San Diego          | CA 92117 | 858/483-0734 |
| Quick      | Thomas      | J              | 2528 Rigdon Ct             | Napa               | CA 94558 | 707/255-6272 |
| Rush       | Ronald      | O              | 4245 W Andrews             | Fresno             | CA 93722 | 559/276-8410 |
| Smith      | Erik        | S              | 19495 Hammers Ln           | Cottonwood         | CA 96022 | 530/347-2355 |



## Franchisees Who Terminated Between January 2, 2010 and January 1, 2011

| Last Name     | First Name | Middle Initial | Address                     | City & State       | Zip      | Home Phone   |
|---------------|------------|----------------|-----------------------------|--------------------|----------|--------------|
| Turner        | Michael    | G              | 4657 Guava St.              | Seal Beach         | CA 90740 | 562/799-3608 |
| Unguez        | Arturo     |                | 4109 Konya Dr.              | Torrance           | CA 90503 | 310/371-4343 |
| Essmaker      | Erik       | S              | 1676 Waneka Lake Trail      | Lafayette          | CO 80026 | 303-466-9870 |
| Fitzner       | Howard     |                | 2301 N. 17th Circle         | Grand Junction     | CO 81501 | 970-243-3754 |
| Mari          | Kurt       | A              | 5005 Cortez Way             | Windsor            | CO 80550 | 970/420-4522 |
| Miller        | Lawrence   | K              | 1282 M Road                 | Loma               | CO 81524 | 970/858-8874 |
| Myers         | Ralph      | A              | 9613 E. 146th Ave           | Thornton           | CO 80602 | 303/654-1234 |
| Ross          | David      | C              | 2222 S Columbine            | Denver             | CO 80210 | 303/744-8631 |
| Stone         | Jon        | B              | 20 Sugar Road               | Swink              | CO 81077 | 719/469-0880 |
| Semnoski      | Paul       | D              | 450 Kensington Rd           | Southington        | CT 06489 | 860-621-3942 |
| Clendaniel    | Charles    | E              | 31553 Hazzard Dr            | Lewes              | DE 19958 | 302-945-4117 |
| Barron        | William    | L              | 2033 Live Oak Blvd.         | St. Cloud          | FL 34771 | 561-432-9579 |
| Bell          | William    | F              | 1624 64th Terrace So        | West Palm Beach    | FL 33415 | 561-964-6152 |
| Benvenuto IV  | Frank      |                | 1830 D. Cooperstone         | Orange Park        | FL 32003 | 904-703-0124 |
| Dallenbach    | Chris      | L              | 4882 Sawyer Pine Road       | Sarasota           | FL 34233 | 941/925-9041 |
| Denofa        | Thomas     |                | 3349 Rock Creek Dr          | Port Charlotte     | FL 33948 | 239/590-0002 |
| Keith Flynnne | Keith      |                | 4240 Pine Isle Drive        | Lutz               | FL 33558 | 732/489-2221 |
| Garcia        | Armando    | R              | 10230 SW 137th Place        | Miami              | FL 33186 | 786-464-0945 |
| Jago          | Donovan    | J              | 1472 Meadowbrook Rd         | Palm Bay           | FL 32905 | 321-474-3968 |
| Janiszewski   | Paul       | S              | 16244 E Goldcup Dr          | Loxahatchee        | FL 33470 | 561-792-7953 |
| Laurie        | Mark       | W              | 13956 Coco Plum Rd          | Palm Beach Gardens | FL 33418 | 561/625-4609 |
| Leighton      | Larry      | V              | 7079 Southeast Court        | Maccleenny         | FL 32063 | 904-653-1575 |
| Letchworth    | Michael    | A              | 217 Glenlock Lane           | Springhill         | FL 34606 | 352/442-4225 |
| McKenzie      | Nicholas   | H              | 3550 Gloria Avenue          | Mims               | FL 32754 | 321-267-0135 |
| Morales       | Frank      | J              | 2175 Champions Way          | North Lauderdale   | FL 33068 | 954-722-8688 |
| Rowland       | Danny      | H              | 4525 Balmoral Dr            | Pensacola          | FL 32504 | 850/478-6625 |
| Snock         | Kevin      | M              | 2624 Crab Apple Cr          | Boyton Beach       | FL 33436 | 561/740-2509 |
| Watson        | Gregory    | L              | 31949 Amberlea Rd           | Dade City          | FL 33523 | 352-588-4515 |
| Zando         | William    | G              | 2673 Country Club Boulevard | Orange Park        | FL 32073 | 904-213-4557 |
| Boone         | Richard    | J              | 101 Michelle Dr.            | McDonough          | GA 30252 | 404-635-0396 |
| Campbell      | Nathan     | L              | 275 Arbour Run              | Suwanee            | GA 30024 | 770/682-5865 |
| Davis         | Cullen     | B              | 849 Jasmine Drive           | Jefferson          | GA 30549 | 404-234-3664 |
| Dudich        | Todd       | A              | 2350 Hinton Rd.             | Dacula             | GA 30019 | 770-963-7431 |
| Edmonds       | John       | D              | 3391 Rock Quarry Cir        | Toccoa             | GA 30577 | 706-886-3648 |
| Gilbert       | Mark       | A              | 139 Johnsons Walk           | Stockbridge        | GA 30281 | 770-507-1328 |
| Leeds         | Robert     | J              | 5181 Blunschi Drive         | Powder Springs     | GA 30127 | 770/439-7756 |
| Mendez        | Carlos     | A              | 1209 Astatula Way           | Woodstock          | GA 30188 | 678/230-6427 |
| Peel          | Brian      | D              | 2945 Davis Ridge Rd         | Ringgold           | GA 30736 | 706/935-9141 |
| Pride         | Daniel     | D              | 336 Toto Drive              | Dawsonville        | GA 30534 | 706-461-9028 |
| Stewart       | Larry      | L              | 114 Catoosa Station Road    | Ringgold           | GA 30736 | 706/935-6061 |
| Wallen        | Michael    | J              | 665 Ruxbury Court           | Suwanee            | GA 30024 | 678-492-2616 |
| Besenti       | Giovanni   | S              | 1671 Wilbur Avenue          | Dalton Gardens     | ID 83815 | 208/818-3073 |
| DeVaughn      | Layne      | W              | 2113 W. Grange Ave          | Post Falls         | ID 83854 | 208/773-9163 |
| Gillum        | Dustin     | H              | 1505 East Park Lane         | Post Falls         | ID 83854 | 360-431-8848 |

## Franchisees Who Terminated Between January 2, 2010 and January 1, 2011

| Last Name   | First Name | Middle Initial | Address                 | City & State      | Zip      | Home Phone   |
|-------------|------------|----------------|-------------------------|-------------------|----------|--------------|
| Knighton    | William    | R              | 383 N. 2658 E           | St Anthony        | ID 83445 | 208/390-8184 |
| Martes      | Greg       | F              | 1376 N Watson Ave       | Eagle             | ID 83616 | 208-938-8565 |
| Alexander   | Daniel     | B              | 4472 Chrisland Lane     | Bethalto          | IL 62010 | 314-600-0633 |
| Allen       | Roy        | W              | 89 Brookwood Court      | Elgin             | IL 60123 | 630-797-0802 |
| Bennett     | Donald     |                | 1864 Maine Dr           | Elk Grove Village | IL 60007 | 847/895-3376 |
| Cushman     | David      | J              | 37 N. Buesching Rd A    | Lake Zurich       | IL 60047 | 847-989-1453 |
| Jensen      | Jeffrey    | C              | 1620 Rockingham Drive   | Normal            | IL 61761 | 309-454-4227 |
| Menn        | Louis      | F              | 100 Briarwood           | Fairview Heights  | IL 62208 | 618-394-0032 |
| Nolan       | Francis    | J              | 19348N 1750 E Road      | Pontiac           | IL 61764 | 815-842-4016 |
| Nolen       | Benjamin   | E              | 406 South Dorchester    | Wheaton           | IL 60187 | 630-462-5991 |
| Rigsby      | Kevin      | M              | 16262 Burch Drive       | Lockport          | IL 60441 | 708-606-4549 |
| Stempel     | Timothy    | B              | 2715 Rutz Rd            | Trenton           | IL 62293 | 618-588-4947 |
| Thompson    | Robert     | S              | 118 Indianwood Drive    | Thornton          | IL 60476 | 708-877-8665 |
| Turner      | Richard    | R              | Po Box 458              | Oneida            | IL 61467 | 309/483-6183 |
| Verson      | James      | B              | 595 South East St       | Alhambra          | IL 62001 | 618/488-6946 |
| Wilm        | Stanford   | E              | 1017 Wexford Dr         | Westmont          | IL 60559 | 630/960-1660 |
| Bennett     | Joshua     | D              | 384 Legacy Blvd         | Greenwood         | IN 46143 | 317/695-3940 |
| Bischak     | Robert     | E              | 35 W 400 North          | Angola            | IN 46703 | 260/665-9136 |
| Brown       | Scott      |                | 557 Ravine              | Valparaiso        | IN 46385 | 219/462-1945 |
| Elzinga     | Michael    | P              | 3217 Maple Ridge Ct.    | Logansport        | IN 46947 | 219-926-4505 |
| Hill        | Allen      | R              | 740 Harvest Lane        | Crown Point       | IN 46307 | 219/662-8852 |
| Holman      | John       | D              | 300 East First Stree    | Greensburg        | IN 47240 | 812-663-7062 |
| Kaminsky    | Michael    |                | 168 Springwood          | Hebron            | IN 46341 | 219/988-6411 |
| Oler        | Daniel     | R              | 537 S. 4th Ave          | Beech Grove       | IN 46107 | 317/626-5571 |
| Tressler    | Todd       | A              | 2426 N Ft Wayne Rd      | Rushville         | IN 46173 | 765/932-3720 |
| Williams    | Robert     | D              | 3467 West 700 South     | Jamestown         | IN 46147 | 765-482-6459 |
| Beckman     | John       | L              | 15351 Pheasant Drive Dr | Council Bluffs    | IA 51503 | 712/323-2034 |
| Fehrman     | Timothy    | S              | 3466 B Avenue           | Montour           | IA 50173 | 641-750-2465 |
| Ferneau     | Matthew    | D              | 72522 250th Street      | Colo              | IA 50056 | 641-377-2646 |
| Heisdorffer | Nikolos    | L              | 1670 270th Street       | Washington        | IA 52353 | 319/653-7639 |
| Merkle      | Milton     | A              | 2728 60th Street        | Vinton            | IA 52349 | 319/310-2272 |
| Miller      | Joshua     | C              | 606 Walnut Street       | Boyden            | IA 51234 | 712/870-9824 |
| Vander Hart | David      | M              | 1585 150th Place        | Knoxville         | IA 50138 | 641/891-7896 |
| Jackson     | William    | P              | 904 East 1900th Rd      | Eudora            | KS 66025 | 785-764-8947 |
| Profeta     | Giuseppe   | F              | 13837 Harbor Drive      | Bonner Springs    | KS 66012 | 913-441-1014 |
| Schoeppel   | Robert     | J              | 11023 Taylor Circle     | Wichita           | KS 67212 | 316-648-0698 |
| Rogers      | Roy        | J              | 9600 Seatonville Rd.    | Louisville        | KY 40291 | 502/239-0524 |
| Sullivan    | Jeremy     | L              | 63 Quarry Hill Dr       | Magnolia          | KY 42757 | 270/528-5113 |
| Ardoine     | Jeffrey    | K              | 7395 Fox Run Drive      | Denham Springs    | LA 70706 | 225-664-9376 |
| Cline       | Brandon    | T              | PO Box 92586            | LaFayette         | LA 70509 | 337-781-1800 |
| Fisher      | Stephen    | L              | 16 Melrose Drive        | Destrehan         | LA 70047 | 504-307-0509 |
| Griffin     | David      | L              | 142 Brandywine Dr       | Mandeville        | LA 70471 | 985-951-7001 |
| Martin      | Thomas     | G              | 2608 Roxton             | Sulphur           | LA 70663 | 337/625-8546 |
| Porter      | Darrell    | W              | 424 East Frenchmans     | Monroe            | LA 71203 | 318/699-8409 |

## Franchisees Who Terminated Between January 2, 2010 and January 1, 2011

| Last Name     | First Name | Middle Initial | Address                | City & State    | Zip      | Home Phone   |
|---------------|------------|----------------|------------------------|-----------------|----------|--------------|
| Richards      | Greg       | R              | 4 Marr Farm Way        | Scarborough     | ME 04074 | 207/839-6083 |
| White         | Stephen    | W              | 3 White Ave            | Jay             | ME 04239 | 207-645-9360 |
| Adams         | Bruce      | W              | 96 Allen Rd            | Belchertown     | MA 01007 | 413-323-7520 |
| Cousens       | Andrew     | E              | 9 East Street          | Danvers         | MA 01923 | 978-750-4414 |
| Dauwer        | Ryan       | W              | 16 River St            | Middleton       | MA 01949 | 781/284-4763 |
| Dewey         | Walter     | K              | 117 Baptist Street     | Swansea         | MA 02777 | 401/247-1845 |
| Erwin         | Michael    | J              | 23 Lincoln Ave         | Gloucester      | MA 01930 | 978-281-6147 |
| Hefron        | Phillip    | J              | 369 East Hartford Av   | Uxbridge        | MA 01569 | 508-278-5162 |
| Terkanian     | Benjamin   | J              | 16 Terkanian Ave       | Spencer         | MA 01562 | 508/885-2977 |
| Binder        | Darin      | C              | 1231 S. Elkton Rd      | Elkton          | MI 48731 | 989/375-4298 |
| Griswold      | Roger      | M              | 1011 Fair Banks Street | Iron Mountain   | MI 49801 | 906/774-0929 |
| Hefferon      | Brian      | T              | 4308 Green Lake Road   | West Bloomfield | MI 48323 | 248-363-3439 |
| Kimmes        | William    | L              | 313 Fernwood Dr        | Marquette       | MI 49855 | 906-249-9333 |
| Lawrence      | James      | D              | 6620 Newport South R   | Newport         | MI 48166 | 734-586-5624 |
| Marcoux       | Matthew    | G              | 9356 S. State Road     | Goodrich        | MI 48438 | 248-860-8513 |
| Noble         | Michael    | E              | 1206 East Seidlers R   | Kawkawlin       | MI 48631 | 989/684-3663 |
| Reid          | Gabriel    | J              | 3299 N Jebavy Dr.      | Ludington       | MI 49431 | 231-690-5848 |
| Richmond      | Michael    | T              | 14949 Eckles Rd        | Plymouth        | MI 48170 | 248-756-6524 |
| Schwartz      | William    | M              | 3839 Hollow Wood Drive | Portage         | MI 49024 | 269/547-0200 |
| Simmitch      | Todd       | S              | 6348 Buell Rd          | Vassar          | MI 48768 | 989/823-2883 |
| Stevens       | Lynn       | W              | 36295 52nd Ave         | Paw Paw         | MI 49079 | 616/657-5937 |
| Trevarrow     | James      | D              | 3127 Cromwell Street   | Northville      | MI 48167 | 810-333-2096 |
| Van Allen     | Errol      | W              | 6650 Alber Rd          | Saline          | MI 48176 | 734-944-8013 |
| Warren        | Tommy      | J              | 1245 Paree             | Newport         | MI 48166 | 734-624-3322 |
| Wolthus       | Michael    | T              | 1522 Kingston Avenue   | Kalamazoo       | MI 49001 | 269-217-5352 |
| Christensen   | Gerald     | M              | 2030 290th Avenue      | Walnut Grove    | MN 56180 | 507-859-2013 |
| Effenberger   | Charles    | N              | 12213 County Rd 24     | New Ulm         | MN 56073 | 507-359-3006 |
| Gerold        | Charles    | A              | 25691 Aberdeen Ave     | New Prague      | MN 56071 | 952-758-3946 |
| Kennedy       | John       | P              | 13540 Skyline Dr       | Spicer          | MN 56288 | 320/212-2751 |
| Lindgren      | Kevin      | A              | 31434 Oriole Avenue    | Aitkin          | MN 56431 | 218-839-6022 |
| Roers         | Ronald     | M              | 10358 Columbus Cir     | Bloomington     | MN 55420 | 952/270-0596 |
| Schmitt       | Paul       | J              | 302 Lakeview Terrace   | Waconia         | MN 55387 | 952/442-5660 |
| Stark         | Robert     | A              | 13306 Downey Trail     | Apple Valley    | MN 55124 | 714/639-5121 |
| Fullerton     | James      | W              | 410 Bay Pointe Circle  | Brandon         | MS 39047 | 601/829-0485 |
| Hollingsworth | John       | A              | 3198 Rosebrook Circle  | Southaven       | MS 38672 | 601-517-0404 |
| Sheffield     | Gerald     | A              | 670 Park Street        | Mantachie       | MS 38855 | 662/282-4247 |
| Hunt          | David      | A              | 22575 Mercury Lane     | Oronogo         | MO 64855 | 870/554-2352 |
| Koutsogiannis | Chris      | J              | 1274 Trails Dr         | Fenton          | MO 63026 | 314/225-1058 |
| Lambing       | Vernon     | C              | 218 W 6th Street       | Herman          | MO 65041 | 573/486-5250 |
| Lochner       | Ronald     | P              | 20335 Oakway Dr        | Lebanon         | MO 65536 | 417-718-1478 |
| Smit          | Roger      | Q              | 2755 E. Portland St.   | Springfield     | MO 65804 | 417/291-7631 |
| Travis        | George     |                | 314 W McPike           | Vandalia        | MO 63382 | 573/594-6266 |
| Wahler        | Richard    | C              | 101 Osage Way          | Weldon Springs  | MO 63304 | 314/441-6013 |
| Wekamp        | Russell    | W              | 26113 Hwy KK           | California      | MO 65018 | 573-796-3477 |

## Franchisees Who Terminated Between January 2, 2010 and January 1, 2011

| Last Name   | First Name  | Middle Initial | Address               | City & State   | Zip      | Home Phone   |
|-------------|-------------|----------------|-----------------------|----------------|----------|--------------|
| Topp        | Michael     | D              | 3325 Burlington       | Butte          | MT 59701 | 406/533-0252 |
| Papineau    | Randall     | R              | 8000 Olive Creek Road | Firth          | NE 68358 | 402/792-0028 |
| Payne       | Eric        |                | 8206 Wemsha           | Lincoln        | NE 68507 | 402-310-6331 |
| Tjaden      | Jerry       | R              | 301 Jo Deb Dr         | Norfolk        | NE 68701 | 402-371-4870 |
| Cantonwine  | Donald      | G              | 2031 Buckeye Reef St  | Henderson      | NV 89002 | 702/604-5773 |
| Gowan       | Michael     | D              | 827 Ashburn Drive     | Spring Creek   | NV 89815 | 775/777-7927 |
| Edison      | Terry       | B              | 3 Pineview Dr         | Dover          | NH 03820 | 603-742-2383 |
| Heintz      | Fred        | R              | 43 North Road         | Sandown        | NH 03873 | 603/421-9024 |
| Leegard     | Mark        | D              | 41 Hobbs Rd Apt #2    | North Hampton  | NH 03862 | 603/964-9274 |
| Costello    | Pete        |                | 719 Lincoln Ave       | Palmyra        | NJ 08065 | 609/829-8099 |
| Holden      | Mark        | A              | 5 Village Park Court  | Scotch Plains  | NJ 07076 | 908/359-8469 |
| Nagy        | Robert      | A              | 214 Ford Avenue       | Fords          | NJ 08863 | 732-738-9480 |
| Riena       | Frank       | V              | 72 Washington Ave.    | Maywood        | NJ 07607 | 201-880-5891 |
| Silva       | Andrew      |                | 125 East Mountain Rd  | Hillsborough   | NJ 08844 | 908/369-5518 |
| Speroni     | Gene        | V              | 914 Leighton Avenue   | Point Pleasant | NJ 08742 | 732/295-3404 |
| Sudol       | Matthew     | G              | 129 Beachfront        | Manasquan      | NJ 08736 | 908-910-7731 |
| Torres      | Urayoan     |                | 205 Dillion Ct.       | New Brunswick  | NJ 08902 | 732/577-5519 |
| Anaya       | Robert      | M              | 8427 Scarlet Place N  | Albuquerque    | NM 87120 | 505-352-9446 |
| Baker       | Jack        | E              | PO BOX 2662           | Milan          | NM 87021 | 505/285-6737 |
| Garcia      | Lionel      | A              | 7208 Vista Alegre St  | Albuquerque    | NM 87120 | 505-836-1563 |
| Woodmansee  | Joe         | L              | 190 Mesa Grande Loop  | Rio Rancho     | NM 87144 | 602/942-0885 |
| Auffret     | Pascal      |                | 9 Peachtree Ct.       | Holtsville     | NY 11742 | 631-758-5856 |
| Barbara     | Michael     | J              | 80-12 248 Street      | Bellerose      | NY 11426 | 718/831-1559 |
| Crane       | Scott       | E              | 7061 Velie Road       | Savona         | NY 14879 | 607/776-7418 |
| Fitzgerald  | Peter       | J              | 29610 N.Y.S Rte 37    | Evans Mills    | NY 13637 | 315-629-4119 |
| Furgison    | James       | D              | 22 Bay Street         | Potsdam        | NY 13676 | 315/268-0467 |
| Garcia      | Joseph      | W              | P.O. Box 51           | Shirley        | NY 11967 | 631-730-3782 |
| Hassett     | Mark        | E              | 6 Wayne Drive         | Poughkeepsie   | NY 12601 | 845/462-3302 |
| Jackson     | Gregory     | V              | 531 Randall Road      | Balston Spa    | NY 12020 | 518/399-9775 |
| Kuter       | Gregory     | J              | 952 Davis Rd.         | East Aurora    | NY 14052 | 814/899-0179 |
| Martino     | Anthony     | L              | 9 Happy Road          | Saugerties     | NY 12477 | 859/332-0073 |
| Parsekian   | Richard     |                | 58 Covert Avenue      | Stewart Manor  | NY 11530 | 516-938-2335 |
| Pellegrino  | Christopher | J              | 251 Ringwood Drive    | Wantagh        | NY 11793 | 516-781-7397 |
| Pomeroy     | Allen       | W              | 3771 Fountain Street  | Clinton        | NY 13323 | 315/525-8297 |
| Pope        | Timothy     | B              | 29 Wineguard Street   | Sydney         | NY 13838 | 607/764-8164 |
| Putnam      | G           | E              | 145 Jerry Smith Road  | Lansing        | NY 14882 | 607/533-7652 |
| Sala        | John        | A              | 30 Horizon Farms Rd   | Warwick        | NY 10990 | 845/258-3663 |
| Shaughnessy | Richard     | M              | 32 Slocum Drive       | West Monroe    | NY 13167 | 315/668-7691 |
| Thomas      | Daniel      | C              | 2946 Panama-Stedman   | Ashville       | NY 14710 | 716/782-2976 |
| Wyman       | Adam        |                | 302 Weymouth St       | Dix Hills      | NY 11746 | 631/940-5735 |
| Cline       | Kenneth     | E              | 260 Palaside Dr       | Concord        | NC 28025 | 704/782-1649 |
| Corcoran    | Aloysius    |                | 3018 River Road       | Columbus       | NC 28722 | 828/894-2337 |
| Symons      | Jack        | B              | 8565 Sylva Road       | Franklin       | NC 28734 | 301/290-1039 |

## Franchisees Who Terminated Between January 2, 2010 and January 1, 2011

| Last Name  | First Name  | Middle Initial | Address                  | City & State   | Zip      | Home Phone   |
|------------|-------------|----------------|--------------------------|----------------|----------|--------------|
| Warren     | Wilbert     | L              | 6612 Pleasant Hill C     | Marshville     | NC 28103 | 705-385-9440 |
| Wingate    | William     | O              | 121 Lillie Pearls La     | Winterville    | NC 28590 | 252/756-3332 |
| Kingsley   | Kevin       | O              | 1623 9th Avenue South    | Fargo          | ND 58103 | 701-238-4321 |
| Baker      | Daniel      | D              | 8534 Gateview Court      | Huber Heights  | OH 45424 | 937-667-9912 |
| Barker     | Timothy     | D              | 451 Lake Shore Drive     | Lebanon        | OH 45036 | 513-503-2452 |
| Biranowski | Timothy     |                | 1017 Novak Rd            | Grafton        | OH 44044 | 440-926-0076 |
| Boone      | Staley      | F              | 7620 Hillway NW          | North Canton   | OH 44720 | 330/494-4479 |
| Flowers    | Raymond     |                | 5055 Valley Forge Dr     | Toledo         | OH 43613 | 419-474-0337 |
| Janickas   | Jeffrey     | R              | 2343 Fixler Road         | Medina         | OH 44256 | 330/334-2050 |
| Mader      | John        | S              | 11915 Clark Rd           | Chardon        | OH 44024 | 440/285-9856 |
| Murray     | Mark        | M              | 4810 Wilson Road         | Sunbury        | OH 43074 | 740-965-5604 |
| Null       | Kenneth     | W              | 6495 W Cr 592            | Fostoria       | OH 44830 | 419/937-2269 |
| Richmond   | Jerry       | M              | 5542 North Ridge Rd West | Ashtabula      | OH 44004 | 440/969-1971 |
| Wylie      | Michael     | S              | 44414 Columbiana Wat     | Columbiana     | OH 44408 | 330-457-9488 |
| Brantley   | Harold      | E              | 9056 east 580 Rd         | Catoosa        | OK 74015 | 918/266-2431 |
| Choate     | Kenneth     | R              | 5707 CR. 1480            | Ada            | OK 74820 | 580-235-7325 |
| Edgington  | Rodney      | C              | Route 1 Box 206          | Turpin         | OK 73950 | 620-544-4415 |
| Glitsch    | Ryan        | M              | 1901 9th Street          | Woodward       | OK 73801 | 580/256-6155 |
| Kays       | Michael     | D              | 1405 4th Avenue North    | Ardmore        | OK 73401 | 580-622-5773 |
| Carter     | Jeff        | R              | 2707 NW 22nd Street      | Redmond        | OR 97756 | 503/368-7392 |
| Menefee    | Andy        | M              | 14515 SW 144th Ct        | Tigard         | OR 97224 | 503/590-6401 |
| Reynolds   | Jeffrey     | A              | 7405 28th Street         | White City     | OR 97503 | 541/951-1565 |
| Baughner   | David       | G              | 2657 Charlestown Rd      | Phoenixville   | PA 19460 | 610/415-0747 |
| Black      | George      | D              | 145 Fair Meadow Drive    | Washington     | PA 15301 | 724-229-0661 |
| Cavanaugh  | Christopher | R              | 265 Krepps Lane          | East Millsboro | PA 15433 | 724-366-7971 |
| Collins    | Michael     | J              | 72 Hummingbird Drive     | Jim Thorpe     | PA 18229 | 610-657-0313 |
| Courtney   | Kevin       | D              | 733 Cheryl Drive         | Warminster     | PA 18974 | 215/328-9586 |
| Crist      | Robert      | K              | 512 W Siddonsburg Road   | Dillsburg      | PA 17019 | 717/432-3200 |
| Curcio     | Neal        |                | 540 Maryland Ave         | Prospect Park  | PA 19076 | 610/461-6954 |
| Dubich     | Robert      | T              | 140 Maple Road           | Washington     | PA 15301 | 724-345-3568 |
| Frescoln   | Edward      | P              | 32 Scott Road 2nd Fl     | Blakely        | PA 18447 | 570-840-8700 |
| Haughey    | Ed          |                | 7 Beachwood Avenue       | Malvern        | PA 19355 | 610/889-0324 |
| Hoffman    | Andrew      | J              | 107 Pansy Lane           | Trafford       | PA 15085 | 412/373-8725 |
| Huf        | Everett     | J              | 1418 Nolt Road           | Chambersburg   | PA 17201 | 717-665-3765 |
| Kurtz      | John        | M              | 920 Pleasant Drive       | York Haven     | PA 17370 | 717/932-4366 |
| McGarvey   | Cody        | R              | 2006 Route 310           | Reynoldsville  | PA 15851 | 814-938-4804 |
| McLucas    | Michael     | D              | 224 Mayberry Drive       | Lititz         | PA 17543 | 717-626-2051 |
| Miller     | Mark        | J              | 1320 Old Route 220 S     | Duncansville   | PA 16635 | 814/696-3956 |
| Moore      | Tyrone      | W              | 59 Den Mar Drive         | Holtwood       | PA 17532 | 717-823-6246 |
| Ort        | Travis      | L              | 2248 South Queen Str     | York           | PA 17402 | 717-324-6209 |
| Rachkowski | Richard     | L              | 406 Noble Road           | Clarks Summit  | PA 18411 | 570/587-2065 |
| Romig      | Michael     | A              | 366 Whiskey Springs      | Dillsburg      | PA 17019 | 717-258-6412 |
| Schumacher | Richard     |                | 1074 Lavera Road         | Warminster     | PA 18974 | 215/674-1551 |
| Sileo      | David       | D              | 2240 Wheatland Ave       | Williams Port  | PA 17701 | 570/322-2640 |
| Spiegel    | Clifford    | J              | 102 Mateer Dr            | Monaca         | PA 15061 | 724-774-6652 |

## Franchisees Who Terminated Between January 2, 2010 and January 1, 2011

| Last Name  | First Name | Middle Initial | Address                                | City & State    | Zip      | Home Phone   |
|------------|------------|----------------|--|-----------------|----------|--------------|
| Strouse    | Lynn       | R              | 405 Benner Road                        | Bellefonte      | PA 16823 | 814/383-4493 |
| Whaley     | Bryan      | D              | 4517 Custer Terrace                    | Harrisburg      | PA 17110 | 717-635-9498 |
| Bonnet     | Edwardo    |                | Carr #1. Ave Bairoa PMB 1235, Box 4956 | Caguas          | PR 00725 | 787/632-7800 |
| Esteva     | Jaime      |                | HC 02 Bzn. 10359                       | Yauco           | PR 00698 | 787/856-0350 |
| Rivera     | Gregory    |                | Urb Costa Norte20 Calle Perla Del Mar  | Hatillo         | PR 00659 | 787/556-9757 |
| Codespoti  | Sidney     | J              | 2035 Bay Hill Drive                    | Charleston      | SC 29414 | 843-763-1738 |
| Foster     | James      | W              | 218 Philwood Drive                     | Williamston     | SC 29697 | 864/231-7876 |
| Hagler     | Douglas    | J              | 403 5th Avenue South                   | N. Myrtle Beach | SC 29582 | 843/280-9070 |
| Herzog     | Thomas     | R              | 291 Southbury Dr                       | Myrtle Beach    | SC 29588 | 843-215-0615 |
| Janes      | Matthew    | A              | 139 Savannah River Drive               | Summerville     | SC 29485 | 843/486-9494 |
| Bacon      | Terry      | L              | 6246 Jobee Avenue                      | Aberdeen        | SD 57401 | 605/229-2563 |
| Berkey     | Richard    | G              | 1044 N 8th Street                      | Spearfish       | SD 57783 | 605-722-7970 |
| Kennedy    | Edward     | A              | 1475 Old City Ferry Rd                 | Clarksville     | TN 37040 | 931/216-3033 |
| Walkup     | Thomas     | M              | 6061 Lascassas Pike                    | Lascassas       | TN 37085 | 615/890-3894 |
| Wells      | Ronnie     | L              | 190 Little Road                        | Martin          | TN 38237 | 731/587-5602 |
| Chuculate  | Virgil     | B              | 2732 Purple Sage Ct.                   | Ft. Worth       | TX 76179 | 817-439-2128 |
| Denman     | William    | D              | 9306 Stori Lane                        | Orange          | TX 77632 | 409-745-3708 |
| Dietz      | David      | L              | 301 Ivy Lane                           | Dickenson       | TX 77539 | 281/534-4139 |
| Dorough    | Paul       | W              | 2310 Elizabeth                         | Kaufman         | TX 75142 | 972-932-4914 |
| Fitzgerald | Kevin      | C              | 1720A Fountain Drive                   | Bryan           | TX 77801 | 409/696-0562 |
| Foster     | Robert     | F              | 2010 N. St. Andrews                    | Arlington       | TX 76010 | 817-793-8632 |
| LaField    | Darron     | A              | 1318 North Bolton                      | Jacksonville    | TX 75766 | 903-894-8287 |
| Mayo       | Johnn      | E              | 26647 Camden Chase                     | Boerne          | TX 78015 | 210-872-7627 |
| Posey      | Bobby      | V              | 9504 Timbercrest Drive                 | Burleson        | TX 76028 | 817-249-0723 |
| Pry        | Michael    |                | 4309 Kirkwood Drive                    | Odessa          | TX 79762 | 432/770-7870 |
| Taylor     | Keith      | M              | 2605 Woodhead Street                   | Houston         | TX 77098 | 713/972-1044 |
| Timineri   | Nick       | G              | 2905 Bonanza Lane                      | Garland         | TX 75042 | 972-272-8715 |
| Tucker     | Kenneth    | P              | 689 FM 16 W                            | Tyler           | TX 75706 | 903-849-4206 |
| Carter     | Stephen    | M              | 230 W 300 North                        | Gunnison        | UT 84634 | 435-851-1810 |
| Friddle    | Cameron    | L              | 1623 W. 1500 S.                        | Syracuse        | UT 84075 | 801/298-7444 |
| Nilles     | William    | T              | 427 E Aloha Lane                       | Sandy           | UT 84070 | 801/809-8970 |
| Thompson   | Gerald     | A              | 3453 W Midas Ridge Lane                | Riverton        | UT 84065 | 801/253-0905 |
| Lavallee   | Michael    | B              | 1133 Ballard Road                      | St Albans       | VT 05478 | 802-527-0764 |
| Bondy      | Thomas     | J              | 9820 Lee Highway                       | Weyers Cave     | VA 24486 | 757-613-5636 |
| Bussey     | James      | W              | 4780 Hibicus                           | Blacksburg      | VA 24060 | 540-381-9413 |
| Cotten     | Russell    | P              | 4365 Ridge Road                        | Barboursville   | VA 22923 | 540-832-7312 |
| Cundiff    | Shannon    | T              | 724 Arcadia Circle                     | Vinton          | VA 24179 | 540/345-7140 |
| Jeter      | Edward     |                | 4300 Cottage Road                      | Blackstone      | VA 23824 | 434-292-3765 |
| Loving     | John       | F              | 6920 Old Roxbury Rd.                   | Quinton         | VA 23141 | 804-932-5295 |
| Micek      | John       | W              | 219 Palmer Trail                       | Troutville      | VA 24175 | 540-966-5704 |
| Robertson  | Edwin      | L              | 11092 Burwell Road                     | Nokesville      | VA 20181 | 703-754-3996 |

## Franchisees Who Terminated Between January 2, 2010 and January 1, 2011

| Last Name    | First Name | Middle Initial | Address                    | City & State | Zip      | Home Phone   |
|--------------|------------|----------------|----------------------------|--------------|----------|--------------|
| Rutledge     | Howard     | P              | 584 Bethany Church R       | Bumpass      | VA 23024 | 540-424-1714 |
| Ryan         | William    | A              | 14289 Oshay Court          | Centreville  | VA 20120 | 703/539-8881 |
| Shornak      | Todd       | J              | 13701 Thornhill Terr       | Chester      | VA 23836 | 804/530-1642 |
| Sieg         | George     |                | 410 Inman Rd               | Danville     | VA 24541 | 804/822-2877 |
| Smith        | Kevin      | S              | 74 Aero Drive              | Waynesboro   | VA 22980 | 540-292-4146 |
| Barr         | Michael    | D              | 21314 NE 35th Court        | Sammamish    | WA 98074 | 425-868-6777 |
| Byers        | Gary       |                | 3707 41st Street Sw        | Seattle      | WA 98116 | 206/932-5139 |
| Norton       | Martin     | A              | 4301 NE 122nd Ave          | Vancouver    | WA 98682 | 360/892-5965 |
| Root         | Kjell      | A              | 30505 62nd Avenue Ea       | Graham       | WA 98338 | 253-875-3669 |
| Shelton      | Jonathan   | W              | 14807 N.E. Columbine Drive | Vancouver    | WA 98682 | 360/696-8605 |
| Silva        | Michael    | C              | 2808 121st Ave SE          | Lake Stevens | WA 98258 | 425/334-0679 |
| Wilson       | Dean       | B              | 1111 Hwy 20, #2            | Winthrop     | WA 98862 | 509-996-4140 |
| Bowman       | Paul       | M              | 263 Trent Arden Cour       | Martinsburg  | WV 25405 | 304-283-2980 |
| Cameron      | James      | S              | 55 Pedal Car Dr            | Inwood       | WV 25428 | 304/229-1349 |
| Coetzer      | Mark       | A              | 580 Boggs Run Road         | Bomont       | WV 25030 | 304-548-2066 |
| Hass         | Kenneth    | B              | 1528 Thistlewood Cir       | Hurricane    | WV 25526 | 304/610-6066 |
| See          | Scott      | W              | 6 Van Rufus Drive          | Shinnston    | WV 26431 | 330-360-0773 |
| Ackmann      | Larry      |                | W317 S6809Schnitzler Rd    | Mukwonago    | WI 53149 | 262/392-3441 |
| Baar         | Nathaniel  | J              | 378 W. Park Street         | River Falls  | WI 54022 | 715-426-3975 |
| Britton      | Michael    | J              | 6228 W. Burrwood Drive     | Janesville   | WI 53548 | 608-756-4911 |
| Champeau     | Ronald     | A              | 1032 Hickory Hill Dr       | Green Bay    | WI 54304 | 920-621-3507 |
| Howell       | Mark       | F              | 2814 Ruger Ave             | Janesville   | WI 53545 | 608/754-5201 |
| Pierre       | Anthony    | G              | W5640 Townline Road        | Random Lake  | WI 53075 | 262-894-8025 |
| Pulvermacher | Jerry      | A              | 1017 S. Webster Ave        | Omro         | WI 54963 | 920-685-6636 |
| Stanley      | Michael    | R              | 1730 Roberts Lane          | Abrams       | WI 54101 | 909/396-1770 |
| Horton       | Sam        | V              | 7295 Cactus Lane           | Casper       | WY 82604 | 307/472-7295 |
| Overholt     | Rex        | R              | 6500 Stone Crest Drive     | Gillette     | WY 82718 | 307/682-0770 |

## **APPENDIX G**

### **Audited Consolidated Financial Statements of Snap-on Incorporated as of January 1, 2011**



# APPENDIX G

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
Snap-on Incorporated:

We have audited the accompanying consolidated balance sheets of Snap-on Incorporated and subsidiaries (the "Company") as of January 1, 2011, and January 2, 2010, and the related consolidated statements of earnings, shareholders' equity, comprehensive income, and cash flows for each of the three years in the period ended January 1, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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, such consolidated financial statements present fairly, in all material respects, the financial position of Snap-on Incorporated and subsidiaries as of January 1, 2011, and January 2, 2010, and the results of their operations and their cash flows for each of the three years in the period ended January 1, 2011, in conformity with accounting principles generally accepted in the United States of America.

We have also 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 the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 17, 2011, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP  
DELOITTE & TOUCHE LLP  
Milwaukee, Wisconsin  
February 17, 2011

## Consolidated Statements of Earnings

(Amounts in millions, except per share data)

|  | 2010       | 2009       | 2008       |
|--|------------|------------|------------|
| Net sales  | \$ 2,619.2 | \$ 2,362.5 | \$ 2,853.3 |
| Cost of goods sold   | (1,408.1)  | (1,304.9)  | (1,568.7)  |
| Gross profit   | 1,211.1    | 1,057.6    | 1,284.6    |
| Operating expenses   | (894.1)    | (824.4)    | (933.1)    |
| Operating earnings before financial services                 | 317.0      | 233.2      | 351.5      |
| Financial services revenue                                   | 62.3       | 58.3       | 81.4       |
| Financial services expenses                                  | (47.9)     | (40.8)     | (44.1)     |
| Operating earnings from financial services                   | 14.4       | 17.5       | 37.3       |
| Operating earnings   | 331.4      | 250.7      | 388.8      |
| Interest expense   | (54.8)     | (47.7)     | (33.8)     |
| Other income (expense) – net                                 | 0.8        | 2.3        | 2.8        |
| Earnings before income taxes and equity earnings             | 277.4      | 205.3      | 357.8      |
| Income tax expense   | (87.6)     | (62.7)     | (117.8)    |
| Earnings before equity earnings                              | 189.8      | 142.6      | 240.0      |
| Equity earnings, net of tax                                  | 3.2        | 1.1        | 3.6        |
| Net earnings   | 193.0      | 143.7      | 243.6      |
| Net earnings attributable to noncontrolling interests        | (6.5)      | (9.5)      | (6.9)      |
| Net earnings attributable to Snap-on Incorporated            | \$ 186.5   | \$ 134.2   | \$ 236.7   |
| Net earnings per share attributable to Snap-on Incorporated: |            |            |            |
| Basic  | \$ 3.22    | \$ 2.33    | \$ 4.12    |
| Diluted  | 3.19       | 2.32       | 4.07       |
| Weighted-average shares outstanding:                         |            |            |            |
| Basic  | 58.0       | 57.7       | 57.5       |
| Effect of dilutive options                                   | 0.4        | 0.2        | 0.6        |
| Diluted  | 58.4       | 57.9       | 58.1       |

See Notes to Consolidated Financial Statements

## Consolidated Balance Sheets

(Amounts in millions, except share data)

### ASSETS

|   | Year End   |            |
|---|------------|------------|
|   | 2010       | 2009       |
| Current assets                            |            |            |
| Cash and cash equivalents                 | \$ 572.2   | \$ 699.4   |
| Trade and other accounts receivable – net | 443.3      | 414.4      |
| Finance receivables – net                 | 215.3      | 122.3      |
| Contract receivables – net                | 45.6       | 32.9       |
| Inventories – net                         | 329.4      | 274.7      |
| Deferred income tax assets                | 87.0       | 69.5       |
| Prepaid expenses and other assets         | 72.7       | 62.9       |
| Total current assets                      | 1,765.5    | 1,676.1    |
| Property and equipment – net              | 344.0      | 347.8      |
| Deferred income tax assets                | 91.5       | 88.2       |
| Long-term finance receivables – net       | 345.7      | 177.9      |
| Long-term contract receivables – net      | 119.3      | 70.7       |
| Goodwill                                  | 798.4      | 814.3      |
| Other intangibles – net                   | 192.8      | 206.2      |
| Other assets                              | 72.2       | 66.2       |
| Total assets                              | \$ 3,729.4 | \$ 3,447.4 |

### LIABILITIES AND SHAREHOLDERS' EQUITY

|  |          |          |
|--|----------|----------|
| Current liabilities                                    |          |          |
| Notes payable and current maturities of long-term debt | \$ 216.0 | \$ 164.7 |
| Accounts payable                                       | 146.1    | 119.8    |
| Accrued benefits                                       | 45.0     | 48.7     |
| Accrued compensation                                   | 86.7     | 64.8     |
| Franchisee deposits                                    | 40.4     | 40.5     |
| Other accrued liabilities                              | 346.9    | 301.4    |
| Total current liabilities                              | 881.1    | 739.9    |
| Long-term debt   | 954.8    | 902.1    |
| Deferred income tax liabilities                        | 94.4     | 97.8     |
| Retiree health care benefits                           | 59.6     | 60.7     |
| Pension liabilities                                    | 246.1    | 255.9    |
| Other long-term liabilities                            | 89.0     | 85.4     |
| Total liabilities                                      | 2,325.0  | 2,141.8  |

### Commitments and contingencies (Note 15)

### Shareholders' equity

|  |            |            |
|--|------------|------------|
| Shareholders' equity attributable to Snap-on Incorporated  |            |            |
| Preferred stock (authorized 15,000,000 shares of \$1 par value; none outstanding)                      | –          | –          |
| Common stock (authorized 250,000,000 shares of \$1 par value; issued 67,300,630 and 67,265,454 shares) | 67.3       | 67.3       |
| Additional paid-in capital   | 169.2      | 154.4      |
| Retained earnings  | 1,644.1    | 1,528.9    |
| Accumulated other comprehensive loss   | (104.8)    | (68.4)     |
| Treasury stock at cost (9,119,085 and 9,520,405 shares)  | (387.3)    | (392.2)    |
| Total shareholders' equity attributable to Snap-on Incorporated  | 1,388.5    | 1,290.0    |
| Noncontrolling interests   | 15.9       | 15.6       |
| Total shareholders' equity   | 1,404.4    | 1,305.6    |
| Total liabilities and shareholders' equity   | \$ 3,729.4 | \$ 3,447.4 |

See Notes to Consolidated Financial Statements

## Consolidated Statements of Shareholders' Equity

### Shareholders' equity attributable to Snap-on Incorporated

(Amounts in millions, except share data)

|   | Common<br>Stock | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Treasury<br>Stock | Noncontrolling<br>Interests | Total<br>Shareholders'<br>Equity |
|---|-----------------|----------------------------------|----------------------|--|-------------------|-----------------------------|----------------------------------|
| <b>Balance at December 29, 2007</b>   | <b>\$ 67.1</b>  | <b>\$ 137.9</b>                  | <b>\$ 1,296.7</b>    | <b>\$ 142.8</b>  | <b>\$ (364.4)</b> | <b>\$ 17.3</b>              | <b>\$ 1,297.4</b>                |
| Net earnings for 2008 (excludes \$0.6 million of net loss attributable to the redeemable noncontrolling interest) | —               | —                                | 236.7                | —  | —                 | 7.5                         | 244.2                            |
| Foreign currency translation  | —               | —                                | —                    | (130.3)  | —                 | —                           | (130.3)                          |
| Change in cash flow hedges, net of tax of \$0.1 million   | —               | —                                | —                    | (1.5)  | —                 | (1.4)                       | (2.9)                            |
| Change in pension and postretirement plans, net of tax of \$70.3 million  | —               | —                                | —                    | (117.9)  | —                 | —                           | (117.9)                          |
| Cash dividends — \$1.20 per share   | —               | —                                | (69.7)               | —  | —                 | —                           | (69.7)                           |
| Dividend reinvestment plan and other  | —               | 1.3                              | —                    | 0.4  | —                 | (5.4)                       | (3.7)                            |
| Stock compensation plans  | 0.1             | 10.9                             | —                    | —  | 40.8              | —                           | 51.8                             |
| Share repurchases — 1,230,000 shares  | —               | —                                | —                    | —  | (69.8)            | —                           | (69.8)                           |
| Tax benefit from certain stock options  | —               | 5.4                              | —                    | —  | —                 | —                           | 5.4                              |
| <b>Balance at January 3, 2009</b>   | <b>67.2</b>     | <b>155.5</b>                     | <b>1,463.7</b>       | <b>(106.5)</b>   | <b>(393.4)</b>    | <b>18.0</b>                 | <b>1,204.5</b>                   |
| Net earnings for 2009 (excludes \$1.0 million of net loss attributable to the redeemable noncontrolling interest) | —               | —                                | 134.2                | —  | —                 | 10.5                        | 144.7                            |
| Foreign currency translation  | —               | —                                | —                    | 67.9   | —                 | —                           | 67.9                             |
| Change in cash flow hedges  | —               | —                                | —                    | 2.2  | —                 | 1.2                         | 3.4                              |
| Change in pension and postretirement plans, net of tax of \$17.6 million  | —               | —                                | —                    | (32.0)   | —                 | —                           | (32.0)                           |
| Cash dividends — \$1.20 per share   | —               | —                                | (69.0)               | —  | —                 | —                           | (69.0)                           |
| Dividend reinvestment plan and other  | 0.1             | 1.4                              | —                    | —  | —                 | (6.0)                       | (4.5)                            |
| Purchase of noncontrolling interest   | —               | —                                | —                    | —  | —                 | (8.1)                       | (8.1)                            |
| Stock compensation plans  | —               | (1.8)                            | —                    | —  | 1.2               | —                           | (0.6)                            |
| Tax deficiency from certain stock options   | —               | (0.7)                            | —                    | —  | —                 | —                           | (0.7)                            |
| <b>Balance at January 2, 2010</b>   | <b>67.3</b>     | <b>154.4</b>                     | <b>1,528.9</b>       | <b>(68.4)</b>  | <b>(392.2)</b>    | <b>15.6</b>                 | <b>1,305.6</b>                   |
| Net earnings for 2010 (excludes \$0.3 million of net loss attributable to the redeemable noncontrolling interest) | —               | —                                | 186.5                | —  | —                 | 6.8                         | 193.3                            |
| Foreign currency translation  | —               | —                                | —                    | (24.7)   | —                 | —                           | (24.7)                           |
| Change in cash flow hedges  | —               | —                                | —                    | 2.1  | —                 | —                           | 2.1                              |
| Change in pension and postretirement plans, net of tax of \$7.8 million   | —               | —                                | —                    | (13.8)   | —                 | —                           | (13.8)                           |
| Cash dividends — \$1.22 per share   | —               | —                                | (71.3)               | —  | —                 | —                           | (71.3)                           |
| Dividend reinvestment plan and other  | —               | 1.4                              | —                    | —  | —                 | (6.5)                       | (5.1)                            |
| Stock compensation plans  | —               | 17.2                             | —                    | —  | 13.6              | —                           | 30.8                             |
| Share repurchases — 152,000 shares  | —               | —                                | —                    | —  | (8.7)             | —                           | (8.7)                            |
| Tax benefit from certain stock options  | —               | 1.9                              | —                    | —  | —                 | —                           | 1.9                              |
| Purchase of redeemable noncontrolling interest  | —               | (5.7)                            | —                    | —  | —                 | —                           | (5.7)                            |
| <b>Balance at January 1, 2011</b>   | <b>\$ 67.3</b>  | <b>\$ 169.2</b>                  | <b>\$ 1,644.1</b>    | <b>\$ (104.8)</b>                                      | <b>\$ (387.3)</b> | <b>\$ 15.9</b>              | <b>\$ 1,404.4</b>                |

See Notes to Consolidated Financial Statements

**Consolidated Statements of Comprehensive Income**

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| <i>(Amounts in millions)</i>  | <u>2010</u>     | <u>2009</u>     | <u>2008</u>      |
|---|-----------------|-----------------|------------------|
| Comprehensive income  |                 |                 |                  |
| Net earnings  | \$ 193.0        | \$ 143.7        | \$ 243.6         |
| Other comprehensive income (loss)   |                 |                 |                  |
| Foreign currency translation  | (24.7)          | 67.9            | (130.3)          |
| Change in fair value of cash flow hedges, net of tax                        | 2.1             | 3.4             | (2.9)            |
| Change in pension and postretirement plans, net of tax                      | (13.8)          | (32.0)          | (117.9)          |
| Other   | <u>—</u>        | <u>—</u>        | <u>0.4</u>       |
| Total comprehensive income (loss)   | 156.6           | 183.0           | (7.1)            |
| Comprehensive income attributable to non-redeemable noncontrolling interest | (6.8)           | (11.7)          | (6.1)            |
| Comprehensive loss attributable to redeemable noncontrolling interest       | <u>0.3</u>      | <u>1.0</u>      | <u>0.6</u>       |
| Comprehensive income (loss) attributable to Snap-on Incorporated            | <u>\$ 150.1</u> | <u>\$ 172.3</u> | <u>\$ (12.6)</u> |

See Notes to Consolidated Financial Statements

## Consolidated Statements of Cash Flow

(Amounts in millions)

|  | 2010      | 2009      | 2008      |
|--|-----------|-----------|-----------|
| Operating activities:  |           |           |           |
| Net earnings   | \$ 193.0  | \$ 143.7  | \$ 243.6  |
| Adjustments to reconcile net earnings to net cash provided (used) by operating activities: |           |           |           |
| Depreciation   | 48.7      | 49.9      | 47.9      |
| Amortization of other intangibles  | 24.0      | 24.7      | 24.1      |
| Provision for losses on finance receivables  | 13.9      | 6.2       | —         |
| Provision for losses on non-finance receivables  | 20.5      | —         | —         |
| Stock-based compensation expense (income)  | 14.9      | (3.0)     | 13.0      |
| Excess tax benefits from stock-based compensation  | (1.5)     | —         | (5.7)     |
| Deferred income tax (benefit) provision  | (18.0)    | 4.8       | 46.3      |
| Loss (gain) on sale of assets  | (0.2)     | 0.4       | (0.7)     |
| Changes in operating assets and liabilities, net of effects of acquisitions:               |           |           |           |
| (Increase) decrease in trade and other accounts receivable                                 | (56.5)    | 52.4      | 32.5      |
| (Increase) decrease in contract receivables  | (60.1)    | (33.8)    | (5.4)     |
| (Increase) decrease in inventories   | (55.2)    | 98.4      | (52.3)    |
| (Increase) decrease in prepaid and other assets  | (26.1)    | 14.1      | (9.3)     |
| Increase (decrease) in accounts payable  | 26.2      | (7.1)     | (43.7)    |
| Increase (decrease) in accruals and other liabilities                                      | 16.8      | (3.6)     | (69.9)    |
| Net cash provided by operating activities  | 140.4     | 347.1     | 220.4     |
| Investing activities:  |           |           |           |
| Additions to finance receivables   | (497.6)   | (265.5)   | —         |
| Collections of finance receivables   | 245.2     | 82.0      | —         |
| Capital expenditures   | (51.1)    | (64.4)    | (73.9)    |
| Acquisitions of businesses   | (7.7)     | (8.1)     | (14.1)    |
| Disposal of property and equipment   | 7.9       | 1.3       | 10.5      |
| Other  | 0.3       | 13.0      | (8.6)     |
| Net cash used by investing activities  | (303.0)   | (241.7)   | (86.1)    |
| Financing activities:  |           |           |           |
| Proceeds from issuance of long-term debt   | 247.7     | 545.9     | —         |
| Repayment of long-term debt  | (150.0)   | —         | —         |
| Proceeds from short-term borrowings  | 21.8      | —         | —         |
| Repayments of short-term borrowings  | (21.8)    | —         | —         |
| Net increase (decrease) in short-term borrowings   | (0.2)     | 1.7       | (9.9)     |
| Purchase of treasury stock   | (8.7)     | —         | (69.8)    |
| Proceeds from stock purchase and option plans  | 23.7      | 4.5       | 41.7      |
| Cash dividends paid  | (71.3)    | (69.0)    | (69.7)    |
| Excess tax benefits from stock-based compensation  | 1.5       | —         | 5.7       |
| Other  | (7.9)     | (7.5)     | (6.4)     |
| Net cash provided (used) by financing activities   | 34.8      | 475.6     | (108.4)   |
| Effect of exchange rate changes on cash and cash equivalents                               | 0.6       | 2.6       | (3.1)     |
| Increase (decrease) in cash and cash equivalents   | (127.2)   | 583.6     | 22.8      |
| Cash and cash equivalents at beginning of year   | 699.4     | 115.8     | 93.0      |
| Cash and cash equivalents at end of year   | \$ 572.2  | \$ 699.4  | \$ 115.8  |
| Supplemental cash flow disclosures:  |           |           |           |
| Cash paid for interest   | \$ (55.4) | \$ (36.4) | \$ (32.0) |
| Net cash paid for income taxes   | (118.3)   | (55.3)    | (79.9)    |

See Notes to Consolidated Financial Statements

**Note 1: Summary of Accounting Policies**

**Principles of consolidation and presentation:** The Consolidated Financial Statements include the accounts of Snap-on Incorporated ("Snap-on" or "the company"), and its wholly-owned and majority-owned subsidiaries.

Snap-on accounts for investments in unconsolidated affiliates where Snap-on has a greater than 20% but less than 50% ownership interest under the equity method of accounting. Investments in unconsolidated affiliates of \$39.4 million as of 2010 year end and \$37.7 million as of 2009 year end are included in "Other assets" on the accompanying Consolidated Balance Sheets. Equity investment dividends received in 2010 and 2008 totaled \$2.0 million and \$1.5 million, respectively; no equity investment dividends were received in 2009. In the normal course of business, the company may purchase products or services from unconsolidated affiliates. Purchases from unconsolidated affiliates were \$19.2 million, \$19.7 million and \$22.2 million in 2010, 2009 and 2008, respectively. The Consolidated Financial Statements do not include the accounts of the company's independent franchisees. Snap-on's Consolidated Financial Statements are prepared in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP"). All significant intercompany accounts and transactions have been eliminated.

Snap-on realigned its management organization and, as a result, its reportable business segments, in the second quarter of 2010. The accompanying segment data has been restated to reflect these realignments. See Note 17 for information on Snap-on's reportable business segments.

Snap-on Credit LLC ("SOC") is the company's financial services operation in the United States. Snap-on terminated its SOC financial services joint venture agreement with CIT Group Inc. ("CIT") on July 16, 2009, and subsequently acquired, pursuant to the terms of the joint venture agreement, CIT's 50%-ownership interest in SOC. As a result of acquiring CIT's ownership interest, SOC became a wholly-owned subsidiary of Snap-on and Snap-on began providing financing for the majority of new loans originated by SOC; previously, substantially all of the loans originated by SOC were sold to CIT. Prior to July 16, 2009, SOC was a consolidated financial services joint venture, as Snap-on was the primary beneficiary of the joint venture agreement. See Notes 2 and 3 for further information on SOC.

The Consolidated Statements of Cash Flow reflect the "Provision for losses on finance receivables" originated by (i) SOC after July 16, 2009, and (ii) Snap-on's wholly-owned international finance subsidiaries, as part of "Net cash provided by operating activities." Subsequent to July 16, 2009, "Additions to finance receivables" and "Collections of finance receivables" are presented as part of "Net cash used by investing activities." The non-cash provision for losses on finance receivables and the net additions and collections of finance receivables prior to July 16, 2009, which primarily related to the company's wholly-owned international finance subsidiaries, are included in "(Increase) decrease in contract receivables" as part of "Net cash provided by operating activities;" these amounts were not restated as the amounts were not significant, individually or in the aggregate, to Snap-on's Consolidated Statements of Cash Flow.

The Consolidated Statements of Cash Flow also reflect, beginning in 2010, the "Provision for losses on non-finance receivables." The non-cash provisions for losses on non-finance receivables prior to 2010 are included in "(Increase) decrease in trade and other accounts receivable" and "(Increase) decrease in contract receivables" as part of "Net cash provided by operating activities;" prior year amounts were not restated as the amounts were not significant, individually or in the aggregate, to Snap-on's Consolidated Statements of Cash Flow. See Note 3 for further information on receivables.

**Fiscal year accounting period:** Snap-on's fiscal year ends on the Saturday nearest to December 31. The 2010 fiscal year ended on January 1, 2011 ("2010"), and contained 52 weeks of operating results. The 2009 fiscal year ended on January 2, 2010 ("2009"), and contained 52 weeks of operating results. The 2008 fiscal year ended on January 3, 2009 ("2008"), and contained 53 weeks of operating results, with the additional week occurring in the fourth quarter. The impact of the additional week of operations on full year 2008 net sales and operating earnings was not material.

**Use of estimates:** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial instruments:** The fair value of the company's derivative financial instruments is generally determined using quoted prices in active markets for similar assets and liabilities. The carrying value of the company's non-derivative financial instruments either approximate fair value, due to their short-term nature, or fair value is based upon a discounted cash flow analysis or quoted market values. See Note 10 for further information on financial instruments.

**Revenue recognition:** Snap-on recognizes revenue from the sale of tools, diagnostics and equipment solutions when contract terms are met, the price is fixed or determinable, collectability is reasonably assured and a product is shipped or risk of ownership has been transferred to and accepted by the customer. For sales contingent upon customer acceptance or product installation, revenue recognition is deferred until such obligations are fulfilled. Estimated product returns are recorded as a reduction in reported revenues at the time of sale based upon historical product return experience and gross profit margin adjusted for known trends. Provisions for customer volume rebates, discounts and allowances are also recorded as a reduction of reported revenues at the time of sale based on historical experience and known trends. Revenue related to maintenance and subscription agreements is recognized over the term of the agreement.

Snap-on also recognizes revenue related to multiple element arrangements, including sales of software and software-related services. When a sales arrangement contains multiple elements, such as hardware and software products and/or services, Snap-on uses estimates of fair value for hardware elements and vendor specific objective evidence ("VSOE") of fair value for software elements to allocate revenue to each element based on its relative fair value and, when necessary, uses the residual method to assign value to the delivered elements when VSOE only exists for the undelivered elements. The amount assigned to future delivery of products or services is recognized when the product is delivered and/or when the services are performed. In instances where the product and/or services are performed over an extended period, as is the case with subscription agreements or the providing of ongoing support, revenue is generally recognized on a straight-line basis over the term of the agreement, which generally ranges from 12 to 60 months.

Franchise fee revenue, including nominal, non-refundable initial and ongoing monthly fees (primarily for sales, business training, marketing and product promotion programs), is recognized as the fees are earned.

**Financial services revenue:** Financial services revenue consists of finance loan receivable revenue and installment contract revenue and, prior to July 16, 2009, revenue from SOC's sales of originated loans to CIT; financial services revenue also includes service fee income received from CIT.

Snap-on generates financial services revenue from various financing programs that include (i) loans to franchisees' customers and Snap-on's industrial and other customers for the purchase or lease of tools, equipment and diagnostics products on an extended term payment plan; and (ii) business loans and vehicle leases to franchisees. These financing programs are offered through SOC and Snap-on's wholly-owned international finance subsidiaries. Prior to the July 16, 2009 acquisition of CIT's 50%-ownership interest in SOC, financial services revenue in the United States was primarily generated from SOC's sales of originated contracts to CIT.

Financing revenue from originated loans retained by Snap-on's finance subsidiaries, including SOC, is recognized over the life of the contract, with interest computed on the average daily balances of the underlying contracts. Financing revenue from sales of contracts to CIT was recognized on the date such contracts were sold. For contracts originated by SOC and subsequently sold to CIT, SOC continues to service the contracts for an estimated servicing fee and such revenue is recognized over the contractual term of the loan, with a portion of the servicing fee recognized at the time of sale since the contractual servicing fee provided SOC with more than adequate compensation for the level of services provided.

The decision to finance through Snap-on or another financing entity is solely at the election of the customer. When assessing customers for potential financing, Snap-on considers various factors regarding ability to pay including customers' financial condition, collateral, debt-servicing ability, past payment experience and credit bureau information. For finance and contract receivables, Snap-on assesses these factors through the use of credit quality indicators consisting primarily of customer credit risk scores combined with internal credit risk grades, collection experience and other internal metrics.

**Research and engineering:** In 2010, Snap-on incurred research and engineering costs of \$38.1 million, or 1.5% of net sales. In 2009, research and engineering costs were \$36.7 million, or 1.6% of net sales and in 2008, research and engineering costs were \$43.3 million, or 1.5% of net sales.

**Internally developed software:** Costs incurred in the development of software that will ultimately be sold are capitalized from the time technological feasibility has been attained and capitalization ceases when the related product is ready for general release. During 2010, 2009 and 2008, Snap-on capitalized \$13.0 million, \$7.8 million and \$9.7 million, respectively, of such costs. Amortization of capitalized software development costs, which is included in "Cost of goods sold" on the accompanying Consolidated Statements of Earnings, was \$10.9 million in 2010, \$9.4 million in 2009 and



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\$8.2 million in 2008. Unamortized capitalized software development costs of \$26.1 million as of 2010 year end and \$23.9 million as of 2009 year end are included in "Other intangibles – net" on the accompanying Consolidated Balance Sheets.

**Internal-use software:** Costs that are incurred in creating software solutions and enhancements to those solutions are capitalized only during the application development stage of the project.

**Shipping and handling:** Amounts billed to customers for shipping and handling are included as a component of sales. Costs incurred by Snap-on for shipping and handling are included as a component of cost of goods sold when the costs relate to manufacturing activities. In 2010, 2009 and 2008, Snap-on incurred shipping and handling charges of \$32.3 million, \$26.6 million and \$32.6 million, respectively, that were recorded in "Cost of goods sold" on the accompanying Consolidated Statements of Earnings. Shipping and handling costs incurred in conjunction with selling or distribution activities are included as a component of operating expenses. In 2010, 2009 and 2008, Snap-on incurred shipping and handling charges of \$60.8 million, \$51.7 million and \$59.8 million, respectively, that were recorded in "Operating expenses" on the accompanying Consolidated Statements of Earnings.

**Advertising and promotion:** Production costs of future media advertising are deferred until the advertising occurs. All other advertising and promotion costs are expensed when incurred. For 2010, 2009 and 2008, advertising and promotion expenses totaled \$41.1 million, \$36.8 million and \$59.0 million, respectively.

**Warranties:** Snap-on provides product warranties for specific product lines and accrues for estimated future warranty costs in the period in which the sale is recorded. See Note 15 for further information on warranties.

**Foreign currency translation:** The financial statements of Snap-on's foreign subsidiaries are translated into U.S. dollars. Assets and liabilities of foreign subsidiaries are translated at current rates of exchange, and income and expense items are translated at the average exchange rate for the period. The resulting translation adjustments are recorded directly into "Accumulated other comprehensive loss" on the accompanying Consolidated Balance Sheets. Foreign exchange transactions resulted in a pretax loss of \$0.7 million in 2010, a pretax gain of \$0.6 million in 2009, and a pretax loss of \$1.3 million in 2008. Foreign exchange transaction gains and losses are reported in "Other income (expense) – net" on the accompanying Consolidated Statements of Earnings.

**Income taxes:** Current tax assets and liabilities are based upon an estimate of taxes refundable or payable for each of the jurisdictions in which the company is subject to tax. In the ordinary course of business there is inherent uncertainty in quantifying income tax positions. Snap-on assesses income tax positions and records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting dates. For those tax positions where it is more-likely-than-not that a tax benefit will be sustained, Snap-on records the largest amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more-likely-than-not that a tax benefit will be sustained, no tax benefit is recognized in the financial statements. When applicable, associated interest and penalties are recognized as a component of income tax expense. Accrued interest and penalties are included within the related tax asset or liability on the accompanying Consolidated Balance Sheets.

Deferred income taxes are provided for temporary differences arising from differences in basis of assets and liabilities for tax and financial reporting purposes. Deferred income taxes are recorded on temporary differences using enacted tax rates in effect for the year in which the temporary differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. See Note 8 for further information on income taxes.

**Per share data:** Basic earnings per share calculations were computed by dividing net earnings attributable to Snap-on Incorporated by the corresponding weighted-average number of common shares outstanding for the period. The dilutive effect of the potential exercise of outstanding options to purchase common shares is calculated using the treasury stock method. Snap-on had dilutive shares totaling 390,833 shares, 212,318 shares and 620,611 shares, in 2010, 2009 and 2008, respectively. Options to purchase 667,208 shares, 1,479,619 shares and 540,462 shares of Snap-on common stock for the years ended 2010, 2009 and 2008, respectively, were not included in the computation of diluted earnings per share as the exercise prices of the options were greater than the average market price of the common stock for the respective year and, as a result, the effect on earnings per share would be anti-dilutive. Performance share awards and restricted stock units ("RSUs") do not affect the diluted earnings per share calculation until it is determined that the applicable performance metrics have been met. See Note 13 for further information on performance share awards and RSUs.

**Stock-based compensation:** Snap-on recognizes the cost of employee services in exchange for awards of equity instruments based on the grant date fair value of those awards (with limited exceptions). That cost, based on the estimated number of awards that are expected to vest, is recognized on a straight-line basis over the period during which the employee is required to provide the service in exchange for the award. No compensation cost is recognized for awards for which employees do not render the requisite service. The grant date fair value of employee stock options and similar instruments is estimated using the Black-Scholes valuation model.

The Black-Scholes valuation model requires the input of subjective assumptions, including the expected life of the stock-based award and stock price volatility. The assumptions used are management's best estimates, but the estimates involve inherent uncertainties and the application of management judgment. As a result, if other assumptions had been used, the recorded stock-based compensation expense could have been materially different from that depicted in the financial statements. See Note 13 for further information on stock-based compensation.

**Derivatives:** Snap-on utilizes derivative financial instruments, including foreign currency forward contracts, interest rate swap agreements and treasury lock agreements, to manage its exposure to foreign currency exchange rate and interest rate risks. Snap-on accounts for its derivative instruments at fair value. Snap-on does not hold or issue financial instruments for speculative or trading purposes. See Note 10 for further information on derivatives.

**Concentrations:** Snap-on is exposed to credit losses in the event of non-performance by the counterparties to its foreign currency forward contracts, interest rate swap agreements and treasury lock agreements. Snap-on does not obtain collateral or other security to support its financial instruments subject to credit risk, but monitors the credit standing of the counterparties and enters into agreements only with financial institution counterparties with a credit rating of A- or better. Snap-on does not anticipate non-performance by its counterparties, but cannot provide assurances.

Approximately 2,850 employees, or 25% of Snap-on's worldwide workforce, are represented by unions and/or covered under collective bargaining agreements. Approximately 1,450 employees are covered under agreements expiring in 2011. In recent years, Snap-on has not experienced any significant work slow-downs, stoppages or other labor disruptions.

**Cash equivalents:** Snap-on considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents are stated at cost, which approximates market value.

**Receivables and allowances for doubtful accounts:** All trade accounts, finance and contract receivables are reported on the balance sheet at their outstanding principal balance adjusted for any charge-offs and net of allowances for doubtful accounts. Finance and contract receivables also include accrued interest and loan acquisition costs, net of loan acquisition fees.

Snap-on maintains allowances for doubtful accounts to absorb probable losses inherent in its portfolio of receivables. The allowances for doubtful accounts represent management's estimate of the losses inherent in the company's receivables portfolio based on ongoing assessments and evaluations of collectability and historical loss experience. In estimating losses inherent in each of its receivable portfolios (trade, finance and contract receivables), Snap-on uses historical loss experience rates by portfolio and applies them to a related aging analysis. Determination of the proper level of allowances by portfolio requires management to exercise significant judgment about the timing, frequency and severity of credit losses that could materially affect the provision for credit losses and, therefore, net income. The allowances for doubtful accounts takes into consideration numerous quantitative and qualitative factors, by receivable type, including historical loss experience, portfolio duration, collection experience, delinquency trends, economic conditions and credit risk quality as follows:

- Snap-on evaluates the collectability of receivables based on a combination of various financial and qualitative factors that may affect the customers' ability to pay. These factors may include customers' financial condition, collateral, debt-servicing ability, past payment experience and credit bureau information.
- For finance and contract receivables, Snap-on assesses quantitative and qualitative factors through the use of credit quality indicators consisting primarily of customer credit risk scores combined with internal credit risk grades, collection experience and other internal metrics as follows:

- Credit risk – Personal credit risk is monitored regularly on an account by account basis through customer credit scores obtained from major credit bureaus as well as through the use of internal proprietary, custom scoring models used to evaluate each transaction at the time of the application for credit and by periodically updating those credit scores for ongoing monitoring purposes. In addition, Snap-on evaluates credit quality through the use of a loan risk grading measurement system that provides a framework to analyze the finance and contract receivables on the basis of risk factors of the individual obligor as well as transaction specific risk.
- Collection experience – Snap-on conducts monthly reviews of credit and collection performance for each of its finance and contract receivable portfolios focusing on data such as delinquency trends, non-performing assets, charge-off and recovery activity. These reviews allow for the formulation of collection strategies and potential collection policy modifications in response to changing risk profiles in the finance and contract receivable portfolios.
- Other internal metrics – Snap-on maintains a system that aggregates credit exposure by customer, industry, risk classification and geographical area, among other factors, to further monitor changing risk profiles.

Management performs detailed reviews of its receivables on a monthly and/or quarterly basis to assess the adequacy of the allowances based on historical and current trends and other factors affecting credit losses and to determine if any impairment has occurred. A receivable is impaired when it is probable that all amounts related to the receivable will not be collected according to the contractual terms of the loan agreement. In circumstances where the company is aware of a specific customer's inability to meet its financial obligations, a specific reserve is recorded against amounts due to reduce the net recognized receivable to the amount reasonably expected to be collected. Additions to the allowances for doubtful accounts are maintained through adjustments to the provision for credit losses, which are charged to current period earnings; amounts determined to be uncollectable are charged directly against the allowances, while amounts recovered on previously charged-off accounts increase the allowances. Net charge-offs include the principal amount of losses charged off as well as charged-off interest and fees. Recovered interest and fees previously charged-off are recorded through the allowances for doubtful accounts. Finance receivables are assessed for charge-off when an account becomes 120 days past due and are charged-off typically within 60 days of asset repossession. Contract receivables related to equipment leases are generally charged-off when an account becomes 150 days past due while contract receivables related to franchise finance and van leases are generally charged off up to 180 days past the asset return. For finance and contract receivables, customer bankruptcies are generally charged-off upon notification that the associated debt is not being reaffirmed, or, in any event, no later than 180 days past due.

Snap-on does not believe that trade accounts, finance or contract receivables represent significant concentrations of credit risk because of the diversified portfolio of individual customers and geographical areas. See Note 3 for further information on receivables and allowances for doubtful accounts.

**Other accrued liabilities:** Supplemental balance sheet information for "Other accrued liabilities" as of 2010 and 2009 year end is as follows:

| <i>(Amounts in millions)</i>    | 2010            | 2009            |
|---------------------------------|-----------------|-----------------|
| Income taxes                    | \$ 12.5         | \$ 12.0         |
| Accrued restructuring           | 10.5            | 13.4            |
| Accrued replacements/warranty   | 16.9            | 14.3            |
| Deferred subscription revenue   | 18.6            | 19.3            |
| Amounts withheld from CIT       | 107.8           | 81.5            |
| Other                           | 180.6           | 160.9           |
| Total other accrued liabilities | <u>\$ 346.9</u> | <u>\$ 301.4</u> |

Included in other accrued liabilities as of 2010 and 2009 year end are \$107.8 million and \$81.5 million, respectively, of amounts withheld from payments made to CIT relating to SOC's ongoing business activities. The amounts withheld relate to a dispute between the parties concerning various payments made during the course of the financial services joint venture. See Note 15 for further information.

**Inventories:** Snap-on values its inventory at the lower of cost or market and adjusts for the value of inventory that is estimated to be excess, obsolete or otherwise unmarketable. Snap-on records allowances for excess and obsolete inventory based on historical and estimated future demand and market conditions. Allowances for raw materials are largely based on an analysis of raw material age and actual physical inspection of raw material for fitness for use. As part of evaluating the adequacy of allowances for work-in-progress and finished goods, management reviews individual product stock-keeping units (SKUs) by product category and product life cycle. Cost adjustments for each product category/product life-cycle state are generally established and maintained based on a combination of historical experience, forecasted sales and promotions, technological obsolescence, inventory age and other actual known conditions and circumstances. Should actual product marketability and raw material fitness for use be affected by conditions that are different from management estimates, further adjustments to inventory allowances may be required.

Snap-on adopted the "last-in, first-out" ("LIFO") inventory valuation method in 1973 for its U.S. locations. Snap-on's U.S. inventories accounted for on a LIFO basis consist of purchased product and inventory manufactured at the company's heritage U.S. manufacturing facilities (primarily hand tools and tool storage). As Snap-on began acquiring businesses in the 1990's, the company retained the "first-in, first-out" ("FIFO") inventory valuation methodology used by the predecessor businesses prior to their acquisition by Snap-on; the company does not adopt the LIFO inventory valuation methodology for new acquisitions. See Note 4 for further information on inventories.

**Property and equipment:** Property and equipment is stated at cost less accumulated depreciation and amortization. Depreciation and amortization are provided on a straight-line basis over estimated useful lives. Major repairs that extend the useful life of an asset are capitalized, while routine maintenance and repairs are expensed as incurred. Capitalized software included in property and equipment reflects costs related to internally developed or purchased software for internal use and is amortized on a straight-line basis over their estimated useful lives. Long-lived assets are evaluated for impairment when events or circumstances indicate that the carrying amount of the long-lived asset may not be recoverable. See Note 5 for further information on property and equipment.

**Goodwill and other intangible assets:** Goodwill and indefinite-lived assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets might be impaired. Annual impairment tests are performed by the company in the second quarter of each year. Snap-on evaluates the existence of goodwill and indefinite-lived intangible asset impairment on the basis of whether the assets are fully recoverable from projected, discounted cash flows of the related business unit or asset. Intangible assets with finite lives are amortized over their estimated useful lives using straight-line and accelerated methods depending on the nature of the particular asset. See Note 6 for further information on goodwill and other intangible assets.

**Accumulated other comprehensive loss:** The components of "Accumulated other comprehensive loss" ("Accumulated OCI") on the accompanying Consolidated Balance Sheets as of 2010 and 2009 year end are as follows:

| <i>(Amounts in millions)</i>   | 2010              | 2009             |
|--|-------------------|------------------|
| Foreign currency translation adjustment  | \$ 106.2          | \$ 130.9         |
| Unamortized loss on pension and postretirement benefit plans,<br>net of tax of \$126.9 million and \$119.1 million, respectively | (213.5)           | (199.7)          |
| Other  | 2.5               | 0.4              |
| Accumulated other comprehensive loss   | <u>\$ (104.8)</u> | <u>\$ (68.4)</u> |

## New accounting standards

### *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*

The Financial Accounting Standards Board ("FASB") issued a pronouncement in July 2010 that requires enhanced disclosures regarding the nature of credit risk inherent in an entity's portfolio of financing receivables, how that risk is analyzed, and the changes, as well as the reasons for such changes, in the allowance for credit losses. The new disclosures, which require information regarding both financing receivables and the related allowances for credit losses at more disaggregated levels, became effective for Snap-on as of its 2010 fiscal year end. Specific disclosures regarding activities that occur during a reporting period, such as the disaggregated rollforward disclosures, are effective for Snap-on at the beginning of its 2011 fiscal year. This guidance, which affects disclosures primarily related to Snap-on's finance and contract receivables, did not have, and will not have, a significant impact on the company's Consolidated Financial Statements.

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### *Fair Value Measurements and Disclosures*

The fair value measurements hierarchy gives the highest priority ("Level 1") to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority ("Level 3") to unobservable inputs. Fair value measurements primarily based on observable market information are given a "Level 2" priority. Previously released guidance on fair value measurements and disclosures was amended in January 2010. The amendment requires disclosure of transfers into and out of Level 1 and Level 2 fair value measurements, and also requires more detailed disclosure about the activity within Level 3 fair value measurements. A portion of the amendment was effective for Snap-on at the beginning of its 2010 fiscal first quarter and required the disclosure of transfers into and out of Level 1 and Level 2 fair value measurements; the amendment's requirements related to Level 3 disclosures are effective for Snap-on at the beginning of its 2011 fiscal year. This guidance, which affects new disclosures only, did not have, and will not have, a significant impact on the company's Consolidated Financial Statements.

### *Revenue Arrangements with Multiple Deliverables*

Previously released guidance on revenue arrangements with multiple deliverables was amended in October 2009; the amended guidance becomes effective for Snap-on at the beginning of its 2011 fiscal year. The amendment addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and how the arrangement consideration should be allocated among the separate units of accounting. The amendment may be applied retrospectively or prospectively for new or materially modified arrangements and early adoption is permitted. The company does not believe that the adoption will have a significant impact on the company's Consolidated Financial Statements.

### *Certain Revenue Arrangements that Include Software Elements*

Previously released guidance on certain revenue arrangements that include software elements was amended in October 2009; the amended guidance becomes effective for Snap-on at the beginning of its 2011 fiscal year. The amendment removes tangible products from the scope of the software revenue guidance if the products contain both software and non-software components that function together to deliver a product's essential functionality, and provides guidance on determining whether software deliverables in an arrangement that includes a tangible product are within the scope of the software revenue guidance. The amendment may be applied retrospectively or prospectively for new or materially modified arrangements and early adoption is permitted. The company does not believe that the adoption will have a significant impact on the company's Consolidated Financial Statements.

## **Note 2: Acquisitions**

Snap-on acquired the remaining 40% interest in Wanda Snap-on (Zhejiang) Co., Ltd ("Wanda Snap-on"), the company's tool manufacturing operation in Xiaoshan, China, on April 6, 2010, for a purchase price of \$7.7 million and \$0.1 million of transaction costs. Snap-on acquired the initial 60% interest in Wanda Snap-on for a cash purchase price of \$15.4 million (or \$14.1 million, net of cash acquired), including \$1.2 million of transaction costs, on March 5, 2008. The acquisition of Wanda Snap-on is part of the company's ongoing strategic initiatives to further expand its manufacturing presence in emerging growth markets and lower-cost regions. On July 1, 2010, Wanda Snap-on was renamed Snap-on Asia Manufacturing (Zhejiang) Co., Ltd. ("Xiaoshan").

The following summarizes the changes in the Xiaoshan redeemable noncontrolling interest for 2010 and 2009:

| <i>(Amounts in millions)</i>           | 2010        | 2009          |
|--|-------------|---------------|
| Beginning of year                      | \$ 3.3      | \$ 4.3        |
| Net loss                               | (0.3)       | (1.0)         |
| Acquisition of noncontrolling interest | (3.0)       | —             |
| End of year                            | <u>\$ —</u> | <u>\$ 3.3</u> |

For segment reporting purposes, the results of operations and assets of Xiaoshan are included in the Commercial & Industrial Group. Pro forma financial information is not presented as the net effects of the Xiaoshan acquisition were not material to Snap-on's results of operations or financial position.

Snap-on terminated its SOC financial services joint venture agreement with CIT on July 16, 2009, and subsequently purchased, pursuant to the terms of the joint venture agreement, CIT's 50%-ownership interest in SOC for a cash purchase price of \$8.1 million. As a result of acquiring CIT's ownership interest, SOC became a wholly-owned subsidiary of Snap-on. The \$8.1 million purchase price represented the book value, and approximated the fair value, of CIT's ownership interest in SOC as of the acquisition date; no goodwill or intangible assets were recorded as a result of this acquisition.

Snap-on has included the accounts of SOC in its consolidated financial statements since 2004 as Snap-on concluded that it was the primary beneficiary of the joint venture arrangement. From 2004 until the July 16, 2009 termination date, CIT's ownership interest in SOC was reported in the company's Consolidated Financial Statements as a noncontrolling interest. For segment reporting purposes, the results of operations and assets of SOC are included in Financial Services.

### Note 3: Receivables

#### Trade and Other Accounts Receivable

Snap-on's trade and other accounts receivable primarily arise from the sale of tools, diagnostics and equipment to a broad range of industrial and commercial customers and to Snap-on's independent franchise van channel on a non-extended-term basis with payment terms generally ranging from 30 to 120 days.

The components of Snap-on's trade and other accounts receivable as of 2010 and 2009 year end are as follows:

| <i>(Amounts in millions)</i>                    | 2010            | 2009            |
|---|-----------------|-----------------|
| Trade and other accounts receivable             | \$ 470.3        | \$ 440.8        |
| Allowances for doubtful accounts                | (27.0)          | (26.4)          |
| Total trade and other accounts receivable – net | <u>\$ 443.3</u> | <u>\$ 414.4</u> |

#### Finance and Contract Receivables

SOC originates extended-term finance and contract receivables on sales of Snap-on product sold through the U.S. franchisee and customer network and to Snap-on's industrial and other customers; Snap-on's foreign finance subsidiaries provide similar financing internationally. Interest income on finance and contract receivables is included in "Financial services revenue" on the accompanying Consolidated Statements of Earnings.

Snap-on's finance receivables are comprised of extended-term installment loans to technicians (i.e. franchisees' customers) to enable them to purchase tools, diagnostics and equipment on an extended-term payment plan, generally with average payment terms of 32 months. Contract receivables, with payment terms of up to 10 years, are comprised of extended-term installment loans to a broad base of industrial and other customers worldwide, including shop owners, both independents and national chains, for their purchase of tools, diagnostics and equipment. Contract receivables also include extended-term installment loans to franchisees to meet a number of financing needs including van and truck leases, working capital loans, and loans to enable new franchisees to fund the purchase of the franchise. Finance and contract receivables are generally secured by the underlying tools, diagnostics or equipment financed and, for installment loans to franchisees, other franchisee assets.

Snap-on did not purchase any finance or contract receivables during 2010 or 2009; subsequent to the termination of the financial services joint venture agreement with CIT on July 16, 2009, Snap-on did not sell any finance or contract receivables.

The components of Snap-on's current finance and contract receivables as of 2010 and 2009 year end are as follows:

| <i>(Amounts in millions)</i>   | 2010     | 2009     |
|--|----------|----------|
| Finance receivables, net of unearned finance charges of \$7.0 million and \$6.8 million  | \$ 222.4 | \$ 126.2 |
| Contract receivables, net of unearned finance charges of \$6.0 million and \$4.0 million | 46.8     | 34.5     |
| Total  | 269.2    | 160.7    |
| Allowances for doubtful accounts:  |          |          |
| Finance receivables  | (7.1)    | (3.9)    |
| Contract receivables   | (1.2)    | (1.6)    |
| Total  | (8.3)    | (5.5)    |
| Total current finance and contract receivables – net                                     | \$ 260.9 | \$ 155.2 |
| Finance receivables – net  | \$ 215.3 | \$ 122.3 |
| Contract receivables – net   | 45.6     | 32.9     |
| Total current finance and contract receivables – net                                     | \$ 260.9 | \$ 155.2 |

The components of Snap-on's finance and contract receivables with payment terms beyond one year as of 2010 and 2009 year end are as follows:

| <i>(Amounts in millions)</i>   | 2010     | 2009     |
|--|----------|----------|
| Finance receivables, net of unearned finance charges of \$8.7 million and \$8.0 million  | \$ 360.1 | \$ 184.1 |
| Contract receivables, net of unearned finance charges of \$8.4 million and \$5.9 million | 122.1    | 73.2     |
| Total  | 482.2    | 257.3    |
| Allowances for doubtful accounts:  |          |          |
| Finance receivables  | (14.4)   | (6.2)    |
| Contract receivables   | (2.8)    | (2.5)    |
| Total  | (17.2)   | (8.7)    |
| Total long-term finance and contract receivables – net                                   | \$ 465.0 | \$ 248.6 |
| Finance receivables – net  | \$ 345.7 | \$ 177.9 |
| Contract receivables – net   | 119.3    | 70.7     |
| Total long-term finance and contract receivables – net                                   | \$ 465.0 | \$ 248.6 |

Long-term finance and contract receivables installments, net of unearned finance charges, as of 2010 year end are scheduled as follows:

| <i>(Amounts in millions)</i> | 2010     |          |
|------------------------------|----------|----------|
| Due in Months:               | Finance  | Contract |
| 13 – 24                      | \$ 172.3 | \$ 31.3  |
| 25 – 36                      | 116.5    | 25.6     |
| 37 – 48                      | 50.3     | 20.3     |
| 49 – 60                      | 20.3     | 15.2     |
| Thereafter                   | 0.7      | 29.7     |
| Total                        | \$ 360.1 | \$ 122.1 |

Delinquency is the primary indicator of credit quality for finance and contract receivables. Receivable balances are considered delinquent when contractual payments on the loans become 30 days past due.

Finance receivables are generally placed on non-accrual status (nonaccrual of interest and other fees) (i) when a customer is placed on repossession status after being 90 days past due; (ii) upon receipt of notification of bankruptcy; (iii) upon the death of a customer; or (iv) in other instances in which management concludes collectability is not reasonably assured. Finance receivables that are considered nonperforming include receivables that are on non-accrual status and receivables that are generally 90 days past due.

Contract receivables are generally placed on non-accrual status (nonaccrual of interest and other fees) (i) when a receivable is more than 90 days past due or at the point a customer is placed on terminated status regardless of the delinquency status; (ii) upon the death of a customer; or (iii) in other instances in which management concludes collectability is not reasonably assured. Contract receivables that are considered nonperforming include receivables that are on non-accrual status and receivables that are generally more than 90 days past due.

The accrual of interest and other fees is resumed when the finance or contract receivable becomes contractually current and collection of all remaining contractual amounts due is reasonably assured. Finance and contract receivables are evaluated for impairment on a collective basis. A receivable is impaired when it is probable that all amounts related to the receivable will not be collected according to the contractual terms of the loan agreement. Impaired receivables are covered by the finance and contract allowances for doubtful accounts reserves and are charged-off against the reserves when appropriate. As of 2010 and 2009 year end, there were \$7.4 million and \$1.4 million, respectively, of impaired finance receivables, and there were \$0.8 million and \$0.3 million, respectively, of impaired contract receivables.

The aging of finance and contract receivables as of 2010 and 2009 year end is as follows:

| (Amounts in millions) | 30-59<br>Days Past<br>Due | 60-89<br>Days Past<br>Due | Greater<br>Than 90<br>Days Past<br>Due | Total Past<br>Due | Total Not<br>Past Due | Total    | Greater<br>Than 90<br>Days Past<br>Due and<br>Accruing |
|-----------------------|---------------------------|---------------------------|--|-------------------|-----------------------|----------|--|
| 2010 year end:        |                           |                           |  |                   |                       |          |  |
| Finance receivables   | \$ 5.0                    | \$ 3.0                    | \$ 3.8                                 | \$ 11.8           | \$ 570.7              | \$ 582.5 | \$ 2.7   |
| Contract receivables  | 0.4                       | 0.1                       | 0.2                                    | 0.7               | 168.2                 | 168.9    | —  |
| 2009 year end:        |                           |                           |  |                   |                       |          |  |
| Finance receivables   | \$ 2.1                    | \$ 0.7                    | \$ 0.5                                 | \$ 3.3            | \$ 307.0              | \$ 310.3 | \$ 0.4   |
| Contract receivables  | 0.3                       | —                         | 0.1                                    | 0.4               | 107.3                 | 107.7    | —  |

The amount of performing and nonperforming finance and contract receivables based on payment activity as of 2010 and 2009 year end is as follows:

| (Amounts in millions) | 2010                   |                         | 2009                   |                         |
|-----------------------|------------------------|-------------------------|------------------------|-------------------------|
|                       | Finance<br>Receivables | Contract<br>Receivables | Finance<br>Receivables | Contract<br>Receivables |
| Performing            | \$ 575.1               | \$ 168.1                | \$ 308.9               | \$ 107.4                |
| Nonperforming         | 7.4                    | 0.8                     | 1.4                    | 0.3                     |
| Total                 | \$ 582.5               | \$ 168.9                | \$ 310.3               | \$ 107.7                |

The amount of finance and contract receivables on non-accrual status as of 2010 and 2009 year end is as follows:

| (Amounts in millions) | 2010   | 2009   |
|-----------------------|--------|--------|
| Finance receivables   | \$ 4.7 | \$ 0.1 |
| Contract receivables  | 0.8    | 0.3    |



The following is a rollforward of the allowances for doubtful accounts for 2010, 2009 and 2008:

| <i>(Amounts in millions)</i>      | Balance at<br>Beginning<br>of Year | Expenses | Deductions <sup>(1)</sup> | Balance at<br>End of<br>Year |
|-----------------------------------|------------------------------------|----------|---------------------------|------------------------------|
| Allowances for doubtful accounts: |                                    |          |                           |                              |
| 2010                              | \$ 40.6                            | \$ 34.4  | \$ (22.5)                 | \$ 52.5                      |
| 2009                              | 26.3                               | 33.5     | (19.2)                    | 40.6                         |
| 2008                              | 31.7                               | 12.9     | (18.3)                    | 26.3                         |

<sup>(1)</sup> Represents write-offs of bad debts, net of recoveries, and the net impact of currency translation.

Bad debt expense in 2010 and 2009 primarily reflects increased allowances for doubtful accounts as a result of growth in the on-book finance portfolio at SOC. Bad debt expense in 2008 primarily reflects the impact of favorable loss experience in the Snap-on Tools Group.

Prior to July 16, 2009, SOC sold substantially all new finance and contract loan originations to CIT on a limited recourse basis; SOC retained the right to service such loans for a contractual servicing fee. As of 2010 year end, the remaining portfolio of receivables owned by CIT that is being serviced by SOC was approximately \$260 million. Contractual servicing fees were \$4.9 million in 2010, \$8.3 million in 2009 and \$9.2 million in 2008.

#### Note 4: Inventories

Inventories by major classification as of 2010 and 2009 year end are as follows:

| <i>(Amounts in millions)</i>          | 2010            | 2009            |
|---------------------------------------|-----------------|-----------------|
| Finished goods                        | \$ 308.7        | \$ 254.3        |
| Work in progress                      | 25.0            | 28.3            |
| Raw materials                         | 64.1            | 60.5            |
| Total FIFO value                      | 397.8           | 343.1           |
| Excess of current cost over LIFO cost | (68.4)          | (68.4)          |
| Total inventories – net               | <u>\$ 329.4</u> | <u>\$ 274.7</u> |

Inventories accounted for using the FIFO method as of 2010 and 2009 year end approximated 64% and 66%, respectively, of total inventories. The company accounts for its non-U.S. inventory on the FIFO method. As of 2010 year end, approximately 27% of the company's U.S. inventory was accounted for using the FIFO method and 73% was accounted for using the LIFO method. LIFO inventory liquidations resulted in a reduction of "Cost of goods sold" on the accompanying Consolidated Statements of Earnings of \$9.5 million in 2009; there were no LIFO inventory liquidations in 2010 or 2008.

#### Note 5: Property and Equipment

Snap-on's property and equipment values, which are carried at cost, as of 2010 and 2009 year end are as follows:

| <i>(Amounts in millions)</i>               | 2010            | 2009            |
|--|-----------------|-----------------|
| Land                                       | \$ 20.5         | \$ 22.9         |
| Buildings and improvements                 | 261.9           | 250.1           |
| Machinery, equipment and computer software | 620.9           | 621.7           |
| Property and equipment – gross             | 903.3           | 894.7           |
| Accumulated depreciation and amortization  | (559.3)         | (546.9)         |
| Property and equipment – net               | <u>\$ 344.0</u> | <u>\$ 347.8</u> |

The estimated service lives of property and equipment are principally as follows:

|  |               |
|--|---------------|
| Buildings and improvements                 | 3 to 50 years |
| Machinery, equipment and computer software | 2 to 15 years |

The cost and accumulated depreciation of property and equipment under capital leases as of 2010 and 2009 year end are as follows:

|  |                |                |
|--|----------------|----------------|
| <i>(Amounts in millions)</i>               | 2010           | 2009           |
| Buildings and improvements                 | \$ 28.4        | \$ 25.1        |
| Machinery, equipment and computer software | 1.6            | 1.6            |
| Accumulated depreciation                   | (8.6)          | (6.3)          |
| Net book value                             | <u>\$ 21.4</u> | <u>\$ 20.4</u> |

Depreciation expense was \$48.7 million, \$49.9 million and \$47.9 million in 2010, 2009 and 2008, respectively.

#### Note 6: Intangible and Other Assets

The changes in the carrying amount of goodwill by segment for 2010 and 2009 are as follows:

|                              |                               |                     |                                    |                 |
|------------------------------|-------------------------------|---------------------|------------------------------------|-----------------|
| <i>(Amounts in millions)</i> | Commercial & Industrial Group | Snap-on Tools Group | Repair Systems & Information Group | Total           |
| Balance as of 2008 year end  | \$ 302.3                      | \$ 12.5             | \$ 487.0                           | \$ 801.8        |
| Currency translation         | 9.5                           | —                   | 3.0                                | 12.5            |
| Balance as of 2009 year end  | 311.8                         | 12.5                | 490.0                              | 814.3           |
| Currency translation         | (12.5)                        | —                   | (3.4)                              | (15.9)          |
| Balance as of 2010 year end  | <u>\$ 299.3</u>               | <u>\$ 12.5</u>      | <u>\$ 486.6</u>                    | <u>\$ 798.4</u> |

Additional disclosures related to other intangible assets as of 2010 and 2009 year end are as follows:

| <i>(Amounts in millions)</i>       | 2010                 |                          | 2009                 |                          |
|------------------------------------|----------------------|--------------------------|----------------------|--------------------------|
|                                    | Gross Carrying Value | Accumulated Amortization | Gross Carrying Value | Accumulated Amortization |
| Amortized other intangible assets: |                      |                          |                      |                          |
| Customer relationships             | \$ 134.3             | \$ (36.8)                | \$ 135.1             | \$ (28.3)                |
| Developed technology               | 19.1                 | (14.8)                   | 19.4                 | (13.1)                   |
| Internally developed software      | 66.2                 | (40.1)                   | 54.4                 | (30.5)                   |
| Patents                            | 27.1                 | (16.6)                   | 30.8                 | (18.4)                   |
| Trademarks                         | 2.0                  | (0.5)                    | 1.9                  | (0.5)                    |
| Other                              | 8.3                  | (2.3)                    | 11.4                 | (2.0)                    |
| Total                              | 257.0                | (111.1)                  | 253.0                | (92.8)                   |
| Non-amortized trademarks           | 46.9                 | —                        | 46.0                 | —                        |
| Total other intangible assets      | <u>\$ 303.9</u>      | <u>\$ (111.1)</u>        | <u>\$ 299.0</u>      | <u>\$ (92.8)</u>         |

Significant and unanticipated changes in circumstances, such as significant adverse changes in business climate, loss of key customers and/or changes in technology or markets, could require a provision for impairment of goodwill and/or other intangible assets in a future period. As of 2010 year end, the company has no accumulated impairment losses.

The weighted-average amortization periods related to other intangible assets are as follows:

| <i>(In years)</i>             | Weighted-<br>average<br>Amortization |
|-------------------------------|--------------------------------------|
| Customer relationships        | 16                                   |
| Developed technology          | 5                                    |
| Internally developed software | 3                                    |
| Patents                       | 11                                   |
| Trademarks                    | 30                                   |
| Other                         | 39                                   |

Snap-on is amortizing its customer relationships on an accelerated basis over a 16 year weighted-average life; the remaining intangibles are amortized on a straight-line basis. The weighted-average amortization period for all amortizable intangibles on a combined basis is 14 years.

The company's customer relationships generally have contractual terms of three to five years and are typically renewed without significant cost to the company. The weighted-average 16 year life for customer relationships is based on the company's historical renewal experience. Intangible asset renewal costs are expensed as incurred.

The aggregate amortization expense for 2010, 2009 and 2008 was \$24.0 million, \$24.7 million and \$24.1 million, respectively. Based on current levels of amortizable intangible assets and estimated weighted-average useful lives, estimated annual amortization expense is expected to be \$23.1 million in 2011, \$19.3 million in 2012, \$13.5 million in 2013, \$9.9 million in 2014, and \$9.5 million in 2015.

The company has various insurance policies on the lives of certain former executive officers. Snap-on's investment in these policies is recorded net of policy loans in "Other assets" on the accompanying Consolidated Balance Sheets. The policy loans carry a variable interest rate (currently at 5.49%), require interest only payments annually, and are collateralized by the cash value of the life insurance policies. The interest rate charged on the policy loans may be adjusted annually based on a corporate bond yield as published by Moody's Investors Service. A summary of the net cash value of life insurance as of 2010 and 2009 year end is as follows:

| <i>(Amounts in millions)</i>           | 2010   | 2009   |
|--|--------|--------|
| Cash surrender value of life insurance | \$ 9.9 | \$ 9.4 |
| Policy loans outstanding               | (9.3)  | (9.1)  |
| Net cash value of life insurance       | \$ 0.6 | \$ 0.3 |

**Note 7: Exit and Disposal Activities**

Snap-on recorded costs associated with exit and disposal activities of \$14.2 million and \$22.0 million during 2010 and 2009, respectively. The costs associated with exit and disposal activities, by operating segment, in 2010 and 2009 are as follows:

| <i>(Amounts in millions)</i>       | <u>2010</u>    | <u>2009</u>    |
|------------------------------------|----------------|----------------|
| Exit and disposal costs:           |                |                |
| Cost of goods sold                 |                |                |
| Commercial & Industrial Group      | \$ 4.3         | \$ 10.6        |
| Snap-on Tools Group                | 4.9            | 0.2            |
| Repair Systems & Information Group | 1.6            | 4.7            |
| Total cost of goods sold           | <u>10.8</u>    | <u>15.5</u>    |
| Operating expenses                 |                |                |
| Commercial & Industrial Group      | 0.9            | 1.9            |
| Snap-on Tools Group                | 0.4            | 1.0            |
| Repair Systems & Information Group | 1.9            | 3.2            |
| Corporate                          | 0.2            | 0.2            |
| Total operating expenses           | <u>3.4</u>     | <u>6.3</u>     |
| Financial Services expenses        | —              | 0.2            |
| Total restructuring expenses       |                |                |
| Commercial & Industrial Group      | 5.2            | 12.5           |
| Snap-on Tools Group                | 5.3            | 1.2            |
| Repair Systems & Information Group | 3.5            | 7.9            |
| Financial Services                 | —              | 0.2            |
| Corporate                          | 0.2            | 0.2            |
| Total exit and disposal costs      | <u>\$ 14.2</u> | <u>\$ 22.0</u> |

Of the \$14.2 million of exit and disposal costs incurred in 2010, \$10.0 million qualified for accrual treatment. Of the \$22.0 million of exit and disposal costs incurred in 2009, \$18.1 million qualified for accrual treatment. Costs associated with exit and disposal activities in 2010 primarily related to headcount reductions from (i) the expected mid-2011 closure of the Newmarket, Canada, tool storage manufacturing facility; (ii) the ongoing evaluation of the company's cost structure; (iii) ongoing efforts to enhance efficiency and productivity; and (iv) various other management and realignment actions.

Snap-on's exit and disposal accrual activity related to 2010 and 2009 actions is as follows:

| <i>(Amounts in millions)</i>          | Balance at<br>2008<br>Year End | Provision<br>in 2009 | Usage<br>in 2009 | Balance<br>at 2009<br>Year End | Provision<br>in 2010 | Usage<br>in 2010 | Balance at<br>2010<br>Year End |
|---------------------------------------|--------------------------------|----------------------|------------------|--------------------------------|----------------------|------------------|--------------------------------|
| <b>Severance costs:</b>               |                                |                      |                  |                                |                      |                  |                                |
| Commercial & Industrial Group         | \$ 4.1                         | \$ 8.1               | \$ (7.4)         | \$ 4.8                         | \$ 3.0               | \$ (5.0)         | \$ 2.8                         |
| Snap-on Tools Group                   | 4.0                            | 1.2                  | (3.5)            | 1.7                            | 2.8                  | (1.0)            | 3.5                            |
| Repair Systems &<br>Information Group | 3.4                            | 7.6                  | (5.2)            | 5.8                            | 3.2                  | (5.7)            | 3.3                            |
| Corporate                             | 0.1                            | 0.2                  | (0.3)            | —                              | 0.2                  | —                | 0.2                            |
| <b>Facility-related costs:</b>        |                                |                      |                  |                                |                      |                  |                                |
| Commercial & Industrial Group         | —                              | 0.7                  | —                | 0.7                            | —                    | (0.2)            | 0.5                            |
| Snap-on Tools Group                   | 0.2                            | 0.3                  | (0.1)            | 0.4                            | 0.8                  | (1.0)            | 0.2                            |
| Repair Systems &<br>Information Group | 0.1                            | —                    | (0.1)            | —                              | —                    | —                | —                              |
| Corporate                             | 0.1                            | —                    | (0.1)            | —                              | —                    | —                | —                              |
| <b>Total</b>                          | <u>\$ 12.0</u>                 | <u>\$ 18.1</u>       | <u>\$ (16.7)</u> | <u>\$ 13.4</u>                 | <u>\$ 10.0</u>       | <u>\$ (12.9)</u> | <u>\$ 10.5</u>                 |

Snap-on has reduced headcount by approximately 190 employees in 2010 as part of its restructuring actions. While the majority of the exit and disposal accrual will be utilized in 2011, approximately \$0.4 million of facility-related costs will extend beyond 2011 due to a longer-term lease obligation.

Snap-on expects to fund the remaining cash requirements of its exit and disposal activities with available cash on hand, cash flows from operations and borrowings under the company's existing credit facilities. The estimated costs for the exit and disposal activities were based on management's best business judgment under prevailing circumstances.

#### Note 8: Income Taxes

The source of earnings before income taxes and equity earnings consisted of the following:

| <i>(Amounts in millions)</i> | 2010            | 2009            | 2008            |
|------------------------------|-----------------|-----------------|-----------------|
| United States                | \$ 204.5        | \$ 173.1        | \$ 246.1        |
| Foreign                      | 72.9            | 32.2            | 111.7           |
| <b>Total</b>                 | <u>\$ 277.4</u> | <u>\$ 205.3</u> | <u>\$ 357.8</u> |

The provision (benefit) for income taxes consisted of the following:

| <i>(Amounts in millions)</i>      | 2010           | 2009           | 2008            |
|-----------------------------------|----------------|----------------|-----------------|
| <b>Current:</b>                   |                |                |                 |
| Federal                           | \$ 74.8        | \$ 30.3        | \$ 35.9         |
| Foreign                           | 22.8           | 20.4           | 28.6            |
| State                             | 8.0            | 7.2            | 7.0             |
| <b>Total current</b>              | <u>105.6</u>   | <u>57.9</u>    | <u>71.5</u>     |
| <b>Deferred:</b>                  |                |                |                 |
| Federal                           | (13.8)         | 12.5           | 40.2            |
| Foreign                           | (2.2)          | (11.4)         | 0.9             |
| State                             | (2.0)          | 3.7            | 5.2             |
| <b>Total deferred</b>             | <u>(18.0)</u>  | <u>4.8</u>     | <u>46.3</u>     |
| <b>Total income tax provision</b> | <u>\$ 87.6</u> | <u>\$ 62.7</u> | <u>\$ 117.8</u> |

Following is a reconciliation of the statutory federal income tax rate to Snap-on's effective tax rate:

|   | 2010         | 2009         | 2008         |
|---|--------------|--------------|--------------|
| Statutory federal income tax rate                     | 35.0%        | 35.0%        | 35.0%        |
| Increase (decrease) in tax rate resulting from:       |              |              |              |
| State income taxes, net of federal benefit            | 2.5          | 3.3          | 2.4          |
| Noncontrolling interests                              | (0.7)        | (1.8)        | (0.7)        |
| Repatriation of foreign earnings                      | (1.7)        | (4.0)        | —            |
| Change in valuation allowance for deferred tax assets | 0.5          | 1.3          | (0.8)        |
| Adjustments to tax accruals and reserves              | (1.7)        | (1.7)        | 0.3          |
| Foreign rate differences                              | (2.0)        | (0.4)        | (2.6)        |
| Other   | (0.3)        | (1.2)        | (0.7)        |
| Effective tax rate                                    | <u>31.6%</u> | <u>30.5%</u> | <u>32.9%</u> |

Temporary differences that give rise to the net deferred income tax asset as of 2010, 2009 and 2008 year end are as follows:

|  |                |                |                |
|--|----------------|----------------|----------------|
| <i>(Amounts in millions)</i>   | 2010           | 2009           | 2008           |
| Current deferred income tax assets (liabilities):                                    |                |                |                |
| Inventories  | \$ 21.2        | \$ 20.8        | \$ 15.5        |
| Accruals not currently deductible  | 67.5           | 45.8           | 48.7           |
| Valuation allowance  | (3.2)          | —              | —              |
| Other  | —              | (0.8)          | (1.0)          |
| Total current (included in deferred income tax assets and other accrued liabilities) | <u>85.5</u>    | <u>65.8</u>    | <u>63.2</u>    |
| Long-term deferred income tax assets (liabilities):                                  |                |                |                |
| Employee benefits  | 109.2          | 113.9          | 95.9           |
| Net operating losses   | 46.9           | 44.9           | 40.9           |
| Depreciation and amortization  | (126.0)        | (110.3)        | (93.9)         |
| SOC securitizations  | (6.8)          | (28.1)         | (34.4)         |
| Valuation allowance  | (36.9)         | (33.7)         | (31.6)         |
| Equity-based compensation  | 9.2            | 4.3            | 10.1           |
| Other  | 1.5            | (0.6)          | (4.8)          |
| Total long term  | <u>(2.9)</u>   | <u>(9.6)</u>   | <u>(17.8)</u>  |
| Net deferred income tax asset  | <u>\$ 82.6</u> | <u>\$ 56.2</u> | <u>\$ 45.4</u> |

As of 2010 year end, Snap-on had tax net operating loss carryforwards totaling \$203.1 million as follows:

|  |                |               |                 |                 |
|--|----------------|---------------|-----------------|-----------------|
| <i>(Amounts in millions)</i>           | State          | United States | Foreign         | Total           |
| Year of expiration:                    |                |               |                 |                 |
| 2011 – 2015                            | \$ 19.7        | \$ —          | \$ 27.6         | \$ 47.3         |
| 2016 – 2020                            | 19.1           | —             | —               | 19.1            |
| 2021 – 2025                            | 16.8           | —             | 21.4            | 38.2            |
| 2026 – 2030                            | —              | —             | —               | —               |
| Indefinite                             | —              | —             | 98.5            | 98.5            |
| Total net operating loss carryforwards | <u>\$ 55.6</u> | <u>\$ —</u>   | <u>\$ 147.5</u> | <u>\$ 203.1</u> |

A valuation allowance totaling \$40.1 million, \$33.7 million and \$31.6 million as of 2010, 2009 and 2008 year end, respectively, has been established for deferred income tax assets primarily related to certain subsidiary loss carryforwards that may not be realized. Realization of the net deferred income tax assets is dependent on generating sufficient taxable income prior to their expiration. Although realization is not assured, management believes it is more likely than not that the net deferred income tax assets will be realized. The amount of the net deferred income tax assets considered realizable, however, could change in the near term if estimates of future taxable income during the carryforward period fluctuate.

The following is a reconciliation of the beginning and ending amounts of unrecognized tax benefits for 2010, 2009 and 2008:

| <i>(Amounts in millions)</i>                          | 2010           | 2009           | 2008           |
|---|----------------|----------------|----------------|
| Unrecognized tax benefits at beginning of year        | \$ 17.5        | \$ 20.6        | \$ 18.7        |
| Gross increases – tax positions in prior periods      | 0.6            | 7.0            | 0.6            |
| Gross decreases – tax positions in prior periods      | (0.4)          | –              | (0.7)          |
| Gross increases – tax positions in the current period | 3.1            | 1.9            | 0.5            |
| Settlements with taxing authorities                   | (9.5)          | (1.1)          | –              |
| Increase related to acquired businesses               | 0.4            | –              | 1.9            |
| Lapsing of statutes of limitations                    | (0.6)          | (10.9)         | (0.4)          |
| Unrecognized tax benefits at end of year              | <u>\$ 11.1</u> | <u>\$ 17.5</u> | <u>\$ 20.6</u> |

Of the \$11.1 million, \$17.5 million and \$20.6 million of unrecognized tax benefits as of 2010, 2009 and 2008 year end, respectively, approximately \$11.1 million, \$15.0 million and \$18.1 million, respectively, would impact the effective income tax rate if recognized.

Interest and penalties related to unrecognized tax benefits are recorded in income tax expense. During 2010 and 2009, the company reversed a net \$0.6 million and \$1.6 million, respectively, of interest and penalties to income associated with unrecognized tax benefits. During 2008, the company provided a net \$0.7 million of interest and penalties expense associated with unrecognized tax benefits. As of 2010, 2009 and 2008 year end, the company has provided for \$2.8 million, \$3.6 million and \$5.1 million, respectively, of accrued interest and penalties related to unrecognized tax benefits. The unrecognized tax benefits and related accrued interest and penalties are included in “Other long-term liabilities” on the accompanying Consolidated Balance Sheets.

Snap-on and its subsidiaries file income tax returns in the United States and in various state, local and foreign jurisdictions. It is reasonably possible that certain unrecognized tax benefits may either be settled with taxing authorities or the statutes of limitations for such items may lapse within the next 12 months, causing Snap-on's gross unrecognized tax benefits to decrease by a range of zero to \$2.1 million. Over the next 12 months, Snap-on anticipates taking uncertain tax positions on various tax returns for which the related tax benefit does not meet the recognition threshold. Accordingly, Snap-on's gross unrecognized tax benefits may increase by a range of zero to \$2.6 million over the next 12 months for uncertain tax positions expected to be taken in future tax filings.

With few exceptions, Snap-on is no longer subject to U.S. federal and state/local income tax examinations by tax authorities for years prior to 2006, and Snap-on is no longer subject to non-U.S. income tax examinations by tax authorities for years prior to 2004.

The undistributed earnings of all non-U.S. subsidiaries totaled \$386.5 million, \$339.5 million and \$416.0 million as of 2010, 2009 and 2008 year end, respectively. Snap-on has not provided any deferred taxes on these undistributed earnings as it considers the undistributed earnings to be permanently invested. Determination of the amount of unrecognized deferred income tax liability related to these earnings is not practicable.

**Note 9: Short-term and Long-term Debt**

Short-term and long-term debt as of 2010 and 2009 year end consisted of the following:

| <i>(Amounts in millions)</i>                                 | 2010            | 2009            |
|--|-----------------|-----------------|
| Floating rate unsecured note due January 2010                | \$ —            | \$ 150.0        |
| 6.25% unsecured notes due August 2011                        | 200.0           | 200.0           |
| 5.85% unsecured notes due 2014                               | 100.0           | 100.0           |
| 5.50% unsecured notes due 2017                               | 150.0           | 150.0           |
| 4.25% unsecured notes due 2018                               | 250.0           | —               |
| 6.70% unsecured notes due 2019                               | 200.0           | 200.0           |
| 6.125% unsecured notes due 2021                              | 250.0           | 250.0           |
| Other debt*  | 20.8            | 16.8            |
|  | <u>1,170.8</u>  | <u>1,066.8</u>  |
| Less: notes payable and current maturities of long-term debt | <u>(216.0)</u>  | <u>(164.7)</u>  |
| Total long-term debt   | <u>\$ 954.8</u> | <u>\$ 902.1</u> |

\*Includes fair value adjustments related to interest rate swaps.

The annual maturities of Snap-on's long-term debt and notes payable due in the next five years are \$216.0 million in 2011, no maturities in 2012 or 2013, \$100.0 million in 2014, and no maturities in 2015. The \$150 million floating rate unsecured note was repaid upon its maturity on January 12, 2010, with available cash.

The weighted-average interest rate on the \$150 million unsecured floating rate note was 0.41% in 2010 and 1.05% in 2009; at 2009 year end, the interest rate was 0.41%.

Average commercial paper and notes payable outstanding were \$15.1 million in 2010 and \$15.2 million in 2009. The weighted-average interest rate on these instruments was 5.27% in 2010 and 6.94% in 2009. As of 2010 and 2009 year end, the weighted-average interest rate on outstanding notes payable was 5.54% and 5.34%, respectively. No commercial paper was outstanding as of 2010 or 2009 year end.

Snap-on has a five-year, \$500 million multi-currency revolving credit facility that terminates on August 10, 2012; as of 2010 year end, no amounts were outstanding under this revolving credit facility. The \$500 million revolving credit facility's financial covenant requires that Snap-on maintain, as of each fiscal quarter end, either (i) a ratio of total debt to the sum of total debt plus shareholders' equity of not greater than 0.60 to 1.00; or (ii) a ratio of total debt to the sum of net income plus interest expense, income taxes, depreciation, amortization and other non-cash or extraordinary charges for the preceding four fiscal quarters then ended of not greater than 3.50 to 1.00. As of 2010 year end, the company's actual ratios of 0.46 and 2.80, respectively, were both within the permitted ranges set forth in this financial covenant.

Snap-on also had \$20 million of unused available debt capacity under its committed bank lines of credit as of 2010 year end, including a \$10 million line of credit that expires on July 26, 2011, and a \$10 million line of credit that expires on August 28, 2011.

On December 14, 2010, Snap-on sold \$250 million of fixed rate unsecured long-term notes at a discount. Interest on the notes, which mature in their entirety on January 15, 2018, accrues at a rate of 4.25% per year and is payable semi-annually beginning July 15, 2011. Snap-on anticipates using the \$247.7 million of proceeds from the sale of these notes, net of \$1.6 million of transaction costs, for general corporate purposes, which may include working capital, capital expenditures, repayment of all or a portion of the company's \$200 million 6.25% unsecured notes maturing in August 2011, the financing of finance and contract receivables related to SOC, and possible acquisitions.

Snap-on entered into a loan and servicing agreement on October 1, 2010, that provides for aggregate revolving credit commitments in the principal amount of up to \$100 million (subject to borrowing base requirements). The loan and servicing agreement, which supplements the company's previously existing available credit facilities, allows Snap-on to



secure borrowings of up to \$100 million through the pledging of finance receivables under a third-party sponsored asset-backed commercial paper conduit facility. As of 2010 year end, no amounts were outstanding under this agreement. The agreement is currently scheduled to expire on September 30, 2011; however, the agreement may be renewed once each year for an additional 364-day term upon request by Snap-on and subsequent concurrence by the lenders.

In addition to the financial covenant required by the \$500 million multi-currency revolving credit facility discussed above, Snap-on's debt agreements and credit facilities, including the October 1, 2010 loan and servicing agreement, also contain certain usual and customary borrowing, affirmative, negative and maintenance covenants. As of 2010 year end, Snap-on was in compliance with all covenants of its debt agreements and credit facilities.

#### **Note 10: Financial Instruments**

**Derivatives:** All derivative instruments are reported in the Consolidated Financial Statements at fair value. Changes in the fair value of derivatives are recorded each period in earnings or on the accompanying Consolidated Balance Sheets, depending on whether the derivative is designated and effective as part of a hedged transaction. Gains or losses on derivative instruments recorded in Accumulated OCI must be reclassified to earnings in the period in which earnings are affected by the underlying hedged item and the ineffective portion of all hedges must be recognized in earnings in the period that such portion is determined to be ineffective.

The criteria used to determine if hedge accounting treatment is appropriate are (i) the designation of the hedge to an underlying exposure; (ii) whether or not overall risk is being reduced; and (iii) if there is a correlation between the value of the derivative instrument and the underlying hedged item. On the date a derivative contract is entered into, Snap-on designates the derivative as a fair value hedge, a cash flow hedge, a hedge of a net investment in a foreign operation, or a natural hedging instrument whose change in fair value is recognized as an economic hedge against changes in the values of the hedged item. Snap-on does not use derivative instruments for speculative or trading purposes.

The company is exposed to global market risks, including the effect of changes in foreign currency exchange rates and interest rates, and therefore uses derivatives to manage financial exposures that occur in the normal course of business. The primary risks managed by using derivative instruments are foreign currency risk and interest rate risk.

**Foreign Currency Risk Management:** Snap-on has significant international operations and is subject to certain risks inherent with foreign operations that include currency fluctuations and restrictions on the movement of funds. Foreign currency exchange risk exists to the extent that Snap-on has payment obligations or receipts denominated in currencies other than the functional currency, including intercompany loans denominated in foreign currencies. To manage these exposures, Snap-on identifies naturally offsetting positions and then purchases hedging instruments to protect the residual net exposures. Snap-on manages most of these exposures on a consolidated basis, which allows for netting of certain exposures to take advantage of natural offsets. Foreign currency forward contracts are used to hedge the net exposures. Gains or losses on net foreign currency hedges are intended to offset losses or gains on the underlying net exposures in an effort to reduce the earnings volatility resulting from fluctuating foreign currency exchange rates. Snap-on's foreign currency forward contracts are typically not designated as hedges. The fair value changes of these contracts are reported in earnings as foreign exchange gain or loss, which is included in "Other income (expense) – net" on the accompanying Consolidated Statements of Earnings.

As of 2010 year end, Snap-on had \$209.6 million of net foreign currency forward buy contracts outstanding comprised of buy contracts including \$105.2 million in euros, \$80.6 million in Swedish kronor, \$34.0 million in Australian dollars, \$20.1 million in Singapore dollars, \$19.3 million in British pounds, \$5.3 million in Norwegian kroner, \$4.0 million in South Korean won, \$3.6 million in Mexican pesos, and \$2.8 million in other currencies, and sell contracts including \$40.4 million in Canadian dollars, \$17.2 million in Japanese yen, \$4.1 million in Turkish lira, and \$3.6 million in other currencies. As of 2009 year end, Snap-on had \$197.8 million of net foreign currency forward buy contracts outstanding comprised of buy contracts including \$104.4 million in euros, \$69.1 million in Swedish kronor, \$30.4 million in Australian dollars, \$25.1 million in British pounds, \$12.3 million in Singapore dollars, \$5.0 million in Norwegian kroner, \$2.5 million in Mexican pesos, and \$3.2 million in other currencies, and sell contracts including \$39.5 million in Canadian dollars, \$7.7 million in Japanese yen, \$3.3 million in Turkish lira, and \$3.7 million in other currencies.

**Interest Rate Risk Management:** Snap-on aims to control funding costs by managing the exposure created by the differing maturities and interest rate structures of Snap-on's assets and liabilities through the use of interest rate swap agreements. Treasury lock agreements are used to manage potential changes in interest rates in anticipation of the issuance or sale of certain financial instruments.

**Interest Rate Swap Agreements:** Snap-on enters into interest rate swap agreements ("interest rate swaps") to manage interest costs and risks associated with changing interest rates associated with the company's fixed rate borrowings. Interest rate swaps are accounted for as either cash flow hedges or fair value hedges. The differentials paid or received on interest rate swaps are recognized as adjustments to "interest expense" on the accompanying Consolidated Statements of Earnings. For fair value hedges, the effective portion of the change in fair value of the derivative is recorded in "Current Maturities of Long-term debt" or "Long-term debt" on the accompanying Consolidated Balance Sheets, while any ineffective portion is recorded as an adjustment to "Interest expense" on the accompanying Consolidated Statements of Earnings. The notional amount of interest rate swaps outstanding and designated as fair value hedges was \$150 million as of 2010 year end and \$50 million as of 2009 year end. No interest rate swaps classified as cash flow hedges were outstanding in 2010 or 2009.

**Treasury Lock Agreements:** Snap-on enters into treasury lock agreements ("treasury locks") to manage the potential change in interest rates in anticipation of issuing fixed rate debt. Treasury locks are accounted for as cash flow hedges. The effective differentials paid or received on treasury locks related to the anticipated issuance of fixed rate debt are recognized as adjustments to "Interest expense" on the accompanying Consolidated Statements of Earnings. Prior to the July 16, 2009 termination of the financial services joint venture agreement with CIT, Snap-on also entered into treasury locks to manage the risk associated with changing benchmark interest rates on its finance receivables that were sold to CIT. The effective differentials paid or received on treasury locks related to finance receivables were recognized as adjustments to "Financial services revenue" on the accompanying Consolidated Statements of Earnings.

During 2010, Snap-on settled treasury locks of \$125 million associated with the forecasted principal debt issuance related to the company's offering of \$250 million of fixed rate, long-term notes on December 14, 2010. During 2009, Snap-on settled treasury locks of (i) \$109 million related to the settlement of extended credit installment receivables sold to CIT; and (ii) \$225 million associated with the forecasted principal debt issuance related to the company's offerings of \$300 million of fixed rate, long-term notes on February 24, 2009, and \$250 million of fixed rate, long-term notes on August 14, 2009. There were no treasury locks outstanding as of 2010 or 2009 year end.

**Fair Value Measurements:** Snap-on has derivative assets and liabilities that are measured at Level 2 fair value on a recurring basis. The fair value of derivative instruments, including interest rate swaps and foreign currency forward contracts ("foreign currency forwards"), included within the Consolidated Balance Sheets as of 2010 and 2009 year end are as follows:

|   |                                   | 2010                               |  | 2009                               |  |
|---|-----------------------------------|------------------------------------|--|------------------------------------|--|
|   |                                   | Asset<br>Derivatives<br>Fair Value | Liability<br>Derivatives<br>Fair Value | Asset<br>Derivatives<br>Fair Value | Liability<br>Derivatives<br>Fair Value |
| <i>(Amounts in millions)</i>                              |                                   |                                    |  |                                    |  |
| <b>Derivatives Designated as Hedging Instruments:</b>     |                                   |                                    |  |                                    |  |
| Interest rate swaps                                       | Prepaid expenses and other assets | \$ 1.8                             | \$ —                                   | \$ —                               | \$ —                                   |
| Interest rate swaps                                       | Other assets                      | 5.9                                | —                                      | 2.5                                | —                                      |
| Total   |                                   | 7.7                                | —                                      | 2.5                                | —                                      |
| <b>Derivatives Not Designated as Hedging Instruments:</b> |                                   |                                    |  |                                    |  |
| Foreign currency forwards                                 | Prepaid expenses and other assets | 4.2                                | —                                      | 3.1                                | —                                      |
| Foreign currency forwards                                 | Other accrued liabilities         | —                                  | 10.3                                   | —                                  | 8.5                                    |
| Total   |                                   | 4.2                                | 10.3                                   | 3.1                                | 8.5                                    |
| Total derivative instruments                              |                                   | \$ 11.9                            | \$ 10.3                                | \$ 5.6                             | \$ 8.5                                 |

Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. Level 2 fair value measurements for derivative assets and liabilities are measured using quoted prices in active markets for similar assets and liabilities. Interest rate swaps are valued based on the six-month LIBOR swap rate for similar instruments. Foreign currency forwards are valued based on exchange rates quoted by domestic and foreign banks for similar instruments. The company did not have any derivative

assets or liabilities measured at Level 1 or Level 3, or implement any changes in its valuation techniques as of and for the 2010 and 2009 years ended.

The effect of derivative instruments designated as fair value hedges as included in the Consolidated Statements of Earnings is as follows:

|   | Statement of<br>Earnings<br>Presentation | Effective Portion of Gain /<br>(Loss) Recognized in Income |        |
|---|--|--|--------|
| (Amounts in millions)                               |  | 2010   | 2009   |
| <b>Derivatives Designated as Fair Value Hedges:</b> |  |  |        |
| Interest rate swaps                                 | Interest Expense                         | \$ 4.9   | \$ 1.8 |

The effects of derivative instruments designated as cash flow hedges, including treasury locks and firm commitment agreements ("firm commitments"), as included in Accumulated OCI on the Consolidated Balance Sheets and the Consolidated Statements of Earnings are as follows:

|  | Effective Portion of Gain /<br>(Loss) Recognized in<br>Accumulated OCI |        | Statement of<br>Earnings<br>Presentation | Effective Portion of Gain /<br>(Loss) Reclassified from<br>Accumulated OCI into Income |       |
|--|--|--------|--|--|-------|
| (Amounts in millions)                              | 2010   | 2009   |  | 2010   | 2009  |
| <b>Derivatives Designated as Cash Flow Hedges:</b> |  |        |  |  |       |
| Treasury locks                                     | \$ 2.1   | \$ 0.6 | Interest expense                         | \$ —   | \$ —  |
| Treasury locks                                     | —  | (0.3)  | Financial services revenue               | —  | (3.1) |
| Firm commitments                                   | 0.1  | —      | Net sales                                | 0.1  | (0.2) |

The following table represents the effect of derivative instruments not designated as hedging instruments as included in the Consolidated Statements of Earnings:

|   | Statement of Earnings Presentation | Gain / (Loss) Recognized in Income |        |
|---|------------------------------------|------------------------------------|--------|
| (Amounts in millions)                                     |                                    | 2010                               | 2009   |
| <b>Derivatives Not Designated as Hedging Instruments:</b> |                                    |                                    |        |
| Foreign currency forwards                                 | Other income (expense) – net       | \$ 4.6                             | \$ 9.3 |

Snap-on's foreign currency forwards, as discussed above, are typically not designated as hedges for financial reporting purposes. The fair value changes of derivatives not designated as hedging instruments are reported in earnings as foreign exchange gain or loss in "Other income (expense) – net" on the accompanying Consolidated Statements of Earnings. The \$4.6 million derivative gain recognized in 2010 was more than offset by transaction losses on net exposures of \$5.3 million, resulting in a net foreign exchange loss of \$0.7 million. The \$9.3 million derivative gain recognized in 2009 was offset by transaction losses on net exposures of \$8.7 million, resulting in a net foreign exchange gain of \$0.6 million. The resulting net foreign exchange gains and losses are included in "Other income (expense) – net" on the accompanying Consolidated Statements of Earnings. See Note 16 for additional information on "Other income (expense) – net."

See the accompanying Consolidated Statements of Comprehensive Income for additional information on changes in comprehensive income.

As of 2010 year end, the maximum maturity date of any fair value hedge was 11 years. During the next 12 months, Snap-on expects to reclassify into earnings net gains from Accumulated OCI of approximately \$363,000 after tax at the time the underlying hedge transactions are realized.

**Counterparty Risk:** Snap-on is exposed to credit losses in the event of non-performance by the counterparties to its interest rate swap agreements and foreign currency forward contracts. Snap-on does not obtain collateral or other security to support financial instruments subject to credit risk, but monitors the credit standing of the counterparties and enters into agreements only with financial institution counterparties with a credit rating of A- or better. Snap-on does not anticipate non-performance by its counterparties, but cannot provide assurances.

**Fair Value of Financial Instruments:** The fair values of financial instruments that do not approximate the carrying values in the financial statements as of 2010 and 2009 year end are as follows:

| (Amounts in millions)  | 2010           |            | 2009           |            |
|--|----------------|------------|----------------|------------|
|  | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Finance receivables – net  | \$ 561.0       | \$ 651.3   | \$ 300.2       | \$ 358.8   |
| Contract receivables – net   | 164.9          | 179.3      | 103.6          | 113.0      |
| Long-term debt, notes payable and current maturities of long-term debt | 1,170.8        | 1,247.7    | 1,066.8        | 1,118.0    |

The following methods and assumptions were used in estimating the fair value of financial instruments:

- Finance and contract receivables include both short-term and long-term receivables. Fair value of finance and contract receivables was estimated based on a discounted cash flow analysis that was performed over the average life of the financing receivables using a current market discount rate of a similar term adjusted for credit quality.
- Fair value of long-term debt and current maturities of long-term debt was estimated based on quoted market values of Snap-on's publicly traded senior debt. The carrying value of long-term debt and current maturities of long-term debt includes adjustments related to fair value hedges. The fair value of notes payable approximates such instruments' carrying value due to their short-term nature.
- The fair value of all other financial instruments including cash equivalents, trade and other accounts receivable, accounts payable and other financial instruments approximates such instruments' carrying value due to their short-term nature.

#### Note 11: Pension Plans

Snap-on has several non-contributory defined benefit pension plans covering most U.S. employees and certain employees in foreign countries. Snap-on also has foreign contributory defined benefit pension plans covering certain foreign employees. Retirement benefits are generally provided based on employees' years of service and average earnings or stated amounts for years of service. Normal retirement age is 65, with provisions for earlier retirement.

The status of Snap-on's pension plans as of 2010 and 2009 year end are as follows:

| (Amounts in millions)                   | 2010             | 2009            |
|---|------------------|-----------------|
| Change in projected benefit obligation: |                  |                 |
| Benefit obligation at beginning of year | \$ 968.7         | \$ 871.5        |
| Service cost                            | 16.5             | 16.5            |
| Interest cost                           | 54.2             | 53.8            |
| Plan participants' contributions        | 1.4              | 1.3             |
| Plan curtailments                       | (0.3)            | 0.1             |
| Benefits paid                           | (50.9)           | (50.5)          |
| Plan amendments                         | –                | 0.3             |
| Actuarial loss                          | 50.9             | 63.3            |
| Net transfer in                         | –                | 0.1             |
| Foreign currency impact                 | (3.1)            | 12.3            |
| Benefit obligation at end of year       | <u>\$1,037.4</u> | <u>\$ 968.7</u> |

| <i>(Amounts in millions)</i>                   | <u>2010</u>       | <u>2009</u>       |
|--|-------------------|-------------------|
| Change in plan assets:                         |                   |                   |
| Fair value of plan assets at beginning of year | \$ 716.2          | \$ 666.9          |
| Actual return on plan assets                   | 67.8              | 79.2              |
| Plan participants' contributions               | 1.4               | 1.3               |
| Employer contributions                         | 59.9              | 9.8               |
| Benefits paid                                  | (50.9)            | (50.5)            |
| Foreign currency impact                        | (1.4)             | 9.5               |
| Fair value of plan assets at end of year       | <u>\$ 793.0</u>   | <u>\$ 716.2</u>   |
| Unfunded status at end of year                 | <u>\$ (244.4)</u> | <u>\$ (252.5)</u> |

Amounts recognized in the Consolidated Balance Sheets as of 2010 and 2009 year end are as follows:

| <i>(Amounts in millions)</i> | <u>2010</u>       | <u>2009</u>       |
|------------------------------|-------------------|-------------------|
| Other assets                 | \$ 0.4            | \$ 0.6            |
| Accrued benefits             | (4.1)             | (4.2)             |
| Pension liabilities          | <u>(240.7)</u>    | <u>(248.9)</u>    |
| Net liability                | <u>\$ (244.4)</u> | <u>\$ (252.5)</u> |

Amounts included in Accumulated OCI on the accompanying Consolidated Balance Sheets are as follows:

| <i>(Amounts in millions)</i>  | <u>2010</u>       | <u>2009</u>       |
|---|-------------------|-------------------|
| Net loss, net of tax of \$122.8 million and \$115.4 million, respectively       | \$ (206.9)        | \$ (193.4)        |
| Prior service cost, net of tax of \$2.0 million and \$2.6 million, respectively | <u>(3.2)</u>      | <u>(4.6)</u>      |
|   | <u>\$ (210.1)</u> | <u>\$ (198.0)</u> |

The accumulated benefit obligation for Snap-on's pension plans as of 2010 and 2009 year end was \$996.0 million and \$920.5 million, respectively.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for Snap-on's pension plans in which the accumulated benefit obligation exceeds the fair value of plan assets as of 2010 and 2009 year end are as follows:

| <i>(Amounts in millions)</i>   | <u>2010</u> | <u>2009</u> |
|--------------------------------|-------------|-------------|
| Projected benefit obligation   | \$ 995.9    | \$ 933.5    |
| Accumulated benefit obligation | 959.0       | 890.3       |
| Fair value of plan assets      | 752.2       | 681.0       |

The components of net periodic benefit cost and other amounts recognized in "Other comprehensive income (loss)" ("OCI") are as follows:

| <i>(Amounts in millions)</i>                            | 2010           | 2009           | 2008            |
|---|----------------|----------------|-----------------|
| Net periodic benefit cost:                              |                |                |                 |
| Service cost  | \$ 16.5        | \$ 16.5        | \$ 19.4         |
| Interest cost   | 54.2           | 53.8           | 53.0            |
| Expected return on plan assets                          | (57.9)         | (60.4)         | (68.4)          |
| Amortization of prior service cost                      | 1.2            | 1.3            | 1.3             |
| Amortization of unrecognized loss                       | 19.4           | 6.7            | 1.1             |
| Amortization of net transition asset                    | —              | —              | (0.1)           |
| Curtailment loss recognized                             | 0.9            | 0.1            | —               |
| Settlement loss recognized                              | —              | —              | 0.8             |
| Net periodic benefit cost                               | <u>34.3</u>    | <u>18.0</u>    | <u>7.1</u>      |
| Other changes in benefit obligations recognized in OCI: |                |                |                 |
| Prior service cost                                      | (1.4)          | (0.4)          | 0.6             |
| Net loss  | 13.5           | 26.3           | 113.0           |
| Transition asset  | —              | —              | 0.1             |
| Total recognized in OCI                                 | <u>12.1</u>    | <u>25.9</u>    | <u>113.7</u>    |
| Total recognized in net periodic benefit cost and OCI   | <u>\$ 46.4</u> | <u>\$ 43.9</u> | <u>\$ 120.8</u> |

Amounts in Accumulated OCI that are expected to be amortized as net expense during 2011 are as follows:

| <i>(Amounts in millions)</i>                        | Amount         |
|---|----------------|
| Amortization of prior service cost                  | \$ 1.1         |
| Amortization of unrecognized loss                   | 30.3           |
| Total to be recognized in net periodic benefit cost | <u>\$ 31.4</u> |

The worldwide weighted-average assumptions used to determine Snap-on's full-year pension costs are as follows:

|  | 2010 | 2009 | 2008 |
|--|------|------|------|
| Discount rate                                    | 5.9% | 6.2% | 6.3% |
| Expected long-term rate of return on plan assets | 7.8% | 7.8% | 8.3% |
| Rate of compensation increase                    | 3.6% | 3.6% | 3.7% |

The worldwide weighted-average assumptions used to determine Snap-on's projected benefit obligation as of 2010 and 2009 year end are as follows:

|                               | 2010 | 2009 |
|-------------------------------|------|------|
| Discount rate                 | 5.3% | 5.9% |
| Rate of compensation increase | 3.6% | 3.6% |

The objective of Snap-on's discount rate assumption is to reflect the rate at which the pension benefits could be effectively settled. In making this determination, the company takes into account the timing and amount of benefits that would be available under the plans. The methodology for selecting the discount rate as of 2010 and 2009 year end was to match the plan's cash flows to that of a theoretical bond portfolio yield curve that provides the equivalent yields on zero-coupon bonds with an AA rating or better for each maturity. The weighted-average discount rate for Snap-on's domestic

pension plans of 5.3% represents the single rate that produces the same present value of cash flows as the estimated benefit plan payments. Lowering Snap-on's domestic discount rate assumption by 50 basis points (100 basis points equals 1.0 percent) would have increased Snap-on's 2010 domestic pension expense and projected benefit obligations by approximately \$4.8 million and \$49.2 million, respectively. As of 2010 year end, Snap-on's domestic projected benefit obligations comprised approximately 82% of Snap-on's worldwide projected benefit obligations. The weighted-average discount rate for Snap-on's foreign pension plans of 5.3% represents the single rate that produces the same present value of cash flows as the estimated benefit plan payments. Lowering Snap-on's foreign discount rate assumption by 50 basis points would have increased Snap-on's 2010 foreign pension expense and projected benefit obligation by approximately \$1.6 million and \$16.8 million, respectively.

Actuarial gains and losses in excess of 10 percent of the greater of the projected benefit obligation or market-related value of assets are amortized on a straight-line basis over the average remaining service period of active participants. Prior service costs resulting from plan amendments are amortized in equal annual amounts over the average remaining service period of affected active participants or over the remaining life expectancy of affected retired participants.

Snap-on uses the last day of its fiscal year end as the measurement date for its plans. Snap-on funds its pension plans as required by governmental regulation and may consider discretionary contributions as conditions warrant. Snap-on expects to make contributions of \$10.2 million to its foreign pension plans and \$1.4 million to its domestic pension plans in 2011. Depending on market and other conditions, Snap-on may elect to make discretionary cash contributions to its domestic pension plans in 2011.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

| <i>(Amounts in millions)</i> | <u>Amount</u> |
|------------------------------|---------------|
| Year:                        |               |
| 2011                         | \$ 57.3       |
| 2012                         | 58.2          |
| 2013                         | 71.0          |
| 2014                         | 62.3          |
| 2015                         | 65.3          |
| 2016 – 2020                  | 360.8         |

Snap-on's domestic pension plans have a long-term investment horizon and a total return strategy that emphasizes a capital growth objective. The long-term investment performance objective for Snap-on's domestic plans' assets is to achieve net of expense returns that meet or exceed the 8.0% domestic long-term, rate-of-return-on-assets assumption used for reporting purposes. Snap-on uses a three-year, market-related value asset method of amortizing the difference between actual and expected returns on its domestic plan assets.

The basis for determining the overall expected long-term, rate-of-return-on-assets assumption is a nominal returns forecasting method. For each asset class, future returns are estimated by identifying the premium of riskier asset classes over lower risk alternatives. The methodology constructs expected returns using a "building block" approach to the individual components of total return. These forecasts are stated in both nominal and real (after inflation) terms. This process first considers the long-term historical return premium based on the longest set of data available for each asset class. These premiums are then adjusted based on current relative valuation levels and macro-economic conditions.

For risk and correlation assumptions, the actual experience for each asset class is reviewed for the longest time period available. Expected relationships for a 10 to 20 year time horizon are determined based upon historical results, with adjustments made for material changes.

Investments are diversified to attempt to minimize the risk of large losses. Since asset allocation is a key determinant of expected investment returns, assets are periodically rebalanced to the targeted allocation to correct significant deviations from the asset allocation policy that are caused by market fluctuations and cash flow. Asset/liability studies are conducted periodically to determine if any revisions to the strategic asset allocation policy are necessary.

Snap-on's domestic pension plans' target allocation and actual weighted-average asset allocation by asset category and fair value of plan assets as of 2010 and 2009 year end are as follows:

| Asset category:                                 | Target | 2010     | 2009     |
|---|--------|----------|----------|
| Equity securities                               | 51%    | 49%      | 49%      |
| Debt securities and cash                        | 31%    | 34%      | 33%      |
| Real estate and other real assets               | 8%     | 6%       | 6%       |
| Other   | 10%    | 11%      | 12%      |
| Total   | 100%   | 100%     | 100%     |
| Fair value of plan assets (Amounts in millions) |        | \$ 674.8 | \$ 610.2 |

The following is a summary, by asset category, of the fair value inputs of Snap-on's domestic pension plans' assets as of 2010 year end:

(Amounts in millions)

| Asset category:                              | Level 1  | Level 2  | Level 3  | Total    |
|--|----------|----------|----------|----------|
| Cash and cash equivalents                    | \$ 13.0  | \$ —     | \$ —     | \$ 13.0  |
| Equity securities                            |          |          |          |          |
| Domestic                                     | 61.6     | —        | —        | 61.6     |
| Foreign                                      | 1.8      | —        | —        | 1.8      |
| Corporate debt securities                    |          |          |          |          |
| Domestic                                     | 109.7    | —        | —        | 109.7    |
| Foreign                                      | 14.9     | —        | —        | 14.9     |
| Government debt securities                   |          |          |          |          |
| Domestic                                     | 60.2     | —        | —        | 60.2     |
| Foreign                                      | 0.5      | —        | —        | 0.5      |
| Common collective trusts                     |          |          |          |          |
| Domestic                                     | —        | 21.6     | —        | 21.6     |
| Foreign                                      | —        | 133.1    | —        | 133.1    |
| Registered investment companies              |          |          |          |          |
| Domestic                                     | 88.0     | —        | —        | 88.0     |
| Foreign                                      | 18.6     | —        | —        | 18.6     |
| Hedge funds                                  |          |          |          |          |
| Domestic                                     | —        | —        | 42.0     | 42.0     |
| Foreign                                      | —        | —        | 31.5     | 31.5     |
| Private equity partnerships – domestic       | —        | —        | 41.4     | 41.4     |
| Real estate and other real assets – domestic | 7.2      | —        | 29.7     | 36.9     |
| Total  | \$ 375.5 | \$ 154.7 | \$ 144.6 | \$ 674.8 |



The following is a summary of the fiscal 2010 changes in fair value of the domestic plans' assets with Level 3 inputs:

| <i>(Amounts in millions)</i>     | Hedge<br>Fund<br>Interests | Private<br>Equity<br>Partnership<br>Interests | Real<br>Estate<br>Interests | Total           |
|----------------------------------|----------------------------|---|-----------------------------|-----------------|
| Balance as of 2009 year end      | \$ 69.4                    | \$ 32.9                                       | \$ 30.4                     | \$ 132.7        |
| Total realized gains (losses)    | (0.4)                      | 1.8   | —                           | 1.4             |
| Total unrealized gains (losses)  | 4.8                        | 0.9   | (2.6)                       | 3.1             |
| Purchases, sales and settlements | (0.3)                      | 5.8   | 1.9                         | 7.4             |
| Balance as of 2010 year end      | <u>\$ 73.5</u>             | <u>\$ 41.4</u>                                | <u>\$ 29.7</u>              | <u>\$ 144.6</u> |

The following is a summary, by asset category, of the fair value inputs of Snap-on's domestic pension plans' assets as of 2009 year end:

*(Amounts in millions)*

| Asset category:                              | Level 1         | Level 2         | Level 3         | Total           |
|--|-----------------|-----------------|-----------------|-----------------|
| Cash and cash equivalents                    | \$ 6.1          | \$ —            | \$ —            | \$ 6.1          |
| Equity securities                            |                 |                 |                 |                 |
| Domestic                                     | 56.8            | —               | —               | 56.8            |
| Foreign                                      | 1.6             | —               | —               | 1.6             |
| Corporate debt securities                    |                 |                 |                 |                 |
| Domestic                                     | 99.1            | —               | —               | 99.1            |
| Foreign                                      | 17.3            | —               | —               | 17.3            |
| Government debt securities                   |                 |                 |                 |                 |
| Domestic                                     | 39.6            | —               | —               | 39.6            |
| Foreign                                      | 8.6             | —               | —               | 8.6             |
| Common collective trusts                     |                 |                 |                 |                 |
| Domestic                                     | —               | 20.4            | —               | 20.4            |
| Foreign                                      | —               | 126.9           | —               | 126.9           |
| Registered investment companies              |                 |                 |                 |                 |
| Domestic                                     | 76.2            | —               | —               | 76.2            |
| Foreign                                      | 17.3            | —               | —               | 17.3            |
| Hedge funds                                  |                 |                 |                 |                 |
| Domestic                                     | —               | —               | 44.8            | 44.8            |
| Foreign                                      | —               | —               | 24.6            | 24.6            |
| Private equity partnerships – domestic       | —               | —               | 32.9            | 32.9            |
| Real estate and other real assets – domestic | 7.6             | —               | 30.4            | 38.0            |
| Total  | <u>\$ 330.2</u> | <u>\$ 147.3</u> | <u>\$ 132.7</u> | <u>\$ 610.2</u> |

The following is a summary of the fiscal 2009 changes in fair value of the domestic plans' assets with Level 3 inputs:

| (Amounts in millions)            | Hedge<br>Fund<br>Interests | Private<br>Equity<br>Partnershi<br>p Interests | Real<br>Estate<br>Interests | Total    |
|----------------------------------|----------------------------|--|-----------------------------|----------|
| Balance as of 2008 year end      | \$ 73.7                    | \$ 30.6  | \$ 60.4                     | \$ 164.7 |
| Total realized gains             | 0.5                        | 0.6  | 1.3                         | 2.4      |
| Total unrealized gains (losses)  | 8.0                        | (4.6)  | (30.8)                      | (27.4)   |
| Purchases, sales and settlements | (12.8)                     | 6.3  | (0.5)                       | (7.0)    |
| Balance as of 2009 year end      | \$ 69.4                    | \$ 32.9  | \$ 30.4                     | \$ 132.7 |

Snap-on's primary investment objective for its foreign pension plans' assets is to meet the projected obligations to the beneficiaries over a long period of time, and to do so in a manner that is consistent with the company's risk tolerance. The foreign asset allocation policies consider the company's financial strength and long-term asset class risk/return expectations, since the obligations are long term in nature. The company believes the foreign pension plans' assets, which are managed locally by professional investment firms, are well diversified.

The expected long-term rate of return on foreign plan assets reflects management's expectations of long-term average rates of return on funds invested to provide benefits included in the projected benefit obligations. The expected return is based on the outlook for inflation, fixed income returns and equity returns, while also considering historical returns, asset allocation and investment strategy. Differences between actual and expected returns on foreign pension plan assets are recorded as an actuarial gain or loss and are amortized over the average remaining service period of active plan participants.

Snap-on's foreign pension plans' target allocation and actual weighted-average asset allocation by asset category and fair value of plan assets as of 2010 and 2009 year end are as follows:

| Asset category:                                 | Target | 2010     | 2009     |
|---|--------|----------|----------|
| Equity securities                               | 37%    | 37%      | 48%      |
| Debt securities and cash                        | 43%    | 44%      | 47%      |
| Other   | 20%    | 19%      | 5%       |
| Total   | 100%   | 100%     | 100%     |
| Fair value of plan assets (Amounts in millions) |        | \$ 118.2 | \$ 106.0 |

The following is a summary, by asset category, of the fair value inputs of Snap-on's foreign pension plans' assets as of 2010 year end:

| (Amounts in millions)     | Level 1 | Level 2 | Level 3 | Total    |
|---------------------------|---------|---------|---------|----------|
| Asset category:           |         |         |         |          |
| Cash and cash equivalents | \$ 2.5  | \$ —    | \$ —    | \$ 2.5   |
| Equity securities         | 12.5    | 14.5    | —       | 27.0     |
| Corporate debt securities | —       | 16.3    | —       | 16.3     |
| Balanced funds            | —       | 41.3    | —       | 41.3     |
| Insurance contracts       | —       | 14.9    | —       | 14.9     |
| Hedge funds               | —       | —       | 16.2    | 16.2     |
| Total                     | \$ 15.0 | \$ 87.0 | \$ 16.2 | \$ 118.2 |

The following is a summary of the fiscal 2010 changes in fair value of the foreign plans' assets with Level 3 inputs:

| <i>(Amounts in millions)</i>     | Hedge<br>Fund<br>Interests |
|----------------------------------|----------------------------|
| Balance as of 2009 year end      | \$ —                       |
| Purchases, sales and settlements | 16.1                       |
| Unrealized gains                 | 0.1                        |
| Balance as of 2010 year end      | <u>\$ 16.2</u>             |

The following is a summary, by asset category, of the fair value inputs of Snap-on's foreign pension plans' assets as of 2009 year end:

| <i>(Amounts in millions)</i> | Level 2         |
|------------------------------|-----------------|
| Asset category:              |                 |
| Balanced portfolios          | \$ 56.7         |
| Insurance contracts          | 49.3            |
| Total                        | <u>\$ 106.0</u> |

Snap-on has several 401(k) plans covering certain U.S. employees. Snap-on's employer match to the 401(k) plans is made with cash contributions. For 2010, 2009 and 2008, Snap-on recognized \$4.3 million, \$4.5 million and \$4.7 million, respectively, of expense related to its 401(k) plans.

#### **Note 12: Postretirement Plans**

Snap-on provides certain health care benefits for certain retired U.S. employees. The majority of Snap-on's U.S. employees become eligible for those benefits if they reach early retirement age while working for Snap-on; however, the age and service requirements for eligibility under the plans have been increased for certain employees hired on and after specified dates since 1992. Generally, most plans pay stated percentages of covered expenses after a deductible is met. There are several plan designs, with more recent retirees being covered under a comprehensive major medical plan. In determining benefits, the plans take into consideration payments by Medicare and other insurance coverage.

For employees retiring under the comprehensive major medical plans, retiree contributions are required, and these plans contain provisions allowing for benefit and coverage changes. The plans require retirees to contribute either the full cost of the coverage or amounts estimated to exceed a capped per-retiree annual cost commitment by Snap-on. Most employees hired since 1994 are required to pay the full cost.

Snap-on contributed \$14.5 million to a Voluntary Employees Beneficiary Association ("VEBA") trust in 2007 for the funding of existing postretirement health care benefits for certain non-salaried retirees in the United States; all other retiree health care plans are unfunded.

The status of Snap-on's U.S. postretirement health care plans is as follows:

| <i>(Amounts in millions)</i>            | 2010           | 2009           |
|---|----------------|----------------|
| Change in benefit obligation:           |                |                |
| Benefit obligation at beginning of year | \$ 81.2        | \$ 73.8        |
| Service cost                            | 0.2            | 0.2            |
| Interest cost                           | 3.9            | 4.8            |
| Plan participants' contributions        | 1.4            | 1.5            |
| Benefits paid                           | (8.3)          | (10.3)         |
| Actuarial loss                          | 2.9            | 11.2           |
| Benefit obligation at end of year       | <u>\$ 81.3</u> | <u>\$ 81.2</u> |

| <i>(Amounts in millions)</i>                   | 2010             | 2009             |
|--|------------------|------------------|
| Change in plan assets:                         |                  |                  |
| Fair value of plan assets at beginning of year | \$ 12.5          | \$ 10.4          |
| Plan participants' contributions               | 1.4              | 1.5              |
| Employer contributions                         | 6.9              | 8.6              |
| Actual return on VEBA plan assets              | 1.4              | 2.3              |
| Benefits paid                                  | (8.3)            | (10.3)           |
| Fair value of plan assets at end of year       | <u>\$ 13.9</u>   | <u>\$ 12.5</u>   |
| Unfunded status at end of year                 | <u>\$ (67.4)</u> | <u>\$ (68.7)</u> |

Amounts recognized in the Consolidated Balance Sheets as of 2010 and 2009 year end consist of:

| <i>(Amounts in millions)</i> | 2010             | 2009             |
|------------------------------|------------------|------------------|
| Accrued benefits             | \$ (7.8)         | \$ (8.0)         |
| Retiree health care benefits | (59.6)           | (60.7)           |
| Net liability                | <u>\$ (67.4)</u> | <u>\$ (68.7)</u> |

The amounts included in Accumulated OCI on the accompanying Consolidated Balance Sheets as of 2010 and 2009 year end are as follows:

| <i>(Amounts in millions)</i>   | 2010            | 2009            |
|--|-----------------|-----------------|
| Net loss, net of tax of \$2.1 million and \$1.2 million, respectively    | \$ (3.4)        | \$ (1.9)        |
| Prior service credit, net of tax of zero and \$0.1 million, respectively | —               | 0.2             |
|  | <u>\$ (3.4)</u> | <u>\$ (1.7)</u> |

The components of net periodic benefit cost and other amounts recognized in OCI are as follows:

| <i>(Amounts in millions)</i>                            | 2010          | 2009           | 2008          |
|---|---------------|----------------|---------------|
| Net periodic benefit cost:                              |               |                |               |
| Service cost  | \$ 0.2        | \$ 0.2         | \$ 0.3        |
| Interest cost   | 3.9           | 4.8            | 4.4           |
| Expected return on plan assets                          | (0.9)         | (0.7)          | (1.1)         |
| Amortization of prior service credit                    | (0.4)         | (0.4)          | (0.4)         |
| Amortization of unrecognized gain                       | —             | —              | (0.4)         |
| Net periodic benefit cost                               | <u>2.8</u>    | <u>3.9</u>     | <u>2.8</u>    |
| Other changes in benefit obligations recognized in OCI: |               |                |               |
| Prior service cost                                      | 0.2           | 0.3            | 0.2           |
| Net loss  | <u>1.5</u>    | <u>5.8</u>     | <u>4.0</u>    |
| Total recognized in OCI                                 | <u>1.7</u>    | <u>6.1</u>     | <u>4.2</u>    |
| Total recognized in net periodic benefit cost and OCI   | <u>\$ 4.5</u> | <u>\$ 10.0</u> | <u>\$ 7.0</u> |

Snap-on does not expect to recognize any prior service costs or prior net losses included in Accumulated OCI on the accompanying 2010 Consolidated Balance Sheet in net periodic benefit cost in 2011.

The weighted-average discount rates used to determine Snap-on's postretirement health care expense are as follows:

|               | 2010  | 2009  | 2008  |
|---------------|-------|-------|-------|
| Discount rate | 5.00% | 6.30% | 6.00% |

The weighted-average discount rates used to determine Snap-on's accumulated benefit obligation are as follows:

|               | 2010 | 2009 |
|---------------|------|------|
| Discount rate | 4.3% | 5.0% |

The methodology for selecting the discount rate as of 2010 and 2009 year end was to match the plan's cash flows to that of a theoretical bond portfolio yield curve that provides the equivalent yields on zero-coupon bonds with an AA rating or better for each maturity.

The actuarial calculation assumes a health care cost trend rate of 7.9% in 2011, decreasing gradually to 4.5% in 2028 and thereafter. As of 2010 year end, a one-percentage-point increase in the health care cost trend rate for future years would increase the accumulated postretirement benefit obligation by approximately \$2.3 million and the aggregate of the service cost and interest cost components by \$0.1 million. Conversely, a one-percentage-point decrease in the health care cost trend rate for future years would decrease the accumulated postretirement benefit obligation by \$2.0 million and the aggregate of the service cost and interest rate components by \$0.1 million.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

| <i>(Amounts in millions)</i> | Amount  |
|------------------------------|---------|
| Year:                        |         |
| 2011                         | \$ 10.4 |
| 2012                         | 10.5    |
| 2013                         | 10.4    |
| 2014                         | 9.7     |
| 2015                         | 8.5     |
| 2016 – 2020                  | 28.7    |

The objective of the VEBA trust is to achieve net of expense returns that meet or exceed the 8.0% long-term, rate-of-return-on-assets assumption used for reporting purposes. Investments are diversified to attempt to minimize the risk of large losses. Since asset allocation is a key determinant of expected investment returns, assets are periodically rebalanced to the targeted allocation to correct significant deviations from the asset allocation policy that are caused by market fluctuations and cash flow.

The basis for determining the overall expected long-term, rate-of-return-on-assets assumption is a nominal returns forecasting method. For each asset class, future returns are estimated by identifying the premium of riskier asset classes over lower risk alternatives. The methodology constructs expected returns using a "building block" approach to the individual components of total return. These forecasts are stated in both nominal and real (after inflation) terms. This process first considers the long-term historical return premium based on the longest set of data available for each asset class. These premiums are then adjusted based on current relative valuation levels and macro-economic conditions.

Snap-on's VEBA plan target allocation and actual weighted-average asset allocation as of 2010 and 2009 year end, by asset category and fair value of plan assets, are as follows:

| Asset category:                   | Target | 2010 | 2009 |
|-----------------------------------|--------|------|------|
| Equity securities                 | 56%    | 58%  | 55%  |
| Debt securities and cash          | 10%    | 15%  | 15%  |
| Real estate and other real assets | 14%    | 7%   | 9%   |
| Other                             | 20%    | 20%  | 21%  |
| Total                             | 100%   | 100% | 100% |

|   |         |         |
|---|---------|---------|
| Fair value of plan assets (Amounts in millions) | \$ 13.9 | \$ 12.5 |
|---|---------|---------|

The following is a summary, by asset category, of the fair value inputs of the VEBA assets as of 2010 year end:

(Amounts in millions)

| Asset category:                        | Level 1 | Level 3 | Total   |
|--|---------|---------|---------|
| Cash and cash equivalents              | \$ 0.1  | \$ —    | \$ 0.1  |
| Mutual funds – Equity securities       | 7.9     | —       | 7.9     |
| Mutual funds – Real estate securities  | 1.0     | —       | 1.0     |
| Mutual funds – Debt securities         | 2.1     | —       | 2.1     |
| Private equity partnerships – domestic | —       | 2.8     | 2.8     |
| Total                                  | \$ 11.1 | \$ 2.8  | \$ 13.9 |

The following is a summary of the fiscal 2010 changes in fair value of the VEBA plan assets with Level 3 inputs:

|                             | Private<br>Equity<br>Partnership<br>Interests |
|-----------------------------|---|
| (Amounts in millions)       |   |
| Balance as of 2009 year end | \$ 2.7  |
| Unrealized gains            | 0.1   |
| Balance as of 2010 year end | \$ 2.8  |

The following is a summary, by asset category, of the fair value inputs of the VEBA assets as of 2009 year end:

(Amounts in millions)

| Asset category:                        | Level 1 | Level 3 | Total   |
|--|---------|---------|---------|
| Cash and cash equivalents              | \$ 0.2  | \$ —    | \$ 0.2  |
| Mutual funds – Equity securities       | 8.0     | —       | 8.0     |
| Mutual funds – Debt securities         | 1.6     | —       | 1.6     |
| Private equity partnerships – domestic | —       | 2.7     | 2.7     |
| Total                                  | \$ 9.8  | \$ 2.7  | \$ 12.5 |

The following is a summary of the fiscal 2009 changes in fair value of the VEBA plan assets with Level 3 inputs:

| <i>(Amounts in millions)</i> | Private<br>Equity<br>Partnership<br>Interests |
|------------------------------|---|
| Balance as of 2008 year end  | \$ 2.3  |
| Unrealized gains             | 0.4   |
| Balance as of 2009 year end  | \$ 2.7  |

### **Note 13: Stock-based Compensation and Other Stock Plans**

The 2001 Incentive Stock and Awards Plan, as amended ("2001 Plan"), which was approved by shareholders, provides for the grant of stock options, performance share awards and restricted stock awards (which may be designated as "restricted stock units" or "RSUs"). As of 2010 year end, the 2001 Plan had 1,511,650 shares available for future grants; the company uses treasury stock to deliver shares under the 2001 Plan.

Net stock-based compensation expense was \$14.9 million in 2010 and \$13.0 million in 2008. In 2009, the reversal of performance award accruals not expected to vest was partially offset by the vesting of stock options and stock appreciation rights, resulting in a net credit to income of \$3.0 million. Cash received from option exercises was \$23.7 million in 2010, \$4.5 million in 2009 and \$41.7 million in 2008. The tax benefit realized from the exercise of share-based payment arrangements was \$2.0 million in 2010, \$3.5 million in 2009 and \$10.9 million in 2008.

#### *Stock Options*

Stock options are granted with an exercise price equal to the market value of a share of common stock on the date of grant and have a contractual term of ten years. Stock option grants vest ratably on the first, second and third anniversaries of the date of grant.

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes valuation model. The company uses historical data regarding stock option exercise behaviors for different participating groups to estimate the period of time that options granted are expected to be outstanding. Expected volatility is based on the historical volatility of the company's stock for the length of time corresponding to the expected term of the option. The expected dividend yield is based on the company's historical dividend payments. The risk-free interest rate is based on the U.S. treasury yield curve on the grant date for the expected term of the option. The following weighted-average assumptions were used in calculating the fair value of stock options granted during 2010, 2009 and 2008, using the Black-Scholes valuation model:

|   | 2010   | 2009   | 2008   |
|---|--------|--------|--------|
| Expected term of option <i>(in years)</i> | 5.85   | 5.87   | 5.84   |
| Expected volatility factor                | 33.98% | 30.19% | 25.98% |
| Expected dividend yield                   | 2.76%  | 2.72%  | 2.79%  |
| Risk-free interest rate                   | 2.39%  | 1.77%  | 2.72%  |

A summary of stock option activity during 2010 is presented below:

|                                  | Shares<br>(in thousands) | Exercise<br>Price per<br>Share* | Remaining<br>Contractual<br>Term*<br>(in years) | Aggregate<br>Intrinsic<br>Value<br>(in millions) |
|----------------------------------|--------------------------|---------------------------------|---|--|
| Outstanding at beginning of year | 2,259                    | \$ 39.47                        |   |  |
| Granted                          | 542                      | 41.09                           |   |  |
| Exercised                        | (331)                    | 34.27                           |   |  |
| Forfeited or expired             | (71)                     | 39.17                           |   |  |
| Outstanding at end of year       | 2,399                    | 40.57                           | 6.70  | \$ 38.5  |
| Exercisable at end of year       | 1,381                    | 41.77                           | 5.38  | 20.5   |

\* Weighted-average

The weighted-average grant date fair value of options granted was \$10.90 in 2010, \$6.76 in 2009 and \$10.80 in 2008. The intrinsic value of options exercised was \$5.2 million in 2010, \$0.2 million in 2009 and \$18.6 million in 2008. The fair value of stock options vested was \$4.6 million in 2010, \$3.3 million in 2009 and \$6.4 million in 2008.

As of 2010 year end there was \$5.6 million of unrecognized compensation cost related to non-vested stock option compensation arrangements granted under the 2001 Plan that is expected to be recognized as a charge to earnings over a weighted-average period of 1.8 years.

#### Performance Awards

Performance awards granted pursuant to the 2001 Plan are earned and expensed using the fair value of the award over a contractual term of three years based on the company's performance. Vesting of the performance awards is dependent upon performance relative to pre-defined goals for revenue growth and return on net assets for the applicable performance period. For performance achieved above a certain level, the recipient may earn additional shares of stock, not to exceed 100% of the number of performance awards initially awarded.

Snap-on began granting performance-based units (designated as RSUs) in 2009; such awards have a one year performance period based on the results of the consolidated financial metrics of the company followed by a two year cliff vesting schedule. For performance achieved above a certain level, the recipient may earn additional shares of stock, not to exceed 100% of the number of RSUs initially awarded.

The fair value of these awards is estimated on the date of grant using the Black-Scholes valuation model. The company uses the vesting period of the performance awards as the expected term of the awards granted. Expected volatility is based on the historical volatility of the company's stock for the length of time corresponding to the expected term of the performance award. The risk-free interest rate is based on the U.S. treasury yield curve on the grant date for the length of time corresponding to the expected term of the performance award. The following weighted-average assumptions were used in calculating the fair value of performance awards granted during the last three years using the Black-Scholes valuation model:

|   | 2010   | 2009   | 2008   |
|---|--------|--------|--------|
| Expected term of performance award (in years) | 3.0    | 3.0    | 3.0    |
| Expected volatility factor                    | 42.82% | 37.09% | 26.16% |
| Risk-free interest rate                       | 1.44%  | 1.32%  | 2.11%  |

The weighted-average grant date fair value of performance awards granted during 2010, 2009 and 2008 was \$41.01, \$29.69 and \$51.75, respectively. No performance shares were paid out during 2010; performance share awards of 125,164 shares were paid out during 2009. There were no vested performance shares as of 2010 or 2009 year end. Based on the company's 2010 performance, 169,921 RSUs granted in 2010 were earned; assuming continued employment, these RSUs will vest in February 2013. Based on the company's 2009 performance, 65,819 RSUs granted in 2009 were earned; assuming continued employment, these RSUs will vest in February 2012. As a result of employee retirements in 2010, 3,427 of the RSUs earned in 2009 vested pursuant to the terms of the related award agreements;



these RSUs will be paid out at a later date. Changes to the company's non-vested performance share awards in 2010 are as follows:

|  | Shares<br>(in thousands) | Fair Value<br>Price per<br>Share* |
|--|--------------------------|-----------------------------------|
| Non-vested performance awards at beginning of year | 537                      | \$ 41.73                          |
| Granted  | 344                      | 41.01                             |
| Vested   | (3)                      | 56.72                             |
| Cancellations                                      | (209)                    | 43.93                             |
| Non-vested performance awards at end of year       | 669                      | 38.68                             |

\* Weighted-average

As of 2010 year end there was approximately \$10.2 million of unrecognized compensation cost related to non-vested performance share awards granted under the 2001 Plan that is expected to be recognized as a charge to earnings over a weighted-average period of 1.9 years.

#### Stock Appreciation Rights ("SARs")

The company also issues SARs to certain key non-U.S. employees. SARs are granted with an exercise price equal to the market value of a share of Snap-on's common stock on the date of grant and have a contractual term of ten years and vest ratably on the first, second and third anniversaries of the date of grant. SARs provide for the cash payment of the excess of the fair market value of Snap-on's common stock price on the date of exercise over the grant price. SARs have no effect on dilutive shares or shares outstanding as any appreciation of Snap-on's common stock value over the grant price is paid in cash and not in common stock.

The fair value of SARs is remeasured each reporting period using the Black-Scholes valuation model. The company uses historical data regarding SARs exercise behaviors for different participating groups to estimate the expected term of the SARs granted based on the period of time that similar instruments granted are expected to be outstanding. Expected volatility is based on the historical volatility of the company's stock for the length of time corresponding to the expected term of the SARs. The expected dividend yield is based on the company's historical dividend payments. The risk-free interest rate is based on the U.S. treasury yield curve in effect as of the reporting date for the length of time corresponding to the expected term of the SARs. The following weighted-average assumptions were used in calculating the fair value of SARs granted during 2010, 2009 and 2008 using the Black-Scholes valuation model:

|                                  | 2010   | 2009   | 2008   |
|----------------------------------|--------|--------|--------|
| Expected term of SARs (in years) | 5.54   | 5.69   | 5.23   |
| Expected volatility factor       | 34.59% | 30.25% | 30.27% |
| Expected dividend yield          | 2.76%  | 2.72%  | 2.68%  |
| Risk-free interest rate          | 2.39%  | 1.77%  | 1.72%  |

The total intrinsic value of SARs exercised was \$0.7 million in 2010 and \$1.7 million in 2008; no SARs were exercised in 2009. The total fair value of SARs vested during 2010, 2009 and 2008 was \$2.3 million, \$0.6 million and \$0.7 million, respectively. Changes to the company's non-vested SARs in 2010 are as follows:

|                                      | SARs<br>(in thousands) | Fair Value<br>Price per<br>Share* |
|--------------------------------------|------------------------|-----------------------------------|
| Non-vested SARs at beginning of year | 259                    | \$ 9.85                           |
| Granted                              | 111                    | 20.59                             |
| Vested                               | (137)                  | 16.70                             |
| Cancellations                        | (11)                   | —                                 |
| Non-vested SARs at end of year       | 222                    | 21.73                             |

\* Weighted-average

As of 2010 year end there was \$4.8 million of unrecognized compensation cost related to non-vested SARs granted under the 2001 Plan that is expected to be recognized as a charge to earnings over a weighted-average period of 1.4 years.

#### *Restricted Stock Awards*

The company granted awards of 23,417 and 36,980 restricted stock units to members of its Board of Directors ("Board") in 2010 and 2009, respectively, pursuant to the 2001 Plan. All restrictions will lapse upon the recipient's termination of service as a director or in the event of a change in control, as defined in the 2001 Plan.

**Directors' Fee Plan:** Under the Directors' 1993 Fee Plan, as amended, non-employee directors may elect up to 100% of their fees and retainer in shares of Snap-on's common stock. Directors may elect to defer receipt of all or part of these shares. Issuances under the Directors' Fee Plan totaled 3,600 shares in 2010, 4,532 shares in 2009 and 3,071 shares in 2008. Additionally, receipt of 4,780 shares, 6,458 shares and 5,229 shares was deferred in 2010, 2009 and 2008, respectively. As of 2010 year end, shares reserved for issuance to directors under this plan totaled 155,830 shares.

**Employee Stock Purchase Plan:** Employees of Snap-on are eligible to participate in an employee stock purchase plan. The employee purchase price of the common stock is the lesser of the mean of the high and low price of the stock on the beginning date (May 15) or ending date (the following May 14) of each plan year. For 2010, 2009 and 2008, issuances under this plan totaled 112,944 shares, 32,181 shares and 19,001 shares, respectively. As of 2010 year end, shares reserved for issuance to employees under this plan totaled 138,361 shares and Snap-on held employee contributions of approximately \$1.5 million for the purchase of common stock by employees. Employees are able to withdraw from the plan and receive all contributions made during the plan year. Compensation expense for plan participants in 2010 was \$1.8 million; compensation expense for plan participants in 2009 and 2008 was not significant.

**Dealer Stock Purchase Plan:** Franchisees are eligible to participate in a dealer stock purchase plan. The franchisee purchase price of the common stock is the lesser of the mean of the high and low price of the stock on the beginning date (May 15) or ending date (the following May 14) of each plan year. For 2010, 2009 and 2008, issuances under this plan totaled 109,052 shares, 53,839 shares and 29,857 shares, respectively. As of 2010 year end, shares reserved for issuance to franchisees under this plan totaled 537,218 shares and Snap-on held franchisee contributions of approximately \$1.5 million for the purchase of common stock by franchisees. Franchisees are able to withdraw from the plan and receive all contributions made during the plan year. Expense for plan participants in 2010 was \$1.6 million; expense for plan participants in 2009 and 2008 was not significant.

**Dividend Reinvestment and Stock Purchase Plan:** Under this plan, participating shareholders may invest the cash dividends from all or a portion of their common stock to buy additional shares. The program also permits new investors and current shareholders to make additional contributions. For 2010, 2009 and 2008, issuances under the dividend reinvestment and stock purchase plan totaled 28,007 shares, 38,426 shares and 22,656 shares, respectively. As of 2010 year end, shares available for purchase under this plan totaled 1,497,763 shares.

#### **Note 14: Capital Stock**

Snap-on has undertaken repurchases of Snap-on common stock from time to time to offset dilution created by shares issued for employee and dealer stock purchase plans, stock options and other corporate purposes. Snap-on repurchased 152,000 shares in 2010 and 1,230,000 shares in 2008; Snap-on did not repurchase any shares in 2009. As of 2010 year end, Snap-on has remaining availability to repurchase up to an additional \$159.4 million in common stock pursuant to Board authorizations. The purchase of Snap-on common stock is at the company's discretion, subject to prevailing financial and market conditions.

Cash dividends paid in 2010, 2009 and 2008 totaled \$71.3 million, \$69.0 million and \$69.7 million, respectively. Cash dividends in 2010 were \$1.22 per share, and cash dividends in both 2009 and 2008 were \$1.20 per share. On February 9, 2011, the company's Board declared a quarterly dividend of \$0.32 per share payable on March 10, 2011, to shareholders of record on February 24, 2011.

## Note 15: Commitments and Contingencies

Snap-on leases facilities, office equipment and vehicles under non-cancelable operating and capital leases that extend for varying amounts of time. Snap-on's future minimum lease commitments under these leases, net of sub-lease rental income, are as follows:

| (Amounts in millions)                                 | Operating<br>Lease | Capital<br>Lease |
|---|--------------------|------------------|
| Year:   |                    |                  |
| 2011  | \$ 26.1            | \$ 2.4           |
| 2012  | 20.2               | 2.4              |
| 2013  | 15.3               | 2.3              |
| 2014  | 9.9                | 1.9              |
| 2015  | 6.9                | 1.9              |
| 2016 and thereafter                                   | 14.0               | 17.5             |
| Total minimum lease payments                          | <u>\$ 92.4</u>     | <u>\$ 28.4</u>   |
| Less: amount representing interest                    |                    | (5.4)            |
| Total present value of minimum capital lease payments |                    | <u>\$ 23.0</u>   |

Amounts included in the accompanying Consolidated Balance Sheets for the present value of minimum capital lease payments as of 2010 year end are as follows:

| (Amounts in millions)                                 | 2010           |
|---|----------------|
| Other accrued liabilities                             | \$ 1.6         |
| Other long-term liabilities                           | 21.4           |
| Total present value of minimum capital lease payments | <u>\$ 23.0</u> |

Rent expense, net of sub-lease rental income, for worldwide facilities, office equipment and vehicles was \$33.2 million, \$35.4 million and \$33.8 million in 2010, 2009 and 2008, respectively.

Snap-on provides product warranties for specific product lines and accrues for estimated future warranty cost in the period in which the sale is recorded. Snap-on calculates its accrual requirements based on historic warranty loss experience that is periodically adjusted for recent actual experience, including the timing of claims during the warranty period and actual costs incurred. Snap-on's product warranty accrual activity for 2010, 2009 and 2008 is as follows:

| (Amounts in millions) | 2010           | 2009           | 2008           |
|-----------------------|----------------|----------------|----------------|
| Warranty accrual:     |                |                |                |
| Beginning of year     | \$ 14.3        | \$ 15.5        | \$ 17.1        |
| Additions             | 16.0           | 9.6            | 11.1           |
| Usage                 | (13.4)         | (10.8)         | (12.7)         |
| End of year           | <u>\$ 16.9</u> | <u>\$ 14.3</u> | <u>\$ 15.5</u> |

Snap-on filed a notice of arbitration with the American Arbitration Association on January 8, 2010, concerning a dispute with CIT relating to various underpayments made during the course of their financial services joint venture, in which Snap-on has alleged damages of approximately \$115 million. As a result of the dispute, Snap-on has withheld certain amounts (totaling \$107.8 million as of 2010 year end and \$81.5 million as of 2009 year end) from payments made to CIT relating to SOC's ongoing business activities. CIT filed its response denying Snap-on's claim and asserting certain claims against Snap-on for other matters relating to the joint venture on January 29, 2010. CIT's claims allege damages in excess of \$110 million, the majority of which relates to returning the amounts withheld by Snap-on. The \$107.8 million and \$81.5 million retained by Snap-on as of 2010 and 2009 year end, respectively, is included in "Other accrued liabilities" on the accompanying Consolidated Balance Sheets. Discovery in the CIT matter is ongoing, with arbitration

scheduled for the second quarter of 2011. At this time, no determination can be made as to the likely outcome of this dispute.

Snap-on has credit risk exposure for certain SOC-originated contracts with recourse provisions related to franchisee van loans sold by SOC; as of 2010 and 2009 year end, \$15.9 million and \$17.6 million, respectively, of franchisee loans contain a recourse provision to Snap-on if the loans become more than 90 days past due. The asset value of the collateral underlying these recourse loans would serve to mitigate Snap-on's loss in the event of default. The estimated fair value of the guarantees for all loan originations with recourse as of January 1, 2011, was not material.

Snap-on is involved in various other legal matters that are being litigated and/or settled in the ordinary course of business. Although it is not possible to predict the outcome of these other legal matters, management believes that the results of these other legal matters will not have a material impact on Snap-on's consolidated financial position, results of operations or cash flows.

#### **Note 16: Other Income (Expense) – Net**

"Other income (expense) – net" on the accompanying Consolidated Statements of Earnings consists of the following:

| <i>(Amounts in millions)</i>       | 2010          | 2009          | 2008          |
|------------------------------------|---------------|---------------|---------------|
| Interest income                    | \$ 1.3        | \$ 1.7        | \$ 6.6        |
| Foreign exchange gain (loss)       | (0.7)         | 0.6           | (1.3)         |
| Other                              | 0.2           | –             | (2.5)         |
| Total other income (expense) – net | <u>\$ 0.8</u> | <u>\$ 2.3</u> | <u>\$ 2.8</u> |

#### **Note 17: Segments**

Snap-on's business segments are based on the organization structure used by management for making operating and investment decisions and for assessing performance. In the second quarter of 2010, and as previously disclosed, Snap-on realigned its management organization and, as a result, its reportable business segments. This organizational change reflects the company's efforts to better support the product and service needs of the company's primary customer segments. These customer segments include: (i) commercial and industrial customers, including professionals in critical industries and emerging markets; (ii) professional technicians who purchase products through the company's worldwide mobile tool distribution network; and (iii) other professional customers related to vehicle repair, including owners and managers of independent and original equipment manufacturer ("OEM") dealership service and repair shops. In addition, Snap-on's Financial Services customer segment offers financing options that include (i) loans to franchisees' customers and Snap-on's industrial and other customers for the purchase or lease of tools, equipment and diagnostics products on an extended term payment plan; and (ii) business loans and vehicle leases to franchisees.

The primary organizational changes in 2010 included the realignment of the company's equipment products and equipment repair services operations from the Commercial & Industrial Group to the newly created Repair Systems & Information Group in order to better serve customers in the worldwide vehicle service and repair marketplace, including owners and managers of independent and OEM dealership service and repair shops. In addition to equipment products and equipment repair services, the Repair Systems & Information Group includes the business operations of the company's former Diagnostics & Information Group, consisting of those operations providing diagnostics, vehicle service information, business management systems, electronic parts catalogs, and other solutions for vehicle service to customers in the worldwide vehicle and repair marketplace. The organizational changes also included the realignment of the company's sales operations in Japan from the Snap-on Tools Group to the Commercial & Industrial Group to assist in further penetrating the customer base, particularly industrial buyers, in that region. The company also reallocated certain costs between the operating units as a result of these organizational changes, reflecting value-added activities and contributions related to the particular customer base being served. Prior year segment financial data has been restated to reflect these reportable business segment realignments.

As a result of the organizational changes in 2010, Snap-on's reportable business segments are: (i) the Commercial & Industrial Group; (ii) the Snap-on Tools Group; (iii) the Repair Systems & Information Group; and (iv) Financial Services. The Commercial & Industrial Group consists of business operations serving a broad range of industrial and commercial customers worldwide, primarily through direct and distributor channels. The Snap-on Tools Group consists of business

operations primarily serving automotive service technicians through the worldwide mobile tool distribution channel. The Repair Systems & Information Group consists of business operations serving other professional vehicle repair customers, primarily owners and managers of independent repair shops and OEM dealership service and repair shops, through direct and distributor channels. Financial Services consists of the business operations of Snap-on's wholly-owned finance subsidiaries.

Snap-on evaluates the performance of its operating segments based on segment revenues, including both external and intersegment net sales, and segment operating earnings. Snap-on accounts for intersegment sales and transfers based primarily on standard costs with reasonable mark-ups established between the segments. Identifiable assets by segment are those assets used in the respective reportable segment's operations. Corporate assets consist of cash and cash equivalents (excluding cash held at Financial Services), deferred income taxes, pension assets and certain other assets. All significant intersegment amounts are eliminated to arrive at Snap-on's consolidated financial results.

Neither Snap-on nor any of its segments depend on any single customer, small group of customers or government for more than 10% of its revenues.

#### Financial Data by Segment:

(Amounts in millions)

|  | 2010       | 2009       | 2008       |
|--|------------|------------|------------|
| Net sales:                                       |            |            |            |
| Commercial & Industrial Group                    | \$ 1,048.2 | \$ 897.6   | \$ 1,155.9 |
| Snap-on Tools Group                              | 1,039.9    | 940.1      | 1,046.2    |
| Repair Systems & Information Group               | 847.2      | 778.8      | 947.3      |
| Segment net sales                                | 2,935.3    | 2,616.5    | 3,149.4    |
| Intersegment eliminations                        | (316.1)    | (254.0)    | (296.1)    |
| Total net sales                                  | \$ 2,619.2 | \$ 2,362.5 | \$ 2,853.3 |
| Financial Services revenue                       | 62.3       | 58.3       | 81.4       |
| Total revenues                                   | \$ 2,681.5 | \$ 2,420.8 | \$ 2,934.7 |
| Operating earnings:                              |            |            |            |
| Commercial & Industrial Group                    | \$ 116.9   | \$ 48.2    | \$ 150.9   |
| Snap-on Tools Group                              | 114.0      | 108.2      | 115.0      |
| Repair Systems & Information Group               | 164.4      | 122.1      | 132.0      |
| Financial Services                               | 14.4       | 17.5       | 37.3       |
| Segment operating earnings                       | 409.7      | 296.0      | 435.2      |
| Corporate  | (78.3)     | (45.3)     | (46.4)     |
| Operating earnings                               | 331.4      | 250.7      | 388.8      |
| Interest expense                                 | (54.8)     | (47.7)     | (33.8)     |
| Other income (expense) – net                     | 0.8        | 2.3        | 2.8        |
| Earnings before income taxes and equity earnings | \$ 277.4   | \$ 205.3   | \$ 357.8   |

**Financial Data by Segment (continued):**

(Amounts in millions)

**Assets:**

|   | 2010              | 2009              |
|---|-------------------|-------------------|
| Commercial & Industrial Group           | \$ 875.5          | \$ 871.5          |
| Snap-on Tools Group                     | 424.7             | 373.1             |
| Repair Systems & Information Group      | 929.4             | 943.5             |
| Financial Services                      | 850.6             | 530.8             |
| Total assets from reportable segments   | 3,080.2           | 2,718.9           |
| Corporate                               | 697.8             | 768.0             |
| Elimination of intersegment receivables | (48.6)            | (39.5)            |
| Total assets                            | <u>\$ 3,729.4</u> | <u>\$ 3,447.4</u> |

(Amounts in millions)

**Capital expenditures:**

|                                    | 2010           | 2009           | 2008           |
|------------------------------------|----------------|----------------|----------------|
| Commercial & Industrial Group      | \$ 22.1        | \$ 26.1        | \$ 26.1        |
| Snap-on Tools Group                | 19.0           | 14.5           | 31.8           |
| Repair Systems & Information Group | 6.6            | 22.5           | 11.9           |
| Financial Services                 | 0.2            | 0.4            | 1.1            |
| Total from reportable segments     | 47.9           | 63.5           | 70.9           |
| Corporate                          | 3.2            | 0.9            | 3.0            |
| Total capital expenditures         | <u>\$ 51.1</u> | <u>\$ 64.4</u> | <u>\$ 73.9</u> |

**Depreciation and amortization:**

|                                     |                |                |                |
|-------------------------------------|----------------|----------------|----------------|
| Commercial & Industrial Group       | \$ 21.6        | \$ 22.4        | \$ 22.2        |
| Snap-on Tools Group                 | 16.2           | 16.4           | 15.1           |
| Repair Systems & Information Group  | 32.6           | 33.4           | 33.2           |
| Financial Services                  | 0.7            | 0.9            | 1.4            |
| Total from reportable segments      | 71.1           | 73.1           | 71.9           |
| Corporate                           | 1.6            | 1.5            | 0.1            |
| Total depreciation and amortization | <u>\$ 72.7</u> | <u>\$ 74.6</u> | <u>\$ 72.0</u> |

**Financial Data by Segment (continued):****Geographic Regions:***(Amounts in millions)*

|                 | 2010              | 2009              | 2008              |
|-----------------|-------------------|-------------------|-------------------|
| Total revenue:* |                   |                   |                   |
| United States   | \$ 1,591.1        | \$ 1,440.1        | \$ 1,669.4        |
| United Kingdom  | 214.2             | 193.2             | 238.7             |
| All other       | 876.2             | 787.5             | 1,026.6           |
| Total revenue   | <u>\$ 2,681.5</u> | <u>\$ 2,420.8</u> | <u>\$ 2,934.7</u> |

*(Amounts in millions)***Long-lived assets:\*\***

|                         | 2010              | 2009              |
|-------------------------|-------------------|-------------------|
| United States           | \$ 919.5          | \$ 945.2          |
| Sweden                  | 138.6             | 135.6             |
| All other               | 277.1             | 287.5             |
| Total long-lived assets | <u>\$ 1,335.2</u> | <u>\$ 1,368.3</u> |

\* Revenue is attributed to countries based on the origin of the sale.

\*\* Long-lived assets consist of Property and equipment – net, and Goodwill and Other intangibles – net.

**Products and Services:** Snap-on derives net sales from a broad line of products and complementary services that are grouped into three categories: (i) tools; (ii) diagnostics and repair information; and (iii) equipment. The tools category includes Snap-on's hand tools, power tools, tool storage units, saws, and cutting and pruning tools product offerings. The diagnostics and repair information category includes handheld and PC-based diagnostics products, service and repair information products, and diagnostic software solutions, including electronic parts catalogs, business management and other solutions to help dealerships manage and track performance. The equipment category includes solutions for the diagnosis and service of automotive and industrial equipment. Snap-on also derives revenue from financing its products through its wholly-owned finance subsidiaries. Snap-on utilizes various financing programs to facilitate the sales of its products. Further product line information is not presented as it is not practicable to do so. The following table shows the consolidated net sales and revenues of these product groups in the last three years:

*(Amounts in millions)*

|                                    | 2010              | 2009              | 2008              |
|------------------------------------|-------------------|-------------------|-------------------|
| Net sales:                         |                   |                   |                   |
| Tools                              | \$ 1,545.1        | \$ 1,311.3        | \$ 1,694.9        |
| Diagnostics and repair information | 563.3             | 556.5             | 589.8             |
| Equipment                          | 510.8             | 494.7             | 568.6             |
| Total net sales                    | <u>\$ 2,619.2</u> | <u>\$ 2,362.5</u> | <u>\$ 2,853.3</u> |
| Financial services revenue         | 62.3              | 58.3              | 81.4              |
| Total revenue                      | <u>\$ 2,681.5</u> | <u>\$ 2,420.8</u> | <u>\$ 2,934.7</u> |

**Note 18: Quarterly Data** (unaudited)*(Amounts in millions, except per share data)*

|  | First<br>Quarter | Second<br>Quarter | Third<br>Quarter | Fourth<br>Quarter | Total      |
|--|------------------|-------------------|------------------|-------------------|------------|
| <b>2010</b>  |                  |                   |                  |                   |            |
| Net sales  | \$ 621.6         | \$ 647.6          | \$ 653.1         | \$ 696.9          | \$ 2,619.2 |
| Gross profit   | 287.6            | 303.8             | 301.2            | 318.5             | 1,211.1    |
| Financial services revenue                           | 9.7              | 13.9              | 17.2             | 21.5              | 62.3       |
| Financial services expenses                          | (11.4)           | (12.2)            | (12.2)           | (12.1)            | (47.9)     |
| Total revenue  | 631.3            | 661.5             | 670.3            | 718.4             | 2,681.5    |
| Net earnings   | 38.0             | 46.9              | 48.3             | 59.8              | 193.0      |
| Net earnings attributable to Snap-on<br>Incorporated | 36.8             | 45.3              | 46.5             | 57.9              | 186.5      |
| Earnings per share – basic                           | 0.64             | 0.78              | 0.80             | 0.99              | 3.22       |
| Earnings per share – diluted                         | 0.63             | 0.78              | 0.80             | 0.99              | 3.19       |
| Cash dividends paid per share                        | 0.30             | 0.30              | 0.30             | 0.32              | 1.22       |
| <b>2009</b>  |                  |                   |                  |                   |            |
| Net sales  | \$ 572.6         | \$ 590.0          | \$ 581.8         | \$ 618.1          | \$ 2,362.5 |
| Gross profit   | 258.7            | 254.0             | 260.5            | 284.4             | 1,057.6    |
| Financial services revenue                           | 20.0             | 25.6              | 6.0              | 6.7               | 58.3       |
| Financial services expenses                          | (10.0)           | (9.0)             | (11.3)           | (10.5)            | (40.8)     |
| Total revenue  | 592.6            | 615.6             | 587.8            | 624.8             | 2,420.8    |
| Net earnings   | 37.2             | 42.0              | 26.4             | 38.1              | 143.7      |
| Net earnings attributable to Snap-on<br>Incorporated | 34.8             | 37.4              | 25.4             | 36.6              | 134.2      |
| Earnings per share – basic                           | 0.61             | 0.65              | 0.44             | 0.63              | 2.33       |
| Earnings per share – diluted                         | 0.60             | 0.65              | 0.44             | 0.63              | 2.32       |
| Cash dividends paid per share                        | 0.30             | 0.30              | 0.30             | 0.30              | 1.20       |



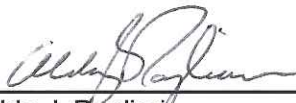
# APPENDIX H

## GUARANTEE OF SNAP-ON INCORPORATED

For value received, Snap-on Incorporated, located at 2801 80<sup>th</sup> Street, Kenosha, Wisconsin, 53143 ("Guarantor"), absolutely and unconditionally guarantees the performance by the franchisor, Snap-on Tools Company LLC ("Snap-on Tools"), located at 2801 80<sup>th</sup> Street, Kenosha, Wisconsin, 53143, of all obligations of Snap-on Tools under its franchise registrations or exemptions from registration in the states of California, Hawaii, Illinois, Maryland, Minnesota, North Dakota, Rhode Island, South Dakota, Virginia and Washington, and to the franchisees in all states under the franchise agreements signed prior to April 30, 2012. This guarantee shall continue until all obligations of Snap-on Tools under the franchise registrations (including exemption filings) and franchise agreements are satisfied. Guarantor is not discharged from liability if a claim by the franchisee against Snap-on Tools remains outstanding. Notice of acceptance is waived. Notice of default on the part of Snap-on Tools is not waived. This guarantee is binding on the Guarantor and on its successors and assigns.

IN WITNESS WHEREOF, Guarantor has, by a duly authorized officer, executed this guarantee at Kenosha, Wisconsin, this 17<sup>th</sup> day of February, 2011.

**Guarantor:**  
**SNAP-ON INCORPORATED**



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By: Aldo J. Pagliari  
Title: Sr. Vice President – Finance and  
Chief Financial Officer

# APPENDIX I.1.A



## SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT

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## Exhibit A – List of Calls

# SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT

**THIS STANDARD FRANCHISE AGREEMENT** ("Agreement") is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ ("Effective Date"), by and between SNAP-ON TOOLS COMPANY LLC, a Delaware limited liability company, whose address is 2801 80<sup>th</sup> Street, Kenosha, Wisconsin, 53143 ("Snap-on"), and «**FullName**», whose address is «**HomeAddressLine1**», «**HomeCity**», «**HomeStateProvince**» «**HomeZipPostalCode**» ("Franchisee"). **N/A**, whose address is **N/A** (the "Designated Owner") represents to Snap-on that he or she is an owner of more than fifty percent (50%) of a Franchisee which is a corporation or limited liability company. A Franchisee which is a corporation or limited liability company is sometimes referred to as a "Corporate Franchisee" in this Agreement.

## THE PARTIES AGREE THAT:

In consideration of the agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties, intending to be legally bound, agree as follows:

### 1. **Nature and Scope of Agreement; License and List of Calls.**

**A. Nature and Scope of Agreement.** Snap-on, over many years, as a result of the expenditure of time, skill, effort and money, has developed and owns a program for selling and servicing high quality tools and equipment ("Snap-on Program"), as a result of which the Snap-on Program has acquired valuable goodwill and a favorable reputation. The parties agree that this valuable goodwill and favorable reputation belongs to Snap-on and while Franchisee has the benefit thereof during the time it is performing under this Agreement, Franchisee acquires no property rights in such goodwill or reputation, all of which at all times belongs to Snap-on; and

The distinguishing features of the Snap-on Program include, but are not limited to, the name "Snap-on"; the tools and equipment manufactured and/or distributed by Snap-on and made available by Snap-on for resale by its franchisees ("**Products**"); special confidential techniques for selling the **Products**; signs, emblems, trade names, trademarks, and service marks; instructional materials and training courses; and the Standard Franchise Operations Manual and other manuals provided to Franchisee by Snap-on; all of which may be changed, improved or further developed from time to time; and

Franchisee wishes to be assisted, trained and licensed by Snap-on to be a Snap-on franchisee; and

Franchisee recognizes the importance to Snap-on, other franchisees, and to the public of maintaining the distinctive standards, qualities and attributes of **Products** and services identified by the Trademarks (as defined in Section 13 below) associated with the Snap-on Program and is willing to maintain those standards, qualities and attributes in the operation of a Snap-on franchise; and

Franchisee desires to obtain a license and rights to use the Snap-on Program at the List of Calls (as defined in Section 1 below), subject to the terms and conditions contained in this Agreement. Franchisee acknowledges that Snap-on has, has had and will continue to have the basic right to use and/or license the Snap-on Program as it may exist, in whole or in part, and that this basic right is not being limited or changed by the terms of this Agreement. Snap-on's exercise of those rights is not subject to the common law rules that apply to the exercise of contractual discretion. The parties recognize that over time there may be changes in the manner in which Snap-on, its competitors and the users of its **Products** engage in business, and have recognized and addressed that possibility by explicitly defining the scope of authority granted to Franchisee as provided herein.

**B. License.** Snap-on grants to Franchisee the right, subject to the conditions set forth in this Agreement, to use the Snap-on Program, and to purchase **Products** from Snap-on for resale, only at those locations (sometimes referred to as "stops") identified in attached Exhibit A ("List of Calls"), as adjusted in accordance with this Agreement. Subject to the provisions of Sections 1.D., 1.E. and 1.F., during the term of this Agreement, Snap-on shall not sell, or license others to sell, **Products** at those locations identified on the List of Calls.

Franchisee shall not be entitled to use the Snap-on Program or sell **Products** at any location not identified on the List of Calls even if the location is adjacent to, or near, a location on Franchisee's List of Calls, or to any customer of Franchisee who moves to a location not identified on the List of Calls. If Franchisee desires to use the Snap-on Program or sell **Products** at any location not identified on the List of Calls, Franchisee shall notify Franchisee's field management contact and request that the additional location(s) be added to the List of Calls. Snap-on, in its sole business judgment, which will not be unreasonably withheld, shall determine whether these location(s) will be added to Franchisee's List of Calls.

**C. Adjustments to List of Calls.** Weekly visits by Franchisee to customers, high quality service to customers and the solicitation of potential customers at stops on Franchisee's List of Calls are essential elements of the Snap-on Program. Accordingly, Snap-on reserves the right to adjust Franchisee's List of Calls and thereby change the number and/or location of stops on the List of Calls if Snap-on determines in its sole business judgment that such changes are necessary because of existing or future competition, inadequacy of service to customers, inadequacy of solicitation of potential customers, or for such other reasons as Snap-on deems relevant. Snap-on shall provide Franchisee written notice of an adjustment to Franchisee's List of Calls (which notice shall identify the stops added to, or deleted from, Franchisee's List of Calls) at least ten (10) days prior to the adjustment taking effect.

**D. National Accounts Program.** Snap-on exclusively reserves the right to develop and operate the Snap-on National Accounts Program, through which **Products** are sold and/or distributed to purchasers on a national or regional contract basis. Franchisee shall receive a brokerage fee on sales made through the Snap-on National Accounts Program directly to purchasers identified on Franchisee's List of Calls, according to a commission schedule published from time to time by Snap-on. The policies and procedures pertaining to the Snap-on National Accounts Program shall be prepared by Snap-on and made available to Franchisee, and are subject to change from time to time.

**E. Industrial Stops.** Snap-on exclusively reserves to itself the right to contact and sell, directly or indirectly, **Products** to industrial users, railroads, manufacturers, central purchasing offices, government installations and institutions (including schools) and all other potential customers who require scientific information, special devices, special services and/or technical and engineering data or for whom special procurement procedures are required ("Industrial Stop(s)"). If an Industrial Stop employs professional mechanics who purchase their own tools, Snap-on may, but is not obligated to, include that Industrial Stop on Franchisee's List of Calls only for the purpose of permitting Franchisee to sell **Products** to those mechanics. This is known as a dual stop. The determination whether a stop or customer, in whole or in part, is an Industrial Stop or a dual stop shall be made by Snap-on in its sole business judgment.

**F. Internet Sales.** Snap-on reserves the right to operate an internet program, through which **Products** are sold and/or distributed directly to internet purchasers, which may include customers at locations on the List of Calls who elect to make a purchase from Snap-on through the internet. Except as otherwise permitted under the Snap-on Program, Franchisee may not use the internet, including commercial sites such as eBay or Craig's List to sell **Products** or Approved Tools.

**G. Surveys.** Snap-on may make such surveys of customers at stops on Franchisee's List of Calls as Snap-on, in its sole business judgment, believes are necessary or advisable for the purpose of determining the number of customers and/or potential customers on Franchisee's List of Calls, the frequency and quality of Franchisee's service to customers or for any other purpose that Snap-on reasonably determines is appropriate.

**2. Initial Term.** The initial term of this Agreement and the franchise granted by this Agreement shall be ten (10) years from the Effective Date unless sooner terminated according to Sections 19 or 20 of this Agreement.

**3. Renewal.** Franchisee may, at Franchisee's option, renew this Agreement for one additional term of five (5) years, subject to the following Conditions of Renewal which must be met prior to renewal:

**A. Conditions of Renewal.**

**(1)** Franchisee gives Snap-on written notice of Franchisee's intention to renew not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

**(2)** Franchisee meets all new standards for standard franchisees in effect at the time of such notice of intent to renew and complies with the terms of the Standard Franchise Operations Manual, as amended from time-to-time, including refurbishing or replacing the franchise van and equipment, and undertaking all other changes to Franchisee's operation as Snap-on may reasonably require in order to reflect the then-current standards, image and requirements of the Snap-on Program;

**(3)** Franchisee is in compliance with all provisions of this Agreement, any amendment to this Agreement or successor agreement, or any other agreement between Franchisee and Snap-on or its subsidiaries and affiliates, and Franchisee remains in compliance with all such obligations through the expiration date of the expiring term;

**(4)** Franchisee satisfies all monetary obligations Franchisee owes to Snap-on, Snap-on Credit, and their subsidiaries and affiliates;

**(5)** Franchisee executes Snap-on's then-current form of Franchise Agreement. The terms of the renewal Standard Franchise Agreement may differ from the terms of this Agreement, including a higher Monthly License Fee. Franchisee acknowledges that the then-current form of Standard Franchise Agreement will be amended to provide for a renewal term of five (5) years and to delete any provisions therein for additional renewal or extension and may otherwise be modified to be appropriate for a renewal franchise;

**(6)** Franchisee and each of its owners in the case of a Corporate Franchisee executes a general release, in a form satisfactory to Snap-on, of any and all claims against Snap-on and its subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Snap-on, Snap-on Credit, their subsidiaries and affiliates and Franchisee and Franchisee's operation of the franchise, but excluding any claims the release of which are prohibited by applicable law;

**(7)** Franchisee complies with all then-current qualifications and training requirements;

**(8)** Franchisee pays Snap-on a renewal fee in an amount that is 50% of the then-current Initial License Fee; and

(9) Franchisee has not engaged in activities that Snap-on, in its sole business judgment, believes would impair the basis for a satisfactory future relationship between the parties.

**B. Snap-on Review.** On receipt of a written notice of intention to renew, Snap-on will evaluate Franchisee's operation and advise Franchisee of any and all of the outstanding renewal conditions described above, and any operational deficiencies that may affect Franchisee's exercise of its renewal option. If Franchisee does not cure the deficiencies or meet the conditions of the renewal evaluation, Snap-on will notify Franchisee in writing at least six (6) months prior to the expiration date of the current term, that the renewal option is extinguished and that this Agreement will not be renewed.

**C. Statutory Limitations.** If applicable law requires a standard of nonrenewal, or a notice and/or cure period prior to nonrenewal that is different from that set forth in this Section 3., this Agreement shall be deemed amended to conform to the minimum standard, or notice and/or cure period required by such applicable law or regulation. Snap-on intends to deliver any required additional notice, and this Agreement shall remain in effect on a month-to-month basis only until Franchisee has received such required additional notice.

**4. License Fees.**

**A. Initial License Fee.** Franchisee has paid Snap-on an Initial License Fee of Fifteen Thousand Dollars (\$15,000) to become a Standard Franchisee. The Initial License Fee was paid in consideration of Snap-on initially granting this franchise, it was fully earned at the time paid, and it is not refundable for any reason.

**B. Monthly License Fee.** In addition to all other amounts to be paid by Franchisee to Snap-on, Franchisee shall pay Snap-on a Monthly License Fee of One Hundred Two Dollars (\$102.00) payable upon Franchisee's receipt of an invoice. Snap-on shall have the right, in its sole business judgment, to increase the Monthly License Fee once each calendar year by an amount up to the lesser of either Fifty Dollars (\$50.00) or twenty-five percent (25%) of the existing Monthly License Fee. Snap-on shall advise Franchisee of any increase in the Monthly License Fee, and the increased Monthly License Fee shall be payable upon Franchisee's receipt of an invoice from Snap-on for the increased Monthly License Fee.

**5. Standard Franchise Operations Manual.** Franchisee acknowledges receipt on loan of access to the Standard Franchise Operations Manual ("Operations Manual") which may be provided to Franchisee in paper format, electronic format (including posting on a Snap-on sponsored intranet site) or any combination thereof. Franchisee agrees to ensure that the Operations Manual is kept confidential and Franchisee keeps up-to-date with all modifications provided by Snap-on, agrees not to reproduce the Operations Manual or any part of it, and agrees not to disclose the contents of the Operations Manual to anyone. Snap-on (and its subsidiaries or affiliates as applicable) shall provide Franchisee in a format or formats designated by Snap-on with all periodic updates, additions, and deletions to the Operations Manual. Upon termination of this Agreement, Franchisee shall return to Snap-on all copies of Operations Manuals and other manuals Franchisee has received and/or copied.

**6. Modifications of the Snap-on Program.** Snap-on (and its subsidiaries and affiliates), in its sole business judgment, shall be entitled from time to time to change or modify the Snap-on Program, including, but not limited to, the addition or deletion of **Products**, the adoption of new administrative forms, the adoption and use of new or modified Trademarks or the deletion of Trademarks (as defined in Section 13) or copyrighted materials, and modifications of methods for selling **Products**. The Snap-on Program is contained in the Operations Manual and those other materials as Snap-on (or its subsidiaries and affiliates) may provide to Franchisee. Franchisee shall accept and use or display within a reasonable period of time any changes or modifications in the Snap-on Program as if they were a part of the Snap-on Program at the time of execution of this



Agreement, and Franchisee shall make such expenditures as such changes or modifications in the Snap-on Program may require.

Snap-on and Franchisee acknowledge that compliance with the requirements of this Agreement and the Snap-on Program and the goal of maintaining a competitive Snap-on Program involves ongoing expenditures of different types (including but not limited to expense for electronic commerce, replacement and new computer equipment and related hardware, software and services, as well as periodic van renovation) and may also involve costs incident to changes in operation, which Snap-on and Franchisee each separately bear as part of their individual ordinary courses of business.

The Snap-on Program includes the programs offered by Snap-on Credit LLC ("Snap-on Credit"), an entity in which Snap-on's parent, Snap-on Incorporated, has an ownership interest. Snap-on Credit, in its sole discretion, shall be entitled from time to time to change, modify, replace or cancel its programs, including the programs which involve Extended Credit Contracts and Leases referred to in Section 10.C, and the obligations, representations and warranties of Franchisee under the Franchisee Servicing Agreement referred to in Section 10.

**7. Services by Snap-on.** Provided that Franchisee has satisfied all of the conditions set forth in Section 20.B.9. of this Agreement, during the term of this Agreement and so long as Franchisee is not in default, Snap-on, in the manner it deems appropriate, shall make the following services available to Franchisee:

**A. Sale of Products to Franchisee.** Franchisee may purchase **Products** at Snap-on's suggested retail price, less any franchisee discounts in effect when orders are received by Snap-on. The **Products**, suggested retail prices, and available franchisee discounts are subject to change without notice to Franchisee. Upon receipt of orders from Franchisee, Snap-on shall use reasonable efforts to ship all **Products** ordered by Franchisee promptly to Franchisee or such other person or entity as Franchisee directs. Snap-on requires that orders from Franchisee be made by electronic communication. All sales of **Products** will be made on Snap-on's standard terms of sale which are in effect at the time of the sale.

Franchisee shall pay all amounts due Snap-on through such means and at such time as Snap-on may prescribe in the Snap-on Program. Snap-on currently requires that Franchisee pay amounts due Snap-on by direct debit of Franchisee's bank account. Failure to do so will result in an additional charge to Franchisee as set forth in the Snap-on Program from time to time. Snap-on may change the minimum payment requirement, due date, and method of payment in Snap-on's sole business judgment.

Snap-on shall not be liable for delays in shipment, or for failure to make any delivery of **Products**, if the **Products** were not shipped because Franchisee has not paid Snap-on for prior amounts due, Franchisee has exceeded or with the order would exceed Franchisee's credit limit, or if Snap-on's reasonable efforts are inadequate to effect delivery of the **Products**. If Snap-on is unable to supply **Products** in quantities ordered, it shall have the right to allocate shipments among its franchisees based on any business factor or combination of business factors which it deems appropriate in its business judgment, such as historical purchasing patterns, franchisee credit worthiness, franchisee needs or other channels of distribution. Franchisee shall have no claim against Snap-on due to Snap-on's failure to furnish any **Products** due to lack of **Product** availability.

**B. General Assistance.** Snap-on will provide Franchisee with its knowledge and expertise regarding the Snap-on Program, together with business forms, bookkeeping and operational methods, inventory control methods, product knowledge, and sales and marketing advice as Snap-on deems appropriate. This assistance may be provided by a Snap-on representative riding with

Franchisee (in the case of a Corporate Franchisee, the Designated Owner) as customers are called upon, the distribution of printed and filmed material, meetings, classroom training, seminars, telephone, internet, and other electronic communications.

**C. Training.** Snap-on shall make available to Franchisee, and Franchisee (in the case of a Corporate Franchisee, the Designated Owner) shall be required to successfully complete, Snap-on's initial training program. Franchisee or Designated Owner may be required by Snap-on to attend additional training from time to time and Snap-on may set minimum standards for the satisfactory completion of such additional training. Training programs conducted by Snap-on are subject to change by Snap-on without notice and shall be at such times and places as Snap-on reasonably may designate. No charge shall be made by Snap-on for Snap-on's initial training program for the Franchisee (or the Designated Owner of a Corporate Franchisee). Snap-on reserves the right to charge for additional training programs.

**8. Performance Standards and Uniformity of Operation.** **Products** sold and services performed under Snap-on's Trademarks (as defined in Section 13) have a reputation for high quality. This reputation has been developed and maintained by Snap-on, and it is of the utmost importance to Snap-on, Franchisee, and all other franchisees that this reputation be maintained through high quality service to customers and compliance with the Snap-on Program. In recognition of the mutual benefits which come from maintaining the reputation for quality enjoyed by the Snap-on Program, Franchisee shall comply with all of the following:

**A. General Standards and Specifications.** Franchisee shall operate the franchise, render all services, sell all **Products** and make all payments due to Snap-on in accordance with the specifications, standards, business practices, policies and procedures of Snap-on now in effect or subsequently published for its franchisees, and comply with all written requirements of the Snap-on Program, including any changes that may be made to it from time to time.

**B. Snap-on Inspections.** Snap-on and its duly authorized representatives shall have the right to inspect Franchisee's operations, including, without limitation, speaking with Franchisee's customers, inspecting Franchisee's van and inventory display, conducting an inventory of the **Products** and other items on Franchisee's van, and accompanying Franchisee (in the case of a Corporate Franchisee, the Designated Owner) on the van to ensure that Franchisee is complying with all requirements of the Snap-on Program. Franchisee shall cooperate fully with such inspections and, unless otherwise provided in a written agreement between Snap-on and Franchisee, Franchisee shall immediately take such steps as may be necessary to correct any deficiencies detected during such inspections in accordance with the Snap-on Program, including, but not limited to, ceasing further use or sale of any merchandise that does not conform with Snap-on's standards and requirements.

**C. Operation of the Franchise.** Unless otherwise permitted by Snap-on in writing, Franchisee (in the case of a Corporate Franchisee, the Designated Owner) alone shall make regular sales and service calls on potential customers and may not use anyone else to make such calls. Franchisee shall use Franchisee's best efforts to promote aggressively and develop fully the sales of **Products** at stops on the List of Calls and maintain a sufficient inventory of **Products** in order to maximize the sale of **Products**. Franchisee, at all times, shall maintain an inventory of **Products** at least in the minimum amount required by the Snap-on Program. Unless otherwise excepted by Snap-on in writing, Franchisee (in the case of a Corporate Franchisee, the Designated Owner) shall call on every potential customer at stops on the List of Calls at least once a week in order to maximize the sale of **Products** and provide the service expected by Snap-on customers. Franchisee (in case of a Corporate Franchisee, the Designated Owner) shall refrain from engaging in activities that would conflict with these purposes and shall devote full business attention and efforts to these purposes. Franchisee shall, at all times, act in a competent, fair, honest, ethical, and courteous manner in accordance with the image and reputation of Snap-on and the Snap-on Program, and

maintain a neat and clean appearance. Franchisee acknowledges that the license granted to Franchisee under this Agreement has been granted by Snap-on based on the business, marketing and operational skills, financial capacity and personal character of Franchisee or in the case of a Corporate Franchisee, the Designated Owner. Therefore, in the case of a Corporate Franchisee, the Designated Owner will be the only individual who is authorized to represent a Corporate Franchisee in matters with Snap-on and Designated Owner's personal participation in the operation of the franchise is required to the same extent as if the Designated Owner was the Franchisee.

**D. Purchase of Products Only from Snap-on.** Franchisee must purchase all **Products** offered for sale by Franchisee only from Snap-on. Snap-on believes that it is particularly important that its franchisees have new **Products** available for sale to their customers. Therefore, Franchisee must purchase a representative quantity, as determined by Snap-on, of new **Products** introduced from time to time by Snap-on.

**E. Approved Tools.** Except as otherwise provided below, in the operation of the franchise, Franchisee may sell only **Products**. Franchisee may sell or offer for sale merchandise other than **Products** only with Snap-on's express, prior written consent, not to be unreasonably withheld, which consent subsequently may be revoked by Snap-on ("Approved Tools"). Franchisee shall give Snap-on written notice of Franchisee's desire to sell any of these additional items sufficiently in advance of offering them for sale so that Snap-on may verify manufacturer and specification data and test such merchandise for conformity with the appearance, uniformity, quality and other specifications of Snap-on. Snap-on periodically may require that the testing be performed again to ensure that the manufacturer continues to meet Snap-on's specifications. Snap-on shall be entitled to, and likely will, refuse to approve merchandise as Approved Tools if such merchandise directly competes with any of the **Products**. Snap-on's consent to Franchisee's sale of Approved Tools shall be conditioned on Snap-on's receipt and approval of a products' liability insurance policy (or a certificate of insurance) with coverage limits and other terms reasonably satisfactory to Snap-on from time-to-time, which policy shall name Snap-on as an additional insured. If Snap-on revokes its consent to any merchandise as an Approved Tool, Franchisee shall cease selling such merchandise within thirty (30) days of notification from Snap-on. Franchisee shall be responsible for reporting all purchases and sales of Approved Tools to Snap-on on forms provided by Snap-on.

The restrictions contained in this Section shall not apply to merchandise which Franchisee has taken as a trade-in from a customer or merchandise for which Snap-on provides Franchisee with a designated approved supplier. Franchisee shall be permitted to sell such trade-ins and to purchase such merchandise from the Snap-on designated approved supplier and sell such merchandise without obtaining Snap-on's prior written consent.

**F. Sales Only to End-user.** Franchisee shall sell the **Products** and Approved Tools only to retail customers at locations on the List of Calls and shall not sell the **Products** or Approved Tools to any person or entity for resale.

**G. Retail Prices.** Snap-on periodically shall provide Franchisee with one or more suggested retail price lists for the **Products**. Franchisee shall generally be entitled to sell the **Products** at prices determined by Franchisee, however, Franchisee agrees that to the extent permitted under applicable law, Snap-on may require that the Franchisee sell in accordance with pricing guidelines issued by Snap-on.

**H. Van.** Franchisee shall lease or purchase a truck or van that complies with specifications contained in the Snap-on Program in effect on the date of this Agreement (unless previously leased or purchased pursuant to the Trial Franchise Agreement or Gateway Franchise Agreement). Franchisee shall maintain and operate the van in good condition and repair and shall provide at least the minimum van maintenance recommended by the van manufacturer or as required by the Snap-on Program or the Franchise Finance Program from time to time. Franchisee shall display at all

times the then-current van decal and logo package as required by Snap-on from time to time. Franchisee shall display the inventory in the van in a clean and neat manner and as required by the Snap-on Program from time to time. Except as expressly permitted by Snap-on, Franchisee shall operate only one van and the van shall be used when Franchisee (in the case of a Corporate Franchisee, the Designated Owner) makes all regular sales and service calls. Franchisee shall also obtain, install and maintain such security systems as Snap-on may prescribe for use in connection with the van, including theft protection and tracking systems coordinated with local law enforcement and/or other third parties. Franchisee shall be responsible for all expenses related to such system.

**I. Clothing.** Franchisee shall purchase and Franchisee (in the case of a Corporate Franchisee, the Designated Owner) shall wear in the operation of the franchise, clothing as required from time to time in the Snap-on Program. Snap-on will provide Franchisee with uniforms having a franchisee cost of Four Hundred Dollars (\$400.00) without cost to Franchisee prior to Franchisee commencing business in the List of Calls. Franchisee shall maintain all clothing in good condition.

**J. Technology Package; Electronic Commerce and Communication.** Franchisee is required to use a computer and computer components meeting Snap-on's specifications, as modified in the Snap-on Program from time to time. Snap-on will provide Franchisee prior to Franchisee commencing business in the List of Calls with a technology package, without cost to Franchisee, including computer hardware and printer meeting the specifications of the Snap-on Program.

Franchisee shall license or lease from Snap-on or a source designated by Snap-on, computer software that conforms to specifications contained in the Snap-on Program, as may be modified from time to time.

Snap-on may also require during the term of this Agreement that Franchisee subscribe, at Franchisee's expense, to a reliable internet service provider or other electronic communication provider or service and that Franchisee obtain and use, at Franchisee's expense, and in the manner and form and with such content as Snap-on may approve or require: electronic point of sale equipment, computer equipment, operating software, communications services, web pages, intranets, extranets, portals and other electronic and computer systems, software, services and the like, for communicating (with Snap-on, customers on the List of Calls and others), invoicing, accounting, record keeping, reporting and other franchise operations. Any or all of these may be designated by Snap-on and Snap-on shall have the right to approve any and all use by Franchisee of electronic commerce and communication and the content thereof. Also, Snap-on may require that any and all communications between Franchisee and Snap-on be made through the internet or such other electronic medium as Snap-on may designate, and Franchisee may be required to access the internet or other electronic information on a regular basis (even daily) to obtain full benefit of the Snap-on Program. Snap-on is not liable for any damage to Franchisee including lost profits, delayed orders or the like which are the result of any outage or delay related to electronic transmission of information, whether by the internet or otherwise, or as the result of Franchisee's failure to access the information. Franchisee also acknowledges and agrees that any and all information provided to Franchisee by Snap-on under this Agreement may be provided in such manner and by such media as Snap-on may determine, including, without limitation by electronic and/or computer means. Without limiting the generality of the preceding sentence, such information may include the Operations Manual (and updates), product information, warranty information, and discontinued tool notification. Snap-on may, in its sole business judgment, make use of any information required to be furnished by Franchisee to Snap-on through use of computer systems, communications devices or through written or print media, in the conduct of its business, including but not limited to warranty programs, product recall programs, market research and/or performance evaluations.

**K. Warranties.** Franchisee shall assist Snap-on in honoring all warranties on the **Products**. Franchisee understands that warranty service for the customer is an important part of the Snap-on Program and that Franchisee will be required to make repairs and arrange for service for customer

**Products** without cost to Snap-on. The terms of Snap-on's warranties may be changed by Snap-on from time-to-time in its sole business judgment. Franchisee shall be solely responsible for honoring warranties on Approved Tools sold by Franchisee.

**L. Compliance with Law.** Franchisee shall comply with all laws, ordinances, and regulations affecting the operation of the franchise.

**M. Taxes and Other Indebtedness.** Franchisee shall pay when due all taxes levied and assessed, including, without limitation, sales, use, personal property, income and other taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the franchise.

**N. Accounting Service.** Franchisee is required to use the accounting service designated from time to time by Snap-on, unless Franchisee was operating under another Snap-on franchise on February 28, 2010. Franchisee understands that if Snap-on changes the accounting service provider during the term of this Franchise Agreement, Franchisee may, at Snap-on's discretion, be required to change to the new accounting service provider.

**O. Merchandising Program.** In order to promote uniformity in the Snap-on Program, you are required to participate in Snap-on's Merchandising Program, which consists of van signage and print collateral used in connection with promotional programs offered by Snap-on. Snap-on may modify or terminate this program at any time.

**P. Van Merchandise Displays and Safety Equipment.** Franchisee will purchase and use current van merchandise displays offered by Snap-on from time to time to improve the display of **Products** on the van. Snap-on may modify or discontinue providing these displays at any time. In addition, Franchisee is required from time to time to purchase certain safety equipment to promote safety on the van.

**9. Security Interest.** To secure Franchisee's obligations to Snap-on, including those arising under this Agreement, Franchisee grants Snap-on a security interest in all of the following property of the Franchisee, whether now owned or hereafter acquired, and whether tangible or intangible: inventory, tools, equipment, vans, accounts, contract rights, general intangibles, chattel paper, Revolving Accounts, Extended Credit Contracts, Credit Sale Contracts, Open Accounts, Leases, insurance policies, documents, deposits, all Reserve Accounts, (including, but not limited to EC Reserve Account and Business Reserve Account), or similar types of accounts, trademarks, trade names, customer lists, books, records, catalogues, sales aids, computers and computer programs, and any replacements, substitutions, additions, accessions or proceeds thereof. Franchisee represents and warrants that Snap-on's security interest as described above shall be prior to that of any other creditor. Franchisee understands that Snap-on will make all required UCC filings to perfect Snap-on's security interest in Franchisee's property as set forth in this Section and Franchisee will cooperate with Snap-on to the extent requested by Snap-on to accomplish this perfection. Franchisee authorizes Snap-on to describe the collateral in any financing statement as "all business assets". This statement in any financing statement shall not expand or limit the property given as security for the performance of Franchisee's obligations to Snap-on described above. With respect to any funds accounted for or held by Snap-on for the benefit of Franchisee, Snap-on shall be entitled to commingle such funds with Snap-on's general funds and to offset against such funds any monies owed Snap-on by Franchisee.

**10. Credit Sales.**

**A. Revolving Accounts.** Unless this requirement is waived or reduced for Franchisee by Snap-on, Franchisee shall deposit with Snap-on at least Fifty-Two Thousand Five Hundred Dollars (\$52,500) within ten (10) days after the Effective Date of this Agreement ("RA Deposit"). If Franchisee is participating in the RA Financing Program (which is not available to a Trial Franchisee

or Gateway Franchisee converting to a Standard Franchise), Franchisee is required to fulfill this obligation in the following manner: at the time Franchisee stops participating in the RA Financing Program, if the total value (75% of the outstanding balance) of Franchisee's Revolving Accounts ("RA Value") is less than \$52,500, Franchisee is required, within ten (10) days, to deposit an amount into his RA Deposit equal to the difference between Franchisee's total RA Value and \$52,500. The RA Deposit can be used by Franchisee for any or all of the following purposes:

**(1) RA Acquisition.** The RA Deposit may be used by Franchisee to purchase RAs offered by the franchisee or independent dealer ("Predecessor") who previously sold **Products** to customers at stops on Franchisee's List of Calls. "Revolving Accounts" or "RAs" are accounts generated by a franchisee's sales of **Products** on franchisee's credit that are to be paid on a revolving basis over a period of time agreed to by the franchisee and the franchisee's customer. Franchisee shall be obligated to offer to purchase the Predecessor's RAs subject to Franchisee's right, for forty-five (45) days from the date Franchisee begins servicing customers in the List of Calls, to advise Snap-on and the Predecessor which, if any, of the RAs Franchisee has rejected, unless Franchisee is purchasing the RAs through Snap-on's transfer program, in which case, Franchisee may agree with the Predecessor to reduce or eliminate this 45-day time period or Franchisee's right to reject some or all of the RAs. Any RAs not rejected by Franchisee within that time shall be deemed to have been purchased by Franchisee. In the event Franchisee sells **Products** to a customer (whose RA was offered to Franchisee) within the forty-five (45) day period, Franchisee shall be deemed to have agreed to purchase the RA relating to such customer, unless Franchisee has first advised Snap-on and the Predecessor that Franchisee has rejected that customer's RAs. The purchase price for the RAs shall be seventy-five percent (75%) of the balance due of each RA being sold unless otherwise agreed to by Franchisee and Predecessor.

**(2) RA Development.** The RA Deposit also may be used to pay for purchases of **Products** from Snap-on, subsequent to Franchisee's initial purchase of **Products** from Snap-on, as follows: if, in any week, Franchisee's RA sales (which excludes any down payment and trade-in allowance and includes sales tax) exceeds Franchisee's RA collections, a portion of the RA Deposit equal to seventy-five percent (75%) of the difference between Franchisee's RA sales and Franchisee's RA collections may be used by Franchisee for additional purchases of **Products**. If in any week Franchisee's RA collections exceed Franchisee's RA sales, Franchisee will be obligated to pay Snap-on seventy-five percent (75%) of the amount by which Franchisee's RA collections exceed Franchisee's RA sales and the amount available to Franchisee under the RA Deposit will be increased by the amount of the payment to Snap-on. In addition, Snap-on will make other adjustments to reflect changes in Franchisee's total RA account balance.

**B. Open Accounts.** Snap-on has established, and from time to time may modify or discontinue, a program for extending short term financing for the purchase of **Products** that is made available to certain businesses ("Open Accounts"), as set forth in the Operations Manual. Snap-on may, in its sole business judgment, accept the assignment of Open Account contracts offered by Franchisee. The parties' obligations with respect to Open Accounts shall be governed by any Snap-on policies regarding such Open Accounts contained in the Snap-on Program from time to time.

**C. Assignment of Certain Contracts.** Snap-on Credit, may, in its sole business judgment, accept the assignment of certain credit contracts between Franchisee and a customer for the sale or lease of **Products** between Franchisee and a customer. The parties' obligations with respect to the credit contracts shall be governed by the terms of a separate Franchisee Servicing Agreement or Dealer Servicing Agreement between Franchisee and Snap-on Credit and any policies regarding such assignments contained in the Snap-on Program from time to time. As provided in the Franchisee Servicing Agreement and Dealer Servicing Agreement, Snap-on Credit may modify or discontinue these programs at any time.

**D. Collection.** Franchisee shall collect all amounts due from customers of Franchisee whose Extended Credit Contracts or Leases have been assigned to Snap-on Credit and to whom Snap-on Credit has extended credit and from other customers serviced by Franchisee as provided in the Franchisee Servicing Agreement. Franchisee shall participate in repossession of **Products** as provided in the Franchisee Servicing Agreement between Franchisee and Snap-on Credit.

**11. Advertising by Franchisee.** Franchisee is not required to engage in any advertising. If Franchisee decides to conduct any advertising, advertising and promotional materials may be purchased from any source; however, any advertising or promotional materials not purchased from Snap-on shall be submitted to Snap-on at least sixty (60) days prior to use for Snap-on's approval. Snap-on's approval rights shall be limited to matters of good taste, truthfulness, use of Snap-on's Trademarks, and quality of image, and shall not be unreasonably withheld. Unless Snap-on notifies Franchisee of objections to the materials within sixty (60) days after receipt by Snap-on, the materials shall be deemed approved.

**12. Reports, Bookkeeping and Audit Rights.**

**A. Weekly Reports.** Each week, on a day designated by Snap-on, Franchisee shall inform Snap-on (in such form as Snap-on may require) of the amount of **Products** sold and Approved Tools purchased and sold in the past week, collections made in the past week, the amount of inventory on hand and the status of credit accounts, and such other information as Snap-on reasonably may request from time to time.

**B. Annual Reports.** Franchisee shall, upon request from Snap-on, furnish Snap-on within ninety (90) days after the end of a calendar year, with a profit and loss statement for the franchise for the calendar year and a balance sheet for the franchise as of the end of the calendar year in a format prescribed by Snap-on. These financial statements shall be prepared by an independent accountant and, if requested by Snap-on, certified by the accountant to present fairly, in all material respects, Franchisee's results of operations and financial condition.

**C. Bookkeeping.** Franchisee shall keep and maintain complete and accurate books and records of Franchisee's business operations in the form and manner prescribed in the Snap-on Program. Franchisee shall preserve all books, records and tax returns applicable to the franchise for at least three (3) years after preparation and make them available to Snap-on upon request.

**D. Snap-on's Audit Rights.** Snap-on shall have the right at reasonable times, both during and after the term of this Agreement, to examine Franchisee's books, records (including the stock records or other evidence of ownership of Franchisee, if this Agreement is issued to or assigned, as permitted in this Agreement, to a Corporate Franchisee) and tax returns, and such other forms, reports, information and data as Snap-on reasonably may designate concerning the operation of the franchise. In the event any examination or audit shall disclose any breach of this Agreement or any other agreement between Snap-on or its affiliates and Franchisee, and if such examination or audit is made necessary by Franchisee's failure to furnish reports, supporting records, financial statements or other documents or information as herein required, or to furnish such reports, records, financial statements, documents or information on a timely basis, Franchisee shall reimburse Snap-on, within fifteen (15) days after receipt of the examination or audit report, for the cost of such audit or examination, including, without limitation, the charges and disbursements of any independent accountants and the travel expenses, room and board (if any) and compensation of Snap-on's employees. The foregoing remedies shall be in addition to all of Snap-on's other remedies and rights under this Agreement or applicable law.

**13. Trademarks.** The term "Trademarks" as used in this Agreement refers to all words, symbols, designs, trade names, service marks or combinations thereof used to identify the Snap-on Program and the **Products** sold and services performed in connection with the Snap-on Program. Franchisee shall use the Trademarks only in the manner approved by Snap-on. Snap-on shall, from time to

time, advise Franchisee of which Trademarks have been registered and any additions or deletions to the Trademarks and Franchisee's right to use the Trademarks shall be deemed modified by those additions or deletions.

Franchisee's right to use the Trademarks is limited to the operation of the franchise and as expressly provided in this Agreement and the Operations Manual. Franchisee agrees to use the Trademarks in the identification and conduct of Franchisee's franchise business. Franchisee shall identify himself as the independent owner of the franchise business in the manner Snap-on prescribes and Franchisee shall not include any other trademark or trade name in the identification of the franchise or the conduct of Franchisee's franchise business. Franchisee shall not use any Trademark as part of any corporate or trade name or with any prefix, suffix or other modifying words, nicknames, terms, designs or symbols, or in any modified form (including, without limitation, any local or special adaptations or artistic variations of any of the Trademarks), nor may Franchisee use any Trademark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Snap-on. Franchisee shall not use any Trademark or any other word which is confusingly similar to any Trademark (for example, snapon, SnapOn) as an Internet domain name, an electronic mail address, or an Internet web page address, or any part thereof (for example, [SnaponNW@nwtools.com](mailto:SnaponNW@nwtools.com), [joepublic@snaponnw.com](mailto:joepublic@snaponnw.com), <http://www.SNAPonTools.com>, <http://www.toolsNE\Snap-on.html>) or as any other identifier in any form of electronic communication and Franchisee must obtain Snap-on's prior written approval prior to any use of the Trademarks in electronic commerce, including but not limited to all forms of electronic or computer communication. Franchisee agrees to display the Trademarks prominently and in the manner Snap-on prescribes on signs, forms and other materials and articles. Further, Franchisee agrees to give such notices of trademark or service mark ownership or registration and copyrights as Snap-on specifies and to obtain such fictitious or assumed name registration as may be required under applicable law. Any and all uses of any of the Trademarks shall be subject to Snap-on's prior written approval, and a request for such approval shall include such information and samples as Snap-on may require. If local laws or ordinances require that Franchisee file an affidavit of doing business under a fictitious name, Franchisee shall include in that filing an indication that the filing is made "as an authorized franchisee of Snap-on Tools Company LLC, Kenosha, Wisconsin." In no event may Franchisee file any record or sign any form indicating Franchisee is "d/b/a Snap-on" or "doing business as Snap-on." Franchisee shall use the symbol ® with all registered trademarks and the symbol ™ with all other trademarks or service marks so as to protect Snap-on's ownership rights.

In the event Snap-on should elect to use a name other than "Snap-on" to identify the Snap-on Program, Snap-on may select another name and the Snap-on Program and this Agreement shall be deemed amended to substitute that name. If Snap-on determines, in its sole business judgment, that Franchisee should modify or discontinue use of any Trademark and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply promptly therewith after notice thereof by Snap-on. Franchisee shall be responsible for all expenses incurred in modifying or discontinuing the use of a Trademark or substituting therefore a different trademark or service mark, and Snap-on shall not be obligated to reimburse Franchisee for any loss of goodwill by the franchise associated with any modified or discontinued Trademark or for any expenditures made by Franchisee to promote a modified or substitute trademark or service mark.

Franchisee agrees that nothing in this Agreement shall give to Franchisee any right, title or interest in the Trademarks (except the right to use the Trademarks in accordance with the terms of this Agreement); that the Trademarks are the sole property of Snap-on and its affiliates; that Franchisee shall not directly or indirectly contest the validity of Snap-on's or its affiliates ownership of the Trademarks (whether during or after the term of this Agreement); and that any and all uses by Franchisee of the Trademarks and the goodwill arising therefrom shall inure exclusively to the benefit of Snap-on and its affiliates.



Franchisee shall notify Snap-on immediately in writing of any apparent infringement of or challenge to Franchisee's use of any Trademark, or any claim by any person other than Snap-on or its affiliates of any rights in any Trademark or any similar trade name, trademark or service mark, of which Franchisee becomes aware. Franchisee shall not communicate with any person other than Snap-on and its affiliates and their counsel in connection with any such infringement, challenge or claim. Snap-on and its affiliates shall have sole discretion to take such action as they deem appropriate and the right to control exclusively any litigation, trademark proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Trademark. Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of Snap-on's and its affiliates' counsel, be necessary or advisable to protect and maintain Snap-on's and its affiliates' interests in any such litigation, trademark proceeding or other administrative proceeding or otherwise to protect and maintain Snap-on's and its affiliates' interests in the Trademarks.

**14. Relationship of Parties; Franchisee as Independent Contractor.** This Agreement does not create a fiduciary or other special relationship between the parties. Franchisee is an independent contractor with entire control and direction of the franchise and its operations, subject only to the conditions and covenants established by this Agreement. No agency, employment, or partnership is created or implied by the terms of this Agreement and Franchisee is not and shall not hold itself out as agent, legal representative, partner, subsidiary, joint venturer or employee of Snap-on (its subsidiaries or affiliates). Except as otherwise specifically provided in this Agreement or any other written agreement between Franchisee and Snap-on (its subsidiaries or affiliates), Franchisee shall have no right or power to, and shall not, bind or obligate Snap-on (its subsidiaries or affiliates) in any way or manner whatsoever, nor represent that Franchisee has any right to do so. Franchisee shall not represent, or purport to represent Snap-on in any manner or by any medium without the express prior written approval of Snap-on. The sole relationship between Franchisee and Snap-on (its subsidiaries and affiliates) is a commercial, arms' length business relationship and, except as provided in Section 24, there are no third party beneficiaries to this Agreement. Franchisee's business is, and shall be kept, totally separate and apart from any that may be operated by Snap-on (its subsidiaries and affiliates).

In all public records, in relationships with other persons, and on letterheads and business forms Franchisee shall indicate the independent ownership of the franchise and that Franchisee is solely an "authorized franchisee" of Snap-on. Franchisee shall post a sign in a conspicuous location on Franchisee's van, which sign shall be supplied by Snap-on (at Franchisee's expense).

**15. Confidentiality.** Franchisee acknowledges that Snap-on owns the Snap-on Program, which includes, but is not limited to, Snap-on's trade secrets, the List of Calls, the Operations Manual and all other manuals provided to Franchisee by Snap-on. The Snap-on Program is disclosed to Franchisee in confidence and solely for the purpose of enabling Franchisee to operate the franchise, and Franchisee shall not disclose any part of it to anyone other than Franchisee's employees in the Snap-on business, Snap-on employees or other Snap-on franchisees. Franchisee acknowledges that such disclosure would inflict irreparable injury on Snap-on and that Snap-on shall be entitled to obtain injunctive relief in addition to any other legal or equitable remedies it may have upon a breach of this Section 15.

**16. Interest.** Except as otherwise expressly provided in writing, any and all amounts that shall become due and owing from Franchisee to Snap-on shall bear interest from the date due until paid at the maximum rate permitted for loans between individuals in the state in which Franchisee resides. Except as otherwise expressly provided in writing, any and all funds held by Snap-on for the benefit of Franchisee shall bear no interest.

**17. Insurance.** Franchisee shall be responsible for all loss or damage originating in, or incurred in connection with, the operation of the franchise and for all claims or demands for damages to property

or for injury, illness, or death of persons directly or indirectly resulting there from. Franchisee shall at all times carry the driver's license required by applicable state law and the insurance which may be required by the terms of any lease or financing agreement on the van, and Franchisee shall carry the following insurance:

**A.** Commercial business auto liability insurance with limits of \$1,000,000 combined single limit for bodily injury and property damage; and physical damage coverage which includes collision, specified perils of fire, lightning, explosion, theft, wind storm, hail or comprehensive coverage in lieu of specified perils;

**B.** Commercial liability insurance under a comprehensive general liability form that includes coverage for bodily injury and property damage on an occurrence basis with coverage that includes product/completed operations with policy limits not less than \$1,000,000; and

**C.** All risks property coverage for full replacement value of Franchisee's stock inventory being offered for sale.

Insurance coverages should reflect that Snap-on Incorporated and its subsidiaries are additional insureds under both commercial general liability and commercial business automobile liability coverage and that Snap-on Incorporated and its subsidiaries are loss payees, as its interests may appear, under the all risks property coverage.

To the extent any of the foregoing coverages are offered through the Snap-on dealer insurance program, Franchisee shall obtain the same through the Snap-on dealer insurance program unless, and until, Franchisee submits evidence in writing of having obtained such coverage from an insurance carrier acceptable to Snap-on. Snap-on may reasonably increase the minimum coverage required under above subsections A.-B. and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. All such changes shall be set forth in the Operations Manual. Snap-on shall be furnished with certificates of insurance or, if it requests, copies of the insurance policies.

All policies of insurance required to be maintained by Franchisee shall be renewed at least thirty (30) days prior to the respective expiration dates of existing policies of insurance. All such policies shall contain endorsements requiring the insurer to give Snap-on at least ten (10) days' written notice before terminating, canceling or making changes in any policy. In the event any of Franchisee's policies of insurance required by subsections B. and C. is canceled or not renewed, Snap-on shall have the right, but not the obligation, to obtain the coverage for Franchisee and invoice Franchisee for the cost of the coverage, which invoice Franchisee shall pay within five (5) business days.

## **18. Transfers.**

**A. Transfer by Snap-on.** Snap-on shall have the right to transfer or assign all or any part of its rights and/or obligations under this Agreement to any person or legal entity.

**B. Transfer by Franchisee.** Franchisee agrees that the obligations of Franchisee to Snap-on set forth in this Agreement are purely and irrevocably personal to Franchisee (in the case of a Corporate Franchisee to Designated Owner); that this Agreement is a personal services agreement; and that the personal services nature of this Agreement is not altered by the issuance or assignment (as permitted in this Agreement) of this Agreement to a Corporate Franchisee. Accordingly, Franchisee or the owners of a Corporate Franchisee shall not, directly or indirectly, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement, Franchisee or the franchise (other than an interest in the van, inventory, or accounts receivable as security for borrowing to finance the operation of the franchise or to Snap-on Credit or its assigns in the ordinary course of Franchisee's business) without the prior written consent of Snap-on. Any

purported assignment or transfer, by operation of law or otherwise, not having the written consent of Snap-on shall be considered null and void by Snap-on.

Snap-on shall not unreasonably withhold its consent to a transfer of Franchisee's entire interest in Franchisee or the franchise business, provided the following conditions are met:

**(1)** Franchisee shall have first offered to sell the interest being transferred to Snap-on, pursuant to Section 18.D. of this Agreement, and Snap-on shall have declined to exercise its right of first refusal.

**(2)** The terms of the sale, including the price, shall not, in Snap-on's sole business judgment, jeopardize the ability of the transferee to maintain, operate and promote the franchise and meet the financial obligations to Snap-on, third party suppliers and creditors. This provision shall not create any liability on the part of Snap-on to the transferee in the event that Snap-on approves the transfer and the transferee experiences financial difficulties.

**(3)** All of Franchisee's monetary obligations to Snap-on (and Snap-on's subsidiaries and affiliates) and all other outstanding obligations related to the franchise (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) shall have been satisfied. Snap-on reserves the right to require that a reasonable sum of money be placed in escrow to ensure that all such obligations will be satisfied. Franchisee shall also be in compliance with all provisions of this Agreement, any amendment to this Agreement or successor agreement, or any other agreement between Franchisee and Snap-on or its subsidiaries and affiliates.

**(4)** Franchisee, and each of its owners if a Corporate Franchisee, shall execute a general release, in a form satisfactory to Snap-on, of any and all claims against Snap-on and its subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Snap-on, Snap-on Credit, their subsidiaries and affiliates and Franchisee and Franchisee's operation of the franchise, but excluding any claims the release of which is prohibited by applicable law.

**(5)** Franchisee shall execute all agreements necessary, in Snap-on's sole business judgment, to accomplish the transfer and assumption of obligations under this Agreement. Franchisee shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements related to the transfer.

**(6)** Transferee shall:

**a.** Demonstrate to Snap-on's satisfaction that it meets Snap-on's managerial, operational and business standards for a new franchisee; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the franchise (as may be demonstrated by prior related business experience or otherwise); and has adequate financial resources and capital to operate the franchise; and

**b.** Execute Snap-on's then-current form of Standard Franchise Agreement and other ancillary agreements (all of which may differ from this Agreement and the ancillary agreements signed by the original Franchisee) as Snap-on may require; and

**c.** Successfully complete Snap-on's initial training program required for all new franchisees; and

d. Pay Snap-on a transfer fee, in effect at the time of the transfer, to reimburse Snap-on for its legal, training, and other expenses in connection with the transfer of the franchise; and

e. Execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption of obligations under this Agreement. Transferee shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements related to the transfer.

Snap-on's consent to a transfer shall not constitute a waiver of any claims it may have against Franchisee or its owners if Franchisee is a Corporate Franchisee, nor shall it be deemed a waiver of Snap-on's right to demand exact compliance with any of the terms of this Agreement by transferee, nor shall it be deemed a waiver of Snap-on's continuing right to give or withhold consent to any future transfers.

Franchisee shall provide transferee with information regarding the franchise being transferred and the customers to be served, as well as take all other steps that may be reasonably required to effect an orderly transition of the franchise.

**C. Transfer to Franchisee's Corporation or Limited Liability Company ("LLC").** In the event Franchisee desires to transfer this Agreement to a Corporate Franchisee, Franchisee must obtain Snap-on's prior written consent, which, in Snap-on's sole business judgment, may be conditioned on the following requirements:

(1) The individual Franchisee shall own in excess of fifty percent (50%) of all of the stock or membership interest of the Corporate Franchisee and may transfer any such stock or interest only in accordance with Section 18.B.; and

(2) Unless prohibited by applicable law, each stock certificate or other evidence of ownership interest of the Corporate Franchisee shall have conspicuously endorsed upon its face the following legend: "Transfer or assignment of the stock or ownership interest of this company is restricted by the Snap-on Tools Standard Franchise Agreement between the Corporate Franchisee and Snap-on Tools Company LLC"; and

(3) The individual Franchisee and the Corporate Franchisee shall execute an assignment document in the form specified by Snap-on, which shall contain personal guarantees by the individual Franchisee of the obligations contained in this Agreement and all other agreements between Snap-on (including subsidiaries and affiliates) and the individual Franchisee and/or the Corporate Franchisee, and which assignment document shall provide that the term "Franchisee" as used in this Agreement shall include the guarantor of the Corporate Franchisee's obligations; and

(4) Copies of the following documents shall have been delivered to Snap-on at least ten (10) days prior to the assignment: (a) the Corporate Franchisee's Articles of Incorporation, by-laws, Articles of Formation, Membership Agreement or other governing documents that Snap-on may request; (b) a photocopy of a stock certificate or other evidence of membership interest containing the legend required by Section 18.C.(2); (c) a copy of the resolution of the Corporate Franchisee's Board of Directors, Board of Members or other governing board authorizing the assumption of this Agreement, which shall be certified as correct by the Secretary of a corporation or a Member of a limited liability company; (d) such other documents that Snap-on may request; and

(5) The Corporate Franchisee shall grant Snap-on a security interest to secure the Corporate Franchisee's obligations to Snap-on to the same extent as set forth in Section 9, above, including the execution of any documents deemed appropriate by Snap-on to perfect a security interest in the collateral described in Section 9.

Franchisee agrees that the activities of the Corporate Franchisee shall be limited to the operation of the franchise and any other use of the Corporate Franchisee by Franchisee shall be considered a default under this Agreement.

**D. Snap-on's Right of First Refusal.** If Franchisee desires to sell, transfer or assign all of Franchisee's interest in the franchise, and enters into a bona fide agreement with a third-party buyer, Franchisee shall deliver a true and complete copy of the same to Snap-on. Snap-on shall have the right to purchase Franchisee's interest in the franchise by paying Franchisee an amount equal to the current value of the purchase price agreed to between Franchisee and the third-party buyer. Snap-on shall have thirty (30) days in which to notify Franchisee that it will exercise its right of first refusal and sixty (60) days to approve Franchisee's sale of the franchise. This time period begins upon Franchisee's delivery of all information and documentation requested by Snap-on from Franchisee necessary to evaluate the offer and the sale of the franchise, including an enforceable contract to purchase all of Franchisee's interest in the franchise. If Snap-on accepts any such offer, it shall be entitled to offset against the purchase price paid to Franchisee any monies owed by Franchisee to Snap-on, Snap-on Credit or their subsidiaries and affiliates.

If Snap-on does not advise Franchisee of its acceptance or rejection of the offer within the specified thirty (30) day period then Snap-on is presumed to have declined to purchase the franchise from Franchisee. If Snap-on fails to advise Franchisee of its approval or disapproval of Franchisee's sale of the franchise within the specified sixty (60) day period then, provided Franchisee and buyer comply with all contractual requirements and conditions required for a transfer, Franchisee may sell, transfer or assign Franchisee's interest, but not at a lower price, nor on more favorable terms, than those presented to Snap-on. In no event shall Franchisee offer any interest for sale, transfer or assignment at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign such interest through an advertisement, either in the newspapers or otherwise, without Snap-on's prior written consent to such advertisement or publication. Franchisee's failure to close any approved sale within 120 days following Franchisee's receipt of a statement acknowledging Snap-on's receipt of an enforceable contract to purchase all of Franchisee's interest in the Franchisee or the franchise, as well as any information and documentation requested by Snap-on from Franchisee necessary to evaluate the offer and the sale of the franchise will immediately revive Snap-on's right of first refusal.

**19. Termination by Franchisee.** Franchisee may terminate this Agreement by written notice to Snap-on if Snap-on fails to cure any default of Snap-on's obligations under this Agreement within thirty (30) days after Franchisee provides Snap-on with written notice of default.

**20. Termination by Snap-on.**

**A. Automatic Termination Without Notice.** Snap-on may, at its option, without prejudice to any and all other rights and remedies it may have under this Agreement or under applicable law, terminate this Agreement without notice to Franchisee:

(1) If Franchisee is adjudicated a bankrupt or becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of Franchisee's property; or

(2) If a plan of liquidation, reorganization, composition or arrangement of Franchisee's affairs is sought to be instituted for or against Franchisee, whether or not the same is subsequently approved by a court of competent jurisdiction, it being understood that in no event shall this

Agreement or any right or interest hereunder be deemed to be an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding; or

(3) If a proceeding is filed under any bankruptcy laws or other similar laws and such proceeding is not dismissed within ninety (90) days after filing; or

(4) If Franchisee makes a general assignment for the benefit of creditors; or

(5) Upon the death or incapacity of Franchisee (or the Designated Owner of a Corporate Franchisee), subject to the provisions of Snap-on's survivorship policy as in effect on the date of death of Franchisee or Designated Owner; or

**B. Termination Upon Notice.** Franchisee shall be deemed in default under this Agreement and Snap-on may, at its option, without prejudice to any and all other rights and remedies it may have under this Agreement or under applicable law, terminate this Agreement effective upon Franchisee's receipt of written notice of termination, in the following instances:

(1) If Franchisee fails to satisfy any material judgment against Franchisee within thirty (30) days after the judgment is entered and becomes final; or

(2) If Franchisee falsifies any report required to be furnished Snap-on or Snap-on Credit, or has made a material misrepresentation in connection with the approval of Franchisee as a franchisee, or engages in conduct involving dishonesty in dealing with Snap-on or Snap-on Credit; or

(3) If Franchisee fails to operate the franchise business on any ten (10) weekdays during any sixty (60) consecutive day period, unless such business cessation is authorized under the Snap-on Program or is otherwise approved in writing in advance by Snap-on; or

(4) If Franchisee or Designated Owner is convicted of, or pleads nolo contendere to, a felony charge as defined in the applicable law; a crime involving moral turpitude; or any other crime or offense, including any misdemeanor, that is reasonably likely, in the sole opinion of Snap-on, to adversely affect the Snap-on Program, the Trademarks, the goodwill associated with the Trademarks or the Snap-on Program, Snap-on's interest in the Trademarks or the Snap-on Program, or the reputation of Snap-on; or, if Franchisee, after notice from Snap-on to cease such activity, engages in conduct that is reasonably likely, in the sole opinion of Snap-on, to adversely affect the Snap-on Program, the Trademarks, the goodwill associated with the Trademarks or the Snap-on Program, Snap-on's interest in the Trademarks or the Snap-on Program, or the reputation of Snap-on whether or not such conduct is in violation of any law; or

(5) If, in Snap-on's reasonable determination the continued operation of the franchise by the Franchisee will result in a threat or danger to public health or safety; or

(6) If Franchisee engages in public conduct that reflects materially and unfavorably upon the operation of the Snap-on Program, the reputation of the Snap-on Program, or the goodwill associated with the Snap-on name; or

(7) If Franchisee:

a. sells **Products** to a customer located at a stop on another franchisee's list of calls, unless Franchisee agrees, within ten (10) days after request by Snap-on, to credit such sale(s) to the other franchisee or to Snap-on; or

b. sells, or offers for sale, directly or indirectly, by any means of general publication or computer medium, such as newspaper, magazine, periodical, television, radio or other broadcast medium, or by means of the Internet or any other computer network system or service, any **Products** to any customer not located at a stop on Franchisee's List of Calls, whether or not such sales are

subsequently credited to another franchisee and whether or not such customers are located at a stop on any other franchisee's list of calls; or

c. after notice from Snap-on to cease such activity, sells, or offers for sale by any means other than those specified in 20.B(7)b., any **Products** to any customer not located at a stop on Franchisee's List of Calls, whether or not such sales are subsequently credited to another franchisee or Snap-on and whether or not such customers are located at a stop on any other franchisee's list of calls; or

(8) If Franchisee fails to satisfactorily complete Snap-on's initial training program as determined by Snap-on in its reasonable judgment, or

(9) If Franchisee fails to complete all of the following within ten (10) days after the Effective Date of this Agreement: pay Snap-on the Initial License Fee; commit to purchase or lease a van that complies with specifications contained in the Snap-on Program; pay Snap-on the RA Deposit (if required); and pay Snap-on for the initial inventory of **Products** in the approximate amount between Seventy-Two Thousand Dollars (\$72,000) and Seventy-six Thousand Dollars (\$76,000) at franchisee's cost, or in the case of a Franchisee purchasing the franchise through Snap-on's Transfer Program, evidence of the ownership of an initial inventory of new and saleable **Products** in the approximate amount between Seventy-Two Thousand Dollars (\$72,000) and Seventy-Six Thousand Dollars (\$76,000) at franchisee cost; or

(10) If Franchisee receives a written notice of immediate termination under any other written agreement with Snap-on or Snap-on Credit (or any of their subsidiaries or affiliates) or remains in default beyond the applicable cure period under any other written agreement with Snap-on or Snap-on Credit (or any of their subsidiaries or affiliates), including without limitation the Loan and Security Agreement or the Franchisee Servicing Agreement; or

(11) If Franchisee discloses or uses the contents of the Snap-on Program or other trade secrets or confidential or proprietary information provided to Franchisee by Snap-on, contrary to the provisions of Section 15; or

(12) If Franchisee has received two (2) or more notices of default within the previous twelve (12) months, Snap-on shall be entitled to send Franchisee a notice of termination upon the next default of Franchisee under this Section 20.B. without providing Franchisee an opportunity to correct the default; or

(13) If any purported assignment or transfer of any interest in this Agreement, Franchisee or the franchise business (other than an interest in the van, inventory, or accounts receivable as security for borrowing to finance the operation of the franchise or to Snap-on Credit or its assigns in the ordinary course of Franchisee's business) occurs, by operation of law or otherwise, without the prior written consent of Snap-on, as required in Section 18.B.

(14) If Franchisee, in the reasonable belief of Snap-on, is unable to perform its duties under this Agreement, and such inability to perform continues for a period of 30 days.

### **C. Termination Upon Expiration of Cure Period.**

(1) Except for those items listed in preceding Sections 20.A.-B., Franchisee shall have thirty (30) days after written notice of default from Snap-on within which to remedy any default under this Agreement, including, but not limited to, those items set forth below as a. through e. of this Section 20.C.(1), and provide evidence of that remedy to Snap-on. If any such default is not cured within that time, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of that time, unless Snap-on shall notify Franchisee otherwise in writing.

a. Failure by Franchisee to comply with any of the requirements imposed by this Agreement, as supplemented by the Snap-on Program from time to time, including the Operations Manual, or to carry out the terms of this Agreement in good faith; or

b. Failure of Franchisee to submit when required any reports pertaining to the franchise; or

c. Failure of Franchisee to, at all times, act in a competent, fair, honest, ethical and courteous manner in accordance with the image and reputation of Snap-on and the Snap-on Program, and maintain a neat and clean appearance; or

d. Failure of Franchisee to use Franchisee's best efforts to promote aggressively and develop fully the sales of **Products** at stops on the List of Calls; or

e. Failure of Franchisee to call on every potential customer at stops on the List of Calls at least once a week, unless certain exceptions are granted by Snap-on in writing. If Franchisee receives notice of default for failure to call on every potential customer at least once a week, Franchisee may only cure such default by submitting such documentation of cure as Snap-on shall require, which Snap-on may verify by such means as it shall determine.

(2) Notwithstanding the provisions of preceding Section 20.C.(1), if Franchisee defaults in the payment of any monies owed to Snap-on (or any subsidiary or affiliate of Snap-on) when such monies become due and payable, whether pursuant to this Agreement or otherwise, and Franchisee fails to pay such monies within ten (10) days after written notice of default from Snap-on, then, unless Snap-on shall notify Franchisee otherwise in writing, this Agreement shall terminate without prejudice to any and all other rights and remedies Snap-on may have under this Agreement or under applicable law.

**D. Non-waiver.** Termination of this Agreement shall not prejudice any and all other rights and remedies Snap-on may have under this Agreement, any other written agreement between Franchisee and Snap-on or any subsidiary or affiliate of Snap-on under applicable law.

**E. Statutory Limitations.** Notwithstanding the provisions of preceding Sections 20.A.-D., in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over the franchise granted by this Agreement requires a notice or cure period prior to termination longer than set forth in preceding Sections 20.A.-C., this Agreement shall be deemed amended to conform to the minimum notice or cure period required by such applicable law or regulation.

**21. Effect of Expiration or Termination.** Upon the expiration or termination of this Agreement for any reason, Franchisee shall cease to be an authorized Snap-on franchisee and the parties shall do the following:

**A.** Franchisee immediately shall pay Snap-on all sums due and owing to Snap-on or any subsidiary or affiliate of Snap-on; and

**B.** Franchisee shall continue to abide by the restrictions contained in Section 15 and shall not, directly or indirectly, take any action which violates those restrictions; and

**C.** Franchisee promptly shall return to Snap-on all copies of Operations Manuals and any other manuals furnished to Franchisee, together with all other materials containing trade secrets, operating instructions or business practices of the Snap-on Program; and



**D.** Franchisee immediately shall discontinue all use of the Trademarks and of any and all signs, paper goods or any other objects bearing the Trademarks, or any reference whatsoever thereto; remove the Trademarks from clothing, materials, motor vehicles and other equipment owned or used by Franchisee in the conduct of the franchise (except **Products**); cancel all advertising that contains the Trademarks (including telephone directory listings); and take such action as may be necessary to cancel any filings or registrations that contain any Trademarks; and

**E.** Franchisee promptly shall execute any and all documents reasonably requested by Snap-on that are necessary to effectuate termination of Franchisee's license and interest in and to the use of the Trademarks and the Snap-on Program; and

**F.** Franchisee shall cease to: (i) operate or do business under any name or in any manner that might tend to give the impression that this Agreement is still in force or that Franchisee is connected in any way with Snap-on, or has any right to use the Snap-on Program or the Trademarks; and (ii) make use of, or avail itself of, any of the trade secrets of, or information received from, Snap-on or disclose or reveal any such information or any portion thereof to anyone not employed by Snap-on or its franchisees; and

**G.** If Franchisee and Snap-on agree in writing to settle all accounts and resolve any outstanding issues between them (which agreement will include a mutual general release, including a general release from all owners of a Corporate Franchisee, of all claims the release of which is not prohibited by applicable law), Snap-on shall repurchase from Franchisee all **Products** purchased by Franchisee from Snap-on (except for **Products** no longer manufactured and/or distributed by Snap-on and **Products** specially made or ordered for Franchisee or Franchisee's customers) that are in new, unused and saleable condition (as determined by Snap-on in its sole business judgment) and delivered to Snap-on within fifteen (15) days after termination of this Agreement. The purchase price for all **Products** in new, unused and saleable condition shall be the current price Snap-on charges its franchisees for such **Products**. Snap-on shall have the option, but not the obligation, to repurchase, at a price separately negotiated with Franchisee, **Products** that are not in new, unused and saleable condition, that are no longer manufactured and/or distributed by Snap-on or that were specially made or ordered for Franchisee or specified customers. Snap-on shall be entitled to offset against the monies payable to Franchisee for repurchase of any **Products** all monies owed to Snap-on (or any subsidiaries or affiliates of Snap-on) by Franchisee, including for up to sixty (60) days: (i) any unpaid Open Account amounts; and (ii) Franchisee's obligations under Extended Credit Contracts assigned to Snap-on (or any subsidiaries or affiliates of Snap-on) by Franchisee as provided in the Franchisee Servicing Agreement or Dealer Servicing Agreement between Franchisee and Snap-on Credit (Snap-on may offset amounts due Snap-on Credit and remit same to Snap-on Credit); and

**H.** Franchisee may offer to sell some or all of Franchisee's Revolving Accounts ("RAs") to Snap-on or its designee. Snap-on or its designee shall have the option, but not the obligation, to purchase some or all of the RAs offered by Franchisee. The purchase price for the RAs shall be equal to seventy-five percent (75%) of the balance due of each RA being sold unless otherwise agreed to by the parties. Snap-on shall be entitled to offset against payments for RA purchases all monies owed to Snap-on (or any subsidiaries or affiliates of Snap-on) by Franchisee, including for up to sixty (60) days: (i) any unpaid Open Account amounts; and (ii) Franchisee's obligations under Extended Credit Contracts assigned to Snap-on (or any subsidiaries or affiliates of Snap-on) by Franchisee, as provided in the Franchisee Servicing Agreement or Dealer Servicing Agreement between the Franchisee and Snap-on Credit (Snap-on may offset amounts due Snap-on Credit and remit same to Snap-on Credit); and

**I.** Unless a termination agreement (agreed to between the parties according to Section 21.G.) provides otherwise, Franchisee and Snap-on agree that termination of this Agreement under any circumstances shall not impair, release, or extinguish any debt, obligation, or liability of Franchisee to Snap-on that may have accrued during the term of this Agreement, including any debt, obligation, or

liability that was the cause of termination or arose out of such cause and that the security interest granted to Snap-on by Franchisee under this Agreement shall continue in full force and effect until all such debts, obligations and liabilities of Franchisee to Snap-on have been fully discharged by Franchisee. All promises and agreements of Franchisee that are to be performed after the termination of this Agreement shall survive termination; and

J. Franchisee shall comply with all of Franchisee's obligations under the Loan and Security Agreement (if applicable) and the Franchisee Servicing Agreement or Dealer Servicing Agreement.

**22. Covenant Not to Compete.**

A. During the term of this Agreement, Franchisee and all owners of a Corporate Franchisee shall not individually, or in conjunction with any other person or in any manner or capacity, directly or indirectly, carry on or be engaged in, concerned with or interested in, financially or otherwise, or advise in the establishment or operation of, any business involved in the sale of (a) tools, equipment, merchandise or services to automobile dealerships, independent repair shops, marinas or body shops, or (b) any other products or merchandise that would compete with the **Products**. Notwithstanding the above, Franchisee or the owners of a Corporate Franchisee shall not be prohibited from owning shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than three percent (3%) of the number of shares of that class of securities issued and outstanding.

B. For the period of time set forth below following termination or expiration of this Agreement, Franchisee and all owners of a Corporate Franchisee shall not directly or indirectly solicit or sell any mechanic's tools, automotive service equipment, or related products that would compete with Snap-on **Products** to any customer at any stop listed on Franchisee's List of Calls that was in effect at the time of such termination or expiration. This restriction applies for either 12 months or the length of time this Agreement plus the time any other franchise agreement between Franchisee and Snap-on was in effect, whichever is shorter. Franchisee and all owners of a Corporate Franchisee agree to this restriction in consideration of the rights granted by this Agreement.

**23. Approvals and Waivers.** No waiver by any party of any provision of this Agreement shall be deemed a waiver of any other provision of this Agreement or of any subsequent breach by any other party of the same or another provision. Any party's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of the other party's consent to or approval of any subsequent act. Snap-on and Franchisee shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of: any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of Snap-on or Franchisee to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any mandatory specification, standard or operating procedure; any waiver, forbearance, delay, failure or omission by Snap-on to exercise any right, power or option, whether of the same, similar or different nature, with respect to any other Snap-on franchisee; or Snap-on's acceptance of any payments from Franchisee after any breach by Franchisee of this Agreement.

Snap-on and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver granted by Snap-on shall be without prejudice to any other rights Snap-on may have, will be subject to Snap-on's continuing review and may be revoked, in Snap-on's sole business judgment, at any time and for any reason, effective upon delivery to Franchisee of ten (10) days prior written notice.

**24. Indemnification.**

A. Franchisee shall, at all times, indemnify, defend (with counsel selected by Snap-on), and hold harmless (to the fullest extent permitted by law) Snap-on, its affiliates, successors and assigns

and their respective past and present directors, officers, employees, agents and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal) by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with operation of the franchise, except (i) claims for bodily injury or property damage caused solely by a manufacturing or design defect in a **Product** that could not have been discovered by Franchisee prior to sale or (ii) claims for breach of warranty relating to **Products** purchased from Snap-on that are not, in whole or in part, the result of Franchisee's sales, service or repair practices or conduct. Franchisee promptly shall give Snap-on notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Franchisee and, upon request, shall furnish Snap-on with copies of any documents from such matters as Snap-on reasonably may request.

**B.** As used in this Section, the phrase "losses and expenses" shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; attorneys' fees; court costs; settlement amounts; judgments; compensation for damages to Snap-on's reputation and goodwill; costs of, or resulting from, delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

## **25. Dispute Resolution.**

**A. Mediation.** Except as otherwise provided in Section 25.C., any controversy or dispute arising out of, or relating to the termination of Franchisee's franchise business or the termination or nonrenewal of this Agreement including, but not limited to, any claim by Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee must be submitted to non-binding mediation prior to any matter being submitted to arbitration. This provision applies only to controversies and disputes that are specific to Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee and not to issues that effect Snap-on franchisees generally. Any such mediation will be held within 30 days after a demand for mediation is made by either party by notice to the other party. The mediation will be conducted in the state in which Franchisee resides.

The mediator will be selected by Snap-on and be someone knowledgeable with the Snap-on business. Franchisee may be accompanied at the mediation by anyone of Franchisee's choosing. If Franchisee elects not to be represented by counsel, Snap-on will also participate in the mediation without counsel. Snap-on will pay the costs of the mediator and location at which the mediation takes place.

**B. Arbitration.** Except as otherwise provided in Section 25.C., any controversy or dispute arising out of, or relating to Franchisee's franchise business or this Agreement including, but not limited to, any claim by Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee, concerning the entry into, performance under, nonrenewal of, or termination of, this Agreement; any claim against a past or present employee, officer, director, agent or affiliate of Snap-on; any claim of breach of this Agreement; and any claims arising under state or federal laws, including any statutes, rules, or regulations, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. Persons in privity with or claiming through, on behalf of or in the right of Franchisee include, but are not limited to, spouses and other family members, heirs, executors, representatives, shareholders, members, successors and assigns. In no event shall persons in privity include other Snap-on franchisees who have signed separate franchise agreements with Snap-on.

As a condition of submitting a controversy or dispute regarding the termination of Franchisee's franchise business or the termination or nonrenewal of this Agreement to arbitration, the parties must have participated in and failed to resolve the controversy or dispute through mediation, or the party filing the arbitration has made himself available to participate, but the party against whom the arbitration is filed refused to participate or otherwise failed to make himself available to participate in the mediation process within the prescribed time. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be forever barred.

The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Franchisee was assigned most recently prior to the demand for arbitration; provided, however, if such office is outside the state in which the Franchisee resides, Franchisee may cause the arbitration to be held within Franchisee's state of residence at a place mutually convenient to the parties and the arbitrator.

The arbitration shall proceed before a single arbitrator. The arbitrator shall be chosen by the striking method from a panel of neutral arbitrators provided by the American Arbitration Association. If the amount claimed by the party filing for arbitration both in the original demand for arbitration and in any amendment is less than Seventy-five Thousand Dollars (\$75,000.00), Snap-on shall pay the fees and expenses of the arbitrator and filing fees and costs charged by the American Arbitration Association up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500.00). Any amount in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) will be split equally by the parties. If the amount of the claim filed either in the original demand for arbitration or by amendment is for Seventy-five Thousand Dollars (\$75,000.00) or more, the parties agree to split equally the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association.

Unless otherwise agreed by the parties or ordered by the arbitrator, pre-hearing discovery in any arbitration is limited to the following: (1) production of all documents that will be introduced at the hearing; (2) production of written or recorded statements that a party intends to introduce at the hearing; (3) production of all documents relied upon by experts who will testify at the hearing; (4) production by Franchisee of tax returns filed by Franchisee (including tax returns for a Designated Owner if Franchisee is a corporation or limited liability company) for the last three (3) tax years; (5) production by Snap-on of Franchisee's statements of account balance with Snap-on for three (3) years prior to the filing of the arbitration; and (6) not more than two depositions per side.

Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same.

Unless prohibited by applicable law, (i) no arbitration under Section 25 shall include, by consolidation, joinder, class action or in any other manner, any person other than Franchisee and Snap-on and any other person in privity with or claiming through, in the right of or on behalf of Franchisee or Snap-on, unless both Franchisee and Snap-on consent in writing, and (ii) no finding or stipulation of fact in any other arbitration, judicial or similar proceeding shall be given preclusive or

collateral estoppel effect in any arbitration hereunder, and no conclusion of law in any other arbitration shall be given any weight in any arbitration hereunder, except to the extent such finding, stipulation or conclusion may have been determined in another proceeding between Franchisee and Snap-on or any person in privity with or claiming through, in the right of or on behalf of Franchisee or Snap-on. The parties agree to arbitrate only controversies and disputes that are specific to Franchisee, or any person in privity with or claiming through, on behalf of or in the right of, Franchisee and not issues that effect Snap-on franchisees generally as a class action or otherwise. In no event shall the arbitrator have the right, power, jurisdiction or contractual authority to award any damages or relief in excess of or in addition to those damages suffered specifically by the parties to the arbitration.

In the event any provision in this Section 25, other than the prohibition against consolidation, joinder and class action, is determined to be legally invalid or unenforceable under the law applicable in a particular case, then it is the intention of the parties to this Agreement that such provision be deemed inoperative and stricken from this Agreement, and that the remainder of this Section 25, to the extent not legally invalid or unenforceable under applicable law, be enforced as written as if the invalid or unenforceable provision or provisions had not been included in this Section 25. If the prohibition against consolidation, joinder and class action is determined to be legally invalid or unenforceable in a particular case, then it is the intent of the parties that the case shall proceed only in any federal court of competent jurisdiction, or in the event there is no jurisdiction in a federal court, then in that situation only, the case shall proceed in a state court of competent jurisdiction.

**C. Provisional Remedies.** Each party shall have the right to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders, preliminary injunctions or replevin orders before, during or after arbitration. Neither party need await the outcome of the arbitration before seeking provisional remedies. Seeking any such remedies shall not be deemed to be a waiver of either party's right to compel arbitration. Any such action shall be brought by Snap-on or Franchisee in the county (or similar political unit) or federal judicial district where Franchisee resides, or where any property that may be the subject of the action is located. The parties consent to the exercise of personal jurisdiction over them by courts located there and to the propriety of venue in such courts for the purpose of carrying out this provision; they waive any objections that they would otherwise have to the same; and they waive the right to have any such action decided by a jury.

**26. Entire Agreement.** Snap-on and Franchisee each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined in this written Agreement. Neither Snap-on nor Franchisee wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Snap-on and Franchisee agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between Snap-on or anyone acting on its behalf and Franchisee or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties, and Snap-on and Franchisee each agree that they have placed, and will place, no reliance on any such discussion. This Agreement, together with any other documents or agreements executed by the parties in connection with the franchise, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to Franchisee and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, executed by a duly authorized person on behalf of Snap-on or such other entity granting the franchise rights and specifically identified as a modification of this Agreement. Nothing in this Agreement or any related agreement is intended to disclaim the representations made by Snap-on in

the Franchise Disclosure Document provided to Franchisee. No change, modification, amendment or waiver of any of the provisions hereof shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto and signed by the party to be charged.

**27. Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the state in which the Snap-on Regional Sales Office to which Franchisee was assigned at the time this Agreement was executed is located, except to the extent that the Federal Arbitration Act shall apply in accordance with Section 25 above.

**28. Effect of State Laws; Severability.** Each article, paragraph, subparagraph, term, and condition of this Agreement, and any portions thereof, shall be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule, or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with valid jurisdiction in a proceeding to which Snap-on is a party, that ruling shall not impair the operation of, or have any other effect upon, any other portions of this Agreement; all of which shall remain binding on the parties and continue to be given full force and effect. Any invalid portion shall be deemed not to be a part of this Agreement as of the date upon which the ruling becomes final, if Franchisee is a party to such proceedings, or upon Franchisee's receipt of notice of nonenforcement from Snap-on.

**29. Notices.** All notices, requests, consents, or approvals required or permitted to be given hereunder shall be in writing and shall be deemed to be properly delivered immediately, if personally delivered, or five (5) business days after having been sent by United States Postal Service registered, certified, or express mail, postage prepaid, return receipt requested: (a) if to Franchisee, addressed to Franchisee or if a Corporate Franchisee, at the option of Snap-on to either the Corporate Franchisee or Designated Owner, at the address first above written or at such other address as Franchisee, or Designated Owner, may have designated from time to time by written notice to Snap-on; and (b) if to Snap-on, addressed to Snap-on at 2801 80<sup>th</sup> Street, Kenosha, Wisconsin, 53143 (marked Attention: Legal Department), or to such other person or at such other address as Snap-on may have designated from time to time by written notice to Franchisee. For purposes of notices to a Corporate Franchisee, notice given to the Designated Owner shall be deemed notice to the Corporate Franchisee and notice to the Corporate Franchisee shall be deemed notice to the Designated Owner.

**30. Application of Payments from Franchisee.** Notwithstanding any designation by Franchisee, Snap-on shall have the sole discretion to apply any payments made by Franchisee to Snap-on (including payments designated by Franchisee for any savings, retirement, stock purchase or similar type of accounts) to any indebtedness owed by Franchisee to Snap-on or any of Snap-on's affiliates.

**31. Business Judgment.** The parties hereto recognize, and for the purposes of applying and interpreting the agreement of the parties, any mediator, arbitrator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Snap-on to take (or refrain from taking) certain actions in the exercise of its business judgment based on its assessment of the overall best interests of the Snap-on Program. Where such discretion has been exercised, and is shown to be supported by the business judgment of Snap-on, it is agreed that neither a mediator nor an arbitrator nor a judge shall substitute his or her judgment as to the overall best interests of the Snap-on Program for the business judgment which was exercised by Snap-on.

**32. Representations by Franchisee. FRANCHISEE (INCLUDING DESIGNATED OWNER, IF APPLICABLE) REPRESENTS, ACKNOWLEDGES AND WARRANTS TO SNAP-ON THAT:**

**A. THIS AGREEMENT INVOLVES SIGNIFICANT LEGAL AND BUSINESS RIGHTS AND RISKS. FRANCHISEE HAS READ THIS AGREEMENT IN ITS ENTIRETY, HAS BEEN THOROUGHLY ADVISED WITH REGARD TO THE TERMS AND CONDITIONS OF THIS**

**AGREEMENT BY COUNSEL OR OTHER ADVISOR(S) OF FRANCHISEE'S OWN CHOOSING, HAS HAD AMPLE OPPORTUNITY TO INVESTIGATE ALL REPRESENTATIONS MADE BY OR ON BEHALF OF SNAP-ON, AND HAS HAD AMPLE OPPORTUNITY TO CONSULT WITH CURRENT AND FORMER SNAP-ON FRANCHISEES; AND**

**B. FRANCHISEE HAS NOT RECEIVED FROM SNAP-ON ANY REPRESENTATION OF FRANCHISEE'S POTENTIAL SALES, EXPENSES, INCOME, PROFIT OR LOSS, AND HAS NOT RECEIVED FROM EITHER SNAP-ON, OR ANYONE ACTING ON ITS BEHALF, ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT AS INDUCEMENTS TO ENTER THIS AGREEMENT; AND**

**C. FRANCHISEE UNDERSTANDS THAT SNAP-ON MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS THAT FRANCHISEE WILL ACHIEVE ANY DEGREE OF SUCCESS IN THE OPERATION OF THE FRANCHISE AND, WHILE SNAP-ON WILL PROVIDE FRANCHISEE WITH TRAINING, ADVICE, AND CONSULTATION AS PROVIDED IN THIS AGREEMENT AND THE OPERATIONS MANUAL, SUCCESS IN THE OPERATION OF THE FRANCHISE DEPENDS ULTIMATELY ON FRANCHISEE'S EFFORTS AND ABILITIES AND ON OTHER FACTORS, INCLUDING, BUT NOT LIMITED TO, MARKET AND OTHER ECONOMIC CONDITIONS, FRANCHISEE'S FINANCIAL CONDITION, AND COMPETITION; AND**

**D. ALL INFORMATION PROVIDED SNAP-ON BY FRANCHISEE IN CONNECTION WITH THE APPROVAL OF FRANCHISEE AS A FRANCHISEE IS TRUTHFUL AND ACCURATE; AND**

**E. FRANCHISEE UNDERSTANDS THAT SNAP-ON MAY SELL PRODUCTS TO THOSE PURCHASERS IDENTIFIED IN SECTIONS 1.D., 1.E. AND 1.F., AND THAT SNAP-ON MAY ALTER FRANCHISEE'S LIST OF CALLS IN ACCORDANCE WITH SECTION 1.C.; AND**

**F. FRANCHISEE UNDERSTANDS THAT, FROM TIME TO TIME, SNAP-ON MAY CHANGE OR MODIFY THE SNAP-ON PROGRAM, INCLUDING THE OPERATIONS MANUAL, AS PROVIDED IN SECTION 6, AND THAT FRANCHISEE WILL BE REQUIRED TO MAKE SUCH EXPENDITURES AS SUCH CHANGES OR MODIFICATIONS IN THE SNAP-ON PROGRAM MAY REQUIRE. SUCH CHANGES TO THE SNAP-ON PROGRAM ARE CONTEMPLATED BY THIS AGREEMENT AND DO NOT CONSTITUTE ACTION WHICH IS INCONSISTENT WITH SECTION 26 OF THIS AGREEMENT; AND**

**G. FRANCHISEE UNDERSTANDS THAT FRANCHISEE MAY SELL ONLY PRODUCTS AND APPROVED TOOLS AND ONLY AT THOSE LOCATIONS IDENTIFIED ON THE LIST OF CALLS, AS MODIFIED FROM TIME TO TIME, AND THAT FRANCHISEE MAY NOT SELL PRODUCTS OR APPROVED TOOLS AT OTHER LOCATIONS; AND**

**H. FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT SNAP-ON AND ITS AFFILIATES HAVE THE EXCLUSIVE UNRESTRICTED RIGHT TO SELL, OR LICENSE OTHERS TO SELL, MERCHANDISE OTHER THAN PRODUCTS (AS THAT TERM IS DEFINED IN THIS AGREEMENT) AT THOSE LOCATIONS IDENTIFIED ON THE LIST OF CALLS; AND**

**I. FRANCHISEE ALSO EXPRESSLY ACKNOWLEDGES AND AGREES THAT SNAP-ON AND ITS AFFILIATES SELL, OR MAY IN THE FUTURE SELL, PRODUCTS AND MERCHANDISE BEARING THE TRADEMARKS, OTHER TRADEMARKS OWNED BY SNAP-ON OR ITS AFFILIATES, AND OTHER MARKS AT LOCATIONS IN THE GEOGRAPHIC AREA NEAR THE STOPS DESCRIBED ON FRANCHISEE'S LIST OF CALLS AND ELSEWHERE, AND THAT NOTHING IN THIS AGREEMENT SHALL RESTRICT SNAP-ON OR ITS AFFILIATES FROM SO DOING; AND**

J. FRANCHISEE HAS THE POWER AND AUTHORITY TO ENTER INTO THIS AGREEMENT WITHOUT THE CONSENT OF ANY OTHER PERSON AND THAT NO OTHER AGREEMENT TO WHICH FRANCHISEE IS A PARTY PROHIBITS OR IN ANY WAY RESTRICTS FRANCHISEE FROM ENTERING INTO THIS AGREEMENT OR FROM COMPLYING WITH EACH AND EVERY TERM AND CONDITION OF THIS AGREEMENT.

K. FRANCHISEE UNDERSTANDS THAT, IN THE EVENT OF A DISPUTE BETWEEN SNAP-ON AND FRANCHISEE, THE DISPUTE, AFTER MEDIATION IF REQUIRED UNDER SECTION 25.A., WILL BE SUBMITTED TO BINDING ARBITRATION AND THAT FRANCHISEE HAS WAIVED ANY RIGHT TO A JURY TRIAL AND A JUDICIAL RESOLUTION OF THE DISPUTE.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date first above written.

FRANCHISEE:

SNAP-ON:  
SNAP-ON TOOLS COMPANY LLC

By: \_\_\_\_\_  
Printed Name: «FullName»

By: \_\_\_\_\_  
Printed Name: «RegionalManager»  
Title: Regional Manager

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

Designated Owner:

\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness



# **EXHIBIT A**

## **LIST OF CALLS**

**APPROVED BY: SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
**«RegionalManager», Regional Manager**

\_\_\_\_\_  
**«FullName»**

\_\_\_\_\_  
**Date Approved**

**(This List of Calls will remain in effect until  
superseded by an approved amendment or a new List of Calls.)**

**Addendum to the  
Snap-on Tools Company LLC  
Standard Franchise Agreement  
For Use in California**

This Addendum to the Standard Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Standard Franchise Agreement.

1. Section 18.D. is hereby replaced in its entirety with the following new Sections 18.D. and 18.E.:

**D. Transfer Upon Death.** If this Agreement is in force and effect at the time of the death of Franchisee (or the Designated Owner of a Corporate Franchisee), the surviving spouse, heirs or estate of Franchisee or the Designated Owner (collectively, "heir") shall have the right to continue operating the franchise for a reasonable period of time following such death, during which time the heir either shall make application to Snap-on to become the Franchisee (or the Designated Owner of a Corporate Franchisee), or transfer Franchisee's entire interest in Franchisee or the franchise business to a third party.

(1) In the event the heir seeks to become the Franchisee (or the Designated Owner of a Corporate Franchisee), Snap-on shall not unreasonably withhold its consent to approval of the heir, provided that the following conditions are met. The heir shall:

a. Demonstrate to Snap-on's satisfaction that the heir meets Snap-on's managerial, operational and business standards for a new franchisee; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the franchise (as may be demonstrated by prior related business experience or otherwise); and has adequate financial resources and capital to operate the franchise; and

b. Execute Snap-on's then-current form of Standard Franchise Agreement and other ancillary agreements (all of which may differ from this Agreement and the ancillary agreements signed by the original Franchisee) as Snap-on may require; and

c. Successfully complete Snap-on's initial training program required for all new franchisees; and

d. Pay Snap-on a transfer fee to reimburse Snap-on for its legal, training, and other expenses in connection with the transfer of the franchise. The amount of the transfer fee shall be the amount of the transfer fee in effect at the time of the transfer; and

e. Execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption under this Agreement. The heir shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements related to the transfer.

(2) In the event the heir seeks to transfer Franchisee's interest in Franchisee or the franchise business to a third party, the heir may only transfer all of Franchisee's interest. Snap-on

shall not unreasonably withhold its consent to such a transfer; provided the following conditions are met:

a. The heir shall have first offered to sell the interest being transferred to Snap-on, pursuant to this Agreement, and Snap-on shall have declined to exercise its right of first refusal.

b. The terms of the sale, including the price, shall not, in Snap-on's sole business judgment, jeopardize the ability of the transferee to maintain, operate and promote the franchise and meet the financial obligations to Snap-on and other creditors. This provision shall not create any liability on the part of Snap-on to the transferee in the event that Snap-on approves the transfer and the transferee experiences financial difficulties.

c. All of Franchisee's monetary obligations to Snap-on (and Snap-on's subsidiaries and affiliates) and all other outstanding obligations related to the franchise (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) shall have been satisfied. Snap-on reserves the right to require that a reasonable sum of money be placed in escrow to ensure that all such obligations will be satisfied.

d. The heir shall execute a general release, in a form satisfactory to Snap-on, of any and all claims against Snap-on and its subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Snap-on, Snap-on Credit, their subsidiaries and affiliates and Franchisee and Franchisee's operation of the franchise, but excluding any claims the release of which is prohibited by applicable law.

e. The heir shall execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption of obligations under this Agreement. The heir shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements related to the transfer.

f. The transferee shall:

1) Demonstrate to Snap-on's satisfaction that it meets Snap-on's managerial, operational and business standards for a new franchisee; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the franchise (as may be demonstrated by prior related business experience or otherwise); and has adequate financial resources and capital to operate the franchise; and

2) Execute Snap-on's then-current form of Standard Franchise Agreement and other ancillary agreements (all of which may differ from this Agreement and the ancillary agreements signed by the original Franchisee) as Snap-on may require; and

3) Successfully complete at Snap-on's initial training program required for all new franchisees; and

4) Pay Snap-on a transfer fee to reimburse Snap-on for its legal, training, and other expenses in connection with the transfer of the franchise. The amount of the transfer fee shall be the amount of the transfer fee in effect at the time of the transfer; and

5) Execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption of obligations under this Agreement. Transferee shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements relating to the transfer.

**E. Snap-on's Right of First Refusal.** If Franchisee or the heir (collectively, "transferor") desires to sell, transfer or assign all of transferor's interest in the franchise, and enters into a bona fide agreement with a third-party buyer, transferor shall deliver a true and complete copy of the same to Snap-on. Snap-on shall have the right to purchase transferor's interest in the franchise by paying transferor an amount equal to the current value of the purchase price agreed to between transferor and the third-party buyer. Snap-on shall have thirty (30) days in which to notify transferor that it will exercise its right of first refusal and sixty (60) days to approve transferor's sale of the franchise. This time period begins upon transferor's delivery of all information and documentation requested by Snap-on from transferor necessary to evaluate the offer and the sale of the franchise, including an enforceable contract to purchase all of transferor's interest in the franchise. If Snap-on accepts any such offer, it shall be entitled to offset against the purchase price paid to transferor any monies owed by transferor to Snap-on, Snap-on Credit or their subsidiaries and affiliates.

If Snap-on does not advise transferor of its acceptance or rejection of the offer within the specified thirty (30) day period then Snap-on is presumed to have declined to purchase the franchise from transferor. If Snap-on fails to advise transferor of its approval or disapproval of transferor's sale of the franchise within the specified sixty (60) day period then, provided transferor and buyer comply with all contractual requirements and conditions required for a transfer, transferor may sell, transfer or assign transferor's interest, but not at a lower price, nor on more favorable terms, than those presented to Snap-on. In no event shall transferor offer any interest for sale, transfer or assignment at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign such interest through an advertisement, either in the newspapers or otherwise, without Snap-on's prior written consent to such advertisement or publication. Transferor's failure to close any approved sale within 120 days following transferor's receipt of a statement acknowledging Snap-on's receipt of an enforceable contract to purchase all of transferor's interest in Franchisee or the franchise as well as any information and documentation requested by Snap-on from transferor necessary to evaluate the offer and the sale of the franchise will immediately revive Snap-on's right of first refusal.

2. Section 20.A.(5) of the Standard Franchise Agreement is amended to read as follows:

(5) Upon the incapacity of Franchisee (or the Designated Owner of a Corporate Franchisee).

3. Except as expressly modified by this Addendum, the Standard Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By:\_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By:\_\_\_\_\_

Title:\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Standard Franchise Agreement  
For Use in Hawaii**

This Addendum to the Standard Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Standard Franchise Agreement.

1. Section 18.D is hereby replaced in its entirety with the following:

**D. Snap-on's Right Of First Refusal.** If Franchisee receives a bona fide offer and desires to sell, transfer or assign all of Franchisee's interest in this Agreement, Franchisee, or the franchise, then Franchisee shall offer the same to Snap-on in writing at the same price and on the same terms. Snap-on may accept an offer at any time within thirty (30) days after receipt. The offer to Snap-on shall state the cash value of the offer received by Franchisee, and Snap-on may exercise its purchase option by paying Franchisee such cash value. If the offer received by Franchisee involves assets other than this Agreement, the offer to Snap-on shall state the cash value of that portion of the offer related to this Agreement, and Snap-on may exercise its purchase option by paying Franchisee such cash value. The time period for Snap-on to decide whether to accept any such offer begins upon Snap-on's receipt of an enforceable contract to purchase all of Franchisee's interest in this Agreement as well as any information and documentation requested by Snap-on from Franchisee necessary to evaluate the offer and the sale of the franchise. If Snap-on accepts any such offer, it shall be entitled to offset against the purchase price paid to Franchisee any monies owed to Snap-on by Franchisee.

If Snap-on declines or does not accept any such offer within the specified period then, provided Franchisee complies with Section 18.B., Franchisee may sell, transfer or assign Franchisee's interest, but not at a lower price, nor on more favorable terms, than have been offered to Snap-on. In no event shall Franchisee offer any interest for sale, transfer or assignment at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign such interest through an advertisement, either in the newspapers or otherwise, without Snap-on's prior written consent to such advertisement or publication. Franchisee's failure to close within ninety (90) days following the expiration of Snap-on's right of first refusal will immediately revive Snap-on's right of first refusal.

2. Sections 21.G. and 21.I. are hereby replaced in their entirety with the following:

**G.** Snap-on shall repurchase from Franchisee all Products and Approved Products purchased by Franchisee from Snap-on that are delivered to Snap-on within fifteen (15) days after termination of this Agreement. The purchase price for all Products and Approved Products in new, unused and saleable condition (as determined by Snap-on in its sole business judgment) shall be the price Snap-on charged Franchisee at the time of purchase for such items. The purchase price for Products and Approved Products that are not in new, unused and saleable condition or that were specially made or ordered for Franchisee or specified customers shall be a price separately negotiated with Franchisee. Snap-on shall be entitled to offset against the monies payable to Franchisee for repurchase of any Products or Approved Products all monies owed to Snap-on (or any subsidiaries or affiliates of Snap-on) by Franchisee, including for up to sixty (60) days: (i) any

unpaid Open Account amounts; and (ii) Franchisee's obligations under Extended Credit Contracts assigned to Snap-on (or any subsidiaries or affiliates of Snap-on) by Franchisee, as provided in the Franchisee Servicing Agreement or Dealer Servicing Agreement between Franchisee and Snap-on Credit (Snap-on may offset amounts due Snap-on Credit and remit same to Snap-on Credit); and

I. Unless a termination agreement provides otherwise, Franchisee and Snap-on agree that termination of this Agreement under any circumstances shall not impair, release, or extinguish any debt, obligation, or liability of Franchisee to Snap-on that may have accrued during the term of this Agreement, including any debt, obligation, or liability that was the cause of termination or arose out of such cause and that the security interest granted to Snap-on by Franchisee under this Agreement shall continue in full force and effect until all such debts, obligations and liabilities of Franchisee to Snap-on have been fully discharged by Franchisee. All promises and agreements of Franchisee that are to be performed after the termination of this Agreement shall survive termination; and

3. Except as expressly modified by this Addendum, the Standard Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Standard Franchise Agreement  
For Use in Illinois**

This Addendum to the Standard Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_,  
between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_  
\_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of  
the Standard Franchise Agreement.

1. Sections 32.B. and 32.C. are hereby deleted. Pursuant to Illinois Revised Statutes, 1987, Chapter 121 ½, Section 1741 any condition, stipulation or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Franchise Disclosure Act is void. Franchisee is not prevented from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act, nor from arbitrating any claim pursuant to the provisions of Title 9 of the United States Code.

2. Section 32.K. is hereby amended to read as follows: "FRANCHISEE UNDERSTANDS THAT, IN THE EVENT OF A DISPUTE BETWEEN SNAP-ON AND FRANCHISEE, THE DISPUTE, AFTER MEDIATION IF REQUIRED UNDER SECTION 25.A., WILL BE SUBMITTED TO BINDING ARBITRATION AND THAT, TO THE EXTENT ALLOWED BY LAW, FRANCHISEE HAS WAIVED ANY RIGHT TO A JURY TRIAL AND A JUDICIAL RESOLUTION OF THE DISPUTE.

3. Except to the extent the Standard Franchise Agreement is expressly amended by this Addendum, the Standard Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness



**Addendum to the  
Snap-on Tools Company LLC  
Standard Franchise Agreement  
For Use in Indiana**

This Addendum to the Standard Franchise Agreement dated \_\_\_\_\_, \_\_\_,  
between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_  
\_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of  
the Standard Franchise Agreement.

1. The first paragraph of Section 18.B. is amended to include the following language as the last sentence:

Notwithstanding the foregoing, if this Agreement is in force and effect at the time of the death of Franchisee (or the Designated Owner of a Corporate Franchisee) the surviving spouse, heirs or the estate of Franchisee or the Designated Owner shall have the right to continue operating the franchise for a reasonable period of time, not to exceed 90 days, following the death of Franchisee (or the Designated Owner of a Corporate Franchisee).

2. Section 20.A.(5) is amended to read as follows:

(5) Upon the death or incapacity of Franchisee (or the Designated Owner of a Corporate Franchisee), subject to any rights of the surviving spouse, heir or the estate of Franchisee or the Designated Owner pursuant to Section 18.B. of this Agreement.

3. Except as expressly modified by this Addendum, the Standard Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Standard Franchise Agreement  
For Use in Minnesota**

This Addendum to the Standard Franchise Agreement dated \_\_\_\_\_, \_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Standard Franchise Agreement.

1. The provisions of Minnesota Statutes Section 80C.14, Subdivision 3, 4, and 5 require, except in certain cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) of the Standard Franchise Agreement. Therefore, these provisions shall apply to Minnesota franchisees.

2. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee's use of Snap-on's trademarks infringes trademark rights of the third party. Therefore, Snap-on will indemnify Minnesota franchisees from these claims, provided that the franchisee gives notice to Snap-on of any such claim within ten (10) days and tenders to Snap-on defense of the claim and management of the defense, including, but not limited to, the right to compromise, settle, or otherwise resolve the claim and to decide whether to appeal any determination including the claim.

3. The Minnesota Department of Commerce requires that, unless the RA Deposit is financed by Snap-on, the balance remaining, if any, of the RA Deposit (Section 10 of the Standard Franchise Agreement) shall be refunded six months from the Effective Date of the Standard Franchise Agreement or, if applicable, from the effective date of the RA Loan Promissory Note for Franchisees participating in the RA Loan Program. The Minnesota Department of Commerce also requires that this refund, if any, not be offset against obligations of Franchisee to Snap-on. Therefore, unless the RA Deposit is financed by Snap-on, six months from the Effective Date of the Standard Franchise Agreement or, if applicable, the effective date of the RA Loan Promissory Note for Franchisees participating in the RA Loan Program, Snap-on shall refund promptly to Minnesota Franchisees the balance remaining, if any, of the RA Deposit without offset against obligations of Franchisee to Snap-on.

4. The sections of the Standard Franchise Agreement covering governing law, jurisdiction and venue and choice of forum are hereby amended to include the following language required by the State of Minnesota:

"Pursuant to Minn. Stat. 80C.21 and Minn. Rule 2860.4400J, this section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C."

5. Except to the extent the Standard Franchise Agreement is expressly amended by this Addendum, the Standard Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By:\_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee  
By:\_\_\_\_\_  
Title:\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Standard Franchise Agreement  
For Use in North Carolina**

This Addendum to the Standard Franchise Agreement dated \_\_\_\_\_, \_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Standard Franchise Agreement.

The following information is required to be included in this Agreement by North Carolina law:

1. Snap-on's agent in North Carolina authorized to receive service of process is: North Carolina Secretary of State, Legislative Office Building, Room 414, 300 N Salisbury Street, Raleigh, North Carolina, 27603-5909.
2. The approximate delivery date for Franchisee's initial inventory of Products shall be no later than thirty (30) days after Franchisee places the order for the initial inventory with Snap-on.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Standard Franchise Agreement  
For Use in North Dakota**

This Addendum to the Standard Franchise Agreement dated \_\_\_\_\_, \_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Standard Franchise Agreement.

1. The North Dakota Securities Commissioner mandates that North Dakota franchisees may not be required to consent to the jurisdiction of courts outside of North Dakota. Therefore, notwithstanding Section 25.C. of this Agreement, Snap-on will only bring an action against a North Dakota franchisee in a court within the jurisdiction of the State of North Dakota.

2. The North Dakota Securities Commissioner mandates that a North Dakota franchise agreement be governed by the laws of North Dakota. Therefore, notwithstanding Section 27 of the Standard Franchise Agreement, the governing law of this Agreement shall be the laws of the State of North Dakota, except to the extent that the Federal Arbitration Act shall apply in accordance with Section 25 of the Standard Franchise Agreement.

3. Except to the extent the Standard Franchise Agreement is expressly amended by this Addendum, the Standard Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Standard Franchise Agreement  
For Use in Washington**

This Addendum to the Standard Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Standard Franchise Agreement.

1. Sections 18.D. and 18.E. are hereby replaced in their entirety with the following new Sections 18.D. and 18.E.:

**D. Transfer upon Death.** If this Agreement is in force and effect at the time of the death of a Franchisee (or the Designated Owner of a Corporate Franchisee), the surviving spouse, heirs or estate of Franchisee or the Designated Owner (collectively, "heir") shall have the right to continue operating the franchise for a reasonable period of time following such death, during which time the heir either shall make application to Snap-on to become the Franchisee (or the Designated Owner of a Corporate Franchisee), or transfer Franchisee's entire interest in Franchisee or the franchise business to a third party.

(1) In the event the heir seeks to become the Franchisee (or the Designated Owner of a Corporate Franchisee), Snap-on shall not unreasonably withhold its consent to approval of the heir, provided that the following conditions are met. The heir shall:

a. Demonstrate to Snap-on's satisfaction that the heir meets Snap-on's managerial, operational and business standards for a new franchisee; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the franchise (as may be demonstrated by prior related business experience or otherwise); and has adequate financial resources and capital to operate the franchise; and

b. Execute Snap-on's then-current form of Standard Franchise Agreement and other ancillary agreements (all of which may differ from this Agreement and the ancillary agreements signed by the original Franchisee) as Snap-on may require; and

c. Successfully complete Snap-on's initial training program required for all new franchisees; and

d. Pay Snap-on a transfer fee to reimburse Snap-on for its legal, training, and other expenses in connection with the transfer of the franchise. The amount of the transfer fee shall be the amount of the transfer fee in effect at the time of the transfer; and

e. Execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption under this Agreement. The heir shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements related to the transfer.

(2) In the event the heir seeks to transfer Franchisee's interest, Franchisee or the franchise business to a third party, the heir may only transfer all of Franchisee's interest. Snap-on

shall not unreasonably withhold its consent to such a transfer provided the following conditions are met:

a. The heir shall have first offered to sell the interest being transferred to Snap-on, pursuant to this Agreement, and Snap-on shall have declined to exercise its right of first refusal.

b. The terms of the sale, including the price, shall not, in Snap-on's sole business judgment, jeopardize the ability of the transferee to maintain, operate and promote the franchise and meet the financial obligations to Snap-on and other creditors. This provision shall not create any liability on the part of Snap-on to the transferee in the event that Snap-on approves the transfer and the transferee experiences financial difficulties.

c. All of Franchisee's monetary obligations to Snap-on (and Snap-on's subsidiaries and affiliates) and all other outstanding obligations related to the franchise (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) shall have been satisfied. Snap-on reserves the right to require that a reasonable sum of money be placed in escrow to ensure that all such obligations will be satisfied.

d. The heir shall execute a general release, in a form satisfactory to Snap-on, of any and all claims against Snap-on and its subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Snap-on, Snap-on Credit, their subsidiaries and affiliates and Franchisee and Franchisee's operation of the franchise, but excluding any claims the release of which is prohibited by applicable law.

e. The heir shall execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption of obligations under this Agreement. The heir shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements related to the transfer.

f. The transferee shall:

1) Demonstrate to Snap-on's satisfaction that it meets Snap-on's managerial, operational and business standards for a new franchisee; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the franchise (as may be demonstrated by prior related business experience or otherwise); and has adequate financial resources and capital to operate the franchise; and

2) Execute Snap-on's then-current form of Standard Franchise Agreement and other ancillary agreements (all of which may differ from this Agreement and the ancillary agreements signed by the original Franchisee) as Snap-on may require; and

3) Successfully complete Snap-on's initial training program required for all new franchisees; and

4) Pay Snap-on a transfer fee to reimburse Snap-on for its legal, training, and other expenses in connection with the transfer of the franchise. The amount of the transfer fee shall be the amount of the transfer fee in effect at the time of the transfer; and

5) Execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption of obligations under this Agreement. Transferee shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements relating to the transfer.

**E. Snap-on's Right of First Refusal.** If Franchisee or the heir (collectively, "transferor") desires to sell, transfer or assign all of transferor's interest in the franchise, and enters into a bona fide agreement with a third-party buyer, transferor shall deliver a true and complete copy of the same to Snap-on. Snap-on shall have the right to purchase transferor's interest in the franchise by paying transferor an amount equal to the current value of the purchase price agreed to between transferor and the third-party buyer. Snap-on shall have thirty (30) days in which to notify transferor that it will exercise its right of first refusal and sixty (60) days to approve transferor's sale of the franchise. This time period begins upon transferor's delivery of all information and documentation requested by Snap-on from transferor necessary to evaluate the offer and the sale of the franchise, including an enforceable contract to purchase all of transferor's interest in the franchise. If Snap-on accepts any such offer, it shall be entitled to offset against the purchase price paid to transferor any monies owed by transferor to Snap-on, Snap-on Credit or their subsidiaries and affiliates.

If Snap-on does not advise transferor of its acceptance or rejection of the offer within the specified thirty (30) day period then Snap-on is presumed to have declined to purchase the franchise from transferor. If Snap-on fails to advise transferor of its approval or disapproval of transferor's sale of the franchise within the specified sixty (60) day period then, provided transferor and buyer comply with all contractual requirements and conditions required for a transfer, transferor may sell, transfer or assign transferor's interest, but not at a lower price, nor on more favorable terms, than those presented to Snap-on. In no event shall transferor offer any interest for sale, transfer or assignment at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign such interest through an advertisement, either in the newspapers or otherwise, without Snap-on's prior written consent to such advertisement or publication. Transferor's failure to close any approved sale within 120 days following transferor's receipt of a statement acknowledging Snap-on's receipt of an enforceable contract to purchase all of transferor's interest in Franchisee or the franchise as well as any information and documentation requested by Snap-on from transferor necessary to evaluate the offer and the sale of the franchise will immediately revive Snap-on's right of first refusal.

2. Section 20.A.(5) is hereby amended to read as follows:

(5) Upon the incapacity of Franchisee (or the Designated Owner of a Corporate Franchisee).

3. Section 20.B.(12) is hereby amended to read as follows:

(12) If Franchisee has received three (3) or more notices of default within the previous twelve (12) months, Snap-on shall be entitled to send Franchisee a notice of termination upon the next default of Franchisee under this Section 20.B. without providing Franchisee an opportunity to correct the default; or

4. Section 27., Governing Law, is hereby amended to read as follows:

27. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington, except to the extent that the Federal Arbitration Act shall apply in accordance with Section 25 above.



5. 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.

6. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

7. The Washington Franchise Investment Protection Act, Chapter 19.100.220.(2) RCW provides as follows:

“(2) Any agreement, condition, stipulation or provision, including a choice of law provision, purporting to bind any person to waive compliance with any provision of this chapter or any rule or order hereunder is void. A release or waiver executed by any person pursuant to a negotiated settlement in connection with a bona fide dispute between a franchisee and a franchisor, arising after their franchise agreement has taken effect, in which the person giving the release or waiver is represented by independent legal counsel, is not an agreement prohibited by this subsection.”

8. 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 trial may not be enforceable.

9. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

10. Except as expressly modified by this Addendum, the Standard Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

# APPENDIX I.1.B



## SNAP-ON TOOLS GATEWAY FRANCHISE AGREEMENT

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#### Exhibit A - List of Calls

# SNAP-ON TOOLS GATEWAY FRANCHISE AGREEMENT

**THIS GATEWAY FRANCHISE AGREEMENT** ("Agreement") is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), by and between SNAP-ON TOOLS COMPANY LLC, a Delaware limited liability company, whose address is 2801 80th Street, Kenosha, Wisconsin, 53143 ("Snap-on"), and «FullName», whose address is «HomeAddressLine1», «HomeCity», «HomeStateProvince» «HomeZipPostalCode» ("Franchisee").

## THE PARTIES AGREE THAT:

In consideration of the agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties, intending to be legally bound, agree as follows:

### 1. Nature and Scope of Agreement; License and List of Calls.

**A. Nature and Scope of Agreement.** Snap-on, over many years, as a result of the expenditure of time, skill, effort and money, has developed and owns a program for selling and servicing high quality tools and equipment ("Snap-on Program"), as a result of which the Snap-on Program has acquired valuable goodwill and a favorable reputation. The parties agree that this valuable goodwill and favorable reputation belongs to Snap-on and while Franchisee has the benefit thereof during the time it is performing under this Agreement, Franchisee acquires no property rights in such goodwill or reputation, all of which at all times belongs to Snap-on; and

The distinguishing features of the Snap-on Program include, but are not limited to, the name "Snap-on"; the tools and equipment manufactured and/or distributed by Snap-on and made available by Snap-on for resale by its franchisees ("**Products**"); special confidential techniques for selling the **Products**; signs, emblems, trade names, trademarks, and service marks; instructional materials and training courses; and the Gateway Franchise Operations Manual and other manuals provided to Franchisee by Snap-on; all of which may be changed, improved or further developed from time to time; and

In addition to the Gateway Franchise described in this Agreement, Snap-on also offers qualifying prospective franchisees the opportunity to become a "standard franchisee" either subsequent to the expiration or termination of a Gateway Franchise Agreement, or without first entering into a Gateway Franchise Agreement. The agreement entered into by a standard franchisee is referred to as the Standard Franchise Agreement, and contains a longer term and different rights and obligations; and

Franchisee recognizes the importance to Snap-on, other franchisees, and to the public of maintaining the distinctive standards, qualities and attributes of **Products** and services identified by the Trademarks (as defined in Section 13. below) associated with the Snap-on Program and is willing to maintain those standards, qualities and attributes in the operation of a Snap-on franchise; and

Franchisee desires to obtain a license and rights to use the Snap-on Program at the List of Calls (as defined in Section 1. below), subject to the terms and conditions contained in this Agreement. Franchisee acknowledges that Snap-on has, has had and will continue to have the basic right to use and/or license the Snap-on Program as it may exist, in whole or in part, and that this basic right is not being limited or changed by the terms of this Agreement. Snap-on's exercise of those rights is not subject to the common law rules that apply to the exercise of contractual discretion. The parties recognize that over time, there may be changes in the manner in which Snap-on, its competitors and the users of its **Products** engage in business, and have recognized and addressed that possibility by explicitly defining the scope of authority granted to Franchisee as provided herein.

**B. License.** Snap-on grants to Franchisee the right, subject to the conditions set forth in this Agreement, to use the Snap-on Program, and to purchase **Products** from Snap-on for resale, only at those locations (sometimes referred to as "stops") identified in attached Exhibit A ("List of Calls"), as adjusted from time to time in accordance with the terms of this Agreement. Subject to the provisions of Sections 1.D., 1.E. and 1.F., during the term of this Agreement, Snap-on shall not sell, or license others to sell, **Products** at those locations identified on the List of Calls.

Franchisee shall not be entitled to use the Snap-on Program or sell **Products** at any location not identified on the List of Calls even if the location is adjacent to, or near, a location on Franchisee's List of Calls, or to any customer of Franchisee who moves to a location not identified on the List of Calls. If Franchisee desires to use the Snap-on Program or sell **Products** at any location not identified on the List of Calls, Franchisee shall notify Franchisee's primary Snap-on field management contact and request that the additional location(s) be added to the List of Calls. Snap-on, in its sole business judgment, which will not be unreasonably withheld, shall determine whether these location(s) will be added to Franchisee's List of Calls.

**C. Adjustments to List of Calls.**

(1) Weekly visits by Franchisee to customers, high quality service to customers and the solicitation of potential customers at stops on Franchisee's List of Calls are essential elements of the Snap-on Program. Accordingly, Snap-on reserves the right to adjust Franchisee's List of Calls and thereby change the number and/or location of stops on the List of Calls if Snap-on determines in its sole business judgment that such changes are necessary because of existing or future competition, inadequacy of service to customers, inadequacy of solicitation of potential customers, or for such other reasons as Snap-on deems relevant. Snap-on shall provide Franchisee written notice of an adjustment to Franchisee's List of Calls (which notice shall identify the stops added to, or deleted from, Franchisee's List of Calls) at least ten (10) days prior to the adjustment taking effect.

(2) Snap-on reserves the right to modify any or all of the locations on Franchisee's List of Calls if, and at the time that, Franchisee enters into a Standard Franchise Agreement, and thereby to change the number and/or locations of stops on the List of Calls if Snap-on determines in its sole business judgment that such changes are advisable.

**D. National Accounts Program.** Snap-on exclusively reserves the right to develop and operate the Snap-on National Accounts Program, through which **Products** are sold and/or distributed to purchasers on a national or regional contract basis. Franchisee shall receive a brokerage fee on sales made through the Snap-on National Accounts Program directly to purchasers identified on Franchisee's List of Calls, according to a commission schedule published from time to time by Snap-on. The policies and procedures pertaining to the Snap-on National Accounts Program shall be prepared by Snap-on and made available to Franchisee, and are subject to change from time to time.

**E. Industrial Stops.** Snap-on exclusively reserves to itself the right to contact and sell, directly or indirectly, **Products** to industrial users, railroads, manufacturers, central purchasing offices, government installations and institutions (including schools) and all other potential customers who require scientific information, special devices, special services and/or technical and engineering data or for whom special procurement procedures are required ("Industrial Stops"). If an Industrial Stop employs professional mechanics who purchase their own tools, Snap-on may, but is not obligated to, include that Industrial Stop on Franchisee's List of Calls only for the purpose of permitting Franchisee to sell **Products** to those mechanics. This is known as a dual stop. The determination whether a stop or customer, in whole or in part, is an Industrial Stop or a dual stop shall be made by Snap-on in its sole business judgment.

**F. Internet Sales.** Snap-on reserves the right to operate an internet program, through which **Products** are sold and/or distributed directly to internet purchasers, which may include customers at

locations on the List of Calls who elect to make a purchase from Snap-on through the internet. Except as otherwise permitted under the Snap-on Program, Franchisee may not use the internet, including commercial sites such as eBay or Craig's List, to sell **Products** or Approved Tools.

**G. Surveys.** Snap-on may make such surveys of customers at stops on Franchisee's List of Calls as Snap-on, in its sole business judgment, believes are necessary or advisable for the purpose of determining the number of customers and/or potential customers on Franchisee's List of Calls, the frequency and quality of Franchisee's service to customers or for any other purpose that Snap-on reasonably determines is appropriate.

**2. Term.** The term of this Agreement shall begin on the Effective Date and shall continue until two (2) years after the Effective Date unless sooner terminated according to Sections 19. or 20. of this Agreement.

If applicable law requires a standard of nonrenewal, or a notice and/or cure period prior to nonrenewal that is different from that set forth herein, this Agreement shall be deemed amended to conform to the minimum standard, or notice and/or cure period required by such applicable law or regulation. Franchisee is hereby notified that this Agreement will not be renewed. Snap-on intends to deliver any required additional notice, and this Agreement shall remain in effect on a month-to-month basis only until Franchisee has received such required additional notice.

**3. Conversion to Standard Franchise.** Upon the expiration of this Agreement, Snap-on may elect, at its sole option, to offer a standard franchise to Franchisee, provided that Snap-on will offer a standard franchise to a Franchisee who meets all of the following conditions of participation:

**A. Conditions of Participation.**

(1) Franchisee meets all standards for new standard franchisees in effect at the time that Franchisee applies to become a standard franchisee;

(2) Franchisee is in compliance with all provisions of this Agreement, any amendments to this Agreement and any other agreement between Franchisee and Snap-on or its subsidiaries and affiliates, and Franchisee remains in compliance with all such obligations through the expiration date of the term of this Agreement;

(3) Franchisee satisfies all monetary obligations Franchisee owes to Snap-on, Snap-on Credit, and their subsidiaries and affiliates;

(4) Franchisee executes Snap-on's then-current form of Standard Franchise Agreement, and all other ancillary agreements required by Snap-on. Franchisee acknowledges that the terms of the Standard Franchise Agreement and the Snap-on Program will differ from the terms of this Agreement;

(5) Franchisee executes a general release, in a form satisfactory to Snap-on, of any and all claims against Snap-on and its subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Snap-on, its parent, subsidiaries and affiliates and Franchisee and Franchisee's operation of the franchise, but excluding any claims the release of which is prohibited by applicable law;

(6) Franchisee pays Snap-on the initial license fee set forth in the then-current Standard Franchise Agreement;

(7) Franchisee has achieved "paid sales" (defined below) averaging at least Seven Thousand Dollars (\$7,000) per week during any ten consecutive week period during the fifty-two week period immediately preceding Franchisee's notice to Snap-on under Section 3.B. The term "paid sales" shall mean (a) all of Franchisee's cash sales and revolving account collections; (b) all open account and extended credit balances assigned to Snap-on or its affiliates by Franchisee; and (c) all leases assigned to Snap-on or its affiliates by Franchisee. To the extent sales taxes are reported to Snap-on by Franchisee, they are included in paid sales; and

(8) Franchisee has achieved RA collections averaging at least Five Thousand Dollars (\$5,000) per week during any ten consecutive week period during the fifty-two week period immediately preceding Franchisee's notice to Snap-on under Section 3.B.

**B. Franchisee Notice to Snap-on.** Franchisee will give written notice to Snap-on of Franchisee's desire to become a standard franchisee not less than six (6) months nor more than twelve (12) months prior to the expiration of this Agreement.

#### **4. Initial License Fee; Franchise Equity Payment.**

**A. Initial License Fee.** Franchisee has paid Snap-on an Initial License fee of Five Thousand Dollars (\$5,000). The Initial License Fee was paid in consideration of Snap-on initially granting this franchise, it was fully earned at the time paid and it is not refundable for any reason.

**B. Franchise Equity Payment.** Beginning in the fourteenth week after the Effective Date, and for each of the remaining weeks thereafter during the term of this Agreement, Franchisee shall pay to Snap-on a Franchise Equity Payment of Three Hundred Thirty-Five Dollars (\$335.00), payable weekly by direct debit of Franchisee's bank account or such other method designated by Snap-on. Upon expiration or termination of this Agreement, Snap-on will use the Franchise Equity Payments received by Snap-on from Franchisee to pay any outstanding indebtedness that Franchisee has to Snap-on or its affiliates. After doing so, Snap-on will credit any remaining amount to Franchisee to be used toward the standard franchise expenses if Franchisee converts to a standard franchise, or if Franchisee does not convert to a standard franchise the remaining amount will be paid to Franchisee.

**5. Gateway Franchise Operations Manual.** Franchisee acknowledges receipt on loan of access to Snap-on's Gateway Franchise Operations Manual ("Operations Manual") which may be provided to Franchisee in paper format, in electronic format (including posting on a Snap-on sponsored intranet site) or any combination thereof. Franchisee agrees to ensure that the Operations Manual is kept confidential and that Franchisee keeps up-to-date with all modifications provided by Snap-on, agrees not to reproduce the Operations Manual or any part of it, and agrees not to disclose the contents of the Operations Manual to anyone. Snap-on (and its subsidiaries or affiliates as applicable) shall provide Franchisee in a format or formats designated by Snap-on with all periodic updates, additions, and deletions to the Operations Manual. Upon termination of this Agreement, Franchisee shall return to Snap-on all copies of Operations Manuals and other manuals Franchisee has received and/or copied.

**6. Modifications of the Snap-on Program.** Snap-on (and its subsidiaries and affiliates), in its sole business judgment, shall be entitled from time to time to change or modify the Snap-on Program, including, but not limited to, the addition or deletion of **Products**, the adoption of new administrative forms, the adoption and use of new or modified Trademarks or the deletion of Trademarks (as defined in Section 13) or copyrighted materials, and modifications of methods for selling **Products**. The Snap-on Program is contained in the Operations Manual and those other materials as Snap-on (or its subsidiaries and affiliates) may provide to Franchisee. Franchisee shall accept and use or display within a reasonable period of time any changes or modifications in the Snap-on Program as if they were a part of the Snap-on Program at the time of execution of this



Agreement, and Franchisee shall make such expenditures as such changes or modifications in the Snap-on Program may require.

Snap-on and Franchisee acknowledge that compliance with the requirements of this Agreement and the Snap-on Program and the goal of maintaining a competitive Snap-on Program involves ongoing expenditures of different types (including but not limited to expense for electronic commerce, new computer equipment and related hardware, software and services) and may also involve costs incident to changes in operation, which Snap-on and Franchisee each separately bear as part of their individual ordinary courses of business.

The Snap-on Program includes the programs offered by Snap-on Credit LLC ("Snap-on Credit"), an entity in which Snap-on's parent, Snap-on Incorporated, has an ownership interest. Snap-on Credit, in its sole discretion, shall be entitled from time to time to change, modify, replace or cancel its programs, including the programs, which involve Extended Credit Contracts, and Leases referred to in Section 10.C, and the obligations, representations and warranties of Franchisee under the Franchisee Servicing Agreement referred to in Section 10.

**7. Services by Snap-on.** Provided that Franchisee has satisfied all of the conditions set forth in Section 20.B.9. of this Agreement, during the term of this Agreement and so long as Franchisee is not in default, Snap-on, in the manner it deems appropriate, shall make the following services available to Franchisee:

**A. Consignment of Products.**

**(1) Definitions.** For purposes of this Agreement, the terms listed below have the meaning indicated.

**"Initial Inventory"** – The inventory of **Products**, preselected by Snap-on, delivered by Snap-on to Franchisee on a consignment basis under this Agreement.

**"Initial Consignment Value"** – The suggested retail price of the Initial Inventory, determined based on the quantities and prices set forth on Franchisee's Weekly Dealer Statement. The Initial Consignment Value shall approximately be between One Hundred Nine Thousand Dollars (\$109,000) and One Hundred Twelve Thousand Dollars (\$112,000) at suggested retail price.

**"Consigned Inventory"** – The inventory of **Products** held in the possession of Franchisee on a consignment basis during the term of this Agreement, consisting of the Initial Inventory, reduced from time to time by the sale of **Products** by Franchisee to retail customers, and increased from time to time by the acquisition of **Products** from Snap-on to replace the **Products** sold by Franchisee, provided that the **Products** held on consignment at suggested retail price shall at no time exceed the Initial Consignment Value.

**(2) Delivery and Receipt of Products on Consignment.** Snap-on agrees to deliver, and Franchisee agrees to accept the Initial Inventory of **Products** on a consignment basis having an Initial Consignment Value approximately between \$109,000 and \$112,000 at suggested retail price. Upon receipt of the Initial Inventory, the value of Franchisee's Consigned Inventory shall be equal to the Initial Consignment Value. After the initial consignment, Franchisee, with Snap-on's agreement, shall adjust the types and quantities of **Products** in the Consigned Inventory.

**(3) Sale of Consigned Inventory; Franchisee's Duty to Maintain Consigned Inventory at Initial Consignment Value.** Franchisee is authorized to sell **Products** within the Consigned Inventory to retail customers at the locations and under the terms and conditions specified in this Agreement. The suggested retail prices and available franchisee discounts are subject to change without notice. When Franchisee sells **Products** from the Consigned Inventory, Franchisee must immediately replenish the Consigned Inventory by acquiring, for placement into the Consigned Inventory, additional **Products** from Snap-on with an aggregate suggested retail price equal to the

Products sold from the Consigned Inventory, in accordance with Snap-on's standard terms and conditions of sale, such that the aggregate suggested retail price of the Consigned Inventory in Franchisee's possession remains, and at all times shall be, not less than ninety percent (90%) of the Initial Consignment Value.

(4) **Physical Inventory.** Snap-on and its employees have the right to inspect the Consigned Inventory at any time, and Snap-on may periodically conduct a physical inventory of the Consigned Inventory.

(5) **Care of Consigned Goods.** Franchisee shall receive, hold, and exercise reasonable care for the Consigned Inventory, and shall bear any costs associated with the care of the Consigned Inventory while it is in the possession of Franchisee.

(6) **Title to the Consigned Inventory.** Title to and ownership of each **Product** in the Consigned Inventory, and all proceeds from the sale of such **Products**, will remain vested in Snap-on, and be its sole property and subject to its order, until the full amount to be received for the **Products** or proceeds thereof, as provided in this Agreement, has been received by Snap-on. Franchisee acknowledges that the consignment of the Consigned Inventory is not "on sale or return" for the purposes of Section 2-326 of the Uniform Commercial Code, and that Snap-on has filed, or will file, the financing statements required by Article 9 of the Uniform Commercial Code for purposes of ensuring its prior rights to such Consigned Inventory and the proceeds thereof.

Franchisee shall not take any action or assert any claim that contravenes or conflicts with Snap-on's ownership of the Consigned Inventory. Franchisee hereby waives and releases any lien, claim or encumbrance it may have against any of the **Products** or proceeds thereof. Franchisee shall, however, be liable for the repair or replacement cost of **Products** within the Consigned Inventory if damaged or lost due to theft, negligence, intentional acts, unauthorized acts, or other causes within the control of Franchisee, its agents or employees.

(7) **Goods to Remain Unencumbered.** Except as otherwise expressly permitted herein, Franchisee will not sell, offer to sell, assign, pledge, lease, or otherwise transfer or encumber the Consigned Inventory or any interest therein without prior written consent of Snap-on. Franchisee shall also pay any lawful claims, which, if unpaid, might become a lien against any of the Consigned Inventory, except for any such claim of Snap-on.

(8) **Incorporated Terms.** Any and all purchases by Franchisee shall be on and subject to Snap-on's standard terms and conditions of sale, which are hereby incorporated by reference, except to the extent such terms and conditions of sale are inconsistent with the express terms of this Agreement.

**B. Sale of Products to Franchisee.** Franchisee may purchase **Products** at Snap-on's suggested retail price, less any franchisee discounts in effect when orders are received by Snap-on. The **Products**, suggested retail prices and available franchisee discounts are subject to change without notice to Franchisee. Upon receipt of orders from Franchisee, Snap-on shall use reasonable efforts to ship promptly to Franchisee, or such other person or entity as Franchisee directs, all **Products** ordered by Franchisee. Snap-on requires that orders from Franchisee be made by electronic communication. All sales of **Products** will be made on Snap-on's standard terms of sale, which are in effect at the time of the sale. Snap-on shall not be liable for any delays in shipment, or for failure to make any delivery of **Products**, if the **Products** were not shipped because Franchisee has not paid Snap-on for prior amounts for which payment is due, Franchisee has exceeded or with the order would exceed his credit limit, or if Snap-on's reasonable efforts are inadequate to effect delivery of the **Products**. If Snap-on is unable to supply **Products** in quantities ordered, it shall have the right to allocate shipments among its franchisees based on any business factor or combination of business factors, which it deems appropriate in its business judgment, such as historical purchasing

patterns, franchisee credit worthiness, franchisee needs or other channels of distribution. Franchisee shall have no claim against Snap-on due to Snap-on's failure to furnish any **Products** due to lack of **Product** availability.

**C. Weekly Payment to Snap-on.** The amount owed on Franchisee's weekly invoice consists of various charges incurred by the Franchisee on a weekly or monthly basis, including **Product** purchases. The amount that the Franchisee is required to pay weekly, however, will not be the same as the amount owed. Franchisee must remit each week the Franchise Equity Payment described in Section 4 of this Agreement plus the minimum payment as determined by Snap-on from time to time. Franchisee shall pay all amounts due Snap-on through such means and at a time as Snap-on may prescribe in the Snap-on Program. Snap-on currently requires that Franchisee pay amounts due Snap-on by direct debit of Franchisee's bank account. Failure to do so will result in an additional charge to Franchisee as set forth in the Snap-on Program from time to time. Snap-on may change the minimum payment requirement, the due date or method of payment in Snap-on's sole business judgment.

**D. General Assistance.** Snap-on will provide Franchisee with its knowledge and expertise regarding the Snap-on Program, together with business forms, bookkeeping and operational methods, inventory control methods, product knowledge, and sales and marketing advice as Snap-on deems appropriate. This assistance may be provided by a Snap-on representative riding with Franchisee as customers are called upon, the distribution of printed and filmed material, classroom training, seminars, meetings, telephone, internet, and other electronic and non-electronic communications.

**E. Training.** Snap-on shall make available to Franchisee, and Franchisee shall be required to successfully complete Snap-on's initial training program. Franchisee may be required by Snap-on to attend additional training from time to time and Snap-on may set minimum standards for the satisfactory completion of such additional training. Training programs conducted by Snap-on are subject to change by Snap-on without notice and shall be at such times and places as Snap-on reasonably may designate. No charge shall be made by Snap-on for Snap-on's initial training program, but Snap-on reserves the right to charge for additional training programs.

**F. Consignment of Van Merchandise Displays and Safety Equipment.**

**(1) Cost.** Snap-on agrees to deliver to Franchisee van merchandise displays and certain safety equipment (collectively, "Consigned Items") with an approximate cost between One Thousand Six Hundred Dollars (\$1,600.00) and Four Thousand Dollars (\$4,000.00) on consignment to Franchisee.

**(2) Care of Consigned Items.** Franchisee shall receive, hold, and exercise reasonable care for the Consigned Items, and shall bear any costs associated with the care of the Consigned Items while they are in the possession of Franchisee.

**(3) Consigned Items to Remain Unencumbered.** Except as otherwise expressly permitted herein, Franchisee will not sell, offer to sell, assign, pledge, lease, or otherwise transfer or encumber the Consigned Items or any interest therein without prior written consent of Snap-on. Franchisee shall also pay any lawful claims, which, if unpaid, might become a lien against any of the Consigned Items, except for any such claim of Snap-on.

**(4) Replacement Merchandise Displays or Additional Safety Equipment.** If new van merchandise displays are developed during the term of this Agreement, Franchisee will replace the Consigned Merchandise Displays by purchasing the replacement displays from Snap-on at the price and on the terms of sale offered by Snap-on at the time. In addition, in order to promote safety on the van, Franchisee may be required to purchase additional safety equipment during the term of this Agreement.

(5) **Expiration or Termination.** Upon expiration or termination of this Agreement, Franchisee shall be required to pay for the Consigned Items originally provided by Snap-on to Franchisee.

8. **Performance Standards and Uniformity of Operation.** **Products** sold and services performed under Snap-on's Trademarks (as defined in Section 13.) have a reputation for high quality. This reputation has been developed and maintained by Snap-on, and it is of the utmost importance to Snap-on, Franchisee, and all other Snap-on franchisees that this reputation be maintained through high quality service to customers and compliance with the Snap-on Program. In recognition of the mutual benefits which come from maintaining the reputation for quality enjoyed by the Snap-on Program, Franchisee shall comply with all of the following:

A. **General Standards and Specifications.** Franchisee shall operate the franchise, render all services, sell all **Products** and make all payments due to Snap-on in accordance with the specifications, standards, business practices, policies and procedures of Snap-on now in effect or subsequently published for its franchisees, and comply with all written requirements of the Snap-on Program, including any changes that may be made to it from time to time.

B. **Snap-on Inspections.** Snap-on and its duly authorized representatives shall have the right to inspect Franchisee's operations, including, without limitation, speaking with Franchisee's customers, inspecting Franchisee's van and inventory display, conducting an inventory of the **Products** and other items on Franchisee's van, and accompanying Franchisee on the van to ensure that Franchisee is complying with all requirements of the Snap-on Program. Franchisee shall cooperate fully with such inspections and, unless otherwise provided in a written agreement between Snap-on and Franchisee, Franchisee shall immediately take such steps as may be necessary to correct any deficiencies detected during such inspections in accordance with the Snap-on Program, including, but not limited to, ceasing further use or sale of any merchandise that does not conform with Snap-on's standards and requirements.

C. **Operation of the Franchise.** Unless otherwise permitted by Snap-on in writing, Franchisee alone shall make regular sales and service calls on potential customers and may not use anyone else to make such calls. Franchisee shall use Franchisee's best efforts to promote aggressively and develop fully the sales of **Products** at stops on the List of Calls and maintain a sufficient inventory of **Products** in order to maximize the sale of **Products**. Franchisee, at all times, shall maintain an inventory of **Products** as required under Section 7.A(3). Unless otherwise accepted by Snap-on in writing, Franchisee shall call on every potential customer at stops on the List of Calls at least once a week in order to maximize the sale of **Products** and provide the service expected by Snap-on customers. Franchisee shall refrain from engaging in activities that would conflict with these purposes and shall devote full business attention and efforts to these purposes. Franchisee shall, at all times, act in a competent, fair, honest, ethical, and courteous manner in accordance with the image and reputation of Snap-on and the Snap-on Program, and maintain a neat and clean appearance.

D. **Purchase of Products Only from Snap-on.** Franchisee must purchase all **Products** offered for sale by Franchisee only from Snap-on. Snap-on believes that it is particularly important that its franchisees have new **Products** available for sale to their customers. Therefore, Franchisee must purchase a representative quantity, as determined by Snap-on, of new **Products** introduced from time to time by Snap-on.

E. **Approved Tools.** Except as otherwise provided below, in the operation of the franchise, Franchisee may sell only **Products**. Franchisee may sell or offer for sale merchandise other than **Products** only with Snap-on's express, prior written consent, not to be unreasonably withheld, which consent subsequently may be revoked by Snap-on ("Approved Tools"). Franchisee shall give Snap-on written notice of Franchisee's desire to sell any of these additional items sufficiently in advance of

offering them for sale so that Snap-on may verify manufacturer and specification data and test such merchandise for conformity with the appearance, uniformity, quality and other specifications of Snap-on. Snap-on periodically may require that the testing be performed again to ensure that the manufacturer continues to meet Snap-on's specifications. Snap-on shall be entitled to, and likely will, refuse to approve merchandise as Approved Tools if such merchandise directly competes with any of the **Products**. Snap-on's consent to Franchisee's sale of Approved Tools shall be conditioned on Snap-on's receipt and approval of a **products'** liability insurance policy (or a certificate of insurance) with coverage limits and other terms reasonably satisfactory to Snap-on from time to time, which policy shall name Snap-on as an additional insured. If Snap-on revokes its consent to any merchandise as an Approved Tool, Franchisee shall cease selling such merchandise within thirty (30) days of notification from Snap-on. Franchisee shall be responsible for reporting all purchases and sales of Approved Tools to Snap-on on forms provided by Snap-on.

The restrictions contained in this Section shall not apply to merchandise which Franchisee has taken as a trade-in from a customer or merchandise for which Snap-on provides Franchisee with a designated approved supplier. Franchisee shall be permitted to sell such trade-ins and to purchase merchandise from the Snap-on designated supplier and sell such merchandise without obtaining Snap-on's prior written consent.

**F. Sales Only to End-User.** Franchisee shall sell the **Products** and Approved Tools only to retail customers at locations on the List of Calls and shall not sell the **Products** or Approved Tools to any person or entity for resale.

**G. Retail Prices.** Snap-on periodically shall provide Franchisee with one or more suggested retail price lists for the **Products**. Franchisee shall generally be entitled to sell the **Products** at prices determined by Franchisee; however Franchisee agrees that to the extent permitted under applicable law, Snap-on may require that the Franchisee sell in accordance with pricing guidelines issued by Snap-on.

**H. Van.** Franchisee shall lease or purchase a truck or van that complies with specifications contained in the Snap-on Program in effect on the date of this Agreement from the supplier designated by Snap-on, which may be Snap-on or one of its affiliates. Franchisee shall maintain and operate the van in good condition and repair and shall provide at least the minimum van maintenance recommended by the van manufacturer or as required by the Snap-on Program from time to time. Franchisee shall display at all times the then-current van decal and logo package as required from time to time by Snap-on. Franchisee shall display the inventory in the van in a clean and neat manner and as required by the Snap-on Program from time to time. Except as expressly permitted by Snap-on, Franchisee shall operate only one van and the van shall be used when Franchisee makes all regular sales and service calls. Franchisee shall also obtain, install and maintain such security systems as Snap-on may prescribe for use in connection with the van, including theft protection and tracking systems coordinated with local law enforcement and/or other third parties. Franchisee shall be responsible for all expenses related to such system.

**I. Clothing.** Franchisee shall purchase and shall wear clothing conforming to specifications contained in the Snap-on Program from time-to-time in the operation of the franchise. Snap-on will provide Franchisee with uniforms, having a Franchisee cost of Four Hundred Dollars (\$400.00) without cost to Franchisee, prior to Franchisee commencing business in the List of Calls. Franchisee shall maintain all clothing in good condition.

**J. Technology Package; Electronic Commerce and Communication.** Snap-on will provide Franchisee prior to Franchisee commencing business in the List of Calls with a technology package, without cost to Franchisee, including computer hardware and printer meeting the specifications of the Snap-on Program.

Snap-on may also require during the term of this Agreement that Franchisee subscribe, at Franchisee's expense, to a reliable internet service provider or other electronic communication provider or service and that Franchisee obtain and use, at Franchisee's expense, and in the manner and form and with such content as Snap-on may approve or require: electronic point of sale equipment, computer equipment, operating software, communications services, web pages, intranets, extranets, portals and other electronic and computer systems, software, services and the like, for communicating (with Snap-on, customers on the List of Calls and others), invoicing, accounting, record keeping, reporting and other franchise operations. Any or all of these may be designated by Snap-on and Snap-on shall have the right to approve any and all use by Franchisee of electronic commerce and communication and the content thereof. Snap-on may also require that any and all communications between Franchisee and Snap-on be made through the internet or such other electronic medium as Snap-on may designate, and Franchisee may be required to access the internet or other electronic information on a regular basis (even daily) to obtain full benefit of the Snap-on Program. Snap-on is not liable for any damage to Franchisee, including lost profits, delayed orders or the like which are the result of any outage or delay related to electronic transmission of information, whether by the internet or otherwise, or as the result of Franchisee's failure to access the information. Franchisee also acknowledges and agrees that any and all information provided to Franchisee by Snap-on under this Agreement may be provided in such manner and by such media as Snap-on may determine, including, without limitation by electronic and/or computer means. Without limiting the generality of the preceding sentence, such information may include the Operations Manual (and updates), product information, warranty information, and discontinued tool notification. Snap-on may, in its sole business judgment, make use of any information required to be furnished by Franchisee to Snap-on through use of computer systems, communications devices or through written or print media, in the conduct of its business, including but not limited to warranty programs, product recall programs, market research and/or performance evaluations.

**K. Warranties.** Franchisee shall assist Snap-on in honoring all warranties on the Products. Franchisee understands that warranty service for the customer is an important part of the Snap-on Program and that Franchisee will be required to make repairs and arrange for service for customer **Products**, without cost to Snap-on. The terms of Snap-on's warranties may be changed from time-to-time by Snap-on in its sole business judgment. Franchisee shall be solely responsible for honoring warranties on Approved Tools sold by Franchisee.

**L. Compliance with Law.** Franchisee shall comply with all laws, ordinances, and regulations affecting the operation of the franchise.

**M. Taxes and Other Indebtedness.** Franchisee shall pay when due all taxes levied and assessed, including, without limitation, sales, use, personal property, income and other taxes (including all taxes, assessments and governmental charges on the Consigned Inventory) and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the franchise.

**N. Accounting Service.** Franchisee is required to use the accounting service designated from time to time by Snap-on. Franchisee understands that if Snap-on changes the accounting service provider during the term of this Franchise Agreement, Franchisee may, at Snap-on's discretion, be required to change to the new accounting service provider.

**O. Merchandising Program.** In order to promote uniformity in the Snap-on Program, you are required to participate in Snap-on's Merchandising Program, which consists of van signage and print collateral used in connection with promotional programs offered by Snap-on. Snap-on may modify or terminate this program at any time.

**9. Security Interest.** To secure Franchisee's obligations to Snap-on, including those arising under this Agreement, Franchisee grants Snap-on a security interest in all of the following property of

the Franchisee, whether now owned or hereafter acquired, and whether tangible or intangible: inventory, Consigned Inventory, tools, equipment, vans, accounts, contract rights, general intangibles, chattel paper, Revolving Accounts, Extended Credit Contracts, Credit Sale Contracts, Open Accounts, Leases, insurance policies, documents, deposits, Franchise Equity Payments, all Reserve Accounts (including, but not limited to EC Reserve Account and Business Reserve Account) or similar types of accounts, trademarks, trade names, customer lists, books, records, catalogues, sales aids, computers and computer programs, and any replacements, substitutions, additions, accessions or proceeds thereof. Franchisee represents and warrants that Snap-on's security interest as described above shall be prior to that of any other creditor. Franchisee understands that Snap-on will make all required UCC filings to perfect Snap-on's security interest in Franchisee's property as set forth in this Section and Franchisee will cooperate with Snap-on to the extent requested by Snap-on to accomplish the perfection. Franchisee authorizes Snap-on to describe the collateral in any financing statement as "all business assets". This statement in any financing statement shall not expand or limit the property given as security for the performance of Franchisee's obligations to Snap-on as described above. With respect to any funds accounted for or held by Snap-on for the benefit of Franchisee, Snap-on shall be entitled to commingle such funds with Snap-on's general funds and to offset against such funds any monies owed Snap-on by Franchisee.

#### **10. Credit Sales.**

**A. Revolving Accounts ("RA").** Franchisee shall participate in the RA Finance Program described in this Section 10, which is designed to assist Franchisee in building up Franchisee's "Revolving Accounts" or "RAs", which are accounts generated by a franchisee's sales of **Products** on franchisee's credit that are to be paid on a revolving basis over a period of time agreed upon by the franchisee and the franchisee's customer. Snap-on will extend to Franchisee a line of credit in an amount up to Fifty-Two Thousand, Five Hundred Dollars (\$52,500) for use in RA acquisition and RA development described in subparagraphs (1) and (2) below (the "RA Line of Credit"). Franchisee must repay the then-current amount outstanding under the RA Line of Credit on the date that this Gateway Franchise Agreement expires or otherwise terminates.

**(1) RA Acquisition.** The RA Line of Credit will be used by Franchisee to purchase RAs offered by the franchisee or independent dealer ("Predecessor") who previously sold **Products** to customers at stops on Franchisee's List of Calls. Franchisee shall be obligated to offer to purchase the Predecessor's RAs subject to Franchisee's right, for forty-five (45) days from the date Franchisee begins servicing customers in the List of Calls, to advise Snap-on and the Predecessor which, if any, of the RAs Franchisee has rejected. Any RAs not rejected by Franchisee within that time shall be deemed to have been purchased by Franchisee. In the event Franchisee sells **Products** to a customer (whose RA was offered to Franchisee) within the forty-five (45) day period, Franchisee shall be deemed to have agreed to purchase the RA relating to such customer, unless Franchisee has first advised Snap-on and the Predecessor that Franchisee has rejected that customer's RA. The purchase price for the RAs shall be seventy-five percent (75%) of the balance due of each RA being sold unless otherwise agreed to by Franchisee and Predecessor.

**(2) RA Development.** The RA Line of Credit also will be used to pay for additional purchases of **Products** from Snap-on which exceed the amount of inventory Snap-on provides to Franchisee pursuant to Section 7.A. hereof as follows: if, in any week, Franchisee's RA sales (which excludes any down payment and trade-in allowance and includes sales tax) exceeds Franchisee's RA collections, a portion of the RA Line of Credit equal to seventy-five percent (75%) of the difference between Franchisee's RA sales and Franchisee's RA collections may be used by Franchisee for additional purchases of Products. If in any week Franchisee's RA collections exceed Franchisee's RA sales, Franchisee will be obligated to pay Snap-on seventy-five percent (75%) of the amount by which Franchisee's RA collections exceed Franchisee's RA sales and the amount of Franchisee's borrowing under the RA Line of Credit will be reduced by the amount of that payment. In addition, Snap-on will make other adjustments to reflect changes to Franchisee's total RA account balance.

**B. Open Accounts.** Snap-on has established, and from time to time may modify or discontinue, a program for extending short term financing for the purchase of **Products** that is made available to certain businesses ("Open Accounts"), as set forth in the Operations Manual. Snap-on may, in its sole business judgment, accept the assignment of Open Account contracts offered by Franchisee. The parties' obligations with respect to Open Accounts shall be governed by any Snap-on policies regarding such Open Accounts contained in the Snap-on Program from time to time.

**C. Assignment of Certain Contracts.** Snap-on Credit, may, in its sole business judgment, accept the assignment certain credit contracts between Franchisee and a customer for the sale or lease of **Products** between Franchisee and a customer. The parties' obligations with respect to the credit contracts shall be governed by the terms of a separate Franchisee Servicing Agreement between Franchisee and Snap-on Credit and any policies regarding such assignments contained in the Snap-on Program from time to time. As provided in the Franchisee Servicing Agreement, Snap-on Credit may modify or discontinue these programs at any time.

**D. Collection.** Franchisee shall collect all amounts due from customers of Franchisee whose Extended Credit Contracts or Leases have been assigned to Snap-on Credit and to whom Snap-on Credit has extended credit and from other customers serviced by Franchisee as provided in the Franchisee Servicing Agreement. Franchisee shall participate in repossession of **Products** as provided in the Franchisee Servicing Agreement between Franchisee and Snap-on Credit.

**11. Advertising by Franchisee.** Franchisee is not required to engage in any advertising. If Franchisee decides to conduct any advertising, advertising and promotional materials may be purchased from any source; however, any advertising or promotional materials not purchased from Snap-on shall be submitted to Snap-on at least sixty (60) days prior to use for Snap-on's approval. Snap-on's approval rights shall be limited to matters of good taste, truthfulness, use of Snap-on's Trademarks, and quality of image, and shall not be unreasonably withheld. Unless Snap-on notifies Franchisee of objections to the materials within sixty (60) days after receipt by Snap-on, the materials shall be deemed approved.

**12. Reports, Bookkeeping and Audit Rights.**

**A. Weekly Reports.** Each week, on a day designated by Snap-on, Franchisee shall inform Snap-on (in such form as Snap-on may require) of the amount of **Products** sold and Approved Tools purchased and sold in the past week, collections made in the past week, the amount of inventory on hand and the status of credit accounts, and such other information as Snap-on reasonably may request from time-to-time.

**B. Annual Reports.** Franchisee shall, upon request from Snap-on, furnish Snap-on within ninety (90) days after the end of a calendar year, with a profit and loss statement for the franchise for the calendar year and a balance sheet for the franchise as of the end of the calendar year in a format prescribed by Snap-on. These financial statements shall be prepared by an independent accountant and, if requested by Snap-on, certified by the accountant to present fairly, in all material respects, Franchisee's results of operations and financial condition.

**C. Bookkeeping.** Franchisee shall keep and maintain complete and accurate books and records of Franchisee's business operations in the form and manner prescribed in the Snap-on Program. Franchisee shall preserve all books, records and tax returns applicable to the franchise for at least three (3) years after preparation and make them available to Snap-on upon request.

**D. Snap-on's Audit Rights.** Snap-on shall have the right at reasonable times, both during and after the term of this Agreement, to examine Franchisee's books, records and tax returns, and such other forms, reports, information and data as Snap-on reasonably may designate concerning the operation of the franchise. In the event any examination or audit shall disclose any breach of this



Agreement or any other agreement between Snap-on or its affiliates and Franchisee, and if such examination or audit is made necessary by Franchisee's failure to furnish reports, supporting records, financial statements or other documents or information as herein required, or to furnish such reports, records, financial statements, documents or information on a timely basis, Franchisee shall reimburse Snap-on, within fifteen (15) days after receipt of the examination or audit report, for the cost of such audit or examination, including, without limitation, the charges and disbursements of any independent accountants and the travel expenses, room and board (if any) and compensation of Snap-on's employees. The foregoing remedies shall be in addition to all of Snap-on's other remedies and rights under this Agreement or applicable law.

**13. Trademarks.** The term "Trademarks" as used in this Agreement refers to all words, symbols, designs, trade names, service marks or combinations thereof used to identify the Snap-on Program and the **Products** sold and services performed in connection with the Snap-on Program. Franchisee shall use the Trademarks only in the manner approved by Snap-on. Snap-on shall, from time to time, advise Franchisee of which Trademarks have been registered and any additions or deletions to the Trademarks and Franchisee's right to use the Trademarks shall be deemed modified by those additions or deletions.

Franchisee's right to use the Trademarks is limited to the operation of the franchise and as expressly provided in this Agreement and the Operations Manual. Franchisee agrees to use the Trademarks in the identification of the franchise and the conduct of the franchise business. Franchisee shall identify himself as the independent owner thereof in the manner Snap-on prescribes and Franchisee shall not include any other trademark or tradename in the identification of Franchisee's franchise business. Franchisee shall not use any Trademark with any prefix, suffix or other modifying words, nicknames, terms, designs or symbols, or in any modified form (including, without limitation, any local or special adaptations or artistic variations of any of the Trademarks), nor may Franchisee use any Trademark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Snap-on. Franchisee shall not use any Trademark or any other word which is confusingly similar to any Trademark (for example, snapon, SnapOn) as an Internet domain name, an electronic mail address, or an Internet web page address, or any part thereof (for example, [SnaponNW@nwtools.com](mailto:SnaponNW@nwtools.com), [joepublic@snaponnw.com](mailto:joepublic@snaponnw.com), <http://www.SNAPonTools.com>, <http://www.toolsNE/Snap-on.html>) or as any other identifier in any form of electronic communication and Franchisee must obtain Snap-on's prior written approval prior to any use of the Trademarks in electronic commerce, including but not limited to all forms of electronic or computer communication. Franchisee agrees to display the Trademarks prominently and in the manner Snap-on prescribes on signs, forms and other materials and articles. Further, Franchisee agrees to give such notices of trademark or service mark ownership or registration and copyrights as Snap-on specifies and to obtain such fictitious or assumed name registration as may be required under applicable law. Any and all uses of any of the Trademarks shall be subject to Snap-on's prior written approval, and a request for such approval shall include such information and samples as Snap-on may require. If local laws or ordinances require that Franchisee file an affidavit of doing business under a fictitious name, Franchisee shall include in that filing an indication that the filing is made "as an authorized franchisee of Snap-on Tools Company LLC, Kenosha, Wisconsin." In no event may Franchisee file any record or sign any form indicating Franchisee is "d/b/a Snap-on" or "doing business as Snap-on." Franchisee shall use the symbol ® with all registered trademarks and the symbol ™ with all other trademarks or service marks so as to protect Snap-on's ownership rights.

In the event Snap-on should elect to use a name other than "Snap-on" to identify the Snap-on Program, Snap-on may select another name and the Snap-on Program and this Agreement shall be deemed amended to substitute that name. If Snap-on determines, in its sole business judgment, that Franchisee should modify or discontinue use of any Trademark and/or use one or more additional or substitute trademarks or service marks, Franchisee agrees to comply promptly therewith after notice thereof by Snap-on. Franchisee shall be responsible for all expenses incurred in modifying or

discontinuing the use of a Trademark or substituting therefore a different trademark or service mark, and Snap-on shall not be obligated to reimburse Franchisee for any loss of goodwill by the franchise associated with any modified or discontinued Trademark or for any expenditures made by Franchisee to promote a modified or substitute trademark or service mark.

Franchisee agrees that nothing in this Agreement shall give to Franchisee any right, title or interest in the Trademarks (except the right to use the Trademarks in accordance with the terms of this Agreement); that the Trademarks are the sole property of Snap-on and its affiliates; that Franchisee shall not directly or indirectly contest the validity of Snap-on's or its affiliates ownership of the Trademarks (whether during or after the term of this Agreement); and that any and all uses by Franchisee of the Trademarks and the goodwill arising therefrom shall inure exclusively to the benefit of Snap-on and its affiliates.

Franchisee shall notify Snap-on immediately in writing of any apparent infringement of or challenge to Franchisee's use of any Trademark, or any claim by any person other than Snap-on or its affiliates of any rights in any Trademark or any similar trade name, trademark or service mark, of which Franchisee becomes aware. Franchisee shall not communicate with any person other than Snap-on and its affiliates and their counsel in connection with any such infringement, challenge or claim. Snap-on and its affiliates shall have sole discretion to take such action as they deem appropriate and the right to control exclusively any litigation, trademark proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Trademark. Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of Snap-on's and its affiliates' counsel, be necessary or advisable to protect and maintain Snap-on's and its affiliates' interests in any such litigation, trademark proceeding or other administrative proceeding or otherwise to protect and maintain Snap-on's and its affiliates' interests in the Trademarks.

**14. Relationship of Parties; Franchisee as Independent Contractor.** This Agreement does not create a fiduciary or other special relationship between the parties. Franchisee is an independent contractor with entire control and direction of the franchise and its operations, subject only to the conditions and covenants established by this Agreement. No agency, employment, or partnership is created or implied by the terms of this Agreement and Franchisee is not and shall not hold itself out as agent, legal representative, partner, subsidiary, joint venturer or employee of Snap-on (its subsidiaries or affiliates). Except as otherwise specifically provided in this Agreement or any other written agreement between Franchisee and Snap-on (its subsidiaries or affiliates), Franchisee shall have no right or power to, and shall not, bind or obligate Snap-on (its subsidiaries or affiliates) in any way or manner whatsoever, nor represent that Franchisee has any right to do so. Franchisee shall not represent, or purport to represent Snap-on in any manner or by any medium without the express prior written approval of Snap-on. The sole relationship between Franchisee and Snap-on (its subsidiaries and affiliates) is a commercial, arms' length business relationship and, except as provided in Section 24., there are no third party beneficiaries to this Agreement. Franchisee's business is, and shall be kept, totally separate and apart from any that may be operated by Snap-on (its subsidiaries and affiliates).

In all public records, in relationships with other persons, and on letterheads and business forms Franchisee shall indicate the independent ownership of the franchise and that Franchisee is solely an "authorized franchisee" of Snap-on. Franchisee shall post a sign in a conspicuous location on Franchisee's van, which sign shall be supplied by Snap-on (at Franchisee's expense).

**15. Confidentiality.** Franchisee acknowledges that Snap-on owns the Snap-on Program, which includes, but is not limited to, Snap-on's trade secrets, the List of Calls, the Operations Manual and all other manuals provided to Franchisee by Snap-on. The Snap-on Program is disclosed to Franchisee in confidence and solely for the purpose of enabling Franchisee to operate the franchise, and Franchisee shall not disclose any part of it to anyone other than Snap-on employees or other

Snap-on franchisees. Franchisee acknowledges that such disclosure would inflict irreparable injury on Snap-on and that Snap-on shall be entitled to obtain injunctive relief in addition to any other legal or equitable remedies it may have upon a breach of this Section 15.

**16. Interest.** Except as otherwise expressly provided in writing, any and all amounts that shall become due and owing from Franchisee to Snap-on shall bear interest from the date due until paid at the maximum rate permitted for loans between individuals in the state in which Franchisee resides. Except as otherwise expressly provided in writing, any and all funds held by Snap-on for the benefit of Franchisee shall bear no interest.

**17. Insurance.** Franchisee shall be responsible for all loss or damage originating in, or incurred in connection with, the operation of the franchise and for all claims or demands for damages to property or for injury, illness, or death of persons directly or indirectly resulting there from. Franchisee shall at all times carry the driver's license required by applicable state law and the insurance which may be required by the terms of any lease or financing agreement on the van, and Franchisee shall carry the following insurance:

**A.** Commercial business auto liability insurance with limits of \$1,000,000 combined single limit for bodily injury and property damage; and physical damage coverage which includes collision, specified perils of fire, lightning, explosion, theft, wind storm, hail or comprehensive coverage in lieu of specified perils; and

**B.** Commercial liability insurance under a comprehensive general liability form that includes coverage for bodily injury and property damage on an occurrence basis with coverage that includes product/completed operations with policy limits not less than \$1,000,000; and

**C.** All risks property coverage for full replacement value of Franchisee's stock inventory being offered for sale.

Insurance coverages should reflect that Snap-on Incorporated and its subsidiaries are additional insureds under both commercial general liability and commercial business automobile liability coverage and that Snap-on Incorporated and its subsidiaries are loss payees, as their interests may appear, under the all risks property coverage.

To the extent any of the foregoing coverages are offered through the Snap-on dealer insurance program, Franchisee shall obtain the same through the Snap-on dealer insurance program unless, and until, Franchisee submits evidence in writing of having obtained such coverage from an insurance carrier acceptable to Snap-on. Snap-on may reasonably increase the minimum coverage required under above subsections A and B. and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards or other relevant changes in circumstances. All such changes shall be set forth in the Operations Manual. Snap-on shall be furnished with certificates of insurance or, if it requests, copies of the insurance policies.

All policies of insurance required to be maintained by Franchisee shall be renewed at least thirty (30) days prior to the respective expiration dates of existing policies of insurance. All such policies shall contain endorsements requiring the insurer to give Snap-on at least ten (10) days' written notice before terminating, canceling or making changes in any policy. In the event any of Franchisee's policies of insurance required by subsections B. and C. is canceled or not renewed, Snap-on shall have the right, but not the obligation, to obtain the coverage for Franchisee and invoice Franchisee for the cost of the coverage, which invoice Franchisee shall pay within five (5) business days.

**18. Transfers.**

**A. Transfer by Snap-on.** Snap-on shall have the right to transfer or assign all or any part of its rights and/or obligations under this Agreement to any person or legal entity.

**B. Transfer by Franchisee.** Franchisee agrees that the obligations of Franchisee to Snap-on set forth in this Agreement are purely and irrevocably personal to Franchisee; that Snap-on has granted this franchise for a limited term in reliance on Franchisee's business, marketing and operational skills, financial capacity and personal character; and that this Agreement is a personal services agreement. Accordingly, Franchisee shall not, directly or indirectly, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or the franchise (other than an interest in the van, as security for borrowing to finance the purchase of the van or a lease of the van or an interest in the inventory, accounts receivable or other business assets to Snap-on Credit or its assigns in the ordinary course of Franchisee's business). Any other purported assignment or transfer, by operation of law or otherwise shall be void as to Snap-on.

**C. Statutory Limitations.** Notwithstanding the provisions of Section 18.B. in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over the franchise granted by this Agreement requires action by Snap-on different from that provided in Section 18.B., this Agreement shall be deemed amended to conform to the requirements of such applicable law or regulation.

**19. Termination by Franchisee.** Franchisee may terminate this Agreement by written notice to Snap-on if Snap-on fails to cure any default of Snap-on's obligations under this Agreement within thirty (30) days after Franchisee provides Snap-on with written notice of default.

**20. Termination by Snap-on.**

**A. Automatic Termination without Notice.** Snap-on may, at its option, without prejudice to any and all other rights and remedies it may have under this Agreement or under applicable law, terminate this Agreement without notice to Franchisee:

(1) If Franchisee is adjudicated a bankrupt or becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of Franchisee's property; or

(2) If a plan of liquidation, reorganization, composition or arrangement of Franchisee's affairs is sought to be instituted for or against Franchisee, whether or not the same is subsequently approved by a court of competent jurisdiction, it being understood that in no event shall this Agreement or any right or interest hereunder be deemed to be an asset in any insolvency, receivership, bankruptcy, composition, liquidation, arrangement or reorganization proceeding; or

(3) If a proceeding is filed under any bankruptcy laws or other similar laws and such proceeding is not dismissed within ninety (90) days after filing; or

(4) If Franchisee makes a general assignment for the benefit of creditors; or

(5) Upon the death or incapacity of Franchisee, subject to the provisions of Snap-on's survivorship policy as in effect on the date of death of the Franchisee; or

**B. Termination upon Notice.** Franchisee shall be deemed in default under this Agreement and Snap-on may, at its option, without prejudice to any and all other rights and remedies it may have under this Agreement or under applicable law, terminate this Agreement effective upon Franchisee's receipt of written notice of termination, in the following instances:

(1) If Franchisee fails to satisfy any material judgment against Franchisee within thirty (30) days after the judgment is entered and becomes final; or

(2) If Franchisee falsifies any report required to be furnished Snap-on or Snap-on Credit, or has made a material misrepresentation in connection with the approval of Franchisee as a franchisee, or engages in conduct involving dishonesty in dealing with Snap-on, Snap-on Credit or Franchisee's customers; or

(3) If Franchisee fails to operate the franchise business on any ten (10) weekdays during any sixty (60) consecutive day period, unless such business cessation is authorized under the Snap-on Program or is otherwise approved in writing in advance by Snap-on; or

(4) If Franchisee is convicted of, or pleads nolo contendere to, a felony charge as defined in the applicable law; a crime involving moral turpitude; or any other crime or offense, including any misdemeanor, that is reasonably likely, in the sole opinion of Snap-on, to adversely affect the Snap-on Program, the Trademarks, the goodwill associated with the Trademarks or the Snap-on Program, Snap-on's interest in the Trademarks or the Snap-on Program, or the reputation of Snap-on; or, if Franchisee, after notice from Snap-on to cease such activity, engages in conduct that is reasonably likely, in the sole opinion of Snap-on, to adversely affect the Snap-on Program, the Trademarks, the goodwill associated with the Trademarks or the Snap-on Program, Snap-on's interest in the Trademarks or the Snap-on Program, or the reputation of Snap-on whether or not such conduct is in violation of any law; or

(5) If, in Snap-on's reasonable determination the continued operation of the franchise by the Franchisee will result in a threat or danger to public health or safety; or

(6) If Franchisee engages in public conduct that reflects materially and unfavorably upon the operation of the Snap-on Program, the reputation of the Snap-on Program, or the goodwill associated with the Snap-on name.

(7) If Franchisee:

a) sells Products to a customer located at a stop on another franchisee's or independent dealer's list of calls, unless Franchisee agrees, within ten (10) days after request by Snap-on, to credit such sale(s) to the other franchisee or to Snap-on; or

b) sells, or offers for sale, directly or indirectly, by any means of general publication or computer medium, such as newspaper, magazine, periodical, television, radio or other broadcast medium, or by means of the Internet or any other computer network system or service, any **Products** to any customer not located at a stop on franchisee's List of Calls, whether or not such sales are subsequently credited to another franchisee and whether or not such customers are located at a stop on any other franchisee's list of calls; or

c) after notice from Snap-on to cease such activity, sells, or offers for sale by any means other than those specified in 20.B(7)b., any **Products** to any customer not located at a stop on Franchisee's List of Calls, whether or not such sales are subsequently credited to another franchisee, independent dealer or Snap-on and whether or not such customers are located at a stop on any other franchisee's or independent dealer's list of calls; or

(8) If Franchisee fails to satisfactorily complete Snap-on's initial training program as determined by Snap-on in its reasonable business judgment; or

(9) If Franchisee fails to complete all of the following within ten (10) days after the Effective Date of this Agreement: pay Snap-on the Initial License Fee, commit to purchase or lease a van from a supplier designated by Snap-on or license or lease computer software from Snap-on or a source designated by Snap-on; or

(10) If Franchisee receives a written notice of immediate termination under any other written agreement with Snap-on or Snap-on Credit (or any of their subsidiaries or affiliates) or

remains in default beyond the applicable cure period under any other written agreement with Snap-on or Snap-on Credit (or any of their subsidiaries or affiliates); or

(11) If Franchisee discloses or uses the contents of the Snap-on Program or other trade secrets or confidential or proprietary information provided to Franchisee by Snap-on, contrary to the provisions of Section 15.; or

(12) If Franchisee has received two (2) or more notices of default, within the previous twelve (12) months, Snap-on shall be entitled to terminate this Agreement upon the next default by Franchisee under this Section 20.B. without providing Franchisee an opportunity to correct the default; or

(13) If any purported assignment or transfer of any interest in this Agreement or the franchise business (other than an interest in the van as security for borrowing to finance the purchase of the van or lease of the van or an interest in the inventory, accounts receivable or other business assets to Snap-on Credit or its assigns in the ordinary course of Franchisee's business) occurs, by operation of law or otherwise; or

(14) If Franchisee, in the reasonable belief of Snap-on, is unable to perform its duties under this Agreement, and such inability to perform continues for a period of 30 days; or

(15) If Franchisee fails at anytime to maintain the amount of minimum inventory required in Section 7.A.3.

(16) If Franchisee at anytime after the end of the 12 months after the Effective Date:

a) Has average paid sales less than \$5,600 both during the 6-week period immediately preceding the date of measurement and for the period from the Effective Date through the date of measurement; or

b) Has average RA collections less than \$4,000 both during the 6-week period immediately preceding the date of measurement and during the period from the Effective Date through the date of measurement.

### **C. Termination upon Expiration of Cure Period.**

(1) Except for those items listed in preceding Sections 20.A.-B., Franchisee shall have thirty (30) days after written notice of default from Snap-on within which to remedy any default under this Agreement, including, but not limited to, those items set forth below as a. through e. of this Section 20.C.(1), and provide evidence of that remedy to Snap-on. If any such default is not cured within that time, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of that time, unless Snap-on shall notify Franchisee otherwise in writing.

a) Failure by Franchisee to comply with any of the requirements imposed by this Agreement, as supplemented by the Snap-on Program from time to time, including the Operations Manual, or to carry out the terms of this Agreement in good faith; or

b) Failure of Franchisee to submit when required any reports pertaining to the franchise; or

c) Failure of Franchisee to, at all times, act in a competent, fair, honest, ethical and courteous manner in accordance with the image and reputation of Snap-on and the Snap-on Program, and maintain a neat and clean appearance; or

d) Failure of Franchisee to use Franchisee's best efforts to promote aggressively and develop fully the sales of **Products** at stops on the List of Calls; or

e) Failure of Franchisee to call on every potential customer at stops on the List of Calls at least once a week, unless certain exceptions are granted by Snap-on in writing. If Franchisee receives notice of default for failure to call on every potential customer at least once a

week, Franchisee may only cure such default by submitting such documentation of cure as Snap-on shall require, which Snap-on may verify by such means as it shall determine.

(2) Notwithstanding the provisions of preceding Section 20.C.(1), if Franchisee defaults in the payment of any monies owed to Snap-on (or any subsidiary or affiliate of Snap-on) when such monies become due and payable, whether pursuant to this Agreement or otherwise, and Franchisee fails to pay such monies within ten (10) days after written notice of default from Snap-on, then, unless Snap-on shall notify Franchisee otherwise in writing, this Agreement shall terminate without prejudice to any and all other rights and remedies Snap-on may have under this Agreement or under applicable law.

**D. Non-waiver.** Termination of this Agreement shall not prejudice any and all other rights and remedies Snap-on may have under this Agreement, any other written agreement between Franchisee and Snap-on or any subsidiary or affiliate of Snap-on under applicable law.

**E. Statutory Limitations.** Notwithstanding the provisions of preceding Sections 20.A.-D., in the event any valid, applicable law or regulation of a competent governmental authority having jurisdiction over the franchise granted by this Agreement requires a notice or cure period prior to termination longer than set forth in preceding Sections 20.A.-C., this Agreement shall be deemed amended to conform to the minimum notice or cure period required by such applicable law or regulation.

**21. Effect of Expiration or Termination.** Upon the termination of this Agreement for any reason or expiration of this Agreement without entering into a Standard Franchise Agreement, Franchisee shall cease to be an authorized Snap-on franchisee and the parties shall do the following:

**A.** Franchisee shall return to Snap-on the **Products** provided to Franchisee pursuant to Section 7.A. or purchased by Franchisee from Snap-on (except for **Products** no longer manufactured and/or distributed by Snap-on and **Products** specially made or ordered for Franchisee or Franchisee's customers) that are in new, unused and saleable condition (as determined by Snap-on in its sole business judgment). If the **Products** that Franchisee returns to Snap-on do not have an aggregate value, calculated at the price Snap-on currently charges its franchisees for such **Products**, at least equal to all sums owing to Snap-on and its affiliates, then after applying the Franchise Equity Payments as provided in Section 4. of this Agreement, Franchisee must pay Snap-on an amount equal to such difference. Such Products must be delivered to Snap-on, and such amounts paid to Snap-on, within fifteen (15) days after termination of this Agreement. Snap-on shall have the option, but not the obligation, to repurchase, at a price separately negotiated with Franchisee, Products that are not in new, unused and saleable condition, that are no longer manufactured and/or distributed by Snap-on or that were specially made or ordered for Franchisee or specified customers;

**B.** Franchisee shall continue to abide by the restrictions contained in Section 15 and shall not, directly or indirectly, take any action which violates those restrictions; and

**C.** Franchisee promptly shall return to Snap-on all copies of Operations Manuals and any other manuals furnished to Franchisee, together with all other materials containing trade secrets, operating instructions or business practices of the Snap-on Program; and

**D.** Franchisee immediately shall discontinue all use of the Trademarks and of any and all signs, paper goods or any other objects bearing the Trademarks, or any reference whatsoever thereto; remove the Trademarks from clothing, materials, motor vehicles and other equipment owned or used by Franchisee in the conduct of the franchise (except **Products**); cancel all advertising that contains the Trademarks (including telephone directory listings); and take such action as may be necessary to cancel any filings or registrations that contain any Trademarks; and

E. Franchisee promptly shall execute any and all documents reasonably requested by Snap-on that are necessary to effectuate termination of Franchisee's license and interest in and to the use of the Trademarks and the Snap-on Program; and

F. Franchisee shall cease to: (i) operate or do business under any name or in any manner that might tend to give the impression that this Agreement is still in force or that Franchisee is connected in any way with Snap-on, or has any right to use the Snap-on Program or the Trademarks; and (ii) make use of, or avail itself of, any of the trade secrets of, or information received from, Snap-on or disclose or reveal any such information or any portion thereof to anyone not employed by Snap-on or its franchisees; and

G. Franchisee may offer to sell some or all of Franchisee's Revolving Accounts ("RAs") to Snap-on or its designee. Snap-on or its designee shall have the option, but not the obligation, to purchase some or all of the RAs offered by Franchisee. The purchase price for the RAs shall be equal to seventy-five percent (75%) of the balance due of each RA being sold unless otherwise agreed to by the parties. Snap-on shall be entitled to offset against payments for RA purchases all monies owed to Snap-on (or any subsidiaries or affiliates of Snap-on) by Franchisee, including for up to sixty (60) days: (i) any unpaid Open Account amounts; and (ii) Franchisee's obligations under Extended Credit Contracts assigned to Snap-on (or any subsidiaries or affiliates of Snap-on) by Franchisee, as provided in the Franchisee Servicing Agreement between Franchisee and Snap-on Credit. Snap-on may offset amounts due Snap-on Credit and remit same to Snap-on Credit; and

H. Franchisee and Snap-on agree that termination of this Agreement under any circumstances shall not impair, release, or extinguish any debt, obligation, or liability of Franchisee to Snap-on that may have accrued during the term of this Agreement, including any debt, obligation, or liability that was the cause of termination or arose out of such cause and that the security interest granted to Snap-on by Franchisee under this Agreement shall continue in full force and effect until all of such debts, obligations and liabilities of Franchisee to Snap-on have been fully discharged by Franchisee. All promises and agreements of Franchisee that are to be performed after the termination of this Agreement shall survive termination; and

I. Franchisee shall comply with all of Franchisee's obligations under the Loan and Security Agreement (if applicable) and the Franchisee Servicing Agreement.

## **22. Covenant Not to Compete.**

A. During the term of this Agreement, Franchisee shall not individually, or in conjunction with any other person or in any manner or capacity, directly or indirectly, carry on or be engaged in, concerned with or interested in, financially or otherwise, or advise in the establishment or operation of, any business involved in the sale of (a) tools, equipment, merchandise or services to automobile dealerships, independent repair shops, marinas or body shops, or (b) any other **Products** or merchandise that would compete with the **Products**. Notwithstanding the above, Franchisee shall not be prohibited from owning shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than three percent (3%) of the number of shares of that class of securities issued and outstanding.

B. For the period of time set forth below following termination or expiration of this Agreement, Franchisee shall not directly or indirectly solicit or sell any mechanic's tools, automotive service equipment, or related products that would compete with Snap-on **Products** to any customer at any stop listed on Franchisee's List of Calls that was in effect at the time of such termination or expiration; provided however, that this restriction shall not apply to Franchisee if Franchisee signs a Standard Franchise Agreement. This restriction applies for either 12 months or the length of time this Agreement was in effect, whichever is shorter. Franchisee agrees to this restriction in consideration of the rights granted by this Agreement.



**23. Approvals and Waivers.** No waiver by any party of any provision of this Agreement shall be deemed a waiver of any other provision of this Agreement or of any subsequent breach by any other party of the same or another provision. Any party's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of the other party's consent to or approval of any subsequent act. Snap-on and Franchisee shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of: any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of Snap-on or Franchisee to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any mandatory specification, standard or operating procedure; any waiver, forbearance, delay, failure or omission by Snap-on to exercise any right, power or option, whether of the same, similar or different nature, with respect to any other Snap-on franchisee; or Snap-on's acceptance of any payments from Franchisee after any breach by Franchisee of this Agreement.

Snap-on and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Any waiver granted by Snap-on shall be without prejudice to any other rights Snap-on may have, will be subject to Snap-on's continuing review and may be revoked, in Snap-on's sole business judgment, at any time and for any reason, effective upon delivery to Franchisee of ten (10) days prior written notice.

**24. Indemnification.**

**A.** Franchisee shall, at all times, indemnify, defend (with counsel selected by Snap-on), and hold harmless (to the fullest extent permitted by law) Snap-on, its affiliates, successors and assigns and their respective past and present directors, officers, employees, agents and representatives (collectively "Indemnitees") from and against all "losses and expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal) by or against Indemnitees or any settlement thereof (whether or not a formal proceeding or action had been instituted), arising out of or resulting from or connected with operation of the franchise, except (i) claims for bodily injury or property damage caused solely by a manufacturing or design defect in a Product that could not have been discovered by Franchisee prior to sale or (ii) claims for breach of warranty relating to Products purchased from Snap-on that are not, in whole or in part, the result of Franchisee's sales, service or repair practices or conduct. Franchisee shall promptly give Snap-on notice of any such action, suit, proceeding, claim, demand, inquiry or investigation filed or instituted against Franchisee and, upon request, shall furnish Snap-on with copies of any documents from such matters as Snap-on reasonably may request.

**B.** As used in this Section, the phrase "losses and expenses" shall include, but not be limited to, all losses; compensatory, exemplary and punitive damages; fines; charges; costs; expenses; attorneys' fees; court costs; settlement amounts; judgments; compensation for damages to Snap-on's reputation and goodwill; costs of, or resulting from, delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

**25. Dispute Resolution.**

**A. Mediation.** Except as otherwise provided in Section 25.C., any controversy or dispute arising out of, or relating to the termination of Franchisee's franchise business or the termination or nonrenewal of this Agreement including, but not limited to, any claim by Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee must be submitted to non-binding mediation prior to any matter being submitted to arbitration. This provision applies only to controversies and disputes that are specific to Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee and not to issues that effect Snap-on franchisees generally. Any such mediation will be held within 30 days after a demand for mediation is made by

either party by notice to the other party. The mediation will be conducted in the state in which Franchisee resides.

The mediator will be selected by Snap-on and be someone knowledgeable with the Snap-on business. Franchisee may be accompanied at the mediation by anyone of Franchisee's choosing. If Franchisee elects not to be represented by counsel, Snap-on will also participate in the mediation without counsel. Snap-on will pay the costs of the mediator and location at which the mediation takes place.

**B. Arbitration.** Except as otherwise provided in Section 25.C., any controversy or dispute arising out of, or relating to Franchisee's franchise business or this Agreement including, but not limited to, any claim by Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee, concerning the entry into, performance under, nonrenewal of, or termination of, this Agreement; any claim against a past or present employee, officer, director, agent or affiliate of Snap-on; any claim of breach of this Agreement; and any claims arising under state or federal laws, including any statutes, rules, or regulations, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. Persons in privity with or claiming through, on behalf of or in the right of Franchisee include, but are not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns. In no event shall persons in privity with or claiming through, on behalf of or in the right of Franchisee include other Snap-on franchisees who have signed separate franchise agreements with Snap-on.

As a condition of submitting a controversy or dispute regarding the termination of Franchisee's franchise business or the termination or nonrenewal of this Agreement to arbitration, the parties must have participated in and failed to resolve the controversy or dispute through mediation, or the party filing the arbitration has made himself available to participate, but the party against whom the arbitration is filed refused to participate or otherwise failed to make himself available to participate in the mediation process within the prescribed time. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be forever barred.

The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Franchisee was assigned most recently prior to the demand or arbitration; provided, however, if such office is outside the state in which the Franchisee resides, Franchisee may cause the arbitration to be held within the Franchisee's state of residence at a place mutually convenient to the parties and the arbitrator.

The arbitration shall proceed before a single arbitrator. The arbitrator shall be chosen by the striking method from a panel of neutral arbitrators provided by the American Arbitration Association. If the amount claimed by the party filing for arbitration both in the original demand for arbitration and in any amendment is less than Seventy-five Thousand Dollars (\$75,000.00), Snap-on shall pay the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500.00). Any amount in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) will be split equally by the parties. If the amount of the claim filed either in the original demand for arbitration or by amendment is for Seventy-Five Thousand Dollars (\$75,000.00) or more, the parties agree to split equally the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association.

Unless otherwise agreed by the parties or ordered by the arbitrator, pre-hearing discovery in any arbitration is limited to the following: (1) production of all documents that will be introduced at the hearing; (2) production of written or recorded statements that a party intends to introduce at the hearing; (3) production of all documents relied upon by experts who will testify at the hearing; (4) production by Franchisee of tax returns filed by Franchisee for the last three (3) years; (5) production by Snap-on of Franchisee's statements of account balance with Snap-on for the period Franchisee operated under this Agreement and (6) not more than two depositions per side.

Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same.

Unless prohibited by applicable law, (1) no arbitration under Section 25 shall include, by consolidation, joinder, class action or in any other manner, any person other than Franchisee and Snap-on and any other person in privity with or claiming through, in the right of or on behalf of Franchisee or Snap-on, unless both Franchisee and Snap-on consent in writing, and (2) no finding or stipulation of fact in any other arbitration, judicial or similar proceeding shall be given preclusive or collateral estoppel effect in any arbitration hereunder, and no conclusion of law in any other arbitration shall be given any weight in any arbitration hereunder, except to the extent such finding, stipulation or conclusion may have been determined in another proceeding between Franchisee and Snap-on or any person in privity with or claiming through, in the right of or on behalf of Franchisee or Snap-on. The parties agree to arbitrate only controversies and disputes that are specific to Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee and not issues that effect Snap-on franchisees generally, as a class action or otherwise. In no event shall the arbitrator have the right, power, jurisdiction or contractual authority to award any damages or relief in excess of or in addition to those damages suffered by the parties to the arbitration.

In the event any provision in this Section 25, other than the prohibition against consolidation, joinder and class action, is determined to be legally invalid or unenforceable under the law applicable in a particular case, then it is the intention of the parties to this Agreement that such provision be deemed inoperative and stricken from this Agreement, and that the remainder of this Section 25, to the extent not legally invalid or unenforceable under applicable law, be enforced as written as if the invalid or unenforceable provision or provisions had not been included in this Section 25. If the prohibition against consolidation, joinder and class action is determined to be legally invalid or unenforceable in a particular case, then it is the intent of the parties that the case shall proceed only in any federal court of competent jurisdiction, or in the event there is no jurisdiction in a federal court, then in that situation only, the case shall proceed in a state court of competent jurisdiction.

**C. Provisional Remedies.** Each party shall have the right to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders, preliminary injunctions or replevin orders before, during or after arbitration. Neither party need await the outcome of the arbitration before seeking provisional remedies. Seeking any such remedies shall not be deemed to be a waiver of either party's right to compel arbitration. Any such action shall be brought by Snap-on or Franchisee in the county (or similar political unit) or federal judicial district where Franchisee resides, or where any property that may be the subject of the action is located. The parties consent to the exercise of personal jurisdiction over them by courts located there and to the propriety of venue in such courts for the purpose of carrying out this provision; they waive any objections that they would otherwise have to the same; and they waive the right to have any such action decided by a jury.

**26. Entire Agreement.** Snap-on and Franchisee each acknowledge and warrant to each other that they wish to have all terms of this business relationship defined in this written Agreement. Neither Snap-on nor Franchisee wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Snap-on and Franchisee agree that this Agreement, together with any other documents or agreements executed by the parties contemporaneously hereto, supersede and cancel any prior and/or contemporaneous discussions (whether described as representations, inducements, promises, agreements or any other term) between Snap-on or anyone acting on its behalf and Franchisee or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such terms) with respect to the relationship between the parties; and Snap-on and Franchisee each agree that they have placed, and will place, no reliance on any such discussion. This Agreement, together with any other documents or agreements executed by the parties in connection with the franchise, constitutes the entire agreement between the parties and contains all of the terms, conditions, rights and obligations of the parties with respect to any aspect of the relationship between the parties. No further franchise rights or offer of franchise rights have been promised to Franchisee and no such franchise rights or offer of franchise rights shall come into existence, except by means of a separate writing, executed by a duly authorized person on behalf of Snap-on or such other entity granting the franchise rights and specifically identified as a modification of this Agreement. Nothing in this Agreement or any related agreement is intended to disclaim the representations made by Snap-on in the Franchise Disclosure Document provided to Franchisee. No change, modification, amendment or waiver of any of the provisions hereof shall be effective and binding upon either party unless it is in writing, specifically identified as an amendment hereto and signed by the party to be charged.

**27. Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the state in which the Snap-on Regional Sales Office to which Franchisee was assigned at the time this Agreement was executed is located, except to the extent that the Federal Arbitration Act shall apply in accordance with Section 25. above.

**28. Effect of State Laws; Severability.** Each article, paragraph, subparagraph, term, and condition of this Agreement, and any portions thereof, shall be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule, or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with valid jurisdiction in a proceeding to which Snap-on is a party, that ruling shall not impair the operation of, or have any other effect upon, any other portions of this Agreement; all of which shall remain binding on the parties and continue to be given full force and effect. Any invalid portion shall be deemed not to be a part of this Agreement as of the date upon which the ruling becomes final, if Franchisee is a party to such proceedings, or upon Franchisee's receipt of notice of nonenforcement from Snap-on.

**29. Notices.** All notices, requests, consents, or approvals required or permitted to be given hereunder shall be in writing and shall be deemed to be properly delivered immediately, if personally delivered, or five (5) business days after having been sent by United States Postal Service registered, certified, or express mail, postage prepaid, return receipt requested: (a) if to Franchisee, addressed to Franchisee at the address first above written or at such other address as Franchisee may have designated from time-to-time by written notice to Snap-on; and (b) if to Snap-on, addressed to Snap-on at 2801 80<sup>th</sup> Street, Kenosha, Wisconsin, 53143 (marked Attention: Legal Department), or to such other person or at such other address as Snap-on may have designated from time to time by written notice to Franchisee.

**30. Application of Payments from Franchisee.** Notwithstanding any designation by Franchisee, Snap-on shall have the sole discretion to apply any payments made by Franchisee to Snap-on

(including payments designated by Franchisee for any savings, retirement, stock purchase or similar type of accounts) to any indebtedness owed by Franchisee to Snap-on or any of Snap-on's affiliates.

**31. Business Judgment.** The parties hereto recognize, and for the purposes of applying and interpreting the agreement of the parties, any mediator, arbitrator or judge is affirmatively advised, that certain provisions of this Agreement describe the right of Snap-on to take (or refrain from taking) certain actions in the exercise of its business judgment based on its assessment of the overall best interests of the Snap-on Program. Where such discretion has been exercised, and is shown to be supported by the business judgment of Snap-on, it is agreed that neither a mediator nor an arbitrator nor a judge shall substitute his or her judgment as to the overall best interests of the Snap-on Program for the business judgment which was exercised by Snap-on.

**32. Representations by Franchisee. FRANCHISEE REPRESENTS, ACKNOWLEDGES AND WARRANTS TO SNAP-ON THAT:**

**A. THIS AGREEMENT INVOLVES SIGNIFICANT LEGAL AND BUSINESS RIGHTS AND RISKS. FRANCHISEE HAS READ THIS AGREEMENT IN ITS ENTIRETY, HAS BEEN THOROUGHLY ADVISED WITH REGARD TO THE TERMS AND CONDITIONS OF THIS AGREEMENT BY COUNSEL OR OTHER ADVISOR(S) OF FRANCHISEE'S OWN CHOOSING, HAS HAD AMPLE OPPORTUNITY TO INVESTIGATE ALL REPRESENTATIONS MADE BY OR ON BEHALF OF SNAP-ON, AND HAS HAD AMPLE OPPORTUNITY TO CONSULT WITH CURRENT AND FORMER SNAP-ON FRANCHISEES; AND**

**B. FRANCHISEE HAS NOT RECEIVED FROM SNAP-ON ANY REPRESENTATION OF FRANCHISEE'S POTENTIAL SALES, EXPENSES, INCOME, PROFIT OR LOSS, AND HAS NOT RECEIVED FROM EITHER SNAP-ON, OR ANYONE ACTING ON ITS BEHALF, ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT AS INDUCEMENTS TO ENTER THIS AGREEMENT; AND**

**C. FRANCHISEE UNDERSTANDS THAT SNAP-ON MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS THAT FRANCHISEE WILL ACHIEVE ANY DEGREE OF SUCCESS IN THE OPERATION OF THE FRANCHISE AND, WHILE SNAP-ON WILL PROVIDE FRANCHISEE WITH TRAINING, ADVICE, AND CONSULTATION AS PROVIDED IN THIS AGREEMENT AND THE OPERATIONS MANUAL, SUCCESS IN THE OPERATION OF THE FRANCHISE DEPENDS ULTIMATELY ON FRANCHISEE'S EFFORTS AND ABILITIES AND ON OTHER FACTORS, INCLUDING, BUT NOT LIMITED TO, MARKET AND OTHER ECONOMIC CONDITIONS, FRANCHISEE'S FINANCIAL CONDITION, AND COMPETITION; AND**

**D. ALL INFORMATION PROVIDED SNAP-ON BY FRANCHISEE IN CONNECTION WITH THE APPROVAL OF FRANCHISEE AS A FRANCHISEE IS TRUTHFUL AND ACCURATE; AND**

**E. FRANCHISEE UNDERSTANDS THAT SNAP-ON MAY SELL PRODUCTS TO THOSE PURCHASERS IDENTIFIED IN SECTIONS 1.D., 1.E. AND 1.F. AND THAT SNAP-ON MAY ALTER FRANCHISEE'S LIST OF CALLS IN ACCORDANCE WITH SECTION 1.C.; AND**

**F. FRANCHISEE UNDERSTANDS THAT, FROM TIME TO TIME, SNAP-ON MAY CHANGE OR MODIFY THE SNAP-ON PROGRAM, INCLUDING THE OPERATIONS MANUAL, AS PROVIDED IN SECTION 6, AND THAT FRANCHISEE WILL BE REQUIRED TO MAKE SUCH EXPENDITURES AS SUCH CHANGES OR MODIFICATIONS IN THE SNAP-ON PROGRAM MAY REQUIRE. SUCH CHANGES TO THE SNAP-ON PROGRAM ARE CONTEMPLATED BY THIS AGREEMENT AND DO NOT CONSTITUTE ACTION WHICH IS INCONSISTENT WITH SECTION 26 OF THIS AGREEMENT; AND**

G. FRANCHISEE UNDERSTANDS THAT FRANCHISEE MAY SELL PRODUCTS AND APPROVED TOOLS AND ONLY AT THOSE LOCATIONS IDENTIFIED ON THE LIST OF CALLS, AS MODIFIED FROM TIME TO TIME, AND THAT FRANCHISEE MAY NOT SELL PRODUCTS OR APPROVED TOOLS AT OTHER LOCATIONS; AND

H. FRANCHISEE UNDERSTANDS THAT EXCEPT AS PROVIDED IN SECTION 3 OF THIS AGREEMENT, HE HAS NO RIGHT, UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT, TO BECOME A STANDARD FRANCHISEE OR TO SIGN A STANDARD FRANCHISE AGREEMENT. FURTHER FRANCHISEE UNDERSTANDS THAT IF HE IS OFFERED A STANDARD FRANCHISE, THE TERMS OF THE STANDARD FRANCHISE AGREEMENT AND THE SNAP-ON PROGRAM AS IT RELATES TO SUCH STANDARD FRANCHISE MAY BE MATERIALLY DIFFERENT THAN SUCH TERMS AS THEY EXIST AS OF THE EFFECTIVE DATE HEREOF; AND

I. FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT SNAP-ON AND ITS AFFILIATES HAVE THE EXCLUSIVE UNRESTRICTED RIGHT TO SELL, OR LICENSE OTHERS TO SELL, MERCHANDISE OTHER THAN PRODUCTS (AS THAT TERM IS DEFINED IN THIS AGREEMENT) AT THOSE LOCATIONS IDENTIFIED ON THE LIST OF CALLS; AND

J. FRANCHISEE ALSO EXPRESSLY ACKNOWLEDGES AND AGREES THAT SNAP-ON AND ITS AFFILIATES SELL, OR MAY IN THE FUTURE SELL, PRODUCTS AND MERCHANDISE BEARING THE TRADEMARKS, OTHER TRADEMARKS OWNED BY SNAP-ON OR ITS AFFILIATES, AND OTHER MARKS AT LOCATIONS IN THE GEOGRAPHIC AREA NEAR THE STOPS DESCRIBED ON FRANCHISEE'S LIST OF CALLS AND ELSEWHERE, AND THAT NOTHING IN THIS AGREEMENT SHALL RESTRICT SNAP-ON OR ITS AFFILIATES FROM SO DOING; AND

K. FRANCHISEE HAS THE POWER AND AUTHORITY TO ENTER INTO THIS AGREEMENT WITHOUT THE CONSENT OF ANY OTHER PERSON AND THAT NO OTHER AGREEMENT TO WHICH FRANCHISEE IS A PARTY PROHIBITS OR IN ANY WAY RESTRICTS FRANCHISEE FROM ENTERING INTO THIS AGREEMENT OR FROM COMPLYING WITH EACH AND EVERY TERM AND CONDITION OF THIS AGREEMENT.

L. FRANCHISEE UNDERSTANDS THAT, IN THE EVENT OF A DISPUTE BETWEEN SNAP-ON AND FRANCHISEE, THE DISPUTE WILL, AFTER MEDIATION IF REQUIRED UNDER SECTION 25.A., BE SUBMITTED TO BINDING ARBITRATION AND THAT FRANCHISEE HAS WAIVED ANY RIGHT TO A JURY TRIAL AND A JUDICIAL RESOLUTION OF THE DISPUTE.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date first above written.

FRANCHISEE:

SNAP-ON:  
SNAP-ON TOOLS COMPANY LLC

By: \_\_\_\_\_  
Printed Name: «FullName»

By: \_\_\_\_\_  
Printed Name: «RegionalManager»  
Title: Regional Manager

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

# **EXHIBIT A**

## **LIST OF CALLS**

**APPROVED BY: SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
**«RegionalManager», Regional Manager**

\_\_\_\_\_  
**«FullName»**

\_\_\_\_\_  
**Date Approved**

**(This List of Calls will remain in effect until  
superseded by an approved amendment or a new List of Calls.)**

**Addendum to the  
Snap-on Tools Company LLC  
Gateway Franchise Agreement  
For Use in California**

This Addendum to the Gateway Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Gateway Franchise Agreement.

1. Section 18.C. is hereby replaced in its entirety with the following new Sections 18.C, 18.D. and 18.E:

**C. Transfer Upon Death.** Notwithstanding the provisions of Section 18.B., if this Agreement is in force and effect at the time of the death of Franchisee, the surviving spouse, heirs or estate of Franchisee (collectively, "heir") shall have the right to continue operating the franchise for a reasonable period of time following such death, during which time the heir either shall make application to Snap-on to become the Franchisee, or transfer Franchisee's entire interest in Franchisee or the franchise business to a third party.

(1) In the event the heir seeks to become the Franchisee, Snap-on shall not unreasonably withhold its consent to approval of the heir, provided that the following conditions are met. The heir shall:

a. Demonstrate to Snap-on's satisfaction that the heir meets Snap-on's managerial, operational and business standards for a new franchisee; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the franchise (as may be demonstrated by prior related business experience or otherwise); and has adequate financial resources and capital to operate the franchise; and

b. Execute Snap-on's then-current form of Gateway Franchise Agreement or Standard Franchise Agreement and other ancillary agreements (all of which may differ from this Agreement and the ancillary agreements signed by the original Franchisee) as Snap-on may require; and

c. Successfully complete Snap-on's initial training program required for all new franchisees; and

d. Pay Snap-on a transfer fee to reimburse Snap-on for its legal, training, and other expenses in connection with the transfer of the franchise. The amount of the transfer fee shall be equal to the initial license set forth in the then-current form of Gateway Franchise Agreement or the transfer fee in effect at the time of the transfer if entering into a Standard Franchise Agreement, as applicable; and

e. Execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption under this Agreement. The heir shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements related to the transfer.



(2) In the event the heir seeks to transfer Franchisee's interest in Franchisee or the franchise business to a third party, the heir may only transfer all of Franchisee's interest. Snap-on shall not unreasonably withhold its consent to such a transfer; provided the following conditions are met:

a. The heir shall have first offered to sell the interest being transferred to Snap-on, pursuant to this Agreement, and Snap-on shall have declined to exercise its right of first refusal.

b. The terms of the sale, including the price, shall not, in Snap-on's sole business judgment, jeopardize the ability of the transferee to maintain, operate and promote the franchise and meet the financial obligations to Snap-on and other creditors. This provision shall not create any liability on the part of Snap-on to the transferee in the event that Snap-on approves the transfer and the transferee experiences financial difficulties.

c. All of Franchisee's monetary obligations to Snap-on (and Snap-on's subsidiaries and affiliates) and all other outstanding obligations related to the franchise (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) shall have been satisfied. Snap-on reserves the right to require that a reasonable sum of money be placed in escrow to ensure that all such obligations will be satisfied.

d. The heir shall execute a general release, in a form satisfactory to Snap-on, of any and all claims against Snap-on and its subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Snap-on, Snap-on Credit, their subsidiaries and affiliates and Franchisee and Franchisee's operation of the franchise, but excluding any claims the release of which is prohibited by applicable law.

e. The heir shall execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption of obligations under this Agreement. The heir shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements related to the transfer.

f. The transferee shall:

1) Demonstrate to Snap-on's satisfaction that it meets Snap-on's managerial, operational and business standards for a new franchisee; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the franchise (as may be demonstrated by prior related business experience or otherwise); and has adequate financial resources and capital to operate the franchise; and

2) Execute Snap-on's then-current form of Gateway Franchise Agreement or Standard Franchise Agreement and other ancillary agreements (all of which may differ from this Agreement and the ancillary agreements signed by the original franchisee) as Snap-on may require; and

3) Successfully complete, Snap-on's initial training program required for all new franchisees; and

4) Pay Snap-on a transfer fee to reimburse Snap-on for its legal, training, and other expenses in connection with the transfer of the franchise. The amount of the transfer fee shall

be equal to the initial license set forth in the then-current form of Gateway Franchise Agreement or the transfer fee in effect at the time of the transfer if entering into a Standard Franchise Agreement, as applicable; and

5) Execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption of obligations under this Agreement. Transferee shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements relating to the transfer.

**D. Snap-on's Right of First Refusal.** If the heir ("transferor") desires to sell, transfer or assign all of transferor's interest in the franchise, and enters into a bona fide agreement with a third-party buyer, transferor shall deliver a true and complete copy of the same to Snap-on. Snap-on shall have the right to purchase transferor's interest in the franchise by paying transferor an amount equal to the current value of the purchase price agreed to between transferor and the third-party buyer. Snap-on shall have thirty (30) days in which to notify transferor that it will exercise its right of first refusal and sixty (60) days to approve transferor's sale of the franchise. This time period begins upon transferor's delivery of all information and documentation requested by Snap-on from transferor necessary to evaluate the offer and the sale of the franchise, including an enforceable contract to purchase all of transferor's interest in the franchise. If Snap-on accepts any such offer, it shall be entitled to offset against the purchase price paid to transferor any monies owed by transferor to Snap-on, Snap-on Credit or their subsidiaries and affiliates.

If Snap-on does not advise transferor of its acceptance or rejection of the offer within the specified thirty (30) day period then Snap-on is presumed to have declined to purchase the franchise from transferor. If Snap-on fails to advise transferor of its approval or disapproval of transferor's sale of the franchise within the specified sixty (60) day period then, provided transferor and buyer comply with all contractual requirements and conditions required for a transfer, transferor may sell, transfer or assign transferor's interest, but not at a lower price, nor on more favorable terms, than those presented to Snap-on. In no event shall transferor offer any interest for sale, transfer or assignment at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign such interest through an advertisement, either in the newspapers or otherwise, without Snap-on's prior written consent to such advertisement or publication. Transferor's failure to close any approved sale within 120 days following transferor's receipt of a statement acknowledging Snap-on's receipt of an enforceable contract to purchase all of transferor's interest in Franchisee or the franchise as well as any information and documentation requested by Snap-on from transferor necessary to evaluate the offer and the sale of the franchise will immediately revive Snap-on's right of first refusal.

**E. Statutory Limitations.** Notwithstanding the provisions of Sections 18.B., 18.C. and 18.D., in the event any valid, applicable law or regulation of competent governmental authority having jurisdiction over the franchise granted by this Agreement requires action by Snap-on different from that provided in Sections 18.B, 18.C or 18.D, this Agreement shall be deemed amended to conform to the requirements of such applicable law or regulation.

2. Section 20.A.(5) of the Gateway Franchise Agreement is amended to read as follows:

(5) Upon the incapacity of Franchisee.

3. Except as expressly modified by this Addendum, the Gateway Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_

By:\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Gateway Franchise Agreement  
For Use in Hawaii**

This Addendum to the Gateway Franchise Agreement dated \_\_\_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Gateway Franchise Agreement.

1. Section 21.A. is hereby replaced in its entirety with the following:

**A.** Franchisee shall return to Snap-on the Products provided to Franchisee pursuant to Section 7.A. Snap-on shall repurchase from Franchisee all Products purchased by Franchisee from Snap-on that are delivered to Snap-on within fifteen (15) days after termination of this Agreement. The purchase price for all Products in new, unused and saleable condition (as determined by Snap-on in its sole business judgment) shall be the price Snap-on charged franchisees for such items as of the date of termination. The purchase price for Products that are not in new, unused and saleable condition or that were specially made or ordered for Franchisee or specified customers shall be a price separately negotiated with Franchisee. If the Products that Franchisee returns to Snap-on do not have an aggregate value, calculated at the price Snap-on charged Franchisee at the time that the Products were delivered to the Franchisee, at least equal to all sums owing to Snap-on and its affiliates, then Franchisee must, after applying the Franchise Equity Payments, as provided in Section 4 of this agreement, pay to Snap-on an amount equal to such difference. Snap-on shall be entitled to offset against the monies payable to Franchisee for repurchase of any Products all sums owing to Snap-on and its affiliates; and

2. Except as expressly modified by this Addendum, the Gateway Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Gateway Franchise Agreement  
For Use in Illinois**

This Addendum to the Gateway Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Gateway Franchise Agreement.

1. Sections 32.B. and 32.C. are hereby deleted. Pursuant to Illinois Revised Statutes, 1987, Chapter 121 ½, Section 1741 any condition, stipulation or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Franchise Disclosure Act is void. Franchisee is not prevented from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act, nor from arbitrating any claim pursuant to the provisions of Title 9 of the United States Code.

2. Section 32.L. is hereby amended to read as follows: "FRANCHISEE UNDERSTANDS THAT, IN THE EVENT OF A DISPUTE BETWEEN SNAP-ON AND FRANCHISEE, THE DISPUTE WILL, AFTER MEDIATION IF REQUIRED UNDER SECTION 25.A., BE SUBMITTED TO BINDING ARBITRATION AND THAT TO THE EXTENT ALLOWED BY LAW, FRANCHISEE HAS WAIVED ANY RIGHT TO A JURY TRIAL AND A JUDICIAL RESOLUTION OF THE DISPUTE.

3. Except to the extent the Gateway Franchise Agreement is expressly amended by this Addendum, the Gateway Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Gateway Franchise Agreement  
For Use in Indiana**

This Addendum to the Gateway Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Gateway Franchise Agreement.

1. The following is added at the end of Section 18.B:

Notwithstanding the foregoing, if this Agreement is in force and effect at the time of the death of Franchisee, the surviving spouse, heirs or the estate of Franchisee shall have the right to continue operating the franchise for a reasonable period of time, not to exceed 90 days, following the death of Franchisee.

2. Section 20.A.(5) is amended to read as follows:

(5) Upon the death or incapacity of Franchisee, subject to any rights of the surviving spouse, heir or the estate of Franchisee pursuant to Section 18.B. of this Agreement.

3. Except as expressly modified by this Addendum, the Gateway Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Gateway Franchise Agreement  
For Use in Minnesota**

This Addendum to the Gateway Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Gateway Franchise Agreement.

1. The provisions of Minnesota Statutes Section 80C.14, Subdivision 3, 4, and 5 require, except in certain cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) of the Gateway Franchise Agreement. Therefore, these provisions shall apply to Minnesota franchisees.

2. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that Franchisee's use of Snap-on's trademarks infringes trademark rights of the third party. Therefore, Snap-on will indemnify Minnesota franchisees from these claims, provided that the franchisee gives notice to Snap-on of any such claim within ten (10) days and tenders to Snap-on defense of the claim and management of the defense, including, but not limited to, the right to compromise, settle, or otherwise resolve the claim and to decide whether to appeal any determination including the claim.

3. The first sentence of Section 9 of the Gateway Franchise Agreement shall be replaced with the following:

To secure Franchisee's obligations to Snap-on, including those arising under this Agreement, Franchisee grants Snap-on a security interest in Consigned Inventory and any replacements, substitutions, additions, accessions or proceeds thereof.

4. The sections of the Gateway Franchise Agreement covering governing law, jurisdiction and venue and choice of forum are hereby amended to include the following language required by the State of Minnesota:

"Pursuant to Minn. Stat. 80C.21 and Minn. Rule 2860.4400J, this section shall not in any way abrogate or reduce any rights of Franchisee as provided for in Minnesota Statutes, Chapter 80C."

5. Except to the extent the Gateway Franchise Agreement is expressly amended by this Addendum, the Gateway Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Gateway Franchise Agreement  
For Use in North Carolina**

This Addendum to the Gateway Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Gateway Franchise Agreement.

The following information is required to be included in this Agreement by North Carolina law:

1. Snap-on's agent in North Carolina authorized to receive service of process is: North Carolina Secretary of State, Legislative Office Building, Room 414, 300 N. Salisbury Street, Raleigh, North Carolina, 27603-5909.
2. The approximate delivery date for Franchisee's initial inventory of Products shall be no later than thirty (30) days after Franchisee places the order for the initial inventory with Snap-on.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness



**Addendum to the  
Snap-on Tools Company LLC  
Gateway Franchise Agreement  
For Use in North Dakota**

This Addendum to the Gateway Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_,  
between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_  
\_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of  
the Gateway Franchise Agreement.

1. The North Dakota Securities Commissioner mandates that North Dakota franchisees may not be required to consent to the jurisdiction of courts outside of North Dakota. Therefore, notwithstanding Section 25.C. of this Agreement, Snap-on will only bring an action against a North Dakota franchisee in a court within the jurisdiction of the State of North Dakota.

2. The North Dakota Securities Commissioner mandates that a North Dakota franchise agreement be governed by the laws of North Dakota. Therefore, notwithstanding Section 27 of the Gateway Franchise Agreement, the governing law of this Agreement shall be the laws of the State of North Dakota, except to the extent that the Federal Arbitration Act shall apply in accordance with Section 25 of the Gateway Franchise Agreement.

3. Except to the extent the Gateway Franchise Agreement is expressly amended by this Addendum, the Gateway Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Addendum to the  
Snap-on Tools Company LLC  
Gateway Franchise Agreement  
For Use in Washington**

This Addendum to the Gateway Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_, between SNAP-ON TOOLS COMPANY LLC ("Snap-on") and \_\_\_\_\_ ("Franchisee") is entered into simultaneously with the execution of the Gateway Franchise Agreement.

1. Section 18.C. is hereby replaced in its entirety with the following new Sections 18.C, 18.D. and 18.E.:

**C. Transfer Upon Death.** Notwithstanding the provisions of Section 18.B., if this Agreement is in force and effect at the time of the death of a Franchisee, the surviving spouse, heirs or estate of Franchisee (collectively, "heir") shall have the right to continue operating the franchise for a reasonable period of time following such death, during which time the heir either shall make application to Snap-on to become the Franchisee, or transfer Franchisee's entire interest in Franchisee or the franchise business to a third party.

(1) In the event the heir seeks to become the Franchisee, Snap-on shall not unreasonably withhold its consent to approval of the heir, provided that the following conditions are met. The heir shall:

a. Demonstrate to Snap-on's satisfaction that the heir meets Snap-on's managerial, operational and business standards for a new franchisee; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the franchise (as may be demonstrated by prior related business experience or otherwise); and has adequate financial resources and capital to operate the franchise; and

b. Execute Snap-on's then-current form of Gateway Franchise Agreement or Standard Franchise Agreement and other ancillary agreements (all of which may differ from this Agreement and the ancillary agreements signed by the original Franchisee) as Snap-on may require; and

c. Successfully complete Snap-on's initial training program required for all new franchisees; and

d. Pay Snap-on a transfer fee to reimburse Snap-on for its legal, training, and other expenses in connection with the transfer of the franchise. The amount of the transfer fee shall be equal to the initial license set forth in the then-current form of Gateway Franchise Agreement or the transfer fee in effect at the time of the transfer if entering into a Standard Franchise Agreement, as applicable; and

e. Execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption under this Agreement. The heir shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements related to the transfer.

(2) In the event the heir seeks to transfer Franchisee's interest in the franchise to a third party, the heir may only transfer all of Franchisee's interest. Snap-on shall not unreasonably withhold its consent to such a transfer; provided the following conditions are met:

a. The heir shall have first offered to sell the interest being transferred to Snap-on, pursuant to this Agreement, and Snap-on shall have declined to exercise its right of first refusal.

b. The terms of the sale, including the price, shall not, in Snap-on's sole business judgment, jeopardize the ability of the transferee to maintain, operate and promote the franchise and meet the financial obligations to Snap-on, third party suppliers and creditors. This provision shall not create any liability on the part of Snap-on to the transferee in the event that Snap-on approves the transfer and the transferee experiences financial difficulties.

c. All of Franchisee's monetary obligations to Snap-on (and Snap-on's subsidiaries and affiliates) and all other outstanding obligations related to the franchise (including, but not limited to, bills from suppliers, taxes, judgments and any required governmental reports, returns, affidavits or bonds) shall have been satisfied. Snap-on reserves the right to require that a reasonable sum of money be placed in escrow to ensure that all such obligations will be satisfied.

d. The heir shall execute a general release, in a form satisfactory to Snap-on, of any and all claims against Snap-on and its subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between Snap-on, Snap-on Credit, their subsidiaries and affiliates and Franchisee and Franchisee's operation of the franchise, but excluding any claims the release of which is prohibited by applicable law.

e. The heir shall execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption of obligations under this Agreement. The heir shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements related to the transfer.

f. The transferee shall:

1) Demonstrate to Snap-on's satisfaction that it meets Snap-on's managerial, operational and business standards for a new franchisee; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate the franchise (as may be demonstrated by prior related business experience or otherwise); and has adequate financial resources and capital to operate the franchise; and

2) Execute Snap-on's then-current form of Gateway Franchise Agreement or Standard Franchise Agreement and other ancillary agreements (all of which may differ from this Agreement and the ancillary agreements signed by the original Franchisee) as Snap-on may require; and

3) Successfully complete Snap-on's initial training program required for all new franchisees; and

4) Pay Snap-on a transfer fee to reimburse Snap-on for its legal, training, and other expenses in connection with the transfer of the franchise. The amount of the transfer fee shall be equal to the initial license set forth in the then-current form of Gateway Franchise Agreement or

the transfer fee in effect at the time of the transfer if entering into a Standard Franchise Agreement, as applicable; and

5) Execute all agreements necessary in Snap-on's sole business judgment to accomplish the transfer and assumption of obligations under this Agreement. Transferee shall also provide Snap-on with whatever information and/or documentation regarding the transfer that Snap-on shall request and shall comply with Snap-on's other reasonable requirements relating to the transfer.

**D. Snap-on's Right of First Refusal.** If the heir ("transferor") desires to sell, transfer or assign all of transferor's interest in the franchise, and enters into a bona fide agreement with a third-party buyer, transferor shall deliver a true and complete copy of the same to Snap-on. Snap-on shall have the right to purchase transferor's interest in the franchise by paying transferor an amount equal to the current value of the purchase price agreed to between transferor and the third-party buyer. Snap-on shall have thirty (30) days in which to notify transferor that it will exercise its right of first refusal and sixty (60) days to approve transferor's sale of the franchise. This time period begins upon transferor's delivery of all information and documentation requested by Snap-on from transferor necessary to evaluate the offer and the sale of the franchise, including an enforceable contract to purchase all of transferor's interest in the franchise. If Snap-on accepts any such offer, it shall be entitled to offset against the purchase price paid to transferor any monies owed by transferor to Snap-on, Snap-on Credit or their subsidiaries and affiliates.

If Snap-on does not advise transferor of its acceptance or rejection of the offer within the specified thirty (30) day period then Snap-on is presumed to have declined to purchase the franchise from transferor. If Snap-on fails to advise transferor of its approval or disapproval of transferor's sale of the franchise within the specified sixty (60) day period then, provided transferor and buyer comply with all contractual requirements and conditions required for a transfer, transferor may sell, transfer or assign transferor's interest, but not at a lower price, nor on more favorable terms, than those presented to Snap-on. In no event shall transferor offer any interest for sale, transfer or assignment at public auction, nor at any time shall an offer be made to the public to sell, transfer or assign such interest through an advertisement, either in the newspapers or otherwise, without Snap-on's prior written consent to such advertisement or publication. Transferor's failure to close any approved sale within 120 days following transferor's receipt of a statement acknowledging Snap-on's receipt of an enforceable contract to purchase all of transferor's interest in Franchisee or the franchise as well as any information and documentation requested by Snap-on from transferor necessary to evaluate the offer and the sale of the franchise will immediately revive Snap-on's right of first refusal.

**E. Statutory Limitations.** Notwithstanding the provisions of Sections 18.B., 18.C. and 18.D., in the event any valid, applicable law or regulation of competent governmental authority having jurisdiction over the franchise granted by this Agreement requires action by Snap-on different from that provided in Sections 18.B, 18.C. or 18.D, this Agreement shall be deemed amended to conform to the requirements of such applicable law or regulation.

2. Section 20.A.(5) is hereby amended to read as follows:

(5) Upon the incapacity of Franchisee.

3. Section 20.B.(12) is hereby amended to read as follows:

(12) If Franchisee has received three (3) or more notices of default within the previous twelve (12) months, Snap-on shall be entitled to send Franchisee a notice of termination upon the next default of Franchisee under this Section 20.B. without providing Franchisee an opportunity to correct the default; or

4. Section 27, Governing Law, is hereby amended to read as follows:

27. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington, except to the extent that the Federal Arbitration Act shall apply in accordance with Section 25 above.

5. 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.

6. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

7. The Washington Franchise Investment Protection Act, Chapter 19.100.220.(2) RCW provides as follows:

“(2) Any agreement, condition, stipulation or provision, including a choice of law provision, purporting to bind any person to waive compliance with any provision of this chapter or any rule or order hereunder is void. A release or waiver executed by any person pursuant to a negotiated settlement in connection with a bona fide dispute between a franchisee and a franchisor, arising after their franchise agreement has taken effect, in which the person given the release or waiver is represented by independent legal counsel, is not an agreement prohibited by this subsection.”

8. 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 trial may not be enforceable.

9. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

10. Except as expressly modified by this Addendum, the Gateway Franchise Agreement remains unmodified and in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum as of the date first above written.

**FRANCHISEE:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_

By:\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

## APPENDIX I.1.C

### OWNER'S GUARANTY OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of that certain Standard Franchise Agreement of even date herewith (the "Franchise Agreement") by Snap-on Tools Company, LLC ("Snap-on"), \_\_\_\_\_ (the "Guarantor") hereby personally and unconditionally (1) guarantees to Snap-on and its affiliates and their respective successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that \_\_\_\_\_ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement and other agreements between Franchisee and Snap-on or its affiliates and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement and all other agreements between Franchisee and Snap-on or its affiliates, including but not limited to, the punctual payment of all amounts owed to Snap-on and its affiliates, to the same extent as if the Guarantor directly entered into the Franchise Agreement and other agreements with Snap-on or its affiliates. Guarantor hereby waives:

- (1) acceptance and notice of acceptance by Snap-on and its affiliates of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (4) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and
- (5) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

Guarantor consents and agrees that:

- (1) Guarantor's direct and immediate liability under this guaranty shall be joint and several;
- (2) Guarantor shall render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (3) such liability shall not be contingent or conditioned upon pursuit by Snap-on or its affiliates of any remedies against Franchisee or any other person;
- (4) such liability shall not be diminished, relieved or otherwise affected by any amendment or modification to the Franchise Agreement or by any extension of time, credit or other indulgence which Snap-on or its affiliates may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend the term of this guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement, including any extensions or renewals of the Franchise Agreement.

GUARANTOR HEREBY AGREES THAT ANY DISPUTES ARISING UNDER OR RELATING TO THIS GUARANTY OR TO THE FRANCHISE AGREEMENT SHALL BE RESOLVED BY FINAL AND BINDING ARBITRATION CONDUCTED ACCORDING TO THE PROVISIONS SET FORTH IN SECTION 25 OF THE FRANCHISE AGREEMENT, WHICH ARE HEREBY INCORPORATED HEREIN BY REFERENCE AS IF SET FORTH IN FULL, AND THAT ALL PROVISIONS OF THE FRANCHISE AGREEMENT RELATING TO ENFORCEMENT OF OBLIGATIONS OF ANY PARTY THERETO SHALL LIKEWISE APPLY TO ENFORCEMENT OF THE OBLIGATIONS UNDER THIS GUARANTY AGREEMENT, TO THE SAME EXTENT AS IF THE GUARANTOR WERE THE FRANCHISEE UNDER THE FRANCHISE AGREEMENT.

**IN WITNESS WHEREOF**, the undersigned has hereunto affixed his signature, on the same day and year as the Franchise Agreement was executed.

PERCENTAGE OF OWNERSHIP  
INTERESTS IN FRANCHISEE

GUARANTOR(S)

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DATE OF AGREEMENT

# APPENDIX I.1.D.1

## ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT (Renewal Franchise)

**THIS ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT** ("Addendum") amends that certain Standard Franchise Agreement (the "Franchise Agreement") effective \_\_\_\_\_ between SNAP-ON TOOLS COMPANY LLC, and \_\_\_\_\_, ("Franchisee"), and, if applicable, \_\_\_\_\_ (the "Designated Owner").

The Franchise Agreement is hereby amended as follows:

1. Section 2 of the Franchise Agreement is deleted and the following substituted as Section 2:

**"Initial Term.** The term of this Agreement and the franchise granted by this Agreement shall be five (5) years from the Effective Date unless sooner terminated according to Sections 19 or 20 of this Agreement."

2. Section 3 of the Franchise Agreement is deleted and the following substituted as Section 3:

**"Renewal.** Franchisee has no further option to renew this Agreement, provided however:

A. After expiration of the term of this Agreement and the franchise granted by this Agreement, Snap-on may, but has no obligation to offer Franchisee one additional five (5) year term on terms and conditions then being offered to other renewing franchisees, provided that Franchisee meets Snap-on's requirements for renewal at the time the renewal agreement is entered into by Franchisee.

B. If applicable law requires a standard of nonrenewal or notice and cure period prior to nonrenewal, this Agreement shall be deemed amended to conform to the minimum standard, or notice and/or cure period required by such applicable law or regulation. Snap-on intends to deliver any required notice and this Agreement shall remain in effect on a month-to-month basis only until Franchisee has received such required notice."

3. Section 4.A of the Franchise Agreement is deleted and the following substituted as Section 4.A:

**"Initial License Fee.** Franchisee has paid an Initial License Fee of Seven Thousand Five Hundred Dollars (\$7,500.00). The Initial License Fee was paid in consideration of Snap-on initially granting this franchise, it was fully earned at the time paid, and it is not refundable for any reason."

4. Section 7.C of the Franchise Agreement is deleted and of no force or effect.

5. Section 8.I of the Franchise Agreement is modified by deleting the sentence "Snap-on will provide Franchisee with uniforms having a franchisee cost of Four Hundred Dollars (\$400.00) without cost to Franchisee prior to Franchisee commencing business in the List of Calls."



6. Section 8.J of the Franchise Agreement is modified by deleting the sentence "Snap-on will provide Franchisee prior to Franchisee commencing business in the List of Calls with a technology package, without cost to Franchisee, including computer hardware and printer meeting the specifications of the Snap-on Program."

7. Section 10.A of the Franchise Agreement is deleted and of no force or effect.

8. Section 20.B.(8) of the Franchise Agreement is deleted and of no force or effect.

9. Terms of Addendum Govern, Etc. Except as provided above, all other terms of the Franchise Agreement shall remain in full force and effect. If the terms of this Addendum conflict with the Franchise Agreement, the terms of this Addendum shall govern. All terms not defined herein shall have the same meaning as in the Franchise Agreement. This Addendum shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

**IN WITNESS WHEREOF**, the parties have executed this Addendum as of the Effective Date of the Franchise Agreement.

**FRANCHISEE:**

**SNAP-ON:  
SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Designated Owner:**

\_\_\_\_\_

## APPENDIX I.1.D.2

### ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT (Transfer Franchise)

**THIS ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT** ("Addendum") amends that certain Standard Franchise Agreement (the "Franchise Agreement") effective \_\_\_\_\_ between SNAP-ON TOOLS COMPANY LLC, and \_\_\_\_\_, ("Franchisee"), and, if applicable, \_\_\_\_\_ (the "Designated Owner").

The Franchise Agreement is hereby amended as follows:

1. Section 4.A of the Franchise Agreement is deleted and the following substituted as Section 4.A:

**"Initial License Fee.** Franchisee has paid an Initial License Fee of Seven Thousand Five Hundred Dollars (\$7,500.00). The Initial License Fee was paid in consideration of Snap-on initially granting this franchise, it was fully earned at the time paid, and it is not refundable for any reason."

2. Section 8.I of the Franchise Agreement is modified by deleting the sentence "Snap-on will provide Franchisee with uniforms having a franchisee cost of Four Hundred Dollars (\$400.00) without cost to Franchisee prior to Franchisee commencing business in the List of Calls."

3. Section 8.J of the Franchise Agreement is modified by deleting the sentence "Snap-on will provide Franchisee prior to Franchisee commencing business in the List of Calls with a technology package, without cost to Franchisee, including computer hardware and printer meeting the specifications of the Snap-on Program."

4. Terms of Addendum Govern, Etc. Except as provided above, all other terms of the Franchise Agreement shall remain in full force and effect. If the terms of this Addendum conflict with the Franchise Agreement, the terms of this Addendum shall govern. All terms not defined herein shall have the same meaning as in the Franchise Agreement. This Addendum shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

**IN WITNESS WHEREOF**, the parties have executed this Addendum as of the Effective

Date of the Franchise Agreement.

**FRANCHISEE:**

**SNAP-ON:  
SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By:\_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By:\_\_\_\_\_

Title:\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Designated Owner:**

\_\_\_\_\_

## APPENDIX I.1.D.3

### ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT (Gateway Franchisee Becoming a Standard Franchisee)

**THIS ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT** ("Addendum") amends that certain Standard Franchise Agreement (the "Franchise Agreement") effective \_\_\_\_\_ between SNAP-ON TOOLS COMPANY LLC, and \_\_\_\_\_, ("Franchisee"), and, if applicable, \_\_\_\_\_ (the "Designated Owner").

The Franchise Agreement is hereby amended as follows:

1. Section 4.A of the Franchise Agreement is deleted and the following substituted as Section 4.A:

**"Initial License Fee.** Franchisee has paid an Initial License Fee of Ten Thousand Dollars (\$10,000.00). The Initial License Fee was paid in consideration of Snap-on initially granting this franchise, it was fully earned at the time paid, and it is not refundable for any reason."

2. Section 7.C of the Franchise Agreement is deleted and of no force or effect.

3. Section 8.I of the Franchise Agreement is modified by deleting the sentence "Snap-on will provide Franchisee with uniforms having a franchisee cost of Four Hundred Dollars (\$400.00) without cost to Franchisee prior to Franchisee commencing business in the List of Calls."

4. Section 8.J of the Franchise Agreement is modified by deleting the sentence "Snap-on will provide Franchisee prior to Franchisee commencing business in the List of Calls with a technology package, without cost to Franchisee, including computer hardware and printer meeting the specifications of the Snap-on Program."

5. Section 20.B.(8) of the Franchise Agreement is deleted and of no force or effect.

6. Terms of Addendum Govern, Etc. Except as provided above, all other terms of the Franchise Agreement shall remain in full force and effect. If the terms of this Addendum conflict with the Franchise Agreement, the terms of this Addendum shall govern. All terms not defined herein shall have the same meaning as in the Franchise Agreement. This Addendum shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

**IN WITNESS WHEREOF**, the parties have executed this Addendum as of the Effective

Date of the Franchise Agreement.

**FRANCHISEE:**

**SNAP-ON:  
SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By:\_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By:\_\_\_\_\_

Title:\_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Designated Owner:**

\_\_\_\_\_

## APPENDIX I.1.D.4

### ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT FOR ADDITIONAL FRANCHISE (Expansion Franchise)

**THIS ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT FOR ADDITIONAL FRANCHISE** ("Addendum") amends that certain Standard Franchise Agreement (the "Franchise Agreement") effective \_\_\_\_\_ between SNAP-ON TOOLS COMPANY LLC, and \_\_\_\_\_, whose address is \_\_\_\_\_ ("Franchisee"), and, if applicable, \_\_\_\_\_ (the "Designated Owner").

The Franchise Agreement is hereby amended as follows:

1. Snap-on to Provide Inventory. Subject to the requirements in Paragraph 2 of this Addendum, Snap-on will provide Franchisee, without cost to Franchisee, with inventory, having a franchisee cost of \$37,500.00 (the "Inventory Incentive") to be used as a portion of the initial inventory requirement under the Franchise Agreement.

2. Payment to Snap-on of the Inventory Incentive. Franchisee understands that Snap-on is providing Franchisee with the Inventory Incentive in order to assist Franchisee with starting the franchise and providing ongoing continuity in the operation of the franchise. If either (i) the Franchise Agreement terminates or (ii) the Franchisee ceases to operate the business under the Franchise Agreement during the three-year period after the date on which the Franchisee commences operation under the Franchise Agreement, Franchisee will be required to immediately pay the entire Inventory Incentive to Snap-on. If these conditions do not occur during the three-year period after the date the business commences operation under the Franchise Agreement, Franchisee shall have no responsibility to pay Snap-on for the Inventory Incentive.

3. Section 4.A of the Franchise Agreement is deleted and the following substituted as Section 4.A:

**"Initial License Fee.** Franchisee has paid an Initial License Fee of Seven Thousand Five Hundred Dollars (\$7,500.00). This Initial License Fee was paid in consideration of Snap-on initially granting this franchise, it was fully earned at the time paid, and it is not refundable for any reason."

4. Section 7.C of the Franchise Agreement is modified to provide that Franchisee's employee will attend and shall successfully complete Snap-on's initial training program rather than Franchisee or a Designated Owner.

5. Terms of Addendum Govern, Etc. Except as provided above, all other terms of the Franchise Agreement shall remain in full force and effect. If the terms of this Addendum conflict with the Franchise Agreement, the terms of this Addendum shall govern. All terms not defined herein shall have the same meaning as in the Franchise Agreement. This Addendum shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

**IN WITNESS WHEREOF**, the parties have executed this Addendum as of the Effective Date of the Franchise Agreement.

**FRANCHISEE:**

**SNAP-ON:  
SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Designated Owner:**

\_\_\_\_\_

# APPENDIX I.1.D.5

## ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT (Veterans Discount)

**THIS ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT** ("Addendum") amends that certain Standard Franchise Agreement (the "Franchise Agreement") effective \_\_\_\_\_ between SNAP-ON TOOLS COMPANY LLC, and \_\_\_\_\_, whose address is \_\_\_\_\_ ("Franchisee"), and, if applicable, \_\_\_\_\_ (the "Designated Owner").

The Franchise Agreement is hereby amended as follows:

1. Snap-on to Provide Inventory. Subject to the requirements in Paragraph 2 of this Addendum, Snap-on will provide Franchisee, without cost to Franchisee, with inventory, having a franchisee cost of \$20,000.00 (the "Veterans Discount") to be used as a portion of the initial inventory requirement under the Franchise Agreement.

2. Payment to Snap-on of the Veterans Discount. Franchisee understands that Snap-on is providing Franchisee with the Veterans Discount in order to assist Franchisee with starting the franchise and providing ongoing continuity in the operation of the franchise. If either (i) the Franchise Agreement terminates or (ii) the Franchisee ceases to operate the business under the Franchise Agreement during the three-year period after the date on which the Franchisee commences operation under the Franchise Agreement, Franchisee will be required to immediately pay the entire Veterans Discount to Snap-on. If these conditions do not occur during the three-year period after the date the business commences operation under the Franchise Agreement, Franchisee shall have no responsibility to pay Snap-on for the Veterans Discount.

3. Terms of Addendum Govern, Etc. Except as provided above, all other terms of the Franchise Agreement shall remain in full force and effect. If the terms of this Addendum conflict with the Franchise Agreement, the terms of this Addendum shall govern. All terms not defined herein shall have the same meaning as in the Franchise Agreement. This Addendum shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

**IN WITNESS WHEREOF**, the parties have executed this Addendum as of the Effective Date of the Franchise Agreement.

**FRANCHISEE:**

**SNAP-ON:**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By: \_\_\_\_\_

Title: \_\_\_\_\_

**Designated Owner:**

\_\_\_\_\_



# APPENDIX I.1.D.6

## ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT (Additional Van Conversion to Standard Franchisee)

**THIS ADDENDUM TO SNAP-ON TOOLS STANDARD FRANCHISE AGREEMENT** ("Addendum") amends that certain Standard Franchise Agreement (the "Franchise Agreement") effective \_\_\_\_\_ between SNAP-ON TOOLS COMPANY LLC, and \_\_\_\_\_, ("Franchisee"), and, if applicable, \_\_\_\_\_ (the "Designated Owner").

The Franchise Agreement is hereby amended as follows:

1. Section 4.A of the Franchise Agreement is deleted and of no force or effect.
2. Section 7.C of the Franchise Agreement is deleted and of no force or effect.
3. Section 8.I of the Franchise Agreement is modified by deleting the sentence "Snap-on will provide Franchisee with uniforms having a franchisee cost of Four Hundred Dollars (\$400.00) without cost to Franchisee prior to Franchisee commencing business in the List of Calls."
4. Section 8.J of the Franchise Agreement is modified by deleting the sentence "Snap-on will provide Franchisee prior to Franchisee commencing business in the List of Calls with a technology package, without cost to Franchisee, including computer hardware and printer meeting the specifications of the Snap-on Program."
5. Section 20.B.(8) of the Franchise Agreement is deleted and of no force or effect.
6. Terms of Addendum Govern, Etc. Except as provided above, all other terms of the Franchise Agreement shall remain in full force and effect. If the terms of this Addendum conflict with the Franchise Agreement, the terms of this Addendum shall govern. All terms not defined herein shall have the same meaning as in the Franchise Agreement. This Addendum shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

**IN WITNESS WHEREOF**, the parties have executed this Addendum as of the Effective Date of the Franchise Agreement.

**FRANCHISEE:**

**SNAP-ON:  
SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_

\_\_\_\_\_  
Corporate Franchisee

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

**Designated Owner:**

# APPENDIX I.1.E



## AGREEMENT TO PURCHASE NEW PRODUCTS

This Agreement ("Agreement") between Snap-on Tools Company LLC ("Snap-on") and «FullName» ("Franchisee") is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

### Recitals

A. Snap-on and Franchisee have entered into a franchise agreement pursuant to which Snap-on has authorized Franchisee to purchase from Snap-on certain tools and equipment manufactured and/or distributed by Snap-on through its franchisees ("Products") for resale by Franchisee to customers on Franchisee's List of Calls (the "Customers").

B. Snap-on and Franchisee recognize the importance of Franchisee offering new Products to the Customers as soon as the new Products become available.

C. Snap-on has developed a program to make a representative quantity of certain new Products available to franchisees upon the terms and conditions set forth in this Agreement.

The parties agree as follows:

1. Snap-on will identify certain new Products ("Key New Products") each month that Snap-on believes that all Snap-on franchisees should offer for sale to their customers. It is understood that designation of a new Product as a Key New Product will be the sole determination of Snap-on.

2. Franchisee hereby authorizes Snap-on to ship Franchisee Key New Products in representative quantities as determined by Snap-on. It is estimated that currently the cost billed to Franchisee for Key New Products will not exceed the amount of Eight Hundred Dollars (\$800.00) in any calendar month. Franchisee acknowledges that this amount may increase during the term of the franchise.

3. It is understood that shipments of Key New Products to Franchisee will be at Snap-on's standard price and other terms and conditions of sale for the applicable Key New Products at the time of shipment. Snap-on may decline to ship Key New Products if Franchisee fails to meet Snap-on's credit criteria, in Snap-on's sole judgment, at the time of the proposed shipment.

4. Products purchased under this Agreement are subject to return in accordance with Snap-on's standard tool return policy, as modified from time to time by Snap-on, in effect on the date Franchisee returns the Product.

5. Notices provided under this Agreement will be given in accordance with the notice requirements in Franchisee's franchise agreement.

6. Snap-on may modify or terminate the program for Key New Products at any time.

**IN WITNESS WHEREOF**, the parties have duly executed this Agreement as of the date first above written.

**SNAP-ON TOOLS COMPANY LLC**

**FRANCHISEE:**

By: \_\_\_\_\_  
«RegionalManager»

\_\_\_\_\_  
«FullName»

# APPENDIX I.2

## FRANCHISEE SERVICING AGREEMENT

**THIS FRANCHISEE SERVICING AGREEMENT** ("Agreement") is made as of the \_\_\_\_ day of \_\_\_\_, 20\_\_\_\_ ("Effective Date"), by and between SNAP-ON CREDIT LLC ("Snap-on Credit") and \_\_\_\_, an {(strike one) individual residing in / entity organized in} the State of \_\_\_\_, whose address is \_\_\_\_ ("Franchisee").

Snap-on Credit (in cooperation with Snap-on) has established various programs that allow Snap-on franchisees to offer their qualified customers financing for purchases of Products. These Programs are described more fully in the Program Terms, as it is updated from time to time.

Signing this Agreement is entirely voluntary; however, Snap-on Credit will not purchase Extended Credit Contract, leases or other receivables from Franchisee unless Franchisee signs this Agreement.

This Agreement sets forth the rights and obligations of Snap-on Credit and Franchisee with regard to Franchisee Paper, Leases and Serviced Franchisee Paper.

### THE PARTIES AGREE THAT:

In consideration of the agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties, intending to be legally bound, agree as follows:

#### 1. Definitions.

(a) "*Affiliate*" means any corporation or other entity that controls, is controlled by or is under common control with Snap-on Credit, including without limitation, Snap-on.

(b) "*Applicable Laws*" means all federal, state and local statutes and regulations applicable to this Agreement and the transactions contemplated by this Agreement, including without limitation, and without necessarily recognizing their applicability, the usury laws, retail installment sales laws, the Uniform Commercial Code and the federal (or comparable state law), Truth-in-Lending Act and Regulation Z.

(c) "*Collateral*" means the following property of Franchisee, whether now owned or hereafter acquired, and whether tangible or intangible: inventory, consigned inventory, tools, equipment, vans, accounts, business deposit accounts, contract rights, general intangibles, chattel paper, Revolving Accounts, Extended Credit contracts, Credit Sale Contracts, Open Accounts, Leases, insurance policies, documents, deposits, Franchisee's Reserve Account(s), Franchisee's Business Investment Account, trademarks, trade names, customer lists, books, records, catalogues, sales aids, computers, computer programs and data, and any replacements, substitutions, additions, accessions or proceeds thereof.

(d) "*Credit Sale Contract*", "*EC Contract*" or "*Extended Credit Contract*" means a conditional sales contract or similar contract, in a form acceptable to Snap-on Credit, representing Product sales financed by Franchisee.

(e) "*Customer*" means the purchaser or lessee of Products under any Franchisee Paper, Lease or Serviced Franchisee Paper.

(f) "*Franchise Agreement*" means the agreement(s) between Franchisee and Snap-on, authorizing Franchisee to act as a Snap-on franchisee, including without limitation, the Dealer Franchise Agreement, the Standard Franchise Agreement, the Conversion Dealer Franchise Agreement, or the Gateway Franchise Agreement.

(g) "*Franchisee Paper*" means any document and/or electronic data evidencing a Customer's obligation to Franchisee that is sold and assigned to Snap-on Credit.

(h) "*Lease*" means an agreement between a Customer and Franchisee, Snap-on, Snap-on Credit or an Affiliate governing the lease of Products to that Customer that is sold, assigned, owned or otherwise held by Snap-on Credit.

(i) "*List of Calls*" has the meaning assigned to it in the Franchise Agreement.

(j) "*Net Cash Price*" means an amount equal to the total price, including tax and other charges of the Products sold to a Customer, minus the down payment, trade-in allowance or other allowed cost reductions.

(k) "*Outstanding Balance*" means the total of the remaining payments and other amounts due under any Franchisee Paper or Lease, whether those payments are past due, due, or due in the future together with any other amounts owed at that time (which may include, without limitation, unpaid interest collection costs, repossession, recovery, remarketing and/or legal fees), except that upon prepayment or after a default of Franchisee Paper or Lease, the Outstanding Balance shall not include unearned finance or lease charges.

(l) "*Products*" means the tools and equipment authorized or approved by Snap-on for resale by its franchisees.

(m) "*Program*" means various programs developed by Snap-on Credit (in conjunction with Snap-on) that allows Snap-on franchisees the ability to offer their qualified customers financing for purchases of Products. The Program is described more fully in the Program Terms, and may include the Extended Credit Program, the Lease Program, and certain other programs from time to time.

(n) "*Program Terms*" means any manual, procedures or other rules promulgated by Snap-on Credit or an Affiliate, concerning any of the Programs, as amended from time to time, including without limitation, the Snap-on Standard Franchise Operations Manual or Gateway Franchise Operations Manual.

(o) "*Qualified Transaction*" means a sale of Products under Franchisee Paper or a lease of Products under a Lease, to which each of the following criteria apply:

(i) The Customer's obligations are valid and enforceable;

(ii) The transaction is evidenced by all documents and/or electronic data required by Snap-on Credit, in which the signatures, names, addresses, amounts and other statements and facts (such as, the unpaid balance, down payment and trade-in) are in all respects genuine, legible, accurate and complete; and an accurate and complete copy was given to the Customer at the time of the sale or lease;

(iii) The transaction and accompanying documents comply with the terms and conditions of this Agreement and the Program Terms; and the sale or lease of Products is a bona fide transaction in the ordinary course of business and for a business or commercial purpose; provided, however, that Snap-on Credit shall determine to its own satisfaction that any forms provided to Franchisee by Snap-on Credit and the finance charges applied to the Net Cash Price comply with Applicable Laws;

(iv) The Products have been delivered to the Customer as set forth in the documents evidencing the transaction, have been delivered in satisfactory condition, have been accepted by the Customer and have not been returned; and

(v) There has been no act or omission by Franchisee involving negligence, fraud or dishonesty with respect to the Franchisee Paper or Lease, including without limitation, any failure by Franchisee to advise Snap-on Credit of a material fact or circumstance regarding a Customer's creditworthiness or identity, or other circumstances which could impair the enforceability or collection of the Franchisee Paper or Lease, that was known by Franchisee when Snap-on Credit purchased the Franchisee Paper or Lease.

(p) "*Reserve Account*" means the reserve account maintained by Snap-on to which certain funds are credited and debited for the benefit of Snap-on Credit, as provided in this Agreement and the Program Terms.

(q) "*Reserve Requirement*", as to any Franchisee Paper or Lease, means an amount up to 15% of the Net Cash Price as designated by Snap-on or Snap-on Credit from time to time.

(r) "*Retail Value*" means the fair resale value of a Product, determined by Snap-on Credit and Franchisee, reference to the list price of the same or equivalent Product, but also taking into account the condition of the particular item at the time of repossession.

(s) "*Revolving Account*" or "*RA*" means an account maintained by Franchisee reflecting credit provided by Franchisee to a Customer for the sale of Products that is repaid by Customer in installments.

(t) "*Sale Proceeds*" means the price of Products resold by Snap-on Credit, minus Snap-on Credit's costs of repossession, foreclosure and/or resale.

(u) "*Serviced Franchisee Paper*" means Credit Sale Contracts, Leases or other receivables owned or serviced by Snap-on Credit that Franchisee did not initiate but which relate to customers on Franchisee's List of Calls.

(v) "*Snap-on*" means Snap-on Tools Company LLC, its successors and assigns.

(w) "*Weekly Invoice*" means the invoice given by Snap-on to Franchisee on a weekly basis detailing amounts Franchisee owes Snap-on and Affiliates for purchases of Products, the Reserve Account and otherwise.

**2. Assignment of Franchisee Paper or Leases.** Franchisee may offer to sell and assign Credit Sale Contracts or leases to Snap-on Credit. Snap-on Credit, in its sole discretion, may purchase and accept assignment of the Credit Sale Contracts or leases. Franchisee acknowledges and agrees that upon sale and assignment of Credit Sale Contracts or leases to Snap-on Credit, Snap-on Credit has the sole title to and the sole right to receive payments pursuant to such Franchisee Paper or Leases, and holds all rights and remedies available thereunder (including, but not limited to, payments, collateral rights, transactional fees, etc.), and Franchisee has no right, title or interest to or in the same, unless and until the transaction is assigned back to Franchisee in accordance with this Agreement and the Program Terms.

**3. Terms Applicable to Purchases of Franchisee Paper or Leases.**

(a) Snap-on Credit's purchase or other funding of any Credit Sale Contracts or leases is subject to such terms, conditions and procedures as may be contained in this Agreement and the Program Terms, including, for example, Credit Sale Contracts or leases must constitute a Qualified Transaction. Snap-on Credit shall not be required to purchase or otherwise accept assignment of any Credit Sale Contract or lease it has approved until all documentation required by Snap-on Credit is received. Required documentation shall be on forms supplied by Snap-on Credit and may include among other things, a Customer application, the original Credit Sale Contract or lease, other documents evidencing the transactions and Products sold, and, a written assignment of the Credit Sale Contract or lease to Snap-on Credit (or an Affiliate).

(b) If Snap-on Credit purchases and accepts assignment of any Credit Sale Contracts or lease, then upon receipt of all required documents, Snap-on Credit will cause Snap-on to credit the Franchisee's Weekly Invoice for the Net Cash Price less any Reserve Requirement.

(c) Franchisee authorizes Snap-on Credit to file a Uniform Commercial Code financing statement and will cooperate with any other reasonable requests of Snap-on Credit in order to help Snap-on Credit secure and perfect its interest in the Franchisee Paper, Leases and other Collateral as set forth in this Agreement.

**4. Program Terms.** Franchisee shall observe all applicable requirements contained in this Agreement and in the Program Terms, all of which are intended to preserve the integrity of Franchisee Paper and Lease transactions. The Program Terms may be amended by Snap-on Credit from time to time in Snap-on Credit's sole and absolute discretion, and Franchisee shall observe each amended requirement from the effective date of each such amendment. All amendments will be provided to Franchisee by delivering a copy to Franchisee by electronic delivery, by first class U.S. mail at the then current address of Franchisee as reflected in the records of Snap-on, or as otherwise set forth in the Program Terms. Unless otherwise provided in this Agreement, any amendment to the Program Terms shall be effective on the date indicated thereon, which shall not be less than two (2) business days after the date of electronic delivery or mailing or, if no effective date is indicated, on the fourth (4<sup>th</sup>) business day after the date of electronic delivery or mailing.

**5. Computer; Electronic Commerce and Communication.** Franchisee is required to use a computer that complies with sources and specifications determined by Snap-on. Snap-on Credit requires that Franchisee, at Franchisee's expense and effort: (i) subscribe to and utilize a reliable and secure internet service provider or other electronic communication service; (ii) obtain and use electronic point of sale equipment, electronic signature pad, computer equipment, operating software, communications services, web pages, intranets, extranets, portals and other electronic and computer systems, software and services; and (iii) use the forgoing to communicate, exchange transmit or receive information and data for invoicing, accounting, record keeping, reporting, updating rate and other schedules, Franchisee Paper, Lease, and other transactional data, Franchisee customer lists and locations, and other Franchise credit operations information. Snap-on Credit may also require that all communications between Franchisee and Snap-on Credit be made through the internet or other designated electronic medium, and to access the internet or other electronic information on a regular basis (even daily) to obtain full benefit of the Program. Failure to comply with the electronic commerce requirements may subject Franchisee to the then current non-compliance service fee (currently \$150 per month, but subject to change). Snap-on Credit is not liable for any damage to Franchisee including, but not limited to, lost profits, for delayed orders, delayed, inaccurate, or lost credit decisions, contract acceptance, product sales, payment posting, Franchisee's Weekly Invoice posting or charging or any other transaction transmitted via any means or the like which are the result of any outage or delay related to electronic transmission of information, whether by

the internet or otherwise, or as the result of Franchisee's failure to access the information. Franchisee will verify, in a timely manner, the accuracy of any electronic transmission of information. Snap-on Credit may, in its sole business judgment, make use of any information furnished to Snap-on Credit to conduct its business, which may include, without limitation, market research and/or performance evaluations.

**6. Compliance with Laws; Indemnification.**

(a) Franchisee is responsible for complying with all Applicable Laws governing Franchisee's conduct with respect to Franchisee Paper or Leases and the transactions thereunder.

(b) In addition to every other right and remedy of Snap-on Credit in this Agreement or by law, Franchisee agrees, on demand, to indemnify and hold Snap-on Credit and Affiliates harmless from and against any liability, claim, loss or expense (including, without limitation, all legal fees and costs) Snap-on Credit or any Affiliate incurs relating to or arising out of:

(i) Any actual or alleged violation or breach by Franchisee of any representation, warranty or provision of this Agreement or the Program Terms;

(ii) Any actual or alleged violation or breach of any duty or obligation of Franchisee under Applicable Laws;

(iii) Any Franchisee Paper or Lease that is not a Qualified Transaction;

(iv) The return of Products, price adjustments, and copies of Franchisee Paper or Leases given to Customers that differ from the original documents evidencing the transaction;

(v) Any misrepresentation by Franchisee with respect to any Franchisee Paper, Lease or associated documentation;

(vi) The unauthorized use or abuse of any document or any portion of any document which is provided to Franchisee by Snap-on Credit or Snap-on for use with the Program; and/or

(vii) The use of any financing program to extend credit to Customers that is not approved by Snap-on Credit or Snap-on.

The indemnification obligations in this Section 6 shall survive termination of this Agreement.

**7. Returns or Adjustments.** Unless approved by Snap-on Credit, Franchisee will not accept a return of any Product sold or leased pursuant to any Franchisee Paper or Lease. Franchisee shall not alter the terms of any Franchisee Paper or Lease without the express written consent of Snap-on Credit. Within one week of any return, repossession or other adjustment, Franchisee will notify Snap-on Credit of any returns, substitutions or adjustments for any Products sold or leased pursuant to any Franchisee Paper or Lease.

**8. Franchisee Collections.**

(a) Except as otherwise agreed in writing by Snap-on Credit, Franchisee shall make weekly collections on Franchisee Paper. When requested by Snap-on Credit, Franchisee will make collections on Leases and Serviced Franchisee Paper. When necessary, Franchisee will make collections from Customers at Customer's home. When making collections, Franchisee shall act as Customer's agent and shall hold funds in trust for the benefit of Customer and Snap-on Credit. Franchisee is not Snap-on Credit's agent for any purposes. Nothing herein shall preclude Customers from making payment directly to Snap-on Credit, and Snap-on Credit may at any time require the Customer to make payments directly to Snap-on Credit for obligations owed to Snap-on Credit. Franchisee shall remit all collections belonging to Snap-on Credit at least weekly via Snap-on Credit's preferred electronic interface. All payments to Snap-on Credit not made by electronic interface will be subject to the non-compliance service fee (defined in Section 5 above) and shall be in United States dollars, by check or money order, or if required by Snap-on Credit, by certified funds, payable to Snap-on Credit, or as otherwise provided in the Program Terms. Third party checks will not be accepted. To the extent permitted by applicable law, Franchisee may be assessed an NSF Check Charge of \$25.00 (or the maximum permitted by applicable law if less), for any payment returned for non-sufficient funds.

(b) Franchisee acknowledges that Customers may move among various Snap-on franchisees' Lists of Calls. Franchisee agrees that credit for collections received by Snap-on Credit with respect to any Customer, or credits to such Customer's obligations under a particular Franchisee Paper, Serviced Franchisee Paper or Lease, shall be allocated pro rata by Snap-on Credit based on the total Outstanding Balance and credited to

each Snap-on franchisee who originated the Franchisee Paper, Serviced Franchisee Paper or Lease. Snap-on Credit reserves the right to round allocations to the nearest dollar.

(c) Franchisee agrees to advise Snap-on Credit weekly of any missed collections, deficiencies or late payments by any Customer.

(d) Franchisee shall maintain delinquency standards for all Franchisee Paper and Serviced Franchisee Paper in accordance with the Program Terms.

**9. Franchisee's Responsibilities.** In addition to the obligations of Franchisee stated in this Agreement, Franchisee shall:

(a) Pay when due all applicable taxes (including sales tax) arising out of any sale or lease under Franchisee Paper or Leases;

(b) Preserve all records of Franchisee Paper, Serviced Franchisee Paper and Lease transactions, if not delivered to Snap-on Credit, for the longer of: (i) the term of the applicable agreement or (ii) twenty-six (26) months from the date of the transaction (or such other period as may be specified in the Program Terms) and permit Snap-on Credit to examine and verify same at any reasonable time;

(c) Permit Snap-on Credit, in Franchisee's name, to endorse all notes, checks and other remittances from Customers with respect to Franchisee Paper, Serviced Franchisee Paper or Leases;

(d) Execute and file such statements and notices as Snap-on Credit may request to preserve or perfect its interests hereunder and under Franchisee Paper or Leases; and

(e) Promptly notify Snap-on Credit of any Customer complaint concerning Products, Franchisee's performance under this Agreement, Customer's statements concerning the removal of or imminent sale of any collateral under any Franchisee Paper or Lease or otherwise.

**10. Representations and Warranties.** As to any Franchisee Paper or Lease, and the transaction evidenced thereby, Franchisee represents and warrants to Snap-on Credit that:

(a) The transaction arose from the sale or lease of the Products described on the face of the Franchisee Paper or Lease.

(b) Franchisee has performed or will perform all of its obligations to Customer in connection with the Franchisee Paper or Lease.

(c) The transaction did not involve a sale, lease, advance of cash or other form of loan, other than the Franchisee Paper or Lease.

(d) Franchisee (or Snap-on in the case of consignment) had title to the Products at the time of the sale or lease to the Customer, free of any liens or claims, except liens in favor of Snap-on or an Affiliate.

(e) At the time of assignment to or acceptance by Snap-on Credit, Franchisee had valid title to the Franchisee Paper or Lease, free of any liens or claims.

(f) The Franchisee Paper or Lease constitutes in all respects and at all times a Qualified Transaction.

(g) The products sold or leased to Customer are Products, as defined by this Agreement.

(h) Customer has not made any payments for the Products except as stated on the face of the Franchisee Paper or Lease or otherwise remitted to Snap-on Credit.

(i) Franchisee has remitted to Snap-on Credit all payments made by Customers for applicable Franchisee Paper or Lease and has not made such payments on behalf of any Customers.

(j) Franchisee has not accepted any Products in trade or for credit, or made a repossession from any Customer, except as allowed in this Agreement. .

(k) Franchisee has not misrepresented the status of Franchisee's delinquencies or collections nor misleads Snap-on Credit when qualifying for any promotional opportunity being offered by the Company.

(l) Franchisee has provided a copy of the signed Franchisee Paper or Lease to the Customer and receipts for each payment made.

Each of the representations and warranties in subsection (a) through (l) hereof is material to Snap-on Credit's agreements hereunder. If any of them is breached or is erroneous, Franchisee unconditionally promises to accept assignment of such Franchisee Paper or Lease and to pay Snap-on Credit, on demand, the full amount of the Outstanding Balance of that Franchisee Paper or Lease and to otherwise indemnify Snap-on Credit and Affiliates pursuant to Section 6(b) above. Franchisee authorizes Snap-on Credit to cause Snap-on to charge all

such amounts on Franchisee's Weekly Invoice. Franchisee's representations and warranties in this Agreement survive the delivery or acceptance of the Franchisee Paper or Lease by Snap-on Credit, and at no time shall Snap-on Credit or an Affiliate be deemed to have waived its right to strict compliance with Franchisee's obligations in this Agreement and the Program Terms, even after its purchase of such Franchisee Paper or Lease or causing Snap-on to credit the Franchisee's Weekly Invoice.

#### **11. Default, Repossession, and Recourse Obligations.**

(a) Repossession Assistance. Upon request, Franchisee will assist Snap-on Credit in repossessing or recovering Product after the Customer defaults under Franchisee Paper, Lease or Serviced Franchisee paper, if the Customer is in or near Franchisee's List of Calls. The repossession shall be without additional charge to Snap-on Credit and in accordance with the procedures for repossession in the Program Terms and any Applicable Laws. Franchisee shall hold any repossessed or recovered Product for the benefit of Snap-on Credit and shall not sell or otherwise dispose of it until directed by Snap-on Credit in writing. At the request of Snap-on Credit, Franchisee will provide photographs and a written description of any repossessed Products.

(b) Sale of Repossessed Products by Snap-on Credit. Franchisee agrees to offer to repurchase from Snap-on Credit all repossessed Products relating to any Franchisee Paper, Leases or Serviced Franchisee Paper, subject to the terms of this section.

(1) Surrendered Products. Snap-on Credit may, in its discretion and in accordance with Applicable Laws, agree to permit a Customer to surrender one or more Products to Snap-on Credit in full, or partial, satisfaction of that Customer's obligations under any Franchisee Paper, Lease or Serviced Franchisee Paper. At the request of Snap-on Credit, Franchisee will purchase such Products for a price equal to the Retail Value of such Products.

(2) UCC Foreclosure Sales. Snap-on Credit may conduct a public or private foreclosure sale with respect to its security interest in repossessed Products owned by a Customer who has defaulted on obligations to Snap-on Credit under any Franchisee Paper, Lease or Serviced Franchisee Paper.

(i) Public foreclosure sales. If Snap-on Credit conducts a public sale of the repossessed Products under the Uniform Commercial Code of any state, Franchisee will be deemed to have submitted an irrevocable bid at the public sale equal to the greater of: (A) the Customer's Outstanding Balance, but not to exceed the Retail Value of such Products; or (B) 75% of the Retail Value of such Products.

(ii) Private foreclosure sales. If Snap-on Credit elects to sell the repossessed Products in a private sale under the Uniform Commercial Code of any state, Franchisee shall either submit to Snap-on Credit a written offer to purchase such Products for an amount equal to the greater of: (A) the Customer's Outstanding Balance, but not to exceed the Retail Value of such Products; or (B) 75% of the Retail Value of such Products. Any such offer to purchase shall be submitted within the time period and in the manner provided in the Program Terms. Snap-on Credit may reject any such offer to purchase in its sole and absolute discretion. To the extent that any purchase by Franchisee under this section would be deemed a transfer of collateral under 9-618(2) of the Revised Uniform Commercial Code, Franchisee acknowledges that after such sale, Franchisee will have all of the rights and obligations of a secured party with respect to the Customer and the repossessed Products, including the duty of giving to the Customer notices and an accounting as to any excess proceeds realized by Franchisee on subsequent resale of the Products.

(3) No Warranties. All purchases of Products by Franchisee pursuant to this Section shall be on an "AS IS" and "WHERE IS" basis.

(c) Authorization for Charges. Franchisee authorizes Snap-on Credit to cause Snap-on to credit or charge Franchisee's Weekly Invoice or the Reserve Account for all amounts payable under this Section 11.

#### **12. Further Recourse and Loss-Sharing Obligation of Franchisee, Recovery Proceeds.**

(a) Franchisee shall pay, if demanded by Snap-on Credit, 25% (or up to 100% for a special Programs) of the Outstanding Balance of Franchisee Paper, if Customer defaults under Franchisee Paper, and: (1) Snap-on Credit, if Snap-on Credit determines, in its sole and absolute discretion, that repossession or recovery of Products or other collateral securing a Customer's obligations is impractical or uneconomical; or (2) the Sale Proceeds in connection with resale of repossessed Products are less than the Outstanding Balance.

Franchisee shall pay, if demanded by Snap-on Credit, up to 20% of the Outstanding Balance of the Lease, if Customer defaults on any obligation under the Lease, and: (1) Snap-on Credit determines, in its sole



and absolute discretion, that repossession or recovery of Products or other collateral securing a Customer's obligations is impractical or uneconomical; or (2) the Sale Proceeds in connection with resale of repossessed Products are less than the Outstanding Balance. In the event such Lease includes tools and equipment which are not Products, as defined in this Agreement, the Outstanding Balance Due shall be limited to the pro rata share associated with the Products. The percentage of loss sharing on Leases shall be determined in the manner described in the Program Terms.

Franchisee authorizes Snap-on Credit to cause Snap-on to charge Franchisee's Weekly Invoice or the Reserve Account for any amount due under this Section 12.

(b) In the event Snap-on Credit collects any portion of the defaulted Franchisee Paper or Lease after Franchisee makes the required payments under this Section 12, Snap-on Credit shall pay or cause Snap-on to credit Franchisee's Weekly Invoice 25% (or up to 100% for a special Program) for Franchisee Paper and up to 20%, or such lesser amount as set forth in the Program Terms for Leases, of the amounts received, after deducting all costs of collection, up to the total recourse amount paid to Snap-on Credit by Franchisee in relation to the defaulted Franchisee Paper or Lease. Nothing herein shall be deemed to impose on Snap-on Credit any duty whatsoever to collect amounts outstanding on any Franchisee Paper or Lease.

### **13. Security Requirement - Franchisee Reserve Account.**

(a) To secure Franchisee's performance of obligations under this Agreement, Franchisee shall deliver to Snap-on Credit (or Snap-on Credit may retain) the Reserve Requirement for each Franchisee Paper or Lease. The Reserve Requirement will be credited to the Reserve Account and deducted from the payments or credits issued by Snap-on Credit to Franchisee. Franchisee authorizes Snap-on Credit to cause Snap-on to charge this amount on Franchisee's Weekly Invoice. Amounts credited to the Reserve Account may be commingled with Snap-on's general funds and there is no obligation to pay interest on such amounts. If Snap-on chooses to pay interest on such amounts, Snap-on Credit shall cause Snap-on to credit Franchisee with interest on the total amount in the Reserve Account as of the month-end closing date at the rate of interest that Snap-on may determine from time to time.

(b) To secure Franchisee's performance of obligations under this Agreement, Franchisee further grants Snap-on Credit a security interest in the Collateral. This provision shall survive termination of this Agreement. On execution of this Agreement, and as otherwise reasonably required by Snap-on Credit, Franchisee shall sign any documents requested by Snap-on Credit for the purpose of evidencing or perfecting its security interest and shall cooperate with Snap-on Credit in making appropriate UCC filings to perfect that security interest. Further, to the extent permitted by and subject to Applicable Law, Franchisee hereby grants Snap-on Credit or its agent or assigns the power of attorney and right to sign on behalf of Franchisee and file or record, any and all such financing statements and related documents as may be necessary to perfect or maintain the security interest granted by Franchisee under this Agreement. Franchisee authorizes Snap-on Credit the right to describe the Collateral in any financing statement as "all business assets." This statement in any financing statement shall not expand or limit the property given as security for performance of obligations under this Agreement.

(c) If Franchisee fails to timely perform any obligation contained in this Agreement, Snap-on Credit shall have the immediate right (and may cause Snap-on) to set-off and deduct the amount of that obligation on the Franchisee's Weekly Invoice and to deduct the amount from any other moneys Snap-on Credit, Snap-on or an Affiliate may hold or owe Franchisee. If the amount in the Reserve Account and/or the Weekly Invoice balance is not paid in an amount sufficient to cover the amount of any obligation, then Franchisee shall pay to Snap-on Credit on demand any remaining amounts owed.

(d) Provided that Franchisee is not in default under the Franchise Agreement or this Agreement, Snap-on may direct that the amount of the Reserve Account that exceeds 15% (or such lesser amount as Snap-on Credit may designate from time to time) of the total Outstanding Balance of all Franchisee Paper collected or serviced by Franchisee, be returned to Franchisee or credited to Franchisee's Weekly Invoice.

(e) Snap-on Credit may apply the Reserve Account to any indebtedness due or which may become due from Franchisee to Snap-on Credit or an Affiliate until 60 days after termination of the Franchisee Agreement or for such longer period as may be reasonably necessary to properly compute such indebtedness.

(f) Snap-on Credit may create a special Program that would require a permanent holdback of a certain amount of the Net Cash Price, for the benefit of Snap-on Credit. The permanent holdback amount will be designated by Snap-on Credit in writing at the time the special Program is created.

**14. Approvals and Waivers.** No waiver by either party of any provision of this Agreement shall be deemed a waiver of any other provision of this Agreement or of any subsequent breach by the other party of the same. Any party's consent to, or approval of, any act is not consent to or approval of any subsequent act.

**15. Dispute Resolution.**

(a) Mediation. Except as otherwise provided in Section 15.(c), any controversy or dispute arising out of, or relating to the termination of Franchisee's franchise business or the termination or nonrenewal of this Agreement including, but not limited to, any claim by Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee must be submitted to non-binding mediation prior to any matter being submitted to arbitration. This provision applies only to controversies and disputes that are specific to Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee and not to issues that effect Snap-on franchisees generally. Any such mediation will be held within 30 days after a demand for mediation is made by either party by notice to the other party. The mediation will be conducted in the state in which Franchisee resides.

The mediator will be selected by Snap-on Credit and be someone knowledgeable with the Snap-on business. Franchisee may be accompanied at the mediation by anyone of Franchisee's choosing. If Franchisee elects not to be represented by counsel, Snap-on Credit will also participate in the mediation without counsel. Snap-on Credit or Snap-on will pay the costs of the mediator and location at which the mediation takes place.

(b) Arbitration. Except as otherwise provided in Section 15(c) below, any controversy or dispute arising out of, or relating to Franchisee's franchise business or this Agreement including, but not limited to, any claim by Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee, concerning the entry into, performance under, nonrenewal of, or termination of, this Agreement; any claim against a past or present employee, officer, director, agent or affiliate of Snap-on Credit; any claim of breach of this Agreement; and any claims arising under state or federal laws, including any statutes, rules, or regulations, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. Persons in privity with or claiming through, on behalf of or in the right of Franchisee include, but are not limited to, spouses and other family members, heirs, executors, representatives, shareholders, members, successors and assigns. In no event shall persons in privity include other Snap-on franchisees who have signed separate franchise agreements with Snap-on Credit or Snap-on.

As a condition of submitting a controversy or dispute regarding the termination of Franchisee's franchise business or the termination or nonrenewal of this Agreement to arbitration, the parties must have participated in and failed to resolve the controversy or dispute through mediation, or the party filing the arbitration has made himself available to participate, but the party against whom the arbitration is filed refused to participate or otherwise failed to make himself available to participate in the mediation process within the prescribed time. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be forever barred.

The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Franchisee was assigned most recently prior to the demand for arbitration; provided, however, if such office is outside the state in which the Franchisee resides, Franchisee may cause the arbitration to be held within Franchisee's state of residence at a place mutually convenient to the parties and the arbitrator.

The arbitration shall proceed before a single arbitrator. The arbitrator shall be chosen by the striking method from a panel of neutral arbitrators provided by the American Arbitration Association. If the amount claimed by the party filing for arbitration both in the original demand for arbitration and in any amendment is less than Seventy-five Thousand Dollars (\$75,000.00), Snap-on Credit shall pay the fees and expenses of the arbitrator and filing fees and costs charged by the American Arbitration Association up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500.00). Any amount in excess of Seven Thousand Five Hundred Dollars

(\$7,500.00) will be split equally by the parties. If the amount of the claim filed either in the original demand for arbitration or by amendment is for Seventy-five Thousand Dollars (\$75,000.00) or more, the parties agree to split equally the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association.

Unless otherwise agreed by the parties or ordered by the arbitrator, pre-hearing discovery in any arbitration is limited to the following: (1) production of all documents that will be introduced at the hearing; (2) production of written or recorded statements that a party intends to introduce at the hearing; (3) production of all documents relied upon by experts who will testify at the hearing; (4) production by Franchisee of tax returns filed by Franchisee (including tax returns for the owner of a Franchisee if the Franchisee is a corporation or limited liability company) for the last three (3) tax years; (5) production by Snap-on of Franchisee's statements of account balance with Snap-on and Snap-on Credit for three (3) years prior to the filing of the arbitration; and (6) not more than two depositions per side.

Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same.

Unless prohibited by applicable law, (i) no arbitration under Section 15 shall include, by consolidation, joinder, class action or in any other manner, any person other than Franchisee and Snap-on Credit and any other person in privity with or claiming through, in the right of or on behalf of Franchisee or Snap-on Credit, unless both Franchisee and Snap-on Credit consent in writing, and (ii) no finding or stipulation of fact in any other arbitration, judicial or similar proceeding shall be given preclusive or collateral estoppel effect in any arbitration hereunder, and no conclusion of law in any other arbitration shall be given any weight in any arbitration hereunder, except to the extent such finding, stipulation or conclusion may have been determined in another proceeding between Franchisee and Snap-on Credit or any person in privity with or claiming through, in the right of or on behalf of Franchisee or Snap-on Credit. The parties agree to arbitrate only controversies and disputes that are specific to Franchisee or any person in privity with or claiming through, on behalf of or in the right of Franchisee and not issues that effect Snap-on franchisees generally as a class action or otherwise. In no event shall the arbitrator have the right, power, jurisdiction or contractual authority to award any damages or relief in excess of or in addition to those damages suffered specifically by the parties to the arbitration.

In the event any provision in this Section 15, other than the prohibition against consolidation, joinder and class action, is determined to be legally invalid or unenforceable under the law applicable in a particular case, then it is the intention of the parties to this Agreement that such provision be deemed inoperative and stricken from this Agreement, and that the remainder of this Section 15, to the extent not legally invalid or unenforceable under applicable law, be enforced as written and as if the invalid or unenforceable provision or provisions had not been included in this Section 15. If the prohibition against consolidation, joinder and class action is determined to be legally invalid or unenforceable in a particular case, then it is the intent of the parties that the case shall proceed only in any federal court of competent jurisdiction, or in the event there is no jurisdiction in a federal court, then in that situation only, the case shall proceed in a state court of competent jurisdiction.

(c) Provisional Remedies. Each party shall have the right to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders, preliminary injunctions or replevin orders before, during or after arbitration. Neither party need await the outcome of the arbitration before seeking provisional remedies. Seeking any such remedies shall not be deemed to be a waiver of either party's right to compel arbitration. Any such action shall be brought by Snap-on Credit or Franchisee in the county (or similar political unit) or federal judicial district where Franchisee resides, or where any property that may be the subject of the action is located. The parties consent to the exercise of personal jurisdiction over them by courts located there and to the propriety of venue in such courts for the purpose of carrying out this provision; they waive any objections that they would otherwise have to the same; and they waive the right to have any such action decided by a jury.

**16. Waiver of Notice of Nonpayment, Protest, Default and Demands.** Franchisee waives notice of default or nonpayment, protest or notice of protest, demand for payment and any other demand or notice in connection with any Franchisee Paper, Lease or this Agreement. Franchisee agrees that so long as Snap-on Credit in good faith believes that it is appropriate to do so under the circumstances, Snap-on Credit may waive, compromise, settle, or vary any terms of any Franchisee Paper or Lease purchased by Snap-on Credit, or permit these events to occur by operation of law, without limiting or otherwise affecting Franchisee's obligations under this Agreement. Without limiting the generality of the foregoing, Franchisee's recourse obligations set forth in Sections 11 and 12 shall not be terminated, modified or affected in any way by such actions, and Franchisee hereby consents to all such actions. No termination of this Agreement shall affect Franchisee's recourse obligations with respect to any Franchisee Paper or Lease purchased by Snap-on Credit prior to such termination.

**17. Successors and Assigns.** All or any portion of this Agreement, or of any Franchisee Paper or Leases, and all or any portion of the rights under the foregoing, may be assigned or transferred in whole or in part by Snap-on Credit or an Affiliate in its sole and absolute discretion at any time. Franchisee may not assign or delegate any rights or duties hereunder without the express written consent of Snap-on Credit. Unless otherwise authorized by Snap-on Credit in writing, Franchisee may not assign or delegate any rights or duties hereunder to any employee. Franchisee shall remain responsible for the actions and omissions of any employee. This Agreement inures to the benefit of and binds the respective heirs, executors, administrators, representatives, and permitted successors and assigns of Snap-on Credit and Franchisee.

**18. Term and Renewal of this Agreement.** The term of this Agreement shall be 10 years from the Effective Date or for the remaining term of the Franchise Agreement, whichever is less, unless terminated sooner according to Sections 19 or 20 of this Agreement. If Franchisee renews, updates, or converts a Franchise Agreement with Snap-on in accordance with their agreement with Snap-on, the Franchisee shall also execute the then-current form of this Agreement.

**19. Termination by Franchisee.** Franchisee may terminate this Agreement without cause by providing Snap-on Credit thirty (30) days' advance written notice of Franchisee's intent to terminate.

**20. Termination by Snap-on Credit.**

(a) Automatic Termination without Notice. Franchisee shall be deemed to be in default under this Agreement and Snap-on Credit will, without prejudice to any and all other rights and remedies it may have under this Agreement or under applicable law, terminate this Agreement without notice to Franchisee in the following instances:

(i) If Franchisee is adjudicated a bankrupt or becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of Franchisee's property; or

(ii) If a plan of liquidation, reorganization, composition or arrangement of Franchisee's affairs is sought to be instituted for or against Franchisee, whether or not the same is subsequently approved by a court of competent jurisdiction; or

(iii) If a proceeding is filed under any bankruptcy laws or other similar laws and such proceeding is not dismissed within ninety (90) days after filing; or

(iv) If Franchisee makes a general assignment for the benefit of creditors; or

(v) If Franchisee shall cease to be an authorized Snap-on franchisee because of the termination of, or the transfer or assignment of rights under, the Franchise Agreement between Franchisee and Snap-on (or an Affiliate). A Franchisee does not cease being an authorized Snap-on Franchisee if Franchisee becomes a Standard Franchisee after having been a Gateway Franchisee or otherwise remains a Franchisee under a different franchise agreement; or

(vi) Upon the death or incapacity of Franchisee (or the stockholder of a corporate Franchisee or member of a limited liability company Franchisee).

(b) Termination upon Notice. Franchisee shall be deemed in default under this Agreement and Snap-on Credit may, at its option, without prejudice to any and all other rights and remedies it may have under this

Agreement or under applicable law, terminate this Agreement effective upon Franchisee's receipt of written notice of termination, in the following instances:

(i) If Franchisee falsifies any report, Franchisee Paper or, or engages in conduct involving dishonesty in dealing with Snap-on Credit or Snap-on; or

(ii) If any representation or warranty of Franchisee contained in this Agreement or in any document or instrument delivered pursuant to this Agreement is untrue or incorrect; or

(iii) If Franchisee remains in default beyond the applicable cure period under any other written agreement with Snap-on Credit or Snap-on (or an Affiliate); or

(iv) If Franchisee has received two (2) or more notices of default under Section 20(c) below within the previous twelve (12) months or within the previous six months Franchisee submits two or more collection remittances that are returned for insufficient funds, Snap-on Credit shall be entitled to send Franchisee a notice of termination upon the next default of Franchisee without providing Franchisee an opportunity to correct the default and/or require that all Franchisee remittance hereunder be on certified funds; or

(v) If Franchisee defaults by failing to maintain the delinquency standards established under Section 8(d) of this Agreement and fails to cure such default within 60 days after notice of the default.

(c) Termination upon Expiration of Cure Period. Except for those items listed in Sections 20(a) and (b) above, Franchisee shall have thirty (30) days (or longer, if such default cure period is specifically provided for in the Program Terms) after written notice of default from Snap-on Credit within which to remedy any default or breach under this Agreement, or any other written agreement with Snap-on Credit, and provide evidence of that remedy to Snap-on Credit. If any such default is not cured within that time, this Agreement shall terminate without further notice to Franchisee effective immediately upon expiration of that time, unless Snap-on Credit shall notify Franchisee otherwise in writing. Without limiting the foregoing, the following defaults are within this Section 20(c):

(i) Failure by Franchisee to comply with any of the requirements imposed by this Agreement, as supplemented by the Program Terms from time to time to which Snap-on Credit may contribute Program procedures, or to carry out the terms of this Agreement in good faith; or

(ii) Failure of Franchisee to submit when required any reports; or

(iii) Failure to adhere to the electronic commerce requirements of Snap-on Credit (including, but not limited to, electronic remittance of collections and utilization of electronic Credit Sale Contracts);

(d) Notwithstanding the provisions of preceding Section 20(c), if Franchisee defaults in the payment of any monies owed to Snap-on Credit when such monies become due and payable, whether pursuant to this Agreement or otherwise, and Franchisee fails to pay such monies within ten (10) days after receiving written notice of default, then, unless Snap-on Credit shall notify Franchisee otherwise in writing, this Agreement shall terminate without prejudice to any and all other rights and remedies Snap-on Credit may have under this Agreement or under applicable law.

**21. Effect of Termination on Franchisee's Rights and Obligations.** If Franchisee is in default as stated in Section 20 above, (an "Event of Default") or Termination occurs, then Snap-on Credit may, at its option, exercise any one or more of the following rights and remedies:

(a) Snap-on Credit will not purchase Credit Sales Contracts, leases or any other receivable from Franchisee hereunder after termination of this Agreement.

(b) All obligations, warranties and agreements with respect to any Franchisee Paper or Lease delivered to Snap-on Credit by Franchisee before such termination shall remain in full force and effect, including, without limitation the provisions of Section 12 above, and Franchisee shall remain liable for the performance of all obligations to Customer and Snap-on Credit incurred while this Agreement was in effect notwithstanding such termination, including but not limited to, collection repossession and purchase requirements.

(c) In the event the Franchisee's franchise business is terminated for any reason, Franchisee shall immediately pay Snap-on Credit all sums due and owing hereunder.

(d) Except as may otherwise be required by law, in the event the Franchisee's franchise business is terminated for any reason or if an Event of Default occurs, and Franchisee fails to immediately pay Snap-on Credit all sums due and owing hereunder, Snap-on Credit (a) may sell all or any of the Collateral at public or private sale or sales upon such terms and conditions as Snap-on Credit deems proper (and Snap-on Credit may purchase any or all of the Collateral at any such sale), and apply the net proceeds of such sale, after deducting

all costs, expenses and attorneys' fees incurred at any time in the collection of Franchisee's obligations under this Agreement and in the protection and sale of the Collateral, first to the payment of Franchisee's obligations under this Agreement and then to the payment of any other liabilities of Franchisee to Snap-on Credit; any remaining proceeds shall be returned to Franchisee; provided that Franchisee shall remain liable for Franchisee's obligations or other amounts remaining unpaid after such application thereon; and (b) may take such other actions as it may deem appropriate or in its interest with respect to the Collateral including, without limitation, (i) transferring the whole or any part of the Collateral into its name or the name of a nominee, (ii) collecting any amounts due on the Collateral directly from the persons obligated thereon, (iii) exercising any voting or other rights with respect to any Collateral consisting of securities, (iv) taking possession and control of the Collateral and any proceeds thereof and (v) suing or making any compromise or settlement with respect to any of the Collateral.

(e) Snap-on Credit may exercise from time to time any rights and remedies available to it under all applicable laws, including, without limitation, the UCC and the commercial code of any other applicable state. In addition to and not in limitation of all rights of offset that Snap-on Credit may have under applicable law, Snap-on Credit shall, upon the occurrence of an Event of Default or Termination of this Agreement, have the right to appropriate and apply to the payment of, and to set-off against Franchisee's obligations, any and all balances, credits, accounts or money of Franchisee then or thereafter received or held by or under the control of Snap-on Credit. Except as may otherwise be required by law, including with respect to notice of any sale of Collateral, Franchisee hereby waives, in connection with this Agreement and Franchisee's obligations under this Agreement, any right under or benefit of any law (whether or not intended for its advantage or protection) that would restrict or limit the right or ability of Snap-on Credit to obtain payment of Franchisee's obligations under this Agreement, including any law that would restrict or limit Snap-on Credit in the exercise of right to appropriate at any time hereafter any indebtedness owing from Snap-on Credit to Franchisee and any property of Franchisee in the possession or control of Snap-on Credit and apply the same toward or set-off the same against the payment of Franchisee's obligations under this Agreement. All rights of Snap-on Credit under this Agreement are cumulative.

**22. Amendment or Modification.** This Agreement may only be amended by a writing executed by Franchisee and Snap-on Credit; provided, however, that the Program Terms may be amended by Snap-on Credit as provided in Section 4 above. Snap-on Credit reserves the right in its sole and absolute discretion to amend, terminate or supplement all or any part of its Programs at any time, and specifically reserves the right to cease making further purchases of Franchisee Paper or Leases.

**23. Franchisee Option to Participate.** It is Franchisee's sole decision whether to enter into this Agreement and participate in the Programs. Entering into this Agreement is not required for Franchisee to continue as an authorized Snap-on franchisee. Franchisee understands that s/he is free to secure financing of Customer purchases of Products or extend credit to Customers through other means. Likewise, it is Snap-on Credit's sole decision to buy Franchisee Paper or Leases from Franchisee. Franchisee acknowledges that Snap-on Credit's purchase of any Franchisee Paper or Lease is good and sufficient consideration for all of Franchisee's obligations under this Agreement and the Program Terms. Franchisee agrees that Snap-on Credit may obtain credit information about Franchisee, franchise operations information from Snap-on and, that Snap-on Credit may provide Franchisee credit information to Snap-on from time to time.

**24. Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois without regard to its conflicts of law provisions, provided, however, that in the event local law is applied it shall be the laws of the state in which Franchisee resides at the time this Agreement was executed, except to the extent that the Federal Arbitration Act shall apply in accordance with Section 15 above.

**25. Severability.** Each section, subsection, paragraph, subparagraph, term, and condition of this Agreement and any portions thereof, shall be considered severable. If, for any reason, any portion of this Agreement is determined to be invalid, contrary to, or in conflict with, any present or future applicable laws in a final, unappealable ruling issued by any court, agency, or tribunal with valid jurisdiction in a proceeding to which Snap-on Credit is a party, that ruling shall not impair the operation of, or have any other effect upon, any other

portions of this Agreement; all of which shall remain binding on the parties and continue to be given full force and effect. Any invalid portion shall be deemed not to be a part of this Agreement as of the date upon which the ruling becomes final, if Franchisee is a party to such proceedings, or upon Franchisee's receipt of notice of nonenforceability from Snap-on Credit.

**26. Notices.** All notices, requests, consents, or approvals required or permitted to be given hereunder shall be in writing and shall be deemed to be properly delivered immediately, if personally delivered, or five (5) business days after having been sent by United States Postal Service registered, certified, or express mail, postage prepaid, return receipt requested: (a) if to Franchisee, addressed to Franchisee at the address first above written or at such other address as Franchisee may have designated from time to time by written notice to Snap-on Credit; and (b) if to Snap-on Credit, addressed to Snap-on Credit at 950 Technology Way, Suite 301, Libertyville, Illinois, 60048 (marked Attn: General Manager), or to such other person or at such other address as Snap-on Credit may have designated from time to time by written notice to Franchisee.

**27. Effect of Other Agreements.** This Agreement supersedes any prior Dealer Servicing Agreement, Dealer Credit Agreement, Dealer Credit and Lease Agreement, Franchisee Servicing Agreement or any similar agreement, understanding, or negotiations between Franchisee and Snap-on Credit or Snap-on about the subject matter of this Agreement. If there is a conflict between this Agreement and the Franchise Agreement, the Franchise Agreement shall control.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date set forth above.

**Snap-on Credit LLC**

By: \_\_\_\_\_  
Franchisee

By: \_\_\_\_\_  
Credit Manager

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Witness

# APPENDIX I.3



## LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT (this "Agreement") is made between Snap-on Credit LLC, a Delaware limited liability company with its principal place of business at 950 Technology Way, Suite 301, Libertyville, Illinois, 60048 ("Lender"), and \_\_\_\_\_ ("Borrower"), an individual residing at – or a corporation with its principal place of business at \_\_\_\_\_.

WHEREAS, Borrower has entered into a Franchise Agreement with Snap-on Tools Company LLC ("Snap-on"), an affiliate of Lender, pursuant to which Borrower will operate a Snap-on franchise ("Franchise"); and

WHEREAS, in order to finance certain costs associated with the Borrower's Franchise and to provide working capital for such Franchise, Borrower desires to borrow, and Lender is willing to lend money to Borrower upon the terms and conditions herein (the "Franchise Finance Program").

NOW, THEREFORE, the Lender and Borrower hereby agree as follows:

**1. THE LOAN.** Subject to the terms and conditions of this Agreement, Lender will lend to Borrower the sum of \_\_\_\_\_ and such additional amounts as agreed by addendum by the parties from time to time (the "Loan"). The Loan shall be evidenced by Borrower's promissory note (or in the case of a continuing or revolving line of credit, one or more notes), in form and substance acceptable to Lender, in or up to the principal amount specified in the preceding sentence (the "Note"). The Note shall be executed and delivered to Lender before or concurrently with Lender's disbursement of any amount under the Loan. The unpaid principal amount of the Loan shall bear interest and shall be due and payable as provided in the Note. As used in this Agreement, the term "Borrower's Liabilities" shall include principal and interest under the Note and any additional notes, together with all costs and expenses (including reasonable attorneys fees) to be paid by Borrower as provided in this Agreement together with any other amount owed under any other agreement between Borrower and Lender or its Assignees or under any Lender sponsored van lease program ("Van Lease Program").

### **2. GENERAL TERMS.**

a. Default Rate. After the occurrence of an Event of Default under this Agreement and so long as such Event of Default continues, the Note and all other Borrower's Liabilities shall (subject to any limitations of applicable law) bear interest at rates per annum equal to the respective rate applicable to such Note and other Borrower's Liabilities prior to such Event of Default plus four percent (4%), or the maximum rate permitted by applicable law.

b. Payments. All payments under this Agreement and with respect to the Note and any additional notes shall be made in immediately available funds by Borrower to Lender by debiting Borrower's bank account, pursuant to instructions duly executed by Borrower and delivered to Borrower's bank, on the date when payments are due. Prepayments, if permitted hereunder or under a Note, may be made at Lender's offices at 950 Technology Way, Suite 301, Libertyville, Illinois, 60048 ("Lender's Principal Office") or at such other location as Lender may designate. Whenever any payment to be made hereunder or with respect to a Note shall be stated to be due on a date other than a business day (or if Borrower's bank is not open on a business day when an account is to be debited), such payment shall be made on the next succeeding business day, and such extension of time shall be included in the computation of interest or any fees. As used herein, "business day" means any day on which Lender is open for business at Lender's Principal Office. Lender may, at its option and upon notice to Borrower, require Borrower to make all payments in immediately available funds to Lender at Lender's Principal Office.



c. Mandatory Prepayment for Rejected Revolving Accounts. In the event Borrower receives Loan funds for the acquisition of accounts receivable, commonly referred to as "Revolving Accounts" ("RA's") and Borrower rejects all or any portion of said Revolving Accounts within forty-five (45) days from date of disbursement of this Loan in accordance with the provisions of Borrower's Franchise Agreement with Snap-on, then upon receipt of reimbursement from Snap-on for said rejected Revolving Accounts, Borrower shall be required to prepay a portion of the Loan in an amount equal to the amount loaned for the acquisition of the rejected Revolving Accounts.

d. Mandatory Prepayment for Cessation of Additional Van. In the event Borrower receives Loan funds for one or more additional vans and Borrower ceases operating or fails to begin operation of such additional van(s), Borrower shall be required to prepay a portion of the Loan in an amount equal to the amount loaned for the respective additional van.

e. Van Lease Requirement. Borrower acknowledges that Borrower is obligated under his Franchise Agreement to acquire a van meeting certain specifications. Borrower acknowledges that the van is an integral part of Borrower's business operations. Borrower shall be obligated under this Agreement to meet said van requirements through a purchase or lease of a designated van from a designated source. However, if Borrower acquires a van with no continuing financial obligations by Borrower, then this specified van requirement shall not apply. Van leasing may be with a third party unrelated to Lender ("Lessor"). Borrower agrees to permit any information regarding the van lease to be obtained from Lessor at any time during the term of this Agreement. In the event Borrower elects to participate under this Franchise Finance Program and enter into this Agreement, Lender shall designate both the van and the source. Payment for said van lease or purchase shall be made through Lender in accordance with Section 2.b above and the van lease or purchase documents. Lender shall forward payments to Lessor or lender of the van; provided, however, that in no event shall Lender be obligated to make payments on behalf of Lessee/Borrower when such payment has not been paid to Lender by Borrower. No portion of Borrower's payments to Lender with respect to the van lease shall be retained by Lender beyond the period necessary for transmittal on a monthly basis to Lessor or Lessor's agent.

f. Application of Payments. Lender will apply against Borrower's Liabilities, on the date of receipt all payments received thereon, including cash, collections of Accounts Receivable, proceeds of Collateral (as hereinafter defined) and any other amounts; provided that (i) Lender shall charge back to Borrower any payments that may be required to be returned to the entity making such payment and Borrower shall continue to pay interest on the amount charged back from the date that such payment was applied against Borrower's Liabilities; (ii) Lender shall have the exclusive right to determine how, when and in what amounts application of such payments and such credits shall be made on Borrower's Liabilities, and such determination shall be conclusive and binding upon Borrower. Lender's decision with respect to payment of Borrower's Liabilities shall in no way relieve Borrower from its obligation for payments under Borrower's van lease or under this Agreement or any other agreement. Partial prepayments by Borrower, if permitted, shall not relieve Borrower from Borrower's obligation to make weekly payments. Prepayments may be subject to a prepayment premium and partial prepayments may be prohibited as provided under the Note. Notwithstanding the foregoing or the terms of any note, in the event the Borrower's Franchise is terminated, unless termination is due to the relocation to another Franchise, Borrower shall not be obligated to pay a prepayment premium or penalty. If Borrower's Franchise is relocated, provided Borrower is not in default under this Agreement or any note, Borrower may elect to continue the existing Loan and, thus, avoid a prepayment penalty. If upon relocation, Borrower elects to repay the Loan in full, then Borrower may be subject to a prepayment premium as provided under the Note.

g. Late Charges and NSF Check Charges. To the extent permitted by and subject to applicable law, if Borrower fails to make payments under the Loan within 10 days after the due date, Borrower may be assessed a Late Charge of \$10.00 or 5% of the amount due, whichever is greater (or the maximum permitted by applicable law if less). To the extent permitted by and subject to applicable law, if Borrower makes payments by check under the Loan and Borrower's check is not paid because of non-sufficient funds in Borrower's checking account or a closed account, Borrower may be assessed an NSF Check Charge of \$25.00 (or the maximum permitted by applicable law if less).

h. Statement of Account. All of Borrower's Liabilities shall constitute one loan secured by the Collateral and by all security interests, liens, claims and encumbrances heretofore, now or from time to time hereafter granted by Borrower to Lender. In determining Borrower's Liabilities, the books and records of Lender shall be controlling. All statements of accounts rendered by Lender to Borrower concerning Borrower's Liabilities hereunder, including all statements of principal, interest, fees, expenses and costs owing to Lender by Borrower, shall be presumed correct and accurate and shall constitute an account stated between Lender and Borrower unless Borrower, within 180 days after receipt of the statement, delivers to Lender written objection, specifying the error or errors, if any, contained in such statement. Lender, at its sole discretion, may request Borrower to certify as to the accuracy of Lender's records relative to Borrower's Liabilities and Borrower shall comply within 30 days of such request.

### **3. COLLATERAL.**

a. Description. Borrower hereby grants and assigns to Lender, and agrees that Lender shall have, a security interest in the following business property, assets, rights and interests of Borrower, whether now owned or existing or hereafter acquired or arising (collectively, the "Collateral"):

i. All of Borrower's Accounts (the term "Accounts" as used herein includes, without limitation, all of Borrower's accounts receivable arising out of the sale or lease of Inventory or other goods or out of the rendering of services), whether or not specifically assigned to Lender;

ii. All of Borrower's Inventory (the term "Inventory" as used herein includes, without limitation, all of Borrower's goods held for sale or lease or being processed for sale or lease, including all materials, work-in-process, finished goods, supplies and other goods customarily classified as inventory), including Inventory at any time in the possession of any bailee;

iii. All of Borrower's business equipment (the "Equipment");

iv. All of Borrower's goods, vehicles, (including Borrower's van or truck) furnishings and fixtures wherever located but only to the extent that such items are used primarily in connection with Borrower's Franchise;

v. All of Borrower's cash, negotiable instruments, documents of title, warehouse receipts, chattel paper, general intangibles, securities, leases, contract rights, certificates of deposit, deposit accounts, cash equivalents, interest or dividends on any of the foregoing, insurance claims, patents, trademarks, good will and other property of any kind or description, wherever now or hereafter located, but only to the extent that such items are used primarily in connection with Borrower's Franchise; and

vi. Without limiting the foregoing, all substitutions, renewals, improvements and replacements of, and additions and accessions to, the foregoing, and all products and proceeds of the foregoing, including, without limitation, all of the proceeds in any form of Borrower's Accounts and Inventory, whether specifically assigned to Lender or not. Notwithstanding the foregoing, if Borrower is an individual, Borrower's residence, personal, family or household goods and assets not related to or used primarily in connection with Borrower's Franchise are specifically excluded from the definition of "Collateral." The terms used herein to identify the Collateral shall have the respective meanings assigned to such terms as of the date hereof in the Uniform Commercial Code, as amended, in effect in the state listed in the introductory paragraph as Borrower's address (the "UCC"). The security interest granted hereby shall continue to attach to the Collateral notwithstanding any sale, exchange or other disposition of the Collateral by Borrower, except for Inventory sold in the ordinary course of business. The security interest herein granted is to secure the payment of all of Borrower's Liabilities and the performance of all of Borrower's obligations to Lender hereunder and any and all other obligations of Borrower to Lender of every kind and description, direct or indirect, absolute or contingent, due or about to become due, now existing or hereafter arising.

b. Financing Statements. Borrower shall sign and deliver such financing statements and other documents, in form satisfactory to Lender, as Lender may at any time reasonably request in order to effectuate or perfect Lender's security interest in the Collateral hereunder, or facilitate the realization by Lender upon the Collateral, or any part thereof, and shall reimburse Lender for the costs of preparing and filing the same. Further, to the extent permitted by and subject to applicable law, Borrower hereby grants Snap-on or its agent or assigns the power of attorney and right to sign on behalf of Borrower and file or record, any and all such financing statements and related documents as may be necessary to

perfect or maintain the security interest granted by Borrower under this Agreement. Borrower authorizes Lender the right to describe the collateral in any financing statement as "all business assets." This statement in any financing statement shall not expand or limit the property given as security for performance of obligations under this Agreement as described above.

c. Inspection. Lender or its agents may at any reasonable time conduct a physical audit of Borrower's Inventory and inspect the Collateral and the books and records of Borrower pertaining to the Collateral, or any part thereof, and may make or require Borrower to furnish copies or extracts from such books and records. Borrower, at its sole cost and expense, shall keep and maintain satisfactory and complete books and records of the Collateral until all of Borrower's Liabilities shall have been fully paid and discharged. Lender shall have a special property interest in and to any and all books and records of Borrower pertaining to the Collateral, including any books and records retained by Snap-on Tools Company LLC or its subsidiaries or affiliates, and upon the occurrence of an Event of Default Borrower shall deliver such books and records to Lender at the demand of Lender. At the request of Lender, Borrower shall duly cause its accounts receivable ledger and other books and records relating to the Collateral to be stamped, in form and manner satisfactory to Lender, with a proper reference to the fact that the Collateral has been assigned to Lender.

d. Preservation. Lender may, but shall not be obligated to, take such action from time to time as it may in its sole judgment deem appropriate to maintain or protect the Collateral, and for that purpose may, among other things, at its option (i) pay or obtain the removal of any tax, lien, security interest, claim or encumbrance that may be levied or placed on or with respect to any of the Collateral; (ii) pay the costs of insurance on any of the Collateral; or (iii) make any payment under any lease or contract to which Borrower is a party in order to cure or avoid a default thereunder. Borrower shall reimburse Lender, promptly upon demand by Lender, for any costs or expenses incurred by Lender in the protection or maintenance of the Collateral, including the expenditures described herein and any costs to move the Collateral to another location. Lender shall have exercised reasonable care in the custody and preservation of any Collateral in its possession or control if it takes such action for that purpose as Borrower shall request in writing, but the failure to comply with any such request shall not be deemed a failure to exercise reasonable care. Borrower shall have the sole responsibility for taking such steps as may be necessary from time to time to preserve all rights of Borrower and Lender in the Collateral against other parties. Borrower shall keep the Collateral in good condition and repair and shall not waste, destroy, hide, misappropriate any of the Collateral.

e. Insurance. Borrower shall maintain in effect at all times policies of insuring against loss of or damage to all tangible property constituting Collateral. Such insurance shall, except as may otherwise be agreed to in writing by Lender, (i) cover all risks, (ii) be in amounts equal to the full value of the Collateral, (iii) be provided by such companies as are satisfactory to Lender, (iv) contain a lender's loss payable clause naming Lender as payee as its interest may appear, and (v) provide at least 10 days' prior written notice to Lender of any cancellation. Borrower shall cause a certificate of insurance evidencing the insurance coverage required under this Agreement to be delivered to Lender prior to the closing of the Loan under this Agreement. After an Event of Default, as hereinafter defined, Lender may act as attorney for Borrower in obtaining and canceling such insurance and in adjusting and settling any claims with respect thereto and endorsing any drafts received as a result thereof.

f. Liens. Borrower represents and warrants that the Collateral is, and covenants and agrees that it will keep the Collateral free from, any lien, security interest (other than the security interest herein granted; other security interests granted to Lender, Snap-on Tools Company LLC, or their affiliates; and other liens permitted under Section 5.a.ii below), claim or encumbrance, and agrees to defend the Collateral against any and all claims and demands of all persons at any time claiming the same or any interest therein.

g. Use. Borrower shall not sell, assign, lease, transfer or convey any of the Collateral or any interest therein; provided that, so long as no Event of Default, as hereinafter defined, has occurred under this Agreement, Borrower may sell Inventory in the ordinary course of business (not including any transfer in connection with or in satisfaction of any debt) and may sell or assign Accounts and equipment leases to Lender, Snap-on Tools Company LLC, or their affiliates in the ordinary course of business. Borrower may use and consume any supplies, the use and consumption of which is necessary in order to carry on Borrower's business, may use and operate any Equipment and may

otherwise use the Collateral in any lawful manner not inconsistent with this Agreement, so long as no Event of Default has occurred under this Agreement.

h. Locations. Borrower represents and warrants that all Collateral shall be kept at the location indicated in the first paragraph of this Agreement or other location pre-approved by Lender; provided that Borrower may move its business vehicles and their contents, including Inventory and Equipment, so long as they are routinely returned to the referenced location. Borrower shall notify Lender promptly in writing of any change in Borrower's address or in the location of any Collateral or use of any other names under which it is doing business.

i. Collection of Accounts. The collection of the Accounts and the application of the proceeds received therefrom shall be subject to the following:

i. Borrower is authorized to collect the Accounts or any part thereof, but such authorization may be restricted or terminated by Lender at any time in the Event of Default, as hereinafter defined. Borrower shall not, without the prior written consent of Lender (i) grant any extension of time for the payment of the Accounts; (ii) compromise, compound or settle the Accounts or any part thereof for less than the full amount thereof; (iii) release, in whole or in part, any person liable for the payment of the Accounts or any part thereof, or allow any credit, discount or allowance whatsoever upon the Accounts or any part thereof, unless such activity shall be deemed to be in the ordinary course of Borrower's business and will not occasion or threaten a material adverse change in the financial condition or results of Borrower's business operations.

ii. Upon the occurrence of an Event of Default (as hereinafter defined) Lender may, without notice to or assent of Borrower, extend the time of payment or compromise, settle for cash or credit or otherwise settle, upon any terms or conditions, any part of the Accounts and thereby discharge or release the person or persons liable for the payment of the Accounts or any part thereof without affecting Borrower's Liabilities to Lender. Lender may, but shall not be obliged to, demand or enforce payment of the Accounts or any part thereof and shall not be liable for its failure to collect or enforce the payment thereof or for the negligence of its agents or attorneys with respect thereto.

iii. Upon the occurrence of an Event of Default, Lender, without notice to Borrower, may notify any person, corporation or partnership (the "Obligor") liable for the payment of any Account of the fact that the Account has been assigned to Lender and may direct that payment of such Account be made directly to Lender. If Lender so requests after the occurrence of an Event of Default, all bills and statements rendered by Borrower to the Obligor shall state that the same has been assigned to Lender and is payable solely to Lender. When requested by Lender after the occurrence of an Event of Default, Borrower will notify or cause to be notified the Obligor to pay directly to Lender any sum or sums then due or to become due on account of the Accounts or any part thereof.

#### **4. REPRESENTATIONS AND WARRANTIES OF BORROWER.**

a. Borrower represents and warrants to Lender that, except as may have been previously disclosed in writing to Lender:

i. Borrower is a sole proprietor of an unincorporated business or is a duly organized, validly existing corporation or limited liability company in good standing under the laws of its jurisdiction of organization, and, if a corporation or a limited liability company, is duly qualified and in good standing and authorized to do business in each other jurisdiction where, because of the nature of Borrower's activities or properties, such qualification is required;

ii. The execution and delivery of this Agreement, the borrowings hereunder, the execution and delivery of the Note, and the performance by Borrower of its obligations under this Agreement and the Note are within Borrower's powers and have been duly authorized by all necessary action (corporate or other), and do not and will not contravene or conflict with any provision of any organizational documents (including, without limitation, any articles of incorporation or by-laws) of Borrower or of any agreement or other document binding upon Borrower or to which its assets are subject;

iii. This Agreement is, and the Note, when executed and delivered will be legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms, subject only to bankruptcy, insolvency and other similar laws generally relating to or affecting the enforceability of creditors' rights;

iv. There are no legal, governmental, arbitration or other actions or proceedings which are pending or threatened against Borrower which might result in (a) any material adverse change in Borrower's financial condition, or results of Borrower's business operations; or (b) materially and adversely affect Borrowers' use of Borrower's property or assets, including the Collateral;

v. Except as disclosed in the financial statements of Borrower most recently delivered to Lender pursuant to or in connection with this Agreement, Borrower has no indebtedness or other liabilities;

vi. Borrower is solvent and generally paying its debts as they mature, and Borrower has capital sufficient to carry on its current and proposed business and transactions;

vii. The financial statements, schedules and other information furnished to Lender prior to and after the execution and delivery of this Agreement fairly and accurately present the financial condition and, if applicable, results of operations of Borrower (and any other persons described therein) as of and for the period ending on the date as of which such financial statements are presented; and since the date of the financial statements of Borrower most recently furnished to Lender, there has been no material adverse change in the financial condition or results of business operations of Borrower;

viii. Borrower has timely filed all material tax returns and reports required to be filed by Borrower with any governmental entity, and has timely paid all taxes, assessments, fees and other charges upon Borrower and upon Borrower's properties, assets and income due and payable;

ix. None of Borrower's Liabilities violates the provisions of the usury laws or any other laws governing interest rates of any state having jurisdiction over Borrower's Liabilities, this Agreement or any transaction contemplated hereby; and the Loan is a loan to a business and each of Borrower's Liabilities under this Agreement is primarily for a business or commercial purpose and does not consist of or involve any credit offered or extended to a consumer primarily for personal, family or household purposes;

x. The Borrower is not in violation of any applicable law, regulation or ordinance of the United States of America or any state, city, town, municipality, county or other jurisdiction, or of any agency or instrumentality of any of the foregoing, in any respect materially and adversely affecting its financial condition, results of operations of Borrower's business, or its property or assets, including, without limitation, any law, regulation or ordinance relating to occupational health or safety or protection of the environment, including hazardous substances; and

xi. The Borrower continues to operate any additional van if such additional van operation was the basis for all or a portion of the Loan.

b. Borrower further represents and warrants that as of the date of this Agreement and as of the disbursement of the Loan, Borrower is in full compliance with all of Borrower's covenants under this Agreement and there does not exist any Event of Default or other event which, but for the passage of time or giving of notice would be an Event of Default.

## **5. COVENANTS OF BORROWER.**

a. Negative Covenants. Borrower shall not:

i. Sell, assign, lease, transfer or convey any of Borrower's property or assets or any interest therein except sales of Inventory, sales or assignments of Accounts and equipment leases to Snap-on Tools Company LLC, Lender, or their affiliates, and use of cash in the ordinary course of business; and Borrower shall at all times have good title to and ownership of its property and assets, including the Collateral, and shall, except as permitted in Section 5.a.ii below, not allow, suffer or cause to exist thereon any lien, claim, security interest or encumbrance (including, without limitation, any lien or encumbrance of any governmental entity or agency or with respect to any taxes or debts owed thereto); provided that Borrower shall have the right to contest, in good faith, with reasonable diligence and by appropriate proceedings, the validity of any lien or encumbrance or claim thereof, but only if none of the property or assets of Borrower is subject to sale or foreclosure during such contest, and Borrower shall promptly pay any judgment rendered against Borrower in connection with any such contest;

ii. Incur any indebtedness or guarantee or otherwise become liable with respect to the obligation or indebtedness of any other person or entity, whether for borrowed money or otherwise, except for (a) indebtedness incurred in connection with the lease or purchase of Borrower's van, computer system and other business equipment, provided Lender consents in its sole discretion to such

loan or lease, (b) Borrower's Liabilities and any other indebtedness owed to Lender, (c) extensions of the maturities of existing indebtedness and interest thereon, (d) indebtedness which is unsecured and is to persons who execute and deliver to Lender (in form and substance acceptable to Lender) agreements subordinating such indebtedness and their claims against Borrower in connection therewith to the payment of Borrower's Liabilities, (e) indebtedness for personal, family or household purposes that is either unsecured or secured by assets other than the Collateral, and (f) trade payables and other obligations arising in the ordinary course of business;

iii. Enter into any transaction which materially and adversely affects Borrower's ability to repay Borrower's Liabilities or any other indebtedness of Borrower;

iv. Close or deplete the bank account from which payments on the Note are to be debited pursuant to Section 2.b above, unless suitable arrangements are made upon 30 days' written notice to Lender prior to such closure or depletion for Lender to debit a different bank account; and

v. Use the Loan or any portion thereof to make any "R.A. Deposit" or other payment to Snap-on Tools Company LLC or its affiliates (other than Lender) except payments for the purchase of Inventory, Accounts or other assets for use in Borrower's Franchise.

b. Affirmative Covenants. Borrower shall:

i. Operate Borrower's business and properties and always conform Borrower's conduct in accordance with and comply in all respects with all applicable laws, regulations and ordinances of the United States of America, of any state, city, town, municipality, county or other jurisdiction, and of any agency or instrumentality of any of the foregoing;

ii. Timely file all tax returns and reports required to be filed by Borrower with any governmental entity, and timely pay all taxes, assessments, fees and other charges upon Borrower and upon Borrower's properties, assets and income;

iii. Maintain sufficient funds in the bank account to be debited pursuant to Section 2.b above to make each payment on the Note and under this Agreement when and as due;

iv. Maintain levels of Inventory (at Borrower's cost) and Accounts (excluding Accounts or equipment leases sold or assigned to Snap-on Tools Company LLC, Lender or their affiliates in exchange for consideration other than the Loan) at least equal to the original principal amount of the Loan less any mandatory prepayments as required herein;

v. Use the Loan solely to acquire Inventory, Accounts and other assets and for working capital in connection with the commencement and operation of Borrower's Franchise;

vi. Prepare and deliver to Lender, from time to time as requested, financial statements and other information regarding the financial condition and results of operations of Borrower's Franchise; and

vii. Comply with all terms of the van lease and any van maintenance agreement.

## **6. DEFAULT AND ACCELERATION BY LENDER.**

a. Automatic Acceleration Without Notice. Borrower shall be deemed in default under this Agreement and Lender may, at its option, without prejudice to any and all other rights and remedies it may have under this Agreement or under applicable law, accelerate the Loan and declare the entire unpaid amount of Borrower's Liabilities to be immediately due and payable under this Agreement without notice to Borrower in the following instances each of which shall be considered an Event of Default:

i. If Borrower is adjudicated a bankrupt or becomes insolvent, or has a trustee or receiver appointed by a court of competent jurisdiction for all or any part of Borrower's property; or

ii. If a plan of liquidation, reorganization, composition or arrangement of Borrower's affairs is sought to be instituted for or against Borrower, whether or not the same is subsequently approved by a court of competent jurisdiction; or

iii. If a proceeding is filed under any bankruptcy laws or other similar laws and such proceeding is not dismissed within ninety (90) days after filing;

iv. If Borrower makes a general assignment for the benefit of creditors; or

v. Upon the death or incapacity of Borrower (or the stockholder of a corporate Borrower); or

vi. If Borrower shall cease to be an authorized Snap-on Franchisee because of the termination of, or the transfer or assignment of rights under, the Franchise Agreement between Borrower and Snap-on Tools Company LLC (or an affiliate thereof).

b. Acceleration Upon Notice. Borrower shall be deemed in default under this Agreement and Lender may, at its option, without prejudice to any and all other rights and remedies it may have under this Agreement or under applicable law, accelerate the Loan and declare the entire unpaid amount of Borrower's Liabilities to be immediately due and payable under this Agreement effective upon Borrower's receipt of written notice of acceleration in the following instances each of which shall be considered an Event of Default:

i. If Borrower fails to satisfy any material judgment against Borrower within thirty (30) days after the judgment is entered and becomes final; or

ii. If any representation or warranty of Borrower contained in this Agreement or in any document or instrument delivered pursuant to this Agreement is untrue or incorrect; or

iii. If Borrower falsifies any report or document required to be furnished Lender, or has made a material misrepresentation in connection with the approval of Borrower under this Agreement, or engages in conduct involving dishonesty in dealing with Lender; or

iv. If Borrower has any obligations outstanding to Lender under this Agreement and Borrower's equity, as determined in accordance with a physical inventory, and review of RA balances has declined from the previous inventory and review of RA balances (or, if no physical inventory has yet been conducted, since Borrower began operations) and Borrower's equity in Borrower's Franchise is not restored by the next physical inventory and review of RA balances (which may be taken thirty (30) days or more after the previous inventory); or

v. If Borrower remains in default beyond the applicable cure period, if any, under any other written agreement with Lender or Snap-on (or any subsidiary or affiliate of Snap-on) or under any van lease for vans used in Borrower's business; or

vi. If any guarantee of any of Borrower's Liabilities is terminated or limited for any reason, including, without limitation, because of revocation or the death of any guarantor.

c. Acceleration Upon Expiration of Cure Period.

i. Except for those items listed in preceding Sections 6.a - b, Borrower shall have thirty (30) days after written notice of default from Lender within which to remedy any Event of Default under this Agreement, including but not limited to, those items set forth below as (1) through (3) of this Section 6.c, and provide evidence of that remedy to Lender. If any such default is not cured within that time, Lender may accelerate all Loans and declare the entire unpaid amount of Borrower's Liabilities to be immediately due and payable without further notice to Borrower effective immediately upon expiration of that time, unless Lender shall notify Borrower otherwise in writing.

(1) Failure by Borrower to comply with the provisions of this Agreement or any vehicle lease for vehicles used in Borrower's business or any other written agreement with Lender (or any subsidiary or affiliate including Snap-on Tools Company LLC) or to carry out the terms of this Agreement in good faith; or

(2) Failure of Borrower to observe or to comply with any of the covenants set forth in this Agreement, or

(3) Failure of Borrower to submit when required any reports pertaining to the Franchise.

ii. Notwithstanding the provisions of preceding Section 6.c.i, if the Event of Default consists of Borrower's failure to pay any monies owed to Lender when such monies become due and payable, whether pursuant to this Agreement, any Loan, or otherwise (whether upon maturity, acceleration or otherwise), and Borrower fails to pay such monies within ten (10) days after receiving written notice of default, then, unless Lender shall notify Borrower otherwise in writing, the entire amount of Borrower's Liabilities and all balances due under this Agreement shall be accelerated and shall be immediately due and payable in full without prejudice to any and all other rights and remedies Lender may have under this Agreement or under applicable law.

## **7. EFFECT OF DEFAULT AND ACCELERATION ON BORROWER'S RIGHTS.**

If an Event of Default under this Agreement shall occur, then Lender may, at its option, exercise any one or more of the following rights and remedies:

a. If no Loan has been disbursed, Lender may terminate and cancel this Agreement, or if an additional Loan has not been disbursed, Lender may refuse to disburse the additional Loan amount;

b. Lender may accelerate all Loans and declare the entire unpaid amount of Borrower's Liabilities to be immediately due and payable;

c. Except as may otherwise be required by law, Lender (a) may sell all or any of the Collateral at public or private sale or sales upon such terms and conditions as Lender deems proper (and Lender may purchase any or all of the Collateral at any such sale), and apply the net proceeds of such sale, after deducting all costs, expenses and attorneys' fees incurred at any time in the collection of Borrower's Liabilities and in the protection and sale of the Collateral or Lender's assignee or vendors under any Van Lease Program, first to the payment of Borrower's Liabilities and then to the payment of any other liabilities of Borrower to Lender, and shall return any remaining proceeds to Borrower; provided that Borrower shall remain liable for any Borrower's Liabilities or other amounts remaining unpaid after such application and interest thereon; and (b) may take such other actions as it may deem appropriate or in its interest with respect to the Collateral including, without limitation, (i) transferring the whole or any part of the Collateral into its name or the name of a nominee, (ii) collecting any amounts due on the Collateral directly from the persons obligated thereon, (iii) exercising any voting or other rights with respect to any Collateral consisting of securities, (iv) taking possession and control of the Collateral and any proceeds thereof and (v) suing or making any compromise or settlement with respect to any of the Collateral; and

d. Lender may exercise from time to time any rights and remedies available to it under all applicable laws, including, without limitation, the UCC and the commercial code of any other applicable state. In addition to and not in limitation of all rights of offset that Lender may have under applicable law, Lender shall, upon the occurrence of an Event of Default, have the right to appropriate and apply to the payment of and to set-off against Borrower's Liabilities any and all balances, credits, accounts or money of Borrower then or thereafter received or held by or under the control of Lender. Except as may otherwise be required by law, including with respect to notice of any sale of Collateral, Borrower hereby waives, in connection with this Agreement and Borrower's Liabilities, any right under or benefit of any law (whether or not intended for its advantage or protection) that would restrict or limit the right or ability of Lender to obtain payment of Borrower's Liabilities, including any law that would restrict or limit Lender in the exercise of right to appropriate at any time hereafter any indebtedness owing from Lender to Borrower and any property of Borrower in the possession or control of Lender and apply the same toward or set-off the same against the payment of Borrower's Liabilities. All rights of Lender under this Agreement are cumulative.

**8. INDEMNIFICATION BY BORROWER.** Borrower shall indemnify and hold Lender, its officers, directors, agents and employees from and against any and all loss, liability or damage (including attorney's fees) arising out of or related to (i) Borrower's violation of applicable law, including, without limitation, any law, regulation or ordinances relating to taxation, employment, the environment or hazardous substances; and (ii) any hazardous substances disposed of or located, released or transported from any property owned, leased or used by Borrower, or (iii) any claim of any of the foregoing.

**9. MEDIATION; ARBITRATION; CERTAIN WAIVERS; MISCELLANEOUS.**

a. Mediation. Except as otherwise provided in Section 9.e., any controversy or dispute arising out of, or relating to the termination of the Franchise or the termination or nonrenewal of this Agreement including, but not limited to, any claim by Borrower, or any person in privity with or claiming through on behalf of or in the right of Borrower must be submitted to non-binding mediation prior to any matter being submitted to arbitration. This provision applies only to controversies and disputes that are specific to Borrower, or any person in privity with or claiming through on behalf of or in the right of Borrower and not to issues that effect Snap-on franchisees generally. Any such mediation will be held within 30 days after a demand for mediation is made by either party by notice to the other party. The mediation will be conducted in the state in which Borrower resides.

The mediator will be selected by Snap-on Credit or its affiliates and be someone knowledgeable with the Snap-on business. Borrower may be accompanied at the mediation by anyone of Borrower's



choosing. If Borrower elects not to be represented by counsel, Lender will also participate in the mediation without counsel. Lender or Snap-on will pay the costs of the mediator and location at which the mediation takes place.

b. Agreement to Arbitrate. Except as otherwise provided in Section 9.e., any controversy or dispute arising out of, or relating to the Franchise or this Agreement including, but not limited to, any claim by Borrower, or any person in privity with or claiming through, on behalf of or in the right of Borrower, concerning the entry into, performance under, nonrenewal of, or termination of, this Agreement; any claim against a past or present employee, officer, director, agent or affiliate of Lender; any claim of breach of this Agreement or any agreement between the parties or their respective affiliates (whether existing before or after this Agreement); and any claims arising under state or federal laws, including any statutes, rules, or regulations, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. Persons in privity with or claiming through, on behalf of or in the right of Borrower include, but are not limited to, spouses and other family members, heirs, executors, representatives, shareholders, members, successors and assigns. In no event shall persons in privity include other Snap-on franchisees who have signed separate franchise agreements with Snap-on.

As a condition of submitting a controversy or dispute regarding the termination of the Franchise or the termination or nonrenewal of this Agreement to arbitration, the parties must have participated in and failed to resolve the controversy or dispute through mediation, or the party filing the arbitration has made himself available to participate, but the party against whom the arbitration is filed refused to participate or otherwise failed to make himself available to participate in the mediation process within the prescribed time. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within **one (1) year** following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be forever barred.

**BORROWER AND LENDER ACKNOWLEDGE AND AGREE THAT, BY ENTERING INTO AN ARBITRATION AGREEMENT, THEY ARE WAIVING ANY RIGHT TO A TRIAL BY JURY IN ANY COURT PROCEEDING.**

c. Procedures for Arbitration. The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Borrower was assigned most recently prior to the demand for arbitration; provided, however, if such office is outside the state in which the Borrower resides, Borrower may cause the arbitration to be held within the Borrower's state of residence at a place mutually convenient to the parties and the arbitrator. The arbitration shall proceed before a single arbitrator. The arbitrator shall be chosen by the striking method from a panel of neutral arbitrators provided by the American Arbitration Association. If the amount claimed by the party filing for arbitration both in the original demand for arbitration and in any amendment is less than Seventy-five Thousand Dollars (\$75,000.00), Lender shall pay the fees and expenses of the arbitrator and filing fees and costs charged by the American Arbitration Association up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500.00). Any amount in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) will be split equally by the parties. If the amount of the claim filed either in the original demand for arbitration or by amendment is for Seventy-five Thousand Dollars (\$75,000.00) or more, the parties agree to split equally the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association. Unless otherwise agreed by the parties or ordered by the arbitrator, pre-hearing discovery in any arbitration is limited to the following: (1) production of all documents that will be introduced at the hearing; (2) production of written or recorded statements that a party intends to introduce at the hearing; (3) production of all documents relied upon by experts who will testify at the hearing; (4) production by Borrower of tax returns filed by Borrower for the last three (3) tax years; and (5) not more than two depositions per side.

d. Limitation on Damages, Enforceability. Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary

damages and that the arbitrator shall have no authority to award the same. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same. Unless prohibited by applicable law, (i) no arbitration under Section 9 shall include, by consolidation, joinder, class action or in any other manner, any person other than Borrower and Lender and any other person in privity with or claiming through, in the right of or on behalf of Borrower or Lender, unless both Borrower and Lender consent in writing, and (ii) no finding or stipulation of fact in any other arbitration, judicial or similar proceeding shall be given preclusive or collateral estoppel effect in any arbitration hereunder, and no conclusion of law in any other arbitration shall be given any weight in any arbitration hereunder, except to the extent such finding, stipulation or conclusion may have been determined in another proceeding between Borrower and Lender or any person in privity with or claiming through, in the right of or on behalf of Borrower or Lender. The parties agree to arbitrate only controversies and disputes that are specific to Borrower or any person in privity with or claiming through, on behalf of or in the right of, Borrower and not issues that effect borrowers generally as a class action or otherwise. In no event shall the arbitrator have the right, power, jurisdiction or contractual authority to award any damages or relief in excess of or in addition to those damages suffered specifically by the parties to arbitration, individually. In the event any provision in this Section 9, other than the prohibition against consolidation, joinder and class action, is determined to be legally invalid or unenforceable under the law applicable in a particular case, then it is the intention of the parties to this Agreement that such provision be deemed inoperative and stricken from this Agreement, and that the remainder of this Section 9, to the extent not legally invalid or unenforceable under applicable law, be enforced as written and as if the invalid or unenforceable provision or provisions had not been included in this Section 9. If the prohibition against consolidation, joinder and class action is determined to be legally invalid or unenforceable in a particular case, then it is the intent of the parties that the case shall proceed only in any federal court of competent jurisdiction, or in the event there is no jurisdiction in a federal court, then in that situation only, the case shall proceed in a state court of competent jurisdiction.

e. Provisional Remedies. Each party shall have the right to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders, preliminary injunctions or replevin orders before, during or after arbitration. Neither party need await the outcome of the arbitration before seeking provisional remedies. Seeking any such remedies shall not be deemed to be a waiver of either party's right to compel arbitration. Any such action shall be brought by Lender or Borrower in the county (or similar political unit) or federal judicial district where Borrower resides, or where any property that may be the subject of the action is located. The parties consent to the exercise of personal jurisdiction over them by courts located there and to the propriety of venue in such courts for the purpose of carrying out this provision; they waive any objections that they would otherwise have to the same; and they waive the right to have any such action decided by a jury.

f. Waiver of Demand, Etc. Borrower hereby waives demand, presentment and protest, and notice of demand, presentment, protest, nonpayment or dishonor, with respect to the Note and Borrower's Liabilities, and with respect to any notes, checks or other negotiable instruments which may be included in the Collateral or held by Lender with respect to which Borrower is an endorser, drawer, surety or other responsible party, and Borrower hereby consents to any and every renewal or extension of time that may be granted with respect to such instruments.

g. Collection Costs. Except as provided under Section 9.c. above Borrower shall pay all reasonable costs of collection of Borrower's Liabilities, all reasonable costs in connection with the use, custody, protection and sale of the Collateral and all reasonable costs paid or incurred in enforcing or preserving any of Lender's rights hereunder or in connection with any transaction or proceeding in which Lender may become concerned or involved by reason of its interest in this Agreement or any of Borrower's Liabilities or any action by Borrower, in each case including reasonable attorneys' fees, all promptly on demand of Lender or other person incurring the same. Borrower shall also pay interest on the foregoing amounts at the highest default rate provided under Section 2.a. Any such costs may be deducted by Lender from any money received under this Agreement or on the Note.

h. No Waiver by Lender. Lender shall not (by act, delay, omission or otherwise) be deemed to have waived any of its rights or remedies hereunder, or provision hereof, unless such waiver is in writing and signed by Lender, and any such waiver shall be effective only to the extent specifically set forth therein; and a waiver by Lender of any right or remedy under this Agreement on any one occasion shall not be construed as a bar to or waiver of any such right or remedy which Lender would otherwise have had on any future occasion.

i. Further Acts. Borrower shall do and perform all further acts and deeds and shall execute and deliver to Lender all instruments, documents, assignments, assurances or other writings that may be necessary or desirable to Lender to carry out the terms and intent of this agreement or effectuate the rights of Lender hereunder.

j. Limitation of Lender's Liability. Borrower agrees that Lender shall not be liable to Borrower for (i) any failure of Lender to protect, enforce or collect in whole or in part any of the Collateral; (ii) Lender's notification to any Obligor of Lender's security interest in the Accounts; (iii) Lender's directing any Obligor to pay any sums owing to Borrower directly to Lender; and (iv) any other act or omission to act on the part of Lender, its officers, agents or employees, except for gross negligence or willful misconduct.

k. Severability. Except as otherwise set forth in Section 9.d., if any provision of this Agreement or the application thereof to any person or circumstance is held invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and the invalid or unenforceable provision of this Agreement shall be severable in any such instance.

l. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Borrower and Lender, provided that this Agreement may not be assigned by Borrower without the prior written consent of Lender.

m. Notices. All notices or other communications hereunder shall be in writing, shall be given either by hand delivery or by certified or registered mail addressed to Borrower or Lender, as the case may be, at the addresses indicated in the first paragraph of this Agreement, to the attention of the person or persons signing below, and shall be deemed given when so delivered or delivery is refused by the addressee. Lender may, at its option, rely upon notice or other communications received from Borrower by facsimile (FAX) communication. Either party to this Agreement may change the name or address to which notices shall be sent to it, by written notice to the other party given in accordance with this Section.

n. Amendments. This Agreement may be amended from time to time by amendments duly executed by Borrower and Lender; provided that any amendment hereto signed by Borrower shall be binding upon Borrower.

o. Multiple Borrowers. If this Agreement (including any counterpart hereof) is signed by more than one Borrower, the liability of each Borrower shall be joint and several, and each reference herein to Borrower shall be deemed to refer to each such Borrower. No release, discharge or modification of the obligations of, or the Collateral provided by, any person liable under this Agreement shall affect the obligations of any other person under this Agreement.

p. Entire Agreement. This Agreement and the Note and the other documents delivered or to be delivered in connection with or pursuant to this Agreement contain all of the agreements of Lender and Borrower with respect to the subject matter hereof.

q. Governing Law. This Agreement shall be construed in accordance with the laws (without regard to the conflicts of laws provisions) of the State Illinois in which the Lender's office is located, except to the extent the Federal Arbitration Act governs in accordance with Section 9.c above.

FOR CALIFORNIA RESIDENTS: This Agreement is made pursuant to Section 22500 of the California Financial Code.

**IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS AGREEMENT SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE**

**LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS AGREEMENT ONLY BY ANOTHER WRITTEN AGREEMENT.**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly signed.

**BORROWER**

**SNAP-ON CREDIT LLC**

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Send notices to attention of:

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(Print Name and Title)

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(Title)

# APPENDIX I.3.A



## CONTINUING UNCONDITIONAL GUARANTEE

(FOR CORPORATE BORROWER or LIMITED LIABILITY COMPANY BORROWER)

FOR VALUE RECEIVED, and to induce Snap-on Credit LLC, (the "Lender") to lease, lend money, extend credit or provide other financial accommodation, or to continue any of the foregoing, to \_\_\_\_\_, a \_\_\_\_\_ corporation or limited liability company [strike one] ("Borrower") the stock of which or all of the membership interest in which is owned by the Guarantor or Guarantors, and in consideration thereof, the undersigned Guarantor or Guarantors (hereafter collectively the "Guarantor") hereby unconditionally absolutely guarantees: (A) the full and prompt payment when due (whether at maturity or by declaration, acceleration or otherwise) and at all times thereafter of all indebtedness, obligations and liabilities of every kind and nature whatsoever of Borrower to Lender howsoever created, arising, acquired, held or evidenced, and whether direct or indirect, primary or secondary, absolute or contingent, joint or several, now or hereafter existing, due or to become due; and (B) the full, prompt and faithful performance and discharge by Borrower of each and every term, condition, agreement, representation and warranty on the part of Borrower contained in any agreement (including any amendment, modification or supplement thereof) relating to any loan, credit or other financial accommodation from Lender to Borrower (all such obligations referred to in (A) and (B) above being hereinafter collectively referred to as the "Liabilities"). The Guarantor further agrees to pay to Lender, upon demand, all costs and expenses, including attorneys' fees, paid or incurred by Lender in collecting or obtaining payment or performance of any Liabilities or in enforcing Lender's rights under or with respect to any agreement or collateral or other security in connection with any Liabilities, or in enforcing this Continuing Unconditional Guarantee (this "Guarantee").

In the event that Borrower fails to pay, perform or discharge the Liabilities when such Liabilities become due and payable (whether by default, acceleration or otherwise), or in the event of the death, incompetency, dissolution, insolvency or bankruptcy of Borrower or the Guarantor or the inability of Borrower to pay its debts as they mature, or in the event of an assignment by Borrower for the benefit of creditors, or the institution of any proceeding by or against Borrower alleging that Borrower is insolvent or unable to pay its debts as they mature, and if such event shall occur at a time when any of the Liabilities may not then be due and payable, the Guarantor agrees to pay to Lender, immediately upon demand, the full amount which would be payable hereunder by the Guarantor if all of the Liabilities were then due and payable and to otherwise perform and discharge such Liabilities.

This Guarantee shall be a continuing, absolute and unconditional guarantee, and shall remain in full force and effect until written notice of its discontinuance shall be actually received by Lender, and also until any and all of said Liabilities created before receiving such notice of discontinuance shall be fully paid, performed or discharged. The death of the Guarantor shall not terminate this Guarantee until written notice of such death shall have been actually received by Lender, and also until all of said Liabilities created before receiving such notice shall be fully paid, performed or discharged.

The liability of the Guarantor under this Guarantee shall not be affected, impaired, reduced, released, limited or modified by any of the following (any or all of which may be done or omitted by Lender in its sole discretion and without notice): (a) any act or failure to act by Lender with respect to Borrower, the Liabilities or any collateral or security therefore; (b) any sale, pledge, surrender, compromise, release, renewal, extension, indulgence, alteration, disposition, exchange, change or

modification in or of any of the Liabilities (including, without limitation, any renewal note), any collateral or security for the Liabilities or any agreement or instrument relating to the Liabilities; (c) the acceptance, rejection or release by Lender of any collateral or security for, any obligor with respect to, or any other guarantee of, any of the Liabilities; (d) any failure, neglect or omission by Lender to realize upon any of the Liabilities or upon any collateral or security therefore (including any failure to protect or insure or to perfect any lien on any such collateral or security); (e) the invalidity or unenforceability of or any irregularity with respect to any Liability; (f) the bankruptcy or insolvency of Borrower or the application to Borrower or its estate of any provision of the United States Bankruptcy Code or any other bankruptcy or insolvency law; (g) the extension of additional loans, credits or other financial accommodations made to Borrower without notice to or approval of the Guarantor; (h) any change in Borrower's name or any merger, acquisition or consolidation involving Borrower; or (i) any other act or failure to act of any kind by Lender, other than the execution and delivery by Lender to the Guarantor of a written document clearly and expressly amending, releasing or canceling this Guarantee.

The Guarantor hereby waives: (a) notice of the acceptance of this Guarantee; (b) notice of the existence, creation, extension or modification of any of the Liabilities, any collateral or other security therefore or any agreement relating thereto; (c) demand, presentment, protest and notice of demand, presentment, protest, nonpayment, dishonor or default, and all other notices whatsoever; and (d) all diligence in collection or protection of or realization upon any Liabilities, any obligation of the Guarantor hereunder or any collateral or other security for any of the foregoing.

This Guarantee is a guaranty of payment and not of collection. There shall be no conditions to the obligation of the Guarantor to pay, perform and discharge any Liabilities upon failure by Borrower to pay, perform or discharge such Liabilities when due (whether at maturity or by declaration, acceleration or otherwise), and Lender shall be under no obligation to seek to obtain payment, performance or discharge from Borrower or any other person or entity or to resort to or seek to realize upon any collateral or any other security or property whatsoever prior to obtaining payment, performance or discharge by the Guarantor on this Guarantee. Lender shall have the exclusive right to determine how, when and what application shall be made of any payments and credits on the Liabilities or under this Guarantee.

Until all of the Liabilities are fully paid, performed and discharged, the Guarantor hereby:

- (a) assigns to Lender as security for the Guarantor's obligations under this Guarantee, and subordinates to the Liabilities, any liabilities, indebtedness and obligations of Borrower held by or owed to the Guarantor, including any collateral or other security therefore,
- (b) assigns to Lender, and agrees that Lender shall have, a security interest in the following business property, assets, rights and interests of Borrower or Guarantor (as applicable), whether now owned or existing or hereafter acquired or arising:
  - (1) Any collateral, including, but not limited to, any goods, equipment, chattel paper, accounts, general intangibles, or any other assets it may now own or hereafter acquire which may constitute Collateral (as such term is defined in (b) (1) through (6), *infra*), or proceeds of Collateral of Borrower or Guarantor (as applicable) for any amounts owed to Lender by Borrower,
  - (2) All of Borrower's or Guarantor's (as applicable) Accounts (the term "Accounts" as used herein includes, without limitation, all of Guarantor's accounts receivable arising out of the sale or lease of Inventory or other goods or out of the rendering of services), whether or not specifically assigned to Lender;

- (3) All of Borrower's or Guarantor's (as applicable) Inventory (the term "Inventory" as used herein includes, without limitation, all of Borrower's or Guarantor's goods held for sale or lease or being processed for sale or lease, including all materials, work-in-process, finished goods, supplies and other goods customarily classified as inventory), including Inventory at any time in the possession of any bailee;
- (4) All of Borrower's or Guarantor's (as applicable) business equipment (the "Equipment");
- (5) All of Borrower's or Guarantor's (as applicable) goods, vehicles, (including Borrower's or Guarantor's van or truck) furnishings and fixtures wherever located but only to the extent that such items are used primarily in connection with Borrower's or Guarantor's (as applicable) Snap-on Business;
- (6) All of Borrower's or Guarantor's (as applicable) cash, negotiable instruments, documents of title, warehouse receipts, chattel paper, general intangibles, securities, leases, contract rights, certificates of deposit, deposit accounts, cash equivalents, interest or dividends on any of the foregoing, insurance claims, patents, trademarks, good will and other property of any kind or description, wherever now or hereafter located, but only to the extent that such items are used primarily in connection with Borrower's or Guarantor's (as applicable) Snap-on Business; and

Without limiting the foregoing, all substitutions, renewals, improvements and replacements of, and additions and accessions to, the foregoing, and all products and proceeds of the foregoing, including, without limitation, all of the proceeds in any form of Borrower's or Guarantor's (as applicable) Accounts and Inventory, whether specifically assigned to Lender or not. Notwithstanding the foregoing, if Guarantor is an individual, Guarantor's residence, personal, family or household goods and assets not related to or used primarily in connection with Borrower's or Guarantor's (as applicable) Snap-on Business are specifically excluded from the definition of "Collateral." The terms used herein to identify the Collateral shall have the respective meanings assigned to such terms as of the date hereof in the Uniform Commercial Code, as amended, in effect in the state listed in the introductory paragraph as Borrower's address (the "UCC"). The security interest granted hereby shall continue to attach to the Collateral notwithstanding any sale, exchange or other disposition of the Collateral by Borrower or Guarantor (as applicable), except for Inventory sold in the ordinary course of business. The security interest herein granted is to secure the payment of all of Guarantor's obligations to guarantee payment and/or performance to Lender of all of the Liabilities; all costs and expenses, including attorneys' fees, paid or incurred by Lender in collecting or obtaining payment or performance of any Liabilities or in enforcing Lender's rights under or with respect to any agreement or collateral or other security in connection with any Liabilities, or in enforcing this Guarantee and the performance of all of Guarantor's obligations to Lender hereunder; and any and all other obligations of Borrower or Guarantor to Lender of every kind and description, direct or indirect, absolute or contingent, due or about to become due, now existing or hereafter arising.

- (c) waives any rights that the Guarantor may have against Borrower or with respect to the Liabilities or any collateral or other security therefore by reason of any one or more payments or acts in compliance with the obligations of the Guarantor under this Guarantee.

Lender may, without notice, sell, assign or transfer all or any of the Liabilities and, in such event, each and every immediate and successive assignee, transferee or holder of, or any participant in, any of the Liabilities shall have the rights, powers and benefits granted to Lender in this Guarantee, including the right to enforce this Guarantee by suit or otherwise.

In the event that a claim (a "repayment claim") shall be made upon Lender at any time for repayment of any amount received by Lender in payment of any of the Liabilities, whether received from Borrower or the Guarantor, or received as the proceeds of collateral, or otherwise,

by reason of: (a) any judgment, decree or order of any court or administrative body having jurisdiction over Lender or any of its property; or (b) any settlement or compromise of any such repayment claim effected by Lender with the claimant (including Borrower), the Guarantor shall remain liable to Lender for any amount repaid pursuant thereto to the same extent as if such amount had never originally been received by Lender, notwithstanding any termination hereof or the cancellation of any note or other instrument evidencing any of the Liabilities.

Except as otherwise provided below, any controversy or dispute arising out of, or relating to this Guarantee including, but not limited to, any claim by Guarantor, or any person in privity with or claiming through, on behalf of or in the right of Guarantor, concerning the entry into, performance under, or termination of, this Guarantee; any claim against a past or present employee, officer, director, agent or affiliate of Lender; any claim of breach of this Guarantee or any agreement between the parties or their respective affiliates (whether existing before or after this Guarantee); and any claims arising under state or federal laws, including any statutes, rules, or regulations, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be forever barred. Persons in privity with or claiming through, on behalf of or in the right of Guarantor include, but are not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns. GUARANTOR AND LENDER ACKNOWLEDGE AND AGREE THAT, BY ENTERING INTO AN ARBITRATION AGREEMENT, THEY ARE WAIVING ANY RIGHT TO A TRIAL BY JURY IN ANY COURT PROCEEDING.

The right and duty of the parties to this Guarantee to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Guarantor was assigned most recently prior to the demand for arbitration; provided, however, if such office is outside the state in which the Guarantor resides, Guarantor may cause the arbitration to be held within the Guarantor's state of residence at a place mutually convenient to the parties and the arbitrator. The arbitration shall proceed before a single arbitrator. The arbitrator shall be chosen by the striking method from a panel of neutral arbitrators provided by the American Arbitration Association. If the amount claimed by the party filing for arbitration both in the original demand for arbitration and in any amendment is less than Seventy-five Thousand Dollars (\$75,000.00), Lender shall pay the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500.00). Any amount in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) will be split equally by the parties. If the amount of the claim filed either in the original demand for arbitration or by amendment is for Seventy-five Thousand Dollars (\$75,000.00) or more, the parties agree to split equally the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association. Unless otherwise agreed by the parties or ordered by the arbitrator, pre-hearing discovery in any arbitration is limited to the following: (1) production of all documents that will be introduced at the hearing; (2) production of written or recorded statements that a party intends to introduce at the hearing; (3) production of all documents relied upon by experts who will testify at the hearing; (4) production by Guarantor of Guarantor's filed tax returns for the last three (3) tax years; and (5) not more than two depositions per side.

Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and that the arbitrator shall have no



authority to award the same. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same. Unless prohibited by applicable law, (i) no arbitration under this Guarantee shall include, by consolidation, joinder, class action or in any other manner, any person other than Guarantor and Lender and any other person in privity with or claiming through, in the right of or on behalf of Guarantor or Lender, unless both Guarantor and Lender consent in writing, and (ii) no finding or stipulation of fact in any other arbitration, judicial or similar proceeding shall be given preclusive or collateral estoppel effect in any arbitration hereunder, and no conclusion of law in any other arbitration shall be given any weight in any arbitration hereunder, except to the extent such finding, stipulation or conclusion may have been determined in another proceeding between Guarantor and Lender or any person in privity with or claiming through, in the right of or on behalf of Guarantor or Lender. In the event any provision in this Guarantee, other than the prohibition against consolidation, joinder and class action, is determined to be legally invalid or unenforceable under the law applicable in a particular case, then it is the intention of the parties to this Guarantee that such provision be deemed inoperative and stricken from this Guarantee, and that the remainder of this Guarantee, to the extent not legally invalid or unenforceable under applicable law, be enforced as written and as if the invalid or unenforceable provision or provisions had not been included in this Guarantee. If the prohibition against consolidation, joinder and class action is determined to be legally invalid or unenforceable in a particular case, then it is the intent of the parties that the case shall proceed only in any federal court of competent jurisdiction, or in the event there is no jurisdiction in a federal court, then in that situation only, the case shall proceed in a state court of competent jurisdiction.

Each party shall have the right to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders, preliminary injunctions or replevins before, during or after arbitration. Neither party need await the outcome of the arbitration before seeking provisional remedies. Seeking any such remedies shall not be deemed to be a waiver of either party's right to compel arbitration. Any such action shall be brought by Lender or Guarantor in the county (or similar political unit) or federal judicial district where Guarantor resides, or where any property that may be the subject of the action is located. The parties consent to the exercise of personal jurisdiction over them by courts located there and to the propriety of venue in such courts for the purpose of carrying out this provision; they waive any objections that they would otherwise have to the same; and they waive the right to have any such action decided by a jury.

This Guarantee shall be deemed to have been delivered and made and shall be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws (without regard to the conflicts of laws provisions) of the State of Illinois in which the Lender's office is located, except to the extent the Federal Arbitration Act governs the provisions of any arbitration agreement herein. Whenever possible, except as otherwise provided above, each provision of this Guarantee shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guarantee shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guarantee. This Guarantee shall be binding upon the Guarantor and upon the heirs, legal representatives and successors of the Guarantor, and shall inure to the benefit of Lender, its legal representatives, successors and assigns.

If this Guarantee (including any counterpart hereof) is signed by more than one Guarantor, the liability of each Guarantor shall be joint and several, and each reference herein to the Guarantor shall be deemed to refer to each such Guarantor. In furtherance and not in limitation of the rights and remedies of Lender hereunder or at law, Lender may proceed under this Guarantee against any or all Guarantors in its absolute and sole discretion for any Liabilities or other obligations of Borrower arising hereunder. No release, discharge or modification of the obligations of, or the collateral provided by, any party liable on this Guarantee shall affect the obligations of any other party on this Guarantee.

IN WITNESS WHEREOF, the undersigned has caused this Guarantee to be executed delivered and dated \_\_\_\_\_.

\_\_\_\_\_  
(Individual Signature of Guarantor)

Printed Name: \_\_\_\_\_, an individual

# APPENDIX I.4



## PROMISSORY NOTE

For value received, the undersigned ("Borrower") hereby promises to pay to the order of Snap-on Credit LLC ("Lender") the principal sum of \$\_\_\_\_\_, together with interest thereon at the rate of \_\_\_\_% per annum (calculated on the basis of a 365-day year), with interest accrual beginning on the date Lender advances funds hereunder. Principal and interest shall be payable in \_\_\_\_\_ weekly installments consisting of principal and interest of \$\_\_\_\_\_, commencing on the first Monday following the passing of ninety (90) calendar days from the date Lender advances funds hereunder (the "Payment Start Date"). Borrower will continue to make installment payments on the first business day of each successive week thereafter. The last installment shall be an amount equal to any remaining unpaid balance, together with all accrued and unpaid interest and any and all other sums due hereunder (if not sooner due or paid), shall be immediately due and payable in full on the first Monday occurring \_\_\_\_\_ weeks after the Payment Start Date (the "Final Payment Date").

Following the advancement of funds by Lender, Lender shall issue a Final Repayment Confirmation (a "Final Confirmation") specifying (1) the date the funds were advanced, (2) the principal balance of this Note, (3) the Payment Start Date, and (4) the Final Payment Date.

After the occurrence of an Event of Default and for so long as such Event of Default continues, Borrower promises to pay Lender interest on the unpaid principal amount hereof and on all other Borrower's Liabilities at a rate per annum that is equal to the interest rate specified above plus four percent (4%); provided, however, such rate shall not exceed the highest rate permitted by applicable law.

This Note is issued pursuant to, secured by and is subject to all of the terms and provisions of, the Loan and Security Agreement dated as of MM/DD/YYYY between Borrower and Lender, as such Loan and Security Agreement may be amended from time to time (the "Loan and Security Agreement"), the terms and provisions of which are hereby incorporated by reference.

A mandatory acceleration and/or prepayment may be required in accordance with the terms of the Loan and Security Agreement. For a statement of the terms and conditions under which the maturity of this Note may be accelerated, reference is made to the Loan and Security Agreement. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Loan and Security Agreement.

Unless otherwise prohibited by law or as permitted hereunder, Borrower shall be subject to a prepayment premium if Borrower elects to prepay this Note in full. Such prepayment premium shall be equal to \_\_\_\_\_% of the total outstanding balance due including accrued but unpaid interest if Borrower elects to prepay this Note. Except as required under the LOAN AND SECURITY AGREEMENT and partial prepayments of not more than one additional regular weekly payment per week, no partial prepayments shall be permitted or accepted. Notwithstanding the foregoing, there shall be no prepayment premium in the event the Borrower's Snap-on Business or any additional van is terminated, unless termination of the Snap-on Business or additional van occurs due to Borrower relocating and entering into another Snap-on franchise or additional van.

In no event shall the aforementioned prepayment premium exceed the highest amount allowable under applicable law. Such prepayment premium represents the costs of prepayment incurred by Lender.

Borrower represents, warrants and covenants that (a) this Note evidences a Loan for business and commercial purposes; (b) the proceeds of the Loan evidenced by this Note have not and will not be used for personal, family or household purposes; (c) neither this Note nor any other Borrower's Liabilities violates the provisions of the usury laws or any other applicable laws governing interest rates of any state having jurisdiction over this Note, Borrower's Liabilities or the Loan and Security Agreement; (d) neither this Note nor any other Borrower's Liabilities is subject to Regulation Z of the Board of Governors of the Federal Reserve System.

Borrower hereby waives demand, presentment, protest, and notice of demand, nonpayment or dishonor with respect to this Note. Borrower agrees to pay all reasonable costs of collection of this Note and any other Borrower's Liabilities, all reasonable costs in connection with the use, custody, protection and sale of the Collateral and all reasonable costs paid or incurred in enforcing or preserving any of Lender's rights hereunder or in connection with any transaction or proceeding in which Lender may become concerned or involved by reason of its interest in this Note or any other Borrower's Liabilities or any action by Borrower, in each case including reasonable attorneys' fees and costs, all promptly on demand of Lender or other person incurring the same. Lender shall not (by act, delay, omission or otherwise) be deemed to have waived any of its rights or remedies hereunder, or any provision hereof, unless such waiver is in writing signed by Lender, and any such waiver shall be effective only to the extent specifically set forth therein; and a waiver by Lender of any right or remedy under this Note on any one occasion shall not be construed as a bar to or waiver of any such right or remedy which Lender would otherwise have had on any future occasion.

All payments under this Note shall be made in immediately available funds by Borrower to Lender at Lender's offices at 950 Technology Way, Suite 301, Libertyville, Illinois, 60048 ("Lender's Principal Office") or at such other location as Lender may designate. Whenever any payment to be made hereunder shall be stated to be due on a date other than a business day, such payment shall be made on the next succeeding business day, and such extension of time shall be included in the computation of interest or any fees. As used herein, "business day" means any day on which Lender is open for business at Lender's Principal Office.

This Note shall be deemed to have been delivered and made at Libertyville, Illinois and shall be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws (without regard to the conflicts of laws provisions) of the State of Illinois. Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. Whenever in this Note reference is made to Lender or Borrower, such reference shall be deemed to include, as applicable and to the extent permitted by the Loan and Security Agreement, a reference to their respective successors and assigns, and the provisions of this Note shall be binding upon and shall inure to the benefit of such successors and assigns, including, without limitation, a receiver, trustee or debtor in possession of or for Borrower.

Lender may at any time transfer this Note and Lender's rights in any or all of the Collateral. Any transfer by Lender of its rights in any Collateral shall relieve Lender from all liability with respect to such Collateral.

## **BORROWER**

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Date:

# APPENDIX 1.4.A



## PROMISSORY NOTE

For value received, the undersigned ("Borrower") hereby promises to pay to the order of Snap-on Credit LLC ("Lender") the principal sum of \$«APP CON AMT FINANCED 111», together with interest thereon at the rate of «APP CON RATE 100»% per annum (calculated on the basis of a 365-day year), with interest accrual beginning on the date Lender advances funds hereunder. Principal and interest shall be payable in «APP CON TERM 100» weekly installments consisting of principal and interest of \$«APP CON PMT AMT 100», commencing on the first Monday after Lender advances funds hereunder (the "Payment Start Date"). Borrower will continue to make installment payments on the first business day of each successive week thereafter. The last installment shall be an amount equal to any remaining unpaid balance, together with all accrued and unpaid interest and any and all other sums due hereunder (if not sooner due or paid), shall be immediately due and payable in full on the first Monday occurring «APP CON MATURITY DT 100» weeks after the Payment Start Date (the "Final Payment Date").

Following the advancement of funds by Lender, Lender shall issue a Final Repayment Confirmation (a "Final Confirmation") specifying (1) the date the funds were advanced, (2) the principal balance of this Note, (3) the Payment Start Date, and (4) the Final Payment Date.

After the occurrence of an Event of Default and for so long as such Event of Default continues, Borrower promises to pay Lender interest on the unpaid principal amount hereof and on all other Borrower's Liabilities at a rate per annum that is equal to the interest rate specified above plus four percent (4%); provided, however, such rate shall not exceed the highest rate permitted by applicable law.

This Note is issued pursuant to, secured by and is subject to all of the terms and provisions of, the Loan and Security Agreement dated as of «LS AGRMNT SIGN DATE» between Borrower and Lender, as such Loan and Security Agreement may be amended from time to time (the "Loan and Security Agreement"), the terms and provisions of which are hereby incorporated by reference.

A mandatory acceleration and/or prepayment may be required in accordance with the terms of the Loan and Security Agreement. For a statement of the terms and conditions under which the maturity of this Note may be accelerated, reference is made to the Loan and Security Agreement. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Loan and Security Agreement.

Unless otherwise prohibited by law or as permitted hereunder, Borrower shall be subject to a prepayment premium if Borrower elects to prepay this Note in full. Such prepayment premium shall be equal to «PPFEE PERCENT» of the total outstanding balance due including accrued but unpaid interest if Borrower elects to prepay this Note. Except as required under the LOAN AND SECURITY AGREEMENT and partial prepayments of not more than one additional regular weekly payment per week, no partial prepayments shall be permitted or accepted. Notwithstanding the foregoing, there shall be no prepayment premium in the event the Borrower's Snap-on Business or any additional van is terminated, unless termination of the Snap-on Business or additional van occurs due to Borrower relocating and entering into another Snap-on franchise or additional van.

In no event shall the aforementioned prepayment premium exceed the highest amount allowable under applicable law. Such prepayment premium represents the costs of prepayment incurred by Lender.

Borrower represents, warrants and covenants that (a) this Note evidences a Loan for business and commercial purposes; (b) the proceeds of the Loan evidenced by this Note have not and will not be used for personal, family or household purposes; (c) neither this Note nor any other Borrower's Liabilities violates the provisions of the usury laws or any other applicable laws governing interest rates of any state having jurisdiction over this Note, Borrower's Liabilities or the Loan and Security Agreement; (d) neither this Note nor any other Borrower's Liabilities is subject to Regulation Z of the Board of Governors of the Federal Reserve System.

Borrower hereby waives demand, presentment, protest, and notice of demand, nonpayment or dishonor with respect to this Note. Borrower agrees to pay all reasonable costs of collection of this Note and any other Borrower's Liabilities, all reasonable costs in connection with the use, custody, protection and sale of the Collateral and all reasonable costs paid or incurred in enforcing or preserving any of Lender's rights hereunder or in connection with any transaction or proceeding in which Lender may become concerned or involved by reason of its interest in this Note or any other Borrower's Liabilities or any action by Borrower, in each case including reasonable attorneys' fees and costs, all promptly on demand of Lender or other person incurring the same. Lender shall not (by act, delay, omission or otherwise) be deemed to have waived any of its rights or remedies hereunder, or any provision hereof, unless such waiver is in writing signed by Lender, and any such waiver shall be effective only to the extent specifically set forth therein; and a waiver by Lender of any right or remedy under this Note on any one occasion shall not be construed as a bar to or waiver of any such right or remedy which Lender would otherwise have had on any future occasion.

All payments under this Note shall be made in immediately available funds by Borrower to Lender at Lender's offices at 950 Technology Way, Suite 301, Libertyville, Illinois, 60048 ("Lender's Principal Office") or at such other location as Lender may designate. Whenever any payment to be made hereunder shall be stated to be due on a date other than a business day, such payment shall be made on the next succeeding business day, and such extension of time shall be included in the computation of interest or any fees. As used herein, "business day" means any day on which Lender is open for business at Lender's Principal Office.

This Note shall be deemed to have been delivered and made at Libertyville, Illinois and shall be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws (without regard to the conflicts of laws provisions) of the State of Illinois. Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. Whenever in this Note reference is made to Lender or Borrower, such reference shall be deemed to include, as applicable and to the extent permitted by the Loan and Security Agreement, a reference to their respective successors and assigns, and the provisions of this Note shall be binding upon and shall inure to the benefit of such successors and assigns, including, without limitation, a receiver, trustee or debtor in possession of or for Borrower.

Lender may at any time transfer this Note and Lender's rights in any or all of the Collateral. Any transfer by Lender of its rights in any Collateral shall relieve Lender from all liability with respect to such Collateral.

## **BORROWER**

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«APL\_NAME»

**DATE:** «SIGN DATE»

# APPENDIX I.5.A



## DSS ONLINE SOFTWARE ORDER FORM

FRANCHISEE: FRANCHISE/CONVERTED/INDEPENDENT/ADDITIONAL VAN/ADDITIONAL FRANCHISE EMPLOYEE  
PLEASE COMPLETE THE FORM USING ALL CAPITAL LETTERS OR TYPE THE FORM

### FRANCHISEE (DEALER) INFORMATION (Please Print)

|   |  |                       |                     |
|---|--|-----------------------|---------------------|
| DBA   | «CORPNAME»   |                       |                     |
| FRANCHISEE (Dealer)   | «FULLNAME»   |                       |                     |
| EMPLOYEE NAME   | «EMPLOYEEFULLNAME»   |                       |                     |
| MAILING ADDRESS   | «HOMEADDRESSLINE1»   |                       |                     |
| CITY  | «HOMECITY»   |                       |                     |
| STATE   | «HOMESTATEPROVINCEFULL»  | ZIP CODE              | «HomeZipPostalCode» |
| DEALER NUMBER   | «DEALERNUMBER»   |                       |                     |
| HOME PHONE  | «PHONENUMBER»  |                       |                     |
| CELL PHONE  | «PHONENUMBER»  |                       |                     |
| FRANCHISEE TYPE   | <input type="checkbox"/> Franchise <input type="checkbox"/> Converted <input type="checkbox"/> Independent <input type="checkbox"/> Additional Van <input type="checkbox"/> Additional Franchise |                       |                     |
| New Franchisee  | <input type="checkbox"/>   |                       |                     |
| Conversion  | <input type="checkbox"/> Converting From <input type="checkbox"/> GFS <input type="checkbox"/> FMS <input type="checkbox"/> SRS <input type="checkbox"/> MFS <input type="checkbox"/> CSS        |                       |                     |
| <b>IMPORTANT:</b> Old License MUST be terminated with Hatala Systems Group prior to ordering new software |  |                       |                     |
| Franchise Employee Name Change  | <input type="checkbox"/>   | Termed Employee Name: | Old D#:             |

### REGION INFORMATION (Please Print)

|                  |                           |
|------------------|---------------------------|
| REGION NAME      | «REGION»                  |
| BUSINESS MANAGER | «BUSINESSMANAGERFULLNAME» |

### SHIPPING INFORMATION (Please Print)

|   |                         |          |                     |
|---|-------------------------|----------|---------------------|
| SHIP TO NAME                              | «FULLNAME»              |          |                     |
| STREET ADDRESS<br>(DO NOT ENTER P.O. BOX) | «HOMEADDRESSLINE1»      |          |                     |
| CITY                                      | «HOMECITY»              |          |                     |
| STATE                                     | «HOMESTATEPROVINCEFULL» | ZIP CODE | «HomeZipPostalCode» |

### PRODUCT CHARGES

| DSS ONLINE SOFTWARE |  | Shipped on CD-ROM (Price includes shipping and OnLine user manual on the CD-ROM) | ENTER AMOUNT: |
|---------------------|--|--|---------------|
| (Select One)        | New License  | \$770.00   | \$ 770.00     |
|                     | Franchise Employee Name Change (Provide Information Above)     | \$195.00   |               |
|                     | Re-activation – Never left Snap-on (Provide Information Above) | \$140.00   |               |
| SALES TAX           | ALL STATES EXCEPT AK, DE, MT, NH, OR                           |  | \$            |
|                     |  | Total Amount   | \$            |

### STATEMENT OF AGREEMENT

I have read and do understand the DSS OnLine Limited Software License Agreement that accompanies this order form. I agree to be bound by the terms and conditions of the DSS OnLine Limited Software License Agreement which is hereby incorporated by reference. I understand and acknowledge that all payments made hereunder are non-refundable for the license issued pursuant to the DSS OnLine Limited Software License Agreement.

|   |  |             |
|---|--|-------------|
| ACCEPTANCE SIGNATURE OF FRANCHISEE (Dealer) |  | Date: _____ |
| ACCEPTANCE SIGNATURE OF EMPLOYEE            |  | Date: _____ |

### FOR OFFICE USE ONLY:

|      |                   |           |       |           |
|------|-------------------|-----------|-------|-----------|
| Date | Branch # (Region) | Package # | Key # | Mailbox # |
|------|-------------------|-----------|-------|-----------|

FAX TO: Snap-on Corp. IT @ 815.479.6897  
OR EMAIL TO: [POSform@snapon.com](mailto:POSform@snapon.com)

# DSS ONLINE LIMITED SOFTWARE LICENSE AND MAINTENANCE AGREEMENT

**THIS DOCUMENT IS A LEGAL AGREEMENT BETWEEN YOU, THE LICENSEE, AND SNAP-ON TOOLS COMPANY LLC. LICENSEE MEANS A SNAP-ON FRANCHISEE OR INDEPENDENT DEALER. BY USING THIS PROGRAM, YOU ARE AGREEING TO BECOME BOUND BY THE TERMS OF THIS AGREEMENT. IF YOU DO NOT AGREE TO THE TERMS OF THIS AGREEMENT, PROMPTLY RETURN THE SEALED PACKAGE AND THE OTHER ITEMS THAT ARE PART OF THIS PRODUCT IN THEIR ORIGINAL PACKAGE TO SNAP-ON TOOLS COMPANY LLC FOR A FULL REFUND.**

## LIMITED LICENSE

In accord with the terms of this Agreement, SNAP-ON TOOLS COMPANY LLC ("SNAP-ON") grants to Licensee a nonexclusive limited license to use the DEALER SALES SYSTEM ONLINE ("DSS ONLINE"), a computer program in machine readable form, and related user manuals, (hereinafter collectively referred to as "the Software"). It is for use on an Intel® Pentium-based compatible computer using the current minimum system configuration recommended by the Snap-on Program from time to time.

## TERMS AND MAINTENANCE

This Agreement shall be effective on the date it is accepted by SNAP-ON (the "Effective Date") and shall remain in force for the term of Licensee's business as a SNAP-ON TOOLS COMPANY LLC Franchisee or Independent Dealer, unless either party has provided the other with at least sixty (60) days prior written notice of termination.

For so long as Licensee is current in the payment of all Maintenance Fees (described below), Licensee shall be entitled to Maintenance and Support only as specified in this Section. Hatala Systems Group, Inc. ("Hatala"), or such other party as SNAP-ON may designate from time to time, shall provide such Maintenance and Support on behalf of SNAP-ON during the term hereof. All references to Hatala herein shall include any such other designated party, which shall be so designated by SNAP-ON in the event Hatala is unable to provide the Maintenance and Support as required hereunder.

Maintenance and Support means: (a) up to two updates of the Software annually with such documentation as SNAP-ON in its discretion deems is appropriate; (b) telephone assistance from Hatala with respect to the Software, namely (i) clarification of functions and features of the Software; (ii) clarification of documentation pertaining to the Software; (iii) guidance in the operation of the Software; and (iv) error verification, analysis and correction to the extent reasonably possible by telephone; (c) product file maintenance via the communications features of the Software; and (d) CD/DVDs containing periodic master list price updates, as announced by SNAP-ON. Hatala's standard hours of service are

Monday through Friday, 7:00 a.m. to 11:00 p.m., CST time, except for holidays as observed by Hatala. Hatala's standard hours of service are subject to change at any time without notice. Maintenance and Support will be provided only with respect to versions of the Software in accordance with SNAP-ON policy in its discretion. It is agreed that SNAP-ON may charge a reasonable service fee in addition to the Maintenance Fee for any enhancements of the Software other than the two updates provided pursuant to this Agreement.

## ELIGIBILITY OF SOFTWARE

Maintenance and Support shall not include services requested as a result of, or with respect to the following, and any services requested as a result thereof shall be billed to Licensee at Hatala's then current rates:

- (a) accident; unusual physical, electrical, or electro-magnetic stress; neglect; failure of electric power, air conditioning, or humidity control; failure of rotation media not furnished by Hatala; operation of the Software with other media or equipment not meeting or not maintained in accordance with the manufacturer's specifications; or causes other than ordinary use;
- (b) improper installation by Licensee or use of the Software that deviates from any operating procedures established by SNAP-ON or Hatala in the applicable documentation;
- (c) modification and/or extension or attempted modification and/or extension of the Software undertaken by persons not authorized by SNAP-ON; or
- (d) programs made by Licensee.
- (e) replacement software is available at additional cost.

Licensee understands and acknowledges that SNAP-ON's obligations with respect to any maintenance and support are only as set forth in this Agreement.

## USE OF SOFTWARE

Licensee agrees to use the Software only in conjunction with the SNAP-ON business and in conformity with operating instructions provided by SNAP-ON. **The rights and license granted Licensee hereunder to hold and use the Software are restricted solely and exclusively to the Licensee and may not be assigned, subleased, sublicensed, sold, offered for sale, disposed of, encumbered or mortgaged.**

## RESPONSIBILITIES OF LICENSEE

SNAP-ON's provision of Maintenance and Support to Licensee is subject to the following:

- (a) Licensee shall provide SNAP-ON and Hatala with access to Licensee's personnel and equipment during normal



# **DSS ONLINE LIMITED SOFTWARE LICENSE AND MAINTENANCE AGREEMENT**

business hours. This access shall include the ability to dial-in to the equipment on which the Software is operating and to obtain the same access to the Equipment as those of Licensee's employees having the highest privilege or clearance level. SNAP-ON or Hatala will inform Licensee of the specifications of the modem equipment needed, and Licensee shall be responsible for the costs and use of such equipment.

(b) Licensee shall provide appropriate supervision, control and management of the use of the Software. In addition, Licensee shall implement appropriate procedures for the protection of information and the implementation of backup facilities in the event of errors or malfunction of the Software or Equipment.

(c) Licensee shall document and promptly report all errors or malfunctions of the Software to Hatala. Licensee shall take all steps necessary to carry out procedures for the rectification of errors or malfunctions within a reasonable time after such procedures have been received from Hatala.

(d) Licensee shall maintain a current backup copy of all programs and data.

## **MAINTENANCE FEE**

The Maintenance Fee shall be \$26.00 per month. The Maintenance Fee shall be billed to Licensee and is due and payable in accordance with the terms of Licensee's SNAP-ON invoice. The Maintenance Fee may be modified by SNAP-ON by written notice to Licensee.

## **TAXES AND DUTIES**

There shall be added to any charges under this Agreement, any sales or use tax imposed by any governmental agency with respect to the services rendered by SNAP-ON or the Software use itself.

## **TITLE**

Title to the Software will remain in Hatala, as licensed to SNAP-ON. Licensee shall keep the Software free and clear of all claims, liens or encumbrances, and any act of Licensee purporting to create claim, lien or encumbrances on the Software shall be void. Licensee acknowledges that this is a single computer license and that Licensee may make only one copy each of any computer tapes, disks, or other material provided by SNAP-ON as back-up copies of such materials. Licensee agrees not to make any other copies or partial copies, of any computer tapes, disks, or other material provided by SNAP-ON, and Licensee acknowledges that the Software is proprietary and confidential information, as between the parties. Any unauthorized use of the Software shall be considered by SNAP-ON to constitute a breach of this License Agreement and shall entitle SNAP-ON to cancel and void this Agreement and require an immediate return of Software together with any copies or documentation from the Licensee. Licensee acknowledges the value of the Software and acknowledges that the covenants

of Licensee hereunder are the minimum such terms necessary to protect SNAP-ON and its successors and assigns in the use and employment of the Software. Licensee agrees these covenants are special and unique, that damages cannot compensate SNAP-ON in the event of a violation of the covenants contained herein, and that injunctive relief shall be essential for the protection of SNAP-ON. In the event Licensee shall violate or breach any of the covenants contained herein, SNAP-ON shall be entitled to obtain injunctive relief against Licensee, without bond but upon due notice, in addition to such further or other relief as may appertain at law or in equity. In the event of the entry of any such injunction, Licensee's sole remedy shall be the dissolution of such injunction if such is warranted upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived by Licensee). Obtainment of such injunction by SNAP-ON shall not be considered an election of remedies or a waiver of any right SNAP-ON may have at law or in equity.

## **SEVERABILITY**

If any provision, or portion thereof, of this Agreement is invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted.

## **NON-WAIVER**

No delay or failure of SNAP-ON in exercising any right hereunder and no partial or single exercise thereof, shall be deemed of itself to constitute a waiver of such right.

## **WARRANTIES**

SNAP-ON represents and warrants that the Software when delivered and installed, will operate on the computer(s) required under this Agreement provided that Licensee complies with all requirements set forth in all materials provided to Licensee by SNAP-ON or Hatala. Any service rendered by SNAP-ON will be performed in a professional manner by its qualified personnel or agent.

SNAP-ON's liability for damages, regardless of the form of the action, will not exceed the charges paid by Licensee for the license of the Software. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL WARRANTIES, EXPRESSED OR IMPLIED, IN NO EVENT WILL SNAP-ON BE LIABLE FOR CONSEQUENTIAL DAMAGES. No action arising out of this Agreement, regardless of form, may be brought by either party more than one year after the cause of action accrued.

## **GENERAL**

This Agreement contains the entire Agreement between the parties. No oral statements or representations made by any of the parties shall be deemed to be a part of this Agreement. This Agreement may not be waived, altered, or

## **DSS ONLine LIMITED SOFTWARE LICENSE AND MAINTENANCE AGREEMENT**

modified except by written agreement of the parties. No agent, employee or representative of SNAP-ON has any authority to bind SNAP-ON to any affirmation, representation, or warranty, and unless such is specifically included within this written Agreement, it shall not be enforceable by Licensee. Licensee's remedies in this Agreement are exclusive.

**THE PARTIES HAVE READ THIS AGREEMENT, AND AGREE TO BE BOUND BY ALL OF ITS TERMS, AND THEY FURTHER AGREE THAT IT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THEM SUPERSEDING ALL PREVIOUS PROPOSALS, PROMISES OR REPRESENTATIONS, AND ALL OTHER COMMUNICATIONS BETWEEN THEM RELATING TO THE LICENSE. LICENSEE AGREES TO DELIVER THE SOFTWARE TOGETHER WITH ANY COPIES OR DOCUMENTATION TO SNAP-ON AT THE TIME OF TERMINATION AS A FRANCHISEE OR INDEPENDENT DEALER.**

## APPENDIX I.5.B



# MFS ONLINE UPGRADE SOFTWARE ORDER FORM

## MULTIPLE FRANCHISE/ADDITIONAL VAN OWNER

**FRANCHISEE INFORMATION (Please Print)**

|                 |   |          |                     |
|-----------------|---|----------|---------------------|
| DBA             | «CORPNAME»  |          |                     |
| FRANCHISEE      | «FULLNAME»  |          |                     |
| MAILING ADDRESS | «HOMEADDRESSLINE1»  |          |                     |
| CITY            | «HOMECITY»  |          |                     |
| STATE           | «HOMESTATEPROVINCEFULL»   | ZIP CODE | «HomeZipPostalCode» |
| DEALER NUMBER   | «DEALERNUMBER»  |          |                     |
| HOME PHONE      | «PHONENUMBER»   |          |                     |
| CELL PHONE      | «PHONENUMBER»   |          |                     |
| FRANCHISEE TYPE | <input type="checkbox"/> Franchise <input type="checkbox"/> Converted |          |                     |

**REGION INFORMATION (Please Print)**

|                  |                           |
|------------------|---------------------------|
| REGION NAME      | «REGION»                  |
| BUSINESS MANAGER | «BUSINESSMANAGERFULLNAME» |

**SHIPPING INFORMATION (Please Print)**

|                            |                         |          |                     |
|----------------------------|-------------------------|----------|---------------------|
| SHIP TO NAME               | «FULLNAME»              |          |                     |
| STREET ADDRESS (NO PO BOX) | «HOMEADDRESSLINE1»      |          |                     |
| CITY                       | «HOMECITY»              |          |                     |
| STATE                      | «HOMESTATEPROVINCEFULL» | ZIP CODE | «HomeZipPostalCode» |

## PRODUCT CHARGES

|                            |  |                      |
|----------------------------|--|----------------------|
| <b>MFS ONLINE SOFTWARE</b> | Shipped on CD-ROM (Price includes shipping and OnLine user manual on the CD-ROM) | <b>ENTER AMOUNT:</b> |
|                            | Upgrade to MFS OnLine.....   | \$350.00             |

[illegible]

## STATEMENT OF AGREEMENT

The MFS OnLine Software is an extension of the DSS OnLine Software. I understand that I must be licensed to use at least two copies of DSS OnLine prior to being able to upgrade to MFS OnLine. I have read and do understand the MFS OnLine Limited Software License Agreement that accompanies this order form. I agree to be bound by the terms and conditions of the MFS OnLine Limited Software License Agreement which is hereby incorporated by reference. I understand and acknowledge that all payments made hereunder are non-refundable for the license of the MFS OnLine Software. I understand that in order for the software to perform properly, I must be using the current minimum system configuration required by the Snap-on Program from time to time.

|                                    |  |             |
|------------------------------------|--|-------------|
| ACCEPTANCE SIGNATURE OF FRANCHISEE |  | Date: _____ |
|------------------------------------|--|-------------|

**FOR OFFICE USE ONLY:**

[illegible]

**FAX TO: Snap-on Corp. IT @ 815.479.6897**  
**OR EMAIL TO: [POSform@snapon.com](mailto:POSform@snapon.com)**

# **MFS ONLINE LIMITED SOFTWARE LICENSE AND MAINTENANCE AGREEMENT**

**THIS DOCUMENT IS A LEGAL AGREEMENT BETWEEN YOU, THE LICENSEE, AND SNAP-ON TOOLS COMPANY LLC. LICENSEE MEANS A SNAP-ON FRANCHISEE. BY USING THIS PROGRAM, YOU ARE AGREEING TO BECOME BOUND BY THE TERMS OF THIS AGREEMENT. IF YOU DO NOT AGREE TO THE TERMS OF THIS AGREEMENT, PROMPTLY RETURN THE SEALED PACKAGE AND THE OTHER ITEMS THAT ARE PART OF THIS PRODUCT IN THEIR ORIGINAL PACKAGE TO SNAP-ON TOOLS COMPANY LLC FOR A FULL REFUND.**

## **LIMITED LICENSE**

In accord with the terms of this Agreement, SNAP-ON TOOLS COMPANY LLC ("SNAP-ON") grants to Licensee a nonexclusive limited license to use the MULTIPLE FRANCHISE SYSTEM ONLINE ("MFS ONLINE"), a computer program in machine readable form, and related user manuals, (hereinafter collectively referred to as the "Software"). This Software is an extension of the DEALER SALES SYSTEM ONLINE Software ("DSS OnLine") and Licensee must be licensed for a minimum of two copies of DSS OnLine prior to entering into this Agreement. The primary function of this Software is to monitor multiple vans using DSS OnLine. In order for the Software to perform properly, Licensee must be using the current minimum system configuration required by the Snap-on Program from time to time.

## **TERMS AND MAINTENANCE**

This Agreement shall be effective on the date it is accepted by SNAP-ON (the "Effective Date") and shall automatically terminate if you are no longer a licensee of a minimum of two copies of DSS OnLine software. This Agreement will also terminate if Licensee no longer has a Multiple Franchise or Additional Van. In that case or in the event that you are no longer a licensee of a minimum of two copies of DSS OnLine software, there will be a \$30.00 charge to change back to using DSS Online without the MFS OnLine extension.

There is no additional monthly Maintenance Fee required under this Agreement. As long as Licensee is

current in the payment of all Maintenance Fees required under the DSS OnLine Agreement, Licensee shall be entitled to Maintenance and Support only as specified in the DSS OnLine Agreement. Hatala Systems Group, Inc. ("Hatala"), or such other party as SNAP-ON may designate from time to time, shall provide such Maintenance and Support on behalf of SNAP-ON during the term hereof. All references to Hatala herein shall include any such other designated party, which shall be so designated by SNAP-ON in the event Hatala is unable to provide the Maintenance and Support as required hereunder.

Maintenance and Support means: (a) up to two updates of the Software annually with such documentation as SNAP-ON in its discretion deems is appropriate; (b) telephone assistance from Hatala with respect to the Software, namely (i) clarification of functions and features of the Software; (ii) clarification of documentation pertaining to the Software; (iii) guidance in the operation of the Software; and (iv) error verification, analysis and correction to the extent reasonably possible by telephone; (c) product file maintenance via the communications features of the Software; and (d) CD/DVDs containing periodic master list price updates, as announced by SNAP-ON. Hatala's standard hours of service are Monday through Friday, 7:00 a.m. to 11:00 p.m. CST time, except for holidays as observed by Hatala. Hatala's standard hours of service are subject to change at any time without notice. Maintenance and Support will be provided only with respect to versions of the Software in accordance with SNAP-ON policy in its discretion. It is agreed that SNAP-ON may charge a reasonable service fee in addition to the DSS Maintenance Fee for any enhancements of the Software other than the two updates provided pursuant to this Agreement.

## **ELIGIBILITY OF SOFTWARE**

Maintenance and Support shall not include services requested as a result of, or with respect to the following, and any services requested as a result thereof shall be billed to Licensee at Hatala's then current rates:

(a) accident; unusual physical, electrical, or electromagnetic stress; neglect; failure of electric power, air conditioning, or humidity control; failure of

# MFS ONLINE LIMITED SOFTWARE LICENSE AND MAINTENANCE AGREEMENT

rotation media not furnished by Hatala; operation of the Software with other media or equipment not meeting or not maintained in accordance with the manufacturer's specifications; or causes other than ordinary use;

(b) improper installation by Licensee or use of the Software that deviates from any operating procedures established by SNAP-ON or Hatala in the applicable documentation;

(c) modification and/or extension or attempted modification and/or extension of the Software undertaken by persons not authorized by SNAP-ON;

(d) programs made by Licensee;

(e) replacement software is available at additional cost.

Licensee understands and acknowledges that SNAP-ON's obligations with respect to any maintenance and support are only as set forth in this Agreement.

## USE OF SOFTWARE

Licensee agrees to use the Software only in conjunction with the SNAP-ON business and in conformity with operating instructions provided by SNAP-ON. **The rights and license granted Licensee hereunder to hold and use the Software are restricted solely and exclusively to the Licensee and may not be assigned, subleased, sublicensed, sold, offered for sale, disposed of, encumbered or mortgaged.**

## RESPONSIBILITIES OF LICENSEE

SNAP-ON's provision of Maintenance and Support to Licensee is subject to the following:

(a) Licensee shall provide SNAP-ON and Hatala with access to Licensee's personnel and equipment during normal business hours. This access shall include the ability to dial-in to the equipment on which the Software is operating and to obtain the same access to the Equipment as those of Licensee's employees having the highest privilege or clearance level. SNAP-ON or Hatala will inform Licensee of the specifications of the modem equipment needed, and Licensee shall be responsible for the costs and use of such equipment.

(b) Licensee shall provide appropriate supervision, control and management of the use of the Software. In addition, Licensee shall implement appropriate procedures for the protection of information and the

implementation of backup facilities in the event of errors or malfunction of the Software or Equipment.

(c) Licensee shall document and promptly report all errors or malfunctions of the Software to Hatala. Licensee shall take all steps necessary to carry out procedures for the rectification of errors or malfunctions within a reasonable time after such procedures have been received from Hatala.

(d) Licensee shall maintain a current backup copy of all programs and data.

## TAXES AND DUTIES

There shall be added to any charges under this Agreement, any sales or use tax imposed by any governmental agency with respect to the services rendered by SNAP-ON or the Software use itself.

## TITLE

Title to the Software will remain in Hatala, as licensed to SNAP-ON. Licensee shall keep the Software free and clear of all claims, liens or encumbrances, and any act of Licensee purporting to create claim, lien or encumbrances on the Software shall be void. Licensee acknowledges that this is a single computer license and that Licensee may make only one copy each of any computer tapes, disks, or other material provided by SNAP-ON as back-up copies of such materials. Licensee agrees not to make any other copies or partial copies, of any computer tapes, disks, or other material provided by SNAP-ON, and Licensee acknowledges that the Software is proprietary and confidential information, as between the parties. Any unauthorized use of the Software shall be considered by SNAP-ON to constitute a breach of this License Agreement and shall entitle SNAP-ON to cancel and void this Agreement and require an immediate return of Software together with any copies or documentation from the Licensee. Licensee acknowledges the value of the Software and acknowledges that the covenants of Licensee hereunder are the minimum such terms necessary to protect SNAP-ON and its successors and assigns in the use and employment of the Software. Licensee agrees these covenants are special and unique, that damages cannot compensate SNAP-ON in the event of a violation of the covenants contained herein, and that injunctive relief shall be essential for the protection of SNAP-ON. In the event Licensee shall violate or breach any of the covenants contained herein, SNAP-ON shall be entitled to obtain injunctive

# **MFS ONLINE LIMITED SOFTWARE LICENSE AND MAINTENANCE AGREEMENT**

relief against Licensee, without bond but upon due notice, in addition to such further or other relief as may appertain at law or in equity. In the event of the entry of any such injunction, Licensee's sole remedy shall be the dissolution of such injunction if such is warranted upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived by Licensee). Obtainment of such injunction by SNAP-ON shall not be considered an election of remedies or a waiver of any right SNAP-ON may have at law or in equity.

## **SEVERABILITY**

If any provision, or portion thereof, of this Agreement is invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted.

## **NON-WAIVER**

No delay or failure of SNAP-ON in exercising any right hereunder and no partial or single exercise thereof, shall be deemed of itself to constitute a waiver of such right.

## **WARRANTIES**

SNAP-ON represents and warrants that the Software when delivered and installed, will operate on the computer(s) required in the DSS OnLine Agreement and with the minimum operating system required by this Agreement, provided that Licensee complies with all requirements set forth in all materials provided to Licensee by SNAP-ON or Hatala. Any service rendered by SNAP-ON will be performed in a professional manner by its qualified personnel or agent. SNAP-ON's liability for damages, regardless of the form of the action, will not exceed the charges paid by Licensee for the license of the Software. THE FOREGOING WARRANTIES ARE IN LIEU OF ALL WARRANTIES, EXPRESSED OR IMPLIED, IN NO EVENT WILL SNAP-ON BE LIABLE FOR CONSEQUENTIAL DAMAGES. No action arising out of this Agreement, regardless of form, may be brought by either party more than one year after the cause of action accrued.

## **GENERAL**

This Agreement contains the entire Agreement between the parties. No oral statements or

representations made by any of the parties shall be deemed to be a part of this Agreement. This Agreement may not be waived, altered, or modified except by written agreement of the parties. No agent, employee or representative of SNAP-ON has any authority to bind SNAP-ON to any affirmation, representation, or warranty, and unless such is specifically included within this written Agreement, it shall not be enforceable by Licensee. Licensee's remedies in this Agreement are exclusive.

**THE PARTIES HAVE READ THIS AGREEMENT, AND AGREE TO BE BOUND BY ALL OF ITS TERMS, AND THEY FURTHER AGREE THAT IT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THEM SUPERSEDING ALL PREVIOUS PROPOSALS, PROMISES OR REPRESENTATIONS, AND ALL OTHER COMMUNICATIONS BETWEEN THEM RELATING TO THE LICENSE. LICENSEE AGREES TO DELIVER THE SOFTWARE TOGETHER WITH ANY COPIES OR DOCUMENTATION TO SNAP-ON AT THE TIME OF TERMINATION AS A FRANCHISEE OR AT THE TIME LICENSEE CEASES TO BE AN ADDITIONAL FRANCHISE OWNER OR CEASES OPERATING AN ADDITIONAL VAN.**

# APPENDIX I.5.C

## SNAP-ON TOOLS SOFTWARE LICENSE AND SUPPORT AGREEMENT

THIS SOFTWARE LICENSE AND SUPPORT AGREEMENT (this "Agreement") is made by and between Snap-on Tools Company LLC ("Snap-on") and Licensee (defined below). This Agreement also refers to Snap-on and Licensee individually as a "Party" and collectively as the "Parties."

WHEREAS, Snap-on has developed and owns the Program (defined below), which is a point of sale software application with encryption functionality.

WHEREAS, Snap-on desires to license the Program to Licensee for Licensee's use in transmitting sales information to Snap-on, all as further set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises set forth above and the promises below, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **ADDITIONAL DEFINITIONS.** The following are additional defined terms:

1.1 **"Affiliate"** means an entity controlled by, under the control of or under common control with a Party, where having the direct or indirect beneficial ownership of a voting interest of at least fifty (50) percent.

1.2 **"Agreement"** means this Software License and Support Agreement and Schedule A (Additional Software License and Licensed Products Terms), which is attached hereto and incorporated herein, and Exhibit 1 (Third Party Packages) and any subparts thereto.

1.3 **"Confidential Information"** means any non-public, proprietary or confidential information or materials that a reasonable person would consider private, sensitive or proprietary and includes without limitation the Licensed Products, this Agreement and any trade secrets. Confidential Information excludes any information (i) in the public domain at the time of its disclosure or communication to the Licensee; (ii) that enters the public domain through no fault of the Licensee; or (iii) in the Licensee's possession free of any obligation of confidence at the time of its receipt by the Licensee from Snap-on.

1.4 **"Licensed Product"** means the computer software programs identified in Schedule A (as Schedule A is supplemented and/or amended from time to time by the Parties), any software updates supplied by Snap-on hereunder, the media in which the programs are delivered, and the associated documentation (including published product specifications and user manuals).

1.5 **"Licensed Location"** means the mobile store(s) identified in Schedule A.

1.6 **"Licensee"** means the Snap-on Affiliate or franchisee/dealer identified in Schedule A.

1.7 **"Third Party Packages"** means software programs and libraries distributed with the Licensed Product, which are subject to the specific license terms set forth in such license agreement from such third party issued by such third parties and reissued by such third parties from time to time, and may be subject to the terms of the licenses attached hereto as Exhibit 1, as reissued from time to time.

## **2. SOFTWARE LICENSE.**

**2.1 Grant.** The Licensed Products are proprietary to Snap-on or, with respect to the Third Party Packages, to third parties. Subject to the terms and conditions of this Agreement, Snap-on hereby grants to Licensee, and Licensee hereby accepts, a non-exclusive, non-transferable, limited license to use the Licensed Products at the Licensed Locations, subject to the following conditions:

A. The Licensed Products are to be used by the Licensee solely for Licensee's own internal business purposes;

B. Unless Snap-on first provides its prior written consent, nothing in this Agreement grants any rights to modify, reverse engineer, decompile, recompile, sell, lease, or otherwise transfer the Licensed Products;

C. The Licensed Products may not be used for the operation of any timesharing bureau or similar activity for the benefit of a third party;

D. Licensee acknowledges that the laws and regulations of the United States may restrict the export and re-export of certain commodities and technical data of United States origin, including the Licensed Products in any medium. Licensee will not export or re-export the Licensed Products in any form without the appropriate United States or foreign government licenses. Licensee's obligations pursuant to this section shall survive and continue after any termination or expiration of rights under this Agreement; and

E. License shall automatically renew annually provided Licensee remains current in the payment of the maintenance and support fee.

**2.2 Reservation of Rights.** Snap-on reserves all other rights, and nothing in this Agreement grants Licensee any other rights to use, distribute or sublicense the Licensed Products (except with respect to Third Party Packages).

**2.3 Third-Party Packages.** The Licensed Product is distributed with Third Party Packages. Notwithstanding the terms of this Agreement, Licensee's use of the Third Party Packages is subject to the terms and conditions of their specific license agreements, including without limitation any disclaimers of warranties and limitations of liability.

**2.4 Services.** Unless otherwise set forth in Schedule A, during the term of this Agreement (or until earlier notified by Snap-on), Snap-on will provide the following to Licensee regarding the Licensed Products: (i) a commercially reasonable amount of technical advice regarding the Licensed Products, which will be provided via a toll-free telephone number during a reasonable amount of hours to be determined by Snap-on in its sole discretion; (ii) updates for the Licensed Products, which Snap-on will provide at Snap-on's sole discretion; and (iii) training on the use of the Licensed Products, which Snap-on will provide at such times and in such manners as Snap-on determines in its sole discretion.

## **3 FEES.**

**3.1 Fee Payment.** In consideration for the rights granted under this Agreement, the Licensee will pay to Snap-on the fees set forth in Schedule A. Amounts are payable in U.S. dollars to Snap-on under this Agreement, including without limitation any sales or use tax pertaining to same (but excluding any Snap-on income tax) will be set forth monthly on Licensee's statement sent by Snap-on to Licensee and will be payable in accordance with Snap-on's then-current standard terms of payment. Licensee will not have, and hereby waives any right to set off amounts claimed from Snap-



on against amounts due under this Agreement. Past due amounts will bear interest at the lesser of one and one-half percent (1.5 %) per month from the due date or the highest interest rate permitted by applicable law.

**3.2 Fee Updates.** Snap-on reserves the right to prospectively change the fees set forth in Schedule A, from time to time, upon thirty (30) days prior notice to Licensee, which may be provided electronically and without sending a confirmation copy in another form. Snap-on also reserves the right to change the fees set forth in Schedule A in the event Licensee requests any additional products or services from Snap-on under this Agreement.

**4. AUDIT.** Snap-on will have the right to inspect the Licensee's facilities and records to verify Licensee's compliance with the terms and conditions of this Agreement at Snap-on's discretion.

## **5. CONFIDENTIAL INFORMATION.**

**5.1 Duty to Keep Confidential.** Licensee will not disclose Confidential Information to others and will ensure that its employees do not disclose Confidential Information to others. The provisions of this paragraph will survive the termination of this Agreement for any reason whatsoever. The foregoing restrictions on disclosure will not apply to Confidential Information required to be disclosed by order of a court or other governmental agency having jurisdiction thereof, provided in such case the Licensee will give Snap-on prompt notice thereof and allow Snap-on to file any motions or pleadings or obtain a protective order as it deems necessary to prevent the disclosure of the Confidential Information.

**5.2 Cooperation.** Upon knowledge of any unauthorized possession or use of, or access to, any Confidential Information or to the Licensed Products, Licensee will notify Snap-on immediately and furnish Snap-on with full details of such situation and cooperate, at Snap-on's expense, in any litigation or other proceeding deemed necessary by Snap-on to protect the rights of Snap-on or its Affiliates.

## **6. WARRANTIES.**

**6.1 Licensee Warranties.** Licensee will comply with all applicable local, state, federal and other governmental laws, rules, regulations and ordinances, including without limitation any export control laws, rules and regulations. Licensee is not in violation of any such laws or regulations, excluding those violations that alone or in the aggregate do not and will not have a material adverse affect on its business or assets, or its ability to perform its obligations under this Agreement.

**6.2 Snap-on Warranties.** The following warranties will not apply to Licensed Products which have been altered or modified or used in a manner that fails to conform to Snap-on's written instructions or the provisions of this Agreement:

A. Licensed Products. Ninety (90) days following the date of delivery of the Licensed Products (the "warranty period") to the Licensed Location, Snap-on warrants to Licensee that the Licensed Products will perform in all material respects in accordance with Snap-on's specifications for the License Product as such specification exists as of the date of delivery of the Licensed Products. If a Licensed Product fails to conform to the foregoing warranty, then, within the warranty period, the Licensee will give Snap-on written notice thereof setting forth the nature of such non-conformity, the affected Licensed Product supplied. As Licensee's sole and exclusive remedy, Snap-on, at no additional charge to the Licensee, will (A) use commercially reasonable efforts to correct any such non-conformity; (B) provide a mutually acceptable plan for correction within sixty (60) days

following the receipt of Licensee's notice to Snap-on; or (C) terminate this Agreement and refund the amounts paid by Licensee under this Agreement.

B. Services. Snap-on warrants to Licensee that Snap-on will meet its service obligations under this Agreement in a professional and workmanlike manner.

**6.3 Disclaimer.** THE FOREGOING WARRANTIES ARE EXCLUSIVE AND IN LIEU OF, AND SNAP-ON DISCLAIMS, ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE.

**7. LIMITATION OF LIABILITY.** In no event will Snap-on be liable for any special, indirect, incidental, punitive or consequential damages, including without limitation lost profits or revenues, even if Snap-on has been advised of said damages. Snap-on's liability on any claim whether in contract, tort (including negligence in any degree), warranty, strict liability, or otherwise, for any loss or damage arising from or related to any Licensed Products or ANY SERVICES HEREUNDER will in no case exceed the Fees allocable to the Licensed Product giving rise to the claim, and in no event will Snap-on be liable to the Licensee for a monetary amount greater than the amounts paid or due to it in accordance with this Agreement for a period not to exceed twelve(12) months prior to the date of the claim.

**8. FORCE MAJEURE.** The Parties are excused from non-performance under this License Agreement (except as to any payment obligations), to the extent such non-performance is caused by an act of nature, war, terrorism, public enemy, or civil disobedience; epidemic, or quarantine restriction; blockade; strike, labor disputes; sabotage; explosion; or a change in law, rule, or regulation to the extent beyond the affected Party's reasonable control.

**9. INFRINGEMENT.** Subject to Section 7 ("Limitation of Liability"), Snap-on will indemnify and hold Licensee harmless from any costs, damages, liabilities, or expenses (including reasonable attorneys' fees) suffered or incurred by Licensee as a result of claims that Licensee's use of the Licensed Product infringes any third party patent, copyright or other intellectual property right of any entity other than Snap-on or a vendor of any Third party Package; provided that (A) Licensee notifies Snap-on without undue delay in writing of such claim; (B) Licensee permits Snap-on to defend, compromise or settle said claim; and (C) Licensee provides Snap-on, at Snap-on's expense, all available information, assistance and authority to enable Snap-on to do so.

**9.1 Additional Remedies.** In addition to the foregoing indemnification obligation, if any claim is brought against the Licensee based on a claim that the use of Licensed Products constitutes an infringement of any third-party patent, copyright or other intellectual property right, then at Snap-on's option, it will promptly either (i) secure for Licensee, at Snap-on's expense, the right to continue to use the Licensed Product; (ii) replace or modify the Licensed Product, at Snap-on's expense, so that the Licensed Product becomes non-infringing; or (iii) terminate this Agreement and return any Licensee's license fees paid in the prior five years for the infringing Licensed Product in the event that neither (i) nor (ii), in the reasonable opinion of Snap-on, is feasible provided that Snap-on at its option and from time to time may change its choice in this respect prior to termination under (iii), if any.

A. Snap-on will have no liability for any claims of infringement that depend upon (i) the use of Licensed Product in conjunction or combination with non-Snap-on software or Licensee's products, (ii) a use of the Licensee's Products in a manner not contemplated in Snap-on's published

specifications or by this Agreement, or (iii) modifications of the Licensed Product not expressly authorized in writing by Snap-on.

B. LICENSEE'S EXCLUSIVE REMEDIES WITH RESPECT TO ANY CLAIM BY A THIRD PARTY THAT A LICENSED PRODUCT INFRINGES A PATENT, COPYRIGHT OR OTHER INTELLECTUAL PROPERTY RIGHT WILL BE AS SET FORTH IN THIS SECTION 9.

## **10. TERM AND TERMINATION.**

**10.1 Term.** The term of this Agreement will begin on the date set forth in Schedule A, and shall remain in effect until terminated as provided herein.

**10.2 Termination– In General.** Either party may terminate this Agreement by providing a thirty (30) day written notice of termination to the other party.

**10.3 Termination for Cause – Change in Relationship.** In the event Licensee is no longer a franchisee/dealer or Affiliate of Snap-on for any reason or if Snap-on will no longer offer or support the Licensed Products and/or Third Party Packages, Snap-on may terminate this Agreement effective immediately upon written notice to Licensee.

**10.4 Termination for Cause – Bankruptcy.** Snap-on may terminate this Agreement, including the Software License effective immediately and without any prior notice to Licensee, if any of the following occur: (A) Licensee files a petition in bankruptcy or is adjudicated a bankrupt; (B) a petition in bankruptcy is filed against Licensee; (C) Licensee becomes insolvent or makes an assignment for the benefit of its creditors or makes an arrangement pursuant to any bankruptcy law; (D) Licensee discontinues all or a significant portion of its business; or (E) a receiver is appointed for Licensee or its business.

**10.5 Effect of Termination.** Upon termination of this Agreement, Licensee will discontinue use of and will, within five (5) calendar days after termination of this Agreement, at its own expense, (A) return to Snap-on the original and all copies of the Licensed Products, including without limitation any Confidential Information, in object code or source code format, in machine readable or human readable form, which Licensee has in its possession, and a certification by the Licensee, or one of Licensee's officers, attesting that none of the foregoing has been retained by Licensee; or (B) destroy the same and provide Snap-on with a written certification from the Licensee or an officer of the Licensee attesting to said destruction, as Snap-on directs.

**11. ARBITRATION.** Any controversy or dispute arising out of or in connection with this Agreement, its interpretation, performance or termination that the parties are unable to resolve within a ninety (90) day period following written notice by one party to the other of the existence of such controversy or dispute, will be submitted to binding arbitration. The controversy or dispute will be finally settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration will (A) apply the law set forth in Section 12, (B) take place at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Licensee is assigned, and (C) be decided by one arbitrator with not less than fifteen (15) years experience in dealing with commercial disputes. Each party shall bear their own costs of the arbitration, provided however, that the fees and expenses of the arbitrator shall be paid 50% by each side. Notwithstanding the foregoing, the arbitrator may award attorneys' fees if the controversy or dispute is brought under Section 9 above and the arbitrator finds attorneys' fees should be awarded as provided in Section 9 above.

**12. GOVERNING LAW.** The laws of the state in which the Snap-on Branch Office is located to which Licensee is assigned, excluding any conflicts of law provisions, will govern any matters arising out of or relating to this Agreement and the transactions it contemplates, including without limitation, the interpretation, construction, and enforcement of this Agreement and any performance under this Agreement. Uniform Computer Information Transaction Act, as adopted by various states, shall not apply to this Agreement.

**13. INDEPENDENCE.** The relationship created by this Agreement is that of licensor and licensee. Nothing in this Agreement creates or will be construed to create or constitute a partnership, joint venture, agency or employment relationship between the Parties.

**14. ASSIGNMENT.** This Agreement is personal to Licensee and may not be assigned or delegated by Licensee without the prior written consent of Snap-on. Any assignment made without such consent is void.

**15. NOTICE.** Any notices, reports, approvals, or other communications under this Agreement ("Notices") must be in writing and sent by one of the following methods to Snap-on or Licensee at the appropriate address set forth in Schedule A: (A) personal delivery; (B) mail, with postage prepaid; (C) nationally or internationally recognized overnight courier service (e.g., UPS), with all fees prepaid; or (D) facsimile or e-mail, provided that a confirmation copy is sent by another method hereunder. A Party may change its addresses for Notices (or that of its designated recipient) by written notice to the other Party. Notices are effective as follows: actual receipt after sending by personal delivery; three (3) days after sending by mail; the next day after sending by overnight courier; and the same day if sending by facsimile or e-mail.

**16. LANGUAGE.** If this Agreement is translated into any other language, the original English language version of this Agreement controls. All communications and notices made or given pursuant to this Agreement, and all documentation and support to be provided, unless otherwise noted, will be in the English language or will be accompanied by an English language version.

**17. AGREEMENT.** This Agreement contains the entire understanding between the Parties and supersedes all prior agreements and understanding relating to the subject matter hereof. This Agreement may not be explained, supplemented or qualified through evidence of trade usage or a prior course of dealings. In entering into this Agreement, neither Party has relied upon any statement, representation, warranty or agreement of the other Party, except for those that are expressly contained in this Agreement.

**18. AMENDMENT.** This Agreement may not be amended or modified orally and no provision hereof may be waived except by a further instrument in writing, signed by the Party against whom enforcement of any waiver, amendment, modification or discharge is sought.

**19. SEVERABILITY.** If any part of this Agreement is determined to be invalid, illegal or unenforceable, such part will be deemed omitted and the remainder of this Agreement will continue in full force in a manner that gives effect to the Parties' intent.

**20. HEADINGS.** The headings and subheadings used in this Agreement are for convenient reference only and do not constitute a part of this Agreement. The headings and sub-headings are not for use in construing or interpreting this Agreement.

**IN WITNESS THEREOF, the Parties hereby execute this Agreement by their duly authorized representatives.**

**SNAP-ON TOOLS COMPANY LLC**

**LICENSEE:** \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## **SCHEDULE A**

### **Additional Software License and Licensed Product Terms Last Updated on: \_\_\_\_\_**

**Licensee:** \_\_\_\_\_

#### **Licensed Products / Number of Licenses / License Fee:**

| <b>Licensed Product</b> | <b>Fee (note if one-time or recurring)</b> |
|-------------------------|--|
| CHROME                  | \$770.00 license fee (one time)            |

**FOR LICENSEES THAT ARE SNAP-ON FRANCHISEES:** Snap-on will provide maintenance and technical support services for the Licensed Products to Licensee as follows:

(A) Such maintenance services include without limitation all updates to the Licensed Products that Snap-on or Snap-on's third party licensors issue during the period in which Licensee receives support services; and

(B) Such technical support services include without limitation training and access by telephone to Snap-on's technical support staff.

Snap-on will provide the forgoing services to Licensee during the term of this Agreement, provided that Licensee has paid Snap-on a maintenance and support fee in the amount of **\$26.00 per month**.

#### **Licensed Locations-Mobile Store(s):**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### **Term of Agreement:**

Begins: \_\_\_\_\_

#### **Notices should be sent to:**

Snap-on Tools Company LLC  
2801 80<sup>th</sup> Street  
Kenosha, WI, 53143

Attn: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-mail: \_\_\_\_\_

Licensee: \_\_\_\_\_

\_\_\_\_\_

Attn: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

**EXHIBIT 1-A**  
**Third Party Packages**  
**GNU GENERAL PUBLIC LICENSE**

Version 2, June 1991

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The precise terms and conditions for copying, distribution and modification follow.

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These requirements apply to the modified work as a whole. If identifiable sections of that work are not derived from the Program and can be reasonably considered independent and separate works in



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- b)** Accompany it with a written offer, valid for at least three years, to give any third party, for a charge no more than your cost of physically performing source distribution, a complete machine-readable copy of the corresponding source code, to be distributed under the terms of Sections 1 and 2 above on a medium customarily used for software interchange; or,
- c)** Accompany it with the information you received as to the offer to distribute corresponding source code. (This alternative is allowed only for noncommercial distribution and only if you received the program in object code or executable form with such an offer, in accord with Subsection b above.)

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## **EXHIBIT 1-B**

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#### **ELIGIBILITY EXPORT RESTRICTIONS**

I am not a citizen, national or resident of, and am not under the control of, the government of: Cuba, Iran, Sudan, Iraq, Libya, North Korea, Syria, nor any other country to which the United States has prohibited export.

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Any use of the Oracle Database Express Edition is subject to the following limitations;

1. Express Edition is limited to a single instance on any server;
2. Express Edition may be installed on a multiple CPU server, but may only be executed on one processor in any server;
3. Express Edition may only be used to support up to 4GB of user data (not including Express Edition system data);
4. Express Edition may use up to 1 GB RAM of available memory.

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### *No Technical Support*

Our technical support organization will not provide technical support, phone support, or updates to you for the programs licensed under this agreement.

### *End of Agreement*

You may terminate this Agreement by destroying all copies of the programs. We have the right to terminate your right to use the programs if you fail to comply with any of the terms of this Agreement, in which case you shall destroy all copies of the programs.

### *Relationship between the Parties*

The relationship between you and us is that of licensee/licensor. Neither party will represent that it has any authority to assume or create any obligation, express or implied, on behalf of the other party, nor to represent the other party as agent, employee, franchisee/dealer, or in any other capacity. Nothing in this Agreement shall be construed to limit either party's right to independently develop or distribute software that is functionally similar to the other party's products, so long as proprietary information of the other party is not included in such software.

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#### *Other*

Upon 45 days written notice Oracle may audit the use of the program. You agree to cooperate with Oracle's audit and provide reasonable assistance and access to information. You agree that Oracle shall not be responsible for any of your costs incurred in cooperating with the audit.

#### *Entire Agreement*

You agree that this Agreement is the complete Agreement for the programs and licenses, and this Agreement supersedes all prior or contemporaneous Agreements or representations. If any term of this Agreement is found to be invalid or unenforceable, the remaining provisions will remain effective.

# APPENDIX I.6.A

## RA FINANCING AGREEMENT (Standard Franchise)

This RA Financing Agreement ("Agreement") is made as of \_\_\_\_\_ (the "Effective Date"), between Snap-on Tools Company LLC, a Delaware Limited Liability Company with its principal place of business at Kenosha, Wisconsin, ("Snap-on"), and \_\_\_\_\_ whose address is \_\_\_\_\_ ("Franchisee") and, if applicable, \_\_\_\_\_ ("Designated Owner").

WHEREAS, Snap-on and Franchisee have entered into a STANDARD FRANCHISE AGREEMENT dated as of \_\_\_\_\_ (the "FRANCHISE AGREEMENT"); and

WHEREAS, in order to finance RA Acquisition (defined below) and the acquisition of additional inventory to further develop Franchisee's RA Sales, Franchisee desires to have credit extended and Snap-on has agreed to extend credit for the acquisition of RA and purchase of additional inventory upon the terms and conditions herein.

NOW, THEREFORE, the parties hereby agree as follows:

1. **Credit.** From time to time for a period of six (6) months after the Effective Date of this Agreement, Snap-on will extend credit to Franchisee in accordance with the terms of this Agreement for the purchase of RA Acquisition and the purchase of inventory from Franchisor in a total amount not to exceed \$52,500.00 ("Credit Cap").
2. **Maturity.** Franchisee will repay the entire outstanding amount of such credit on the "Termination Date", which shall be the earlier of (i) six (6) months after the Effective Date or (ii) the date on which the Franchise Agreement terminates for any reason.
3. **Extensions of Credit.** Credit for RA Acquisition in the amount of 75% of the RA accounts purchased by Franchisee will be extended at the time Franchisee purchases RA Acquisition. Additional credit shall be granted weekly at 75% of the excess, if any, of RA Sales over RA Collections as disclosed on Franchisee's weekly report to Snap-on and such amount reflected on Franchisee's Statement. At no time, however, shall the total amount of credit extended exceed the Credit Cap.
4. **Mandatory Repayments.** The following are mandatory repayments:
  - a) In the event the Franchisee's RA Sales are less than the Franchisee's RA Collections in any given week, Franchisee shall be charged for 75% of the difference between RA Collections and RA Sales as disclosed on Franchisee's weekly report to Snap-on and such amount shall be reflected on Franchisee's Statement as a repayment of any credit previously extended.
  - b) If Franchisee makes adjustments to reduce his total RA balance, Franchisee will be charged 75% of the amount of the reduction in the total RA balance made by the Franchisee, and such amount shall be reflected on Franchisee's Statement as a repayment of any credit previously extended.
5. **Books and Records.** Franchisee will promptly provide Snap-on with an RA audit report from Franchisee's computer upon the request of Snap-on. Snap-on shall have the right at any time to inspect Franchisee's books and records and to otherwise verify the accuracy of reports submitted to Snap-on.



**6. Additional Definitions:**

- a. **"RA Sales"** shall mean those sales of Products by Franchisee on which Franchisee extends credit to the customer, not including sales under any Credit and Lease Program offered by Snap-on Credit or Open Account Program offered by Snap-on.
- b. **"RA"** means the receivable arising out of an RA Sale.
- c. **"RA Collections"** shall mean those monies collected from customers who were sold Products as an RA Sale.
- d. **"RA Acquisition"** shall mean RA purchased from a predecessor franchisee or Snap-on.

**7. Security Interest.** The credit extended hereunder shall be secured by all security agreements, now or hereafter in effect, between the Franchisee and Snap-on.

**8. Defined Terms.** Defined terms used in this Agreement and not defined herein shall have the definitions ascribed to them in the Franchise Agreement.

**9. Miscellaneous.**

- a. This Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, executors, administrators and legal personal representatives of Franchisee, Designated Owner and Snap-on, provided that this Agreement may not be assigned by Franchisee or Designated Owner without the prior written consent of Snap-on.
- b. All notices or other communications hereunder shall be in writing and shall be provided in accordance with the notice provisions contained in the Franchise Agreement.
- c. This Agreement shall be construed in accordance with the laws (without regard to the conflicts of laws provisions) of the state in which the Snap-on Regional Sales Office to which Franchisee was assigned at the time this Agreement was executed is located.

In witness whereof, the parties have executed this Agreement as of the Effective Date.

**FRANCHISEE**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_  
\_\_\_\_\_  
(Print Name and Title)

\_\_\_\_\_  
Corporate Franchisee

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**Designated Owner:**

\_\_\_\_\_

# APPENDIX I.6.B

## RA FINANCING AGREEMENT (Gateway Franchise)

This RA Financing Agreement ("Agreement") is made as of \_\_\_\_\_ (the "Effective Date"), between Snap-on Tools Company LLC, a Delaware Limited Liability Company with its principal place of business at Kenosha, Wisconsin, ("Snap-on"), and \_\_\_\_\_, an individual residing at \_\_\_\_\_ ("Franchisee").

WHEREAS, Snap-on and Franchisee have entered into a GATEWAY FRANCHISE AGREEMENT dated as of \_\_\_\_\_ (the "FRANCHISE AGREEMENT"); and

WHEREAS, in order to finance RA Acquisition (defined below) and the acquisition of additional inventory to further develop Franchisee's RA Sales, Franchisee desires to have credit extended and Franchisor has agreed to extend credit for the acquisition of RA and purchase of additional inventory upon the terms and conditions herein.

NOW THEREFORE, the parties hereby agree as follows:

1. **Credit.** From time to time during the term of the Franchise Agreement, Franchisor will extend credit to Franchisee in accordance with the terms of this Agreement for the purchase of RA Acquisition and the purchase of inventory from Franchisor in a total amount not to exceed \$52,500.00 ("Credit Cap").
2. **Maturity.** Franchisee will repay the entire outstanding amount of such credit on the "Termination Date", which shall be the date on which the Franchise Agreement expires or otherwise terminates for any reason.
3. **Extensions of Credit.** Credit for RA Acquisition will be extended at the time Franchisee purchases RA Acquisition. Additional credit shall be granted weekly at 75% of the excess, if any, of RA Sales over RA Collections as disclosed on Franchisee's weekly report to Snap-on and such amount reflected on Franchisee's Statement. At no time however, shall the total amount of credit extended exceed the Credit Cap.
4. **Mandatory Repayments.** The following are mandatory repayments:
  - a) In the event the Franchisee's RA Sales are less than the Franchisee's RA Collections in any given week, Franchisee shall be charged for 75% of the difference between RA Collections and RA Sales as disclosed on Franchisee's weekly report to Snap-on and such amount shall be reflected on Franchisee's Statement as a repayment of any credit previously extended.
  - b) If Franchisee makes adjustments to reduce his total RA balance, Franchisee will be charged 75% of the amount of the reduction in the total RA balance made by the Franchisee, and such amount shall be reflected on Franchisee's Statement as a repayment of any credit previously extended.
5. **Books and Records.** Franchisee will promptly provide Snap-on with an RA audit report from Franchisee's computer upon the request of Snap-on. Snap-on shall have the right at any time to inspect Franchisee's books and records and to otherwise verify the accuracy of reports submitted to Snap-on.

**6. Additional Definitions:**

- a. **“RA Sales”** shall mean those sales of Products by Franchisee on which Franchisee extends credit to the customer, not including sales under any Credit and Lease Program offered by Snap-on Credit or Open Account Program offered by Snap-on.
- b. **“RA”** means the receivable arising out of an RA Sale.
- c. **“RA Collections”** shall mean those monies collected from customers who were sold Products as an RA Sale.
- d. **“RA Acquisition”** shall mean RA purchased from a predecessor franchisee or Snap-on.

**7. Security Interest.** The credit extended hereunder shall be secured by all security agreements, now or hereafter in effect, between the Franchisee and the Snap-on.

**8. Defined Terms.** Defined terms used in this Agreement and not defined herein shall have the definitions ascribed to them in the Franchise Agreement.

**9. Miscellaneous.**

- a. This Agreement shall be binding upon and inure to the benefit of the respective successors, assigns, heirs, executors, administrators and legal personal representatives of Franchisee, Designated Owner and Snap-on, provided that this Agreement may not be assigned by Franchisee or Designated Owner without the prior written consent of Snap-on.
- b. All notices or other communications hereunder shall be in writing and shall be provided in accordance with the notice provisions contained in the Franchise Agreement.
- c. This Agreement shall be construed in accordance with the laws (without regard to the conflicts of laws provisions) of the state in which the Snap-on Regional Sales Office to which Franchisee was assigned at the time this Agreement was executed is located.

In witness whereof, the parties have executed this Agreement as of the Effective Date.

**FRANCHISEE**

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
Individual Franchisee

By: \_\_\_\_\_  
\_\_\_\_\_  
(Print Name and Title)

# APPENDIX I.6.C



## RA LOAN ADDENDUM TO LOAN AND SECURITY AGREEMENT

Amendment No. \_\_\_\_\_

This Addendum is made to the LOAN AND SECURITY AGREEMENT between Snap-on Credit LLC, a Delaware limited liability company with its principal place of business at 950 Technology Way, Libertyville, Illinois 60048 ("Lender") and \_\_\_\_\_ ("Borrower"), [an individual residing at] [a corporation with its principal place of business at] \_\_\_\_\_.

WHEREAS, the parties have entered into a LOAN AND SECURITY AGREEMENT dated as of \_\_\_\_\_ (the "LOAN AND SECURITY AGREEMENT") in order to finance the acquisition of inventory and certain costs associated with the Borrower's Snap-on Business and to provide working capital for such Snap-on Business; and

WHEREAS, in order to finance the acquisition of additional inventory and to further develop Borrower's RA sales, Borrower desires to borrow, and Lender is willing to lend additional money to Borrower upon the terms and conditions herein.

NOW THEREFORE, the Lender and Borrower hereby agree as follows:

### 1. THE RA LOAN.

- a. **Loan.** Subject to the terms and conditions of this Addendum, Lender will lend to Borrower the sum of \_\_\_\_\_ (the "RA Loan"). The RA Loan shall be evidenced by Borrower's promissory note, in form and substance acceptable to Lender (the "RA Note"). The RA Note shall be executed and delivered to Lender before or concurrently with Lender's disbursement of the RA Loan. The unpaid principal amount of the RA Loan shall bear interest and shall be due and payable as provided in the RA Note. In the event Borrower has an existing Loan under the LOAN AND SECURITY AGREEMENT and is entering into the RA Loan as an additional Loan, then both shall be repaid in accordance with their respective terms and shall be secured under the LOAN AND SECURITY AGREEMENT. A default under any existing or future NOTE shall be a default under this RA Note and a default under this RA Note shall be a default under any existing or future NOTE.

This RA NOTE shall be in addition to any existing promissory note or other Borrower's Liabilities outstanding under the terms of the LOAN AND SECURITY AGREEMENT.

- b. **Prepayment Premium.** Prepayments of any RA NOTE, unless otherwise prohibited by law, shall be subject to a prepayment premium as set forth in the RA Note. In no event shall the aforementioned prepayment premium exceed the highest amount allowable under applicable law. Such prepayment premium represents the costs of prepayment incurred by Lender.
- c. **Inventory Levels.** Borrower's covenant to maintain levels of Inventory (at Borrower's cost) and Accounts shall be increased so that the levels of Inventory and Accounts shall be at least equal to the new principal aggregate amount of the Loan under any RA NOTE, until such time as any RA NOTE is repaid.

**2. GENERAL TERMS.**

Except as provided above, all other terms and conditions of the LOAN AND SECURITY AGREEMENT shall remain in full force and effect. If the terms of this Addendum conflict with the terms of the LOAN AND SECURITY AGREEMENT, the terms of this Addendum prevail. All terms not defined herein shall have the same meaning as in the LOAN AND SECURITY AGREEMENT. This Addendum shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

FOR CALIFORNIA RESIDENTS: This Addendum is made pursuant to Section 22500 of the California Financial Code.

In witness whereof, the parties have executed this Addendum on the date noted below.

**BORROWER**

**SNAP-ON CREDIT LLC**

\_\_\_\_\_  
Date: **«SIGN DATE»**

\_\_\_\_\_  
(Print Name and Title)

Address: \_\_\_\_\_  
\_\_\_\_\_

## APPENDIX I.6.D



### RA LOAN PROMISSORY NOTE

For value received, the undersigned ("Borrower") hereby promises to pay to the order of Snap-on Credit LLC ("Lender") the principal sum of \$\_\_\_\_\_, together with interest thereon at the rate of \_\_\_\_\_% per annum (calculated on the basis of a 365-day year). Principal and interest shall be payable in \_\_\_\_\_ weekly installments consisting of principal and interest of \_\_\_\_\_, commencing on \_\_\_\_\_, and continuing on the same day of each successive week thereafter until \_\_\_\_\_ with the last installment equal to the remaining **balance** due \_\_\_\_\_. The entire unpaid balance, together with all accrued and unpaid interest and all other sums due hereunder, if not sooner due or paid, shall be immediately due and payable in full on \_\_\_\_\_.

After the occurrence of an Event of Default and for so long as such Event of Default continues, Borrower promises to pay Lender interest on the unpaid principal amount hereof and on all other Borrower's Liabilities at a rate per annum that is equal to the interest rate specified above plus four percent (4%); provided, however, such rate shall not exceed the highest rate permitted by applicable law.

This Note is issued pursuant to, secured by and is subject to all of the terms and provisions of, the Loan and Security Agreement dated as of \_\_\_\_\_ between Borrower and Lender, as such Loan and Security Agreement may be amended from time to time (the "Loan and Security Agreement"), the terms and provisions of which are hereby incorporated by reference.

A mandatory prepayment may be required in accordance with the terms of the Loan and Security Agreement. For a statement of the terms and conditions under which the maturity of this Note may be accelerated, reference is made to the Loan and Security Agreement. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Loan and Security Agreement.

Unless otherwise prohibited by law or as permitted hereunder, Borrower shall be subject to a prepayment premium if Borrower elects to prepay this Note in full. Such prepayment premium shall be equal to \_\_\_\_\_% of the total outstanding balance due including accrued but unpaid interest if Borrower elects to prepay this Note. Except as required under the LOAN AND SECURITY AGREEMENT and partial prepayments of not more than one additional regular weekly payment per week, no partial prepayments shall be permitted or accepted. Notwithstanding the foregoing, there shall be no prepayment premium in the event the Borrower's Snap-on Business or any additional van is terminated, unless termination of the Snap-on Business or additional van occurs due to Borrower relocating and entering into another Snap-on franchise or additional van.

In no event shall the aforementioned prepayment premium exceed the highest amount allowable under applicable law. Such prepayment premium represents the costs of prepayment incurred by Lender.

Borrower represents, warrants and covenants that (a) this Note evidences a Loan for business and commercial purposes; (b) the proceeds of the Loan evidenced by this Note have not and will not be used for personal, family or household purposes; (c) neither this Note nor any other Borrower's Liabilities violates the provisions of the usury laws or any other applicable laws governing interest

rates of any state having jurisdiction over this Note, Borrower's Liabilities or the Loan and Security Agreement; (d) neither this Note nor any other Borrower's Liabilities is subject to Regulation Z of the Board of Governors of the Federal Reserve System. Borrower hereby waives demand, presentment, protest, and notice of demand, nonpayment or dishonor with respect to this Note. Borrower agrees to pay all reasonable costs of collection of this Note and any other Borrower's Liabilities, all reasonable costs in connection with the use, custody, protection and sale of the Collateral and all reasonable costs paid or incurred in enforcing or preserving any of Lender's rights hereunder or in connection with any transaction or proceeding in which Lender may become concerned or involved by reason of its interest in this Note or any other Borrower's Liabilities or any action by Borrower, in each case including reasonable attorneys' fees and court costs, all promptly on demand of Lender or other person incurring the same. Lender shall not (by act, delay, omission or otherwise) be deemed to have waived any of its rights or remedies hereunder, or any provision hereof, unless such waiver is in writing signed by Lender, and any such waiver shall be effective only to the extent specifically set forth therein; and a waiver by Lender of any right or remedy under this Note on any one occasion shall not be construed as a bar to or waiver of any such right or remedy which Lender would otherwise have had on any future occasion.

This Note shall be deemed to have been delivered and made at Libertyville, Illinois and shall be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws (without regard to the conflicts of laws provisions) of the State of Illinois. Whenever possible each provision of this Note shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Note. Whenever in this Note reference is made to Lender or Borrower, such reference shall be deemed to include, as applicable and to the extent permitted by the Loan and Security Agreement, a reference to their respective successors and assigns, and the provisions of this Note shall be binding upon and shall inure to the benefit of such successors and assigns, including, without limitation, a receiver, trustee or debtor in possession of or for Borrower.

Lender may at any time transfer this Note and Lender's rights in any or all of the Collateral. Any transfer by Lender of its rights in any Collateral shall relieve Lender from all liability with respect to such Collateral.

## **BORROWER**

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«APL\_NAME»

Date: «SIGN DATE»

### VEHICLE LEASE AGREEMENT

#### Schedule of Vehicles

Lease No.:

| LESSOR   |  | LESSEE  |                  |  |    |
|--|--|---|------------------|--|----|
| Name   | Snap-on Credit LLC   | Ph  | 888-846-8122     | Name   | Ph |
| Addresses  | 950 Technology Way, Suite 301, Libertyville, IL 60048<br>2801 80th St. Kenosha, WI, 53143  |   | Address          |  |    |
| Salesperson Name & LIC#  |  |   |                  |  |    |
| DESCRIPTION OF LEASED VEHICLE: <<New ____ Used ____>>          |  |   |                  |  |    |
| Year / Make  | Model/Body Type  | Vehicle I.D.  | Vehicle Supplier | Maintenance Contract   |    |
|  |  |   |                  |  |    |
| VEHICLE LOCATION<br>(If different from Lessee's address above) |  | REQUIRED INSURANCE<br>(for each Vehicle)  |                  |  |    |
| Address:   |  | Minimum Limits of Liability:  |                  | All Risk:  |    |
| City: _____  |  | \$1,000,000 bodily injury to 1 person   |                  | 1. Full comprehensive (fire and theft) with \$1,000 max. deductible. |    |
| State: _____ Zip: _____  |  | \$1,000,000 bodily injury any 1 accident  |                  | 2. Full collision, with \$1,000 max. deductible.                     |    |
|  |  | \$1,000,000 property damage, plus uninsured motorist  |                  |  |    |
| LEASE TERM   | RENT PAYMENTS  | ADVANCE RENT AND SECURITY DEPOSIT   |                  | PURCHASE OPTION  |    |
| ____ calendar months, plus any interim period                  | \$_____ per month in advance for the first month, followed by \$_____ per month for the next _____ months. Total rental payments for the Term are \$_____. | An amount equal to one (1) monthly rent payment being payable at the time of signing this Lease in the total amount of \$_____, together with a security deposit equal to one (1) monthly rent payment. |                  | <input type="checkbox"/><br>\$_____                                  |    |

#### FINANCIAL DISCLOSURES

|   |    |    |
|---|----|----|
| 1. Total Cash Price of Equipment  |    | \$ |
| 2. A. Down Payment  | \$ |    |
| B. Trade-in Allowance Allowance given by vehicle Provider                                     | \$ |    |
| C. Total Reduction (Line 2A + 2B)   |    | \$ |
| 3. Unpaid Cash Balance (Line 1 - 2C)  |    | \$ |
| 4. Other Charges—Specify Item & Amount  |    |    |
| A. Insurance  | \$ |    |
| B. Official Fees  | \$ |    |
| C. Upfront Taxes  | \$ |    |
| D. Delivery & Other Fees  | \$ |    |
| E. Amount of Other Charges Paid Separately  | \$ |    |
| F. Total Other Charges (Line 4A + 4B + 4C + 4D - 4E)  |    | \$ |
| 5. Lease (Principal) Balance (Line 3 + 4F)  |    | \$ |
| 6. Lease Charges (Finance Charge)   |    | \$ |
| 7. Total Amount Payable by Lessee (Line 1 + 4F + 6)   |    | \$ |
| 8. Total Amount Payable by Lessee Excluding Down Payment & Trade Allowance (Line 7 - 2C - 4E) |    | \$ |



**(DISCLOSURES Continued)**

**WARRANTY INFORMATION:**

Check applicable boxes. Refer to separate document for coverages and exclusions.

**Dealer Warranty:**

|   |  |
|---|--|
| <input type="checkbox"/> <b>AS IS – NO WARRANTY</b><br>Dealer disclaims all warranties including implied warranties of merchantability and fitness for a particular purpose. See Section 6 for additional disclaimers and disclosures.<br><input type="checkbox"/> <b>Limited Warranty</b><br>Refer to separate warranty document for coverages and exclusions. | Term: (If Known)<br>____ (Months)<br>____ (Miles)<br>Whichever comes first |
| Percent of retail repair costs to be paid by You ____%  | Deductible to be paid by You<br>\$ _____                                   |

**Manufacturer Warranty:**

|   |  |
|---|--|
| <input type="checkbox"/> New Vehicle Warranty<br><input type="checkbox"/> Expired<br><input type="checkbox"/> Not known<br><input type="checkbox"/> Cancelled due to salvage or other vehicle history.<br><input type="checkbox"/> Remaining vehicle mfr warranty – Call the mfr or refer to warranty booklet for details | Expiration: (If Known)<br>____ (Months)<br>____ (Miles)<br>Whichever comes first |
| Percent of retail repair costs to be paid by You ____%  | Deductible to be paid by You<br>\$ _____   |
| Transfer fee to be paid by You \$ _____   | Pay to: <input type="checkbox"/> Mfr<br><input type="checkbox"/> Dealer          |

**Service Contract Information:**

|   |
|---|
| <input type="checkbox"/> Service Contract<br>Term: ____ (months) ____ (miles), whichever comes first.<br>Percent of retail repair costs to be paid by You: ____%<br>Deductible to be paid by You \$ _____ |
|---|

**ANTICIPATED VEHICLE DELIVERY DATE:** \_\_\_\_\_ **REGARDLESS OF REASON, IF THE VEHICLE ORDERED BY THE LESSEE IS NOT AVAILABLE FOR DELIVERY WITHIN 15 CALENDAR DAYS AFTER ANTICIPATED DELIVERY DATE, THE LESSEE MAY CANCEL THIS LEASE AND SHALL WITHIN ONE BUSINESS DAY, RECEIVE A FULL REFUND OF ANY DOWN PAYMENT AND RETURN OF TRADE-IN VEHICLE, OR TITLE FOR TRADE-IN VEHICLE, OR BOTH IF THE TRADE-IN IS NOT AVAILABLE, THE LESSEE SHALL RECEIVE THE TRADE-IN ALLOWANCE. UNLESS DELIVERY DATE IS OTHERWISE QUALIFIED ON THIS CONTRACT BY THE LESSOR, IF THE ORDERED VEHICLE BECOMES AVAILABLE FOR DELIVERY PRIOR TO THE STATED ANTICIPATED DELIVERY DATE, THE DEALER LICENSEE MAY REQUIRE ACCEPTANCE NOT LESS THAN 21 CALENDAR DAYS AFTER HAVING NOTIFIED THE LESSEE OF AVAILABILITY OF DELIVERY AND MAY SUBSEQUENTLY VOID THE CONTRACT IF THE LESSEE REFUSES TO TAKE DELIVERY, IN WHICH CASE NO PENALTY SHALL BE ASSESSED BY THE DEALER LICENSEE FOR NON-ACCEPTANCE OF DELIVERY PRIOR TO THE STATED ANTICIPATED DELIVERY DATE.**

**BUSINESS PURPOSE** LESSEE WARRANTS THAT THE DESCRIBED EQUIPMENT IS BEING LEASED FOR USE PRIMARILY AS EQUIPMENT IN THE COMMERCIAL CONDUCT AND OPERATION OF LESSEE'S TRADE AND BUSINESS AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES. LESSEE HAS KNOWLEDGE OF, AND HAS BEEN OFFERED THE EQUIPMENT AT, ITS CASH PRICE AND HAS ELECTED

*TO LEASE THE EQUIPMENT IN LIEU THEREOF. LESSEE ACKNOWLEDGES ITS SIGNATURE HERETO CAN BE CONSIDERED BINDING BY LESSOR UPON ACCEPTNACE.*

**INSURANCE:** Physical Damage Insurance covering the Equipment is required under the terms of this Lease and Liability Insurance coverage for bodily injury and property damage caused to others is required under the terms of this Lease. Lessee may obtain Physical Damage Insurance coverage and Liability Insurance coverage from any source acceptable to Lessor.

**CREDIT INSURANCE IS NOT REQUIRED** by this Agreement.

**OFFICIAL AND/OR SERVICE FEES** are not required by law, but may be charged to vehicle lessees for services or reimbursements related to perfection of security or ownership interests or for services related to state and federal laws, verification requirements, public safety concerns, and must be reasonable.

Contact the selling motor vehicle dealer to discuss any questions or problems about your vehicle or this contract. If you are unable to resolve any disputes with the dealer, you may contact: Division of Motor Vehicles, Dealer Section, Wisconsin Department of Transportation, P.O. Box 7909, Madison, Wisconsin, 53707. The Dealer Section licenses motor vehicle dealers and administers the administrative regulations governing consumer protection in vehicle sale transactions, Ch. Trans 139, Wis. Admin. Code.

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## **TERMS AND CONDITIONS**

1. Purchase; Lease. Lessee hereby requests Lessor to purchase the motor vehicles and other equipment (the "Vehicles") described in the above Schedule from the supplier listed in the above Schedule and to Lease the Vehicles to Lessee on the terms and conditions of this Lease. Lessor hereby leases to Lessee, and Lessee leases from Lessor, the Vehicles.

2. Term. The term of this Lease (the "Term") shall commence on the date on which Lessee executes the acceptance certificate attached hereto (the "Acceptance Certificate") and end on the same day of the month as the commencement day of the last month of the number of calendar months stated in the above Schedule, unless extended by agreement of the parties. Notwithstanding the foregoing, this Lease shall continue until the earlier of (a) the scheduled expiration of the Term or any extended Term, (b) the date this Lease is terminated under Paragraph 16 or Paragraph 23, (c) the date that Lessee makes the payment described in Paragraph 11, or (d) the date this Lease is prepaid under Paragraph 22 of this Lease. All provisions of this Lease shall apply during any extended Term except as may be otherwise specifically provided in this Lease, in a schedule to this Lease or in any subsequent written agreement of the parties.

3. Rent. Lessee shall pay Lessor or Lessor's designee the total rent for the Term of this Lease, which shall be the total amount of all rent payments stated in the above Schedule, plus such additional rent as may arise. All monthly rent payments shall be payable in advance, in cash or by check, commencing on the date on which Lessee executes the Acceptance Certificate and on the same day of each month thereafter, whether or not Lessor has rendered an invoice therefore, at the office of Lessor set forth herein or to such other place as Lessor may from time to time designate in writing. Lessor may designate an assignee or other designee for receipt of payment of rent. Provided Lessee has paid both the Advance Rent and the Security Deposit, and thereafter agrees and pays Lessor through a weekly automatic deduction from Lessee's bank account an amount calculated to equal the annual rent paid in weekly installments together with any maintenance fees, Lessor will agree to accept 23.095% of the monthly rent payment each and every week of the Term commencing with the first week of the first month of the Term of this Lease, and payable each and every week of the Term thereafter on the same day of the week. Weekly payments of rent are payments in advance; however, provided Lessee is paying through automatic deduction Lessor will permit even weekly payments and not require the full monthly payment to be paid in advance each month. In the event Lessee terminates the automatic deduction method of payment, Lessee shall immediately owe the amount due to equal the monthly rent due in advance and shall thereafter resume payments as provided above. In the event

Lessee requests, and Lessor grants, a payment extension, Lessee shall pay, as additional rent, and extension fee of \$50 per month (or \$11.54 per week) for each month (or week) of the applicable extension.

4. Advance Rent. Lessor acknowledges receipt of any "Advance Rent" and any "Security Deposit" set forth in the above Schedule. In no event shall any Advance Rent or any other payments that are due be refunded to Lessee.

5. Security Deposit. Lessee agrees to pay Lessor on the date hereof an amount equal to one (1) monthly rent payment as set forth in the above Schedule ("Security Deposit"), which sum shall be held by Lessor, without obligation for interest, as security for the full, timely and faithful performance of your covenants and obligations under this Lease, it being expressly understood and agreed that such payment is not a measure of Lessor's damages in the event of Lessee's default. Upon the occurrence of any default by Lessee, Lessor may, from time to time, without prejudice to any other remedy provided herein or provided by law, use such fund to the extent necessary to make good any arrears of rent payments or other payments due us hereunder, and any other damage, injury, expense or liability caused by any event of Lessee's default. Lessee is responsible for payment of any shortfall in rent payments. In the event the Security Deposit is waived at the time this Lease was entered into, Lessee hereby agrees to remit to Lessor the Security Deposit within 5 days after becoming a Snap-on Franchisee.

6. Lease Supersedes Purchase Order; Selection Of Vehicles; Disclaimer Of Warranties. Upon execution hereof by Lessee, this Lease supersedes any purchase order of Lessee with respect to the Vehicles, Lessee agrees that its interest in the Vehicles is the interest of a Lessee and not of an owner, and Lessee assigns to Lessor Lessee's rights under any purchase order with respect to the Vehicles but not the Lessee's obligation to pay for the Vehicles unless Lessee furnishes Lessor with the Acceptance Certificate, supplied by Lessor, in accordance with Paragraph 6. Lessee has selected both the Vehicles and the supplier from which Lessor may purchase the Vehicles. **LESSEE ACKNOWLEDGES THAT LESSOR HAS NO EXPERTISE OR SPECIAL FAMILIARITY WITH RESPECT TO THE VEHICLES. LESSEE AGREES THAT THE VEHICLES LEASED HEREUNDER ARE LEASED "AS IS, WHERE IS," AND ARE OF SPECIFICATIONS SELECTED BY LESSEE. LESSEE IS SATISFIED THAT THE VEHICLES ARE SUITABLE FOR LESSEE'S PURPOSES. LESSOR MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING PATENT INFRINGEMENT, CONDITION, QUALITY OR DESIGN OF THE VEHICLES, THEIR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, THE SUITABILITY OF THE VEHICLES IN ANY RESPECT OR IN CONNECTION WITH, OR THE PURPOSES AND USES OF, LESSEE, THE CONFORMITY OF THE VEHICLES TO ANY LAW, RULE, REGULATION, SPECIFICATION, CONTRACT OR PURCHASE ORDER RELATING THERETO, OR AS TO LESSOR'S TITLE THERETO, LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF OR AS TO THE EXISTENCE OF ANY CLAIM OF ANY OTHER PERSON THERETO. LESSEE HEREBY WAIVES ANY CLAIM AGAINST LESSOR IN CONNECTION WITH OR ARISING OUT OF THE OWNERSHIP, LEASING, FURNISHING, PERFORMANCE OR USE OF THE VEHICLES AND LESSOR SHALL HAVE NO LIABILITY FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE WHATSOEVER RELATING THERETO, INCLUDING, WITHOUT LIMITATION, ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES.** Any warranty with respect to the Vehicles has been made in writing by the supplier and/or manufacturer separate from, and is not a part of, this Lease and shall be for the benefit of Lessor, Lessee and, if any, Lessor's purchaser or secured party. If any Vehicle is damaged in transit, is not timely delivered, does not operate as represented or warranted by the supplier and/or manufacturer, or is unsatisfactory for any reason, Lessee shall make any claim on account thereof solely against the supplier and/or manufacturer and shall, nevertheless, pay Lessor all rent payable under this Lease and shall not set up against Lessee's obligations any such claims as a defense, counterclaim, set-off or otherwise. As long as Lessee is not in breach or default of this Lease, Lessor hereby assigns to Lessee, solely for the purpose of making and prosecuting any such claim, any rights which Lessor may have against the supplier and/or manufacturer for breach of warranty or other misrepresentation respecting the Vehicles. All proceeds of any warranty recovery by Lessee from the supplier and/or manufacturer of the Vehicles shall first be used to repair or replace the affected Vehicle; any excess shall be paid to Lessor or, if any, to Lessor's purchaser or secured party. **LESSEE ACKNOWLEDGES AND AGREES THAT NEITHER THE SUPPLIER NOR ANY SALESPERSON, EMPLOYEE, REPRESENTATIVE OR AGENT OF THE SUPPLIER IS AN AGENT OR REPRESENTATIVE OF LESSOR, AND THAT NONE OF THE ABOVE IS AUTHORIZED TO WAIVE OR ALTER ANY TERM, PROVISION**

OR CONDITION OF THIS LEASE, OR MAKE ANY REPRESENTATION OR WARRANTY FOR LESSOR WITH RESPECT TO THIS LEASE OR THE VEHICLES LEASED HEREUNDER. Lessee further acknowledges and agrees that Lessee, in executing this Lease, has relied solely upon the terms, provisions and conditions contained herein, and any other statements, warranties or representations, if any, by the supplier, or any salesperson, employee, representative or agent of the supplier, have not been relied upon and shall not in any way affect Lessee's obligation to pay rent and otherwise perform as set forth in this Lease.

7. Delivery; Acceptance. Lessee acknowledges that, for purposes of receiving or accepting the Vehicles from the supplier thereof, Lessee is acting on Lessor's behalf. Upon delivery of each Vehicle to Lessee and Lessee's inspection thereof, Lessee shall furnish Lessor with the Acceptance Certificate with respect to such Vehicle; provided, however, that the parties agree that five days is a reasonable period of time for Lessee to inspect the Vehicles. Therefore, unless Lessee notifies Lessor to the contrary, Lessee shall be deemed to have unconditionally accepted each Vehicle five days after physical delivery thereof to the Vehicle location as may be noted on the supplier's or manufacturer's invoice. Lessee agrees to hold Lessor harmless from specific performance of this Lease and from damages if for any reason any Vehicle is not delivered as ordered or if any Vehicle is unsatisfactory for any reason whatsoever. Lessee agrees that any delay in delivery of any Vehicle shall not affect the validity of this Lease.

8. Location; Inspection; Use. The Vehicles shall be delivered to Lessee and thereafter parked at the location specified on the Schedule at the beginning of this Lease or at such other location as is authorized by the Lessor which Lessee shall report to Lessor. Lessee shall use the Vehicles solely for business purposes and in a careful and proper manner, and shall comply with all laws, regulations and ordinances, all conditions and requirements of the insurance required to be maintained hereunder and all manufacturer's instructions and warranty requirements. Lessee shall affix and maintain Lessor's labels, if supplied by Lessor, upon a visible place on the Vehicles. Lessor shall have the right from time to time, during reasonable business hours, to enter upon Lessee's premises for the purpose of inspecting the Vehicles.

9. Maintenance; Alterations. Lessee shall, at Lessee's expense, maintain the Vehicles in good operating condition, repair and appearance and properly serviced and lubricated, furnish all parts and labor required to keep the Vehicles in such condition, protect the same from deterioration, other than normal wear and tear, and only use the Vehicles in the regular course of Lessee's business and within normal capacity. Lessee shall not make any modification, alteration or addition to the Vehicles without the prior written consent of Lessor, and then all such modifications, alterations and additions shall belong to Lessor and shall be returned to Lessor with the Vehicles upon the expiration or earlier termination of this Lease. If so indicated in the Schedule at the beginning of this Lease, Lessee shall enter into a Van Maintenance Agreement in a form acceptable to the Lessor, in the Lessor's sole discretion, and cause the Vehicles to be maintained pursuant to the Van Maintenance Agreement.

10. Insurance. Lessee agrees to maintain the insurance described in the Schedule at the beginning of this Lease AT ALL TIMES in full force and effect and written by an insurance company acceptable to Lessor, which insurance shall provide full breach of warranty protection to Lessor and be primary insurance coverage, protecting the interests of Lessor and Lessee. Lessor, its successors and assigns, must be named "ADDITIONAL INSURED" as to liability insurance up to \$1,000,000 if required by Lessor and "LOSS PAYEE" as to all risk insurance. All policies shall provide 30 days' advance written notice to Lessor of cancellation, change or non-renewal. Lessee shall pay all premiums for such insurance and shall deliver to Lessor the original policy or policies of insurance or other evidence satisfactory to Lessor of the insurance required hereby and the renewal thereof; provided, however, that Lessor shall be under no duty to ascertain the existence of or to examine such insurance policy or to advise Lessee in the event such insurance coverage shall not comply with the requirements hereof. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts received in payment for loss or damage under any such insurance policy. If Lessee shall fail to procure, maintain or pay for such insurance, Lessee agrees that Lessor shall have the right, but not the obligation, to obtain such insurance on behalf of, and at the expense of, Lessee and Lessee agrees to pay all costs thereof with the next rent payment.

11. Loss or Damage. Lessee shall bear the entire risk of loss, theft, destruction or damage to each Vehicle (herein, "Loss or Damage") from any cause whatsoever, from and after the earliest of the date on which (a) such Vehicle is ordered, (b) Lessor pays the purchase price of the Vehicle, or (c) title to the Vehicle passes to Lessor, and continuing until such Vehicle is returned to Lessor. No Loss or Damage shall relieve Lessee of the obligation to pay rent or of any other obligation under this Lease. In the event of Loss or Damage, Lessee shall promptly notify Lessor in writing and, at the option of Lessor, shall (i) place the same in good condition and repair; (ii) replace the same with a like Vehicle of equivalent value, in good condition and acceptable to Lessor with clear title thereto in Lessor, whereupon such Vehicle shall be subject to this Lease and be deemed a Vehicle for all purposes hereof; or (iii) pay to Lessor on the rent payment date next following such event the total of the following amounts: (1) the total rent and other amounts due and owing at the time of such payment, plus (2) an amount calculated by Lessor which is the present value (using a discount rate equal to the implicit Lease rate of this Lease, as determined by Lessor in Lessor's reasonable discretion (the "Discount Rate")) of all rent and other amounts payable by Lessee with respect to such Vehicle from the date of such payment to the date of the scheduled expiration of the Term, plus (3) Lessor's estimate of the Vehicle's residual value as determined by Lessor in Lessor's reasonable discretion as of the scheduled expiration of the Term which in no event shall be less than the amount set forth in the Purchase Option box at the beginning of this Lease ("Residual Value"). All proceeds of insurance received by Lessor as a result of such Loss or Damage shall, where applicable, be applied toward the replacement or repair of the Vehicle or the payment of the obligations of Lessee hereunder.

12. Taxes; Expenses. Lessee shall comply with all laws and regulations relating to, and shall promptly pay when due, all license fees, registration fees, sales taxes, franchise taxes, use and property taxes, assessments, charges and other taxes, municipal, state and federal, which may now or hereafter be imposed upon the ownership, titling, possession, leasing, renting, operation, control, use, maintenance, location, delivery and/or redelivery of, the Vehicles and prepare and/or file, upon request by Lessor, any schedules required by taxing authorities in connection therewith. In addition, Lessee agrees to pay all costs, expenses, fees and charges incurred in connection with the titling, licensing and registration of the Vehicles, and in connection with the use and operation thereof during the Term, including, but not limited to, fuel, oil, lubricants, repairs, maintenance, tires, tubes, storage, parking, tolls, fines, towing and servicing. In the event Lessee does not pay all sums specified above, Lessor has the right, but not the obligation, to pay the same. If Lessor shall so pay any of the aforementioned, then Lessee shall remit such amount with the next rent payment.

13. Return. Unless Lessee has renewed this Lease or purchased the Vehicle pursuant to the terms and conditions of this Lease, upon the termination of this Lease, Lessee shall, at Lessee's own expense and risk, promptly return the Vehicles by delivering such Vehicles, prepared for shipment, to such location in the continental United States as Lessor may specify, fully serviced and in the same condition as received, reasonable wear and tear excepted. In the event Lessee does not return any Vehicle as provided herein, Lessee shall pay to Lessor the rent specified herein on a prorated basis for each day Lessee fails to return such Vehicle. The acceptance of said rent by Lessor shall not waive Lessor's right to have such Vehicle promptly returned to Lessor pursuant to the provisions hereof, nor shall the acceptance of said rent be deemed to be an extension of the Term of this Lease. In the event such vehicle is re-sold or placed under a new lease results in proceeds that would be required by law to be paid to Lessee, then Lessor prior to any such payment shall be entitled to collect (in addition to any amounts due for wear & tear, refurbishment, out of pocket costs, fees, etc.,) a remarketing fee of up to 2.5% of the total present resale value realized for such Vehicle.

14. General Indemnity. Lessee shall, and does hereby, indemnify and save Lessor, its agents, employees, successors and assigns, harmless from any and all liability, obligations, losses, damages, penalties, claims, suits, strict liability in tort, cost and expenses, including attorney's fees, arising out of the ownership, selection, location, possession, leasing, renting, operation, control, use, maintenance, repair, delivery and/or redelivery of the Vehicles, including, without limitation, any claim alleging latent and other defects, whether or not discoverable, and any other claim arising out of strict liability in tort, and any claim for patent, trademark or copyright infringement. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Lease. Any indemnity payment hereunder shall be adjusted to preserve Lessor's anticipated net after-tax economic return with respect to the leasing of the Vehicles.

15. Default. Any of the following events or conditions shall constitute an event of default hereunder: (a) if Lessee fails to pay any rent or other monies or charges, or fails to observe any other term or condition of this Lease, on the due date, without notice or demand by Lessor; (b) if Lessee shall cease doing business as a going concern; (c) if Lessee becomes insolvent or makes an assignment for the benefit of creditors; (d) if a petition is filed by or against Lessee under any applicable bankruptcy laws; (e) if Lessee applies for or consents to the appointment of a receiver, trustee, conservator or liquidator of Lessee or such receiver, trustee, conservator or liquidator is appointed without the application or consent of Lessee; (f) if Lessee ceases to be an authorized Snap-on Franchisee, Franchisee or Snap-on Sales Representative or Snap-on Special Representative because of the termination of or the transfer or assignment of rights under Lessee's Franchise Agreement, Franchisee Agreement or other agreement with Snap-on Tools Company LLC or any of its affiliates which authorized Lessee to be a Snap-on Franchisee or Franchisee and does not contemporaneously thereafter enter into another Snap-on Standard Franchise Agreement or Snap-on Gateway Franchise Agreement or become a Snap-on Special Representative or Snap-on Sales Representative; (g) if any statement, representation or warranty heretofore or hereafter furnished by Lessee shall be untrue or unperformed in any material respect; (h) if a creditor of Lessee or any other person or entity attaches or levies execution against Lessee and the attachment or levy is not released within 48 hours; (i) if Lessee makes a bulk transfer of its furniture, fixtures, furnishings or other equipment or inventory; (j) if Lessee breaches any of the terms of any loan or credit agreement, or defaults thereunder, or if the condition of Lessee's affairs shall so change as to, in Lessor's opinion, materially increase the credit risk involved; (k) if any guarantor dies or any event described above occurs with respect to any guarantor; (l) Lessee operates the Vehicle or conducts activities in the vehicle in violation of applicable law; or (m) if Lessee shall default under any other Lease, contract or agreement with Lessor or Snap-on Tools Company LLC or any of its affiliates.

16. Remedies. Upon the happening of any one or more events or conditions of default, Lessor shall have the right to exercise any one or more of the following remedies: (a) to declare all unpaid rent immediately due and payable and to recover the balance of rent and other charges reserved under this Lease, discounted to present value as of the date paid using the Discount Rate, with Lessor retaining title to the Vehicles; (b) to sue for all rent payments due under this Lease as they shall accrue; (c) with or without notice, demand or legal process, to retake possession of the Vehicles under this Lease (Lessee hereby authorizes and empowers Lessor to enter upon the premises wherever each Vehicle may be found) and (i) repossess the Vehicles and retain all rent payments paid hereunder and recover from Lessee the amount of unpaid rent and other charges for the balance of the Term, discounted to present value as of the date paid using the Discount Rate; (ii) re-Lease the Vehicles and recover from Lessee the amount by which the balance of rent and other charges reserved in this Lease for the balance of the Term exceeds the net amount to be received by Lessor for such re-leasing for the same period, discounted to present value as of the date paid using the Discount Rate; or (iii) sell the Vehicles and recover from Lessee the amount by which the balance of the rent and charges reserved in this Lease for the balance of the Term and the Residual Value of the Vehicles, exceeds the net amount received by Lessor from such sales. Lessor may specifically enforce this provision, which is a material inducement to Lessor in entering into this Lease; or (d) to pursue any other remedy permitted by law. No failure on the part of Lessor to exercise, and no delay in exercising any right or remedy hereunder, shall operate as a waiver thereof.

17. Assignment. Without Lessor's prior written consent, Lessee shall not (a) assign, transfer or pledge or otherwise dispose of its interest in this Lease, the Vehicles or any interest therein, or (b) sublet or lend the Vehicles or permit any Vehicle to be used by anyone, other than Lessee or Lessee's employees. Lessor may grant a security interest in or sell or assign this Lease or the rents due under this Lease or grant a security interest in or sell the Vehicles in whole or in part without notice to Lessee, and Lessor's purchaser or secured party may then grant a security interest in or sell this Lease or the rents due under this Lease or the Vehicles, without notice to Lessee. Each such secured party shall have all the rights but none of the obligations of Lessor under this Lease. Lessee shall recognize such sales or security interests, shall not assert against such purchasers or secured parties any defense, counterclaim or set-off Lessee may have against Lessor and shall, at Lessor's request, pay to such purchasers or secured parties all sums due or to become due or owing under this Lease. Notwithstanding any such assignment, Lessee shall quietly enjoy use of the Vehicles, subject to the terms and conditions of this Lease. Lessee will promptly execute and deliver any acknowledgment of the forgoing furnished by Lessor.

18. Ownership; Personal Property. The Vehicles are, and shall at all times remain, owned solely by Lessor or its successors and assigns, and all titles thereto and registrations thereof shall be in the name of Lessor or its successors and assigns. Lessee shall have no right, title or interest in or to the Vehicles, except as to the use thereof subject to the terms and conditions of this Lease.

19. Late Charges. If Lessee fails to pay any rent or other sum to be paid by Lessee to Lessor within ten days after the due date thereof, Lessee shall pay Lessor (a) an amount calculated at the rate of five cents (\$.05) per one dollar (\$1.00) of each such delayed payment, and shall make such payment within ten days after the original due date, as compensation for Lessor's internal operating expenses arising as a result of such failure; (b) amounts paid by Lessor to others relevant to the collection thereof; and (c) interest on such unpaid rent or other amount, at the rate of 10% per annum or such lesser maximum rate as may be fixed by law, computed from and including the due date to the date paid. If any amount is paid by check, ACH or similar instrument from Lessee and it is dishonored for any reason, Lessee agrees to pay the Lessor the costs paid by the Lessor to others because of the dishonor, plus a fee to Lessor of \$25, provided, however, the fee paid to Lessor shall not be greater than the highest amount permitted by applicable law.

20. No Offset. This Lease may not be canceled or terminated for any reason whatsoever, except as expressly provided herein. Lessee agrees that its obligation to pay all rents and other sums payable hereunder and the right of Lessor in and to such rents are absolute and unconditional and are not subject to any abatement, reduction, set-off, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any circumstance, happening or event whatsoever.

21. End of Term Options. Provided that no event of Default has occurred and is continuing, Lessee shall elect one of the following three options by giving Lessor at least thirty (30) days prior written notice of such election: (a) return the Vehicle(s) in accordance with the Agreement; (b) purchase the Vehicle(s) for the price set forth in the Purchase Option box at the beginning of this Lease; or (c) enter into a lease renewal with Lessor. If Lessee elects to purchase the Vehicle(s), Lessee shall pay Lessor the price set forth in the Purchase Option box at the beginning of this Lease prior to the expiration of the initial Term (plus any applicable taxes and titling fees) and Lessor shall transfer the Vehicle(s) to Lessee on an "AS IS, WHERE AS" basis without representation or warranty of any kind. If Lessee elects to return the Vehicle(s), Lessee shall comply with all provisions of this Lease, including Paragraph 13, and ensure that the Vehicle(s) is returned to the location designated by Lessor prior to the expiration of the initial Term. If Lessee desires to enter into a lease renewal, Lessor and Lessee shall use their good faith efforts to determine an acceptable rental term, payment and end of term option during such thirty (30) day period. If Lessee does not give the thirty (30) day prior written notice of its election or if Lessee and Lessor cannot agree on the terms of a lease renewal, then unless the Lessor elects to terminate the Lease, in its sole discretion, the Term of the Lease shall automatically extend on a month-to-month basis, at the Rent in effect at the expiration of the initial Term, for a period beginning on the last day of the initial Term and ending on the earlier of the day that Lessee and Lessor agree on the terms of a lease renewal or the thirtieth (30<sup>th</sup>) day after Lessee delivers to Lessor notice that Lessee is electing Option (a) or Option (b) above.

22. Early Purchase Option: If Lessee is not in default of any term or provision of the Lease, Lessee may pay and satisfy this Lease in full and purchase, "AS IS, WHERE IS" with no warranty from Lessor of any kind, all but not less than all of the Vehicles leased hereunder, provided that Lessee has given Lessor written notice of its intention to exercise such purchase option not later than 30 days prior to the purchase date by paying to Lessor: (a) the then present value of the unpaid balance of the remaining rent payments and all other amounts due under the Lease, all discounted at the Discount Rate; plus (b) the amount set forth in the Purchase Option box at the beginning of this Lease; plus (c) a prepayment premium, if not prohibited by law, equal to (i) three (3) monthly rent payments if prepaid on or before the end of the 36 month of this Lease, (ii) two (2) monthly rent payments if prepaid on or after the 37 month and on or before the 60 month of this Lease, or (iii) one (1) monthly rent payment if prepaid after month 60 if this Lease; plus (d) plus all applicable sales, use or other taxes. In no event shall the aforementioned prepayment premium exceed the highest amount allowable under applicable law. Such prepayment premium, represents the costs of prepayment incurred by Lessor, including but not limited to, the Lessor's loss of gross profits. Upon such payment, the Lease shall terminate and Lessee shall become entitled to the Vehicle as owner thereof.

23. Early Termination Option at Termination of Snap-on Business. If Lessee terminates its Snap-on Business for any reason then the Lessee may terminate this Lease upon satisfaction of the following conditions: (a) Lessee is not in default under the terms of this Lease; (b) Lessee gives Lessor written notice fourteen (14) days prior to the termination date; (c) Lessee pays all monthly rent payments, fees, taxes or charges through the end of the month in which the early termination option is elected; (d) Lessee pays costs to ship the Vehicle(s) to a location designated by Lessor at costs not to exceed **\$3,135.00**; (e) Lessee pays any damages for repair to the Vehicle(s) above ordinary wear and tear; and (f) Lessee pays an early termination charge equal to one (1) monthly rent payment. Notwithstanding the foregoing, (a) this early termination option is not available if Lessee remains an authorized Snap-on Franchisee under a different Snap-on Franchise Agreement or as a Standard Franchisee after having been a Trial Franchisee or Gateway Franchisee and (b) Lessee shall remain responsible for all tax bills and other amounts due (such as property taxes) that accrue during the term of this Lease and remain unpaid at its termination.

24. Further Assurances; Security Interest. Lessee shall provide Lessor with such resolutions, opinions, financial statements and other documents (including title and Vehicle registration documents and documents for filing or recording) as Lessor may request from time to time. **LESSEE HEREBY APPOINTS LESSOR OR ITS ASSIGNEE ITS TRUE AND LAWFUL ATTORNEY-IN-FACT TO EXECUTE ON BEHALF OF LESSEE ALL FINANCING STATEMENTS, SECURITY DOCUMENTS AND VEHICLE REGISTRATION AND LIEN DOCUMENTS WHICH, IN LESSOR'S DETERMINATION, ARE NECESSARY TO SECURE LESSOR'S INTEREST IN SAID VEHICLES.** Lessee hereby grants Lessor a security interest in the Vehicles and other property Leased hereunder and proceeds thereof, including all proceeds of the re-lease, sale or disposition of the Vehicles and other property. Further, to the extent permitted by and subject to applicable law, Lessee hereby grants Lessor or its agent or assigns the power of attorney and right to sign on behalf of Lessee and file or record any and all such financing statements or security documents and vehicle registration and lien documents as may be necessary to perfect and maintain Lessor's security interest granted under this Lease.

25. Miscellaneous. All obligations of Lessee, if more than one, shall be joint and several. Lessee shall provide Lessor with a copy of Lessee's annual financial statements, including balance sheet and profit and loss statement, within 90 days after the close of Lessee's business year, in addition to any other information normally provided by Lessee to the public and/or any other financial data or information relative to this Lease and the Vehicles as Lessor may from time to time reasonably request. This Lease shall be binding upon the parties, their successors, legal representatives and assigns, and is a valid and subsisting legal instrument, and no provision which may be deemed unenforceable shall in any way invalidate any other provision or provisions, all of which shall remain in full force and effect. All paragraph headings are inserted for reference purposes only and shall not affect the interpretation or meaning of this Agreement. This instrument constitutes the entire contract between the parties hereto, and no representation, oral or written, shall constitute an amendment hereto unless signed in writing by Lessor. Any amendment, modification, waiver or extension hereunder must be in writing and signed by the parties hereto. Time is of the essence in this Lease and each and all of its provisions.

26. Uniform Commercial Code Article 2A Provisions. Lessee agrees that if this Lease is a "Finance Lease" under Article 2A of the Uniform Commercial Code, Lessee acknowledges that: (i) Lessor did not select, manufacture or supply the Vehicles, but Lessor did purchase the Vehicles for lease to Lessee; and (ii) Lessor has given Lessee the name of the supplier of the Vehicles. Lessor hereby notifies Lessee that Lessee may have rights under the supply contracts and that Lessee may contact the supplier for a description of those rights or any warranties. **TO THE EXTENT PERMITTED BY APPLICABLE LAW, LESSEE WAIVES ANY AND ALL RIGHTS AND REMEDIES CONFERRED UPON LESSEE UNDER UNIFORM COMMERCIAL CODE SECTIONS 2A-303 AND 2A-508 THROUGH 522, AS IN EFFECT FROM TIME TO TIME.**

27. Alternative Dispute Resolution. If the Lessor has established an alternative non-binding dispute resolution and/or mediation procedure, Lessee agrees to submit to this procedure prior to and as a condition of commencing any arbitration under Paragraph 28 below.



28. Arbitration: Limitations of Damages and Time Periods; Other Dispute Resolution Provisions.

(a) All Claims between or among the Lessee, Lessor or any of the other Persons Subject to Arbitration (including, without limitation, Claims relating to the interpretation, entry into or performance of this Lease) shall be resolved by final and binding arbitration as the sole and exclusive remedy; except that certain Claims may be litigated in court as described in Paragraph 28(b), below. Judgment on the arbitrator's award may be entered in any court of competent jurisdiction. This arbitration clause shall be governed by and interpreted in accordance with the Federal Arbitration Act, 9 U.S.C. § 1 et seq.

(b) In addition to arbitration, Lessee, Lessor and any of the other Persons Subject to Arbitration may seek from any court of competent jurisdiction: (i) a judgment or order on whether the Lessor may exercise the remedy in Paragraph 16(c), above, to repossess the Vehicle, in which case the only relief shall be a judgment or order regarding repossession of the Vehicle and the only evidence admissible in the court proceeding shall be whether any one or more of the events or conditions default specified in Paragraph 15, above, have occurred (and all other issues, Claims and evidence shall be subject to arbitration); and/or (ii) injunctive or other provisional non-monetary relief to stop or prevent a breach or violation of this Lease. To the fullest extent permitted by applicable law, the Lessee, the Lessor and each of the Persons Subject to Arbitration **WAIVE THE RIGHT TO A JURY TRIAL** in any litigation conducted in connection with this Lease.

(c) Except as otherwise expressly provided in this Paragraph 28, arbitration under this Lease shall be conducted according to the commercial arbitration rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be filed in and conducted at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Lessee was assigned most recently prior to the ~~disputed~~ demand for arbitration; provided, however, if such office is outside the state in which the Lessee resides, Lessee may cause the arbitration to be held within Lessee's state of residence at a place mutually convenient to the parties and the arbitrators. Except to the extent prohibited by applicable law, any demand for arbitration must be filed with the American Arbitration Association within **ONE (1) YEAR** after the date the person or entity asserting the Claim first knows or reasonably should know of the act, omission or default giving rise to the Claim. (If applicable law prohibits a one-year limitations period for asserting Claims, then the Claim must be asserted within the shortest time period in excess of one year that is permitted by applicable law.) Except to the extent prohibited by applicable law, there shall be no right to any remedy for Claims not filed within the one-year time limit (or the shortest time period longer than one year if required by applicable law).

(d) The arbitrator shall not have authority to award, and neither the Lessee, the Lessor or any of the other Persons Subject to Arbitration shall be liable for, punitive, multiple or exemplary damages for any Claims.

(e) No arbitration under this Lease shall be joined to an arbitration involving any other current or former lessee or Snap-on Franchisee or Franchisee. No finding or stipulation of fact in any other arbitration, judicial or similar proceeding may be given preclusive or collateral estoppel effect in any arbitration hereunder, and no conclusion of law in any other arbitration may be given any weight in any arbitration hereunder, except to the extent such finding, stipulation or conclusion was determined in another proceeding between or among the Lessee, Lessor and any of the other Persons Subject to Arbitration.

(f) By agreeing to arbitrate in accordance with this Lease, the parties desire to provide for an alternative to litigation of Claims with full recognition that they are giving up certain rights, including the right to (i) conduct a court trial for most matters or a jury trial for all matters, (ii) apply formal rules of evidence, (iii) appeal the arbitrator's decision on most matters, (iv) receive an award of additional damages that might otherwise be available, (v) assert Claims during a statute of limitations period that may be longer than one year, (vi) assert Claims through class proceedings involving other lessees or Snap-on Franchisees or Franchisees and any economics of scale that might result, and (vii) receive any precedential value of determinations made in proceedings involving other lessees or Snap-on Franchisees or Franchisees.

(g) The following terms are defined for purposes of this Lease: the term "**Claim**" or "**Claims**" means disputes, causes of action (in law or in equity), suits, debts, liens, agreements, liabilities, claims, demands, damages, losses, expenses, attorneys' fees, costs or expenses, of any nature whatsoever, whether known or unknown, suspected or unsuspected, fixed or contingent, and whether based on principles of tort, contract, statute, regulation, common law, or otherwise (including contribution); the term "**Persons Subject to Arbitration**" means individually and collectively, (A) Lessee, (B) any person or entity in privity with or claiming through, on behalf of or in the right of Lessee, (C) Lessor, (D) any past, present or future affiliate, employee, officer, director or agent of Lessor, and/or (E) any person or entity alleged to be acting in concert with or to be jointly liable with any of the foregoing or whose Claim or liability arises out of his or its relationship with any of the foregoing. Persons in privity

with or claiming through, on behalf of or in the right of Lessee include, but are not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns. Lessor's affiliates include, but are not limited to, its parent and subsidiary corporations, joint ventures, and any other person or entity that controls, is controlled by or is under common control with Lessor.

29. Notices. Any written notice or demand under this Lease may be given to a party by mailing it to the party at its address set forth herein, or at such address as the party may provide in writing from time to time. Notice or demand so mailed shall be effective when deposited in the United States mail duly addressed and with postage prepaid.

30. Expenses of Enforcement. Lessee shall pay to Lessor all costs and expenses, including reasonable attorneys' fees and fees of collection agencies, incurred by Lessor in exercising any of its rights or remedies hereunder or in enforcing any of the terms or provisions hereof, whether or not suit is brought.

31. Effect of State Laws; Severability. It is agreed that the rights of the parties under this Lease shall be governed by the laws of the State of Illinois, excluding its conflict of laws principles except to the extent the Federal Arbitration Act governs Paragraph 28, above. Each article, paragraph, subparagraph, term, and condition of this Lease, and any portions thereof, shall be considered severable. If, for any reason, any portion of this Lease is determined to be invalid, contrary to, or in conflict with, any applicable present or future law, rule, or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with valid jurisdiction in a proceeding to which Lessor is a party, that ruling shall not impair the operation of, or have any other effect upon, any other portions of this Lease; all of which shall remain binding on the parties and continue to be given full force and effect. Any invalid portion shall be deemed not to be a part of this Lease as of the date upon which the ruling becomes final, if Lessee is a party to such proceedings, or upon Lessee's receipt of notice of nonenforcement from Lessor.

32. Considerations Regarding Trade-in Title, or Clearing Title. This transaction is voidable at the option of Lessor if the certificate of title to any trade-in vehicle, or to the leased vehicle, respectively, contains information which materially affects the value of such vehicle and is not disclosed in writing prior to this Lease. If any lien or lease payoff on an owned or leased trade-in is estimated, the net amount of any trade-in will be adjusted to reflect the total all-in cost of obtaining clear title, and Lessee will accept the change in capitalized costs and change in payment amounts based on the implicit rate in this Lease.

33. Notice of Collateral Assignment {deleted if not applicable}. Lessor hereby advises Lessee that Lessor has entered into a lease (the "Head Lease") with \_\_\_\_\_ ("XXXX") pursuant to which XXXX, as lessor has leased the Vehicles to Lessor, as lessee. This Lease is a sub-lease of the Vehicles by Lessor to Lessee. **Lessor hereby notifies Lessee that Lessor has collaterally assigned this Lease (which is a sub-lease) to XXXX, its successors and assigns, (collectively, the "Assignee"), which shall have all of the rights and remedies of Lessor under this Lease and with respect to the Equipment (but none of Lessor's obligations) following the occurrence of an event of a default under the Head Lease. Lessee acknowledges and agrees to such assignment. Lessor and Lessee further acknowledge and agree that Assignee is an intended third party beneficiary of this Section 33 and this Lease, entitled to enforce the provisions of this Lease, and Lessor shall deliver to Assignee the complete and correct originally-executed authoritative copy of this Lease that is identified as the chattel paper original on the signature page thereof.** If Lessor is in default under the Head Lease, then Assignee may in its sole discretion inform Lessee in writing of such event of default, and in such event, Lessee hereby agrees: (i) to advise Assignee of the location of the Vehicles; (ii) upon notice, to cooperate with the Assignee to promptly arrange for inspection of the Vehicles during reasonable business hours; and (iii) upon thirty days written notice from Assignee, commencing on the next rent payment date and on each payment date thereafter, pay directly to Assignee any and all rents and other sums due and to become due under this Lease without setoff, abatement, defense or claim. Assignee and Lessor will not interfere with Lessee's quiet enjoyment of the Vehicles so long as Lessee has not defaulted under the terms and conditions of this Lease. If Lessee has defaulted under this Lease and Assignee has notified Lessee that Lessor has also defaulted under the Head Lease, then in addition to any other rights or remedies available to Assignee, at Assignee's sole discretion, Lessee agrees at the request of Assignee to promptly deliver the Vehicles as directed by Assignee in the condition required under this Lease. If any provisions of this Lease conflict with the provisions of this Section 33, including, without limitation, with respect to the rights, title and or interest of Lessor in or to the Vehicles, this Section 33 shall govern.

**LIABILITY INSURANCE COVERAGE FOR BODILY INJURY AND PROPERTY DAMAGE CAUSED TO OTHERS IS NOT INCLUDED IN THIS LEASE. YOU MAY OBTAIN INSURANCE FROM ANY SOURCE ACCEPTABLE TO LESSOR.**

**NOTICE TO LESSEE: 1. DO NOT SIGN THIS LEASE BEFORE YOU READ IT OR IF IT CONTAINS BLANK SPACES. 2. YOU ARE ENTITLED TO AN EXACT AND COMPLETELY FILLED-IN COPY OF THE LEASE YOU SIGN. 3. KEEP IT TO PROTECT YOUR LEGAL RIGHTS. 4. DO NOT SIGN IF THERE ARE ANY BLANK SPACES.**

**NOTE: THE UNDERSIGNED LESSEE REPRESENTS AND WARRANTS THAT IT HAS READ ALL DOCUMENTS WHICH ARE PART OF THIS LEASE, THAT IT IS FULLY AWARE OF ALL THE TERMS AND CONDITIONS CONTAINED HEREIN AND THEREIN, THAT ALL REQUIRED ACTION HAS BEEN TAKEN AND THAT ALL DOCUMENTATION HAS BEEN AUTHORIZED TO BE EXECUTED BY THE FOLLOWING SIGNATORIES:**

**This Lease shall not be binding upon Lessor or become effective until and unless Lessor accepts the same in writing.**

***LESSEE HEREBY ACKNOWLEDGES RECEIPT OF AN EXACT COPY OF THIS LEASE***

**LESSEE:**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date & \_\_\_\_\_  
Time: \_\_\_\_\_

**LESSOR: SNAP-ON CREDIT LLC**

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date & \_\_\_\_\_  
Time: \_\_\_\_\_

# APPENDIX I.7



## AMENDMENT TO VEHICLE LEASE AGREEMENT NO. BETWEEN SNAP-ON CREDIT LLC as Lessor AND \_\_\_\_\_ as Lessee

This Amendment is attached to and forms part of that certain Vehicle Lease Agreement No. \_\_\_\_\_ (the "Lease"), between **Snap-on Credit LLC** ("Lessor") and \_\_\_\_\_ as ("Lessee"). Lessor and Lessee agree as follows:

- A. Definitions. Capitalized terms appearing in this Amendment that are defined in the Lease shall have the same meaning as that given in the Lease unless the term is given a special definition in this Amendment.
- B. Changes to Section 22 titled EARLY PURCHASE OPTION. Section 22 of the lease shall be replaced in its entirety with the following:
- “22. Early Purchase Option: If Lessee is not in default of any term or provision of the Lease, Lessee may pay and satisfy this Lease in full and purchase, "AS IS, WHERE IS" with no warranty from Lessor of any kind, all but not less than all of the Vehicles leased hereunder, provided that Lessee has given Lessor written notice of its intention to exercise such purchase option not later than 30 days prior to the purchase date by paying to Lessor: (a) the then present value of the unpaid balance of the remaining rent payments and all other amounts due under the Lease, all discounted at the Discount Rate; plus (b) the amount set forth in the Purchase Option box at the beginning of this Lease; plus (c) a prepayment premium, if not prohibited by law, for a 48 month or longer lease, equal to (i) two (2) monthly rent payments if prepaid on or before the end of the 24th month of this Lease, or (ii) one (1) monthly rent payment if prepaid after month 24th of the Lease; or for leases having a term of less than 48 months, one (1) monthly rent payment if prepaid on or before the end of the term; plus (d) plus all applicable sales, use or other taxes. In no event shall the aforementioned prepayment premium exceed the highest amount allowable under applicable law. Such prepayment premium represents the costs of prepayment incurred by Lessor, including but not limited to, the Lessor's loss of gross profits. Upon such payment, the Lease shall terminate and Lessee shall become entitled to the Vehicle as owner thereof.”
- C. Changes to Section 23 titled EARLY TERMINATION OPTION AT TERMINATION OF DEALERSHIP. Section 23 shall not apply to this Lease. Lessee's obligations under this lease shall be unconditional and continuing without setoff.
- D. Except as expressly provided in this Amendment, the Lease shall remain unchanged and in full force and effect.

### LESSEE:

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### LESSOR: SNAP-ON CREDIT LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# APPENDIX I.7.



## CONTINUING UNCONDITIONAL GUARANTEE

(FOR CORPORATE BORROWER or LIMITED LIABILITY COMPANY BORROWER)

FOR VALUE RECEIVED, and to induce Snap-on Credit LLC, (the "Lender") to lease, lend money, extend credit or provide other financial accommodation, or to continue any of the foregoing, to \_\_\_\_\_, a \_\_\_\_\_ corporation or limited liability company [strike one] ("Borrower") the stock of which or all of the membership interest in which is owned by the Guarantor or Guarantors, and in consideration thereof, the undersigned Guarantor or Guarantors (hereafter collectively the "Guarantor") hereby unconditionally absolutely guarantees: (A) the full and prompt payment when due (whether at maturity or by declaration, acceleration or otherwise) and at all times thereafter of all indebtedness, obligations and liabilities of every kind and nature whatsoever of Borrower to Lender howsoever created, arising, acquired, held or evidenced, and whether direct or indirect, primary or secondary, absolute or contingent, joint or several, now or hereafter existing, due or to become due; and (B) the full, prompt and faithful performance and discharge by Borrower of each and every term, condition, agreement, representation and warranty on the part of Borrower contained in any agreement (including any amendment, modification or supplement thereof) relating to any loan, credit or other financial accommodation from Lender to Borrower (all such obligations referred to in (A) and (B) above being hereinafter collectively referred to as the "Liabilities"). The Guarantor further agrees to pay to Lender, upon demand, all costs and expenses, including attorneys' fees, paid or incurred by Lender in collecting or obtaining payment or performance of any Liabilities or in enforcing Lender's rights under or with respect to any agreement or collateral or other security in connection with any Liabilities, or in enforcing this Continuing Unconditional Guarantee (this "Guarantee").

In the event that Borrower fails to pay, perform or discharge the Liabilities when such Liabilities become due and payable (whether by default, acceleration or otherwise), or in the event of the death, incompetency, dissolution, insolvency or bankruptcy of Borrower or the Guarantor or the inability of Borrower to pay its debts as they mature, or in the event of an assignment by Borrower for the benefit of creditors, or the institution of any proceeding by or against Borrower alleging that Borrower is insolvent or unable to pay its debts as they mature, and if such event shall occur at a time when any of the Liabilities may not then be due and payable, the Guarantor agrees to pay to Lender, immediately upon demand, the full amount which would be payable hereunder by the Guarantor if all of the Liabilities were then due and payable and to otherwise perform and discharge such Liabilities.

This Guarantee shall be a continuing, absolute and unconditional guarantee, and shall remain in full force and effect until written notice of its discontinuance shall be actually received by Lender, and also until any and all of said Liabilities created before receiving such notice of discontinuance shall be fully paid, performed or discharged. The death of the Guarantor shall not terminate this Guarantee until written notice of such death shall have been actually received by Lender, and also until all of said Liabilities created before receiving such notice shall be fully paid, performed or discharged.

The liability of the Guarantor under this Guarantee shall not be affected, impaired, reduced, released, limited or modified by any of the following (any or all of which may be done or omitted by Lender in its sole discretion and without notice): (a) any act or failure to act by Lender with respect to Borrower, the Liabilities or any collateral or security therefore; (b) any sale, pledge, surrender, compromise, release, renewal, extension, indulgence, alteration, disposition, exchange, change or modification in or of any of the Liabilities (including, without limitation, any renewal note), any collateral or security for

the Liabilities or any agreement or instrument relating to the Liabilities; (c) the acceptance, rejection or release by Lender of any collateral or security for, any obligor with respect to, or any other guarantee of, any of the Liabilities; (d) any failure, neglect or omission by Lender to realize upon any of the Liabilities or upon any collateral or security therefore (including any failure to protect or insure or to perfect any lien on any such collateral or security); (e) the invalidity or unenforceability of or any irregularity with respect to any Liability; (f) the bankruptcy or insolvency of Borrower or the application to Borrower or its estate of any provision of the United States Bankruptcy Code or any other bankruptcy or insolvency law; (g) the extension of additional loans, credits or other financial accommodations made to Borrower without notice to or approval of the Guarantor; (h) any change in Borrower's name or any merger, acquisition or consolidation involving Borrower; or (i) any other act or failure to act of any kind by Lender, other than the execution and delivery by Lender to the Guarantor of a written document clearly and expressly amending, releasing or canceling this Guarantee.

The Guarantor hereby waives: (a) notice of the acceptance of this Guarantee; (b) notice of the existence, creation, extension or modification of any of the Liabilities, any collateral or other security therefore or any agreement relating thereto; (c) demand, presentment, protest and notice of demand, presentment, protest, nonpayment, dishonor or default, and all other notices whatsoever; and (d) all diligence in collection or protection of or realization upon any Liabilities, any obligation of the Guarantor hereunder or any collateral or other security for any of the foregoing.

This Guarantee is a guaranty of payment and not of collection. There shall be no conditions to the obligation of the Guarantor to pay, perform and discharge any Liabilities upon failure by Borrower to pay, perform or discharge such Liabilities when due (whether at maturity or by declaration, acceleration or otherwise), and Lender shall be under no obligation to seek to obtain payment, performance or discharge from Borrower or any other person or entity or to resort to or seek to realize upon any collateral or any other security or property whatsoever prior to obtaining payment, performance or discharge by the Guarantor on this Guarantee. Lender shall have the exclusive right to determine how, when and what application shall be made of any payments and credits on the Liabilities or under this Guarantee.

Until all of the Liabilities are fully paid, performed and discharged, the Guarantor hereby:

- (a) assigns to Lender as security for the Guarantor's obligations under this Guarantee, and subordinates to the Liabilities, any liabilities, indebtedness and obligations of Borrower held by or owed to the Guarantor, including any collateral or other security therefore,
- (b) assigns to Lender, and agrees that Lender shall have, a security interest in the following business property, assets, rights and interests of Borrower or Guarantor (as applicable), whether now owned or existing or hereafter acquired or arising:
  - (1) Any collateral, including, but not limited to, any goods, equipment, chattel paper, accounts, general intangibles, or any other assets it may now own or hereafter acquire which may constitute Collateral (as such term is defined in (b) (1) through (6), *infra*), or proceeds of Collateral of Borrower or Guarantor (as applicable) for any amounts owed to Lender by Borrower,
  - (2) All of Borrower's or Guarantor's (as applicable) Accounts (the term "Accounts" as used herein includes, without limitation, all of Guarantor's accounts receivable arising out of the sale or lease of Inventory or other goods or out of the rendering of services), whether or not specifically assigned to Lender;

- (3) All of Borrower's or Guarantor's (as applicable) Inventory (the term "Inventory" as used herein includes, without limitation, all of Borrower's or Guarantor's goods held for sale or lease or being processed for sale or lease, including all materials, work-in-process, finished goods, supplies and other goods customarily classified as inventory), including Inventory at any time in the possession of any bailee;
- (4) All of Borrower's or Guarantor's (as applicable) business equipment (the "Equipment");
- (5) All of Borrower's or Guarantor's (as applicable) goods, vehicles, (including Borrower's or Guarantor's van or truck) furnishings and fixtures wherever located but only to the extent that such items are used primarily in connection with Borrower's or Guarantor's (as applicable) Snap-on Business;
- (6) All of Borrower's or Guarantor's (as applicable) cash, negotiable instruments, documents of title, warehouse receipts, chattel paper, general intangibles, securities, leases, contract rights, certificates of deposit, deposit accounts, cash equivalents, interest or dividends on any of the foregoing, insurance claims, patents, trademarks, good will and other property of any kind or description, wherever now or hereafter located, but only to the extent that such items are used primarily in connection with Borrower's or Guarantor's (as applicable) Snap-on Business; and

Without limiting the foregoing, all substitutions, renewals, improvements and replacements of, and additions and accessions to, the foregoing, and all products and proceeds of the foregoing, including, without limitation, all of the proceeds in any form of Borrower's or Guarantor's (as applicable) Accounts and Inventory, whether specifically assigned to Lender or not. Notwithstanding the foregoing, if Guarantor is an individual, Guarantor's residence, personal, family or household goods and assets not related to or used primarily in connection with Borrower's or Guarantor's (as applicable) Snap-on Business are specifically excluded from the definition of "Collateral." The terms used herein to identify the Collateral shall have the respective meanings assigned to such terms as of the date hereof in the Uniform Commercial Code, as amended, in effect in the state listed in the introductory paragraph as Borrower's address (the "UCC"). The security interest granted hereby shall continue to attach to the Collateral notwithstanding any sale, exchange or other disposition of the Collateral by Borrower or Guarantor (as applicable), except for Inventory sold in the ordinary course of business. The security interest herein granted is to secure the payment of all of Guarantor's obligations to guarantee payment and/or performance to Lender of all of the Liabilities; all costs and expenses, including attorneys' fees, paid or incurred by Lender in collecting or obtaining payment or performance of any Liabilities or in enforcing Lender's rights under or with respect to any agreement or collateral or other security in connection with any Liabilities, or in enforcing this Guarantee and the performance of all of Guarantor's obligations to Lender hereunder; and any and all other obligations of Borrower or Guarantor to Lender of every kind and description, direct or indirect, absolute or contingent, due or about to become due, now existing or hereafter arising.

- (c) waives any rights that the Guarantor may have against Borrower or with respect to the Liabilities or any collateral or other security therefore by reason of any one or more payments or acts in compliance with the obligations of the Guarantor under this Guarantee.

Lender may, without notice, sell, assign or transfer all or any of the Liabilities and, in such event, each and every immediate and successive assignee, transferee or holder of, or any participant in, any of the Liabilities shall have the rights, powers and benefits granted to Lender in this Guarantee, including the right to enforce this Guarantee by suit or otherwise.

In the event that a claim (a "repayment claim") shall be made upon Lender at any time for repayment of any amount received by Lender in payment of any of the Liabilities, whether received from Borrower or the Guarantor, or received as the proceeds of collateral, or otherwise, by reason of: (a) any judgment, decree or order of any court or administrative body having jurisdiction over Lender or any of its property; or (b) any settlement or compromise of any such repayment claim effected by Lender with the claimant (including Borrower), the Guarantor shall remain liable to Lender for any amount repaid pursuant thereto to the same extent as if such amount had never originally been received by Lender, notwithstanding any termination hereof or the cancellation of any note or other instrument evidencing any of the Liabilities.

Except as otherwise provided below, any controversy or dispute arising out of, or relating to this Guarantee including, but not limited to, any claim by Guarantor, or any person in privity with or claiming through, on behalf of or in the right of Guarantor, concerning the entry into, performance under, or termination of, this Guarantee; any claim against a past or present employee, officer, director, agent or affiliate of Lender; any claim of breach of this Guarantee or any agreement between the parties or their respective affiliates (whether existing before or after this Guarantee); and any claims arising under state or federal laws, including any statutes, rules, or regulations, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be forever barred. Persons in privity with or claiming through, on behalf of or in the right of Guarantor include, but are not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns. GUARANTOR AND LENDER ACKNOWLEDGE AND AGREE THAT, BY ENTERING INTO AN ARBITRATION AGREEMENT, THEY ARE WAIVING ANY RIGHT TO A TRIAL BY JURY IN ANY COURT PROCEEDING.

The right and duty of the parties to this Guarantee to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Guarantor was assigned most recently prior to the demand for arbitration; provided, however, if such office is outside the state in which the Guarantor resides, Guarantor may cause the arbitration to be held within the Guarantor's state of residence at a place mutually convenient to the parties and the arbitrator. The arbitration shall proceed before a single arbitrator. The arbitrator shall be chosen by the striking method from a panel of neutral arbitrators provided by the American Arbitration Association. If the amount claimed by the party filing for arbitration both in the original demand for arbitration and in any amendment is less than Seventy-five Thousand Dollars (\$75,000.00), Lender shall pay the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500.00). Any amount in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) will be split equally by the parties. If the amount of the claim filed either in the original demand for arbitration or by amendment is for Seventy-five Thousand Dollars (\$75,000.00) or more, the parties agree to split equally the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association. Unless otherwise agreed by the parties or ordered by the arbitrator, pre-hearing discovery in any arbitration is limited to the following: (1) production of all documents that will be introduced at the hearing; (2) production of written or recorded statements that a party intends to introduce at the hearing; (3) production of all documents relied upon by experts who will testify at the hearing; (4) production by Guarantor of Guarantor's filed tax returns for the last three (3) tax years; and (5) not more than two depositions per side.



Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and that the arbitrator shall have no authority to award the same. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same. Unless prohibited by applicable law, (i) no arbitration under this Guarantee shall include, by consolidation, joinder, class action or in any other manner, any person other than Guarantor and Lender and any other person in privity with or claiming through, in the right of or on behalf of Guarantor or Lender, unless both Guarantor and Lender consent in writing, and (ii) no finding or stipulation of fact in any other arbitration, judicial or similar proceeding shall be given preclusive or collateral estoppel effect in any arbitration hereunder, and no conclusion of law in any other arbitration shall be given any weight in any arbitration hereunder, except to the extent such finding, stipulation or conclusion may have been determined in another proceeding between Guarantor and Lender or any person in privity with or claiming through, in the right of or on behalf of Guarantor or Lender. In the event any provision in this Guarantee, other than the prohibition against consolidation, joinder and class action, is determined to be legally invalid or unenforceable under the law applicable in a particular case, then it is the intention of the parties to this Guarantee that such provision be deemed inoperative and stricken from this Guarantee, and that the remainder of this Guarantee, to the extent not legally invalid or unenforceable under applicable law, be enforced as written and as if the invalid or unenforceable provision or provisions had not been included in this Guarantee. If the prohibition against consolidation, joinder and class action is determined to be legally invalid or unenforceable in a particular case, then it is the intent of the parties that the case shall proceed only in any federal court of competent jurisdiction, or in the event there is no jurisdiction in a federal court, then in that situation only, the case shall proceed in a state court of competent jurisdiction.

Each party shall have the right to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders, preliminary injunctions or replevins before, during or after arbitration. Neither party need await the outcome of the arbitration before seeking provisional remedies. Seeking any such remedies shall not be deemed to be a waiver of either party's right to compel arbitration. Any such action shall be brought by Lender or Guarantor in the county (or similar political unit) or federal judicial district where Guarantor resides, or where any property that may be the subject of the action is located. The parties consent to the exercise of personal jurisdiction over them by courts located there and to the propriety of venue in such courts for the purpose of carrying out this provision; they waive any objections that they would otherwise have to the same; and they waive the right to have any such action decided by a jury.

This Guarantee shall be deemed to have been delivered and made and shall be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws (without regard to the conflicts of laws provisions) of the State of Illinois in which the Lender's office is located, except to the extent the Federal Arbitration Act governs the provisions of any arbitration agreement herein. Whenever possible, except as otherwise provided above, each provision of this Guarantee shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guarantee shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guarantee. This Guarantee shall be binding upon the Guarantor and upon the heirs, legal representatives and successors of the Guarantor, and shall inure to the benefit of Lender, its legal representatives, successors and assigns.

If this Guarantee (including any counterpart hereof) is signed by more than one Guarantor, the liability of each Guarantor shall be joint and several, and each reference herein to the Guarantor shall be deemed to refer to each such Guarantor. In furtherance and not in limitation of the rights and remedies of Lender hereunder or at law, Lender may proceed under this Guarantee against any or all Guarantors in its absolute and sole discretion for any Liabilities or other obligations of Borrower arising hereunder. No release, discharge or modification of the obligations of, or the collateral provided by, any party liable on this Guarantee shall affect the obligations of any other party on this Guarantee.

IN WITNESS WHEREOF, the undersigned has caused this Guarantee to be executed delivered and dated \_\_\_\_\_.

\_\_\_\_\_  
(Individual Signature of Guarantor)

Printed Name: \_\_\_\_\_, an individual

# APPENDIX I.7



## VEHICLE LEASE AGREEMENT ACCEPTANCE CERTIFICATE

Lease No. \_\_\_\_\_

### Schedule of Vehicles

| LESSOR                  |  | LESSEE        |  |
|-------------------------|--|---------------|--|
| Name:                   | <b>Snap-on Credit LLC</b>                            | Name:         |  |
| Address:                | <b>950 Technology Way<br/>Libertyville, IL 60048</b> | Phone Number: |  |
|                         |  | Address:      |  |
| DESCRIPTION OF VEHICLES |  |               |  |
| Year / Make             | Model/Body Type                                      | Vehicle I.D.  |  |
|                         |  |               |  |

See attached for further Vehicles ☐

### ACCEPTANCE

Lessee hereby acknowledges receipt in good condition of all the Vehicles listed above and in any schedule made a part hereof, accepts the same in accordance with the above-described Lease between Lessor and Lessee, and agrees that Lessor has fully and satisfactorily performed all covenants and conditions to be performed by it under the Lease. Lessee and Lessor hereby acknowledge and agree that the above-described Lease is hereby amended as follows:

1. **DELIVERY DATE.** Lessee acknowledges that the Vehicle(s) were delivered to Lessee on the date indicated below.
2. **AMENDMENTS.** Lessee hereby acknowledges and agrees that neither the Lease nor this Acceptance Certificate may be amended, rescinded, modified, waived or extended, except in a writing signed by each of Lessee and Lessor.
3. **WEAR AND TEAR SPECIFICATIONS.** The following listed specifications are to be interpreted as reasonable wear and tear requirements and any exceptions thereto shall be considered damage for the purposes of the Lease. Lessee is responsible for the repair of damage to the Vehicles before returning the Vehicles to Lessor.

**Tires:** to have not less than one-half of their originals tread depth. Recaps or damaged side walls are not acceptable on the front. Vehicles returned with unacceptable tires will be charged the cost of new and acceptable tires.

**Brakes:** to be operating in a safe condition.

**Engine:** including cooling system must be functional and running normally. Cracked block or engine, rod or bearing knocks are not acceptable.

**Power and Mechanical Accessories:** must be operating in a functional manner.

**Body Exterior:** must be free from scratches, dings, accident or wind damage.

**Window Glass:** must be free from cracks, pitting, and rock chips, sandblasting damage or wiper scratches.

**Other:** \_\_\_\_\_  
\_\_\_\_\_

This Lease shall not be binding upon Lessor unless Lessor accepts the same in writing. **Note:** The undersigned Lessee represents and warrants that it has read all documents which are part of this Lease, that it is fully aware of all the terms and conditions contained herein and therein, that all required action has been taken and that all documentation has been authorized to be executed by the following signatories:

**Do not sign this document unless you have taken delivery of the aforementioned Vehicle.**

**LESSEE:**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**LESSOR: SNAP-ON CREDIT LLC**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# APPENDIX I.7



## VAN MAINTENANCE AGREEMENT

Agreement made by and between Snap-on Credit LLC, a Delaware limited liability company ("Snap-on Credit") and \_\_\_\_\_ ("Franchisee").

| Year / Make | Model/Body Type | Vehicle I.D. | Vehicle Supplier |
|-------------|-----------------|--------------|------------------|
|             |                 |              |                  |

### RECITALS

WHEREAS, Franchisee is an authorized distributor of Snap-on Products and has been approved by Snap-on Credit or the Leasing Company for participation in the Franchise Finance Program and/or the Van Leasing Program; and

WHEREAS, the Franchise Finance Program, the Gateway Franchise Program, and the Snap-on Credit Van Lease Program or Lease require the Franchisee to participate in a Van Maintenance Program facilitated by Snap-on Credit in order to provide records of Franchisee's compliance with the maintenance requirements under the Lease; and

WHEREAS, Franchisee recognizes and acknowledges the benefit to the Franchisee of having a Van Maintenance Program which provides for regular inspection of Franchisee's leased van and record retention of any maintenance;

NOW THEREFORE, based upon the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Definitions.** As used in this Agreement the following terms shall have the meanings set forth or as referenced below:
  - a. "Account Balance" means the total sum paid by Franchisee pursuant to Section 2.a hereof less any amounts paid out pursuant to Section 2.c and 2.e hereunder.
  - b. "Administrator" means the entity designated by Snap-on Credit as the Van Maintenance Program Administrator from time to time.
  - c. "Agreement" means this Van Maintenance Agreement.
  - d. "Franchisee" means an individual or corporation authorized by Snap-on as an independent dealer, franchisee, sales representative, special representative, or other Snap-on employee.
  - e. "Franchise Finance Program" means the Financing Program made available by Snap-on Credit through which qualifying franchisees are able to obtain financing of a portion of their initial investment from Snap-on Credit.
  - f. "Lease" means an Agreement between a Franchisee and either Snap-on Credit or another third party leasing company governing the lease of the Van.

- g. "Leasing Company" means the company which is the lessor on the Lease.
- h. "Maintenance Fee" has the meaning set forth in Section 2(a).
- i. "Snap-on" means Snap-on Tools Company LLC, and its parents, successors and assigns.
- j. "Van" means a display van that meets the specifications of the Franchise Finance Program or Snap-on.
- k. "Van Maintenance Vendor" means that garage or vehicle dealership which provides regular maintenance service to the Van, which has been approved by the Administrator.

2. **Obligations of Franchisee.**

- a. Each week during the term of the Lease, Franchisee shall pay to Snap-on Credit the sum of Fifty dollars (\$50.00) per week or such other as may be agreed to by the parties (the "Maintenance Fee"). This weekly Maintenance Fee shall be paid to Snap-on Credit by weekly direct debit (withdrawal) of Franchisee's bank account, pursuant to instructions duly executed by Franchisee and delivered to Franchisee's bank. Such withdrawal shall be due on the same day that Snap-on Credit withdraws the weekly payment under the Lease and ACH Agreement between Franchisee and Snap-on Credit. In the event Franchisee terminates the ACH arrangement, Franchisee shall pay the Maintenance fee monthly in advance, in the amount of **\$216.50** on the first day of each month. Snap-on Credit shall periodically forward such funds to the Administrator, who shall administer the funds pursuant to the terms and conditions of this Agreement. The funds may be commingled with other funds of either Snap-on Credit or the Leasing Company or the Administrator. The funds may be forfeited if Franchisee breaches the Lease or terminates his Lease in advance of the scheduled Lease termination date and does not exercise the lease purchase option at the end of the lease term. The funds may not be used by Franchisee to pay a termination fee or early purchase option fee.
- b. Within ten (10) days of delivery of the Van, Franchisee shall notify the Administrator of the Franchisee's Van Maintenance Vendor which shall be a vendor providing regular maintenance to the Van selected at Franchisee's discretion, subject to approval by the Administrator, which approval shall not be unreasonably withheld.
- c. On a quarterly basis, Franchisee shall arrange to have the Van inspected and oil and filter changed by the Van Maintenance Vendor and shall forward to the Administrator the statement from the Van Maintenance Vendor for payment. At least once a year, or more often as required in writing by Snap-on Credit, the Administrator shall supply the Van Maintenance Vendor with an inspection report to be completed and returned to the Administrator. Upon Administrator's receipt of proof of payment of the oil and filter change or the invoice from the Van Maintenance Vendor or the completed inspection report, the Administrator shall pay the Van Maintenance Vendor or reimburse Franchisee, the lesser of: (i) the Account Balance of the Maintenance Fee collected from Franchisee, or (ii) the amount shown in the Van Maintenance Vendor's invoice. Franchisee shall be responsible for any payments owed to the Van Maintenance Vendor or other third party vendors which are not paid by the Administrator.
- d. In addition to the oil and filter change and inspections, the Administrator may pay or reimburse for repairs it approves in its sole discretion. Following any repair or maintenance, whether provided by the Van Maintenance Vendor or other service provider, Franchisee shall forward to the Administrator copies of the repair order and receipt. Customization work and repairs arising out of accidents or damage which are routinely covered by insurance shall not be paid out of the Maintenance Fee or Account Balance.

Franchisee shall be responsible for any payments owed to the Van Maintenance Vendor or other third party vendors which are not paid by the Administrator.

- e. If the amount of the Maintenance Fee collected from Franchisee exceeds the amount paid by the Administrator to the Van Maintenance Vendor, Snap-on Credit shall retain any excess until same is paid in accordance with this Paragraph 2 and Paragraph 3 below.

3. **Administrator's Obligations.**

- a. The Administrator shall maintain copies of all maintenance records provided to the Administrator by Franchisee. Upon request from the Franchisee and with reasonable notice, the Administrator shall provide the Franchisee with copies of all maintenance records. Requests for copies of records shall be limited to a reasonable number.
- b. The Administrator shall pay, upon receipt from the Franchisee and Snap-on Credit, the Van Maintenance Vendor's quarterly statement for an oil change and inspection of the Van up to the amount of funds paid to the Administrator or Snap-on Credit by Franchisee as the Maintenance Fee.
- c. In the event the Lease is terminated prior to its scheduled termination date and if Franchisee does not exercise the option to purchase the van early, the Maintenance Fees held by the Administrator or Snap-on Credit shall be: (i) first, paid to the Leasing Company to pay any costs associated with refurbishing the Van for subsequent sale or lease to others; (ii) second, retained by the Administrator or Snap-on Credit and held for subsequent lessees of the Van identified in the Lease. In the event of a default by Franchisee under the Van Lease or any Franchise Finance Program Loan, in the sole discretion of Snap-on Credit, the Administrator shall forward to Snap-on Credit so much of the balance of the Maintenance Fee as needed (i) first, to the Leasing Company, to pay the Leasing Company for any other amounts owing under the Lease (including, but not limited to, any prepayment charges or termination charges specified in the Lease) or any other agreement between the Leasing Company and the Franchisee; (ii) second, to Snap-on Credit, to pay any amounts owed by the Franchisee to Snap-on Credit; (iii) third, to Snap-on to pay any amounts owed by Franchisee to Snap-on; and (iv) finally, to be retained by the Administrator and held for subsequent lessees of the Van identified in the Lease.
- d. The costs to refurbish shall be determined at the sole discretion of Leasing Company.
- e. Neither the Administrator nor Snap-on Credit nor any Leasing Company shall be obligated to accrue or pay interest on the Maintenance Fee retained during the term of the Lease and/or during the period in which the Van is being refurbished.

4. **Leasing Company Beneficiary.** The parties acknowledge that the Leasing Company is a third party beneficiary to this Agreement and to the rights and benefits of Snap-on Credit under this Agreement. Snap-on Credit may assign its rights and obligations under this Agreement to the Leasing Company at its sole discretion.

5. **General Matters.**

- a. Nothing in this Agreement shall be construed to relieve Franchisee of Franchisee's obligations under the Lease or to relieve Franchisee of Franchisee's obligations to maintain the Van in accordance with the terms of the Lease.
- b. Franchisee acknowledges the right of the Administrator to distribute maintenance records to Snap-on Credit and the Leasing Company and to provide information regarding the condition of the Van to Snap-on Credit and the Leasing Company.

- c. All notices permitted or required by this Agreement shall be in writing and shall be personally delivered, mailed by first class mail, or transmitted by facsimile to the respective party at the address listed below the signatures of the party unless and until a different address or facsimile telephone number has been designated by written notice to the other party. Snap-on Credit shall notify Franchisee of changes to the Administrator as provided under this Paragraph 5.c.
- d. This Agreement contains the entire understanding and agreement between the parties and supersedes all prior or contemporaneous written or oral agreements and understandings relating to the subject matter hereof. Neither party is entitled to rely on any representation of any officer, employee or agent of the other party which is not expressly set forth in this Agreement. This Agreement may not be modified except by writing evidencing such a modification and signed by both parties.
- e. Any failure by any party to enforce at any time any term or condition under this Agreement shall not be construed as a waiver of that party's right thereafter to enforce each and every term and condition of this Agreement.
- f. The provisions of this Agreement shall be considered severable. If for any reason any provision of this Agreement, including, but not limited to, any provision relating to the termination of this Agreement, shall be deemed, by a court of competent jurisdiction, to be legally invalid or unenforceable in any jurisdiction to which it applies, the validity of the remainder of the Agreement shall not be affected, and that provision shall be deemed modified to the minimum extent necessary to make that provision consistent with applicable law, and in its modified form, that provision shall then be enforceable and enforced.
- g. This Agreement, shall be governed by, and interpreted in accordance with the laws (other than the conflict of laws rules) of the State of Illinois, including all matters of construction, validity, enforcement and performance.
- h. The language of this Agreement shall be construed as a whole and in accordance with the fair meaning of the language used. The language of this Agreement shall not be strictly construed for or against either of the parties hereto based upon who drafted or was principally responsible for drafting the Agreement or any specific term of condition hereof. This Agreement shall be deemed to have been drafted by each party hereto, and no party may urge otherwise.
- i. Any dispute between Franchisee and the Administrator or Snap-on and/or any Snap-on affiliates and/or any entities acting by, through, under or in concert with Snap-on, regarding this Agreement, including, but not limited to, any claim Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee, concerning the entry into, performance under, nonrenewal or termination of, this Agreement; any claim against a past or present employee, officer, director, agent or affiliate of Snap-on Credit; any claim of breach of this Agreement; and any claims arising under state or federal laws, including any statutes, rules, or regulations, shall be submitted to final and binding arbitration as the sole and exclusive remedy for such controversy or dispute. Persons in privity with or claiming through, on behalf of or in the right of Franchisee include, but are not limited to, spouses and other family members, heirs, executors, representatives, shareholders, members, successors and assigns. In no event shall persons in privity include other Snap-on Franchisees who have signed separate agreements with Snap-on Credit. Unless prohibited by applicable law, any claim shall be made by filing a demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be forever barred.

The right and duty of the parties to this Agreement to resolve disputes by arbitration shall be governed exclusively by the Federal Arbitration Act and arbitration shall take place according to the Commercial Rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Franchisee was assigned most recently prior to the demand for arbitration; provided, however, if such office is outside the state in which the Franchisee resides, Franchisee may cause such arbitration to be held within Franchisee's state of residence at a place mutually convenient to the parties and the arbitrator.

The arbitration shall proceed before a single arbitrator. The arbitrator shall be chosen by the striking method from a panel of neutral arbitrators provided by the American Arbitration Association. If the amount claimed by the party filing arbitration both in the original demand for arbitration and in any amendment is less than Seventy-five Thousand Dollars (\$75,000.00), Snap-on shall pay the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association up to a minimum of Seven Thousand Five Hundred Dollars (\$7,500.00). Any amount in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) will be split equally by the parties. If the amount of this claim filed either in the original demand for arbitration or by amendment is for Seventy-five Thousand Dollars (\$75,000.00) or more, the parties agree to split equally the fees and expenses of the arbitrator and the filing fees and costs of the American Arbitration Association.

Unless otherwise agreed by the parties or ordered by the arbitrator, pre-hearing discovery in any arbitration is limited to the following: (1) production of all documents that will be introduced at the hearing; (2) production of written or recorded statements that a party intends to introduce at the hearing; (3) production of all documents relied upon by experts who will testify at the hearing; (4) production by Franchisee of tax returns filed by Franchisee (including tax returns for a Designated Owner if Franchisee is a corporation or limited liability company) for the last three (3) tax years; and (5) not more than two depositions per side.

Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same.

Unless prohibited by applicable law, (i) no arbitration under Section 5.i., shall include by consolidation, joinder, class action or in any other manner, any person other than Franchisee or Snap-on Credit and any person in privity with or claiming through in the right of or on behalf of Franchisee or Snap-on Credit, unless Franchisee and Snap-on Credit consent in writing; and (ii) no finding or stipulation of fact in any other arbitration, judicial or similar proceeding shall be given preclusive or collateral estoppel effect in any arbitration hereunder, and no conclusion of law in any other arbitration shall be given any weight in any arbitration hereunder, except to the extent such finding, stipulation or conclusion may have been determined in another proceeding between Franchisee and Snap-on Credit or any person in privity with or claiming through, in the right of or on behalf of Franchisee or Snap-on Credit. The parties agree to arbitrate only controversies or disputes that are specific to Franchisee, or any person in privity with or claiming through, on behalf of or in



the right of Franchisee and not issues that effect Franchisees generally as a class action or otherwise. In no event shall the arbitrator have the right, power, jurisdiction or contractual authority to award any damages or relief in excess or in addition to those damages suffered specifically by the parties to arbitration, individually.

In the event any provision in this Section 5.i., other than the prohibition against consolidation, joinder and class action, is determined to be legally invalid or unenforceable under the law applicable in a particular case, then it is the intention of the parties to this Agreement that such provision be deemed inoperative and stricken from this Agreement, and that the remainder of this Section 5.i., to the extent not legally invalid or unenforceable under applicable law, be enforced as written as if the invalid or unenforceable provision or provisions had not been included in this Section 5.i. If the prohibition against consolidation, joinder and class action is determined to be legally invalid or unenforceable in a particular case, then it is the intent of the parties that the case shall proceed only in any federal court of competent jurisdiction, or in the event there is no jurisdiction in a federal court, then in that situation only, the case shall proceed in a state court of competent jurisdiction.

Each party shall have the right, without awaiting the outcome of the arbitration, to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders or preliminary injunctions before, during or after arbitration. Seeking any such remedies shall not be deemed to be a waiver of either party's right to compel arbitration. The prevailing party in any arbitration or litigation relating in any way to this Agreement or the subject matter hereof shall be entitled, in addition to such other relief as may be granted, to recover from the non-prevailing party in such arbitration or litigation all of its costs, expenses, including all attorney's fees, court costs, arbitrator costs and costs of appeals paid or incurred in connection therewith. FRANCHISEE AND SNAP-ON CREDIT ACKNOWLEDGE AND AGREE THAT, BY ENTERING INTO AN ARBITRATION AGREEMENT, THEY ARE WAIVING ANY RIGHT TO A TRIAL BY JURY IN ANY COURT PROCEEDING.

**FRANCHISEE:**

By: \_\_\_\_\_  
Print  
Name: \_\_\_\_\_  
  
Title \_\_\_\_\_  
  
Date: \_\_\_\_\_

**SNAP-ON CREDIT LLC:**

By: \_\_\_\_\_  
Print  
Name: \_\_\_\_\_  
  
Title \_\_\_\_\_  
  
Date: \_\_\_\_\_

**Acknowledgement of Administrator:**

By: \_\_\_\_\_  
  
Title: \_\_\_\_\_  
  
Date: \_\_\_\_\_

# APPENDIX I.8



## EASY AND CONVENIENT PAYMENT METHOD AUTOMATED PAYMENT PLAN

Please sign the form below and attach an unsigned and voided check from this account to assist us in verifying data.

To facilitate payment due under the attached lease or loan, I (we) authorize Snap-on Credit LLC hereafter called "Company", to initiate debit entries to my (our) account indicated below. I (we) authorize the financial institution named below, hereafter called "Institution," to charge the amount of such entries to my (our) account to correct any errors. Institution to deposit any such corrections to my (our) account.

This authority is to remain in full force and effect until I (we) revoke the agreement as hereafter provided. Any revocation is effective only after Company has received written notice from me (us) to terminate this agreement in such time and manner to afford a reasonable opportunity to act upon the notice. I (we) have the right to stop payment of a debit entry by notification to Institution in such time and manner to afford a reasonable opportunity to act prior to charging the account.

The above represents your anticipated payment amount based on the information disclosed in your lease. Such amount may increase or decrease from time to time based on changes in applicable tax rates, past due payments, or other situations or events that may arise during your contract, and you authorize us to adjust the amount of the ACH in order to adjust for such changes and keep your payments current without additional authorization from you.

### CLIENT SIGNATURE:

\_\_\_\_\_

WEEKLY DEDUCTION: \$ \_\_\_\_\_ (Including Maintenance Fee and Tax)

**ACH Starting Date: The first Monday after van delivery and each Monday thereafter.**

*Please attach voided check here*

# APPENDIX I.9

## FRANCHISEE WEB PAGE PARTICIPATION AGREEMENT

THIS FRANCHISEE WEB PAGE PARTICIPATION AGREEMENT (this "**Agreement**") is made as of \_\_\_\_\_, 20\_\_\_\_, by and between Snap-on Tools Company LLC, a Delaware Limited Liability Company ("**Snap-on**") and the Franchisee identified at the end of this Agreement ("**Franchisee**").

### BACKGROUND

Franchisee has entered into a Franchisee Agreement with Snap-on pursuant to which Franchisee operates a Snap-on franchise (the "**Franchise Agreement**"). Snap-on has a web site located at [www.snapon.com](http://www.snapon.com). This web site or any substitute or replacement web site that Snap-on makes available for Franchisee Web Pages (defined below) is referred to as the "**Snap-on Web Site**". Franchisee is interested in having its own web page on the Snap-on Web Site (the "**Franchisee Web Page**"). Snap-on is willing to host the Franchisee Web Page on the Snap-on Web Site, on the terms and subject to the conditions set forth below. Any terms used in this Agreement but not defined herein shall have the definition ascribed to them in the Franchisee Agreement.

**NOW, THEREFORE**, in consideration of the mutual premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Creation and Maintenance of Franchisee Web Page.** Snap-on will create, provide and maintain a Franchisee Web Page for Franchisee's Snap-on franchise, with such features and functionality as Snap-on may determine, subject to the terms and conditions set forth in this Agreement, the Franchisee Agreement, the Snap-on Operations Manual and in writing by Snap-on from time to time. Snap-on may update or modify the Franchisee Web Page from time to time to include new or different features and functionality in its sole discretion. Franchisee agrees to abide by all policies in connection with the Franchisee Web Page and any such updates. Snap-on may offer Franchisee the chance to customize certain portions of the Franchisee Web Page and add features and information (e.g., a photo of Franchisee's business, hours of business) in its sole discretion. All content, modifications and additional features, if any, must be approved by Snap-on. Snap-on reserves the right to terminate, suspend and/or change the Snap-on Web Site and/or Franchisee Web Page at any time for any reason.
2. **Hosting the Franchisee Web Page.** Snap-on will use commercially reasonable efforts to host the Franchisee Web Page available on the internet, at such uniform resource location as Snap-on may determine, on a 24 hour a day, 7 day a week basis, subject to any needed downtime for maintenance purposes, and maintenance and system outages, whether scheduled or unscheduled. Franchisee acknowledges and agrees that Snap-on can make no guarantee that any given user will be able to access the Snap-on Web Site and/or Franchisee Web Page at any given time. Franchisee also acknowledges and agrees that there are no assurances that access and service will be available at all times or be uninterrupted, and Snap-on shall not be liable to Franchisee or to any third party for any damage or loss, including any loss of sales opportunity, revenue or goodwill, for failure of accessibility to the Snap-on Web Site and/or the Franchisee Web Page, including due to failures of the internet or for any other causes, whether or not within Snap-on's control.

3. **Franchisee Computer System Requirements.** Franchisee must maintain a computer system that meets the specifications and requirements that Snap-on requires of its franchisees from time to time. Franchisee must also subscribe, at Franchisee's expense, to a reliable internet service provider or other electronic communication provider or service. Franchisee will be responsible for any incidental expenses Franchisee incurs with respect to obtaining and maintaining such service. Snap-on may require Franchisee, at Franchisee's expense, to update Franchisee's computer system and internet or electronic communication connection from time to time for technology advancements and upgrades, changes in features and functionality and similar reasons.

4. **Fees and Payments.** The basic standardized format Franchisee Web Page is currently provided to Franchisee by Snap-on without a separate fee or charge. Snap-on may require that Franchisee pay a monthly fee, which may be changed from time to time by Snap-on, provided that Snap-on gives Franchisee not less than thirty (30) days prior notice specifying the amount of the fee or modified fee and the effective date of such change. Franchisee may also be provided the option, however, either at the time of signing this Agreement or in the future, of selecting other Franchisee web page formats made available by Snap-on for Franchisee's Franchisee Web Page. These web pages ("**Premium Web Pages**") may have additional features, options or functionality, and will be offered for a separate monthly fee to be determined by Snap-on. Any such fees will be in addition to any costs or expense related to computer hardware or software or Franchisee's connectivity with the web pages. Any fees to be paid by Franchisee in connection with the Franchisee Web Page and Premium Web Page may be changed from time to time by Snap-on in its sole discretion. Such fees will be invoiced to Franchisee on Franchisee's statement. If Franchisee has a Premium Web Page, the Premium Web Page shall be considered a "Franchisee Web Page" for the purposes of this Agreement. Franchisee acknowledges that Franchisee has no right to any Premium Web Page or Franchisee Web Page and that Snap-on may make such pages available to Franchisee in Snap-on's sole discretion. All fees are considered fully earned when invoiced.

5. **Franchisee Restrictions.**

5.1 **No Other Web Site.** Franchisee may not create, post, maintain or operate, directly or through a third party, unless approved by Snap-on, a web site or any web pages for Franchisee's business and franchise. Also any such web site or web page other than the Franchisee Web Page may be deemed unapproved advertising under the terms of the Franchisee Agreement or otherwise prohibited by the Franchisee Agreement or the Snap-on Program.

5.2 **Advertising Approval.** Franchisee is prohibited from advertising the Franchisee Web Page, either directly or indirectly, and from engaging in any other form of cyberspace advertising or promotion, including any advertising on the Franchisee Web Page or any listing in any business directory or "electronic yellow pages", except as set forth in the Snap-on Program or as Snap-on may require or allow from time to time. Snap-on is under no obligation to allow any advertising on the Franchisee Web Page or any advertising of the Franchisee Web Page. Franchisee acknowledges, however, that Snap-on may engage in any such advertising as it determines in its sole discretion without obtaining the consent of Franchisee or providing Franchisee any notice of same.

5.3 **No Links or Advertising.** Franchisee may not directly or indirectly create or authorize any links or other references or affiliate relationships to the Franchisee Web Page or Snap-on Web Site, nor any advertising on or in any way connected to or referencing the Franchisee Web Page or Snap-on Web Site except as set forth in Section 5.2 above. Franchisee

may not redirect any Web Site, uniform resource location or other internet address or location to the Franchisee Web Page or Snap-on Web Site.

5.4 **No Sales Except as Authorized by Snap-on.** Franchisee may not sell any Product or merchandise of any kind on the internet, including in connection with the Franchisee Web Page or Snap-on Web Site, except as may be specifically permitted by Snap-on.

6. **Terms of Use for Franchisee Web Page.** Snap-on may require Franchisee to require authorized users with access to the Franchisee Web Page to agree to terms and conditions of use in connection with the Franchisee Web Page. These terms and conditions of use may be provided by Snap-on and may, among other things: (a) disclaim any and all express or implied warranties by Snap-on in connection with the Franchisee Web Page; (b) notify the user that the Franchisee Web Page is provided "as is" without any warranties of any kind; (c) disclaim any and all liability by Snap-on for consequential, direct, indirect, special, exemplary or punitive damages whatsoever incurred in connection with the use of the Franchisee Web Page; and (d) require the user to consent to the use of electronic signatures and electronic records in conducting any transaction on or through the Franchisee Web Page. The terms and conditions of use will be between Franchisee and the authorized users of the Franchisee Web Page. Snap-on will not be a party to such terms and conditions of use. Franchisee will be responsible for enforcing the terms and conditions of use. These terms and conditions of use may be modified by Snap-on from time to time.

7. **Intellectual Property; Proprietary Rights; Privacy Notices.**

7.1 **Trademarks and Domain Names.** The term "Trademarks" as used in this Agreement refers to all words, symbols, designs, trade names, service marks or combinations thereof used to identify Snap-on, the Snap-on Program, and Snap-on's products and services. Franchisee shall use the Trademarks only in the manner approved in writing by Snap-on, and in conformance with, this Agreement, Franchisee's Franchisee Agreement, the Operations Manual, the Snap-on Terms and Conditions of Use, the Snap-on Privacy Policy, other written agreements between Snap-on and Franchisee, other written policies and otherwise set forth in writing by Snap-on from time to time. Franchisee may not use the Snap-on Trademarks, in whole or in part, as part of any internet address, email address or any other electronic address. Franchisee also may not register or attempt to register any of the Trademarks, in whole or in part, with any domain name registrar(s) in the U. S. or elsewhere. Title to and ownership of the Trademarks shall remain with Snap-on. Franchisee shall not take any action that is inconsistent with Snap-on's ownership of the Trademarks, and any benefits accruing from use of the Trademarks shall inure to the benefit of Snap-on. Snap-on will retain ownership of all domain names, including the domain name of Franchisee's Franchisee Web Page, during and after the term of Franchisee's Franchisee Agreement.

7.2 **Franchisee Content.** To the extent Franchisee provides Snap-on with any content, information or other material to be incorporated into the Franchisee Web Page, Franchisee warrants and represents that Franchisee will not provide Snap-on, or use in conjunction with the Franchisee Web Page or any content, information or other materials on the Franchisee Web Page, any, content, information or other materials that infringe or violate any intellectual property rights of any third party, or any rights of publicity or privacy. In addition, Franchisee agrees that such content or content posted to the Franchisee Web Page by others, including users, will not contain any material which is objectionable to Snap-on in its sole discretion, including, without limitation, content which is potentially defamatory, disparaging, profane, vulgar, obscene or pornographic, contains confidential information or trade secrets, or which casts Snap-on or any other party, including competitors or other Snap-on Franchisees, in a negative light. Franchisee acknowledges and agrees that Franchisee does not have any right under this Agreement to post

content on the Franchisee Web Page or to maintain any content on the Franchisee Web Page and that Snap-on has an absolute right to edit, modify or delete any content of any kind on the Franchisee Web Page. In addition, Franchisee is required to remove any content or request that such content be removed upon discovery of same.

7.3 **Privacy and Other Notices.** Franchisee may be required to use privacy and other notices in connection with Franchisee's Franchisee Web Page. These notices may be provided by Snap-on and may, among other things, state that all customer information is owned by Snap-on and disclose the manner in which information will be used by both Snap-on and Franchisee. These notices may be modified from time to time by Snap-on.

7.4 **Rights Regarding Data.** All rights in and to any information or data relating to the Snap-on Web Site and the Franchisee Web Page, including the log of "hits" by visitors, use tracking, the web pages they visited, and customer information (including any personal or business data they voluntarily supply), will be owned solely by Snap-on. Franchisee agrees to keep all such information confidential and secure, in accordance with the Snap-on Program or as Snap-on may require from time to time and consistent with the standards set forth on the Snap-on Web Site, including the privacy policy set forth therein, as may be revised from time to time by Snap-on in its sole discretion.

8. **Compliance with Snap-on Policies and Applicable Laws.**

8.1 **Compliance with Snap-on Policies.** Franchisee agrees to and shall comply with all then-current Snap-on policies relating to the use of the Franchisee Web Page, including, without limitation, any legal or other notices, including any, terms and conditions of use of the Franchisee Web Page, the Snap-on Privacy Policy and other written policies set forth in this Agreement, the Snap-on Web Site, Franchisee's Franchise Agreement, the Snap-on Operations Manual, and any other written agreements between Snap-on and Franchisee and otherwise.

8.2 **Compliance with Applicable Laws.** Franchisee shall comply with all applicable laws, statutes, ordinances and/or regulations applicable to Franchisee's business and the use of the Franchisee Web Page, including any relating to sales or other taxes.

9. **Disclaimer by Snap-on.** SNAP-ON DISCLAIMS ALL WARRANTIES, GUARANTEES, AND CONDITIONS OF ANY KIND, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT. SNAP-ON DOES NOT WARRANT THAT THE SERVICES WILL BE UNINTERRUPTED, ERROR-FREE OR COMPLETELY SECURE, OR THAT ERRORS OR DEFECTS WILL BE CORRECTED.

10. **Limitation on Liability.** IN NO EVENT SHALL SNAP-ON HAVE ANY LIABILITY TO FRANCHISEE OR TO ANY THIRD PARTY FOR CONSEQUENTIAL, EXEMPLARY, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES ARISING FROM OR RELATED TO THIS AGREEMENT, EVEN IF SNAP-ON OR ANY OF ITS AFFILIATED COMPANIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE TOTAL, AGGREGATE LIABILITY OF SNAP-ON ARISING FROM OR RELATED TO THIS AGREEMENT, FOR ANY REASON, SHALL BE LIMITED TO FRANCHISEE'S DIRECT DAMAGES NOT TO EXCEED THE FEES ACTUALLY PAID TO SNAP-ON UNDER THIS AGREEMENT, OR \$120, WHICHEVER IS HIGHER. THE PARTIES AGREE THAT SNAP-ON WILL BE LIABLE FOR DIRECT DAMAGES ONLY IF IT FAILS TO EXERCISE ORDINARY CARE, AND THAT IT SHALL BE DEEMED TO HAVE EXERCISED ORDINARY CARE IF ITS ACTION OR FAILURE TO ACT IS IN CONFORMITY WITH COMMERCIALLY REASONABLE PRACTICES IN THE INDUSTRY.

THE FOREGOING LIMITATIONS APPLY TO ALL CAUSES OF ACTION IN THE AGGREGATE, INCLUDING WITHOUT LIMITATION TO BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY, MISREPRESENTATIONS, AND OTHER TORTS. EACH OF THE PARTIES ACKNOWLEDGES THAT IT UNDERSTANDS THE LEGAL AND ECONOMIC RAMIFICATIONS OF THE FOREGOING LIMITATIONS, AND THAT THE FOREGOING LIMITATIONS FORM AN ESSENTIAL PART OF THE AGREEMENT OF THE PARTIES.

11. **Default or Breach.** Snap-on may, in its sole discretion, a) discontinue or delete Franchisee's Franchisee Web Page, b) discontinue Franchisee's use of a Premium Web Page, c) display only minimal information on Franchisee's Franchisee Web Page or d) terminate this Agreement if Franchisee (i) does not adhere to Snap-on's rules and policies relating to Franchisee's Franchisee Web Page and the Snap-on Web Site as set forth in this Agreement, Franchisee's Franchise Agreement, the Snap-on Operations Manual, Snap-on terms and conditions of use, privacy policy, or any other written agreements between Snap-on and Franchisee and any other writing or (ii) if Franchisee is in default or breach under this Agreement.

12. **Term and Termination.**

12.1 **Term of Agreement.** This Agreement shall commence on the date first set forth above and shall continue during the term of Franchisee's Franchise Agreement, unless terminated as set forth below.

12.2 **Termination.** This Agreement shall terminate upon the earlier to occur of any one or more of the following:

- (i) upon 30 days written notice of termination by Franchisee to Snap-on;
- (ii) expiration or termination of Franchisee's Franchise Agreement;
- (iii) at such time as Snap-on may discontinue the Snap-on Web Site or the Franchisee web pages, in each case as Snap-on may determine in its sole discretion; and/or
- (iv) in Snap-on's sole discretion in the event of any default or breach by Franchisee under this Agreement.

13. **General.**

13.1 **Dispute Resolution.**

A. **Mediation.** Except as otherwise provided in Section 13.C., any controversy or dispute arising out of, or relating to Franchisee's Franchisee Web Page or the termination or nonrenewal of this Agreement including, but not limited to, any claim by Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee must be submitted to non-binding mediation prior to any matter being submitted to arbitration. This provision applies only to controversies and disputes that are specific to Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee and not to issues that effect Snap-on franchisees generally. Any such mediation will be held within 30 days after a demand for mediation is made by either party by notice to the other party. The mediation will be conducted in the state in which Franchisee resides.

The mediator will be selected by Snap-on and be someone knowledgeable with the Snap-on business. Franchisee may be accompanied at the mediation by anyone of Franchisee's choosing. If Franchisee elects not to be represented by counsel, Snap-on will also participate in the mediation without counsel. Snap-on will pay the costs of the mediator and location at which the mediation takes place.

B. Arbitration. Except as otherwise provided in Section 13.C., any controversy or dispute arising out of, or relating to Franchisee's franchise business or this Agreement including, but not limited to, any claim by Franchisee, or any person in privity with or claiming through, on behalf of or in the right of Franchisee, concerning the entry into, performance under, nonrenewal of, or termination of, this Agreement; any claim against a past or present employee, officer, director, agent or affiliate of Snap-on; any claim of breach of this Agreement; and any claims arising under state or federal laws, including any statutes, rules, or regulations, shall be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. Persons in privity with or claiming through, on behalf of or in the right of Franchisee include, but are not limited to, spouses and other family members, heirs, executors, representatives, shareholders, members, successors and assigns. In no event shall persons in privity include other Snap-on franchisees who have signed separate franchise agreements with Snap-on.

As a condition of submitting a controversy or dispute regarding the termination of Franchisee's franchise business or the termination or nonrenewal of this Agreement to arbitration, the parties must have participated in and failed to resolve the controversy or dispute through mediation, or the party filing the arbitration has made himself available to participate, but the party against whom the arbitration is filed refused to participate or otherwise failed to make himself available to participate in the mediation process within the prescribed time. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be forever barred.

The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Franchisee was assigned most recently prior to the demand for arbitration; provided, however, if such office is outside the state in which the Franchisee resides, Franchisee may cause the arbitration to be held within Franchisee's state of residence at a place mutually convenient to the parties and the arbitrator.

The arbitration shall proceed before a single arbitrator. The arbitrator shall be chosen by the striking method from a panel of neutral arbitrators provided by the American Arbitration Association. If the amount claimed by the party filing for arbitration both in the original demand for arbitration and in any amendment is less than Seventy-five Thousand Dollars (\$75,000.00), Snap-on shall pay the fees and expenses of the arbitrator and filing fees and costs charged by the American Arbitration Association up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500.00). Any amount in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) will be split equally by the parties. If the amount of the claim filed either in the original demand for arbitration or by amendment is for Seventy-five Thousand Dollars (\$75,000.00) or more, the parties agree to split equally the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association.

Unless otherwise agreed by the parties or ordered by the arbitrator, pre-hearing discovery in any arbitration is limited to the following: (1) production of all documents that will be introduced at the hearing; (2) production of written or recorded statements that a party intends to introduce at the hearing; (3) production of all documents relied upon by experts who will testify at the hearing; (4) production by Franchisee of tax returns filed by Franchisee (including tax returns for a



Designated Owner if Franchisee is a corporation or limited liability company) for the last three (3) tax years; (5) production by Snap-on of Franchisee's statements of account balance with Snap-on for three (3) years prior to the filing of the arbitration; and (6) not more than two depositions per side.

Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrator shall have no authority to award the same. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same.

Unless prohibited by applicable law, (i) no arbitration under Section 13.1. shall include, by consolidation, joinder, class action or in any other manner, any person other than Franchisee and Snap-on and any other person in privity with or claiming through, in the right of or on behalf of Franchisee or Snap-on, unless both Franchisee and Snap-on consent in writing, and (ii) no finding or stipulation of fact in any other arbitration, judicial or similar proceeding shall be given preclusive or collateral estoppel effect in any arbitration hereunder, and no conclusion of law in any other arbitration shall be given any weight in any arbitration hereunder, except to the extent such finding, stipulation or conclusion may have been determined in another proceeding between Franchisee and Snap-on or any person in privity with or claiming through, in the right of or on behalf of Franchisee or Snap-on. The parties agree to arbitrate only controversies and disputes that are specific to Franchisee, or any person in privity with or claiming through, on behalf of or in the right of, Franchisee and not issues that effect Snap-on franchisees generally as a class action or otherwise. In no event shall the arbitrator have the right, power, jurisdiction or contractual authority to award any damages or relief in excess of or in addition to those damages suffered specifically by the parties to the arbitration.

In the event any provision in this Section 13.1., other than the prohibition against consolidation, joinder and class action, is determined to be legally invalid or unenforceable under the law applicable in a particular case, then it is the intention of the parties to this Agreement that such provision be deemed inoperative and stricken from this Agreement, and that the remainder of this Section 13.1. to the extent not legally invalid or unenforceable under applicable law, be enforced as written as if the invalid or unenforceable provision or provisions had not been included in this Section 13.1. If the prohibition against consolidation, joinder and class action is determined to be legally invalid or unenforceable in a particular case, then it is the intent of the parties that the case shall proceed only in any federal court of competent jurisdiction, or in the event there is no jurisdiction in a federal court, then in that situation only, the case shall proceed in a state court of competent jurisdiction.

C. Provisional Remedies. Each party shall have the right to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders, preliminary injunctions or replevin orders before, during or after arbitration. Neither party need await the outcome of the arbitration before seeking provisional remedies. Seeking any such remedies shall not be deemed to be a waiver of either party's right to compel arbitration. Any such action shall be brought by Snap-on or Franchisee in the county (or similar political unit) or federal judicial district where Franchisee resides, or where any property that may be the subject of the action is located. The parties consent to the exercise of personal jurisdiction over them by courts located there and to the propriety of venue in such courts for the purpose of carrying out this provision; they waive

any objections that they would otherwise have to the same; and they waive the right to have any such action decided by a jury.

13.2 **Entire Agreement; Assignment.** This Agreement, together with Franchisee's Franchise Agreement and any other written policies or agreements referred to herein, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. No amendment or modification of this Agreement shall be binding unless in writing and duly executed by both parties. This Agreement and all rights and obligations hereunder may be assigned by Snap-on without notice or consent.

13.3 **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the state in which the Snap-on Regional Sales Office is located to which Franchisee was assigned at the time this Agreement was executed, except to the extent that the Federal Arbitration Act shall apply in accordance with Section 13.1 above.

13.4 **Severability.** If any provision contained in this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such provision will be severed herefrom and such invalidity or unenforceability will not affect any other provision of this Agreement, the balance of which will remain in and have its intended full force and effect; *provided, however*, if and to the extent such invalid or unenforceable provision may be modified so as to be valid and enforceable as a matter of law, such provision will be deemed to have been modified so as to be valid and enforceable to the maximum extent permitted by law.

13.5 **Waiver.** A waiver of any breach of this Agreement shall not constitute a waiver of any other breach or covenant of this Agreement, current or future. A waiver shall not be effective unless made in writing.

13.6 **Counterparts.** This Agreement may be signed in counterparts and, when so signed, will constitute a single Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

**FRANCHISEE:**

**SNAP-ON:**

**SNAP-ON TOOLS COMPANY LLC**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## APPENDIX I.10



### ACKNOWLEDGEMENT REGARDING LIST OF CALLS

I hereby acknowledge that I have completed my due diligence to my satisfaction regarding the List of Calls attached to the Standard Franchise Agreement or Gateway Franchise Agreement, which I am about to sign. I have received the assistance I requested from Snap-on Tools Company LLC ("Snap-on"). I further acknowledge that to the extent I requested, I was shown the location of the stops on my List of Calls and I had the opportunity to identify potential customers at those stops and all of my questions regarding the List of Calls have been answered to my satisfaction. I am satisfied with the stops and potential customers at the stops on my List of Calls.

**I hereby confirm that I have been advised that if any statement in this Acknowledgement Regarding List of Calls ("Acknowledgement") is not correct I should not sign this Acknowledgement.**

**FRANCHISEE:**

\_\_\_\_\_  
«FullName»

Date: \_\_\_\_\_

# APPENDIX I.11.A



## Release (Expansion)

«**FullName**» ("Franchisee") has requested that Snap-on Tools Company LLC ("Snap-on") grant Franchisee the right to add an additional franchise or add an additional van to an existing franchise under the Snap-on expansion program.

In consideration of Snap-on granting Franchisee such expansion rights and other good and valuable consideration, the receipt and sufficiency of which, is hereby acknowledged, Franchisee and if Franchisee is a corporation or limited liability company, its individual shareholders or members (collectively the Franchisee and individual shareholders and members, if applicable, are referred to as "Releasing Party") does hereby make this Release as follows:

1. Releasing Party (for Releasing Party and any person in privity with or claiming through, on behalf of or in the right of Releasing Party, including but limited to spouses and other family members, heirs, executors, representatives, successors and assigns) Fully and Unconditionally RELEASES and DISCHARGES Snap-on and its affiliates (and their respective past and current officers, directors, shareholders, employees, agents, spouses, heirs, executors, successors and assigns) from and against any and all claims, allegations, causes of action, obligations, losses, damages or liabilities of every kind (collectively "Claims"), relating to or arising out of any action, omission or representation or other basis of liability, tort or contract or under any federal, state or local laws, rules, ordinances or regulations including, but not limited to, claims arising under any agreement or understanding between the Franchisee and Snap-on or any of its affiliates or Franchisee's operation of his Snap-on Franchise from the beginning of time to the date of this Release. Nothing contained herein shall release any Claim, the release of which is prohibited by applicable law.
2. Releasing Party acknowledges that Releasing Party is aware that Releasing Party may hereafter discover facts in addition to or different from those that Releasing Party now knows or believes to be true with respect to the subject matter of this Release, but that Releasing Party intends to and does hereby, fully release and discharge all Claims referenced in this Release without regard to the subsequent discovery or existence of different or additional facts.

Releasing Party has entered into this Release in favor of Snap-on as of \_\_\_\_\_, 20\_\_\_\_, freely and voluntarily, without duress and coercion, and having read and understood each provision set out above.

**FRANCHISEE:**

\_\_\_\_\_  
«**FullName**»

\_\_\_\_\_  
**Witness**

## APPENDIX I.11.B



### Release (Renewal)

«**FullName**» ("Franchisee") has notified Snap-on Tools Company LLC ("Snap-on") that Franchisee is exercising Franchisee's option to renew under the conditions specified in Section 3 of the Franchise Agreement (the "Franchise Agreement") dated **(Franchise Agreement Date)** between Franchisee and Snap-on.

In accordance with the conditions of Section 3 of the Franchise Agreement, in consideration of Snap-on granting Franchisee such renewal and other good and valuable consideration, the receipt and sufficiency of which, is hereby acknowledged, Franchisee and if Franchisee is a corporation or limited liability Company, its individual shareholders or members (collectively the Franchisee and individual shareholders and members, if applicable, are referred to as "Releasing Party") does hereby make this Release as follows:

1. Releasing Party (for Releasing Party and any person in privity with or claiming through, on behalf of or in the right of Releasing Party, including but limited to spouses and other family members, heirs, executors, representatives, successors and assigns) Fully and Unconditionally RELEASES and DISCHARGES Snap-on and its affiliates (and their respective past and current officers, directors, shareholders, employees, agents, spouses, heirs, executors, successors and assigns) from and against any and all claims, allegations, causes of action, obligations, losses, damages or liabilities of every kind (collectively "Claims"), relating to or arising out of any action, omission or representation or other basis of liability, tort or contract or under any federal, state or local laws, rules, ordinances or regulations including, but not limited to, claims arising under the Franchise Agreement or any other agreement or understanding between the Franchisee and Snap-on or any of its affiliates or Franchisee's operation of his Franchise pursuant to the Franchise Agreement from the beginning of time to the date of this Release. Nothing contained herein shall release any Claim, the release of which is prohibited by applicable law.
2. Releasing Party acknowledges that he is aware that he may hereafter discover facts in addition to or different from those that he now knows or believes to be true with respect to the subject matter of this Release, but that he intends to and does hereby, fully release and discharge all claims referenced in this Release without regard to the subsequent discovery or existence of different or additional facts.

Releasing Party has entered into this Release in favor of Snap-on as of \_\_\_\_\_, 20\_\_\_\_, freely and voluntarily, without duress and coercion, and having read and understood each provision set out above.

**FRANCHISEE:**

\_\_\_\_\_  
«**FullName**»

\_\_\_\_\_  
**Witness**

# APPENDIX I.11.C



## SNAP-ON TOOLS COMPANY LLC CONSENT TO TRANSFER AGREEMENT

This Consent to Transfer Agreement, made and effective the latter of the dates signed below, is between Snap-on Tools Company LLC ("Snap-on"); and «SellerFullName», an individual ("Seller"); and «FullName», a «HomeStateProvinceFull» resident ("Buyer").

WHEREAS, Snap-on and Seller are parties to the Snap-on Standard Franchise Agreement, Dealer Franchise Agreement or Conversion Dealer Franchise Agreement dated (Franchise Agreement Date) (the "Franchise Agreement");

WHEREAS, Seller wishes to transfer to Buyer certain franchise business assets and terminate the relationship created by the Franchise Agreement;

WHEREAS, Buyer wishes to purchase certain assets of the Seller's franchise business and enter into a new Standard Franchise Agreement with Snap-on;

WHEREAS, pursuant to the provisions of the Franchise Agreement, such transfer is subject to the consent of Snap-on and Snap-on's right of first refusal on the same terms; and

WHEREAS, Snap-on is willing to consent to the transfer and waive its Right of First Refusal to purchase the assets being transferred subject to the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to this agreement agree as follows:

### 1. Representations.

A. Seller represents to Snap-on that it owns all right, title, and interest in and to the assets being transferred to Buyer and that the purchase price paid by the Buyer for the assets being acquired from the Seller and the terms regarding payment are identical to the purchase price and terms contained in the right of first refusal previously extended to Snap-on by Seller.

B. Buyer represents to Snap-on that it has inspected the assets being transferred by Seller and agrees to employ those assets only in conjunction with the operation of a Snap-on franchise pursuant to a new Standard Franchise Agreement.

C. Seller and Buyer represent and warrant to Snap-on that they each have the authority to execute this Agreement.

2. Consent. Snap-on consents to the transfer by Seller to Buyer of all right, title, and interest in and to the inventory, equipment, customer receivables, and goodwill being transferred to the Buyer, and waives its Right of First Refusal under the terms of the Franchise Agreement, if:

A. Seller is not in default under the Franchise Agreement or any other agreement with Snap-on or any of its affiliates or divisions;

B. Seller has paid in full, as of the date of transfer, all ascertained or liquidated debts of Seller to Snap-on, and is current on all contractual obligations relating to the franchise;

C. Buyer executes the current form of Standard Franchise Agreement upon the date of transfer, and grants to Snap-on a security interest to the same extent as the Seller has done so in any of the agreements or other documents ancillary to the Franchise Agreement; and Buyer agrees to execute all documents requested by Snap-on to memorialize and/or perfect the security interest;

D. On the date of transfer, Buyer pays Snap-on a transfer fee of **\$(Franchise Fee)**;

E. Buyer will satisfactorily complete Snap-on's initial training program required for all new franchisees; and

F. Seller agrees to continue complying with the confidentiality provisions of the Franchise Agreement, notwithstanding its termination under this Agreement.

3. Termination of the Franchise Agreement. Seller and Snap-on mutually agree that the Franchise Agreement shall be terminated and shall have no further force and effect as of the time that all conditions of this Agreement have been met by the parties.

If the Franchise Agreement contains provisions regarding Seller's activities after termination of the franchise, such provisions shall continue in full force and effect after the execution of this Agreement notwithstanding any other provision hereof. Such promises and obligations may relate, among other things, to any one or more of the following matters: the confidentiality of Snap-on's trade secrets; the return of Snap-on's manuals and other materials as well as all software licensed to Seller; the discontinuance of Seller's use of and removal of Snap-on trademarks; the termination of the franchise or use of Snap-on's trade secrets or other information relating to the franchise; the Seller's compliance with obligations under any Credit and Lease Agreement, Loan and Security Agreement, Dealer Servicing Agreement and/or Franchisee Servicing Agreement; and limitations on the Seller's right to compete with Snap-on. Seller agrees that all promises and obligations of Seller in the Franchise Agreement, Credit and Lease Agreement, Loan and Security Agreement, Dealer Servicing Agreement and/or Franchisee Servicing Agreement which describes the effects of the expiration or termination of the franchise or which otherwise expressly survive the termination of the Franchise Agreement (including those described in the foregoing sentence) shall so survive in accordance with their respective terms and Seller expressly reaffirms his agreement to such promises and obligations in this Agreement.

4. Indemnification and Warranties. Seller and Buyer and their successors, assigns, subsidiaries, divisions and agents, shall indemnify and hold harmless Snap-on and any of its subsidiaries, successors, assigns, officers, directors, employees and agents, and each of them, against:

A. Any and all liabilities, losses, damages, deficiencies, claims, costs, or expenses of any nature resulting, directly or indirectly, from:

1. Any misrepresentations or breach of warranty or covenant on the part of Seller or Buyer under this Agreement or otherwise;

2. The nonfulfillment of any conditions under this Agreement or otherwise; and

3. The transfer of the Franchise Agreement and the assets of the Franchise Business.

B. Any and all actions, suits (third party or otherwise), proceedings, investigations, demands, assessments, judgments, costs and expenses incident to the foregoing, including but not limited to, reasonable legal and accounting fees.

5. General Release by Seller. PLEASE READ CAREFULLY. THIS AGREEMENT CONTAINS A RELEASE OF KNOWN AND UNKNOWN CLAIMS. Seller (for Seller and any person in privity with

or claiming through, on behalf of, or in the right of Seller, including but not limited to, spouses and other family, representatives, successors and assigns) RELEASES and FULLY DISCHARGES Snap-on (itself and its affiliates, and all of their respective past and current parent companies, subsidiaries, affiliates, agents, employees, officers, directors, partners, principals, members, shareholders, representatives, attorneys, insurers, reinsurers, estates, executors, administrators, heirs, successors and assigns, if any, and any persons acting by or through, under or in concert with them, from and against any and all claims, allegations, causes of action, obligations, losses, damages or liabilities of every kind, relating to or arising out of any action, omission or representation or other basis of liability in tort or contract or under any state or federal law or regulation, that Seller may have against Snap-on, whether known or unknown, whether currently existing or hereafter asserted, including, but not limited to: (A) claims arising under all applicable Franchise acts, Federal Trade Commission regulations, Deceptive Trade Practices acts, Unfair Business Practices acts, Little FTC acts, Business Opportunity Acts, Consumer Protection acts and/or Seller Assisted Marketing Plan acts; (B) claims arising under all applicable employment laws, including, but not limited to: the Age Discrimination in Employment Act, the Employee Retirement Income Security Act, any Fair Employment Laws, and all applicable regulations thereunder; (C) claims related to the entry into, performance (or failure to perform) under, or termination of the franchise, the Franchise Agreement, any employment relationship, or any other agreement or understanding between the parties prior to the date of this Agreement; (D) claims related to any vehicles used in the franchise business and the financing or leasing of said vehicles; and/or (E) claims related to any financing obtained in connection with the franchise. Neither party admits any liability or violation of any duty, statute or regulation by entering into this Agreement.

Notwithstanding anything above to the contrary, this Agreement will not impair, release or extinguish (A) the representations, warranties and agreements made or affirmed (including the reaffirmation of certain provisions of the Franchise Agreement, Credit and Lease Agreement, Loan and Security Agreement, Dealer Servicing Agreement and/or Franchisee Servicing Agreement and the continuation of any security interest previously granted by Seller to Snap-on or its affiliates) in this Agreement, or its obligations, representation and warranties in any agreement for the purchases of RAs from Seller entered into in connection with the termination of Seller's franchise; or (B) the obligations of the Seller under the Full Recourse Agreement, if any, entered into between Seller and Snap-on Credit LLC for specific Credit Sale Contracts between Seller and individual customers which have been assigned to Snap-on Credit LLC subject to the Full Recourse Agreement.

6. Waiver of Rights. Seller hereby expressly waives and relinquishes, to the fullest extent permitted by law, the provisions, rights and benefits of any statute or law of the jurisdiction in which Seller resides at the time of signing this Agreement and any and all provisions, rights and benefits of any similar statute or law of any other jurisdiction. Seller does hereby further acknowledge that Seller is aware that Seller may hereafter discover facts in addition to or different from those which Seller now knows or believes to be true with respect to the subject matter of this Agreement, but Seller intends to, and does hereby, fully, finally and forever settle, release and discharge all Claims referenced in this Agreement without regard to the subsequent discovery or existence of different or additional facts.

7. Transfer. This Agreement is not transferable by Seller or Buyer.

8. Dispute Resolution.

A. Mediation. Except as otherwise provided in Section 8.F., any controversy or dispute arising out of, or relating to the transfer and termination of Seller's franchise business or the termination of the Franchise Agreement including, but not limited to, any claim by Seller, or any person in privity with or claiming through, on behalf of or in the right of Seller must be submitted to non-binding mediation prior to any matter being submitted to arbitration. This provision applies only to controversies and disputes that are specific to Seller, or any person in privity with or claiming through,



on behalf of or in the right of Seller and not to issues that effect Snap-on franchisees generally. Any such mediation will be held within 30 days after a demand for mediation is made by either party by notice to the other party. The mediation will be conducted in the state in which Seller resides.

The mediator will be selected by Snap-on and be someone knowledgeable with the Snap-on business. Seller may be accompanied at the mediation by anyone of Seller's choosing. If Seller elects not to be represented by counsel, Snap-on will also participate in the mediation without counsel. Snap-on will pay the costs of the mediator and location at which the mediation takes place.

B. Agreement to Arbitrate. Except as otherwise provided in subparagraph F. below, any controversy or dispute arising out of, or relating to the franchise business or this Agreement including, but not limited to, any claim by Seller or Snap-on, or any person in privity with or claiming through, on behalf of or in the right of Seller or Snap-on, concerning the entry into, performance under, or termination of the Franchise Agreement, this Agreement or any other agreement between the parties or their respective affiliates (whether existing before or after this Agreement); any claim against a past or present employee, officer, director or agent or affiliate of Snap-on; any claim of breach of the Franchise Agreement, this Agreement or any other agreement between the parties or their respective affiliates (whether existing before or after this Agreement); and any claims arising under state or federal laws, including any statutes, rules, or regulations, shall be submitted to final and binding arbitration as the sole and exclusive remedy for such controversy or dispute.

Persons in privity with or claiming through, on behalf of or in the right of Seller include, but are not limited to, spouses and other family members, heirs, executors, representatives, shareholders, members, successors and assigns. In no event shall persons in privity include other Snap-on franchisees who have signed separate franchise agreements with Snap-on.

C. Limitation on Time Periods, Damages, Etc. As a condition of submitting a controversy or dispute regarding the transfer and termination of Seller's franchise business or the termination of the Franchise Agreement to arbitration, the parties must have participated in and failed to resolve the controversy or dispute through mediation, or the party filing the arbitration has made himself available to participate, but the party against whom the arbitration is filed refused to participate or otherwise failed to make himself available to participate in the mediation process within the prescribed time. Unless prohibited by applicable law, any claim shall be made by filing a written demand for arbitration within one (1) year following the conduct, act or other event or occurrence first giving rise to the claim; otherwise, the right to any remedy shall be deemed forever barred.

Each party further agrees that, unless such a limitation is prohibited by applicable law, the other party shall not be liable for punitive or exemplary damages and the arbitrators shall have no authority to award same. Unless prohibited by applicable law, (i) no arbitration hereunder shall include, by consolidation, joinder, class action or in any other manner, any person other than Seller and Snap-on and any person in privity with or claiming through, in the right of or on behalf of Seller or Snap-on, unless both Seller and Snap-on consent in writing, and (ii) no finding or stipulation of fact in any other arbitration, judicial or similar proceeding shall be given preclusive or collateral estoppel effect in any arbitration hereunder, and no conclusion of law in any other arbitration, judicial or similar proceeding shall be given any weight in any arbitration hereunder, except to the extent such finding, stipulation or conclusion may have been determined in another proceeding between Seller and Snap-on or any person in privity with or claiming through, in the right of or on behalf of Seller or Snap-on. The parties agree to arbitrate only controversies and disputes that are specific to Seller, or any person in privity with or claiming through Seller and no issues that effect Snap-on franchisees generally as a class action or otherwise. In no event shall the arbitrator have the right, power, jurisdiction or contractual authority to award any damages or relief in excess of or in addition to those damages suffered specifically by the parties to the arbitration.

D. Procedures for Arbitration. The right and duty of the parties to this Consent to Transfer Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act, as amended, and arbitration shall take place according to the commercial arbitration rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held at the office of the American Arbitration Association nearest the Snap-on Regional Sales Office to which Seller was assigned most recently prior to the demand for arbitration; provided, however, if such office is outside the state in which Seller resides, Seller may cause the arbitration to be held within Seller's state of residence at a place mutually convenient to the parties and the arbitrator.

The arbitration shall proceed before a single arbitrator. The arbitrator shall be chosen by the striking method from a panel of neutral arbitrators provided by the American Arbitration Association. If the amount claimed by the party filing for arbitration both in the original demand for arbitration and in any amendment is less than Seventy-five Thousand Dollars (\$75,000.00), Snap-on shall pay the fees and expenses of the arbitrator and filing fees and costs charged by the American Arbitration Association up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500.00). Any amount in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) will be split equally by the parties. If the amount of the claim filed either in the original demand for arbitration or by amendment is for Seventy-five Thousand Dollars (\$75,000.00) or more, the parties agree to split equally the fees and expenses of the arbitrator and the filing fees and costs charged by the American Arbitration Association.

Unless otherwise agreed by the parties or ordered by the arbitrators, pre-hearing discovery in any arbitration is limited to the following: (1) production of all documents that will be introduced at the hearing; (2) production of written or recorded statements that a party intends to introduce at the hearing; (3) production of documents relied on by experts who will testify at the hearing; (4) production by Seller of tax returns filed by Seller (including tax returns for a Designated Owner if Seller is a corporation or limited liability company) for the last three (3) tax years; (5) production by Snap-on of Seller's statements of account balance with Snap-on for three (3) years prior to the filing of the arbitration; and (6) not more than two depositions per side.

The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have to the same.

E. Severability. In the event any provision in this paragraph 8, other than the prohibition against consolidation, joinder and class action, is determined to be legally invalid or unenforceable under the law applicable in a particular case, then it is the intention of the parties to this Agreement that such provision be deemed inoperative and stricken from this Agreement, and that the remainder of this paragraph 8., to the extent not legally invalid or unenforceable under applicable law, be enforced as written and as if the invalid or unenforceable provision or provisions had not been included in this paragraph 8. If the prohibition against consolidation, joinder and class action is determined to be legally invalid or unenforceable in a particular case, then it is the intent of the parties that the case shall proceed only in any federal court of competent jurisdiction, or in the event there is no jurisdiction in a federal court, then in that situation only, the case shall proceed in a state court of competent jurisdiction.

F. Provisional Remedies. Each party shall have the right to seek from an appropriate court provisional remedies including, but not limited to, temporary restraining orders, preliminary injunctions or replevin orders before, during or after arbitration. Neither party need await the outcome of the arbitration before seeking provisional remedies. Seeking any such remedies shall not be deemed to

be a waiver of either party's right to compel arbitration. Any such action shall be brought by Snap-on or Seller in the county (or similar political unit) or federal judicial district where Seller resides, or where any property that may be the subject of the action is located. The parties consent to the exercise of personal jurisdiction over them by courts located there and to the propriety of venue in such courts for the purpose of carrying out this provision; they waive any objections that they would otherwise have to the same; and they waive the right to have any such action decided by a jury.

9. Joint and Several Liability. If Seller or Buyer consists of more than one individual or entity, their liability under this Agreement shall be deemed to be joint and several.

10. Severability and Substitution. In the event any provision of this Agreement is determined by a court of competent jurisdiction to be legally invalid or unenforceable under the law applicable in a particular case, then it is the intention of the parties to this Agreement that such provision be deemed inoperative and stricken from this Agreement, and that this remainder of this Agreement, to the extent not legally invalid or unenforceable under applicable law, be enforced as written and as if the invalid or unenforceable provision had not been included in this Agreement.

11. Integrated Agreement. This Agreement represents the entire understanding between the parties and supersedes any previous understanding relating to the subject of this Agreement. This Agreement may be modified only by a writing signed by all parties.

12. Waiver. A waiver by any party to this Agreement shall not be considered as a waiver of any subsequent default or breach of the same or other provisions of this Agreement. The failure by any party to this Agreement to object to or to take affirmative action with respect to, any conduct of the other which is in violation of this Agreement shall not be construed as a waiver thereof, or of any future breach or subsequent wrongful conduct.

13. Execution in Counterparts. This Agreement will be considered enforceable even if separate copies are executed, so long as both parties receive an executed copy from the other party.

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates shown, intending to be legally bound.

**SELLER:**

**BUYER:**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: «FullName»

**SNAP-ON:**  
**SNAP-ON TOOLS COMPANY LLC**

By: \_\_\_\_\_  
Printed Name: «RegionalManager»  
Title: Regional Manager

# APPENDIX I.11.D



## **CANCELLATION OF GATEWAY FRANCHISE AGREEMENT AND RELEASE** (Gateway Franchisee Entering Into Standard Franchise Agreement)

**THIS CANCELLATION OF GATEWAY FRANCHISE AGREEMENT AND RELEASE** entered into by and between Snap-on Tools Company LLC ("Snap-on") and the Snap-on Gateway Franchisee whose name appears below ("Gateway Franchisee"). As used in this Agreement, unless the context expressly otherwise requires, the term "Snap-on" includes Snap-on Tools Company LLC, all its affiliated entities (including without limitation Snap-on Credit LLC and Snap-on Incorporated) and its predecessor Snap-on Tools Company.

### **RECITALS:**

- A. Gateway Franchisee and Snap-on entered into a Gateway Franchise Agreement dated the "Gateway Franchise Agreement").
- B. Gateway Franchisee has applied for a Standard Franchise Agreement from Snap-on and Snap-on has agreed to enter into a Standard Franchise Agreement with Gateway Franchisee, subject to the parties entering into this Cancellation of Gateway Franchise Agreement and Release upon the terms and conditions contained herein.

NOW, THEREFORE, for and in consideration of Snap-on issuing a Standard Franchise Agreement to Gateway Franchisee and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

- 1. Cancellation of Gateway Franchise Agreement. Gateway Franchisee and Snap-on agree to and do hereby cancel and terminate the Gateway Franchise Agreement, effective at 11:59 P.M. on the day prior to the date of this Agreement (the "Effective Time"), and from and after the Effective Time, Gateway Franchisee shall have no further rights under the Gateway Franchise Agreement.
- 2. Waiver of Notice. Notwithstanding the terms and provisions of the Gateway Franchise Agreement with respect to notice of termination, it is stipulated and agreed between the parties hereto that the notice or notices required therein shall be and are hereby waived.
- 3. Release. Gateway Franchisee (for Gateway Franchisee and any person in privity with or claiming through, on behalf of or in the right of Gateway Franchisee, including but not limited to spouses and other family members, heirs, executors, representatives, successors and assigns) RELEASES and FULLY DISCHARGES Snap-on (and its respective past and current officers, directors, shareholders, employees, agents, spouses, heirs, executors, successors and assigns) from and against any and all claims, allegations, causes of action, obligations, losses, damages or liabilities of every kind, relating to or arising out of any action, omission or representation or other basis of liability in tort or contract or under any state or federal law or regulation, including, but not limited to, claims arising under all applicable Franchise acts, Federal Trade Commission regulations, Deceptive Trade Practices acts, Unfair Business Practices acts, Little FTC acts, Business Opportunity acts, Consumer Protection acts and/or Seller Assisted Marketing Plan acts, employment laws, including, but not limited to, Age Discrimination In Employment Act, Employee Retirement Income Security Act, Fair Employment Laws, and all applicable regulations thereunder, that Gateway Franchisee may

have against Snap-on, whether known or unknown, whether currently existing or hereafter asserted, including but not limited to the entry into, performance (or failure to perform) under, or termination of the Gateway Franchise Agreement or any other agreement or understanding between the parties prior to the date of this Agreement.

Gateway Franchisee has entered into this Agreement with Snap-on as of \_\_\_\_\_, 20\_\_\_\_, freely and voluntarily, without duress and coercion, and having read and understood each provision set out above.

**GATEWAY FRANCHISEE:**

\_\_\_\_\_  
**Print Name:** «FullName»

**WITNESS TO GATEWAY FRANCHISEE SIGNATURE:**

\_\_\_\_\_  
**Print Name:** \_\_\_\_\_

**SNAP-ON TOOLS COMPANY LLC**

\_\_\_\_\_  
**Print Name:** «RegionalManager»

**Title:** Regional Manager

# APPENDIX J

## List of State Administrators

### **California**

California Commissioner of  
Corporations  
71 Stevenson St., Ste. 2100  
San Francisco, CA 94105-2180

### **Hawaii**

Department of Commerce and  
Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant St., Room 203  
Honolulu, HI 96813

### **Illinois**

Office of the Attorney General  
Franchise Division  
500 South Second Street  
Springfield, IL 62706

### **Indiana**

Indiana Securities Division  
Secretary of State  
302 West Washington Street  
Room E-111  
Indianapolis, IN 46204

### **Iowa**

Director of Regulated Industries  
Unit  
Iowa Securities Bureau  
340 Maple  
Des Moines, IA 50319-0066

### **Maine**

Department of Professional &  
Financial Regulation  
Banking Bureau, Securities  
Division  
124 Northern Avenue  
Gardiner, ME 04345

### **Maryland**

Office of the Attorney General  
Division of Securities  
200 St. Paul Place, 20<sup>th</sup> Floor  
Baltimore, MD 21202-2020

### **Michigan**

Michigan Attorney General  
Consumer Protection Division  
Attention: Franchise Section  
525 W. Ottawa Street  
Williams Building, 6<sup>th</sup> Floor  
Lansing, MI 48933

### **Minnesota**

Commissioner of Commerce  
Minnesota Department of  
Commerce  
Market Assurance Division  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, MN 55101-2198

### **Nebraska**

Department of Banking and  
Finance  
1230 O Street  
Lincoln, NE 68508

### **New York**

New York State Department of  
Law  
Bureau of Investor Protection  
and Securities  
120 Broadway, 23<sup>rd</sup> Floor  
New York, NY 10271

### **North Carolina**

Department of the Secretary of  
State  
300 North Salisbury Street  
Raleigh, NC 27603-5909

### **North Dakota**

North Dakota Securities  
Commissioner  
600 East Boulevard  
5<sup>th</sup> Floor  
Bismarck, ND 58505-0510

### **Oregon**

Department of Consumer and  
Business Services  
Division of Finance and  
Corporate Securities  
Labor and Industries Building  
Salem, OR 97310

### **Rhode Island**

Rhode Island Department of  
Business Regulation  
Division of Securities  
1511 Pontiac Avenue  
Cranston, RI 02920-4407

### **South Dakota**

Director of Division of Securities  
Department of Revenue and  
Regulation  
445 East Capitol Avenue  
Pierre, SD 57501-3185

### **Texas**

Statutory Document Section  
Secretary of State  
P.O. Box 12887  
Austin, TX 78711

### **Utah**

Department of Commerce  
Division of Consumer Protection  
160 E. Three Hundred South  
SM Box 146704  
Salt Lake City, UT 84114-6704

### **Virginia**

State Corporation Commission  
Director, Division of Securities  
and Retail Franchising  
1300 East Main Street  
9<sup>th</sup> Floor  
Richmond, VA 23219

### **Washington**

Director of the Department of  
Financial Institutions  
Securities Division  
P.O. Box 9033  
Olympia, WA 98507-9033

### **Wisconsin**

Commissioner of Securities  
Securities and Franchise  
Registration  
P.O. Box 1768  
Madison, WI 53701

# APPENDIX K

## LIST OF EFFECTIVE DATES

Except as indicated below, the Effective Date of this Disclosure Document in your state is February 18, 2011.

| <u>State</u>   | <u>Effective Date</u> |
|----------------|-----------------------|
| Hawaii         | _____                 |
| Minnesota      | _____                 |
| North Carolina | March 2, 2011         |
| Washington     | _____                 |

# APPENDIX L

## List of Agents for Service of Process for Snap-on

### Alabama

The Corporation Company  
2 North Jackson Street  
Suite 605  
Montgomery, AL 36104

### Alaska

CT Corporation System  
Suite 202  
9360 Glacier Highway  
Juneau, AK 99801

### Arizona

CT Corporation System  
2394 East Camelback Road  
Phoenix, AZ 85016

### Arkansas

The Corporation Company  
124 West Capitol Avenue  
Suite 1900  
Little Rock, AR 72201

### California

CT Corporation System  
818 West 7<sup>th</sup> Street  
Los Angeles, CA 90017

and

California Commissioner of  
Corporations  
71 Stevenson St., Suite 2100  
San Francisco, CA 94105-2180

### Colorado

The Corporation Company  
1675 Broadway  
Suite 1200  
Denver, CO 80202

### Connecticut

CT Corporation System  
One Corporate Center  
Floor 11  
Hartford, CT 06103-3220

### Delaware

The Corporation Trust Company  
Corporation Trust Center  
1209 Orange Street  
Wilmington, DE 19801

### District of Columbia

CT Corporation System  
1015 15<sup>th</sup> Street NW  
Suite 1000  
Washington, D.C. 20005

### Florida

CT Corporation System  
1200 South Pine Island Road  
Plantation, FL 33324

### Georgia

CT Corporation System  
1201 Peachtree Street, N.E.  
Atlanta, GA 30361

### Hawaii

The Corporation Company, Inc.  
900 Fort Street Mall  
Suite 1800  
Honolulu, HI 96813

and

Commissioner of Securities of  
the State of Hawaii  
Department of Commerce and  
Consumer Affairs  
Business Registration Division  
Securities Compliance Branch  
335 Merchant Street  
Room 203  
Honolulu, HI 96813

### Idaho

CT Corporation System  
1111 West Jefferson  
Suite 530  
Boise, ID 83702

### Illinois

CT Corporation System  
208 S. LaSalle Street  
Suite 814  
Chicago, IL 60604

and

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

### Indiana

CT Corporation System  
251 E. Ohio Street  
Suite 1100  
Indianapolis, IN 46204

### Iowa

CT Corporation System  
500 East Court Avenue  
Suite 500  
Des Moines, IA 50309

### Kansas

The Corporation Company, Inc.  
112 SW 7<sup>th</sup> Street, Suite 3C  
Topeka, KS 66603

### Kentucky

CT Corporation System  
4169 Westport Road  
Louisville, KY 40207

### Louisiana

CT Corporation System  
5615 Corporate Blvd.  
Suite 400B  
Baton Rouge, LA 70808

### Maine

CT Corporation System  
One Portland Square  
Portland, ME 04101

and

Securities Administrator  
124 Northern Avenue  
Gardiner, ME 04345



**Maryland**

The Corporation Trust  
Incorporated  
351 West Camden Street  
Baltimore, MD 21201

and

Securities Commissioner  
Division of Securities  
200 St. Paul Place  
20<sup>th</sup> Floor  
Baltimore, MD 21202-2020

**Massachusetts**

CT Corporation System  
155 Federal Street  
Suite 700  
Boston, MA 02110

**Michigan**

The Corporation Company  
30600 Telegraph Road  
Suite 2345  
Bingham Farms, MI 48025

and

Corporations & Securities  
Bureau  
Department of Commerce  
6546 Mercantile Way  
Lansing, MI 48910

**Minnesota**

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

and

Commissioner of Commerce  
85 7<sup>th</sup> Place East  
Suite 500  
St. Paul, MN 55101

**Mississippi**

CT Corporation System  
645 Lakeland East Drive  
Suite 101  
Flowood, MS 39232

**Missouri**

CT Corporation System  
120 South Central Avenue  
Clayton, MO 63105

**Montana**

CT Corporation System  
401 North 31<sup>st</sup> Street  
Suite 1650  
Billings, MT 59103

**Nebraska**

CT 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**

CT Corporation System  
9 Capitol Street  
Concord, NH 03301

**New Jersey**

The Corporation Trust Company  
820 Bear Tavern Road  
West Trenton, NJ 08628

**New Mexico**

CT Corporation System  
123 East Marcy Street  
Santa Fe, NM 87501

**New York**

CT Corporation System  
111 Eighth Avenue  
New York, NY 10011

**North Carolina**

CT Corporation System  
150 Fayetteville Street  
Raleigh, NC 27601

and

North Carolina Secretary of  
State  
Legislative Office Bldg, Room  
414  
300 N Salisbury Street  
Raleigh, NC 27603-5909

**North Dakota**

CT Corporation System  
314 East Thayer Avenue  
Bismarck, ND 58501

and

North Dakota Securities  
Commissioner  
600 East Boulevard  
5<sup>th</sup> Floor  
Bismarck, ND 58505-0510

**Ohio**

CT Corporation System  
1300 East 9<sup>th</sup> Street  
Cleveland, OH 44114

**Oklahoma**

The Corporation Company  
1833 South Morgan Road  
Oklahoma City, OK 73128

**Oregon**

CT Corporation System  
388 State Street  
Suite 420  
Salem, OR 97301

and

CT Corporation System  
601 SW Second Avenue  
Suite 2050  
Portland, OR 97204

**Pennsylvania**

CT Corporation System  
116 Pine Street  
Suite 320  
Harrisburg, PA 17101

**Puerto Rico**

CT Corporation System  
361 San Francisco Street  
Penthouse  
Old San Juan, PR 00901

**Rhode Island**

CT Corporation System  
155 South Main Street  
Suite 103  
Providence, RI 02903

and

Rhode Island Director of  
Business Regulation  
Division of Securities  
1511 Pontiac Avenue  
Cranston, RI 02920-4407

**South Carolina**

CT Corporation System  
2 Office Park Court, Suite 103  
Columbia, SC 29223

**South Dakota**

CT Corporation System  
319 South Coteau Street  
Pierre, SD 57501

and

South Dakota Director of the  
Division of Securities  
445 East Capitol Avenue  
Pierre, SD 57501-3185

**Tennessee**

CT Corporation System  
800 S Gay Street  
Suite 2021  
Knoxville, TN 37929-9710

**Texas**

CT Corporation System  
350 North St. Paul Street  
Suite 2900  
Dallas, TX 75201

**Utah**

CT Corporation System  
136 East South Temple  
Suite 2100  
Salt Lake City, UT 84111

**Vermont**

CT Corporation System  
400 Cornerstone Drive  
Suite 240  
Williston, VT 05495

**Virginia**

CT Corporation System  
4701 Cox Road  
Suite 301  
Glen Allen, VA 23060-6802

and

Clerk of the State Corporation  
Commission  
1300 East Main Street  
1<sup>st</sup> Floor  
Richmond, VA 23219

**Washington**

CT Corporation System  
1801 West Bay Drive NW  
Suite 206  
Olympia, WA 98502

and

Director of the Department of  
Financial Institutions  
P.O. Box 9033  
Olympia, WA 98507

**West Virginia**

CT Corporation System  
5400-D Big Tyler Road  
Charleston, WV 25313

**Wisconsin**

CT Corporation System  
8040 Excelsior Drive  
Suite 202  
Madison, WI 53717

and

Commissioner of Securities  
Securities and Franchise  
Registration  
Wisconsin Securities  
Commission  
P.O. Box 1768  
Madison, WI 53702

**Wyoming**

CT Corporation System  
1720 Carey Avenue  
Suite 200  
Cheyenne, WY 82001

## **APPENDIX M**

- 1. Standard Franchise Operations Manual Table of Contents**
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# APPENDIX M.1

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If Snap-on 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C., 20580, and the state agency listed on Appendix J to this disclosure document.

Appendix L contains a list of our registered agents authorized to receive service of process.

\_\_\_\_\_ is a Regional Manager whose address is \_\_\_\_\_  
\_\_\_\_\_ and whose telephone number is \_\_\_\_\_  
\_\_\_\_\_. \_\_\_\_\_ is a Business Manager whose  
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telephone number is \_\_\_\_\_. \_\_\_\_\_ is a  
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Date

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Prospective Franchisee

---

Printed Name

---

Address

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Date

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Prospective Franchisee

---

Printed Name

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Address