FRANCHISE DISCLOSURE DOCUMENT

Matco Tools Corporation
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Stow, OH 44224
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This Disclosure Document provides information regarding the operation of a Matco Distributorship. Matco is a manufacturer and distributor of professional quality mechanics' tools and service equipment (the "**Products**" or "**Matco Products**"). If you enter into a Distributorship Agreement with Matco, you will purchase, resell, and service the Products, which currently consist of at least 18,300 items, as a mobile distributor under the Matco System.

The total investment necessary to begin operation of a Matco Distributorship ranges from $76,819 to $309,133. This includes the following payments to Matco or its affiliates: the initial franchise fee of $8,000; approximately $50,000 to $84,000 for the minimum initial inventory; $899 for the initial software license fee and $270 license fees for the credit card and signature pad processing software; $450 for the software support and maintenance fee; $195 for the webpage set-up fee; $99 for a document processing fee; and approximately $22,000 for the Time Payment Reserve Account (if you do not participate in a Matco financing program).

This Disclosure Document summarizes certain provisions of your distributorship 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 or grant. **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 Matco's National Franchise Sales Department at 4403 Allen Road, Stow, OH 44224; phone: 330-929-4949.

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-FTCHELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: March 6, 2022

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Appendices B and C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Appendix A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Matco Tools business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Matco Tools franchisee?	Item 20 or Appendices B and C list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Appendix F.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The Distributorship Agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Ohio. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Ohio than in your own state.

2. The Distributorship Agreement states that Ohio law governs the agreement, and this law may not provide the same protections and benefits as local law. You may want to compare these laws.

3. **Mandatory Minimum Payment**: You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

4. **Spousal Liability**: Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

Michigan Disclosure Addendum

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

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A 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 PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH 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 FRANCHISED 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:

(i) THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN 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.

***   *   *   ***

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN $100,000.00, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

***   *   *   ***

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: DEPT. OF ENERGY, LABOR, & ECONOMIC GROWTH, CORPORATIONS DIVISION, P.O. BOX 30054, LANSING, MICHIGAN 48909; 7150 HARRIS DRIVE, LANSING, MICHIGAN 48909.

***   *   *   ***

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTN: FRANCHISE
670 G. MENNEN WILLIAMS BUILDING
LANSING, MICHIGAN 48913
(571) 373-7117

*** NOTE: NOTWITHSTANDING PARAGRAPH (F) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (F) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.**

Matco® Tools
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(1) THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

References to "you" in this Disclosure Document mean the corporation, partnership, limited liability company or other business entity purchasing a Matco Tools Distributorship, and, in some situations, "you" may also refer to that entity's Principal Owner or other owners.

Matco and Its Predecessors

Matco Tools Corporation ("**Matco**" or "**Matco Tools**") is a Delaware corporation, incorporated on January 12, 1993, with its principal office at 4403 Allen Road, Stow, Ohio 44224, telephone number (330) 929-4949. Matco is a wholly-owned subsidiary of MTH Holding LLC ("**MTH**"), and operates as an indirect wholly-owned subsidiary of GLFD Holdings LLC, and Vontier Corporation ("**Vontier**"). MTH is Matco's parent company. MTH is a Delaware limited liability company with its principal office at 1209 Orange Street, Wilmington, Delaware 19801. MTH does not operate Matco distributorships, and has not offered franchises in any line of business.

Vontier is a Delaware corporation, incorporated on August 5, 2019, with its principal place of business at 5438 Wade Park Blvd, Suite 600, Raleigh, NC 27607. Vontier was a wholly owned subsidiary of Fortive Corporation ("**Fortive**") until October 9, 2020. Fortive is a Delaware corporation, incorporated on November 11, 2015, with its principal place of business at 6920 Seaway Blvd., Everett, Washington 98203. On October 9, 2020, Fortive spun-off a portion of its business, assets, and portfolio companies, including Matco, into Vontier (the "**Vontier Spin-Off**"). After the Vontier Spin-Off, Fortive retained a partial ownership interest in Vontier, but as of January 19, 2021, Fortive no longer has any ownership of Vontier. Fortive was an indirect parent of Matco from July 3, 2016, until the Vontier Spin-off. Previously, Fortive was a wholly owned subsidiary of Danaher Corporation ("**Danaher**") until July 2, 2016. Danaher is a Delaware corporation, with its principal place of business at 2200 Pennsylvania Avenue NW, Suite 800W, Washington, DC 20037-1701. Danaher created Fortive when it spun-off a portion of its business, assets, and portfolio companies into a new diversified industrial growth company (the "**Fortive Spin-Off**"). That transaction was completed as of July 3, 2016. Neither Vontier, Fortive nor Danaher operate Matco distributorships, and nor have they offered franchises in any line of business.

Matco's other intermediate parent company, GLFD Holdings LLC, is a limited liability company that was formed in Delaware. Its principal business address is 1209 Orange Street, Wilmington, Delaware 19801. GLFD Holdings LLC does not operate Matco distributorships and has not offered franchises in any line of business.

From January 12, 1993, until June 3, 2016, Matco was known as NMTC, Inc., d/b/a Matco Tools, and it was a subsidiary of a separate entity, which was also called Matco Tools Corporation ("**MTC**"). MTC was Matco's parent company. MTC was a New Jersey corporation with its principal office at 4403 Allen Road, Stow, Ohio 44224. MTC's parent was Danaher. On June 1, 2016, as part of the Fortive Spin-Off transaction described above, MTC merged with NMTC, Inc., and then NMTC, Inc. changed its name to Matco Tools Corporation.

Matco does business under the name "Matco Tools Corporation," "Matco Tools," and "Matco," and under no other names. Matco's agent for service of process in this state is disclosed on Appendix G and/or on the acknowledgement of receipt pages which are the last pages in this Franchise Disclosure Document.

Matco is a manufacturer of tool boxes and a distributor of professional quality tools and service equipment. Matco has developed a distinctive business system (the "**System**") relating to the establishment and operation of Matco mobile Distributorships which sell tools, tool boxes, service equipment, automotive diagnostic services, software subscriptions, and other goods and services, including, for example, apparel, model cars and other collectible items, and consumables (such as mechanic's hand soaps), and such other items that Matco may in its sole discretion offer (collectively, the "**Products**" or "**Matco Products**"). Matco mobile Distributors offer and sell Products to professional mechanics, technicians, service professionals, and other businesses which operate from a single location and purchase tools for their own use. The Products currently consist of more than 18,300 items, many of which are manufactured by or for Matco, and are distributed by Matco and sold to our Distributor network. In addition, Matco may also sell special order items, based on customer demand, and other factors. A high standard of customer service is the cornerstone of Matco's System, and that customer service standard typically involves a one-on-one sales and service relationship between a Principal Owner (defined below), operating from a Matco mobile distributorship, and a Potential Customer (defined below).

The System is identified by means of certain trade names, service marks, trademarks, logos and emblems, including the marks "MATCO®" and "MATCO® TOOLS" (the "**Marks**").

MTC began offering distributorships in 1979, and since then MTC and Matco (beginning in 1993) have sold the majority of the Products through independent distributors throughout the United States. As of December 31, 2021, there were 1,854 independent distributors selling MATCO® Products in the United States. The Distributorship Agreement offered and described in this Disclosure Document differs from agreements Matco entered into with its Distributors before 1993, in that the current Distributorship Agreement provides for additional duties and obligations for both parties. Matco has operated distributorships similar to the type described in this disclosure document prior to 2006, for a period in 2010 and 2011, and again beginning in 2013. Matco currently operates one distributorship in Akron, Ohio.

As described above and in Item 20, in all other U.S. states except for the State of Ohio, Matco's usual course of business does not involve the actual development and operation of Distributorships, which is the business you will engage in under the Distributorship Agreement.

Matco also sells the Products through commercial sales representatives to businesses and educational institutions including students, schools, commercial and industrial accounts with central purchasing operations, multiple locations, state, local and federal agencies and/or to other commercial customers who generally purchase tools for their own internal use or supply tools to their employees through tuition-based kits, new apprentice programs, hiring/longevity incentives, tool cribs or other means. Matco's commercial sales group also sells Products through foreign-based wholesale distributors in countries outside of North America. In 2021, these sales accounted for approximately 4.1% of Matco's revenues. Matco may also employ persons or utilize independent manufacturers' representatives and specialized resellers to make sales calls and to support customers in specific market segments. Matco also uses export distributors and agents to promote its products in locations outside of the United States.

Matco has offered franchised distributorships since 1993. Other than as indicated in this Disclosure Document, Matco (or prior to February 1993, its predecessor MTC) has not offered distributorship agreements, franchises, or business opportunities in any other line of business. Matco is not engaged in any business other than the manufacture, distribution, sale and servicing of tools and equipment as described in this Disclosure Document. Matco's affiliates have not offered franchises similar to the distributorship described in this Disclosure Document or in any other lines of business.

MTC is a predecessor of Matco. MTC was formerly known as Mac Allied Tools Corporation ("**Mac Allied**"), an Ohio corporation, incorporated in September 1946. Mac Allied changed its name to Matco Tools Corporation in August 1978, and in April 1981, Matco Tools Corporation was acquired by and became a wholly-owned subsidiary of Chicago Pneumatic Tool Company ("**CP**"), a New Jersey Corporation. Matco Tools Corporation was merged in July 1984 into a sister company of CP, The Jacobs Manufacturing Company ("**Jacobs**"), a New Jersey corporation, incorporated in July 1953, and became known as “Matco Tools, a Division of The Jacobs Manufacturing Company.” In June 1986, Danaher purchased CP and later sold it in June 1987, retaining Jacobs, including its Matco Tools Division. Jacobs’ name was changed to Matco Tools Corporation in November 1991, and the other divisions within Jacobs were established as separate operating companies. In January 1993, Danaher formed NMTC, Inc., which acquired a substantial portion of the assets of MTC, including the existing distributorship agreements of MTC. As described above, MTC merged with NMTC, Inc., and NMTC, Inc. changed its name to Matco Tools Corporation.

Vontier’s businesses and brands operate in the professional instrumentation and industrial technologies business segment, which consists of mobility technologies and diagnostics & repair technologies platforms. Through various subsidiary companies, Vontier manufactures and sells products under major brand names such as Ammco® brake lathes, and Coats® tire changers and equipment.

In 2005, Matco Tools Canada (“**Matco-Canada**”), a limited partnership organized under the laws of the Province of Ontario, Canada, began offering Matco Tools franchised distributorships in Canada. Matco-Canada does not operate Matco distributorships, and has not offered franchises in any other line of business. Matco-Canada is owned by NMTC Partners Inc., an Ontario corporation, and GTHM Canada Holding Ltd., a British Columbia limited company. NMTC Partners Inc. is Matco’s general partner. NMTC Partners Inc. was incorporated on April 8, 2005, and its principal business address is 4 Robert Speck Parkway, Ste. 1600, Mississauga, ON L4Z1S1. GTHM Canada Holding Ltd. was incorporated on August 6, 2019, and its principal business address is 2800 Park Place, 666 Burrard St., Vancouver, BC V6C2Z7. NMTC Partners Inc. is wholly owned by Matco Tools Corporation. GTHM Canada Holding Ltd. is wholly owned by GLFD Holdings LLC a Delaware limited liability company that was incorporated on August 5, 2019. GLFD Holdings LLC has its registered office at 1209 Orange Street, Wilmington, Delaware USA 19801. Neither NMTC Partners Inc., GTHM Canada Holding Ltd., nor GLFD Holdings LLC operate Matco distributorships, nor have any of those companies offered franchises in any line of business.

NMTC Partners Inc. and GTHM Canada Holding Ltd. were also included in the Vontier Spin-Off. NMTC Partners Inc. and GTHM Canada Holding Ltd. remain Matco-Canada’s immediate parent companies after the Vontier Spin-Off, and NMTC Partners Inc. remains Matco-Canada’s general partner. However, Matco-Canada’s ultimate parent is now Vontier.

<u>The Distributorship Rights Offered</u>

Matco offers you the right to enter into a distributorship agreement (the “**Distributorship Agreement**”), which grants you the right to purchase, resell, and service the Products as a mobile distributor (“**Distributor**”) under the System (the “**Distributorship**”). A Distributorship is a business which operates principally from a vehicle, purchases the Products from Matco, and sells the Products to retail customers. These retail customers are professional mechanics or other individuals in the automotive after-market and related markets who in the normal course of business are required to use and furnish his/her own tools. Prior to signing your Distributorship Agreement, we will count the number of Potential Customers at locations identified in your territory along a proposed route (the “**List of Calls**”). These will be identified in Exhibit A to your Distributorship Agreement. Matco designates a List of Calls by identifying a minimum of approximately 325 Potential Customers, which include the mechanics, technicians, or other service professionals who work at the business, as well as the business itself, in cases where Matco’s survey shows that the business also purchases tools of the type offered or sold by Matco or its distributors, either for itself and/or for its employees. (However, “225s” will have fewer Potential Customers, and “ETDs” will have more Potential Customers, as described below). See Item 11 for more information. You are not limited to offering and selling Products to those 325 Potential Customers.

If you wish to modify your List of Calls, including by adding a location or Potential Customers, you must submit a written request to Matco identifying the proposed changes to the List of Calls with an explanation for how the proposed changes to the List of Calls will help you achieve and meet Matco's Customer Service Standards.

You must be a corporation, limited liability company, or other business entity. The daily operations of the Distributorship must be conducted under the active full-time management of one "Principal Owner" who is designated on Exhibit P to the Distributorship Agreement. The Principal Owner must own at least a majority of the outstanding equity interests in you (at least 51%). The Principal Owner is the individual responsible for all communications between you and Matco, and the individual who has the right to enter into agreements on your behalf. The Principal Owner (as well as any other owners and any other person whose assets are considered in any financing application) must sign the Guarantee, Indemnification, and Acknowledgment in the form attached to the Distributorship Agreement as Exhibit N. The Principal Owner must complete all training required by Matco. In addition, the Principal Owner, in connection with her or his duties in operating the Distributorship as an employee of Distributor, must comply with all of Matco's standards and requirements as they may be modified from time to time in the Manual or otherwise in writing.

Matco typically will not grant a Distributorship to a Distributor with more than two owners. However, we consider each application on a case-by-case basis. Any individual who owns any ownership interest in the Distributor (including the Principal Owner) must be designated on Exhibit P of the Distributorship Agreement as an owner, and each of your owners, including the Principal Owner, as well as any other person whose assets are considered in any financing application, must personally bind themselves to the obligations described in the Distributorship Agreement by signing the Guarantee, Indemnification, and Acknowledgment that is attached to the Distributorship Agreement as Exhibit N. You may also designate a "**Business Partner**" who is one of your owners and who will assist the Principal Owner with aspects of operating the Distributorship.

It is important that your Principal Owner reviews your List of Calls to make sure that he or she is satisfied with it before you sign your Distributorship Agreement. We therefore encourage your Principal Owner to ride through your List of Calls and identify all of the shops and Potential Customers prior to signing your Distributorship Agreement. It is your responsibility to perform this due diligence. However, if you request, a Matco representative will be made available to ride with your Principal Owner to assist with this process and answer any questions that he or she might have. Before you sign your Distributorship Agreement, you will be requested to sign a List of Calls Acknowledgment (see Appendix K to this Disclosure Document) that your Principal Owner either did a ride-through of your List of Calls or chose not to do so.

In addition to the Distributorships, Matco also sells the Products through its Commercial Sales Department. The Commercial Sales Department generally sells tools to schools, companies, insurance replacement companies, government agencies, or other entities or businesses that purchase tools for their internal use. The tools are not generally the personal property of the mechanics or instructors employed by such companies. Generally, the prospective purchasers from the Commercial Sales Department are companies, insurance replacement companies, government agencies, and similar entities that may purchase tools from other national tool companies, or factory and warehouse distributors, but not from individual distributors. Matco also serves the vocational school marketplace through a direct sales program. Products are sold to technical schools or training facilities, and/or directly to the individuals attending such schools or facilities. Products sold to full-time students and schools may be discounted in order to remain competitive. Commercial sales customers also may include auto and truck dealerships that participate in dealer equipment service or sales programs operated in conjunction with original equipment manufacturer (or "**OEM**") relationships. OEM programs may include tool storage, shop equipment and other products normally purchased by the business at national account discounts. Matco may from time to time develop coupon or incentive programs with various national accounts or manufacturers. Several other tool suppliers may compete for these accounts, and pricing is very competitive and significantly below list price. This generally prevents a single Distributor from being competitive in such markets. Matco presently has a distributor commission program which permits its Distributors to join forces with Matco to assist in closing sales to accounts where a single Distributor working alone would be unable to do so. This program provides an opportunity for you to receive a commission on industrial account sales and/or vocational school sales closed by Matco, with your assistance, with a business identified on your List of Calls. Commissions will consist of a credit posted to the Distributor's Open Purchase Account on products or services delivered to a location on the List of Calls. Commissions are not based on the Billing or Administrative Office address of the industrial account purchaser. The Distributor may be required to provide service to technicians, students or instructors, and on products delivered to the location in order to receive commissions. The actual service schedule will be determined by the business, government agency, or school during the sales process. Service requirements may include unpacking and set-up of the initial and/or on-going orders, warranty service, and/or participation in tool shows or seminars. The Commercial Sales Commission Program (which may include vocational/educational sales) may change during the term of your Distributorship. The Distributor must be registered in the system as the "servicing distributor," and actively promote the sales, in order to receive commissions on any commercial or vocational/educational sales.

Matco offers incentives to certain qualified Distributors that have Principal Owners with experience operating as mobile tool distributors. We sometimes refer to these distributors as **"Conversion Distributors."** Some of these incentives may include credits to a Distributor's open purchase account to cover some of the costs of purchasing, converting or updating the mobile store, acquiring a new computer system, travel costs for training and other items. Also, these Conversion Distributors may be eligible for certain bonuses based on purchases of Products during the term of the Distributorship Agreement. Collectively, these incentives are referred to as the "**Conversion Incentive Program**" and are discussed in more detail in Items 6, 7, and 8. Otherwise, all other aspects of the Matco Distributorship opportunity discussed in this Disclosure Document are applicable to Conversion Distributors as they are to new Distributors. The elements of the Conversion Incentive Program, including the qualifications to be eligible for the programs, the initial incentives, and the performance based bonuses, may change over time at Matco's discretion.

"225" Program

Matco has determined that there might exist certain areas or territories where Matco may not be able to identify a full complement of a minimum of 325 Potential Customers in the initial List of Calls, due to, for example, a small area with limited Potential Customers and/or great distances between various stops on a List of Calls that would make servicing such an area difficult, costly, or uneconomical. Matco has determined that it may, but is not obligated to, grant a very limited number of new and existing distributorships with an area with a limited number of List of Calls and/or a limited or reduced number of Potential Customers. Matco refers to these areas as "**225 Distributorships**" or "**225s**." The standard form of 225 Amendment for existing Distributors is attached as Appendix L-1 to this Disclosure Document. The standard form of 225 Amendment for new Distributors is attached as Appendix L-2 to this Disclosure Document.

Matco will not grant a 225 to a Distributor unless the Distributor and Principal Owner are specifically advised of the nature and scope of the 225 opportunity and specifically requests to service the limited area. Matco began offering 225 Distributorships (on a very limited trial basis) in August 2012 and, as of December 31, 2021, there were 30 "225 Distributorships." Matco will grant "225 Distributorships" on a very limited basis, and solely at the request of Distributors. Most of the aspects and elements of a Distributorship will apply to a "225 Distributorship", except that: (a) there will be a reduced number of Potential Customers on the List of Calls, with a minimum of 225 Potential Customers; (b) the required initial inventory level will be lower than standard Distributorship; and (c) the expected number of hours to service the route will be less.

Enhanced Territory Distributorship

Matco has determined that, in certain circumstances, it may be appropriate to grant to an existing Distributor an expanded List of Calls that includes more than 325 Potential Customers. Matco refers to these distributorships as "**Enhanced Territory Distributorships**" or "**ETDs**." Matco typically only grants these ETDs to existing Distributors who seek to renew their Distributorship, such that the ETD granted to a Distributor by Matco will only be in effect during the renewal term. However, in some cases, Matco may grant an ETD to an existing Distributor at some point during an initial term. The standard forms of ETD Amendment to the Distributorship Agreement are attached as Appendix P and Appendix Q to this Disclosure Document.

Matco will not grant an ETD to a Distributor unless the Distributor and its Principal Owner is specifically advised of the nature and scope of the ETD opportunity, and the Distributor, through its Principal Owner, has specifically requested an ETD. Matco is offering the ETD on a limited, experimental basis, and may modify the terms of the ETD offering from time to time. Most of the aspects and elements of a Distributorship will apply to an ETD, except that (a) there will be a greater number of Potential Customers on the List of Calls; (b) the required initial inventory will be greater than that of a standard Matco Distributorship; and (c) the sales requirement will be higher.

Renewal Program

Matco also offers Distributors whose existing Distributorship Agreements are expiring the option to renew their relationship with Matco and continue operating their Distributorships by signing a new Distributorship Agreement and the Renewal Addendum, the current form of which is attached as Appendix N to this Disclosure Document. The Renewal Addendum amends the terms of Matco's standard Distributorship Agreement to reflect the renewal of an ongoing relationship by, among other provisions, waiving the initial training requirement and the obligation to purchase an initial inventory of Products.

A Distributorship generally competes with mobile tool vendors who sell to professional mechanics and are associated with national tool companies other than Matco. Other sources of competition include independent mobile tool vendors who are not associated with a national tool company, local automotive tool and equipment warehouses, local automotive parts stores, local department and hardware store chains and mail order catalogs. Your List of Calls, and the Potential Customers on your List of Calls, may already be served by competitive tool vendors.

To operate the Distributorship, you and your employee(s) will have to comply with various state and local laws such as those relating to driver's licensing, vehicle licensing, vendor licensing, and automobile insurance requirements, zoning restrictions as well as parking, vehicle weight limitations and any applicable hazardous material transportation and pollution laws. In some states, a physical examination may be required to obtain a license to drive a commercial vehicle. There may be federal license or motor carrier regulations that apply to you, and these may include compliance with drug or substance abuse testing rules. Most states require liability insurance coverage for both the driver and vehicle. Insurability and insurance rates will generally be dependent upon your past driving record. There may be other laws applicable to your business including those relating to home-based business or the credit you grant, and Matco urges you to make inquiries about these laws.

Background Checks

For Prospective Franchisees/Distributors. Matco will conduct a detailed criminal background check of all prospective Principal Owners. The prospective Principal Owner of the Distributorship must consent to the background check, or Matco will not proceed with the evaluation of the prospective Distributor's application. Matco will bear the cost of conducting the background check(s). The information in this Disclosure Document is current as of the date indicated as the Issuance Date on the cover of this Disclosure Document.

(2) BUSINESS EXPERIENCE

Timothy J. Gilmore, President

Mr. Gilmore has been the President of Matco since January 2012 and a Group President of Vontier since October 2020. Mr. Gilmore was a Group President of Fortive from July 2016 until October 2020;the President of Hennessey Industries in LaVergne, Tennessee, from March 2010 until December 2011; Vice President, Sales of Matco from July 2003 until March 2010; and General Manager of the BADA Division of Hennessy Industries in LaVergne, Tennessee from November 1999 until July 2003. He also held various positions with Matco, including Director of Customer Service and DBS, Regional Manager, Product Manager and District Manager. Mr. Gilmore started his career with Matco in 1986 as a mobile tool Distributor.

Tom Disney, Vice President and Director

Mr. Disney has been a Vice President and Director of Matco since September 2020 and has also been the Director of SEC Reporting of Vontier Corporation in Raleigh, North Carolina since August 2020. Mr. Disney was the Sr. Manager of Financial Reporting for PRA Health Sciences, Inc. in Raleigh, North Carolina from March 2019 until August 2020. Prior to that, he was an Assurance Manager/Senior Associate with Pricewaterhouse Coopers, LLC in Raleigh, North Carolina from May 2015 until March 2019.

Tim Reynolds, Vice President and Director

Mr. Reynolds has been a Vice President and Director of Matco since October 2020 and the Director, Treasury with Vontier Corporation in Raleigh, North Carolina since May 2020. He has also held numerous board positions with varios Vontier subsidiaries since October 2020. Prior to joining Vontier Corporation, Mr. Reynolds was the Manager, Treasury of Red Hat, Inc. in Raleigh, North Carolina from August 2012 until May 2020.

Courtney Kamlet, Vice President and Secretary

Ms. Kamlet has been a Vice President and Secretary of Matco since September 2020. She has also been the Vice President, Associate General Counsel and Corporate Secretary of Vontier Corporation in Raleigh, NC since November 2019. Prior to that, Ms. Kamlet served as Vice President & Assistant General Counsel-Corporate and Governance for Syneos Health, Inc. in Raleigh, NC from February 2015 to November 2019.

Cecile Petro, Assistant Secretary

Ms. Petro has been the Assistant Secretary of Matco since October 2020 and has also been the Director of International Tax and M&A of Vontier Corporation in Raleigh, North Carolina since August 2020. Ms. Petro was the Tax Director, International of Janus Henderson Investors, an asset management firm with a subsidiary location in Denver, Colorado from March 2018 until July 2020. Ms. Petro was not employed between March 2016 and March 2018. Prior to that, Ms. Petro was the International Tax Director for Compass Minerals located in Overland Park, Kansas from January 2013 to March 2016.

Eric D. Hagen, Vice President and Vice President, Finance

Mr. Hagen has been a Vice President of Matco since June 2017 and the Vice President, Finance of Matco since December 2013, responsible for Financial Services, Accounting and Information Technology functions. He is also a platform Chief Financial Officer for the Vontier Diagnostics and Repair Technologies platform responsible for Matco Tools and Hennessy Industries, LLP finance functions since October 2020. Prior to that, Mr. Hagen was Chief Financial Officer for the Fortive Franchise Distribution platform from August 2017 to October 2020 and the Chief Financial Officer of Service Solutions Organization, a business unit of Tektronix Instruments, Inc., a Fortive company, in Beaverton, Oregon from July 2011 to December 2013. Mr. Hagen held other roles with Tektronix Instruments in Beaverton, Oregon, including Finance Director-Product Development and Operations from December 2009 to July 2011, Senior Manager-Financial Planning, Analysis and Acquisitions from August 2003 to December 2009, and EMEA Regional Controller in Bracknell, United Kingdom from September 2000 to August 2003.

Aaron Bickford, Vice President, Sales

Mr. Bickford has been the Vice President, Sales with Matco since November 2021. Prior to joining Matco, Mr. Bickford was the Vice President of Aftermarket with Meritor, Inc. in Florence, KY, and also held the positions of General Manager of Sales, Senior Director of Brake and Wheelend, and Director of Brake and Wheelend from June 2000 until April 2021.

Jonathan A. Miller, Vice President, Human Resources

Mr. Miller has been the Vice President, Human Resources with Matco since October 2021. He was previously Vice President, Global Human Resources with Teletrac Navman, Ltd. in Irvine, CA from June 2019 until October 2021 and the Human Resources Director, APAC in Sydney, Australia from August 2016 until May 2019, Teletrac Navman, Ltd. is also a wholly owned subsidiary of Vontier Corporation.

Hilda Shipcka, Vice President, Marketing and eCommerce

Ms. Shipcka has been the Vice President, Marketing and eCommerce of Matco since June 2019. She was the Director of Marketing of Matco from April 2016 until June 2019 and Business Unit Manager of Matco from August 2013 until April 2016. Prior to 2013, Ms. Shipcka was the Senior Product Marketing Manager of Matco.

Michelle M. Farmer, Senior Director, Finance

Ms. Farmer has been the Senior Director, Finance of Matco since July 2019. Prior to joining Matco, Ms. Farmer was the Senior Director, Finance with Tektronix, Inc., a Fortive company in Solon, Ohio from August 2018 to July 2019 and Senior Director, Finance and CFO of Keithley Instruments, Inc., a division of Tektronix, in Solon, Ohio from December 2010 to August 2018.

Richard M. Smearcheck, Director, Financial Services

Mr. Smearcheck has been the Director, Financial Services with Matco since March 2008 and was the Manager, Open Purchase Accounts of Matco from March 1987 until March 2008.

Michael S. Swanson, Director, Franchise Program Development & Compliance

Mr. Swanson has been the Director, Franchise Program Development & Compliance with Matco since April 2013. He was Director, Distributor Development from November 2010 until April 2013; National Distributor Development Manager from July 2007 until November 2010; and a Matco Regional Manager from January 2004 until July 2007. Prior to January 2004, Mr. Swanson held positions of National Franchise Sales Manager, National Sales Development Manager, Manager of Distributor Communications, and District Business Manager. Mr. Swanson started his career with Matco in 1988 as a Mobile Tool Distributor.

Mark D. Thomas, Vice President, Supply Chain and Distribution

Mr. Thomas has been the Vice President, Supply Chain and Distribution, with Matco since August 2013. He was also the Director, Supply Chain of Matco from July 2012 until August 2013; Purchasing Manager of Matco from December 2010 until July 2012; Manager, Financial Planning & Analysis from July 2009 until December 2010; and Product Manager, Allied and Aviation, from January 2006 until July 2009. Prior to joining Matco, Mr. Thomas was Senior Product Manager with Robert Bosch North America in Broadview, IL from December 2003 until January 2006, and Product Manager with Lucent Technologies in Naperville, IL from October 2000 until December 2003.

Allen R. Plunk, Sr. Director, Sales

Mr. Plunk has been the Sr. Director, Sales within Matco since January 2021 and was the Director, Field Operations within Matco from November 2019 to January 2021. He was Matco's Director, Franchise Sales from September 2014 to November 2019, a Regional Manager from January 2005 to September 2014, and a Matco District Manager from June 1998 to January 2005. Mr. Plunk started his career in the mobile tool business as a Distributor with a competitive mobile tool company in 1983.

(3) LITIGATION

PENDING ACTIONS

A. As of March 6, 2022, except as otherwise noted, the following case(s) have been filed against (or involved cases with counterclaims alleged against) Matco and/or its current or previous affiliated companies by current or previous Matco Distributors and/or District Managers, and, in some cases, by Distributors jointly with their spouses or Business Partners. The information below also includes any individuals who are current Matco officers, directors, or employees and named as additional defendants.

John Fleming on behalf of himself and others similarly situated v. Matco Tools Corporation, a Delaware Corporation; NMTC, Inc. d/b/a Matco Tools, a Delaware Corporation and Fortive Corporation, a Delaware Corporation and DOES 1-20 inclusive; California, In the United States District Court, Northern District of California, San Jose Division; Civil Action No. 5:19-cv-00463-NC (filed January 28, 2019). Class Action Complaint. Claims: failure to reimburse business expenses, failure to pay California overtime compensation, failure to provide meal and rest periods, related labor code violations, UCL violations and civil penalties under labor code Private Attorney General Act. Relief and/or Damages Sought: an order certifying the classes, declaratory relief, compensatory damages, PAGA civil penalties, restitution, reasonable attorneys' fees and costs and further relief as the Court deems just and proper. This case involves a franchised distributor, Mr. Fleming, who claims that, as an independent, franchised distributor operating under a Matco Distributorship Agreement, he is not an independent contractor, but an employee of Matco. Matco entered into a settlement agreement with Plaintiffs on November 19, 2021, and the parties are waiting for final approval of said settlement by the Court.

B. *Matco Collection Actions.* During the fiscal year ended December 31, 2021, any claims filed by Matco against Distributors for monies owed to Matco for goods sold and delivered to the Distributor that are still pending are described below.

Matco Tools Corporation, a Delaware Corporation v. Michael D. Kammers, Ohio, American Arbitration Association, Atlanta, GA office. Case No. 01-21-0016-3574 (filed August 31, 2021). Claims: Matco filed a claim against Michael D. Kammers for breach of the Distributorship Agreement due to Mr. Kammers' failure to pay amounts owed at the time of his resignation for goods sold and delivered to his Matco distributorship. Damages Sought: $99,745.21 plus interest.

C. *Matco Post-Term Covenant Enforcement Actions.* During the fiscal year ended December 31, 2021, any claims filed by Matco against Distributors due to a Distributor's failure to comply with the post-term covenants in the Distributorship Agreement that are still pending are disclosed below.

None.

* * * *

<u>CONCLUDED ACTIONS</u>

During the 10-year period immediately preceding March 6, 2022, except as otherwise noted, Matco and/or its current or previous affiliated companies, and/or one or more of its current employees, have been the subject of the following legal proceedings (or were the subject of counterclaims in the following legal proceedings), which have since been concluded.

A. The following case(s) were resolved through a mutual settlement:

David B. Villano, III and David B. Villano, Jr. v. TD Bank, Danaher Corporation, and NMTC, Inc. d/b/a Matco Tools; Civil Action No. 3:11-CV-06714-PGS-DEA, US District Court for the District of New Jersey (filed November 14, 2011). The plaintiffs, David B. Villano III, a Matco distributor, and David B. Villano Jr., the father of the distributor and a guarantor of the distributor's business loan, filed a Complaint against Matco, Matco's parent, Danaher Corporation, and TD Bank, the successor to the bank that provided an SBA-guaranteed business loan in 2004 to the distributor. The Complaint included a claim for fraud and civil conspiracy against TD Bank, Matco, and Danaher, based on allegations that Matco, with the knowledge of Danaher, supplied the bank with fraudulent and deceptive financial projections that were used by the bank in making the loan. The Complaint also included two claims, against only TD Bank and not Matco or Danaher, for a violation of the New Jersey Consumer Fraud Act and a violation of the New York Deceptive Acts and Practices Act, in granting the loan to distributor. The plaintiffs requested an unspecified amount of damages (including compensatory, consequential, expectation and punitive damages), attorney's fees and costs. The plaintiffs asserted these claims on behalf of themselves, and on behalf of an alleged class of unnamed Matco distributors. The parties agreed to settle this dispute, and the plaintiffs agreed to dismiss the complaint against Matco and Danaher. As part of the settlement, Matco agreed to pay the plaintiffs $17,417. On October 25, 2012, the parties filed with the court a Stipulation of Dismissal with Prejudice.

B. The following cases resulted in settlement agreements between the parties on the dates so indicated whereby Matco agreed to pay a sum of money to the plaintiffs and/or forgive debt as set forth below:

Daniel Cline, Illinois v. NMTC, Inc., d/b/a Matco Tools, a Delaware Corporation, American Arbitration Association, Johnston, RI office. Case No. 01-17-0004-7119 (filed August 8, 2017). Claims: Mr. Cline, a former Matco distributor, filed a claim against Matco for violations of Illinois Minimum Wage Law, the Fair Labor Standards Act, the Illinois Franchise Disclosure Act of 1987, and the Illinois Deceptive Trade Practices Act, as well as claims for unjust enrichment, fraud and deceit and negligent misrepresentation, arising from a business relationship between Mr. Cline and Matco under the Matco Tools Distributorship Agreement and related agreements. Mr. Cline claimed that the parties' distributorship relationship constituted an employment relationship. This file was closed by the American Arbitration Association on September 26, 2017 due to the parties' failure to submit payment.

Matco Tools Corporation, fka NMTC, Inc., dba Matco Tools, a Delaware Corporation v. Daniel Cline and Roberta Cline, Illinois, American Arbitration Association, Atlanta, GA office. Case No. 01-17-0005-0659 (filed August 24, 2017). Claims: Matco filed a claim against Mr. and Ms. Cline for breach of the Distributorship Agreement due to Mr. Cline's failure to pay amounts owed at the time of his resignation from his Matco distributorship. Matco sought damages in the amount of $31,791. Mr. and Ms. Cline lodged the following counterclaims: violations of Illinois Minimum Wage Law, the Fair Labor Standards Act, the Illinois Franchise Disclosure Act of 1987 and the Illinois Deceptive Trade Practices Act, as well as claims for unjust enrichment, fraud and deceit and negligent misrepresentation, arising from a business relationship between Respondents and Matco under the Matco Tools Distributorship Agreement and related agreements. Mr. and Ms. Cline alleged that the parties' distributorship relationship constituted an employment relationship. On January 5, 2018, Matco and Mr. Cline agreed to settle this dispute with Mr. Cline returning all tool inventory still in his possession with an approximate value of $10,000, and Matco paying Mr. and Ms. Cline $14,500 and forgiving the debt in the amount of $31,791. Settlement and release documents were signed on January 9, 2018.

William Gavlick v. NMTC, Inc. d/b/a Matco Tools, Danaher Corporation, Richard Shields, Paul Moulder and Does 1-10 Inclusive; Case No. M122054, Superior Court of the State of California in and for the County of Monterey (filed February 25, 2013). The plaintiff was a Matco distributor, whose distributorship agreement was terminated for failing to operate the distributorship in accordance with the agreement. The Complaint alleges breach of contract; breach of the implied covenant of good faith and fair dealing; tortious breach of contract – special relationship; violation of California Business and Professions Code § 17200; and fraud. The plaintiff requested damages of not less than $250,000, punitive or exemplary damages, attorney's fees, and interest, costs and expenses. On October 18, 2013, Matco and the plaintiff agreed to settle this case, and Matco paid the plaintiff $75,000. On November 1, 2013, the case was dismissed, with prejudice.

C. The following cases were dismissed or resulted in amounts being awarded to Matco:

Matco Tools Corporation, a Delaware Corporation v. Cary G. Urquhart, Texas; In The United States District Court, For The Northern District of Ohio, Eastern Division; Civil Action No: 5:19-cv-10091359 (filed May 6, 2019). Verified Complaint. Claims: breach of contract – post termination obligations, trademark infringement, misappropriation of goodwill, misappropriation of trade secrets, breach of promissory note and security agreement; Relief and/or Damages Sought: a temporary restraining order and preliminary and permanent injunction against Defendant from breaching the terms of the non-compete clause of the Distributorship Agreement and infringing on

Matco's trademark rights. A judgment against Defendant for the unpaid balance due on the Promissory Note and all damages incurred plus authorization to foreclose on the collateral, an accounting of the earnings of his competing business, Matco's costs for the investigation and attorneys' fees incurred, and further relief as the Court deems just and proper. Matco filed a motion for summary judgment that was granted on January 22, 2020. The court awarded Matco money damages for lost profits, treble damages for the defendant's trademark infringement, the amounts that the defendant owed under his promissory note (including interest), and other expenses owed under the Distributorship Agreement (plus interest), which totaled $99,114.29 (plus interest). Matco filed a Motion for Award of Attorneys' Fees in the amount of $74,105 which is still pending before the court.

Cary G. Urquhart, Texas v. Matco Tools Corporation, a Delaware Corporation, Ohio; In The United States District Court, For The Northern District of Ohio, Eastern Division; Civil Action No: 5:19-cv-01009-SL (filed June 14, 2019). Counterclaim. Claims: bad faith trade secret action, unfair competition through malicious litigation, abuse of process, defamation per se, defemation pro quod, false light invasion of privacy and tortious interference; Relief and/or Damages Sought: compensatory damages, prejudgment interest, exemplary and punitive damages, attorneys' fees, costs of suit and further relief as the Court deems just and proper. Matco filed a motion for summary judgment that was granted on January 22, 2020. Urquhart's counterclaims were dismissed by the Court pursuant to said motion.

Richard S. Frerichs and Kimberly Scully Frerichs v. NMTC, Inc. d/b/a Matco Tools, a Delaware Corporation; Idaho, In The District Court Of The Seventh Judicial District of the State of Idaho, in and for The County of Bonneville; No. CV-18-3350 (filed June 15, 2018). Claims: breach of contract, fraud, unjust enrichment and violation of the Idaho Consumer Protection Act. Relief and/or Damages Sought: relief in such a sum of money as to adequately compensate Plaintiff for damages, statutory and otherwise to be proved at trial, attorney fees and costs in the minimum amount of $2,500, and further relief as the Court and Jury deem appropriate and just. On August 10, 2018, plaintiff agreed to dismiss this action in favor of Arbitration provided the Arbitration takes place in Idaho. The Court dismissed this suit on October 5, 2018 and to-date, no Arbitration has been filed against Matco.

Matco Tools Corporation, fka NMTC, Inc., dba Matco Tools, a Delaware Corporation v. Emanuel and Rocio Aguilrera, Ohio, American Arbitration Association, Atlanta, GA office. Case No. 01-19-0002-0482 (filed June 26, 2019). Claims: Matco filed a claim against Mr. and Ms. Aguilera for breach of the Distributorship Agreement due to Mr. Aguilera's failure to pay amounts owed at the time of his resignation for goods sold and delivered to his Matco distributorship. Damages Sought: $57,697. On January 31, 2020, the United States District Court for the Southern District of California granted Respondent's application for a temporary restraining order enjoining Matco from arbitrating their claims against Respondent in Ohio. On May 19, 2020, Matco's Petition to The United States District Court for The Northern District of Ohio Eastern Division, to Compel Arbitration in Ohio of the matter was denied, and Matco's case was terminated.

D. *Other Concluded Actions*. The following case(s) have been concluded or resolved in manner in which there was not a mutual settlement nor an agreement to pay money to the plaintiffs.

Emanuel Aguilera, Rocio Aguilera and Simon Goro v. Matco Tools Corporation, a Delaware Corporation; California, In The Superior Court Of The State Of California In And For The County Of Alameda; No. RG18931359 (filed December 7, 2018). Class Action Complaint. Claims: Distributor Class: failure to reimburse expenses, unlawful deductions from wages, failure to provide accurate wages statements, failure to pay overtime, failure to provide meal periods, failure to provide rest breaks, failure to pay wages when due, unfair business practices. Spouse Class: failure to pay wages, failure to provide accurate wage statements, unfair business practices. Usury sub-Class: usury and violation of unfair competition law. Relief and/or Damages Sought: an order certifying the classes, compensatory damages according to proof, enhanced damages, liquidated damages and penalties, declaratory relief, pre and post judgment interest, costs, injunctive relief, restitution, attorneys' fees and costs and further relief as the Court deems just and proper. On March 22, 2019 this suit was voluntarily dismissed without prejudice.

Emanuel Aguilera, Rocio Aguilera and Simon Goro v. Matco Tools Corporation, a Delaware Corporation; California, In The United States District Court, in the Southern District of California, El Centro, California; Civil Action No. 19-cv01576-AJB-AGS (filed September 19, 2019). First Amended Complaint. Claims: Plaintiffs should receive declaratory judgement finding Distributorship Agreement did not contain an enforceable arbitration provision and Matco should be enjoined from proceeding with arbitration against Plaintiffs in Ohio and found guilty of violation of California's Unfair Competition Law. On January 31, 2020, the Court granted Plaintiffs' application for a temporary restraining order enjoining Matco from arbitrating their claims against them in Ohio. On September 10, 2020, the Court granted a Joint Motion for Dismissal Without Prejudice.

Matco Tools Corporation, fka NMTC, Inc., dba Matco Tools, a Delaware Corporation v. Simon and Deidre Goro, Ohio, American Arbitration Association, Atlanta, GA office. Case No. 01-19-0002-0483 (filed June 26, 2019). Claims: Matco filed a claim against Mr. and Ms. Goro for breach of the Distributorship Agreement due to Mr. Goro's failure to pay amounts owed at the time of his resignation for goods sold and delivered to his Matco distributorship. Damages Sought: $57,419. On January 31, 2020, the United States District Court for the Southern District of California granted Respondent's application for a temporary restraining order enjoining Matco from arbitrating their claims against Respondent in Ohio. On May 29, 2020, Matco's Petition to The United States District Court for The Northern District of Ohio Eastern Division, to Compel Arbitration in Ohio of the matter was denied, and Matco's case was terminated.

E. *Matco Collection Actions*. During the fiscal year ended December 31, 2021, if Matco filed claims against Distributors for monies owed to Matco for goods sold and delivered to the Distributor and these matters were resolved by the end of the fiscal year, they are disclosed below.

Matco Tools Corporation, a Delaware Corporation v. Brian Corsale and Lisa Hansen, Ohio, American Arbitration Association, Atlanta, GA office. Case No. 01-21-0001-9899 (filed February 22, 2021). Claims: Matco filed a claim against Brian Corsale and Lisa Hansen Corsale for breach of the Distributorship Agreement due to Mr. Corsales's failure to pay amounts owed at the time of his resignation for goods sold and delivered to his Matco distributorship. Damages Sought: $82,074.58 plus interest. On November 8, 2021, the parties entered into a settlement agreement where the Corsales agreed to pay $60,000.00 concluding this matter.

Matco Tools Corporation, f/k/a/ NMTC, Inc. d/b/a Matco Tools, a Delaware Corporation v. Danny and Angela Larson, Ohio, American Arbitration Association, Atlanta, GA office. Case No. 01-21-0004-1608 (filed June 4, 2021). Claims: Matco filed a claim against Danny and Angela Larson for breach of the Distributorship Agreement due to Mr. Larson's failure to pay amounts owed at the time of his resignation for goods sold and delivered to his Matco distributorship. Damages Sought: $70,010.99 plus interest plus remaining damages plus interest. On September 17, 2021, the Arbitrator issued an award of $72,427.17 plus interest plus $2,075.00 for reimbursed fees previously paid by Matco, concluding this matter.

F. *Matco Post-Term Covenant Enforcement Actions.* During the fiscal year ended December 31, 2021, any claims filed by Matco against Distributors due to a Distributor's failure to comply with the post-term covenants in the Distributorship Agreement and these matters were resolved by the end of the fiscal year, they are disclosed below.

None.

* * * *

Other than the 15 actions described above, no litigation is required to be disclosed in this Item.

(4) BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

(5) INITIAL FEES

<u>Initial Franchise Fee for New Distributors</u>

When you sign the Distributorship Agreement you must pay Matco an initial franchise fee of $8,000 (the "**Initial Franchise Fee**"). (The Initial Franchise Fee for a new "225 Distributor" will be $5,600.) The Initial Franchise Fee must be paid in full, unless Matco agrees to finance all or a portion of the Initial Franchise Fee (see Item 10). The Initial Franchise Fee is fully-earned and non-refundable when you sign the Distributorship Agreement. However, Matco will refund the Initial Franchise Fee paid if you elect to terminate the Distributorship Agreement within the first 6 months after signing through the "Test Drive" program, which is described below.

<u>Initial Franchise Fee for Renewing Distributors</u>

If you are renewing your right to operate a Distributorship under a Distributorship Agreement that was signed before March 2014 (which did not have a requirement to pay a renewal fee), Matco will waive the Initial Franchise Fee, and will not charge a renewal fee. If your Distributorship Agreement was signed after March 2014, you must pay the renewal fee set forth in your Distributorship Agreement in lieu of the Initial Franchise Fee.

<u>Initial Inventory Purchases</u>

You are required to purchase an initial inventory of Products from Matco (the "**New Distributor Starter Inventory**") before the date your Distributorship commences operations. If you are a new Distributor, you will pay for the New Distributor Starter Inventory in a lump sum, but you will take possession of the inventory over the first few weeks of operating your Distributorship, because ordering and receiving inventory are part of our initial training program. In some instances, your initial inventory may be acquired from a predecessor Distributor.

Currently, the minimum New Distributor Starter Inventory is generally $72,000. Regardless, your New Distributor Starter Inventory may be higher than the minimum that we designate, as discussed in the next paragraph. This amount may not be uniform for all Distributors, and Matco expects that the amount will range, generally, from $50,000 to $84,000 (see Item 7). In 2021, the minimum New Distributor Starter Inventory was generally $68,000, even though the New Distributor Starter Inventory ranged from $50,000 to $88,000 (depending upon the inventory selected). If you qualify, all or a portion of the cost of the New Distributor Starter Inventory may be financed through Matco (see Item 10).

In addition, in response to Distributor requests to purchase more than the standard New Distributor Starter Inventory package, Matco may permit a Distributor to purchase more than the $72,000 initial starter inventory. Some Distributors and/or some routes may benefit from, or be able to handle, a larger initial inventory. So, while Matco will not require that you or any Distributor purchase more inventory than the "starter inventory," if you wish to purchase more, Matco will consider that request, and, based on its review, Matco may grant your request. However, Matco will most likely not sell you more than $84,000 in initial inventory. Items 7 and 10 include disclosures and cost figures that reflect a larger initial inventory purchase, should you choose to do so.

The required initial inventory for a new 225 Distributorship will be lower than that of a standard Distributorship, depending on the number of Potential Customers in the 225 Distributor's List of Calls. In 2021, the minimum New Distributor Starter Inventory for a new 225 Distributorship was generally $46,000, even though the New Distributor Starter Inventory ranged from $44,500 to $68,000. We expect that in 2022 the minimum New Distributor Starter Inventory for a 225 Distributorship will generally be $50,000, and the New Distributor Starter Inventory will range from $47,000 to $72,000.

The required initial inventory for Distributors who sign an ETD Amendment will be larger than that of a standard Distributorship (approximately $69,000 to $126,960 depending on the number of minimum potential customers, but generally $99,360). By way of example only, if the List of Calls contains 450 Potential Customers, and the standard List of Calls includes 325 Potential Customers, 450 is 38% greater than 325. Consequently, the New Distributor Starter Inventory amount would be 38% greater than the standard $72,000 New Distributor Starter Inventory requirement, or $99,360. An existing Distributor that converts to an ETD may gradually increase its inventory to this higher initial inventory level.

<u>"Test Drive" (Termination by Distributor During An Initial Period</u>)

If you terminate the Distributorship Agreement for any reason within six months after the first day of the MBST program, or 30 days after you sign the Distributorship Agreement (whichever date comes first) (the "Initial Operating Period"), you and your Principal Owner must agree to not engage in or work in the mobile tool business for two years, and you must not permit your Principal Owner or any employees to engage in or work in the mobile tool business for two years. Also, if during this Initial Operating Period you have not failed to operate the Distributorship for more than 6 "business days" in total, or more than 3 consecutive "business days," then Matco will (a) accept for return all stocked (not special ordered) new Products and complete sets you purchased through or from Matco during that Initial Operating Period, and will credit to your open purchase account an amount equal to 100% of the purchase price you paid for the returned Products (i.e., a restocking fee will not apply assuming all conditions are satisfied) up to the amount of the New Distributor Starter Inventory (any returns above this amount will be subject to the current restocking policy); (b) credit your open purchase account for the lesser of (i) $3,400, (ii) an amount equal to 8 weekly payments under your Matco Truck lease, or (iii) the amount required to terminate the Truck lease if there are less than 8 weekly payments (and the calculation of the 8 weekly payments will commence 45 days following the signing of the joint and mutual release; and (c) refund the Initial Franchise Fee you have paid to us, less $500, or that portion of the Initial Franchise Fee that you paid to us if Matco financed all or a portion of the Initial Franchise Fee, less $500. You, and your Principal Owner, and Matco will sign a joint and mutual release of all claims that each of the parties and their affiliates, employees and agents (including the Principal Owner) may have against the other in such form as Matco may specify. Matco will only make the payments to you that are described under the "Test Drive" program if you and your owners and employees have complied with all post-termination obligations outlined in the Distributorship Agreement including, but not limited to, those related to confidentiality and non-competition. Regardless, you will remain liable for any indebtedness to Matco under the Distributorship Agreement or the operation of the Distributorship and any such indebtedness will be excluded from the mutual release. A "business day" is a weekday in which the shops or locations on the List of Calls are open for business, and "failed to operate" means not performing the typical route functions (such as customer visits, sales, and collection of monies owed). The "Test Drive" option to terminate is available only to a new Distributor and Principal Owner for its and her or his first Distributorship. It is not available for additional Distributorships, for Matco Associates who purchase a franchise, for Conversion Distributors, for existing Distributors who convert to a "225 Distributor", or for any Distributor upon a renewal, extension, or successor Distributorship Agreement.

Except as specified in the Test Drive Policy, or in Matco's tool return policy, the cost of the New Distributor Starter Inventory is non-refundable. Currently, Matco's tool return policy permits Distributors to return eligible products for credit, subject to a restocking fee (if applicable), during the Term of the Distributorship Agreement, or at the expiration or termination of the Distributorship Agreement. In particular, under Matco's current tool return policy, if products are returned during the Term of the Distributorship, a Distributor will receive a credit to its Open Purchase Account that may be used for future purchases. If the Distributorship Agreement is terminated, the current policies provide that you may return certain Products to Matco in which case a credit will be applied to your account, or a refund will be paid to you. Matco may modify the tool return policy from time to time. (See Items 6 and 11 for additional discussion of the tool return policy.)

<u>Time Payment Sales – Time Payment Reserve and Time Payment Line of Credit</u>

"**Time Payment**" sales are a significant portion of the Completed Business (which is the revenue from sales of Products and other products) in your Matco Distributorship. Time Payment sales are credit sales made by you to your customers. When you make a Time Payment sale, you will extend personal credit to finance the customer's purchase of Products. You establish the terms and conditions for Time Payment sales to your customers, such as down payment, repayment schedule, interest charged, credit limits, and creditworthiness. However, Matco generally recommends that you require full payment on Time Payment sales in five to nine weeks but that you do not charge interest on these Time Payment sales. As you extend credit for Time Payment sales, you bear the risk of loss due to non-payment. Time Payment sales typically comprise a significant percentage (generally about 70%) of most Distributors' sales.

Currently, you must establish a "**Time Payment Line of Credit**" to help fund Time Payment sales if Matco finances all or a portion of your initial investment in a Distributorship. If you do not participate in one of Matco's financing programs, you must establish and deposit funds into a "**Time Payment Reserve Account**" to help fund Time Payment Sales. The Time Payment Line of Credit and Time Payment Reserve Account are described below.

<u>Time Payment Line of Credit</u>

As discussed above, if you qualify for and obtain financing from Matco, you must establish a Time Payment Line of Credit with Matco to fund Time Payment sales. The Time Payment Line of Credit (also referred to as "**TPLC**" or "**Time Payment LC**" or "**LC**") will be a revolving line of credit in which the Distributor may utilize up to $22,000 (or $28,000 if you are approved for an increased amount) to fund Time Payment Sales.

Every week you will be required to send Matco, via the MDBS Software (defined below), at our headquarters your current Time Payment activity from your business records. Time Payment LC will be accessed automatically by Matco, on your behalf each week. The amount of credit from your Time Payment LC account will be used to pay for your Product inventory purchases. The amount of credit will be determined by calculating the net change in your time payment balances from week to week. The net change in your time payment balances, which is expressed as the retail cost of the Products sold, will be discounted by a factor to determine the approximate net cost value of the change in your time payment balances. The time payment transaction will be drawn on your Time Payment LC and will post directly on your weekly Open Purchase Account statement.

Transfers from your Time Payment LC to pay for Product purchases will occur during periods of growth of your Time Payment sales balances. The Time Payment LC will be available only during the first year of operations under the Distributorship Agreement. Also, the Time Payment LC will be capped at $22,000 (or $28,000 if you are approved for an increased amount).

All Time Payment LC monies will be provided at an interest rate of 5% over the Prime Rate. As of February 1, 2022, the Prime Rate was 3.25%, so the TPLC rate will be 8.25%. The Time Payment LC will be required of all Distributors, although the amount of credit that is extended may not be uniform, and will vary from Distributor to Distributor and will vary over time. See Item 10 below for additional disclosures regarding the Time Payment LC financing.

Time Payment Reserve

If you elect not to participate in (or fail to qualify for) one of Matco's financing programs, you must deposit $22,000 into a "Time Payment Reserve Account" held by Matco at the time you sign the Distributorship Agreement. The purpose of the Time Payment Reserve account is to provide a source of funds in addition to cash collections to assist you in maintaining your inventory at adequate levels during the early development of your Distributorship.

Every week you will be required to send Matco, via the MDBS Software (defined below), at Matco's headquarters your current Time Payment activity from your business records.

Your Time Payment Reserve account will be accessed automatically by Matco, on your behalf each week. The amount withdrawn from your Time Payment Reserve account will be used to pay for your Product inventory purchases. The amount withdrawn will be determined by calculating the net change in your time payment balances from week to week. The net change in your time payment balances, which is expressed as the retail cost of the Products sold, will be discounted by a factor to determine the approximate net cost value of the change in your time payment balances. The time payment transfer transaction will be drawn out of your Time Payment Reserve account and the credit will post directly on your weekly Open Purchase Account statement.

Transfers from your Time Payment Reserve account to pay for Product purchases will occur during periods of growth of your Time Payment sales balances. Matco's current policy provides that if, at the end of twelve months following your commencement of operations, there is any balance remaining in the Time Payment Reserve account, and your inventory meets or exceeds the starter inventory level, that amount will be credited by Matco to your Open Purchase Account. If your inventory level falls below that of the starter inventory, the Time Payment Reserve must be used to increase your inventory to the level of your original starter inventory. Any remaining Time Payment Reserve will be credited to your Open Purchase Account. All Time Payment Reserve account monies on deposit with Matco will earn interest at a rate equal to the Consumer Money Market Rate as reported in *The Wall Street Journal* as of the first day of the month. At all times the money on deposit in your Time Payment Reserve account remains in your personal account to be used only as described above.

New Distributors who enter into a 225 Amendment and have qualified for Matco financing will be required to utilize the Time Payment Line of Credit as discussed above. New and existing Distributors who enter into a 225 Amendment and have obtained financing other than through Matco will have a lower time payment reserve account requirement, which will range from approximately $14,750 to $20,750 depending on the minimum number of Potential Customers in their 225 Amendment.

Transfers of Time Payment Accounts Receivable

If you are replacing an existing Matco Distributor who is closing or selling a Distributorship business, you may be offered the opportunity to purchase the preceding Distributor's outstanding Time Payment accounts, if any, from the List of Calls and existing customers. Under normal circumstances, Matco's policy is to recommend that you purchase the Time Payment accounts from the previous Distributor in accordance with current industry practice, which is to purchase qualified Time Payment accounts at 75% of their value. This percentage may only be exceeded with Matco's prior written approval. Matco also normally recommends that you settle the Time Payment accounts with the previous Distributor only after you have had at least 25 business days to evaluate the creditworthiness of the Time Payment accounts purchased. Upon mutual agreement of you and the previous Distributor, payment is typically affected by a transfer of funds on deposit with Matco from your Time Payment Reserve account to the previous Distributor. There may be accounts with higher balances from the previous Distributor that can be collected by you (without purchasing the accounts). The recommended policy on these higher balance time payment accounts allows you to keep 15% of the weekly collections and remit the remaining 85% to the previous Distributor via the "Collected in behalf" process in MDBS Software. This percentage may only be exceeded with Matco's prior written approval.

Computer Software License Expenses

Matco has developed computer software for the exclusive use of its Distributors. Matco's proprietary copyrighted software system, called the Matco Distributor Business System ("**MDBS Software**"), is designed to assist you in minimizing paperwork, managing your List of Calls and route, handling inventory, receivables and order processing functions, and performing other tasks relating to operating the Distributorship. To ensure performance and software compatibility, your MDBS computer and software is restricted to your Matco business related functions. For example, to protect your computer from viruses, worms and spyware of any nature and to ensure that the MDBS Software is not compromised, your MDBS computer should not be used to browse the Internet for personal use, it should not be used for gaming, and other third-party software should not be loaded and executed on the computer. You must sign the Matco Distributor Business System Software License, Maintenance and Support Agreement (the "**Software License Agreement**") attached to this Disclosure Document and pay Matco the initial software license fee, which is currently $899, prior to the date you begin operating your Distributorship. As described in Item 6, there will also be an annual $225 license fee for Credit Card Processing Software and an annual $45 license fee for Signature Pad processing software that interfaces with the MDBS Software. The Software License Agreement is for an initial term of one year, with automatic renewals for additional one-year terms. Beginning with the second month of the Software License Agreement and each year thereafter, you will be required to pay an annual software maintenance fee, which is currently $450 for systems meeting Matco's required specifications. If you have a system that does not meet Matco's required specifications, including manufacturer, model, configuration, operating system, virus protection and/or non-Matco-specified use of third-party software and Internet sites, the annual charge for systems maintenance and support will include, in addition to the $450 fee, an annual charge of $400 until you comply, to Matco's satisfaction, with Matco's required and exact PC configuration and/or removal of non-Matco specified third party software. Computer software license expenses are non-refundable, and are uniformly imposed on all Distributors.

Web Page Set-Up Fee

Matco has established a Website for the entire system and offers you a web page (or subpage) on Matco's Website. You are required to sign the Matco Tools Web Page Agreement (Exhibit Q to the Distributorship Agreement). Under this Agreement, you will have your own subpage on Matco's website. Also, you must pay Matco a one-time web page set-up fee of $195 at the execution of the Web Page Agreement.

Document Processing Fee

When you elect to start a Matco franchise, Matco will prepare franchise and financial documents for you to review and execute, and, if necessary, will file applicable documents with state agencies as required. The processing/filing fees will be $99. You must pay this fee to Matco upon signing the Distributorship Agreement.

Incentive Programs

Matco currently has in place a "Building the Dream" incentive program, which includes (1) the VetFran Program and (2) the diversity award program, which are described further below.

VetFran Program

Matco participates in the VetFran Program (Veterans Transition Franchise Initiative) that was established by the International Franchise Association in cooperation with the U.S. Department of Veterans Affairs, the Veterans Corporation, and the U.S. Small Business Administration. Matco will provide to each new Distributor whose Principal Owner is an honorably-discharged veteran of the U.S. military who purchases a "standard" or "ETD" Matco Distributorship $10,000 of hand tools (valued at list price) at no charge. An honorably-discharged veteran of the U.S. military who is the Principal Owner of a Distributor who purchases a "225" Distributorship is eligible to receive $6,750 of hand tools (valued at list price) at no charge. Matco will require proof of eligibility from those prospective Distributors who wish to take advantage of the incentive offered under this program. This incentive may be used only once by a veteran and will not apply to additional franchises, or modifications to existing franchises or distributorships.

Diversity Award Program

Matco also has a diversity award program. The diversity award program offers candidates who self-identify as diverse the opportunity to apply for the award. The application process includes a written application, an essay, and an interview. Candidates who are selected for the diversity award will receive an $8,000 credit to use toward the expenses they incur starting a Distributorship. This amount is currently credited to the awardee's Open Purchase Account in two installments, as follows: $4,000 is credited to the Open Purchase Account initially, and $4,000 is credited to the Open Purchase Account thirty days after the initial amount is credited. This diversity award is part of Matco's and Vontier's commitment to inclusion, diversity and equity at work and in our communities. Matco expects to grant one diversity award each month. This incentive may be used only once and will not apply to additional franchises, or modifications to existing franchises or distributorships.

Drug Testing Policies

Conducting Distributorship operations, including the operation of the Mobile Store, while impaired or under the influence of drugs or alcohol is a violation of law, potentially hazardous to the Distributor, its employees, and to the public and impairs the Marks and the goodwill associated with the Marks. Thus, the Distributor must ensure that the Distributorship is operated in compliance with all applicable laws including that the Mobile Store is not operated by anyone under the influence of alcohol or drugs.

(6) OTHER FEES

Type of Fee[(1)]	Amount	Due Date	Remarks
Minimum Inventory Purchases	Maintain an inventory of Products; and maintain a ratio of purchase average to total sales of at least 60%[(2)]. Also, initially, you will be automatically enrolled in the NPP program. [(2)]	Weekly	See Items 8 and 12
Computer Maintenance and Support Charge[(3)]	$645 or $1,045 [(3)(4)]	Annually	See Items 5 and 7
License Fee for Credit Card Processing Software	$225	Annually	See Items 5 and 7
License Fee for Signature Pad Processing Software	$45	Annually	See Items 5 and 7
Additional Training Fee (for Business Partner)[(5)]	$295	On or before training starts	See Item 11
Field Training for Additional or Replacement Employees and Operators [(6)]	$1,500 per week for field training provided to the 2nd and subsequent employees/Operators	On or before training starts	See Item 11
Web Page Maintenance Fee[(7)]	$195	Annually, on the anniversary date of Web Page Agreement	See Note 7
Insurance[(8)]	$210 to $1,191	Monthly	See Note 8
Late Fee on Open Purchase Account	5% of amount due, per week; maximum $100	Upon invoice or demand	See Item 10
Inventory Returns, Restocking Fee	15% restocking fee (35% in limited circumstances)	Upon invoice or demand, charged to Open Purchase Account (restocking fee)	See Note 9
Repair Kits	$10 to $40 per kit (but, generally $10 per kit)	Upon invoice or demand	See Note 10
Successor Distributorship Fee	50% of Matco’s then-current Initial Franchise Fee	On or before the date you sign a Successor Distributorship Agreement	See Note 11

<u>Notes</u>:

(1) You are not required to pay any monthly or periodic royalty, franchise, license, advertising or other fee (except the annual software maintenance fee described below) during the term of the Distributorship Agreement.

(2) You must purchase Products from Matco on a regular basis, in order to maintain sufficient inventory to meet your obligations and promote and sell a full line of Matco Products, and to meet the expectations and needs to existing and Potential Customers, especially in terms of product availability and timeliness of delivery. After the New Distributor Starter Inventory, you are solely responsible for determining the inventory of Products best suited to meet the needs and expectations of your customers and to meet your sales and promotional obligations under the Distributorship Agreement. As described in Item 5, new and existing Distributors who sign a 225 Amendment will have a lower New Distributor Starter Inventory level, or threshold. Also, you must maintain a minimum of a 60% ratio of a calculation of your year-to-date purchases divided by your year-to-date sales. Initially, you will be automatically enrolled in Matco's New Product Pipeline ("**NPP**") program, but you can unenroll at any time. Under the NPP program, whenever Matco develops or acquires a new Product, Matco will ship the new Product to you promptly upon introduction, according to the pricing "**Tier**" and the number of units designated by you at the time of enrollment into the NPP program. Our current plan is to send you no more than two new Products through the NPP program per month. You will be automatically enrolled in pricing Tier 1 (see below). Matco will charge your Open Purchase Account for the cost of the Product. If you do not want the Product, or cannot sell the Product, then you may return the Product to Matco within 60 days of receipt, and you will receive a credit of the full cost of the product to your Open Product Purchase Account. The returned Product must be in new condition and in its original packaging in order to qualify for full credit under the NPP program. Within the NPP program, there are three purchase level tiers based on the price of the new Product at Distributor net pricing – Tier 1 at $75 or less, Tier 2 at $150 or less, and Tier 3 at $225 or less. In addition, at the time of enrollment, you may select the number of units you would like to receive of each new Product under your selected Tier. Your participation in the NPP program is voluntary. Matco may alter or eliminate the NPP program at any time.

(3) The computer maintenance and support charge is payable on the second month of the term of the Software License Agreement and annually thereafter upon the anniversary date of the Software License Agreement. The current annual charge is $450, and this amount is subject to change by Matco from time to time. Matco has set specific hardware requirements in order to ensure proper functioning of the MDBS Software. The hardware specifications for the computer system are described in paragraph 4 of the Software License Agreement. As noted in Item 1, and as discussed in detail in Item 7, Matco may offer a Conversion Incentive Program to qualified Conversion Distributors. If you qualify, some of the initial incentives may reduce your first year's fees and costs for the MDBS system.

(4) In each year of the Software License Agreement, the annual maintenance and support charge may include an additional $400 charge if your system does not satisfy our required and exact PC manufacturer, model, configuration operating system, virus protection and/or non-Matco-specified use of third-party software and Internet sites. Software maintenance and support does not include MDBS Software support services assisting in the removal of viruses, worms or spyware of any nature. This service may be available from Matco at $50/hour. (See Item 5 above and Paragraphs 2 and 6 of the Software License Agreement.)

(5) If your Principal Owner elects to bring her or his Business Partner to the Matco Business System Training Program (the "**MBST Program**"), Matco will charge you a flat fee in the amount of $295, for food, lodging, and local transportation. Matco encourages your Principal Owner to bring her or his Business Partner to Phase 1 of the New Distributorship Training Program.

(6) Upon your request, Matco will provide Phase 1 of the MBST Program, at time and place Matco designates, to any new or replacement employee or Operator that you hire, subject to the availability of Matco's personnel. Matco will provide the MBST program for your first additional employee or replacement employee free of charge. However, for the second employee and other additional employees or Operators that you hire who will not be operating new Mobile Stores, we will charge our then-current weekly fee for the in-field portion of the MBST Program, which includes our travel, meal, lodging, and payroll expenses to send a trainer to you. Matco's current fee is $1,500 per week, but Matco may change this amount at any time. You are responsible for your employees' and Operators' travel, meal, and lodging expenses associated with attending the MBST Program, as well as your salary and fringe benefit expenses associated with sending employees and Operators to, and attending, the MBST program. Matco will provide the Matco Business System Training Continuation Program ("**MBSCT Program**," Phase 2 of training), at the time and place Matco designates, to your Principal Owner and, if you so request, to any Operator between your 2nd and 5th month in business. Matco does not charge any fees for this training. Matco will pay for up to four nights lodging for your Principal Owner (one person) Operator at the training location, if you comply with the policies that Matco establishes from time to time regarding such travel and lodging. However, you are responsible for your Principal Owner's and Operators' other travel, meal, and lodging expenses associated with attending the MBSCT Program, as well as your salary and fringe benefit expenses associated with sending your Principal Owner and Operators to, and attending, the MBSCT program.

(7) Matco created and maintains a Website, and offers all Distributors the opportunity to have a web page for their Distributorships on the Matco Website. The Distributor must sign Matco's "Matco Tools Web Page Agreement" (currently attached as Exhibit Q to the Distributorship Agreement). The Web Page Agreement requires a one-time $195 set-up fee (see Item 5 above), and an annual maintenance fee of $195 per year. The Distributor must comply with Matco's web page policies which can be modified at Matco's discretion.

(8) You must purchase comprehensive commercial general liability insurance, including products liability coverage, and vehicle liability insurance coverages, with minimum limits of each policy of at least $2,000,000 and a maximum deductible of $1,000. Additionally, you must purchase all risk Inland Marine coverage for full replacement value equal to the New Distributor Starter Inventory. You must also purchase "replacement cost" coverage for your Mobile Store, computer system, inventory and other items used in operating the Distributorship. Matco reserves the right to modify its insurance policies from time to time. Matco may provide or designate a specified provider of insurance, and require that you purchase the insurance from the designated provider, or utilize Matco as a conduit to purchase the insurance from the designated provider. In the alternative, Matco may also require that you obtain insurance from a provider of your choosing that meets Matco's standards and specifications.

For distributors that participate in Matco's financing programs, Matco's current policy is to require that all insurance policies are purchased through the Charles L. Crane Agency or Ayers Insurance Agency. The Distributor will make an initial payment toward the insurance premiums directly to Charles L. Crane Agency or Ayers Insurance Agency (approximately 25%). Thereafter, however, Matco will act as a conduit to pay the premium payments for this insurance. You will be charged monthly for these insurance premiums through your Open Purchase Account, such that you must make periodic payments to Matco to pay the cost of the insurance. Matco may modify this policy from time to time.

Distributors who do not participate in Matco's financing programs may obtain the required insurance from a provider of their choosing.

If Matco requires that you obtain your own insurance coverage, and you do not obtain and maintain the proper insurance coverage, Matco may purchase the required insurance on your behalf and charge your Open Purchase Account for the amount of the premium paid.

(9) Matco's current tool return policy (see Items 11 and 16) provides that a Distributor may return eligible tools and other inventory that the Distributor purchased from Matco for credit. Matco will charge a 15% restocking fee for many, but not all, returned products. The 15% restocking fee is based on the Distributor's price paid for the Product at the original date of purchase (to the extent records are available). Products that are returned that are used, damaged, not in the original packaging, discontinued, special order, or high obsolescence electronic products will not be accepted for return. For items returned without the proper paperwork, the restocking fee will be 15%, plus an additional 20% of the Distributor purchase price of the Product. For warranty items that are returned for repair, there is no restocking fee (except if the products are returned without the proper paperwork or shipping documents, Matco will charge a fee equal to 20% of the Distributor purchase price of the product). The restocking fees will be charged to the Distributor's Open Purchase Account.

(10) As a Distributor, you and your Principal Owner (and, in some cases, an Operator) must perform certain warranty service functions in the field at the customer's place of business. These "in the field" services include the repair of ratchets and toolboxes. For ratchet warranty repairs, you must purchase ratchet repair kits, at a cost of $10 to $40 per kit (but most kits are $10 per kit). You must return the defective part to Matco, and pay the shipping/freight charges. Matco will credit the cost of the ratchet warranty repair kit upon return of the defective parts to Matco. Matco includes ratchet warranty repair instructions on its website for Distributors. (See also Item 11 below for a discussion of in the field warranty repairs and Item 16 for additional information about the warranty program.)

(11) You must pay a Successor Distributorship Fee equal to 50% of Matco's then-current Initial Franchise Fee if you choose to reacquire your Distributorship for an additional 10-year period. If you are renewing a "225 Distributorship," the Successor Distributorship Fee will be 50% of Matco's then-current initial franchise fee for "225 Distributorships."

Each fee is imposed by and payable to Matco, and are uniformly imposed on all Distributors (unless otherwise noted). All fees are nonrefundable. However, the Product inventory that you are required to purchase on a weekly basis is resalable.

Matco does not have advertising cooperatives.

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(7) ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

This table provides an estimate of your initial investment for your Matco® Distributorship.

Type of Expenditure	Amount: Estimated Range Of Cost (Low-High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee [1/]	$8,000	Lump Sum or Weekly (if financed)	When you sign the Distributorship Agreement	Matco
Initial Inventory [2/]	$50,000 – $84,000	Lump Sum	Prior to Start	Matco or Predecessor Distributor
Acquisition and Establishment of Time Payment Reserve Accounts [3/] [3(a)]	$22,000	Lump Sum	Prior to Start	Matco and/or Predecessor Distributor
Or Time Payment Line of Credit [3(b)/]	$4,700 – $9,325			
Mobile Store – 1 1/2 months' lease payments [4/]	$2,784 – $160,000	Weekly Installments	Weekly/Upon Delivery	Dealer or leasing company
Computer Hardware [5/]	$2,700 – $3,400	Lump Sum	Monthly/Upon Delivery	Supplier
Computer Software and Internet Service [6/] – three months' payments	$2,050 – $2,825	Monthly Installments	Prior to Start	Matco and Internet and Credit Card Service Providers
Insurance – three months' premiums [7/]	$620 – $3,573	Lump Sum	Prior to Start	Supplier
Travel, Lodging and Meal Expenses [8/]	$170 – $2,515	Lump Sum	Prior to Start	Airlines, Hotels & Restaurants
Professional Services [9/]	$295 – $5,320	Lump Sum	As Arranged	Attorneys, Accountants and other professionals
Fixtures, Supplies, Licenses [10/]	$500 – $4,000	Lump Sum	Prior to Start	Suppliers

Type of Expenditure	Amount: Estimated Range Of Cost (Low-High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Additional Funds – three months [11/12]	$5,000 – $13,500	Lump Sum	Prior to Start	Suppliers, as incurred
TOTAL	$76,819 to $309,133			

Notes:

Payments are not refundable unless otherwise noted.

(1) As discussed in Item 5, the Initial Franchise Fee is $8,000. The Initial Fee must be paid in full, unless Matco agrees to finance all or a portion of the Initial Fee (see Item 10). The Initial Franchise Fee is fully-earned and non-refundable when you sign the Distributorship Agreement. However, Matco will refund the Initial Franchise Fee paid if you elect to terminate the Distributorship Agreement within 6 months after signing if you comply with all post-term obligations, as described in Item 5. For a new "225 Distributor," the Initial Franchise Fee will be $5,600. If you are renewing your right to operate a Distributorship under a Distributorship Agreement that was signed before March 2014 (which did not have a requirement to pay a renewal fee), Matco will waive the Initial Franchise Fee, and will not charge a renewal fee. If your Distributorship Agreement was signed after March 2014, you must pay the renewal fee set forth in your Distributorship Agreement in lieu of the Initial Franchise Fee.

(2) Your initial inventory will cost between $50,000 and $84,000 (or between $47,000 and $72,000 if Matco grants you a 225 Amendment). The current Distributor Starter Inventory is generally $72,000 (or $50,000 for a 225 Amendment Distributor), but as discussed in Item 5, we may permit some Distributors to purchase up to $84,000 of initial inventory. This amount also may increase periodically due to various factors such as the cost of goods, the product mix, and/or the introduction of new tools (see Item 10). You will pay for this intial inventory in a lump sum, but you will take posession of the inventory over the course of the first few weeks of operating your Distributorship, because ordering and receiving inventory are part of our initial training program. If you qualify, Matco may finance up to $92,000 of your initial investment with no down payment, which will consist of up to $84,000 in financing which must be applied towards your Distributor Starter Inventory and up to $8,000 in financing which must be applied towards the initial franchise fee. In addition, we will provide up to $22,000 in financing to be applied towards your Time Payment Line of Credit (or $28,000 if you are approved for an increased amount). You must maintain or exceed this Time Payment amount during the term of your Distributorship. Matco's interest rate, which ranges from Prime Rate plus 4% up to Prime Rate plus 6%, will be based on your Principal Owner's credit score at the time you submit your Application. Matco may also consider additional factors, such as the amount financed over/under the starter inventory ($72,000 to $84,000), in determining your final interest rate. This factor, or others, could cause your interest rate to be lower or higher than the rate that is based solely on your Principal Owner's credit score, with a variation of plus or minus 2%. Assuming a principal amount of $80,000 (which is based on the standard $72,000 Distributor Starter Inventory package and a $8,000 initial franchise fee) at an annual percentage rate of 7.25% (Prime Rate plus 4%), weekly payments of $218.50 would be made over a 120-month term. With an annual percentage rate of 9.25% (Prime Rate plus 6%), weekly payments of $238.86 would be made over a 120-month term. (See Note 2 and Item 10.) If your initial inventory purchase is larger (up to $84,000) these weekly payments will be different.

In addition, if you qualify, and if you are receiving all or some of the capital for your franchise purchase from a 401(k)/IRA rollover funding through a program administered by a third party, Matco may provide a bridge loan for a portion of the funds, for up to 90 days. See Item 10 for more details regarding the financing options that may be available from Matco.

All products are subject to the tool return policy that is then in effect if you return the products. (See Items 5, 6, 11 and 16 for additional discussion of the tool return and warranty policies.)

In certain situations, Matco may also finance a portion of your initial purchase of inventory in excess of the estimated, or generally expected, levels of inventory. However, your additional purchases of initial inventory may exceed the amount Matco will finance toward your initial investment.

If you are a renewing Distributor, you will not be required to purchase a new initial inventory of Products. You must maintain the level of inventory specified in your renewal Distributorship Agreement.

(3) (a) As noted in Item 5, if your initial investment is not financed by Matco, you will be required to deposit $22,000 in a Time Payment Reserve account. See also Item 10 below.

(b) As discussed in Item 5 and Item 10, Time Payment sales will be funded through a Time Payment Line of Credit (or TPLC), which is financed by Matco. You, as a Distributor, will likely use a portion of the $22,000 (or $28,000 if you are approved for an increased amount)) revolving Time Payment LC. We estimate that during the first three months of operation you will utilize approximately $4,700 to $9,325 of the Time Payment LC. (See Item 5 and Item 10 for details regarding the Time Payment LC.)

(4) The Mobile Store is the required vehicle, or truck, that your Principal Owner (and, in some cases, an Operator) will use to visit customers, stock inventory, and sell products. The lower range of the estimated cost is an amount equal to three monthly lease payments of $1,713 (although payments are made weekly) and down payment of $445 on a used Mobile Store. The higher range of the estimated cost is an amount equal to the full cash purchase price of a new Mobile Store. (This does not include additional options, applicable federal and state excise, sales, or other taxes and licenses, which will vary from state to state.) We estimate that the average initial costs for the required Mobile Store will reflect a lease of a new Mobile Store, with a down payment of $5,195 to $5,525 and 6 weekly payments of $511 to $530 each for an average cost of $3,066 to $3,180 (plus the down payment). (A Distributor that qualifies for, and obtains, the supplemental financing described in Item 10 must obtain, by lease or purchase, a new Mobile Store.) The cost estimates are included for Distributorships in the continental United States. We expect that the costs will be higher for Distributorships in Alaska, Hawaii, and Puerto Rico due to transportation expenses and other costs that might be associated with transporting specially equipped vehicles to these types of distant locations. The Mobile Store must be equipped and used solely for operating the Distributorship, and must meet Matco's specifications and requirements to display your Product inventory and to provide on-site sales and service to your customers. If you wish to change Mobile Stores during the term of your Distributorship Agreement, you must obtain prior written authorization from Matco's Director, Franchise Development & Compliance before doing so.

(5) You are required to purchase or lease a new (not previously owned or refurbished) personal computer (a "laptop") as specified by Matco. Matco will provide you with its specifications for hardware (such as the operating system, hard drive size, memory, maintenance/warranty, printers, etc.) Matco-specified barcode reading and label printing equipment, Signature Pad, and Matco

specified credit card swipe device. You will be responsible for acquiring and maintaining access to the Internet through a high-speed Internet Service Provider in order to communicate with Matco. Cable or DSL connections are preferred. In addition, you will be required to purchase a cellular communications card and service in order to connect to the Internet while on your route. The hardware specifications for the computer system will be revised from time to time. Matco establishes specific hardware standards solely for the purpose of optimum MDBS software performance. The current list is specified in paragraph 4 of the Software License Agreement. We have negotiated a package price for the computer hardware and peripherals from the manufacturer, but you may purchase the products from any supplier. The figures in the chart reflect the package price for the computer hardware. You may be able to lease the equipment, but we are not aware of specific leasing prices and/or terms.

You will be responsible for acquiring and maintaining the computer hardware and manufacturer's operating system software required to execute the MDBS Software. You will also be responsible for acquiring and maintaining anti-virus software on your computer in order to keep the system secure. In addition, you will be solely responsible for complying with any and all policies surrounding credit card processing compliance (PCI) and personally identifiable information (PII). You and not Matco will be solely responsible for any breach of customer credit card data, customer personally identifiable information or your credit card merchant account.

(6) You must sign the Software License Agreement and pay the specified initial software license fee for the MDBS Software which is currently $899, the $225 annual fee for the credit card processing software, and the $45 annual fee for the Signature Pad software, as well as the specified annual fee of $450 for the Systems Maintenance and Support upon the second month of the Software License Agreement (see Items 5, 6 and 11). In addition, if you attend training and your computer does not meet Matco's previously published standards, you may be charged an additional fee of $400, which will be assessed annually thereafter until your computer meets Matco's published compliance standards. These charges may apply if the computer system or configuration does not comply in its entirety with our specifications, and/or the equipment required for Matco Business System Training Program is not received at Matco one week before the training class starts, and/or the Matco MDBS staff are required to assist in the purchase, shipping, verification or additional computer setup or configuration. Additionally, as noted in Item 8 below, Matco requires that you subscribe to an Internet service provider and/or cellular service provider. Currently, the cost for such service, depending upon the provider and the level of service, ranges from $80/month to $200/month, and may vary greatly in different areas. The chart includes an estimate for 3 months of service, which includes cellular service. Additionally, the estimated range of costs as noted includes the one-time web page set-up fee of $195 (see Item 5). However, not included in this chart, is the annual maintenance fee of $195 as specified by the Web Page Agreement for your web page on the Matco Website (see Item 6).

(7) You must purchase comprehensive commercial general liability insurance, including products liability coverage, and vehicle liability insurance coverages, with minimum limits of each policy of at least $2,000,000 and a maximum deductible of $1,000. Additionally, you must purchase all risk Inland Marine coverage for full replacement value equal to the New Distributor Starter Inventory. You must also purchase "replacement cost" coverage for your Mobile Store, computer system, inventory and other items used in operating the Distributorship.

Matco reserves the right to modify its insurance policies from time to time. Matco may provide or designate a specified provider of insurance, and require that you purchase the insurance from the designated provider, or utilize Matco as a conduit to purchase the insurance from the designated provider. In the alternative, Matco may also require that you obtain insurance from a provider of your choosing that meets Matco's standards and specifications.

For distributors that participate in Matco's financing programs, Matco's current policy is to require that all insurance policies are purchased through the Charles L. Crane Agency or Ayers Insurance Agency. The Distributor will make an initial payment toward the insurance premiums directly to Charles L. Crane Agency or Ayers Insurance Agency (approximately 25%). Thereafter, however, Matco will act as a conduit to pay the premium payments for this insurance. You will be charged monthly for these insurance premiums through your Open Purchase Account, such that you must make periodic payments to Matco to pay the cost of the insurance. Matco may modify this policy from time to time. Distributors who do not participate in Matco's financing programs may obtain the required insurance from a provider of their choosing.

All insurance policies must (a) designate Matco as an additional named insured; (b) provide that Matco receive a copy of all notices of cancellation, nonrenewal, or coverage change at least 30 days prior to the effective date; (c) require the insurer to provide and pay for legal counsel to defend any claims or actions brought against you or Matco; and (d) properly name the Distributor as the insured. The Inland Marine policy must reflect Matco as the Lender's Loss Payable, as their interests may appear. The "Lender's Loss Payable" clause must provide, at a minimum, that any loss will be payable to the insured and Matco as the loss payee described on the schedule and that the insurance for the loss payee continues in effect even when the insured's insurance may be void because of the insured's acts, neglect, or failure to comply with the coverage terms. Insurance costs are highly dependent on the geographical location of your business, the dollar amount of your inventory, the type of Mobile Store you own and other factors. If Matco requires that you obtain your own insurance, you must provide a certificate of insurance to Matco showing compliance with Matco's insurance requirements upon the initial purchase and upon the annual renewal of the policies. If Matco requires that you obtain your own insurance coverage, and you do not obtain and maintain the proper insurance coverage, Matco may purchase the required insurance on your behalf and charge your Open Purchase Account for the amount of the premium paid, as described in Item 6.

(8) Travel expenses include the estimated cost of travel for your Principal Owner and any other attendees to and from the location of the initial training program and your home, and the cost of travel to the dealership to take delivery of your Mobile Store and to drive it home. The actual cost of travel will depend on your Principal Owner's home location, your Principal Owner's mode of travel and whether your Principal Owner's Business Partner accompanies her or him to training. Travel to and from the airport for scheduled arrivals and departures, and daily travel to and from Matco's headquarters, is provided to your Principal Owner and any Operator at no charge. (Unscheduled arrivals from the airport to the lodging facility will be at your expense.) Matco has negotiated lodging and meal accommodations at the initial training program. The cost of the room and meals will be billed directly to your Open Purchase Account. Lodging is located near Matco's headquarters, Cleveland Hopkins International Airport, and/or Akron-Canton Regional Airport. Lunches will be catered during actual training sessions at a cost not to exceed $12 per day, which will be billed to your Open Purchase Account at the conclusion of the initial training program. However, you will be solely responsible for dinners. (The figure in the chart for the high end of the range includes the $295 fee for your Principal Owner's Business Partner.) Other expenses that you may incur, which are not included in the estimated cost, may include telecommunication charges, entertainment, alcoholic beverages, or rental car expense

(9) Professional services may include those provided directly to you for accounting, legal, and other consulting services. The employment of these services is at your discretion and fees will vary based

on type of service, amount of service, and who provides the service. For instance, you are required to own and operate your Distributorship as an entity, and we recommend that you engage an attorney to assist you with formation of the entity. The high end of the range indicated in the chart above contemplates that you will engage an attorney to assist you with forming an entity. But, you are not required to do so. In addition, you are encouraged to obtain the guidance and assistance of a lawyer and/or accountant prior to signing the Distributorship Agreement. You also may require the assistance of those professionals during the early phases of operating your Distributorship.

(10) The costs for initial fixtures, supplies, and licenses will vary by the specific requirements of each Distributor and the requirements of the local laws in which business will be conducted. Supplies include items such as Matco-branded attire, business forms, stationery, business cards, catalogs, promotional literature and sales materials. Licenses typically include general business licenses required by cities and localities in which you will do business. To operate your Distributorship as an entity, we estimate that the state filing fees and other related will cost approximately $150 to $2,000, which is reflected in the range that is shown in the table.

(11) Your requirement for additional funds will vary. You will require an amount of initial capital at the time of start-up and will need working funds throughout the operation of your business. During training and before your Distributorship commences operations, you will not be earning income from the Distributorship. In addition, during the initial start-up period of the Distributorship, cash flow may be insufficient to allow your Principal Owner to draw a salary or cover her or his personal living expenses. The estimated additional funds will help finance business expenses (e.g., Mobile Store operating expenses, freight (including packaging and shipping warranty and overstock items to Matco as well as shipping for certain items from Matco), loan payments, cell phone, and bad debt on receivables) during start-up and during periods in which collections from customers are not adequate. This amount represents Matco's estimate of the costs associated with the first three months of operating your Distributorship and is based on Matco's working knowledge of the operating experiences of its existing Distributors. The estimated additional funds do not include any salary or draw for your Principal Owner to pay personal living expenses. Since the cost of personal living expenses varies greatly among Principal Owners, Matco does not include those expenses in its estimates for your initial investment. As part of your financial planning, you must take your personal living expenses into account during periods of insufficient cash flow.

(12) You must have funds committed for the start-up period of the Distributorship, including, but not limited to, the expenditures associated with initial fixtures, supplies, and licenses, prior to and as a pre-condition to commencing operation of the Distributorship. We reserve the right to require that certain Matco-financed distributors pay to Matco an amount, determined by Matco, that will be designated as a reserve and set aside for payment of a portion of these initial costs and expenses (the "**Initial Investment Reserve**"). The amount of the initial costs and expenses that the Distributor incurs in connection with commencing operations and operating during the start-up period of the Distributorship will exceed the Initial Investment Reserve, and the Initial Investment Reserve is intended only to offset these initial expenditures.

Matco will maintain the Initial Investment Reserve in an account. The Initial Investment Reserve will not be held in a trust or escrow account and Matco has no fiduciary obligation to distributors respecting the Initial Investment Reserve. Matco may comingle the Distributor's Initial Investment Reserve with other monies, including similar funds and monies held for other distributors. Matco has no obligation to keep the Initial Investment Reserve separate from any revenues or other amounts it receives.

Matco will disburse the Initial Investment Reserve to the Distributor at a time determined by Matco so that the Distributor may make payments to third parties, which will typically be approximately two months after the effective date of the Distributorship Agreement. If you are designated by Matco to pay an Initial Investment Reserve, Matco will notify you, prior to signing the Distributorship Agreement, of this requirement, and Matco will only seek to collect the Initial Investment Reserve with your knowledge and consent. Matco may appoint a designee to collect, maintain, and/or disburse the Distributor's Initial Investment Reserve.

(13) Conversion Incentive Program. As discussed in Item 1, Matco may offer to qualified Conversion Distributors certain incentives to become a Matco Distributor. One component of the incentive may provide funding for a portion of some of the Conversion Distributors' initial costs. These incentives may include payments for, or reduced costs for, one or more of the following: updating an existing mobile store, or purchasing or leasing a new Matco Mobile Store; the Matco-approved new computer system; MDBS; Matco-branded attire; business cards and related promotional materials; and transportation and any other costs related to MBST training in Stow, Ohio.

This component of the incentive, if offered, may total between $7,000 and $9,650 and will reduce your initial start-up costs. If Matco provides these incentives, they will be a credit to your Open Purchase Account. But if you leave the system, or are terminated, within the first 24 months of operations, these amounts will be charged back to your Open Purchase Account, and you will be required to pay this amount when settling and closing out your Open Purchase Account.

(8) RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must not sell, offer for sale or distribute Products and other merchandise not purchased from Matco (or other designated suppliers) or approved by Matco or its affiliates except for items that are traded-in by your customers. To the extent you wish to sell, offer for sale or distribute other products which you contend are ancillary to your Distributorship business, which are not competitive with any of the Matco Products, and do not diminish in any way Matco's reputation or good will (for example, hazardous materials or pornographic materials) you may request Matco's approval, by submitting to Matco, in writing, a description of those products with an explanation for why they are ancillary to the Distributorship business and are not competitive with existing Matco Products. You must not to sell, offer for sale or distribute any such products without Matco's prior written consent and you must discontinue the offer, sale, or distribution of any unapproved products immediately upon notice from Matco.

Currently, Matco is the only approved supplier of Products. Matco imposes this requirement because we want all Mobile Stores to carry substantially the same type of items, and want you to concentrate your efforts on selling Products to your customers and collecting money from your customers instead of sourcing merchandise. Most of the Products purchased from Matco are resalable items, such as mechanics tools, diagnostic products, and others items used by mechanics. Several categories of non-resalable items include promotional products, demonstration tools, and some apparel.

a. The Products are sold to you at a discount from recommended list price. The discounts from the recommended list price vary from Product to Product, and may vary throughout the year based on special incentives or other promotions. The weighted average discount for all Products prior to additional promotions and other discounts is currently approximately 35.03%. The weighted average discount reflects the total of all items sold by Matco as well as the varying discounts from list price for different items.

b. Volume Payment to Terms ("**VPTT**") Bonus. If a Distributor pays Matco for Products within 14 days of the Matco invoice on a consistent basis, the Distributor will receive a rebate. The Volume Payment to Terms Bonus is that rebate. The rebate is based on the Distributor's 6-week purchase average, and the rebate ranges from 2% to 5.25%. The average VPTT earned in 2021 was 3.3% of mobile sales. Matco may limit your VPTT Bonus for products you pay for within 7 days of the receipt of the invoice if: (i) you are not compliant with the standards or requirements under the Distributorship Agreement or Manuals; or (ii) your purchases are not at least equal to 80% of the weekly National Distributor Purchase Average ("NDPA") or 80% of the weekly District Distributor Purchase Average ("DDPA"), whichever is lower, based on your rolling 12 month average, or, if you have been operating your Distributorship for less than a year, your year-to-date purchase average.

The purchase of initial inventory from Matco constitutes a range of approximately 24% to 72% of the cost of the establishing the Distributorship. Purchases of the Products throughout the term of the Distributorship will constitute approximately 61% of the annual cost of operating the Distributorship.

Matco will derive income from the sale of the Products by charging you wholesale prices that exceed Matco's costs of supplying the Products. In the fiscal year ended December 31, 2021, Matco's total revenue from the sale of Products to its franchise distributors was $468,758,000 or 81.4% of Matco's total revenue of $575,951,000 as reflected in Matco's unaudited financial statements.

Our District Managers, who work with Distributors in their areas, districts or region, may receive a portion of their compensation based on the net sales of products sold by Matco to the Distributors in the District Manager's district.

You are required to license, install, and utilize the MDBS Software (as described in Items 6 and 7 of this Disclosure Document) in your business. The software license fee amount is income to Matco, and constitutes less than 1% of the cost of establishing the Distributorship, and less than 1% of the ongoing cost of operating the Distributorship. In the fiscal year ended December 31, 2021, Matco's total revenue from software license fees and software maintenance charges received from its distributors was $1,174,728, or approximately 0.2% of Matco's total revenue.

As discussed in Item 5, when you sign the Distributorship Agreement, you must also sign the Matco Web Page Agreement, which permits you to establish a subpage on Matco's website. You must pay Matco a one-time web page set-up fee of $195. If you continue to utilize a subpage, and neither we nor you cancel the Web Page Agreement, you must pay Matco an annual $195 maintenance fee. In fiscal year 2021, Matco received $308,685 in web page fees (initial and maintenance fees) from franchisees. This amount was less than 0.1% of Matco's total revenue.

Matco also requires during the term of your franchise that you subscribe, at your expense, to a reliable high-speed Internet service provider (cable, DSL or high-speed cellular) or other electronic communications provider or service and maintain an active e-mail account. In addition, you are required to subscribe to a cellular Internet service provider in order to connect to the Internet while your Principal Owner or other employee is traveling along your route. Both the service and provider may be designated by Matco. Matco makes or plans to make information available to you on the Internet at Matco's expense. Also, Matco may require that any and all communications between you (including your Principal Owner) and Matco be made through the Internet or such other electronic medium as Matco may designate. You and your Principal Owner will be required to access the Internet or other electronic information on a regular basis to obtain full benefit of the System. Many documents, such as weekly statements, will be delivered via e-mail. You must immediately notify Matco's customer service department of any change to your Principal Owner's e-mail address. Matco is 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.

Matco reserves the right to modify its insurance policies from time to time. Matco may provide or designate a specified provider of insurance, and require that you purchase the insurance from the designated provider, or utilize Matco as a conduit to pay the premium payments for the insurance from the designated provider. In the alternative, Matco may also require that you obtain insurance from a provider of your choosing that meets Matco's standards and specifications. For distributors that participate in Matco's financing programs, Matco's current policy is to require that all insurance policies are purchased through the Charles L. Crane Agency or Ayers Insurance Agency. The Distributor will make an initial payment toward the insurance premiums directly to Charles L. Crane Agency or Ayers Insurance Agency (approximately 25%). Thereafter, however, Matco will act as a conduit to pay the premium payments for this insurance. You will be charged monthly for these insurance premiums through your Open Purchase Account, such that you must make periodic payments to Matco to pay the cost of the insurance. Matco may modify this policy from time to time. Distributors who do not participate in Matco's financing programs may obtain the required insurance from a provider of their choosing.

You must purchase or lease certain equipment, payment processing services, and supplies (including, for example, business cards and stationery) that meet Matco's specifications. You must purchase or lease a vehicle (referred to as the "**Mobile Store**") and computer hardware which meet Matco's specifications and you must carry minimum insurance coverages on these and other items (as described in Item 7). (A Distributor that qualifies for, and obtains, supplemental financing (as described in Item 10) must obtain a new Mobile Store.) You must at all times maintain credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, and electronic funds transfer systems that Matco designates as mandatory, and may not use any services or providers of these services which Matco has not approved in writing. Matco may modify Matco's requirements relating to methods of payment and vendors for processing payments at Matco's option. You are responsible for and must periodically upgrade your MDBS System and related software, at your expense, to comply with Payment Card Industry Data Security Standards and any other applicable laws relating to payment processing and data privacy.

Matco's specifications for the vehicle, computer hardware and other equipment, payment processing services, and supplies are based on Matco's prior experience, requirements relating to the operation of the Distributorship, the supplier's ability to deliver, service, and support the items, and quality and uniformity considerations. Catalogs, promotional literature, and other sales materials used in the operation of your Distributorship must comply with Matco's standards, and may either be purchased from Matco or from other sources who meet Matco's standards. Upon request, you can receive from Matco a written listing of its specifications and standards for equipment, services, and supplies after you sign the Distributorship Agreement, to the extent the specifications and standards have been developed. Matco will update the specifications and standards from time to time in writing as may be required to respond to requirements for operating the Distributorships. While Matco does not have a formal process for evaluating suppliers, and does not generally charge fees to suppliers seeking to obtain approval, Matco approves suppliers based upon their ability to satisfy, in Matco's reasonable judgment, the specifications and standards for equipment and supplies. In some cases, approved suppliers may pay Matco a periodic fee or a fee based on sales to Distributors. In addition, occasionally one or more approved suppliers may make payments to Matco (not based on sales to Distributors) which Matco has used for promotional and brand development purposes, although this practice is subject to change in the future. Matco reserves the right to obtain rebates, commissions, allowances, and other benefits and retain and use them for any purposes in its sole discretion. In 2021, Matco received fees from suppliers in the amount of $994,083. Also, the figures in this Item 8 do not include any amounts treated as a pass-through, rebate, or other payment that was distributed back to the Distributors. Matco does not generally negotiate purchase agreements with suppliers, but it reserves the right to do so. Matco has not established purchasing or distribution cooperatives.

Matco also offers gift cards and electronic stored value cards ("**gift cards**") with which Potential Customers may purchase Products. Our current policy is that Distributors are not required to accept Matco gift cards, but you are encouraged to do so. If you accept Matco gift cards as payment for Products, Matco will redeem (that is, reimburse you for) those gift card purchases at 90% of the price at which you sold the Products.

You are not required to purchase or lease any goods, services, supplies, fixtures, equipment, inventory, or real estate relating to the establishment or operation of the Distributorship from Matco or from suppliers designated by Matco, except for the following (a) the Products, the MDBS Software, and the web pages, for which Matco is the approved supplier; (b) the vehicle, where suppliers are designated, and for which there are currently only two recommended suppliers; (c) insurance, for which Matco currently designates one supplier; (d) computer hardware equipment for the purpose of optimum operation, performance and support of the MDBS Software; and (e) certain credit card and payment services and vendors.

Matco does not provide material benefits to a Distributor (for example, renewal or extension of the term, or granting additional franchises) based on a Distributor's purchase of particular products or services or the use of particular suppliers. However, each Distributor must:

a. At all times maintain a minimum inventory of Products sufficient to meet your obligations to promote and sell a full line of Matco Products and to meet the expectations and needs of your existing and potential Customers, especially in terms of product availability and timeliness of delivery.

b. Use your best efforts and actively market, promote, and sell Products to Potential Customers on the List of Calls. To be deemed to be meeting its marketing, promotion and sales obligations, you should be selling, on average on a weekly basis, Products in an amount that meets or exceeds (ii) 80% of the "District Distributor Sales Average" (or "**DDSA**") for the Distributor's district, whichever is lower, based on the Distributor's 12 month rolling average, or, if the Distributor has been operating the Distributorship for less than 12 months, based on the Distributor's year-to date average. The sales averages will be based on the sales of all Products from the Distributorship, as reported by the Distributor through the Matco Distributorship Business System, or the then-current required reporting system. The NDSA is determined by dividing the total number of active Matco distributors in the United States for any given weekly period during a calendar year into the year-to-date total dollar amount of qualifying Products sold by the Distributors. The DDSA is calculated in a similar manner as the NDSA, except the comparison group includes only Distributors in your district. Distributors who sign a 225 Amendment must comply with a minimum sales requirement which is proportional to the reduced number of Potential Customers in the List of Calls. See Item 12 for a description of this reduced, proportional sales requirement.

c. Maintain a minimum of a 60% ratio of a calculation of the Distributor's year-to-date purchases divided by the Distributor's year-to-date sales.

None of our officers owns an interest in any companies that are vendors or suppliers to the Matco Distributors.

<u>Conversion Incentive Program</u>: As discussed in Item 1 and Item 7, Matco will offer to qualified Conversion Distributors certain incentives to become a Matco Distributor. Item 7 discussed the incentives related to the initial costs related to becoming a Matco Distributor. The Conversion Program may also include bonuses based on Product purchases during the Term of the Distributorship Agreement. If you are a qualified Conversion Distributor, you may be eligible for quarterly performance-based bonuses or incentives during the initial term of the Distributorship Agreement. The bonuses, if any, may be based on purchases of Product from Matco.

(9) FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Distributorship Agreement. It will help you find more detailed information about your obligations in these agreements and in other Items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Not applicable	Not applicable
(b) Pre-opening purchases/leases	Articles 3.3, 3.5, 3.6 and 3.7 of Distributorship Agreement	Items 5, 7 and 8
(c) Site development and other pre-opening requirements	Not Applicable	Not applicable
(d) Initial and ongoing training	Articles 3.8 and 4 of Distributorship Agreement	Item 11
(e) Opening	Article 1 of Distributorship Agreement	Item 11
(f) Fees	Articles 1, 3, 6 and 8of the Distributorship Agreement	Items 5 and 6
(g) Compliance with standards and policies/Operating Manual	Article 3.9 and 3.10 of Distributorship Agreement	Items 8, 11 and 16
(h) Trademarks and proprietary information	Articles 7 and 9 of Distributorship Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Article 3.2 of Distributorship Agreement	Items 1 and 16
(j) Warranty and customer service requirements	Articles 3.4, 8 and 11.8 of Distributorship Agreement	Items 11, 15 and 16
(k) Territorial development and sales quotas	Articles 1.2, 1.3 and 3.2 of Distributorship Agreement	Item 12
(l) Ongoing product/service purchases	Articles 3.3 and 6 of Distributorship Agreement	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Articles 3.6 and 3.7 of Distributorship Agreement	Items 8 and 11
(n) Insurance	Article 5.3 of Distributorship Agreement	Items 7 and 8
(o) Advertising	Articles 3.1 and 7.4 of Distributorship Agreement	Item 11

Obligation	Section in Agreement	Disclosure Document Item
(p) Indemnification	Article 5.4 of Distributorship Agreement	Not applicable
(q) Owner's participation/management/ Staffing	Article 3.12 of Distributorship Agreement	Items 11 and 15
(r) Records/reports	Article 5.2 of Distributorship Agreement	Item 5
(s) Inspections/audits	Article 3.13 and 5.2 of Distributorship Agreement	Item 11
(t) Transfer	Article 10 of Distributorship Agreement	Item 17
(u) Renewal	Article 2.2 of Distributorship Agreement	Item 17
(v) Post-termination obligations	Articles 11.6, 11.7 and 11.8 of Distributorship Agreement	Item 17
(w) Non-competition covenants	Article 11.9 of Distributorship Agreement	Item 17
(x) Dispute resolution	Article 12 of Distributorship Agreement	Item 17

(10) FINANCING

Matco offers a number of financing programs to its Distributors, and they are summarized below and in the table that follows. There are six inventory financing programs, and one other financing program, that may be offered by Matco, to qualified Distributors:

1. The first type of financing is the standard Matco financing program ("**Standard Initial Financing Program**") that covers the initial inventory and Initial Franchise Fee. This will generally be financing for $80,000 and up to $92,000. If you qualify for and elect to participate in either Supplemental Financing A or B, Matco will only finance up to $80,000 under this standard financing program.

2. The second type of financing is another Matco financing program that covers the initial inventory and Initial Franchise Fee, but includes a "balloon" payment at the end of the term ("**Alternate Initial Financing Program (with Balloon Payment)**"). This will generally be financing for $80,000 and up to $92,000. Neither Supplemental Financing A or B is available under the Alternate Initial Financing Program (with Balloon Payment).

3. The third type of financing ("**Supplemental Financing 'A'**") is for Distributors that meet Matco's net worth and other financial requirements, (which may include the Principal Owner's net worth and other qualifications), but may have little or no access to start-up capital. If Matco determines that there are other factors that might justify extending credit for this situation, Matco may provide additional financing up to $33,000, which may include the Mobile Store security deposit and three months of lease

payments (for a new Mobile Store), the computer hardware, three months of additional funds, and other start-up expenses. The interest rate for this financing is likely to be higher than the interest rate for the standard Matco financing program (to reflect, among other things, the higher risk).

4. The fourth type of financing ("**Supplemental Financing 'B'**") is for Distributors who do not meet Matco's net worth requirements (which may include the Principal Owner's net worth and other qualifications), have little or no access to start-up capital, and have little or no credit history. If Matco determines that there are other factors that might justify extending credit in this situation, Matco may finance up to an additional $33,000, which may include the Mobile Store security deposit and three months of lease payments (for a new Mobile Store), the computer hardware, three months of additional funds, and other start-up expenses. The interest rate for this financing is likely to be higher than the interest rate for the standard Matco financing program (to reflect, among other things, the higher risk).

5. The fifth type of financing is for Open Account Product Purchases, which is ongoing financing of inventory purchased on an open account as a revolving line of credit.

6. The sixth type of financing is the Time Payment Line of Credit (or "**TPLC**" or "**Time Payment LC**"). As described in Item 5, new Matco Distributors must fund Time Payment sales through a Time Payment Line of Credit (or TPLC), Matco will provide a line of credit to fund your inventory purchases following your Time Payment sales. The Time Payment LC will be a revolving line of credit. That is, when you collect money on the Time Payment sales and pay that to Matco, you will pay down your line of credit. Distributors can access this TPLC account until the end of the first year of operation, or when the account reaches $22,000 (or $28,000 if you are approved for an increased amount), whichever occurs first.

7. The seventh type of financing is "**Inventory Plus**" financing. This financing program is for qualified Distributors who seek an additional loan to cover or offset certain approved expenditures including a computer, MDBS fees (software, maintenance/support, and web setup), other miscellaneous fees (document preparation and filing, credit card software, and signature pad setup), and lodging and meals during training. The maximum amount of Inventory Plus financing is $6,000, and this amount will be credited to the Distributor's Open Purchase Account. Only Distributors who are participating in the Standard Initial Financing Program may be eligible for Inventory Plus financing. Distributors who purchase ETDs or 225s are not eligible for Inventory Plus financing. Distributors who obtain financing through Supplemental Financing "A" or Supplemental Financing "B" are not eligible for Inventory Plus financing.

8. The eighth type of financing is a bridge loan in situations in which a Principal Owner is obtaining 401(k)/IRA rollover funds through a program that is administered and facilitated by a third party. This is a short term loan from Matco to the Distributor during the period when the Distributor is waiting for the disbursement of the Principal Owner's 401(k)/IRA rollover funds which will be used for payment of the investment in the Matco Distributorship.

9. The ninth type of financing may be used toward upgrades to a Distributor's Mobile Store that a Distributor chooses to make when the Distributor renews an existing Distributorship Agreement ("**Mobile Store Upgrade Financing Program**"). Generally, between $5,000 and $20,000 in financing is available to qualified renewing Distributors through the Mobile Store Upgrade Financing Program.

In evaluating an application for any of the financing programs described in this Item 10 by the Distributor, Matco and its affiliates may consider the qualifications of both the Distributor and the Principal Owner (and the Principal Owner's Business Partner), and the application process may involve a credit check or other requirements that apply to the Principal Owner (and the Principal Owner's Business Partner).

The following chart summarizes each financing plan. Please review the chart in conjunction with the notes below.

Item Financed	Amount Financed	Down Payment	Term (Months)	APR%	Weekly Payment	Prepayment Penalty	Security Required	Liability Upon Default	Loss of Legal Rights on Default
Initial Inventory and Initial Franchise Fee(1) *Standard Initial Financing Program*	$80,000 or up to $92,000 of the initial purchase, depending upon the initial inventory amount	Currently $0 to $11,000, but may be required based upon applicant criteria	Up to 120	Up to 18% (annual rate); currently 7.25% to 9.25% where applicable(1) (3)	$218.50 to $238.86, based upon $80,000 with no down payment; or $251.27 to $274.69, based upon $92,000 with no down payment(1)	None. Late payment fee of $10	Personal guaranty; security interest in inventory and receivables	Principal balance and accrued interest(4)	Loss of all defenses
Initial Inventory and Initial Franchise Fee(2) *Alternate Initial Financing Program (with Balloon Payment)*	$80,000 or up to $92,000 of the initial purchase, depending upon the initial inventory amount	Currently $0 to $11,000, but may be required based upon applicant criteria	Up to 120. But, because the note is amortized for 180 payments, the 120th payment will be a balloon payment (or this balloon payment may be refinanced)	Up to 18% (annual rate); currently 7.25% to 9.25% where applicable(2) (3)	$169.94 to $192.09 , based upon $80,000 with no down payment; or $195.43 to $220.91, based upon $92,000 with no down payment. The balloon payment amount will range from $37,042.19 to $45,953.62.	None. Late payment fee of $10	Personal guaranty; security interest in inventory and receivables	Principal balance and accrued interest(4)	Loss of all defenses

Item Financed	Amount Financed	Down Payment	Term (Months)	APR%	Weekly Payment	Prepayment Penalty	Security Required	Liability Upon Default	Loss of Legal Rights on Default
Open Account Product Purchases(5)	Amount Purchased	None	Payment due upon receipt	18% annual interest (or the highest rate permitted by law) on balance of Open Purchase Account as of the date of termination or expiration(6)	N/A	None; 2% to 5.25% discount available to qualifying Distributors for early payment. Weekly late charges at 5% of past due amount up to $100 maximum	Personal guaranty; security interest in inventory and receivables	Full amount	Default under Distribu-torship Agree-ment
Supplemental Financing "A": Start-up costs including truck down payment, computer and 3 months of additional funds(7) (8)	Up to $33,000 of the initial startup costs, based upon your available start-up capital(7) (9)	Generally, Matco will require $0 to $14,000 as a down payment, depending on your available start-up capital	Generally, Matco will provide financing for up to 120 months	Up to 18% (annual rate), with the current range of 9.75% to 10.25%, where applicable, based upon amount financed(9)(11)	$3.05 based upon a $1,000 loan with no down payment, to $102.89 based upon a $33,000 loan with no down payment	None. Late payment fee of $10.	Personal guaranty; security interest in inventory and receivables	Principal balance and accrued interest(4)	Loss of all defenses
Supplemental Financing "B": Start-up costs including truck down payment, computer and 3 months of additional funds(12) (13)	Up to $33,000 of the initial startup costs(12) (14)	$0	Up to 120 months	Up to 24% (annual rate), with the current range of 11.25% to 11.75%, where applicable(14) (16)	$3.25 based upon a $1,000 loan with no down payment, to $109.64 based upon a $33,000 loan with no down payment	None. Late payment fee of $10.	Personal guaranty; security interest in inventory and receivables	Principal balance and accrued interest(4)	Loss of all defenses

Item Financed	Amount Financed	Down Payment	Term (Months)	APR%	Weekly Payment	Prepayment Penalty	Security Required	Liability Upon Default	Loss of Legal Rights on Default
Time Payment Line of Credit [17] [18]	Up to $22,000 (or up to $28,000 if you are approved for an increased amount)[18]	$0	Revolving; for 1 year [19]	Up to 18% (annual rate); currently Prime plus 5% where applicable[21]	$15.00 (monthly) based upon a $1,000 loan with no down payment, to $330.00 (monthly) based upon a $22,000 loan with no down payment	None	Personal guaranty; security interest in inventory and receivables	Principal balance and accrued interest	Loss of all defenses
Inventory Plus Loan[21]	Up to $6,000 over the standard Matco loan of $80,000 (under the Standard Initial Financing Program)	$0	Up to 120 months	Up to 18% (annual rate); currently 7.25% to9.25% where applicable[21] [22]	$1,014.74 (monthly), based upon an $86,000 loan with no down payment at 7.25%; or $1,108.16 (monthly), based upon an $86,000 loan with no down payment at 9.25%	None. Late payment fee of $10.	Personal guaranty; security interest in inventory and receivables	Principal balance and accrued interest	Loss of all defenses
Bridge Loan Financing for 401(k)/IRA Rollover Funds[23]	Up to $100,000, over the standard Matco loan of $80,000 [24]	$0	Up to 3 months	Up to 18% (annual rate); currently 7.25% to 9.25% where applicable[25]	$0 weekly; but full amount due within 90 days after effective date of loan[26]	None	Personal guaranty; security interest in inventory and receivables	Principal Balance and accrued interest [27]	Loss of all defenses
Upgrades to Mobile Store[27][28][29] [30]	$5,000 to $20,000	None.	1 to 5 years. (52 to 260 weeks).	4.99%[2]	$98.61 to $86.95, based upon $5,000 loan.	None. Late payment fee of $10.	Personal guaranty; security interest in the Mobile Store (if required)	Principal balance and accrued interest.[3]	Loss of all defenses.

Notes for Initial Inventory and Initial Franchise Fee Financing:

(1) As discussed in Item 5, Matco's New Distributor Starter Inventory package is generally $72,000, but under the Standard Initial Financing Program Matco may be willing to finance a larger amount

of inventory, up to a total of $84,000. Depending upon your available collateral, credit history, and other credit factors (and the qualifications of your Principal Owner), Matco may finance up to $92,000 through this financing program (with no down payment), which will consist of up to $84,000 in financing which must applied towards your New Distributor Starter Inventory and up to $8,000 in financing which must be applied towards the initial franchise fee. If you elect and are qualified to participate in either of the Supplemental Financing programs, Matco will only finance up to $80,000, which includes initial inventory of up to $72,000 and an Initial Franchise Fee of $8,000 under the Standard Initial Financing Program.

The Standard Initial Financing Program loan will be evidenced by an Installment Promissory Note (the "**Standard Initial Financing Program Note**," which may also be referred to as a "**Note**"), a copy of which is attached as Exhibit C-1 to the Distributorship Agreement. Matco may also finance, at its sole discretion, a portion of your initial purchase of inventory and in excess of the estimated, or generally expected, levels of inventory. (See Note 1 of Item 7). This additional financed amount will be included in the Standard Initial Financing Program Note for the financed portion of your initial inventory and Initial Franchise Fee. Further, under the Standard Initial Financing Program Note Matco may also finance, at its sole discretion, an additional loan amount for certain expenditures under the "Inventory Plus" program, as described in (21) below.

The Standard Initial Financing Program Note provides for weekly payment of principal and interest at an annual interest rate, which will be based on the then-current Prime Rate as reported in *The Wall Street Journal*. The interest rate applicable to your Note will be based on your Principal Owner's credit score at the time you submit your Application and the amount financed. The interest rate will be in a range of 4% to 6% plus the Prime Rate that is in effect when you are awarded a Distributorship. The rate of interest for the Standard Initial Financing Program Note will be fixed for the term of the Standard Initial Financing Program Note. As of February 1, 2022, the Prime Rate was 3.25%. The current percentage rate of interest that will be charged for initial inventory financing will be 7.25% (Prime Rate plus 4%) up to 9.25% (Prime plus 6%). The term of the Standard Initial Financing Program Note will be determined by Matco and will be up to 120 months.

You will be in default under the Standard Initial Financing Program Note if: (a) any installment of principal or interest on the Standard Initial Financing Program Note is not paid when due or upon demand as provided for in the Standard Initial Financing Program Note; (b) you fail to pay your debts as they mature; (c) you default under the Distributorship Agreement or any other agreement, note, lease, or contract between you and Matco, or if any such agreement is canceled; (d) you cease operating the Distributorship or the Distributorship is dissolved, terminated, insolvent, or ceases operations; or (e) you fail to (i) have the Standard Initial Financing Program Note fully collateralized with inventory (as reflected in the Security Agreement, described below) at all times or (ii) provide evidence of full collateralization in the form of a physical inventory, upon Matco's request.

If you default under the Standard Initial Financing Program Note, the principal balance and all accrued interest will become due and payable without demand. You and any endorsers or guarantors of the Standard Initial Financing Program Note must waive demand, protest, presentment, notice of protest and non-payment or dishonor, and must also waive any and all defenses on the grounds of any extensions or partial payments which may be granted or accepted by Matco.

The Standard Initial Financing Program Note must be guaranteed by your Principal Owner or another person acceptable to Matco. You must also sign a Security Agreement (Exhibit D to the

Distributorship Agreement) granting Matco a security interest in your inventory of Products and Accounts Receivable. At Matco's request, you must sign all necessary financing statements and other franchise documents and pay the costs of document processing and filing fees for such statements or other documents. The processing/filing fee is included as part of the document processing fee that you pay at the time you execute the Distributorship Agreement.

Matco financing will not be offered to all prospective Distributors, but only to those that meet Matco's qualifications. Also, even in situations in which Matco offers financing, Matco is not required to offer financing to cover the full cost of the initial inventory and the Initial Franchise Fee, but may offer financing for a lesser amount. Factors such as your qualifications and creditworthiness will affect the level of financing that might be offered.

(2) As discussed in Item 5 and (1) above, Matco's New Distributor Starter Inventory package is generally $72,000, but through the Alternate Initial Financing Program (with Balloon Payment) Matco may be willing to finance a larger amount of inventory, up to a total of $84,000. Depending upon your available collateral, credit history, and other credit factors (and the qualifications of your Principal Owner), Matco may finance up to $92,000 through this financing program (with no down payment), which will consist of up to $84,000 in financing which must applied towards your New Distributor Starter Inventory and up to $8,000 in financing which must be applied towards the initial franchise fee.

The Alternate Initial Financing Program (with Balloon Payment) loan will be evidenced by an Installment Promissory Note (with Balloon Payment) (the "**Alternate Initial Financing Program (with Balloon Payment) Note,**" which may also be referred to as a "**Note**"), a copy of which is attached as Exhibit C-2 to the Distributorship Agreement. Matco may also finance, at its sole discretion, a portion of your initial purchase of inventory and in excess of the estimated, or generally expected, levels of inventory. (See Note 1 of Item 7). This additional financed amount will be included in the Alternate Initial Financing Program (with Balloon Payment) Note for the financed portion of your initial inventory and Initial Franchise Fee.

The Alternate Initial Financing Program (with Balloon Payment) Note provides for weekly payment of principal and interest at an annual interest rate, which will be based on the then-current Prime Rate as reported in *The Wall Street Journal*. The interest rate applicable to your Note will be based on your Principal Owner's credit score at the time you submit your Application and the amount financed. The interest rate will be in a range of 4% to 6% plus the Prime Rate that is in effect when you are awarded a Distributorship. The rate of interest for the Alternate Initial Financing Program (with Balloon Payment) Note will be fixed for the term of the Alternate Initial Financing Program (with Balloon Payment) Note. As of February 1, 2022, the Prime Rate was 3.25%. The current percentage rate of interest that will be charged for initial inventory financing will be 7.25% (Prime Rate plus 4%) up to 9.25% (Prime plus 6%). The term of the Alternate Initial Financing Program (with Balloon Payment) Note will be determined by Matco and will be up to 120 months, as described further below.

The total amount of the Alternate Initial Financing Program (with Balloon Payment) loan will be amortized over 180 months, however, you will make payments for 120 months. Therefore, in the 120th month, the full remaining amount, with interest, will be due in a lump sum, or "balloon" payment. The amount of this balloon payment will range from $37,042.19 (based upon $80,000 with no down payment and an interest rate of 7.25%) to $45,953.62 (based upon $92,000 with no down payment and an interest rate of 9.25%). At the end of 120 months, we may permit you to refinance the remaining balloon payment under the same interest rate as the original note. Because the 120th payment will coincide with the expiration of the term of the Distributorship Agreement, whether we permit you to refinance the balloon payment will be contingent upon whether you meet our qualifications to renew your relationship with Matco and whether you continue operating your Distributorship (by signing a new Distributorship Agreement and the Renewal Addendum).

You will be in default under the Alternate Initial Financing Program (with Balloon Payment) Note if: (a) any installment of principal or interest on the Alternate Initial Financing Program (with Balloon Payment) Note is not paid when due or upon demand as provided for in the Alternate Initial Financing Program (with Balloon Payment) Note; (b) you fail to pay your debts as they mature; (c) you default under the Distributorship Agreement or any other agreement, note, lease, or contract between you and Matco, or if any such agreement is canceled; (d) you cease operating the Distributorship or the Distributorship is dissolved, terminated, insolvent, or ceases operations; or (e) you fail to (i) have the Alternate Initial Financing Program (with Balloon Payment) Note fully collateralized with inventory (as reflected in the Security Agreement, described below) at all times or (ii) provide evidence of full collateralization in the form of a physical inventory, upon Matco's request.

If you default under the Alternate Initial Financing Program (with Balloon Payment) Note, the principal balance and all accrued interest will become due and payable without demand. You and any endorsers or guarantors of the Alternate Initial Financing Program (with Balloon Payment) Note must waive demand, protest, presentment, notice of protest and non-payment or dishonor, and must also waive any and all defenses on the grounds of any extensions or partial payments which may be granted or accepted by Matco.

The Alternate Initial Financing Program (with Balloon Payment) Note must be guaranteed by you or another person acceptable to Matco. You must also sign a Security Agreement (Exhibit D to the Distributorship Agreement) granting Matco a security interest in your inventory of Products and Accounts Receivable. At Matco's request, you must sign all necessary financing statements and other franchise documents and pay the costs of document processing and filing fees for such statements or other documents. The processing/filing fee is included as part of the document processing fee that you pay at the time you execute the Distributorship Agreement.

Matco financing will not be offered to all prospective Distributors, but only to those that meet Matco's qualifications. Also, even in situations in which Matco offers financing, Matco is not required to offer financing to cover the full cost of the initial inventory and the Initial Franchise Fee, but may offer financing for a lesser amount. Factors such as your qualifications and creditworthiness will affect the level of financing that might be offered.

(3) In some states, the maximum interest rate may be less than the amount stated in the chart due to state lending laws.

(4) In addition to your obligation to pay the principal balance and accrued interest on a Note in the event you are in default, you or your Principal Owner may also be liable for a default under your lease with a third party for the Mobile Store. For example, under the current Mobile Store leases with Trans Lease, Inc., a current supplier and lessor of Mobile Stores, if a Distributor or Principal Owner is in breach of any terms of any agreement with Matco, including the Distributorship Agreement or a promissory note, that default may be a default under the Mobile Store lease, which can result in financial penalties and/or a surrender or repossession of the Mobile Store. You and/or your Principal Owner should review your lease documents with the lessor carefully.

(5) Your purchases of the Products are charged to your Open Purchase Account on which payment is due upon your receipt of an invoice from Matco. Other charges to the Open Purchase Account, in

addition to Product purchases and related charges, may include MDBS charges, web maintenance fees, Tool Expo charges, and training costs. If you do not make payment within 21 days of the invoice, the account is deemed delinquent by Matco. Matco will assess a 5% per week late fee for each week that you fail to pay the balance owed up to $100. If you pay within 14 days of the invoice, you may be eligible for purchase discounts, which may vary from 2% to 5.25% depending upon the volume of purchases and performance rewards program level. In addition, if you are not in compliance with the National Distributor Sales Average/District Distributor Sales Average requirement, or the purchase average to total sales ratio discussed in Item 6 above, your Volume Payment to Terms Bonus will be available only if you pay for purchases within 7 days of the invoice (see Item 8 above). As noted in the chart, Matco will have a security interest in the inventory and receivables and you must sign the Security Agreement noted above (even if you did not sign a promissory note, as described in Notes (1) or (2) above).

(6) Upon termination or expiration of the Distributorship Agreement, you will pay Matco interest on the balance owed under your Open Purchase Account as of the date of termination or expiration, at a rate of 18% annually, or the maximum rate permitted by law, whichever is lower. In addition, Matco may assess you a late fee of 5% per week for each week that you fail to pay the balance owed on the Open Purchase Account following termination.

<u>Notes for Supplemental Financing "A"</u>:

(7) For applicants that meet Matco's net worth and other financial requirements but have little or no access to start-up capital, Matco may provide additional financing up to $33,000 (with no down payment) of the Mobile Store security deposit and three months lease payments for a new vehicle ($8,550), computer hardware ($2,600), three months additional funds and all other start-up expenses. The loan will be evidenced by an installment promissory note, a copy of which is attached as Exhibit C-1 to the Distributorship Agreement (the Standard Initial Financing Program Note, which may also be referred to as a "**Note**"). Supplemental Financing "A" is not available in connection with the Alternate Initial Financing Program (with Balloon Payment).

By way of example, you will have one note for $80,000, which is the standard Matco financing, and you will have a second note for an amount up to $33,000, which is the additional financing in this document (the "**Notes**"). Therefore, for example, if you have the standard inventory financing for $80,000 with the highest interest rate of 9.25%, and you have the Supplemental Financing "A" for the maximum amount of $33,000 at the highest interest rate of 10.25%, you will have two notes: one with a weekly payment of $238.86 and the second with a weekly payment of $102.89. Your total weekly payment will be $341.75.

The Notes provide for weekly payment of principal and interest at an annual interest rate, which will be based on the then-current Prime Rate as reported in *The Wall Street Journal*. Matco's interest rate for the Notes will be based on your Principal Owner's credit score at the time you submit your Application and the amount financed. The interest rate for the 1st Note is discussed above under the Standard Initial Financing Program. The interest rate for this 2nd Note will be in a range of 6.5% to 7% plus the Prime Rate that is in effect when you are awarded a franchise. The rate of interest for the Note will be fixed for the term of the Note. As of February 1, 2022, the Prime Rate was 3.25%. The terms of the Note will be determined by Matco and will be up to 120 months.

As a method to help you pay the 2nd Note, 10% of your weekly PSA credits that are posted to your Open Purchase Account will be applied to the outstanding balance of the 2nd Note.

You will be in default under either Note if: (a) any installment of principal or interest on either Note is not paid when due or upon demand as provided for in the Note; (b) you fail to pay your debts as they mature; (c) you default under the Distributorship Agreement or any other agreement, note, lease, or contract between you and Matco, or if any such agreement is canceled; (d) you cease operating the Distributorship or the Distributorship is dissolved, terminated, insolvent, or ceases operations; or (e) you fail to maintain an inventory level equal to not less than the total amount of debt owed by Debtor to Matco, as reflected in a physical inventory, conducted every six months, or upon Matco's request.

If you default under either Note, the principal balance and all accrued interest will become due and payable without demand. You and any endorsers or guarantors of either Note must waive demand, protest, presentment, notice of protest and non-payment or dishonor, and must also waive any and all defenses on the grounds of any extensions or partial payments which may be granted or accepted by Matco.

The Notes must be guaranteed by you or another person acceptable to Matco. You must also sign a Security Agreement (Exhibit D to the Distributorship Agreement) granting Matco a security interest in your inventory of Products and Accounts Receivable. At Matco's request, you must sign all necessary financing statements and other franchise documents and pay the costs of document processing and filing fees for such statements or other documents. The processing/filing fee is included as part of the document processing fee that you pay at the time you execute the Distributorship Agreement.

Matco financing will not be offered to all prospective Distributors, but only to those that meet Matco's qualifications. Also, even in situations in which Matco offers financing, Matco is not required to offer financing for the maximum supplemental amount of up to $33,000, but may offer financing for a lesser amount. Factors such as your qualifications and creditworthiness will affect the level of financing that Matco has, or may be, offered.

(8) In connection with this supplemental financing, you, along with a Matco representative, must conduct a complete, physical inventory of your Products at least once every six months. If your inventory is below the required level by 10% or more (measured at the purchase cost of the goods), you must purchase additional inventory to required level within ten days of the completion of the physical inventory. A failure to increase your inventory to the required level and keep the Notes fully collateralized with inventory will result in default under the Notes as discussed in (6) above, and may result in the termination of the Distributorship Agreement.

(9) In some states, the maximum interest rate may be less than the amount stated in the chart due to state lending laws.

(10) Your purchases of the Products are charged to your Open Purchase Account on which payment is due upon your receipt of an invoice from Matco. Other charges to the Open Purchase Account, in addition to Product purchases and related charges, may include MDBS charges, web maintenance fees, Tool Expo charges, and training costs. If you do not make payment within 21 days of the invoice, the account is deemed delinquent by Matco. Matco will assess a 5% per week late fee for each week that you fail to pay the balance owed up to $100. If you pay within 14 days of the invoice, you may be eligible for purchase discounts, which may vary from 2% to 5.25% depending upon the volume of purchases and performance rewards program level. In addition, if you are not in compliance with the National Distributor Purchase Average/District Distributor Purchase Average requirement, or the purchase average to total sales ratio discussed in Item 6 above, your Volume Payment to Terms Bonus will be available only if you pay for purchases within 7 days of

the invoice (see Item 8 above). However, if you qualify for, and earn, VPTT Bonuses, these amounts will be applied to the balance due under the Note. As noted in the chart, Matco will have a security interest in the inventory and receivables and you must sign the Security Agreement noted above.

(11) Upon termination or expiration of the Distributorship Agreement, you will pay Matco interest on the balance owed under your Open Purchase Account as of the date of termination or expiration, at a rate of 18% annually, or the maximum rate permitted by law, whichever is lower. In addition, Matco may assess you a late fee of 5% per week for each week that you fail to pay the balance owed on the Open Purchase Account following termination.

Notes for Supplemental Financing "B":

(12) For applicants with low net worth, no start-up capital and little or no credit history, Matco may provide additional financing up to $33,000 (with no down payment) of the estimated Mobile Store security deposit and three months lease payments of a new vehicle ($8,550), computer hardware ($2,600), three months additional funds and all other start-up expenses. The loan will be evidenced by an installment promissory note, a copy of which is attached as Exhibit C-1 to the Distributorship Agreement (the Standard Initial Financing Program Note, which may also be referred to as a "**Note**"). Supplemental Financing "B" is not available in connection with the Alternate Initial Financing Program (with Balloon Payment).

By way of example, you will have one note for $80,000, which is the standard Matco financing, and you will have a second note for an amount up to $33,000, which is the additional financing discussed in this document, the ("**Notes**"). Therefore, for example, if you have the standard inventory financing for $80,000 with the highest interest rate of 9.25%, and you have the Supplemental Financing "B" for the maximum amount of $33,000 at the highest interest rate of 11.75%, you will have two notes: one with a weekly payment of $238.86 and the second with a weekly payment of $109.64. Your total weekly payment will be $348.50.

The Notes provide for weekly payment of principal and interest at an annual interest rate, which will be based on the then-current Prime Rate as reported in *The Wall Street Journal*. Matco's interest rate for the Notes will be based on your Principal Owner's credit score at the time you submit your Application and the amount financed. The interest rate for this 1st Note is discussed above under the Standard Initial Financing Program. The interest rate for this 2nd Note will be in a range of 8% to 8.5% plus the Prime Rate that is in effect when you are awarded a franchise. The rate of interest for the Note will be fixed for the term of the Note. As of February 1, 2022, the Prime Rate was 3.25%. The term of the Note will be determined by Matco and will be up to 120 months.

As a method to help you pay the 2nd Note, 10% of your weekly PSA credits that are posted to your Open Purchase Account will be applied to the outstanding balance of the 2nd Note.

Applicants receiving this supplemental financing will be required to do a physical inventory every 6 months, take an on-line test and attend Discovery Day at Matco Tools Corporate Headquarters.

You will be in default under either Note if: (a) any installment of principal or interest on either Note is not paid when due or upon demand as provided for in the Note; (b) you fail to pay your debts as they mature; (c) you default under the Distributorship Agreement or any other agreement, note, lease, or contract between you and Matco, or if any such agreement is canceled; (d) you cease operating the Distributorship or the Distributorship is dissolved, terminated, insolvent, or ceases operations; or (e) you fail to maintain an inventory level equal to not less than the total amount of debt owed by Debtor to Matco, as reflected in a physical inventory, conducted every six months, or upon Matco's request.

If you default under either Note, the principal balance and all accrued interest will become due and payable without demand. You and any endorsers or guarantors of the Note must waive demand, protest, presentment, notice of protest and non-payment or dishonor, and must also waive any and all defenses on the grounds of any extensions or partial payments which may be granted or accepted by Matco.

The Notes must be guaranteed by your Principal Owner or another person acceptable to Matco. You must also sign a Security Agreement (Exhibit D to the Distributorship Agreement) granting Matco a security interest in your inventory of Products and Accounts Receivable. At Matco's request, you must sign all necessary financing statements and other franchise documents and pay the costs of document processing and filing fees for such statements or other documents. The processing/filing fee is included as part of the document processing fee that you pay at the time you execute the Distributorship Agreement.

Matco financing will not be offered to all prospective Distributors, but only to those that meet Matco's qualifications. Also, even in situations in which Matco offers financing, Matco is not required to offer financing for the maximum supplemental amount of up to $33,000, but may offer financing for a lesser amount. Factors such as your qualifications and creditworthiness (and your Principal Owner's qualifications and creditworthiness) will affect the level of financing that Matco has, or may be, offered.

(13) In connection with this supplemental financing, you, along with a Matco representative, must conduct a complete, physical inventory of your Products at least once every six months. If your inventory is below than the required level by 10% or more (measured at the purchase cost of the goods), you must purchase additional inventory to reach the required level within ten days of the completion of the physical inventory. A failure to increase your inventory to the required level and keep the Notes fully collateralized with inventory will result in default under the Notes as discussed in (11) above, and may result in the termination of the Distributorship Agreement.

(14) In some states, the maximum interest rate may be less than the amount stated in the chart due to state lending laws.

(15) Your purchases of the Products are charged to your Open Purchase Account on which payment is due upon your receipt of an invoice from Matco. Other charges to the Open Purchase Account, in addition to Product purchases and related charges, may include MDBS charges, web maintenance fees, Tool Expo charges, and training costs. If you do not make payment within 21 days of the invoice, the account is deemed delinquent by Matco. Matco will assess a 5% per week late fee for each week that you fail to pay the balance owed up to $100. If you pay within 14 days of the invoice, you may be eligible for purchase discounts, which may vary from 2% to 5.25% depending upon the volume of purchases and performance rewards program level. In addition, if you are not in compliance with the National Distributor Purchase Average/District Distributor Purchase Average requirement, or the purchase average to total sales ratio discussed in Item 6 above, your Volume Payment to Terms Bonus will be available only if you pay for purchases within 7 days of the invoice (see Item 8 above). However, if you qualify for, and earn, VPTT Bonuses, these amounts will be applied to the balance due under the Note. As noted in the chart, Matco will have a security interest in the inventory and receivables and you must sign the Security Agreement noted above.

(16) Upon termination or expiration of the Distributorship Agreement, you will pay Matco interest on the balance owed under your Open Purchase Account as of the date of termination or expiration, at a rate of 18% annually, or the maximum rate permitted by law, whichever is lower. In addition, Matco may assess you a late fee of 5% per week for each week that you fail to pay the balance owed on the Open Purchase Account following termination.

Notes for Time Payment Line of Credit Financing:

(17) If you participate in any of Matco's financing programs, then you must establish a Time Payment Line of Credit to fund your Time Payment Sales. See Item 5, and the introduction to this Item 10, for a description of how the Time Payment LC will work.

(18) The amount to be financed will vary based on the amount of your Time Payment sales, but Matco will not extend more than $22,000 (or $28,000 if you are approved for an increased amount) in Time Payment LC.

(19) The Time Payment LC will be provided for one year from the commencement of operations under the Distributorship Agreement or until you achieve a maximum balance of $22,000 (or $28,000 if you are approved for an increased amount), whichever event occurs first. The line of credit is a revolving line of credit, so the amount financed will vary during the course of the year depending on the Time Payment sales, and your ability to collect amount due from your customers.

(20) The Time Payment LC will be evidenced by and reflected in a Revolving Line of Credit Agreement and Promissory Note (attached as Exhibit L to the Distributorship Agreement).

Notes for "Inventory Plus" Financing

(21) Distributors who finance $80,000 toward the purchase of Matco's New Distributor Starter Inventory package under Standard Initial Financing Program, described in (1) above, may seek financing to cover or offset certain approved expenditures including a computer, MDBS fees (software, maintenance/support, and web setup), other miscellaneous fees (document preparation and filing, credit card software, and signature pad setup), and lodging and meals during training through the Inventory Plus Financing Program. Depending upon your available collateral, credit history, and other credit factors, Matco may finance up to $6,000 through this financing program (with no down payment), and this amount will be credited to the Distributor's Open Purchase Account. Only Distributors who are participating in the Standard Initial Financing Program may be eligible for Inventory Plus financing. Distributors who purchase ETDs or 225s are not eligible for Inventory Plus financing. Distributors who obtain financing through Supplemental Financing "A" or Supplemental Financing "B" are not eligible for Inventory Plus financing.

The "Inventory Plus" program loan will be evidenced by an Installment Promissory Note that is the same as the Standard Initial Financing Program Note described in (1) above, a copy of which is attached as Exhibit C-1 to the Distributorship Agreement. The interest rate will be the same rate as under the note for the Standard Initial Financing Program.

Matco financing will not be offered to all prospective Distributors, but only to those that meet Matco's qualifications. Also, even in situations in which Matco offers financing, Matco is not required to offer financing to cover the full cost of the initial inventory and the Initial Franchise Fee, but may offer financing for a lesser amount. Factors such as your qualifications and creditworthiness (and your Principal Owner's qualifications and creditworthiness) will affect the level of financing that might be offered.

(22) In some states, the maximum interest rate may be less than the amount stated in the chart due to state lending laws.

Notes for Bridge Loan Financing:

(23) Matco understands that some Principal Owners may wish to utilize part or all of their existing 401(k) or IRA funds to invest in a Distributor or a Matco Tools Distributorship, and that there are companies that administer and facilitate those sorts of transactions. Matco does not require or encourage prospective Distributors or Principal Owners to utilize 401(k) or IRA funds, nor does it require or endorse any specific provider or administrator. However, if a Distributor utilizes this type of investment financing, Matco is willing to consider providing a bridge loan to a qualified Distributor, as described in this Item 10. If the Distributor will be using a Principal Owner's 401(k) or IRA funds for all or a portion of the Distributor's initial start-up costs, Matco may provide a bridge loan. The bridge loan will be provided as a short term loan to the Distributor to allow it to pay a portion of the initial investment before it receives funds from a Principal Owner's 401(k) or IRA. While the loan will accumulate interest, there will not be weekly, semi-monthly or other periodic payments. The full amount of the loan, with accrued interest, (sometimes referred to as the "balloon payment") will be due 90 days after the effective date of the bridge loan. The interest rate will be the same rate as under the note for the Standard Initial Financing Program, and the promissory note is the same form of Note used as part of the standard financing program. If you are interested in this bridge loan financing, please advise Matco as there may be other processes or procedures to follow, established by the third party and/or the third party and Matco. You and your Principal Owner must follow precisely the rules and procedures established by the third party and Matco.

(24) The amount of the bridge loan will not exceed $100,000, and will only be available to finance the start-up costs and working capital amounts that are greater than the Matco standard loan of $80,000.

(25) The interest rate will be the same rate as under the note for the Standard Initial Financing Program.

(26) There is no weekly, monthly or periodic payment, but the payment of the full amount due, with interest, is due in a lump sum, or "balloon" payment. By way of example only, if a Distributor received a $100,000 loan at 7.25% for 90 days, the payment due to Matco at the end of the term will be $101,787.67. If the same $100,000 loan was financed at 9.25% over 90 days, the balloon payment would be $102,280.82.

(27) If you fail to pay the full amount of the balloon payment, this will be a default under this bridge loan, and all other loans or notes with Matco or its affiliates. All funds, from the bridge loan and all other loans and notes will be accelerated and become due immediately.

Notes for Mobile Store Upgrade Financing Program

(28) Matco's Mobile Store Upgrade Financing Program enables qualified distributors to finance between $5,000 and $20,000, which may be used for upgrades that a Distributor chooses to make to a Mobile Store when the Distributor renews an existing Distributorship Agreement for a new term. The Mobile Store Upgrade Financing Program will be evidenced by an installment promissory note (the "**Mobile Store Upgrade Financing Program Note**," which may also be referred to as a "**Note**"), a copy of which is attached to the Distributorship Agreement as Exhibit S-1. This Note is substantially similar to the Note that is used in connection with Matco's Standard Initial Financing Program, except that Matco has the option to require a Distributor to enter into a Security Agreement in connection with the Mobile Store Upgrade Financing Program Note,

depending on the qualifications of the Distributor and other considerations. The Security Agreement is attached to Matco's Distributorship Agreement as Exhibit S-2.

The Note provides for weekly payments of principal and interest at an annual interest rate that will be fixed at 4.99%. Loan maturities may range from one to five years. Typical weekly payments are below:

Loan Amount	Interest Rate	Loan Maturity	Weekly Payment
5,000	4.99%	1 year	$98.61
10,000	4.99%	3 year	$69.05
15,000	4.99%	5 year	$65.21
20,000	4.99%	5 year	$86.95

You will be in default under the Mobile Store Upgrade Financing Program Note if: (a) any installment of principal or interest on the Mobile Store Upgrade Financing Program Note is not paid when due or upon demand as provided for in the Mobile Store Upgrade Financing Program Note; (b) you fail to pay your debts as they mature; (c) you default under the Distributorship Agreement or any other agreement, note, lease, or contract between you and Matco, or if any such agreement is canceled; (d) you cease operating the Distributorship or the Distributorship is dissolved, terminated, insolvent, or ceases operations; or (e) if collateralization is required by Matco, and you fail to (i) have the Note fully collateralized (as reflected in the Security Agreement, described below) at all times or (ii) provide evidence of full collateralization, upon Matco's request.

If you default under the Note, the principal balance and all accrued interest will become due and payable without demand. You and any endorsers or guarantors of the Note must waive demand, protest, presentment, notice of protest and non-payment or dishonor, and must also waive any and all defenses on the grounds of any extensions or partial payments which may be granted or accepted by Matco.

The Note must be guaranteed by you or another person acceptable to Matco. If so required by Matco, you must also sign a Security Agreement (Exhibit S-2 of the Distributorship Agreement) granting Matco a security interest in your Mobile Store.

The Mobile Store Upgrade Financing Program will not be offered to any prospective Distributors, and it will only be offered to a limited number of renewing Distributors that meet Matco's qualifications. Also, even in situations in which Matco offers financing, Matco is not required to offer financing to cover the full cost of the upgrades that a Distributor chooses to make to a Mobile Store upon renewal, but may offer financing for a lesser amount. Factors such as your qualifications and creditworthiness will affect the level of financing that might be offered, and whether Matco requires your Note to be collateralized.

(29) In some states, the maximum interest rate may be less than the amount stated in the chart due to state lending laws.

(30) In addition to your obligation to pay the principal balance and accrued interest on a Note in the event you are in default, you may also be liable for a default under your lease with a third party for the Mobile Store. For example, under the current Mobile Store leases with Trans Lease, Inc., a current supplier and lessor of Mobile Stores, if a Distributor is in breach of any terms of any agreement with Matco, including the Distributorship Agreement or a promissory note, that default

may be a default under the Mobile Store lease, which can result in financial penalties and/or a surrender or repossession of the Mobile Store. You should review your lease documents with the lessor carefully.

Installment Contracts (Purchase Security Agreements)

In addition to the financing programs described above, Matco offers four customer installment financing programs to qualified Distributors. The purpose of these programs is to allow you to offer installment financing to your customers in amounts that are beyond your capacity to carry as Time Payment accounts. If you qualify to participate in the customer installment financing program, you may sell Products to your qualified customers pursuant to an installment sale contract (which is referred to as a purchase money security agreement or purchase security agreement (or "**PSA**")), Matco will finance the purchase and accept assignment of the installment contracts under the terms and conditions of the Matco Purchase Security Agreements/Credit Assignment Agreements. Copies of these agreements are attached as exhibits to this Disclosure Document. Matco may consider one or more of the following factors when evaluating the qualifications of a Distributor for a Purchase Security Agreement and/or the terms under which Matco will purchase a customer's installment contracts from a Distributor: (a) the Distributor's purchase average, (b) the Distributor's payment history on its Open Purchase Account, (c) the value of the Distributor's PSA contracts as compared to cash payments on the Distributor's Open Purchase Account, (d) the Distributor's collection percentage from PSA accounts, (e) the customer's collection history, and (f) the customer's current and past credit history. Customers who are not U.S. citizens and/or may not possess social security numbers may not qualify for financing under the installment contract/PSA program.

Matco offers several forms of recourse and non-recourse Purchase Security Agreements/Credit Assignment Agreements to Distributors.In addition to its standard recourse agreement, which is contained in Exhibit J, Matco will permit Distributors to offer PSA contracts to customers who do not qualify for Matco's standard non-recourse PSA because of low credit scores or because of limited or no established credit. One program, which we refer to as the "**Tech Start**" program, can be offered to an applicant who does not qualify for Matco's standard non-recourse PSA and who has limited or no prior established credit (or whose Principal Owner has limited or no prior established credit). This PSA program would finance a Product purchase of not less than $500 and not greater than $1500 up to a 12-month payment term and would include a provision for up to 100% recourse to the Distributor, but is currently offered at 50% recourse. Financing for additional purchases under this PSA program would be considered after 6 months of timely payments by the applicant. A second program, which we refer to as the "**Tech Assured**" program, can be offered to an applicant who does not qualify for Matco's standard non-recourse PSA and who has a challenging credit history but is seeking to rebuild its credit score (or whose Principal Owner has a challenging credit history but is seeking to rebuild her or his credit score). This PSA program would finance a Product purchase of not less than a $500 minimum, and not greater than $1500 up to a 12-month payment term and would include a provision for up to 100% recourse to the Distributor, but is currently offered at 50% recourse. Financing for additional purchases under this PSA program would be considered after 6 months of timely payments by the applicant. A third program, which we refer to as the "Tech Advantage" program provides for a Product purchase credit limit of up to $6,000 with no down payment, and a payment term of up to five years at an interest rate of 23.99%. The Tech Advantage program also includes a provision for up to 100% recourse to the Distributor. You are also not eligible to offer the PSA Tech Start, Tech Assured, and Tech Advantage programs to your customers within the first year of your Distributorship. In addition, the Tech Advantage program is not available to distributors in Puerto Rico. If you take advantage of the Supplemental Financing "A" or "B" programs, you will not be eligible to offer the Tech Start, Tech Assured, or Tech Advantage PSA programs to your customers until your supplemental Note is paid in full.

Under these forms of credit assignment agreements, upon acceptance of assignment of the customer's installment contract, you will receive a credit corresponding to the value of the net amount financed, less a reserve charge, to your Open Purchase Account. This credit will be posted within 48 hours of the acceptance of a contract assignment by Matco.

Under the current form of non-recourse credit assignment agreement, the price paid by Matco to you for acceptance of the assigned installment contracts will not be less than 85% of the net cash price (although Matco's current practice is to assign installment contracts at 91% of the net cash price). (Net cash price is the price paid for the product, plus sale taxes, less any down payment paid in cash.) However, Matco may not accept assignment of any installment contract if the sale price exceeds the product's list price. Depending on the amount financed of your promissory note, a percentage up to 5% of your PSA credit may be applied to reduce the principal on any outstanding Matco promissory note. Matco will release you from all liability for the installment contracts, subject to certain exceptions described in the agreement, and provided that you comply with the terms and conditions of the agreement. Under the Purchase Security Agreement/Credit Assignment Agreements, you must collect money owed by customers and remit the money to us. If you do not remit the full amount collected in a timely fashion, we may charge you an administrative fee, currently set at $25 per occurrence, per contract, for delinquent or insufficient payments, or inaccurate reporting, as consideration for, among other things, Matco's time and efforts in collecting monies, additional correspondence with you, credit bureaus and others, and administrative time and costs to correct data.

Under the Tech Advantage program, the price paid by Matco to you for acceptance of the assigned installment contracts is 97% of the net cash price of the installment contracts. However, Matco may not accept assignment of any installment contract if the sale price exceeds the product's list price. The 3% deduction from the full net cost price of the assigned installment contracts is a charge payable to Matco as assignee of the assigned installment contracts.

Matco may from time to time modify the customer installment financing programs described above or may develop additional customer installment financing programs that may be recourse or non-recourse credit assignments, and/or may be available only to Distributors who (a) qualify to participate; (b) have a minimum level of experience as a Matco Distributor; and (c) are in compliance with their Distributorship Agreement. Currently, however, the only Purchase Security Agreements available are those described above. Matco expects that if a new installment financing program is developed and offered in the future, participation in any such program will be voluntary.

*   *   *

Distributors that receive financing from Matco must: (a) prepare and submit annual budgets for their Distributorships to Matco, in the form Matco specifies, which contain estimates for the following year; (b) conduct a physical inventory in MDBS upon request, but not less than once every 12 months on the anniversary date of your Distributorship Agreement or at least every 6 months if you have a Note under the Supplemental Financing "A" or "B" programs; and (c) submit any other reports in the form and manner Matco specifies.

Matco and/or its affiliates have in the past sold, and may in the future sell, assign, or discount, with limited recourse, certain accounts and notes receivable. To the extent the notes, contracts, or other instruments require Matco to provide services to you, Matco will remain liable to provide such services. However, the third party to whom the note, contract or other instrument is assigned may be immune under the law to defenses to payment you might have against Matco.

Except as set forth above, Matco and its affiliates (a) do not directly or indirectly offer or arrange any financing, (b) do not receive direct or indirect payments for placing financing, and (c) do not guarantee your obligations to third parties.

(11) FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, Matco is not required to provide you with any assistance.

Assistance Prior to Opening. Prior to beginning business under your Matco® Distributorship, Matco is required to provide you with the following:

(A) Matco will provide you with a List of Calls (see Article 1.2 and Exhibit A of the Distributorship Agreement). The List of Calls is your territory. We sometimes refer to the List of Calls in the Distributorship Agreement as a "protected territory." The List of Calls will be based upon a written survey of each shop listed where the shop manager or person in charge answers questions that may include, among other things: (i) whether a Matco Distributor may service the shop, (ii) how many mechanics, technicians, or other service professionals that purchase tools work in the shop, and (iii) whether the shop purchases tools for the shop and/or its mechanics, technicians, or other service professionals. Matco designates a List of Calls by identifying a minimum of approximately 325 Potential Customers, which include the mechanics, technicians, or other service professionals who work at the business, as well as the business itself, in cases where the survey shows that the business also purchases tools of the type offered or sold by Matco or its distributors, either for itself and/or for its employees. Matco will provide a 225 Distributor with at least 225 Potential Customers on the List of Calls, and ETDs will have additional Potential Customers in excess of 325.

If you wish to modify your List of Calls, including by adding a location or Potential Customers, you must submit a written request to Matco identifying the proposed changes to the List of Calls with an explanation for how the proposed changes to the List of Calls will help you achieve and meet Matco's Customer Service Standards.

As described in the Distributorship Agreement, Matco defines a "**Potential Customer"** as business locations where professional mechanics, technicians and other service professionals operate and purchase tools and related products for their own use. Matco cannot promise or guaranty that each Potential Customer will purchase Products or will become a customer, or that due to economics, demographics or other reasons, the number of actual or Potential Customers, and/or the businesses identified on the List of Calls, will not increase or decrease after the date of the Distributorship Agreement. Actual or Potential Customers may or may not be U.S. citizens and may or may not possess social security numbers. Matco is not required to assess, and is not responsible for assessing, whether the actual or Potential Customer is a U.S. citizen. You will operate as a mobile distributor and will not have a specified place of business. It is generally expected that your Mobile Store will be returned to, and parked at your Principal Owner's residence each evening, that the computer will be at your Principal Owner's residence, and that you will otherwise operate the Distributorship from your Principal Owner's residence. Matco estimates that the length of time between the date you sign the Distributorship Agreement and the date you begin operating your Matco® Distributorship will be between 20 and 45 days, depending on how quickly you can complete training and obtain the Mobile Store, inventory, equipment and supplies needed to begin operations.

(B) Matco will provide you with the use of a copy of the Manual (see Article 3.10 of the Distributorship Agreement). Matco reserves the right to provide the Manual electronically or in an electronic or computer-readable format, for example, via the Matco Distributor Business System, or another method, or on a CD. Following is the Table of Contents of the 255 page Manual:

Total Pages

(1)	Getting Your Business Started on a Sound Foundation	25
(2)	How to Become a Successful MATCO Distributor	14
(3)	Customer Service and Special Order Departments	32
(4)	Tool Boxes	24
(5)	Commercial Financial Services	41
(6)	Sales Basics for the Tool Business	47
(7)	Providing Your Customers with Excellent Service	13
(8)	Financial Management	30
(9)	Getting Started – Day 1	29

(C) Matco will provide your Principal Owner with at least 50 hours of mandatory initial classroom training (the "**Matco Business System Training (MBST) Program**") at Matco's corporate offices in Stow, Ohio, or at such other location as may be designated by Matco (see Article 3.8 and Article 4.1 of the Distributorship Agreement). Your Principal Owner must successfully complete the Matco Business System Training (MBST) Program before operating your Distributorship. The Matco Business System Training (MBST) Program will include classroom instruction on Matco's Business System, the Customer Service Standards, and basic business procedures, including purchasing, selling and marketing techniques, customer relations, basic computer operations and other business and marketing topics selected by Matco. Matco will instruct attendees using the lecture method, video recordings, computer-based training modules, and interactive video courses. The Matco Business System Training (MBST) Program is Phase 1 of Matco's required training.

Matco also makes the MBST Program, as well as the MBSCT Program (described below), available to any Operator or other employee that you may choose to hire. In order to preserve, protect and enhance the Matco Tools brand and Marks, and to assure a uniform customer experience and operations that comply with the Business System standards, Matco recommends that any Operator or other employee must either satisfactorily complete Matco's training programs or that you deliver a similar training experience to the Operator. Matco may require that you certify, upon Matco's request, that any Operator or other employee has been trained in, and is knowledgeable regarding, all of Matco's standards and operating requirements.

(D) In addition to the MBST Program, Matco also offers the "**Matco Business System Continuation Training (MBSCT) Program**," which is Phase 2 of our training. Matco may also require your Principal Owner to attend and successfully complete at least 35 hours of mandatory continuation MBSCT classroom training at Matco's corporate offices in Stow, Ohio, or at such other location as may be designated by Matco (see Article 3.8 and Article 4.1 of the Distributorship Agreement) between your 2nd and 5th month in business. The MBSCT Program will include classroom instruction on intermediate business procedures, purchasing, selling and marketing techniques, customer relations, intermediate computer operations and other business and marketing topics selected by Matco. During the MBSCT Program, Matco will instruct attendees using the lecture method, video recordings, computer-based training modules, and interactive video courses. To attend MBSCT training, attendees must have successfully passed the Phase 1 MBST training course.

(E) The combined training time provided in MBST (Phase 1) and MBSCT (Phase 2) will be a minimum of 85 hours. This training, as described above, is mandatory and will take place at Matco's corporate offices in Stow, Ohio, or at such other location as may be designated by Matco (see Article 3.8 and Article 4.1 of the Distributorship Agreement).

The courses are as follows:

PHASE ONE TRAINING PROGRAM

SUBJECT	MINIMUM HOURS OF CLASSROOM TRAINING	HOURS OF FIELD (ON-THE-JOB) TRAINING[1]	LOCATION[2]
Introduction/ Corporate Information/ Building Tour	3 Hours	Not applicable	Matco's training facility in Stow, Ohio (see notes 1 and 2 below)
Introduction to the Tool Business	1 Hour	Not applicable	Matco's training facility in Stow, Ohio (see notes 1 and 2 below)
MDBS Software Set-Up & Loading	1 Hour	2 Hours	Matco's training facility in Stow, Ohio, and on your Mobile Store (see notes 1 and 2 below)
Open Purchase Account & Financial Management Tools	3 Hours	5 Hours	Matco's training facility in Stow, Ohio, and on your Mobile Store (see notes 1 and 2 below)
MDBS/Business Applications	20 Hours	38 Hours	Matco's training facility in Stow, Ohio, and on your Mobile Store (see notes 1 and 2 below)
Commercial Financial Services	3 Hours	8 Hours	Matco's training facility in Stow, Ohio, and on your Mobile Store (see notes 1 and 2 below)
Matco Product Knowledge	8 Hours	10 Hours	Matco's training facility in Stow, Ohio, and on your Mobile Store (see notes 1 and 2 below)
Sales Training (Package Selling and Show and Sell Bag Use)	10 Hours	10 Hours	Matco's training facility in Stow, Ohio, and on your Mobile Store (see notes 1 and 2 below)
Customer Service	1 Hour	7 Hours	Matco's training facility in Stow, Ohio, and on your Mobile Store (see notes 1 and 2 below)

PHASE TWO TRAINING PROGRAM

SUBJECT	MINIMUM HOURS OF CLASSROOM TRAINING	HOURS OF FIELD (ON-THE-JOB) TRAINING(1)	LOCATION(2)
Recap of Phase 1 Training	2 Hours	Not applicable	Matco's training facility in Stow, Ohio (see notes 1 and 2 below)
Open Purchase Account & Financial Management Tools	2 Hour	Not applicable	Matco's training facility in Stow, Ohio, and on your Mobile Store (see notes 1 and 2 below)
MDBS/Business Management	11 Hour	Not applicable	Matco's training facility in Stow, Ohio, and on your Mobile Store (see notes 1 and 2 below)
Sales Training (includes PSA, equipment, tool storage, diagnostics, planning, TP & cordless)	20 Hours	Not applicable	Matco's training facility in Stow, Ohio, and on your Mobile Store (see notes 1 and 2 below)

Notes:

(1) Field Training is described in more detail below under the heading "Assistance Provided by Matco during the Operation of the Business." Field Training is conducted under the supervision of Allen Plunk, Sr. Director, Sales, and may be conducted by a Matco regional or district business manager and/or one of the field instructors employed or otherwise retained by Matco. Each field instructor is a professional educator and has been trained by Matco for the purpose of training Matco's Distributors.

(2) Matco Business System Training (MBST) Program is conducted under the direction of Allen Plunk, Sr. Director, Sales. Mr. Plunk has been in his current position with Matco since January 2021. He has been with Matco since June 1998, starting as a District Manager, and he has more than twenty years of experience in relevant fields. Training will begin after you sign the Distributorship Agreement. Matco usually conducts the Matco Business System Training (MBST) Program on a monthly basis, and it typically offers two classes per month. Matco expects that you or your Operator will commence training within two weeks of executing the Distributorship Agreement.

The Matco Business System Training (MBST) Program will be provided to your Principal Owner and your initial Operator (if applicable) at no cost, and is generally available within the one-month period before you begin operating your Distributorship.

We also do not charge any fees for the Matco Business System Continuation Training (MBSCT) Program, and this program is generally held between your 2nd and 5th month in business.

You are currently responsible for all expenses incurred by your Principal Owner and any other attendees during all classroom training programs, except for the following: (a) scheduled travel to and from Matco's headquarters and your Principal Owner's airport of choice for your Principal Owner and any Operator, and daily travel to and from Matco's headquarters and your Principal Owner's hotel, during the MBST Program (only Phase 1); and (b) four nights of lodging for the Principal Owner (one person) at the MBSCT Program (only Phase 2) (if such travel and lodging complies with the policies and procedures established by Matco from time to time). In order to ensure the availability of local lodging while attending the Matco Business System Training (MBST) Program, Matco has negotiated lodging and meal rates for your Principal Owner and any Operator. Lodging for the MBST Program and MBSCT Program (both Phase 1 and Phase 2) is currently located near Matco's headquarters, Cleveland Hopkins International Airport, and/or Akron-Canton Regional Airport, but we may designate alternative accommodations from time to time, at our option. The cost of the room and meals will be billed directly to your Open Purchase Account.

Any other charges incurred at the lodging facility will be due and payable directly to the facility at the time of checkout. In addition to lodging and meals, you will be required to pay all other expenses associated with attending the training, including travel and the salary, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance for any trainee who will attend the MBST Program or MBSCT Program (see Article 4.4 of the Distributorship Agreement). If your Principal Owner elects to bring her or his Business Partner to the MBST program, Matco will charge a flat fee in the amount of $295.00 for food, lodging and local transportation. Matco encourages all Distributors to bring their Business Partners to the MBST Program.

Matco is not obligated to provide the MBST Program (Phase 1) to the Principal Owners or any Operators of renewing Matco Distributors. However, the Principal Owners of renewing Distributors must successfully complete any supplemental training programs Matco may require to bring their Distributorships into compliance with Matco's then-current standards.

In addition, Matco will offer the MBST Program (Phase 1) to any new or replacement Operators that you hire (and, in rare cases, a new Principal Owner), subject to the availability of Matco's personnel, at time and place Matco designates. Matco will provide the MBST Program for your first or replacement Operator free of charge. However, for the second and additional Operators that you hire who will not be operating new Mobile Stores, we will charge our then-current weekly fee for the in-field portion of the MBST Program, which includes our travel, meal, lodging, and payroll expenses to send a trainer to you. Matco's current fee is $1,500 per week, but Matco may change this amount at any time. As noted above, you are responsible for your Principal Owner's and any Operators' travel, meal, and lodging expenses associated with attending the MBST Program, as well as all salary and fringe benefit expenses associated with sending your Principal Owner and any Operators to the MBST Program (see Articles 4.1, 4.2, and 4.4 of the Distributorship Agreement), and attending the MBST program.

Matco may schedule periodic meetings with Matco personnel and other distributors for additional training, Product updates and business seminars. Attendance at these meetings is voluntary.

(D) Matco will provide you with the standards and specifications for the Mobile Store and Matco-branded attire required by Matco for use in your Matco® Distributorship (see Article 3.6 of the Distributorship Agreement).

(E) Matco will provide you with the standards and specifications for the computer hardware and software required by Matco for use in your Matco® Distributorship (see Article 3.7 of the Distributorship Agreement); see also Items 5, 6, and 7 in this Disclosure Document. You must comply with Matco's standards and specifications for the computer hardware, software, and communications, and you must regularly update your computer hardware, software, and communications to comply with any new or changed standards and specifications. Currently and subject to change, you are required to purchase a new (unused and not refurbished) personal computer (a "laptop") meeting the exact requirements described in paragraph 4 of the Software License Agreement (Exhibit O to the Distributorship Agreement). The MDBS Software is designed to assist you in minimizing paperwork and in managing your route and List of Calls, handling inventory, receivables and order processing functions, and performing other tasks relating to operating the Distributorship. The MDBS Software performs numerous on-truck (Mobile Store) functions such as tracking of sales histories and accounts receivable, printing of receipts and PSA quotes, credit applications and contracts, inventory tracking, tool repair tracking support, credit management, order placement, tracking of customers' orders, Product pricing, sales and collection records, weekly activity reports, and feedback reports from Matco.

Matco provides computer software maintenance and support services Monday through Friday during the standard hours of 8:00 a.m. through 4:30 p.m., Eastern Time, at Stow, Ohio. Matco will from time to time review the MDBS Software for improved functionality and operating efficiency. Matco will make such improvements and enhancements as it deems appropriate and will provide you with the updated software and documentation necessary to make the improvements on your system. You will be required to update your computer hardware and software from time to time in order to maintain compliance with Matco's then-current standards. There are no contractual limitations on the frequency or cost of your updating obligations. You will be responsible for acquiring and maintaining the computer hardware and manufacturer's operating system software required to execute the MDBS Software. You will be responsible for handling all equipment hardware/warranty issues directly with the equipment manufacturers. Except for the MDBS Software, you will have sole and complete responsibility for: (a) your own computer hardware and software as well as the manner in which those systems are maintained, upgraded, and operated in order to maintain compliance with Matco's standards as they may be modified from time to time; (b) obtaining and maintaining access to the Internet through a subscription with an Internet service provider or a then-current technologically capable equivalent in accordance with Matco's standards; (c) the manner in which your systems interact with Matco's systems and those of other third parties; and (d) any and all consequences that may arise if your systems are not properly maintained, upgraded, and operated. Matco will have access to certain sales, inventory, and accounts receivable collection information from a Distributor's MDBS system. Matco uses this data to prepare and provide reports to a Distributor with key business statistics regarding the Distributor's business. All data provided by you, uploaded to Matco's system from your system, and/or downloaded from your system to the Matco system, is and will be owned exclusively by Matco, and Matco will have the right to use such data in any manner that Matco deems appropriate without compensation to you.

As described in Item 7, you may lease or purchase the hardware. The costs are estimated to be approximately, $2,700 to $3,400 to purchase the equipment. As described in Item 6, the annual computer maintenance and support charges are $645, or $1,045 if your computer does not satisfy the required configuration.

(F) Matco will provide you with the standards and specifications for the New Distributor Starter Inventory required by Matco for your Matco® Distributorship (see Article 3.3 of the Distributorship Agreement).

<u>Assistance Provided by Matco during the Operation of the Business</u>.

(A) Matco provides you with a designated trainer for a minimum of 80 hours of initial Field Training (see Article 4.2 of the Distributorship Agreement). The designated trainer may be a field instructor and/or a regional or district business manager. The designated trainer may ride with your Principal Owner or your initial Operator on sales calls. Topics covered during Field Training include selling and marketing techniques, customer relations, computer operations, product knowledge, inventory, and related topics. Further information concerning Field Training is given in the "Training Program" table above.

(B) Matco may provide you with additional training, product updates and business seminars (see Article 4.3 of the Distributorship Agreement). Your attendance at additional training sessions and business seminars is optional.

(C) Matco will, from time to time, advertise the Products in selected national and regional trade publications targeted toward the types of customers served by you and other Matco® Distributorships. Any such advertising is done at Matco's expense and under Matco's control.

(D) Currently, Matco makes available to you certain catalogs, promotional literature, and other sales materials at no cost. Other materials are available to you at a nominal charge to purchase at your option.

(E) You are not required to conduct any direct mail or media advertising programs for your Distributorship. However, if you determine that direct mail advertising would improve your business, Matco will, upon your request and at your expense, conduct direct mail marketing programs which will include mailings to Potential Customers on your List of Calls. The content, promotional offerings, number, timing, and frequency of the mailings will be determined by the mutual agreement between you and Matco. You must provide Matco with an updated and verified list of Potential Customers on your List of Calls including each Potential Customer's name, work location, and mailing address.

In addition, Matco may from time to time implement one or more promotional programs to enhance the brand, which may include a Matco-funded store opening giveaway program or other store opening promotional program. You must adhere to the guidelines that Matco establishes from time to time for such promotional programs, must devote your best efforts to such promotional programs, and must disseminate to Potential Customers all apparel or other items that Matco provides to you in connection with any giveaway promotional program.

(F) Any Website (as defined below) will be deemed "advertising" under the Distributorship Agreement, and will be subject to (among other things) Matco's approval. (As used in the Distributorship Agreement, the term "**Website**" means "one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including but not limited to the Internet, World Wide Web, social media and social networking sites (including but not limited to Facebook, Twitter, LinkedIn, Instagram etc.), blogs, vlogs, and other applications, etc. that the Distributor operates or authorizes others to operate and that refer to the Distributorship, the Marks, Matco, and/or the System.") In connection with any Website:

(1) Before establishing the Website, you must submit to Matco a sample of the Website format and information in the form and manner Matco may reasonably require.

(2) You may not establish or use the Website without Matco's prior written approval.

(3) In addition to any other applicable requirements, you must comply with Matco's standards and specifications for Websites as prescribed by Matco from time to time in the Manual or otherwise in writing. If required by Matco, you must establish your Website as part of Matco's Website and/or establish electronic links to Matco's Website.

(4) If you propose any material revision to the Website or any of the information contained in the Website, you must submit each such revision to Matco for Matco's prior written approval as provided above.

(5) In addition, Matco may from time to time establish specific policies regarding social media accounts or activity related to or connected with the Distributorship and which use or refer to, directly or indirectly, Matco or the Marks, that Matco determines appropriate for the System, The policies may include completion of training regarding social media. Matco may modify these policies as Matco determines is appropriate, including as available technologies and advertising methods change. You must comply with the standards and procedures developed by Matco for the network of Distributorships, in the manner directed by Matco in the Manual or otherwise, with regard to your authorization to use, and use of, blogs, common social networks (such as Facebook), professional networks (such as Linked-In), live blogging tools (such as Twitter), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools (together, "Social Media") that in any way references the Marks or involves the network of Distributorships or your Distributorship. In addition, in order to protect and control the Matco brand and the Marks, Matco must at all times have administrator rights over all Social Media accounts used by you in connection with the Distributorship and which use or refer to, directly or indirectly, Matco or the Marks, and for any such Social Media accounts Matco may, at its option and without notice or limitation, assume administration and control of such accounts.

(G) Matco provides end-user financing programs to your qualified customers (see Item 10 under "**Installment Contracts**").

(H) Matco provides support of your sales and servicing activities through its warranty and non-warranty service programs. Matco's warranty policy, which may change over time, provides, generally, that any Product that is branded with the "Matco" name is warranted against defects in materials and workmanship. Matco, or one of its authorized representatives, will, at Matco's option, repair or replace any tool or part that is subject to the warranty without charge, if the defect or malfunctioning tool or part is returned to Matco or its representative, shipping prepaid. There are certain limitations under the warranty, and you should read and understand the warranty policies. You must follow Matco's policies and procedures regarding returning tools for warranty claims. Among the procedures that you must follow is the requirement to send back the products with the appropriate paperwork, product specifications, codes and other required information. In addition, you must pay all freight and shipping charges to send the defective product to Matco. In most cases, Matco will pay the shipping and freight costs to send you a new or repaired tool, part or product.

Also, there are certain warranty service functions that you, as a Distributor, must perform. These include "in the field" repair of ratchets and toolboxes. You must purchase ratchet repair kits that range from $10 to $40 per kit. (Most of the kits are $10). You must return the defective part to Matco, and pay the shipping/freight charges. Matco will credit the cost of the ratchet repair kit upon return of the defective parts to Matco. Matco includes ratchet repair instructions on its website for Distributors. You (and your Principal Owner or other employee) are not compensated for your time to make these repairs.

You are also responsible to perform minor warranty repairs on toolboxes within your List of Calls, such as drawer slides, casters (wheels), trim and/or drawer replacement if needed. Warranty repairs are handled on a case-by-case basis after contacting Matco's Customer Service and/or Matco's toolbox manufacturing facility. There are no repair kits for toolboxes, and you are not required to purchase items to repair toolboxes under warranty.

Warranty repair service is the type of service that your customers expect from a Matco Distributor. Matco believes that it will help you build customer loyalty. You do not receive compensation from Matco for performing these services; however, Matco considers the cost of warranty service in setting discounts from the suggested retail price of the Products that it sells to Distributors. The amount of time expended by your Principal Owner or other employee on servicing your customers with warranty repairs will vary between customers. Matco reserves the right to change the warranties at any time which may result in additional warranty repairs for you.

(I) Matco provides shipments of Products to you, in accordance with the terms of the Distributorship Agreement (see Article 6 of the Distributorship Agreement).

(J) Matco provides periodic meetings with Matco personnel for your Principal Owner and Operator (and potentially other employees) for the purpose of additional training, Product updates, seminars, motivational programs, and group idea exchanges (see Article 4.3 of the Distributorship Agreement). These meetings are designed to support you in the growth of your business.

(K) Matco provides you with computer software and support services in order to facilitate your operation of the Distributorship and the performance of your (and your Principal Owner's duties) in connection with the Distributorship (see Article 3.7 of the Distributorship Agreement).

(L) Matco will make its then-current tool return policy available to you. The current policy provides that during the term of the Distributorship Agreement or after its expiration or termination, you may return for credit to your Open Purchase Account any eligible Products purchased from Matco and listed in the then current Matco Tools Price List, excluding special order and high obsolescence electronic products. You must pay for the packaging and shipping of such Products to Matco. The current tool return policy specifies that the tools and other products that are eligible for return for credit are new, unused, and not abused products that are in saleable condition, and in their original packaging. The products returned must be on the current inventory list and cannot be discontinued items. Matco generally tries to give Distributors at least 180 days' notice following an announcement that a product has been discontinued to return the product for credit. You may take advantage of the tool return policy at any time, such as if you have overstocked items, or wish to rotate or adjust the product mix in your inventory. Matco will credit your Open Purchase Account for the eligible returned Products less a restocking fee, which in most cases is 15% (of the original purchase price of the product). A good faith effort will be made by Matco to issue credit within 90 days of acceptance of the returned Products. The specific criteria for products that are eligible for return for credit is stated in Matco's tool return policy. Matco will revise its tool return policy at such times as it may determine, and will inform you in writing of any changes when made.

Neither the Distributorship Agreement nor any other agreement requires Matco to provide any other assistance or services to you during the operation of your Distributorship. As noted in Item 20 below, however, Matco has a policy under which it will offer Distributors a choice between $7,000 at list price in free tools or a tool box for the first successful referral, of a prospect who becomes a Matco distributor after the referral, with additional amounts of free tools or tool boxes for subsequent successful referrals within a 12-month period. Matco may modify this incentive policy from time to time.

Matco Distributor Advisory Councils

Matco does not have an advertising fund into which a Distributor must contribute, and Matco does not have local or regional advertising cooperatives in which Distributors are required to participate. Matco has a Matco Distributor Advisory Council ("**MDAC**") system to foster and enhance communications between Distributors and Matco. The MDAC system is a strictly voluntary system, with MDACs at the district and regional level. MDAC representatives meet periodically with each other, with Distributors, and with Matco managers and executives to discuss a variety of system issues. Matco Distributors are not required to participate or pay any dues or other financial contributions.

(12) TERRITORY

Distributorship Agreement

You, your Principal Owner, and any Operator/employee will only be allowed to operate your Distributorship within a territory defined by a List of Calls (Exhibit A to the Distributorship Agreement.). The Distributorship Agreement sometimes refers to this as a "protected territory," which is subject to the terms and conditions described in the Distributorship Agreement and disclosed in this Item 12. The List of Calls identifies the current number of Potential Customers at each business location on the List of Calls. Prior to establishing your List of Calls, Matco will conduct a survey of various prior Matco Distributor routes and potential new Distributor routes to determine a suitable List of Calls that contains, as of the date of the Distributorship Agreement, a minimum of 325 Potential Customers, the location of which will be identified on the List of Calls. Matco provides no assurance that the Potential Customers will actually become your customers, or that due to economics, demographics or other reasons, the number of actual or Potential Customers, and/or the businesses identified on the List of Calls, will not increase or decrease after the date of the Distributorship Agreement. Matco is under no obligation to supplement the List of Calls with additional stops or Potential Customers in the event the number of Potential Customers declines.

You must not operate the Distributorship or sell any Products at any location not identified on the List of Calls; or sell any Products to any entity, person, or business that is not located at an address identified on its List of Calls; or sell any Products to any person who does not work at a business that is located at an address identified on your List of Calls, even if that Potential Customer or location is adjacent to, or near, a location on your List of Calls. In addition, you must not sell Products to any customer who moves to a location or business not identified on the List of Calls. Any sale to a person, entity or business that is located at an address that is not identified on your List of Calls, or any sale to an individual who does not work at a business that is located at an address identified on your List of Calls, when that customer is located in another distributor's "List of Calls," constitutes a material event of default under the Distributorship Agreement.

As noted above, the Distributorship is a business which operates principally from a vehicle, and which is authorized to resell the Products pursuant to a List of Calls. If, and for so long as, you are in compliance with the Distributorship Agreement, Matco will not operate, or grant a license or franchise to operate, a Matco mobile Distributorship that will be authorized to sell Products to Potential Customers at locations on your List of Calls (see Article 1.3 of the Distributorship Agreement).

Except for the rights expressly granted to you and provided in the Distributorship Agreement, Matco retains all rights to sell, and license or authorize others to sell, Products to any customers, at any location, and through any channels or methods of distribution. Without limiting the foregoing, Matco retains the following rights, on any terms and conditions Matco deems advisable, and without granting you any rights therein:

1. Matco (and any affiliates, licensees or franchisees of Matco, if specifically permitted by Matco in writing) will have the absolute right to sell the Products, directly or indirectly, or through non-mobile distributors, including commercial sales representatives, (A) to industrial customers, industrial accounts, and owners of vehicle repair businesses (including businesses, entities, governmental agencies, and others, even if located near a Potential Customer or business on the List of Calls, who (i) have central purchasing functions, or (ii) may purchase and/or acquire special order products designed for multiple-party use, which are not included as part of Matco's regular or special purchase inventory list, or (iii) may purchase Products through a bidding process, such as railroads, airlines, manufacturers, governmental agencies and schools, (B) to industrial and multiple-line and multiple brand wholesale distributors who may resell such Products to any potential purchaser or customer, including your customers, and (C) to vocational training schools and programs, and to the students and employees of those schools and programs.

2. Matco (and any affiliates, licensees or franchisees of Matco, if specifically permitted by Matco in writing) will have the absolute right to sell the Products through (A) catalogs, (B) any current or future means of electronic commerce, including the Internet and Matco's Website (and including social media), and downloading and other electronic delivery of software applications and other products and services, and (C) at special and/or temporary venues (including race tracks, and other motor sports events).

3. Matco, and affiliates of Matco, may manufacture and/or sell products that are the same as or similar to the Products, and Matco's affiliates may sell such products directly, or indirectly through wholesalers, suppliers, distributors or others, to Potential Customers who are the same as or similar to your Potential Customers and actual customers on your List of Calls. Matco has no control over the sales or distribution methods or operations of its affiliates, and Matco has no liability or obligations to you due to any sales or distribution activities of Matco's affiliates. However, currently, neither Matco nor its affiliates have any plans to operate a franchise system under different trademarks that offer the same or similar products.

The Distributorship Agreement grants you the limited right to sell Products through the Distributorship, as described in the Distributorship Agreement. All sales of Products must be from the Mobile Store and not from any other location or through any other sales or distribution channels. For example, you must not sell the Products through (A) mail orders, telephone orders, and the use of catalogs distributed to potential customers, (B) any current or future means of electronic commerce, including the Internet (such as websites like Amazon or social media like Instagram) and Matco's website, and downloading and other electronic delivery of software applications and other products and services, and (C) at special and/or temporary venues (including race tracks, and other motor sports events). Further, all sales of Products must be to end-users, and not for the purpose of resale or to any person or entity who will or may, or who Distributor suspects will or may, resell such Product, through any channel of distribution. In the event Distributor or the Principal Owner knows of, learns of, or suspects that any person or entity is reselling or may resell any Products, the Distributor shall cease all future sales to such person and report such sales or suspicion to Matco.

Currently, Matco sells the Products through its commercial sales department and commercial accounts program which is described in Item 1. Matco also sells Products to the vocation school market (see Item 1). Except as set forth in Article 1.3, Article 1.4, and Article 3.4 of the Distributorship Agreement, there are no contractual limitations on the ability of Matco or any affiliate to establish other franchises or company-owned outlets or other channels of distribution selling or leasing similar products or services under the Matco® trademark or a different trademark. Matco will have no liability or obligation to you if any customer or Potential Customer of yours purchases or receives Products through any method or channel of distribution described above, or otherwise reserved to Matco. Further, Matco has in the past granted (A) distributorships that do not have any territorial restrictions or limitations on the distributor, and (B) distributorships that have territories in which the Distributor is not limited to selling Products to a specified number of customers. Matco will use its best efforts to deter such distributors, and other distributors, from selling Products to Potential Customers on the List of Calls, but Matco cannot and does not provide you with any guaranty or assurance that such distributors will not offer and sell Products to your customers.

As discussed above, you will be granted a List of Calls and a designated number of Potential Customers. While we do not intend to grant any other Distributor the right to sell directly from its mobile store to your Potential Customers or List of Calls, you will not receive an exclusive territory. As discussed above, Matco has reserved certain rights to offer and sell products, and you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The continuation of your rights to sell Products to Potential Customers under the Distributorship Agreement is dependent on, and Matco may terminate the Distributorship Agreement if you fail to:

(A) at all times maintain a minimum inventory of Products sufficient to meet your obligations to promote and sell a full line of Matco Products and to meet the expectations and needs of your existing and potential Customers, especially in terms of product availability and timeliness of delivery.

(B) on average, on a weekly basis, sell Products in an amount that meets or exceeds (a) 80% of the National Distributor Sales Average achieved by Distributors in the United States ("NDSA"), or (b) 80% of the District Distributor Sales Average ("DDSA") for a Distributor's district, whichever is less, based on your 12-month rolling average, or, if you have been operating the Distributorship for less than 12 months, based on your year-to-date average. As discussed in Item 8, your sales average will be based on the sales of all Products from your Distributorship as you report them through the MDBS, or Matco's then-required operating system. The NDSA is determined by dividing the total number of active Matco Distributors in the United States for any given weekly period during a calendar year into the year-to-date total dollar amount of qualifying Products sold by the Distributors. The DDSA is calculated in a similar manner as the NDSA, except the comparison group includes only Distributors in your district;

(C) maintain a minimum of a 60% ratio of a calculation of your year-to-date product purchases divided by your year-to-date sales;

(D) comply with the "Customer Service Standards" that we designate from time to time, which contemplate that your Principal Owner or other employee will make weekly sales calls.

For information regarding terminated and former Distributors, please see Item 20 (but note that the list of Distributors that were cancelled or terminated, or otherwise left the system, includes Distributors who voluntarily or involuntarily "separated" for reasons other than failure to attain 80% of the National Distributor Sales Average) or 80% of your District Distributor Sales Average, whichever is less.

If you wish to modify your List of Calls, including by adding a location or Potential Customers, you must submit a written request to Matco identifying the proposed changes to the List of Calls with an explanation for how the proposed changes to the List of Calls will help you achieve and meet Matco's Customer Service Standards.

You will not have the right or option to acquire additional Distributorships without written approval from Matco's Director, Franchise Program Development & Compliance. If you seek to acquire an additional

Distributorship, you must be in compliance with your Distributorship Agreement and all Matco policies, including compliance with the Distributor Plus Guidelines. In addition, you may have an ownership interest in a maximum of five Distributorships.

The 225 Program

New and existing Distributors who sign "225 Amendments" will operate their Distributorships by offering and selling Products exclusively at those locations identified on the List of Calls set forth in the 225 Amendment. There will be a minimum of 225 Potential Customers on the List of Calls. As long as you are compliant with the Distributorship Agreement and the 225 Amendment, Matco will not operate, or grant a license or a franchise to operate, a Matco mobile distributorship that will be authorized to sell Products to any Potential Customers or actual customers at locations identified on your List of Calls. Matco retains all other rights. See the discussion of Matco's reserved rights above in this Item 12.

To maintain their right to sell Products to Potential Customers, new Distributors who sign 225 Amendments must:

(A) at all times maintain a minimum inventory of Products sufficient to meet your obligations to promote and sell a full line of Matco Products and to meet the expectations and needs of your existing and potential Customers, especially in terms of product availability and timeliness of delivery.

(B) on average, on a weekly basis, sell Products in an amount that meets or exceeds the percentage of the NDSA and DDSA identified in their 225 Amendments. A 225 Distributorship will be subject to a lower NDSA or DDSA compliance target that is proportional to the reduction in the number of Potential Customers (which will be approximately 75% to 85% of the required 80% of the NDSA or DDSA requirement). For example, if Exhibit A to the 225 Amendment lists 250 Potential Customers, then the percentage for calculating compliance with the NDSA or DDSA would be 250 ÷ 325 = 76.92%. By rounding to a whole number, the percentage is 77%. And, 77% of 80% is equal to 61.6%. Assuming that the actual NDSA or DDSA was $7,000, the Distributor would be obligated to generate year-to-date gross sales equal to 61.6% of the NDSA or DDSA, which would be 61.6% of $7,000, which equals $4,312.

(C) maintain a minimum of a 60% ratio of a calculation of the Distributor's year-to-date product purchases divided by your year-to-date sales;

(D) comply with the "Customer Service Standards" that we designate from time to time, which contemplate that your Principal Owner or other employee will make weekly sales calls.

Existing Distributors (that signed Distributorship Agreements before March 10, 2014) who convert into 225 Distributors will not be subject to the NDSA or the DDSA. However, they will be subject to the terms and conditions of their Distributorship Agreements, which will include compliance with the Distributor purchase average performance requirement (as modified, proportionally, for the reduced number of Potential Customers). The standard forms of Matco 225 Amendment for new and existing Distributors are attached in Appendix L to this Disclosure Document.

Enhanced Territory Distributorships

From time to time, Matco may grant an existing Distributor an ETD with a List of Calls that includes more than 325 Potential Customers. Most of the aspects and elements of a Distributorship will apply to an ETD, except as stated below. To maintain its right to sell Products to Potential Customers in connection with an ETD, the Distributor must comply with the following additional terms and conditions:

(A) There will be a greater number of Potential Customers on the List of Calls.

(B) The required initial inventory will be greater than that of a standard Matco Distributorship (approximately $69,000 to $126,960, depending on the minimum number of Potential Customers, but generally $99,360).

(C) The ETD Distributor will be subject to a higher National Distributor Sales Average (or "NDSA") or District Distributor Sales Average (or "DDSA") compliance target. By way of example, if an ETD Distributor is granted 545 Potential Customers, then the percentage for calculating compliance with the NDSA or DDSA would be 545 ÷ 325 = 167.69%. By rounding to a whole number, the percentage is 168%. And, 168% of 80% is equal to 134%. If the actual NDSA or DDSA for the most recent fiscal year end was $4,000, the Distributor would be obligated to generate gross sales equal to 134% of the NDSA or DDSA, which would be 134% of $4,000, which equals $5,360.

(13) TRADEMARKS

You are licensed to operate your business under the name "Matco® Tools." You are also authorized to use the logo which appears on the cover page of this Disclosure Document. You may only use Matco's trademarks in the manner authorized in writing by Matco. You will not have the right to sublicense, assign, or transfer your license to use the Matco trademarks. You may not use the Matco trademarks as part of your corporate or other legal name, or as part of any e-mail address, domain name, or other identification of you or your business in any electronic medium. You must use the Matco trademarks only in the form and manner and with the appropriate legends as prescribed from time to time by Matco.

The following is a list of the trademark and service mark registrations of Matco's primary trademarks on the principal register of the United States Patent and Trademark Office (or applications on file on the Principal Register):

Mark	Registration No./ Serial No.	Registration Date/ Filing Date
MATCO	1,101,947	September 12, 1978
MATCO	1,115,963	April 3, 1979
MATCO	239,210	January 18, 1980
Eagle Head in Hexagon	1,147,518	February 24, 1981

There are no currently effective material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, or the trademark administrator in any state or any court, no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving these trademarks which limit or restrict their use in any state.

There are no agreements currently in effect which significantly limit the rights of Matco to use or license the use of these trademarks in any manner material to you. To the knowledge of Matco, there are no infringing uses which could materially affect your use of the licensed trademarks or other related rights in any state. Matco is obligated under the Distributorship Agreement to protect the rights which you have to use Matco's trademarks and other related rights and to protect you against claims of infringement and unfair competition with respect to the trademarks. However, if anyone establishes to Matco's satisfaction that its rights are, for any legal reason, superior to any of Matco's trademarks, trade names or service marks, then you are required to use such variances or other service marks, trademarks or trade names as required by Matco to avoid conflict with such superior rights.

(14) PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

While Matco and/or Danaher subsidiaries own or may own design patents and/or utility patents on tool chests and possibly other products that might be sold by a Distributor, there are no patents that are material to the Distributorship.

Copyrights

Matco filed for, and received, a United States copyright for its Matco Distributor Business System (the MDBS Program, referred to in Item 5 above). The registration number is TX 2-495-161, and it was made effective on July 5, 1988. Matco also filed for, and received, a Canadian copyright for the MDBS Program. The Canadian copyright is titled "Computer Program for Aiding Distributors in the Distribution of Matco Tools." The Canadian registration number is 437486, and it was made effective on October 18, 1994.

Matco has copyrighted advertising materials and designs, training films, workbooks, the Manual, and items relating to the operation of Matco® Distributorships. Other than the MDBS Program, Matco has not applied to the United States Copyright Office to register its copyrights.

There are no infringing uses actually known to Matco that could materially affect your use of any copyrighted material supplied by Matco in any state. There are no determinations of the Copyright Office or any court, no pending interference, opposition or cancellation proceedings, nor any pending material litigation involving such copyrighted materials which are relevant to their use in any state. There are no agreements currently in effect which significantly limit the rights of Matco to use or license the use of these copyrighted materials in any manner material to you.

Confidential Operations Manual

In order to protect the reputation and goodwill of Matco and to maintain operating standards under the System and the Marks, you must conduct your business in accordance with the terms of the Distributorship Agreement and in compliance with the provisions of the Manual and any written directives issued by Matco.

Confidential Information

In addition to the Manual, Matco will provide you with other confidential business information and proprietary materials which relate to the operation of the Distributorship business. You must keep confidential, during and after the term of the Distributorship Agreement, the Manual and all such confidential business information and proprietary materials disclosed to you by Matco. You may not disclose the confidential information or proprietary materials to any person or use them for your benefit except in connection with the operation of your Distributorship business. You will be liable to Matco for damages caused by any breach of confidentiality.

(15) OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must use your best efforts to promote the sale of the Products and to provide service and warranty support to your actual and Potential Customers. You will be responsible for all aspects of managing the business including, but not limited to, extending credit, budgeting, monitoring and collecting time payment accounts, sales, purchases, and inventory management and control. You will have sole responsibility for all employment decisions and functions related to the business, including hiring, firing, compensation, benefits, work hours, work rules, record keeping, supervision and discipline of your employees.

You must use your best efforts to timely and accurately enter and maintain, in its entirety, all business pertinent data on the MDBS business system relative to the operation of the Distributorship, including but not limited to customer data, product data, sales, returns, warranty and payments. Transactions must be completed in strict compliance with Matco's standards, specifications and procedures, and any unauthorized adjustments, or non-compliant use or recordation of transactions (or failure to accurately record transactions) are prohibited.

As discussed in Item 12 above and in the Distributorship Agreement at Section 3.4, you must comply with our Customer Service Standards.

The Distributor must be a corporation, limited liability company, or other business entity. You must sign the acknowledgment attached to this Disclosure Document as Appendix E-2, which states that you understand and agree to this condition of owning a Distributorship.

The daily operations of the Distributorship must be conducted under the active full-time management of one Principal Owner who is designated on Exhibit P to the Distributorship Agreement, which may be through an Operator, employees, or otherwise. The Principal Owner must own at least a majority of the outstanding equity interests in you (at least 51%). The Principal Owner is the individual responsible for all communications between you and Matco, and the individual who has the right to enter into agreements on your behalf. The Principal Owner any other owners, as well as any other person whose assets are considered in any financing application, must sign the Guarantee, Indemnification, and Acknowledgment in the form attached to the Distributorship Agreement as Exhibit N. The Principal Owner must complete all training required by Matco. In addition, the Principal Owner, in connection with her or his duties in operating the Distributorship as an employee of Distributor, must comply with all of Matco's standards and requirements as they may be modified from time to time in the Manual or otherwise in writing. You may also designate a "Business Partner" who is one of your owners and who will assist the Principal Owner with aspects of operating the Distributorship

Matco will conduct a detailed criminal background check of all prospective Principal Owners. The prospective Principal Owner of the Distributorship must consent to the background check, or Matco will not proceed with the evaluation of the prospective Distributor's application. Matco will bear the cost of conducting the background check(s).

Matco typically will not grant a Distributorship to a Distributor with more than two owners. However, we consider each application on a case-by-case basis. Any individual who owns any ownership interest in the Distributor (including the Principal Owner) must be designated on Exhibit P of the Distributorship Agreement as an owner.

A high standard of customer service is the cornerstone of Matco's System, and that customer service standard typically involves a one-on-one sales and service relationship between a Principal Owner, operating from a Matco mobile distributorship, and a Potential Customer.

Although the Distributorship is contemplated to be primarily supervised by and operated by the Principal Owner, you may appoint an "**Operator**" as an additional employee of the Distributorship. The decision to hire an individual as an Operator is your decision alone. However, if you participate in Matco's financing programs, you must notify Matco in the event that you desire to hire an Operator to operate the Mobile Store, and you must obtain Matco's consent to hire an Operator. The Operator must meet Matco's educational, managerial, and operational experience and standards. If the Operator is a former Matco mobile tools distributor, the Operator must have been in good standing throughout the term of the Operator's distributorship agreement. Any individual who received a notice of termination from Matco, or who possessed an ownership interest in a distributorship that received a notice of termination from Matco, is deemed to not meet Matco's standards to be an Operator. You may also hire other employees, at your option.

You must agree to assure that all business information and materials disclosed to you and/or your Principal Owner or Operator will be kept confidential.

By executing a Distributorship Agreement with Matco, you are agreeing to establish and operate an independent Distributorship, the success of which depends on, among other things, your individual ability to operate your business, attract and retain qualified staff, and otherwise operate all phases of an independent business over which you will have substantial control. As an independent business owner, (i) the relationship created by the Distributorship Agreement is not a relationship between principal and agent, or that it is a fiduciary relationship; (ii) you are not Matco's employee and will not earn any wages, nor are you eligible for or receive any of the other benefits normally provided to employees, but rather your income will solely be the profits you earn from the operation of your Distributorship; (iii) Matco is not the employer or co-employer of any employee that you hire; (iv) all management, personnel, and training requirements are at your discretion and are your responsibility; (v) you are responsible for ensuring that your Distributorship operates in accordance with the law of the state, county, city, and town in which you operate; (vi) you alone are permitted to contract with your customers and that you are required to sign all contracts and agreements, including purchase agreements, using your independent business name; (vii) you are free to set the prices you charge your customers, so long as those charges comply with any and all policies we prescribe in the Manuals relating to maximum or minimum charges; (viii) your independent business judgment will be used to grow and develop your customer base within the defined List of Calls; and (ix) Matco is not liable for damages to any person or property arising directly, or indirectly, out of the operation of your Distributorship nor liable for any taxes, assessments, fines or penalties levied upon you or your Distributorship or arising out of your Distributorship.

(16) RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must not sell, offer for sale or distribute Products and other merchandise not purchased from Matco (or other designated suppliers) or approved by Matco or its affiliates except for items that are traded-in by your customers. To the extent you wish to sell, offer for sale, or distribute other products which you contend are ancillary to your Distributorship business, which are not competitive with any of the Matco Products, and do not diminish in any way Matco's reputation or good will (for example, hazardous materials or pornographic materials) you may request Matco's approval, by submitting to Matco, in writing, a description of those products with an explanation for why they are ancillary to the Distributorship business and are not competitive with existing Matco Products. You must not to sell, offer for sale or distribute any such products without Matco's prior written consent and you must discontinue the offer, sale, or distribution of any unapproved products immediately upon notice from Matco.

You must not operate the Distributorship or sell any Products at any location not identified on the List of Calls; or sell any Products to any entity, person, or business that is not located at an address identified on its List of Calls; or sell any Products to any person who does not work at a business that is located at an address identified on your List of Calls, even if that Potential Customer or location is adjacent to, or near, a location on your List of Calls. In addition, you must not sell Products to any customer who moves to a location or business not identified on the List of Calls. Any sale to a person, entity or business that is located at an address that is not identified on your List of Calls, or any sale to an individual who does not work at a business that is located at an address identified on your List of Calls, when that customer is located in another distributor's "List of Calls," constitutes a material event of default under the Distributorship Agreement.

If you wish to modify your List of Calls, including by adding a location or Potential Customers, you must submit a written request to Matco identifying the proposed changes to the List of Calls with an explanation for how the proposed changes to the List of Calls will help you achieve and meet Matco's Customer Service Standards.

You must also provide certain warranty service to your customers, including assisting Matco in honoring all warranties on Products. All Products are subject to the warranty and liability limitations of the written Product warranty of Matco. You must perform service on tools and equipment at the customer's place of business. In connection with certain warranty services, you will have to purchase repair kits from Matco and perform the repair service. (See discussion in Item 6 and Item 11 regarding repair kits for ratchets and other items.)

To the extent that you are not qualified to repair a Product, you must assist the customer in getting the Product to the proper repair facility. This service is of the nature, type, and scope that is expected by Matco customers, and that Matco and its distributors has pledged to provide. You will not receive compensation from Matco for the time spent by your Principal Owner or other employee to perform "in the field" warranty repairs because Matco considers the cost of warranty service in setting discounts from the suggested retail price of Products we sell to you. It is not possible for Matco to estimate the amount of time that you or your employees will be required to spend on warranty work to properly service your customers, and Matco may change the warranties it offers on Products and its service standards relating to Products at any time.

Provided that you comply with the Distributorship Agreement and the requirements of the System, Matco will not impose any other restrictions upon you as to the goods or services which you may offer or to the customers to whom you may sell. Matco does not impose any restrictions or requirements concerning the prices at which the Products or other goods or services may be sold by you.

(17) RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Distributorship Agreement and related agreements. You should read these provisions in the Distributorship Agreement attached to this Disclosure Document.

Provision	Section in Distributorship Agreement	Summary
a. Length of the franchise term	Article 2.1	10 Years
	Article 2.2	10 Years

Provision	Section in Distributorship Agreement	Summary
b. Renewal or extension of the term		
c. Requirements for franchisee to renew or extend	Article 2.2	You must give 180 days' notice, but not more than one year's prior notice; satisfy all material requirements of your current Distributorship Agreement; pay all amounts due to Matco; modernize your Matco Mobile Store and equipment; sign a new Distributorship Agreement (and this new agreement may have terms and conditions that are materially different from the original Distributorship Agreement) and pay the Successor Distributorship Fee; and sign a joint and mutual general release.
d. Termination by franchisee	Article 11.1 and 11.2	45 days' notice. If you terminate during an Initial Operating Period and otherwise satisfy the "Test Drive" program requirements in Item 5, have not failed to operate the business for more than 6 business days in total (or more than 3 business days during that Initial Operating Period), and agree (and your Principal Owner and your employees agree) to not engage in or work in the mobile tools business for 2 years, you may return new Products purchased through or from Matco for a refund of your purchase price and recoup a portion of the Initial Fee you paid (see Item 5 for details). You must also sign a release. This "Test Drive" termination right is available only for new Distributors and Principal Owners for their first Distributorship, and is not available to Conversion Distributors, former Matco employees, or Mobile Store Managers.
e. Termination by Franchisor without cause	Not applicable	Not applicable
f. Termination by Franchisor with cause	Article 11.3	Matco has the right to terminate your Distributorship Agreement if you are in breach of the Distributorship Agreement or any agreements entered into with Matco, fail to comply with Matco's Customer Service Standards, make an assignment for the benefit of creditors, face a proceeding in bankruptcy, attempt to assign or transfer without Matco's consent, abandon the Distributorship, either voluntarily or involuntarily or due to repossession of the Matco Tools Mobile Store and inventory, fail to make timely payments, refuse to perform a physical inventory if required by Matco, deny Matco access to audit books and records, or if one or more promissory notes under which you owe Matco money is cancelled, terminated, or accelerated due to your default.

Provision	Section in Distributorship Agreement	Summary
g. “Cause” defined – curable defaults	Articles 11.3 and 11.4	If applicable law does not specify a time period, you will have 30 days to cure a violation of any material provision of the Distributorship Agreement; you make an assignment for the benefit of creditors; a proceeding is instituted against you in bankruptcy or insolvency; you attempt to assign your Distributorship Agreement without Matco’s consent; or you fail to timely pay any amount due to Matco.
h. “Cause” defined – non-curable defaults	Article 11.5	You will not have a right to cure if you abandon your Distributorship; your Principal Owner is convicted of or pleads guilty to a gross misdemeanor or felony; your conduct, or your Principal Owner’s conduct materially impairs Matco’s marks or the System, including any fraudulent or deceptive actions; you refuse to allow Matco to audit your books; you or your Principal Owner have been found to have submitted fraudulent credit applications; you commit fraudulent act(s); you or your Principal Owner or any employee sells, offers for sale or distributes any products to customers at any location not identified on the List of Calls; your Principal Owner cannot perform obligations for six consecutive months or for six months within a period of 18 consecutive months; your Principal Owner dies; you commit the same default again within a 12 month period after the previous default that you previously cured; you commit the same or different default three or more times within any 12 month period, whether or not cured after notice; you or any of your owners makes an assignment for the benefit of creditors or if a voluntary or involuntary proceeding is instituted against you in bankruptcy or under any other insolvency or similar law; you owe money to Matco under one or more promissory notes that are cancelled, terminated or accelerated due to your default under such note and it is your failure to cure such default; if this the Distributorship Agreement or Matco’s franchise business model is adjudicated in the state or jurisdiction where the Distributor operates to be illegal or unenforceable by an administrative, regulatory, governmental, or judiciary body, including, but not limited to any purported misclassification of the relationship between Matco and the Distributor established by the Distributorship Agreement; or the Principal Owner, Operator or any employee conducts any Distributorship operations, including but not limited to, operating the mobile showroom, while illegally impaired or under the influence of drugs or alcohol.

Provision	Section in Distributorship Agreement	Summary
i. Franchisee's obligations on termination or nonrenewal	Article 11.6	You must cease using Matco's marks and the System; remove Matco's marks and logos from your Matco Mobile Store; pay what you owe Matco pursuant to the Distributorship Agreement, including interest on your Open Purchase Account's balance; provide Matco with all inventory and financial information for last 12 months; provide Matco with all customer information; and return all printed materials, software and manuals Matco provided you.
j. Assignment of the contract by franchisor	Article 10.5	No restriction on Matco's right to assign.
k. "Transfer" by franchisee – defined	Article 10.1	Transfer of any interest in the Distributorship or substantially all of your Distributorship assets.
l. Franchisor approval of transfer by franchisee	Article 10.2	Matco must approve in advance and in writing any transfer made by you but will not unreasonably withhold its consent.
m. Conditions for franchisor approval of transfer	Article 10.2, 10.3	You are not in default and pay all money owed to Matco pursuant to the Distributorship Agreement; you sign a joint and mutual general release with Matco; the transferee and transferee's Principal Owner meets Matco's standards; the transferee and the Transferee's Principal Owner executes the then-current version of Matco's Distributorship Agreement and agrees to complete the Matco Business System Training (MBST) Program; and you and the transferee complete all necessary assignments and other legal documents. Matco may also rely on any other reasonable conditions in determining whether to approve the transfer. Matco may expand upon, and provide more details related to, the conditions for transfer and Matco's consent as described in the Distributorship Agreement, and may do so in the Manual or otherwise in writing. Matco may, but is not obligated to, provide the additional details regarding the transfer conditions and Matco's consent to you. Any purchase and sale agreement must provide for and require the Mobile Store and Distributorship to continue to operate without interruption during the transfer.
n. Franchisor's right of first refusal to acquire	Not applicable	Not applicable

Provision		Section in Distributorship Agreement	Summary
	franchisee's business		
o.	Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p.	Death or disability of franchisee	Article 11.5	The death of the Principal Owner is grounds for default and termination of the Distributorship Agreement. You will not have the right to cure if your Principal Owner is disabled to the extent that you cannot perform such obligations contained in the Distributorship Agreement for a period of six consecutive months, or if your Principal Owner dies.
q.	Noncompetition covenants during the term of the franchise	Article 11.9	During the term of the Agreement, the Distributor and Principal Owner must promise that the Distributor, the Principal Owner, the Operator, and any other owners, or Guarantors will not engage in any activities in direct or indirect competition with Matco, including without limitation, a business that manufactures, sells, and/or distributes any products that are the same as or similar to the Products, and will not sell or attempt to sell to any customers or Potential Customers of the Distributorship any products that are the same or similar to the Products.
r.	Noncompetition covenants after the franchise is terminated or expires	Articles 10.6 and 11.9	For one year after the termination of your Distributorship Agreement, the Distributor and Principal Owner must promise that the Distributor, the Principal Owner, the Operator and any other owners, or Guarantors will not sell or attempt to sell any tools to any customer to whom the Distributor sold Products in the previous 12 months, or to any person or business located on, or identified in, the List of Calls if the Distributor had made any sales calls to such person or business in the previous 12 months. Matco encourages new Distributors to obtain a noncompetition agreement from the previous Distributor in connection with a transfer or assignment of the route, the business or the accounts.
s.	Modification of the agreement	Article 13.5	Any modification must be in writing and signed by both you and Matco.
t.	Integration/ merger clauses	Article 13.5	The Distributorship Agreement is the entire agreement between you and Matco. Any representations or promises outside of the franchise disclosure document and

Provision	Section in Distributorship Agreement	Summary
		Distributorship Agreement may not be enforceable. (See Note 1 below)
u. Dispute resolution by arbitration or mediation	Article 12	Except for certain claims, all disputes must be arbitrated in Summit or Cuyahoga County, Ohio. (See Note 1 below)
v. Choice of forum	Article 12.10	Litigation must be in Summit or Cuyahoga County, Ohio (See Note 1 below)
w. Choice of law	Article 13.3	Governing law will be the laws of the State of Ohio (See Note 1 below)

Provisions of the Distributorship Agreement giving Matco the right to terminate in the event of your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Sec. 101, et seq.).

Notes:

1. If a state law requires any modifications to these provisions of the Distributorship Agreement, those modifications will be found in Appendix H, the State-Specific Disclosures and State-Specific Amendments to the Distributorship Agreement.

2. In addition to the provisions noted in the chart above, the Distributorship Agreement contains a number of provisions that may affect your legal rights, including a mutual waiver of a jury trial, mutual waiver of punitive or exemplary damages, and limitations on when claims may be raised. See the Distributorship Agreement Article 12. We recommend that you carefully review all of these provisions, and all of the contracts, with a lawyer.

(18) PUBLIC FIGURES

Matco does not use any public figure to promote the Distributorships.

(19) FINANCIAL PERFORMANCE REPRESENTATIONS

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

Presented below in Sections 19-A and 19-B are certain operating and sales results from 1,526 Distributors during the period from January 1, 2021 through December 31, 2021. The four different charts in each Section display this data for the three different types of Matco Distributorships that a Distributor may operate: (1) the "standard" Distributorship, (2) the 225, and (3) the ETD. The other (first) chart in each Section displays this data for all Distributors in the system, including standard Distributorships, 225s, and

ETDs. For the purposes of this Item 19, a standard Distributorship has between 325 and 349 Potential Customers, a 225 has fewer than 325 Potential Customers, and an ETD has 350 or more Potential Customers. In 2021, there were 1,248 standard Distributors, 20 225s, and 258 ETDs.

This Item 19 only includes operating data for Matco Distributors in the United States that operated pursuant to Distributorship Agreements with Matco and were in business for all of 2021. Matco is not providing, and this Item 19 does not reflect, information regarding Distributors who started during 2021, or those who left the system or stopped selling Products during 2021.

Section 19-A reflects the average gross revenue figures, referred to as "Average Total Completed Business," for the Matco Distributors, which includes the revenue from the sales of Products and any other items that were sold by the Mobile Store. Section 19-A also includes the Median, and the Highest and Lowest gross revenue figures. The information is segregated into thirds, based on Total Completed Business. Section 19-B reflects the average weekly sales figures for the Matco Distributors in 2021. Section 19-B also includes the Median, and the Highest and Lowest weekly sales figures. The information in Section 19-A and Section 19-B is explained below. Please read carefully all of the information in this Item 19, and all of the notes following the data, in conjunction with your review of the historical data.

Section 19-A:

Average, Median, and Highest and Lowest Numbers in the Range of Total Completed Business – 2021

CHART 1

All Reporting Distributorships		
Top 1/3	Middle 1/3	Bottom 1/3
Average: **$694,641**	Average: **$449,242**	Average: **$285,102**
No. of Distributors Above Average: **187 (36.7%)**	No. of Distributors Above Average: **245** (**48.1%)**	No. of Distributors Above Average: **296 (58.3%)**
Median: **$644,369**	Median: **$447,053**	Median: **$303,025**
Highest: **$1,920,299**	Highest: **$529,571**	Highest: **$378,827**
Lowest: **$529,677**	Lowest: **$380,269**	Lowest: **$0**

CHART 2

Standard Distributorships		
Top 1/3 Average: **$662,515** No. of Distributors Above Average: **155 (37.3%)** Median: **$622,839** Highest: **$1,328,127** Lowest: **$519,237**	Middle 1/3 Average: **$440,145** No. of Distributors Above Average: **200** (**48.1**%) Median: **$437,298** Highest: **$519,170** Lowest: **$371,501**	Bottom 1/3 Average: **$279,569** No. of Distributors Above Average: **241 (57.9%)** Median: **$298,736** Highest: **$371,164** Lowest: **$0**

CHART 3

225 Distributorships		
Top 1/3 Average: **$611,712** No. of Distributors Above Average: **2 (28.6%)** Median: **$564,911** Highest: **$911,457** Lowest: **$453,434**	Middle 1/3 Average: **$369,219** No. of Distributors Above Average: **3** (**42.9%**) Median: **$368,704** Highest: **$426,588** Lowest: **$336,879**	Bottom 1/3 Average: **$244,721** No. of Distributors Above Average: **1 (16.7%)** Median: **$372,119** Highest: **$300,657** Lowest: **$216,644**

CHART 4

Enhanced Territory Distributorships (ETDs)		
Top 1/3	Middle 1/3	Bottom 1/3
Average: **$844,814**	Average: **$500,782**	Average: **$325,636**
No. of Distributors Above Average: **35 (40.7%)**	No. of Distributors Above Average: **39** (**45.3%**)	No. of Distributors Above Average: **54 (62.8%)**
Median: **$773,933**	Median: **$495,725**	Median: **$345,409**
Highest: **$1,920,299**	Highest: **$594,144**	Highest: **$420,393**
Lowest: **$596,281**	Lowest: **$424,454**	Lowest: **$0**

Notes for Section 19-A:

1. Chart 1 – *All Distributors*: Chart 1 chart reflects the operating data for 1,526 total Matco Distributors in the United States operating pursuant to Distributorship Agreements with Matco that were in business for all of 2021 and who reported sales for at least 48 weeks during 2021. The three groupings of Distributors in Chart 1 (Top 1/3, Middle 1/3 and Bottom 1/3) included 509 Distributors in the Top 1/3 group, 509 Distributors in the Middle 1/3 group, and 508 Distributors in the Bottom 1/3 group.

2. Chart 2 – *Standard Distributorships*: Chart 2 reflects the operating data for 1,248 standard Matco Distributors in the United States operating pursuant to Distributorship Agreements with Matco that were in business for all of 2021, who had between 325 and 349 Potential Customers, and who reported sales for at least 48 weeks during 2021. The three groupings of Distributors (Top 1/3, Middle 1/3 and Bottom 1/3) included 416 Distributors in the Top 1/3 group, 416 Distributors in the Middle 1/3 group, and 416 Distributors in the Bottom 1/3 group.

3. Chart 3 – *225s*: Chart 3 reflects the operating data for 20 total Matco Distributors in the United States operating pursuant to Distributorship Agreements with Matco that were in business for all of 2021, who had fewer than 325 Potential Customers, and who reported sales for at least 48 weeks during 2021. The three groupings of Distributors (Top 1/3, Middle 1/3 and Bottom 1/3) included 7 Distributors in the Top 1/3 group, 7 Distributors in the Middle 1/3 group, and 6 Distributors in the Bottom 1/3 group.

4. Chart 4 – *ETDs*: Chart 4 reflects the operating data for 258 total Matco Distributors in the United States operating pursuant to Distributorship Agreements with Matco that were in business for all of 2021, who had more than 350 Potential Customers, and who reported sales for at least 48 weeks during 2021. The three groupings of Distributors (Top 1/3, Middle 1/3 and Bottom 1/3) included 86 Distributors in the Top 1/3 group, 86 Distributors in the Middle 1/3 group, and 86 Distributors in the Bottom 1/3 group.

5. The term "Total Completed Business," as used in Section 19-A, means the total cash or revenue a Distributor received during 2021 including sales tax collected, from the sale of all products and services. This includes revenue from the sale of Products and any other items that were sold by the Mobile Store. The revenue received by the Distributors is comprised of cash sales, Time Payment collections from previous sales, credits received by the Distributor from the sale of PSA (Purchase Security Agreements, which are installment contracts; see Item 10 above), and cash received based on monthly invoices and

customers (usually products sold to a shop or business, and not an individual). This does not include any Volume Payment to Terms bonus, or rebate payments.

6. The "Average" is calculated by adding the total business for all Distributors in the group, and dividing that number by the number of Distributors in the group.

7. The term "Median" means the data point that is in the center of all data points used. For example, in the "Top 1/3" group in Chart 1 (all Distributorships) there were 509 Matco Distributors. The "median" Total Completed Business of $644,369 means that 254 of the 509 Distributors in the group had Total Completed Business greater than $644,369, 254 of the 509 Distributors with group had Total Completed Business of less than that figure, and one Distributor had Total Completed Business of exactly that figure.

8. The term "Highest" and "Lowest," as used in Section 19-A, refers to the highest and lowest numbers in the range.

* * *

Section 19-B

Weekly National Distributor Sales Average – 2021

CHART 5

All Reporting Distributorships	
National Distributor Sales Average:	$8,970
Distributors Reporting:	1,526
Distributors At or Above Average:	652 (42.7%)
Median:	$8,385
Highest:	$37,186
Lowest:	$0

CHART 6

Standard Distributorships	
National Distributor Sales Average:	$ 8,702.70
Distributors Reporting:	1,248
Distributors At or Above Average:	556 (44.5%)
Median:	$8,283.20
Highest:	$31,533.78
Lowest:	$18.68

CHART 7

225 Distributorships	
National Distributor Sales Average:	$7,809.96
Distributors Reporting:	20
Distributors At or Above Average:	8 (40%)
Median:	$6,749.54
Highest:	$17,554.72
Lowest:	$3,963.18

CHART 8

Enhanced Territory Distributorships (ETDs)	
National Distributor Sales Average:	$10,350.08
Distributors Reporting:	258
Distributors At or Above Average:	98 (37.9%)
Median:	$8,987.76
Highest:	$37,185.76
Lowest:	$0

Notes for Section 19-B:

1. Chart 5 – *All Distributors*: Chart 5 reflects the operating data for 1,526 total Matco Distributors in the United States operating pursuant to Distributorship Agreements with Matco that were in business for all of 2021 and who reported sales for at least 48 weeks during 2021.

2. Chart 6 – *Standard Distributorships*: Chart 6 reflects the operating data for 1,248 standard Matco Distributors in the United States operating pursuant to Distributorship Agreements with Matco that were in business for all of 2021, who had between 325 and 349 Potential Customers, and who reported sales for at least 48 weeks during 2021.

3. Chart 7– *225s*: Chart 7 reflects the operating data for 20 total Matco Distributors in the United States operating pursuant to Distributorship Agreements with Matco that were in business for all of 2021, who had fewer than 325 Potential Customers, and who reported sales for at least 48 weeks during 2021.

4. Chart 8 – *ETDs*: Chart 8 reflects the operating data for 258 total Matco Distributors in the United States operating pursuant to Distributorship Agreements with Matco that were in business for all of 2021, who had more than 350 Potential Customers, and who reported sales for at least 48 weeks during 2021.

5. The terminology "National Distributor Sales Average" as used in Section 19-B means the total reported sales of all Products by the reporting Distributors in 2021 in each group, divided by the number of weekly "close-outs" of those same Distributors. Each week the Distributors are required to report their sales of Products which are the gross selling price of all Products, whether or not the sale is for cash, for credit, or partial cash and partial credit, or trade-in. When a Distributor closes out its sales for the week, it triggers a report. The total sales for a year may not be reported for each of 52 weeks, as Distributors may

not close out sales each week. Therefore, the annual National Sales Average may not represent 52 weeks of sales.

6. The terminology, "Median" means the data point that is in the center of all data points used. The Median amount of weekly Product sales in 2021 was $8,385. This means that of the 1,526 Distributors reporting, 763 had weekly sales greater than $8,385, and 763 had weekly sales less than $8,385.

7. The terminology "Highest" and "Lowest," as used in Section 19-B refers to the highest and lowest numbers in the range. The Highest amount of Product sales reported in a week during 2021 was $37,186 and the Lowest amount was $0.

8. The number of Distributors reporting sales in 2021 was 1,526. The 1,526 Distributors were Matco Distributors in the United States who (i) were in business at the beginning of 2021, (ii) were operating at the end of 2021, and (iii) reported sales close-outs at least 48 weeks during 2021.

9. One of the differences between the "Total Completed Business" and "Sales" is that "Sales" (Section 19-B) reflects all sales, even if some of the payments have not been received, and "Total Completed Business" (Section 19-A) reflects sales only based on cash collected and PSA credits collected. Therefore, there is a difference due to timing and collections. Another difference between "Total Completed Business" and "Sales," is that the figures reported by Distributors for Total Completed Business includes sales tax collected, and that the figures for Sales do not include sales tax.

10. The National Distributor Sales Average will be utilized in connection with the performance criteria discussed in Items 8 and 12. Also, as discussed in Items 8 and 12, Matco may utilize a "District" Distributor Sales Average to evaluate performance (but those figures are not reflected in this Item 19).

Notes for both Sections 19-A and 19-B, and this entire Item 19:

1. The data in the charts are obtained from the Distributors through the MDBS system (see Item 11). As Distributors purchase Products from Matco, they also report on sales made and revenue received. A weekly sales report is generated if the Distributor places an order to purchase Products in a given week. Therefore, the information in the charts is based solely on data received from the Distributors through MDBS. These figures have not been reviewed or audited by Matco.

2. During the time period covered by this financial performance representation—the 2021 calendar year—189 Distributors closed or ceased operations. Of these, 15 were open for less than 12 months, including 13 that closed or ceased operations pursuant to the Test Drive program that is described in Item 5.

3. Substantiation of the data used in preparing the materials in this Item 19 chart will be made available to you upon reasonable request.

4. Your sales, revenue and income will be affected by a variety of factors, including the sales and marketing skills of your Principal Owner; your Principal Owner's or Operator's frequency of visits to actual and Potential Customers; efforts to collect on unpaid invoices or installment contracts; retail prices you charge for products; discounts you may offer; prevailing economic or market conditions; demographics; interest rates; your capitalization level; the amount and terms of any financing that you may secure; and your Principal Owner's business and management skills.

5. **Some distributors have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

6. Other than revenue figures above, the charts do not include any estimate of, or specific or historic data regarding, costs, expenses or debts that a Distributor has incurred, or may in the future incur. We cannot predict or project your costs and expenses. The following is a list of the types of expenses that a Matco Distributor may incur:

- Labor costs, including payroll, taxes and benefits (which may include health and/or life insurance, vacation, and pension plan contributions) for your Principal Owner or any other employee.

- Cost of goods sold, which includes wholesale cost of products that may be offered.

- Mobile Store costs, including lease or purchase payments, maintenance, gas, and similar costs.

- Insurance.

- Marketing and promotional costs.

- Freight costs incurred with tool returns and warranty repairs, as well as those incurred for receiving shipments of certain items from Matco.

The types of expenses, and the amount of costs and expenses, are likely to vary from Matco Distributor to Matco Distributor and from list of calls to list of calls. These may not be all of the expenses that you may incur.

7. Prospective distributors should be aware that in evaluating a financial performance representation or an earnings claim that includes revenue or sales figures only, or does not include all costs of goods sold, operating expenses, and other expenses, that costs and expenses must be deducted from the gross revenue or gross sales figures to obtain net income or profit. This Item 19 financial performance representation does not include net income or profit.

8. The Matco Distributors whose results are reflected in Sections 19-A and 19-B have been operating a Matco Distributorship during 2021. Some of the Distributors have been operating their Matco Distributorship for many years, and may have developed a large and loyal customer base.

9. The information in this Item 19 reflects the historical aggregate results of 1,526 Matco Distributors in 2021. You are strongly advised to conduct an independent investigation of this opportunity to evaluate the expected or potential costs and expenses you will incur as a Matco Distributor. You should consult your attorney, accountant, and other professional advisors. Also, current and former Distributors listed in this Disclosure Document may be one source of information.

10. Other than the preceding financial performance representations in this Item 19, Matco does not make any financial performance representations. We do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing distributorship, however, we may provide you with the actual records of that business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Michael S. Swanson, Matco's Director of Franchise Program Development & Compliance, at Matco Tools Corporation, 4403 Allen Road, Stow, Ohio, 44224, 330-929-4949, the Federal Trade Commission and the appropriate state regulatory agencies.

(20) OUTLETS AND FRANCHISEE INFORMATION

As of December 31, 2021, Matco had 1,854 operational Matco® Distributorships and 1 company-owned Matco® Distributorship. The following tables provide information concerning the Matco® Distributorships by state:

Table 1
Systemwide Outlet Summary
For years 2019, 2020, and 2021 (Note 1)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	**2019**	1711	1771	+60
	2020	1771	1781	+10
	2021	1781	1854	+73
Company-Owned	**2019**	1	1	0
	2020	1	1	0
	2021	1	1	0
Total Outlets	**2019**	1712	1772	+60
	2020	1772	1782	+10
	2021	1782	1855	+73

Notes:

(1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31.

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years, 2019, 2020, and 2021 (Note 1)

State (Note 2)	Year	Number of Transfers
Alabama	**2019**	0
	2020	1
	2021	2
California	**2019**	0
	2020	0
	2021	1
New York	**2019**	1
	2020	0
	2021	0

State (Note 2)	Year	Number of Transfers
Ohio	**2019**	0
	2020	1
	2021	0
Tennessee	**2019**	0
	2020	0
	2021	1
Total	**2019**	1
	2020	2
	2021	4

Notes:

(1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31.
(2) States not listed above did not have any activity or distributorships during these three years.

Table 3
Status of Franchised Outlets
For years 2019, 2020, and 2021 (Note 1)

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	**2019**	32	5	1	0	0	3	33
	2020	33	5	1	0	0	4	33
	2021	33	5	4	0	0	1	33
Alaska	**2019**	7	1	1	0	0	0	7
	2020	7	1	0	0	0	1	7
	2021	7	2	0	0	0	2	7
Arizona	**2019**	45	11	2	0	0	3	51
	2020	51	4	0	0	0	7	48
	2021	48	12	1	1	0	8	50
Arkansas	**2019**	24	3	1	0	0	3	23
	2020	23	0	0	0	0	1	22
	2021	22	1	0	0	0	1	22
California	**2019**	173	18	2	1	0	15	173
	2020	173	11	1	0	0	10	173
	2021	173	29	5	1	0	10	186

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Connecti-cut	**2019**	24	1	0	0	0	3	22
	2020	22	3	0	0	0	1	24
	2021	24	3	0	0	0	2	25
Colorado	**2019**	39	8	0	1	0	5	41
	2020	41	7	1	0	0	7	40
	2021	40	6	1	0	0	8	37
Delaware	**2019**	5	1	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Florida	**2019**	89	11	0	0	0	6	94
	2020	94	12	2	0	0	12	92
	2021	92	23	2	1	0	12	100
Georgia	**2019**	73	14	0	0	0	11	76
	2020	76	6	3	0	0	8	71
	2021	71	10	1	0	0	9	71
Hawaii	**2019**	8	1	1	0	0	0	8
	2020	8	0	0	0	0	1	7
	2021	7	0	0	0	0	0	7
Idaho	**2019**	13	1	0	0	0	1	13
	2020	13	3	0	0	0	2	14
	2021	14	1	0	0	0	0	15
Illinois	**2019**	72	10	0	0	0	7	75
	2020	75	9	1	0	0	11	72
	2021	72	10	1	0	0	4	77
Indiana	**2019**	44	9	1	0	0	5	47
	2020	47	1	0	0	0	5	43
	2021	43	5	1	0	0	2	45
Iowa	**2019**	18	4	0	0	0	2	20
	2020	20	4	0	0	0	2	22
	2021	22	3	0	0	0	3	22
Kansas	**2019**	11	5	1	0	0	2	13
	2020	13	2	0	1	0	4	10
	2021	10	1	0	0	0	1	10

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Kentucky	**2019**	18	3	1	0	0	3	17
	2020	17	3	1	1	0	5	13
	2021	13	5	0	0	0	1	17
Louisiana	**2019**	25	3	0	1	0	3	24
	2020	24	3	0	0	0	0	27
	2021	27	5	0	0	0	2	30
Maine	**2019**	3	1	0	0	0	1	3
	2020	3	3	0	0	0	0	6
	2021	6	1	0	0	0	0	7
Maryland	**2019**	37	3	1	0	0	5	34
	2020	34	3	0	0	0	0	37
	2021	37	6	0	0	0	2	41
Massachu-setts	**2019**	9	4	0	0	0	1	12
	2020	12	1	1	0	0	2	10
	2021	10	0	0	0	0	0	10
Michigan	**2019**	51	6	1	0	0	7	49
	2020	49	6	1	0	0	5	49
	2021	49	3	0	0	0	7	45
Minnesota	**2019**	37	3	0	2	0	5	33
	2020	33	5	0	1	0	3	34
	2021	34	8	0	0	0	4	38
Mississippi	**2019**	13	3	0	0	0	1	15
	2020	15	1	0	0	0	1	15
	2021	15	3	0	0	0	0	18
Missouri	**2019**	35	2	0	0	0	4	33
	2020	33	10	1	0	0	3	39
	2021	39	5	1	1	0	2	40
Montana	**2019**	10	2	0	0	0	1	11
	2020	11	0	0	0	0	0	11
	2021	11	1	0	0	0	1	11

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Nebraska	**2019**	5	3	0	0	0	1	7
	2020	7	2	0	0	0	1	8
	2021	8	2	0	0	0	1	9
Nevada	**2019**	15	2	0	0	0	1	16
	2020	16	1	1	0	0	1	15
	2021	15	6	0	0	0	2	19
New Hampshire	**2019**	5	1	1	0	0	1	4
	2020	4	0	0	0	0	1	3
	2021	3	0	1	0	0	0	2
New Jersey	**2019**	28	2	1	0	0	3	26
	2020	26	1	0	2	0	3	22
	2021	22	1	0	0	0	0	23
New Mexico	**2019**	13	1	0	0	0	2	12
	2020	12	2	0	1	0	1	12
	2021	12	1	0	0	0	1	12
New York	**2019**	68	7	1	0	0	5	69
	2020	69	0	0	2	0	7	60
	2021	60	10	0	1	0	2	67
North Carolina	**2019**	64	15	0	0	0	10	69
	2020	69	9	1	0	0	5	72
	2021	72	7	0	0	0	3	76
North Dakota	**2019**	6	2	0	0	0	1	7
	2020	7	3	0	0	0	1	9
	2021	9	0	0	0	0	0	9
Ohio	**2019**	77	8	0	0	0	7	78
	2020	78	9	2	0	0	5	80
	2021	80	10	0	1	0	4	85
Oklahoma	**2019**	24	4	0	0	0	4	24
	2020	24	7	1	0	0	3	27
	2021	27	4	0	0	0	6	25
Oregon	**2019**	14	1	1	0	0	2	12
	2020	12	5	0	0	0	1	16
	2021	16	0	0	0	0	1	15

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Pennsyl-vania	**2019**	46	2	0	0	0	7	41
	2020	41	9	0	0	0	2	48
	2021	48	7	2	0	0	6	47
Puerto Rico	**2019**	13	0	0	0	0	0	13
	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	1	12
Rhode Island	**2019**	1	2	0	0	0	1	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	1	0
South Carolina	**2019**	26	7	1	0	0	1	31
	2020	31	8	2	0	0	4	33
	2021	33	3	0	1	0	3	32
South Dakota	**2019**	10	2	0	0	0	3	9
	2020	9	1	1	0	0	1	8
	2021	8	2	0	0	0	2	8
Tennessee	**2019**	38	13	0	0	0	3	48
	2020	48	5	0	0	0	6	47
	2021	47	7	0	0	0	5	49
Texas	**2019**	170	29	1	1	0	15	182
	2020	182	25	2	1	0	17	187
	2021	187	31	1	0	0	19	198
Utah	**2019**	25	4	2	0	0	2	25
	2020	25	2	0	0	0	3	24
	2021	24	6	0	0	0	3	27
Vermont	**2019**	3	2	0	0	0	1	4
	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	1	4
Virginia	**2019**	44	8	0	0	0	2	50
	2020	50	10	1	0	0	8	51
	2021	51	4	0	0	0	5	50
Washing-ton	**2019**	35	8	0	0	0	1	42
	2020	42	5	0	0	0	6	41
	2021	41	4	1	0	0	3	41

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
West Virginia	**2019**	6	0	0	0	0	0	6
	2020	6	1	0	0	0	1	6
	2021	6	1	1	0	0	0	6
Wisconsin	**2019**	53	8	0	0	0	5	56
	2020	56	9	0	0	0	2	63
	2021	63	7	0	0	0	8	62
Wyoming	**2019**	7	1	0	0	0	3	5
	2020	5	1	0	0	0	0	6
	2021	6	0	0	0	0	0	6
Totals	**2019**	1711	265	21	6	0	178	1771
	2020	1771	218	24	9	0	175	1781
	2021	1781	262	23	7	0	159	1854

Notes:

(1) All numbers are as of the fiscal year end. Each fiscal year ends on December 31.

Table 4
Status of Company-Owned Outlets
For years 2019, 2020, and 2021

State (Note 1)	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Ohio	**2019**	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
Totals	**2019**	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1

Notes:

(1) States not listed did not have any outlets or distributorships.

Table 5
Projected Openings As Of December 31, 2021 for 2022 (Note 1)

State	Distributorship Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Alabama		5	
Alaska		1	
Arizona		7	
Arkansas		4	
California		18	
Connecticut		6	
Colorado		5	
Delaware		3	
District of Columbia		1	
Florida		10	
Georgia	1	6	
Hawaii		1	
Idaho		2	
Illinois		7	
Indiana		5	
Iowa		3	
Kansas		3	
Kentucky		2	
Louisiana		5	
Maine		5	
Maryland		6	
Massachusetts		10	
Michigan		8	
Minnesota		5	
Mississippi		4	
Missouri		4	
Montana		3	
Nebraska		3	
Nevada		4	
New Hampshire		4	
New Jersey		5	
New Mexico		3	
New York		10	
North Carolina		8	
North Dakota		3	
Ohio		8	
Oklahoma		6	
Oregon		5	
Pennsylvania		10	6
Puerto Rico		1	
Rhode Island		3	
South Carolina		6	
South Dakota		2	
Tennessee		6	
Texas		18	
Utah		3	

State	Distributorship Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Vermont		4	
Virginia		8	
Washington		6	
West Virginia		3	
Wisconsin		8	
Wyoming		4	
Total	1	280	6

Notes:

(1) For the fiscal year beginning January 1, 2022.

Attached as Appendix B is a list of the addresses and telephone numbers of our Active Distributors that are required to be disclosed under this Item. Attached as Appendix C is a list containing the name, city and state, and current business telephone number or last known home telephone number of every Distributor whose Matco Distributorship has, within the one-year period immediately preceding December 31, 2021, been terminated, canceled, not renewed, or who has, during the same period, otherwise voluntarily or involuntarily ceased to do business as a Matco Distributor, or who has not communicated with Matco during the ten-week period preceding the date of this Disclosure Document. (Matco's record of "no communication" indicates Distributors for whom there have been no purchases from Matco during the six-week period ended December 31, 2021.) If you buy a Matco Distributorship, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current or former Distributors sign provisions restricting their ability to speak openly about their experience with Matco. During the last three fiscal years, Matco has signed 139 confidentiality agreements with former Distributors as part of settlement agreements in conjunction with the conclusion and resolution of a dispute. You may wish to speak with current and former Distributors, but be aware that not all such Distributors will be able to communicate with you.

Matco has established the MDAC system, which consists of voluntary Matco Distributor Advisory Councils in different districts and regions. MDACs are designed to foster and facilitate an exchange of ideas between Matco and the Distributors. (See Item 11 above). As of the date of this Disclosure Document, Matco is not aware of any formal Matco Distributor associations that have been formed and have requested that Matco include them in this Disclosure Document. Matco is aware that one former Distributor claims to have started a group called "Matco Tools Distributor's Association," but the purported group has not requested inclusion in this Disclosure Document nor is Matco knowledgeable of (if any) members, organization, or contact information. Other than MDACs previously noted, as of the date of this Disclosure Document, there are no Matco Distributor associations in existence regardless of whether or not they use our trademark.

Matco currently has a policy under which it will offer a choice of (a) free tools, with a total list price of $7,000, or (b) a tool box, for the first successful referral of a prospect who becomes a Matco Distributor after the referral, with additional amounts of free tools or tool boxes for subsequent successful referrals in a 12-month period. Matco may modify this incentive policy from time to time.

(21) FINANCIAL STATEMENTS

Attached as Appendix A are:

The audited financial statement of Vontier Corporation, which includes the company's consolidated balance sheet as of December 31, 2021 and December 31, 2020, and the related consolidated statement of earnings, comprehensive income, changes in equity and cash flows for the period ended December 31, 2021 and December 31, 2020, and the related notes to the consolidated financial statement.

Also included are the audited financial statements of Fortive Corporation, which include the company's consolidated balance sheet as of December 31, 2019, and the related consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the periods ended December 31, 2019, and the related notes to the consolidated financial statements.

Vontier will guarantee our obligations under the Distributorship Agreement. A copy of the guarantee is attached at Appendix O to this Disclosure Document.

(22) CONTRACTS

Attached to this Disclosure Document as Appendix D is the Matco Tools Distributorship Agreement, with the following exhibits attached thereto:

Exhibit A	List of Calls Acknowledgment
Exhibit C-1	Installment Promissory Note for Standard Initial Financing Program
Exhibit C-2	Installment Promissory Note (with Balloon Payment) for Alternate Initial Financing Program
Exhibit D	Security Agreement
Exhibit E	Distributor's Purchase-Security Agreement Credit Assignment Agreement
Exhibit F	Addendum and Guaranty to Distributor's Purchase-Security Agreement Credit Assignment Agreement
Exhibit G	Purchase Money Security Agreement
Exhibit H	Purchase Money Security – Master Agreement
Exhibit I	End User's Credit Application Subject to Matco Tools/P.S.A. Credit Approval
Exhibit J	Distributor's Purchase Security Agreement Recourse Credit Assignment Agreement
Exhibit K-1	Purchase Money Security Agreement – Tech Start and Purchase Money Security Agreement – Tech Assured
Exhibit K-2	Purchase Money Security Agreement – Tech Advantage
Exhibit L	Revolving Line of Credit Agreement and Promissory Note
Exhibit M	[Reserved]
Exhibit N	Guarantee, Indemnification, and Acknowledgment
Exhibit O	Matco Distributor Business System Software License, Maintenance and Support Agreement and Information Form
Exhibit P	Owner Designation
Exhibit Q	Matco Tools Web Page Agreement
Exhibit R	Payment Program Authorization
Exhibit S-1	Promissory Note for Mobile Store Upgrade Financing Program

Exhibit S-2	Security Agreement for Mobile Store Upgrade Financing Program

Attached to this Disclosure Document are the following other contracts and acknowledgements:

Appendix E-1:	Distributor Disclosure Questionnaire
Appendix E-2:	Acknowledgment Regarding Ownership of Distributorship in Individual Capacity
Appendix I:	Confidentiality and Non-Disclosure Agreement
Appendix J:	Mutual Release Agreement
Appendix K:	List of Calls Acknowledgment
Appendix L:	Matco 225 Amendments
Appendix M:	Conversion Incentive Amendments
Appendix N:	Renewal Addendum
Appendix P:	Enhanced Territory Distributorship Amendment (Signing a Successor Agreement)
Appendix Q:	Enhanced Territory Distributorship Amendment (Not Signing a Successor Agreement)

(23) RECEIPTS

The last page of this Disclosure Document is a detachable acknowledgement of receipt.

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX A: FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Vontier Corporation

Opinion on Internal Control Over Financial Reporting

We have audited Vontier Corporation and subsidiaries' internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Vontier Corporation and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting at December 31, 2021, based on the COSO criteria.

As described in Management's Report of Management on Vontier Corporation's Internal Control Over Financial Reporting, management excluded the acquisition of DRB Systems, LLC from its assessment of internal control over financial reporting as of December 31, 2021.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of December 31, 2021 and 2020 and the related consolidated and combined statements of earnings and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a), and our report dated February 24, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Vontier Corporation's Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Inherent Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young LLP

Raleigh, North Carolina
February 24, 2022

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Vontier Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Vontier Corporation and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated and combined statements of earnings and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the "consolidated and combined financial statements"). In our opinion, the consolidated and combined financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 framework and our report dated February 24, 2022 expressed an unqualified opinion.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Adoption of New Accounting Standard

As discussed in Note 2 to the consolidated and combined financial statements, the Company changed its method for accounting for credit losses in 2020.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matters does not alter in any way our opinion on the consolidated and combined financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

	Allowance for credit losses
Description of the Matter	The Company’s financing receivables portfolio and the associated allowance for credit losses, were $398.1 million and $65.9 million as of December 31, 2021, respectively. As described in Note 2 to the consolidated and combined financial statements, Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments-Credit Losses (Topic 326)* (“ASU 2016-13”), requires a forward-looking approach, based on expected losses to estimate credit losses on certain types of financial instruments, including trade accounts and financing receivables. Auditing the Company’s allowance for credit losses was challenging in that it requires significant judgment about the severity of credit losses, including the risk profile of each underlying receivable and expectations regarding the impact of current and future economic conditions on the creditworthiness of its customers.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design and tested the operating effectiveness of management’s controls over the allowance for credit losses including controls over the completeness and accuracy of underlying data. To test the allowance for credit losses, our audit procedures included, among others, evaluating the methods and assumptions used by management, including comparing actual losses incurred to management’s historical estimates, evaluating external economic and industry trends and evaluating the overall composition of the financing receivables portfolio.

	Valuation of intangible assets – Business Combination of DRB Systems, LLC
Description of the Matter	During 2021, the Company completed the acquisition of DRB Systems, LLC for total consideration of $955.8 million as disclosed in Note 3 to the consolidated and combined financial statements. This transaction was accounted for as a business combination. The consideration paid in the acquisition must be allocated to the acquired assets and liabilities assumed generally based on their fair value with the excess of the purchase price over those fair values allocated to goodwill. The Company preliminarily allocated $405.6 million of the purchase price from the acquisition to the fair value of acquired customer relationships, developed technology and trade name intangible assets. Auditing the Company’s accounting for the acquisition was complex because the fair value of the customer relationships, technology and trade name intangible assets were material and the estimates of fair value involved subjectivity. The subjectivity was primarily due to the sensitivity of the respective fair values to underlying assumptions about the future performance of the acquired business. The Company used relief from royalty models to measure the technology and trade names assets and a multi-period excess earnings method to measure the customer relationships. The significant assumptions used to estimate the value of the intangible assets included discount rates, royalty rates, and certain assumptions that form the basis of the forecasted results (e.g., revenue growth rates, customer attrition, useful lives, net working capital and EBITDA margin). These significant assumptions are forward looking and could be affected by future economic and market conditions.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company’s controls over its accounting for the acquisition of DRB Systems, LLC. For example, we tested controls over the estimation process supporting the fair value estimates of the customer relationships, developed technology and trade name intangible assets, including management’s review of the significant assumptions discussed above. To test the estimated fair values of the customer relationships, developed technology and trade name intangible assets, we performed audit procedures that included, among others, evaluating the Company’s selection of the valuation methodologies, testing the significant assumptions and the completeness and accuracy of the underlying data. For example, we compared the significant assumptions in the prospective financial information to the current industry trends, as well as to the historical performance of the acquired business. We also performed sensitivity analyses to evaluate the changes in the fair value of the intangible assets that would result from the changes in significant assumptions. We involved our EY valuation specialist to assist with our evaluation of the methodologies used by the Company and the evaluation of the discount rates and royalty rates by comparing them against discount and royalty rate ranges that were independently developed using publicly available market data for comparable entities.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2019.

Raleigh, North Carolina
February 24, 2022

VONTIER CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in millions, except share and per share amounts)

	As of December 31	
	2021	**2020**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 572.6	$ 380.5
Accounts receivable, less allowance for credit losses of $38.9 million and $40.5 million as of December 31, 2021 and 2020, respectively	481.3	447.1
Inventories	287.0	233.7
Prepaid expenses and other current assets	137.3	120.8
Total current assets	1,478.2	1,182.1
Property, plant and equipment, net	100.6	96.8
Operating lease right-of-use assets	45.4	40.1
Long-term financing receivables, less allowance for credit losses of $42.5 million and $44.4 million as of December 31, 2021 and 2020, respectively	241.7	233.5
Other intangible assets, net	615.9	250.5
Goodwill	1,667.2	1,092.1
Other assets	200.8	177.9
Total assets	$ 4,349.8	$ 3,073.0
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	$ 3.7	$ 10.9
Trade accounts payable	424.9	367.4
Current operating lease liabilities	12.8	11.9
Accrued expenses and other current liabilities	492.0	448.1
Total current liabilities	933.4	838.3
Long-term operating lease liabilities	35.6	30.5
Other long-term liabilities	223.3	217.2
Long-term debt	2,583.8	1,795.3
Commitments and Contingencies		
Equity:		
Preferred stock — 15,000,000 shares authorized; no par value; and none issued and outstanding	—	—
Common stock — 1,985,000,000 shares authorized; $0.0001 par value; and 169,168,285 and 168,497,098 shares issued and outstanding as of December 31, 2021 and 2020, respectively	—	—
Additional paid-in capital	1.5	7.6
Retained earnings (Accumulated deficit)	386.7	(13.6)
Accumulated other comprehensive income	181.7	193.8
Total Vontier stockholders’ equity	569.9	187.8
Noncontrolling interests	3.8	3.9
Total stockholders’ equity	573.7	191.7
Total liabilities and equity	$ 4,349.8	$ 3,073.0

See the accompanying Notes to the Consolidated and Combined Financial Statements.

VONTIER CORPORATION AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
(in millions, except per share amounts)

	Year Ended December 31		
	2021	2020	2019
Sales of products	$ 2,712.7	$ 2,459.9	$ 2,484.0
Sales of services	278.0	244.7	288.1
Total sales	2,990.7	2,704.6	2,772.1
Cost of product sales	(1,445.9)	(1,326.8)	(1,349.3)
Cost of service sales	(211.7)	(189.7)	(232.0)
Total cost of sales	(1,657.6)	(1,516.5)	(1,581.3)
Gross profit	1,333.1	1,188.1	1,190.8
Operating costs:			
Selling, general and administrative expenses	(621.6)	(508.4)	(491.3)
Research and development expenses	(129.3)	(126.2)	(136.4)
Impairment of goodwill	—	(85.3)	—
Operating profit	582.2	468.2	563.1
Non-operating income (expenses), net:			
Interest (expense) income, net	(47.8)	(10.0)	3.3
Write-off of deferred financing costs	(3.4)	—	—
Gain on settlement of investment	3.3	—	—
Other non-operating (expense) income, net	(0.3)	2.1	(0.6)
Earnings before income taxes	534.0	460.3	565.8
Provision for income taxes	(121.0)	(118.3)	(129.3)
Net earnings	$ 413.0	$ 342.0	$ 436.5
Net earnings per share:			
Basic	$ 2.44	$ 2.03	$ 2.59
Diluted	$ 2.43	$ 2.02	$ 2.59
Average common stock and common equivalent shares outstanding:			
Basic	169.0	168.4	168.4
Diluted	170.1	169.4	168.4
Other comprehensive (loss) income, net of income taxes:			
Net earnings	$ 413.0	$ 342.0	$ 436.5
Foreign currency translation adjustments	(13.4)	44.6	22.4
Other adjustments	1.3	0.5	—
Total other comprehensive (loss) income, net of income taxes	(12.1)	45.1	22.4
Comprehensive income	$ 400.9	$ 387.1	$ 458.9

See the accompanying Notes to the Consolidated and Combined Financial Statements.

VONTIER CORPORATION AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
($ and shares in millions)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Former Parent's Investment	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total
	Shares	Amount						
Balance, January 1, 2019	—	$ —	$ —	$ —	$ 1,663.5	$ 126.3	$ 3.1	$ 1,792.9
Net earnings	—	—	—	—	436.5	—	—	436.5
Net transfers to Former Parent	—	—	—	—	(299.4)	—	—	(299.4)
Non-cash settlement of related-party borrowings	—	—	—	—	(151.2)	—	—	(151.2)
Other comprehensive income, net of income taxes	—	—	—	—	—	22.4	—	22.4
Stock-based compensation expense	—	—	—	—	13.1	—	—	13.1
Change in noncontrolling interests	—	—	—	—	—	—	1.8	1.8
Balance, December 31, 2019	—	$ —	$ —	$ —	$ 1,662.5	$ 148.7	$ 4.9	$ 1,816.1
Adoption of accounting standard	—	—	—	—	(16.9)	—	—	(16.9)
Balance, January 1, 2020	—	$ —	$ —	$ —	$ 1,645.6	$ 148.7	$ 4.9	$ 1,799.2
Net earnings	—	—	—	131.1	210.9	—	—	342.0
Recapitalization	168.4	—	—	—	—	—	—	—
Consideration to Former Parent in connection with the Separation	—	—	—	—	(1,635.0)	—	—	(1,635.0)
Net transfers to Former Parent	—	—	—	(144.7)	(238.0)	—	—	(382.7)
Other comprehensive income, net of income taxes	—	—	—	—	—	45.1	—	45.1
Stock-based compensation expense	—	—	6.0	—	16.5	—	—	22.5
Exercise of common stock options and stock award distributions, net of shares for tax withholding	0.1	—	1.6	—	—	—	—	1.6
Change in noncontrolling interests	—	—	—	—	—	—	(1.0)	(1.0)
Balance, December 31, 2020	168.5	$ —	$ 7.6	$ (13.6)	$ —	$ 193.8	$ 3.9	$ 191.7
Net earnings	—	—	—	413.0	—	—	—	413.0
Dividends on common stock ($0.025 per share)	—	—	—	(12.7)	—	—	—	(12.7)
Other comprehensive loss, net of income taxes	—	—	—	—	—	(12.1)	—	(12.1)
Stock-based compensation expense	—	—	25.5	—	—	—	—	25.5
Exercise of common stock options and stock award distributions, net of shares for tax withholding	0.7	—	3.4	—	—	—	—	3.4
Acquisition of noncontrolling interest	—	—	(2.0)	—	—	—	0.1	(1.9)
Separation-related adjustments and other	—	—	(33.0)	—	—	—	—	(33.0)
Change in noncontrolling interests	—	—	—	—	—	—	(0.2)	(0.2)
Balance, December 31, 2021	169.2	$ —	$ 1.5	$ 386.7	$ —	$ 181.7	$ 3.8	$ 573.7

See the accompanying Notes to the Consolidated and Combined Financial Statements.

VONTIER CORPORATION AND SUBSIDIARIES
CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS
($ in millions)

	Year Ended December 31		
	2021	2020	2019
Cash flows from operating activities:			
Net earnings	$ 413.0	$ 342.0	$ 436.5
Non-cash items:			
Depreciation and amortization expense	88.3	78.3	84.5
Stock-based compensation expense	25.5	22.5	13.1
Impairment of goodwill	—	85.3	—
Write-off of deferred financing costs	3.4	—	—
Amortization of debt issuance costs	3.4	0.8	—
Gain on settlement of investment	(3.3)	—	—
Amortization of acquisition-related inventory fair value step-up	6.8	—	—
Loss on disposition	—	—	0.1
Gain on sale of property, net	—	(2.7)	—
Change in accounts receivable, net	(140.4)	(92.8)	(111.9)
Change in inventories	(34.6)	(7.0)	25.3
Change in prepaid expenses and other current assets	(0.7)	7.5	(18.4)
Change in long-term financing receivables, net	136.2	134.7	134.6
Change in trade accounts payable	45.6	44.1	2.0
Change in accrued expenses and other current liabilities	(16.9)	114.0	(33.4)
Change in deferred income taxes	(45.2)	(35.4)	12.8
Net cash provided by operating activities	481.1	691.3	545.2
Cash flows from investing activities:			
Cash paid for acquisitions, net of cash received	(955.8)	—	—
Cash paid for equity investments	(11.3)	(9.5)	(2.4)
Payments for additions to property, plant and equipment	(47.8)	(35.7)	(38.0)
Proceeds from sale of property	—	3.5	0.1
Cash received for settlement of investment	7.2	—	—
Net cash used in investing activities	(1,007.7)	(41.7)	(40.3)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	2,186.5	1,800.0	—
Repayment of long-term debt	(1,400.0)	—	—
Payment for debt issuance costs	(5.1)	—	—
Payment of common stock cash dividend	(12.7)	—	—
Net repayments of related-party borrowings	—	(23.4)	(190.5)
Net repayments of short-term borrowings	(7.0)	(5.3)	(2.5)
Proceeds from stock option exercises	7.5	1.6	—
Net transfers to Former Parent	(35.6)	(419.9)	(299.4)
Consideration to Former Parent in connection with the Separation, net	—	(1,635.0)	—
Acquisition of noncontrolling interest	(1.9)	—	—
Other financing activities	(6.2)	(1.9)	(7.4)
Net cash provided by (used in) financing activities	725.5	(283.9)	(499.8)
Effect of exchange rate changes on cash and cash equivalents	(6.8)	14.8	(5.1)
Net change in cash and cash equivalents	192.1	380.5	—
Beginning balance of cash and cash equivalents	380.5	—	—
Ending balance of cash and cash equivalents	$ 572.6	$ 380.5	$ —

See the accompanying Notes to the Consolidated and Combined Financial Statements.

NOTES TO THE CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

NOTE 1. BUSINESS OVERVIEW

Nature of Business

Vontier Corporation (“Vontier,” the “Company,” “we,” “us,” or “our”) is a global industrial technology company that focuses on critical technical equipment, components, software and services for manufacturing, repair, and servicing in the mobility infrastructure industry worldwide. The Company supplies a wide range of mobility technologies and diagnostics and repair technologies solutions spanning advanced environmental sensors; fueling equipment; field payment hardware; point-of sale, workflow and monitoring software; vehicle tracking and fleet management; software solutions for traffic light control; and vehicle mechanics’ and technicians’ equipment. The Company markets its products and services to retail and commercial fueling operators, convenience store and in-bay car wash operators, tunnel car wash businesses, commercial vehicle repair businesses, municipal governments and public safety entities and fleet owners/operators on a global basis.

Vontier operates through one reportable segment comprised of two operating segments: (i) mobility technologies, which is a leading worldwide provider of solutions and services focused on fuel dispensing, remote fuel management, point-of-sale and payment systems, environmental compliance, workflow software and control solutions, vehicle tracking and fleet management (“telematics”) and traffic management (“smart city solutions”), and (ii) diagnostics and repair technologies, which manufactures and distributes vehicle repair tools, toolboxes and automotive diagnostic equipment and software and a full line of wheel-service equipment. Given the interrelationships of the products, technologies and customers and the resulting similar long-term economic characteristics, we meet the aggregation criteria and have combined our two operating segments into a single reportable segment. Historically, these businesses had operated as part of Fortive Corporation’s (“Fortive” or “Former Parent”) Industrial Technologies reportable segment (the “Vontier Businesses”).

Separation from Fortive Corporation

On October 9, 2020, Fortive completed the separation of Fortive’s Industrial Technologies businesses through a pro rata distribution of 80.1% of the outstanding common stock of Vontier to Fortive’s stockholders (the “Separation”). To effect the Separation, Fortive distributed to its stockholders two shares of Vontier common stock for every five shares of Fortive common stock outstanding held on September 25, 2020, the record date for the distribution. In January 2021, Fortive sold a total of 33.5 million shares of the Company’s common stock as part of a secondary offering. After the secondary offering, Fortive no longer owned any of the Company’s outstanding common stock.

The primary source of the cash on hand as of the date of Separation was due to a transfer from Fortive as part of the separation agreement. Under the terms of the separation agreement, we repaid $86.1 million to Fortive in December 2020.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Consolidated and Combined Financial Statements present our historical financial position, results of operations, changes in equity and cash flows in accordance with generally accepted accounting principles in the United States of America (“GAAP”). The combined financial statements for periods prior to the Separation were derived from Fortive’s consolidated financial statements and accounting records and prepared in accordance with GAAP for the preparation of carved-out combined financial statements. Through the date of the Separation, all revenues and costs as well as assets and liabilities directly associated with Vontier have been included in the combined financial statements. Prior to the Separation, the combined financial statements also include allocations of certain general, administrative, sales and marketing expenses from Fortive’s corporate office and from other Fortive businesses to the Company and allocations of related assets, liabilities, and the Former Parent’s investment, as applicable. The allocations were determined on a reasonable basis; however, the amounts are not necessarily representative of the amounts that would have been reflected in the financial statements had the Company been an entity that operated independently of Fortive during the applicable periods. Related-party allocations prior to the Separation, including the method for such allocation, are discussed further in Note 20. Related-Party Transactions.

Following the Separation, the consolidated financial statements include the accounts of Vontier and those of our wholly-owned subsidiaries and no longer include any allocations from Fortive. Accordingly:

- The Consolidated Balance Sheets as of December 31, 2021 and December 31, 2020 consist of our balances.
- The Consolidated Statement of Earnings and Comprehensive Income for the year ended December 31, 2021 consists of our results. The Consolidated and Combined Statement of Earnings and Comprehensive Income for the year ended December 31, 2020 consists of our results from the date of the Separation through December 31, 2020 and the combined results of the Vontier Businesses from January 1, 2020 through the date of the Separation. The Combined

Statement of Earnings and Comprehensive Income for the year ended December 31, 2019 consists of the combined results of the Vontier Businesses.

- The Consolidated Statement of Changes in Stockholders' Equity for the year ended December 31, 2021 consists of our results. The Consolidated and Combined Statement of Changes in Stockholders' Equity for the year ended December 31, 2020 consists of our consolidated activity from the date of the Separation through December 31, 2020 and the combined activity of the Vontier Businesses from January 1, 2020 through the date of the Separation. The Combined Statement of Changes in Stockholders' Equity for the year ended December 31, 2019 consists of the combined activity of the Vontier Businesses.
- The Consolidated Statement of Cash Flows for the year ended December 31, 2021 consists of our results. The Consolidated and Combined Statement of Cash Flows for the year ended December 31, 2020 consists of our consolidated activity from the date of the Separation through December 31, 2020 and the combined activity of the Vontier Businesses from January 1, 2020 through the date of the Separation. The Combined Statement of Cash Flows for the year ended December 31, 2019 consists of the combined activity of the Vontier Businesses.

Our Consolidated and Combined Financial Statements may not be indicative of our results had we been a separate stand-alone entity throughout the periods presented, nor are the results stated herein indicative of what our financial position, results of operations and cash flows may be in the future.

All significant transactions between the Company and Fortive have been included in the accompanying Consolidated and Combined Financial Statements for all periods presented. Cash transactions with Fortive prior to the Separation are reflected in the accompanying Consolidated and Combined Statements of Changes in Stockholders' Equity as "Net transfers to Former Parent" and "Consideration to Former Parent in connection with the Separation." As included in the Consolidated and Combined Statements of Changes in Stockholders' Equity, Former Parent's investment, which included Retained earnings (Accumulated deficit) prior to the Separation, represents Fortive's interest in our recorded net assets prior to the Separation. In addition, the accumulated net effect of intercompany transactions between us and Fortive or Fortive affiliates for periods prior to the Separation are included in Former Parent's investment.

On October 9, 2020, in connection with the Separation, Former Parent's investment was redesignated within Stockholders' Equity. The Agreements include a "Wrong-Pockets Provision" that allow the parties to make adjustments to ensure the separation-related transactions were executed in accordance with the Agreements. In periods subsequent to the Separation, we may make adjustments to balances transferred at the Separation date in accordance with the Wrong-Pockets Provision. Any such adjustments are recorded through stockholders' equity.

The Consolidated and Combined Financial Statements include our accounts and the accounts of our subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. The Consolidated and Combined Financial Statements also reflect the impact of noncontrolling interests. Noncontrolling interests do not have a significant impact on our consolidated and combined results of operations, therefore net earnings and net earnings per share attributable to noncontrolling interests are not presented separately in our Consolidated and Combined Statements of Earnings and Comprehensive Income. Net earnings attributable to noncontrolling interests have been reflected in selling, general and administrative expenses ("SG&A") and were insignificant in all periods presented.

Prior to the Separation, we were dependent upon Fortive for all our working capital and financing requirements under Fortive's centralized approach to cash management and financing of operations of its subsidiaries. With the exception of cash, cash equivalents and borrowings clearly associated with Vontier and related to the Separation, including the financial transactions described below, financial transactions relating to our business operations prior to the Separation were accounted for through Former Parent's investment. Accordingly, none of the Former Parent's cash, cash equivalents or debt at the corporate level was assigned to Vontier or included in the Consolidated and Combined Financial Statements for periods prior to the Separation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base these estimates on historical experience, the current economic environment and on various other assumptions that are believed to be reasonable under the circumstances. However, uncertainties associated with these estimates exist and actual results may differ from these estimates.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Accounts and Financing Receivables and Allowances for Credit Losses

All trade accounts and financing receivables are reported in the accompanying Consolidated Balance Sheets adjusted for any write-offs and net of allowances for credit losses. The allowances for credit losses represent management's best estimate of the credit losses expected from trade accounts and financing receivables portfolios. Determination of the allowances requires management to exercise judgment about the timing, frequency and severity of credit losses that could materially affect the provision for credit losses and, therefore, net earnings. The Company regularly performs detailed reviews of our portfolios to determine if an impairment has occurred and evaluate the collectability of receivables based on a combination of financial and qualitative factors that may affect customers' ability to pay, including customers' financial condition, collateral, debt-servicing ability, past payment experience and credit bureau information. 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 recognized receivable to the amount reasonably expected to be collected. Additions to the allowances for credit losses are charged to current period earnings and amounts determined to be uncollectible are charged directly against the allowances. Any amounts recovered on accounts that were previously written-off reduces the amounts charged to current period earnings. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional reserves would be required. The Company does not believe that accounts and financing receivables represent significant concentrations of credit risk because of the diversified portfolio of individual customers and geographical areas. We recorded $36.8 million, $42.9 million and $38.2 million of expense associated with credit losses for the years ended December 31, 2021, 2020 and 2019, respectively.

Financing Receivables

Prior to the adoption of Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13") on January 1, 2020, we recognized an allowance for incurred losses when they were probable based on many quantitative and qualitative factors, including delinquency. After the adoption of ASU 2016-13, we estimate our allowance to reflect expected credit losses over the remaining contractual life of the asset. We pool assets with similar risk characteristics for this measurement based on attributes which includes asset type, duration, and/or credit risk rating. The future expected losses of each pool are estimated based on numerous quantitative and qualitative factors reflecting management's estimate of collectability over the remaining contractual life of the pooled assets, including:

- portfolio duration;
- historical, current, and forecasted future loss experience by asset type;
- historical, current, and forecasted delinquency and write-off trends;
- historical, current, and forecasted economic conditions; and
- historical, current, and forecasted credit risk.

Expected credit losses of the assets originated during the years ended December 31, 2021 and 2020, as well as changes to expected losses during the same period, are recognized in earnings for the periods ended December 31, 2021 and 2020.

Inventory Valuation

Inventories include the costs of material, labor and overhead. Domestic inventories are stated at the lower of cost or net realizable value primarily using the first-in, first-out ("FIFO") method with certain businesses applying the last-in, first-out method ("LIFO") to value inventory. Inventories held outside the United States are stated at the lower of cost or net realizable value primarily using the FIFO method.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Provisions for depreciation and amortization have been computed principally by the straight-line method based on the estimated useful lives of the depreciable assets which are generally as follows:

Category	Useful Life
Buildings	30 years
Leased assets and leasehold improvements	Amortized over the lesser of the economic life of the asset or the term of the lease
Machinery and equipment	3 – 10 years

Estimated useful lives are periodically reviewed and, when appropriate, changes to estimates are made prospectively.

Other Assets

Other assets principally include contract assets, deferred tax assets and other investments.

Fair Value of Financial Instruments

Our financial instruments consist primarily of trade accounts receivable, financing receivables, obligations under trade accounts payable and short and long-term debt. Due to their short-term nature, the carrying values for trade accounts receivable, trade accounts payable and short-term debt approximate fair value. Refer to Note 8. Fair Value Measurements for the fair values of our other financial instruments.

Goodwill and Other Intangible Assets

Goodwill and other intangible assets result from our acquisition of existing businesses. In accordance with accounting standards related to business combinations, neither goodwill nor indefinite-lived intangible assets are amortized; however, certain definite-lived identifiable intangible assets, primarily customer relationships and acquired technology, are amortized over their estimated useful lives. Refer to Note 7. Goodwill and Other Intangible Assets for additional information regarding our goodwill and other intangible assets.

Goodwill arises from the purchase price for acquired businesses exceeding the fair value of tangible and intangible assets acquired less assumed liabilities. We assess the goodwill of each of our reporting units for impairment at least annually as of the first day of the fourth quarter or more frequently if events and circumstances indicate that goodwill may not be recoverable.

When evaluating for impairment, the Company may first perform a qualitative assessment to determine whether it is more likely than not that a reporting unit or indefinite-lived intangible asset is impaired. If the Company does not perform a qualitative assessment, or if it determines that it is not more likely than not that the fair value of the reporting unit or indefinite-lived intangible asset exceeds its carrying amount, the Company will calculate the estimated fair value of the reporting unit or indefinite-lived intangible asset. The Company’s decision to perform a qualitative impairment assessment for an individual reporting unit or indefinite-lived intangible assets in a given year is influenced by a number of factors, inclusive of the size of the reporting unit's goodwill, the significance of the excess of the reporting unit's estimated fair value over carrying value at the last quantitative assessment date, the amount of time in between quantitative fair value assessments and the date of acquisition.

As part of our 2021 annual impairment analysis, we elected to apply the qualitative goodwill impairment assessment guidance in ASC 350-20, *Goodwill*, for all 6 of our reporting units, or approximately $1.7 billion of goodwill as of the assessment date. Factors we consider in the qualitative assessment include general macroeconomic conditions, industry and market conditions, cost factors, overall financial performance of our reporting units, events or changes affecting the composition or carrying value of the net assets of our reporting units, information related to market multiples of peer companies and other relevant entity specific events. Based on our assessment we determined on the basis of the qualitative and quantitative factors, that the fair values of the reporting units were more likely than not greater than their respective carrying values; and therefore, a quantitative test was not required.

If we do not perform a qualitative assessment, goodwill impairment is determined by using a quantitative approach. We identify potential impairment by comparing the fair value of each reporting unit, determined using various valuation techniques, with the primary technique being a discounted cash flow analysis, to its carrying value. If the carrying amount of the reporting unit exceeds the fair value, an impairment loss is recognized.

We review identified intangible assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment loss occurred requires a comparison of the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. We also test intangible assets with indefinite lives at least annually for impairment. In these analyses management considers general macroeconomic conditions, industry and market conditions, cost factors, financial performance and other entity and asset specific events and may require management to make judgments and estimates about future revenues, expenses, market conditions and discount rates related to these assets.

If actual results are not consistent with management’s estimates and assumptions, goodwill and other intangible assets may be overstated, and a charge would need to be taken against net earnings which would adversely affect our financial statements.

A non-cash goodwill impairment charge of $85.3 million was recorded against our Telematics reporting unit as a result of our quantitative impairment assessment on March 27, 2020. No goodwill impairment charges were recorded for the years ended December 31, 2021 and 2019. Refer to Note 7. Goodwill and Other Intangible Assets for additional information regarding the Telematics impairment charge in 2020.

Insurance Liabilities

The Company is self-insured for certain losses related to medical claims. The Company has stop-loss coverage to limit the exposure arising from medical claims. In addition, the Company has deductible-based insurance policies for certain losses related to general liability, workers' compensation and automobile.

Debt Issuance Costs

Debt issuance costs relating to the Company's long-term debt are recorded as a direct reduction of long-term debt; these costs are deferred and amortized to interest expense using the effective interest method, over the respective terms of the related debt. Debt issuance costs relating to the Company's revolving credit facilities are recorded in Other assets; these costs are deferred and amortized to interest expense using the straight-line method.

Revenue Recognition

We derive revenues primarily from the sale of products and services in the mobility technologies and diagnostics and repair technologies markets. Revenue is recognized when control of promised products or services is transferred to customers in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services.

Product sales include revenues from the sale of products and equipment, which includes our software-as-a-service ("SaaS") product offerings, equipment rentals, and interest income related to our financing receivables.

Service sales includes revenues from extended warranties, post-contract customer support ("PCS"), maintenance contracts or services, and services related to previously sold products.

Revenues associated with the Company's interest income related to financing receivables are recognized to approximate a constant effective yield over the contract term.

For revenue related to a product or service to qualify for recognition, we must have an enforceable contract with a customer that defines the goods or services to be transferred and the payment terms related to those goods or services. Further, collection of substantially all consideration for the goods or services transferred must be probable based on the customer's intent and ability to pay the promised consideration. We apply judgment in determining the customer's ability and intention to pay, which is based on a combination of financial and qualitative factors, including the customers' financial condition, collateral, debt-servicing ability, past payment experience and credit bureau information.

Customer allowances and rebates, consisting primarily of volume discounts and other short-term incentive programs, are considered in determining the transaction price for the contract; these allowances and rebates are reflected as a reduction in the contract transaction price. Significant judgment is exercised in determining product returns, customer allowances and rebates, which are estimated based on historical experience and known trends.

Most of our sales contracts contain standard terms and conditions. We evaluate contracts to identify distinct goods and services promised in the contract (performance obligations). Sometimes this evaluation involves judgment to determine whether the goods or services are highly dependent on or highly interrelated with one another, or whether such goods or services significantly modify or customize one another. Certain customer arrangements include multiple performance obligations, typically hardware, installation, training, consulting, services and/or PCS. Generally, these elements are delivered within the same reporting period, except PCS or other services. We allocate the contract transaction price to each performance obligation using the observable price that the good or service sells for separately in similar circumstances and to similar customers, and/or a residual approach when the observable selling price of a good or service is not known and is either highly variable or uncertain. Allocating the transaction price to each performance obligation sometimes requires significant judgment.

Our principal terms of sale are FOB Shipping Point, or equivalent, and, as such, we primarily record revenue upon shipment as we have transferred control to the customer at that point and our performance obligations are satisfied. We evaluate contracts with delivery terms other than FOB Shipping Point and recognize revenue when we have transferred control and satisfied our performance obligations. If any significant obligation to the customer with respect to a sales transaction remains to be fulfilled following shipment (typically installation, other services noted above or acceptance by the customer), revenue recognition is deferred until such obligations have been fulfilled. Further, revenue related to separately priced extended warranty and product maintenance agreements is deferred when appropriate and recognized as revenue over the term of the agreement.

Shipping and Handling

Shipping and handling costs are included as a component of Cost of sales in the Consolidated and Combined Statements of Earnings and Comprehensive Income. Revenue derived from shipping and handling costs billed to customers is included in Sales in the Consolidated and Combined Statements of Earnings and Comprehensive Income.

Advertising

Advertising costs are expensed as incurred.

Research and Development

We conduct research and development activities for the purpose of developing new products, enhancing the functionality, effectiveness, ease of use and reliability of our existing products and expanding the applications for which uses of our products are appropriate. Research and development costs are expensed as incurred.

Restructuring

We periodically initiate restructuring activities to appropriately position our cost base relative to prevailing economic conditions and associated customer demand as well as in connection with certain acquisitions. Costs associated with restructuring actions can include one-time termination benefits and related charges in addition to facility closure, contract termination and other related activities. We record the cost of the restructuring activities when the associated liability is incurred. Refer to Note 16. Restructuring and Other Related Charges for additional information.

Foreign Currency Translation and Transactions

Exchange rate adjustments resulting from foreign currency transactions are recognized in Net earnings, whereas effects resulting from the translation of financial statements are reflected as a component of Accumulated other comprehensive income within stockholders' equity. Assets and liabilities of subsidiaries operating outside the United States with a functional currency other than U.S. dollars are translated into U.S. dollars using year-end exchange rates and income statement accounts are translated at weighted average exchange rates. Net foreign currency transaction gains or losses were not material in any of the years presented.

Accounting for Stock-Based Compensation

We had no stock-based compensation plans prior to the Separation; however, certain of our employees had participated in Fortive's stock-based compensation plans ("Fortive Plans"). The expense associated with our employees who participated in the Fortive Plans was allocated to us in the accompanying Consolidated and Combined Statements of Earnings and Comprehensive Income for the periods prior to the Separation.

We account for stock-based compensation by measuring the cost of employee services received in exchange for all equity awards granted, including stock options, restricted stock units ("RSUs") and performance stock units ("PSUs"), based on the fair value of the award as of the grant date. Stock-based compensation expense is recognized net of an estimated forfeiture rate on a straight-line basis over the requisite service period of the award.

The fair value of each stock option issued was estimated on the date of the grant using the Black-Scholes option pricing model which incorporates the following assumptions to value stock-based awards:

Risk-free interest rate: The risk-free rate of interest for periods within the contractual life of the option is based on a zero-coupon U.S. government instrument whose maturity period equals or approximates the option's expected term.

Volatility: Since the Company does not have sufficient history to estimate the expected volatility of its common share price, expected volatility is based on a blended approach that uses the volatility of the Company's common stock for periods in which the Company has information and the volatility for selected reasonably similar publicly traded companies for periods in which the historical information is not available. For periods prior to the Separation and after July 2018, volatility was calculated using a blend of Fortive's historical stock price volatility and the average historical stock price volatility of a group of Fortive's peer companies for the expected term of the options. From July 2, 2016 through July 2018, the weighted average volatility was estimated based on an average historical stock price volatility of a group of peer companies given Fortive's limited trading history.

Dividend yield: The expected dividend yield is calculated by dividing our annualized dividend, based on the our history of declared dividends, by our stock price on the grant date. For periods prior to the Separation, the dividend yield was calculated by dividing Fortive's annual dividend, based on the most recent quarterly dividend rate, by Fortive's stock price on the grant date.

Expected years until exercise: The expected term of stock options granted is based on an estimate of when options will be exercised in the future. As the Company does not have sufficient history to estimate its expected term, the Company applied the simplified method of estimating the expected term of the options, as described in the SEC's Staff Accounting Bulletins 107 and 110, as the historical experience under Fortive is not considered indicative of the expected behavior in the future. The expected term, calculated under the simplified method, is applied to all stock options which have similar contractual terms. Using this method, the expected term is determined using the average of the vesting period and the contractual life of the stock options granted.

The fair value of RSUs is calculated using the closing price of Vontier common stock on the date of grant less a discount due to the lack of participation in the Company's dividend by RSU holders. The fair value of PSUs is calculated using a Monte Carlo pricing model.

Income Taxes

In accordance with GAAP, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted rates expected to be in effect during the year in which the differences reverse. Deferred tax assets generally represent items that can be used as a tax deduction or credit in our tax return in future years for which the tax benefit has already been reflected on our Consolidated and Combined Statements of Earnings and Comprehensive Income. Deferred tax liabilities generally represent items that have already been taken as a deduction on our tax return but have not yet been recognized as an expense in our Consolidated and Combined Statements of Earnings and Comprehensive Income. The effect on deferred tax assets and liabilities due to a change in tax rates is recognized in income tax expense in the period that includes the enactment date.

Our deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not (a likelihood of more than 50 percent) that some portion or all of the deferred tax assets will not be realized. We evaluate the realizability of deferred income tax assets for each of the jurisdictions in which we operate. If we experience cumulative pretax income in a particular jurisdiction in the three-year period including the current and prior two years, we normally conclude that the deferred income tax assets will more likely than not be realizable and no valuation allowance is recognized, unless known or planned operating developments would lead management to conclude otherwise. However, if we experience cumulative pretax losses in a particular jurisdiction in the three-year period including the current and prior two years, we then consider a series of factors in the determination of whether the deferred income tax assets can be realized. These factors include historical operating results, known or planned operating developments, the period of time over which certain temporary differences will reverse, consideration of the utilization of certain deferred income tax liabilities, tax law carryback capability in the particular country, and prudent and feasible tax planning strategies. After evaluation of these factors, if the deferred income tax assets are expected to be realized within the tax carryforward period allowed for that specific country, we would conclude that no valuation allowance would be required. To the extent that the deferred income tax assets exceed the amount that is expected to be realized within the tax carryforward period for a particular jurisdiction, we establish a valuation allowance.

We recognize tax benefits from uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the Consolidated and Combined Financial Statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Judgment is required in evaluating tax positions and determining income tax provisions. We reevaluate the technical merits of our tax positions and may recognize an uncertain tax benefit in certain circumstances, including when: (i) a tax audit is completed; (ii) applicable tax laws change, including a tax case ruling or legislative guidance; or (iii) the applicable statute of limitations expires. We recognize potential accrued interest and penalties associated with unrecognized tax positions in income tax expense. Refer to Note 15. Income Taxes for additional information.

Pension and Other Postretirement Benefit Plans

We measure our pension assets and obligations to determine the funded status as of year end, and recognize an asset for an overfunded status or a liability for an underfunded status on our balance sheet. Changes in the funded status of the pension plans are recognized in the year in which the changes occur and are reported in other comprehensive income.

Recently Issued Accounting Standards

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting and in January 2021 issued ASU No. 2021-01, Reference Rate Reform (Topic 848): Scope. These ASUs provide temporary optional expedients and exceptions to existing guidance on contract modifications and hedge accounting to facilitate the market transition from existing reference rates, such as the London Inter-bank Offered Rate ("LIBOR") which is being phased out beginning at the end of 2021, to alternate reference rates, such as the Secured Overnight Financing Rate ("SOFR"). These standards were effective upon issuance and allowed application to contract changes as early as January 1, 2020. These provisions may impact the Company as contract modifications and other changes occur during the LIBOR transition period. The Company continues to evaluate the optional relief guidance provided within these ASUs, has reviewed its debt securities and continues to evaluate commercial contracts that may utilize LIBOR as the reference rate. We will continue the assessment and monitor regulatory developments during the LIBOR transition period.

Recently Adopted Accounting Standards

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. This ASU provides a single comprehensive accounting model on revenue recognition for contracts with customers and requires that the acquirer in a business combination recognize and measure contract assets and liabilities acquired in a business combination in accordance with Topic 606 (Revenue from Contracts with Customers). The amendments in this ASU are effective for fiscal years beginning after December 15, 2022. Early adoption is permitted, including adoption in an interim period. With early adoption, the amendments are applied retrospectively to all business combinations for which the acquisition date occurs on or after the beginning of the fiscal year that includes the interim period of adoption and prospectively to all business combinations that occur on or after the date of initial application. The Company adopted the ASU in the third quarter ended October 1, 2021 and its adoption impacted the accounting and recognition of the contract liabilities associated with the Company's acquisition of DRB Systems, LLC.

In June 2016, the FASB issued ASU 2016-13, which amends the impairment model by requiring entities to use a forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including financing and trade accounts receivables. On January 1, 2020, we adopted ASU 2016-13 and recognized in our Consolidated Balance Sheets, as of January 1, 2020, an increase in the allowance for trade accounts and financing receivables of $22.1 million with a corresponding net of tax adjustment to beginning Former Parent's investment of $16.9 million.

Results for reporting periods beginning January 1, 2020 reflect the adoption of ASU 2016-13, while prior period amounts were not adjusted and continue to be reported in accordance with our historical accounting practices.

NOTE 3. ACQUISITIONS AND DIVESTITURES

We continually evaluate potential mergers, acquisitions and divestitures that align with our strategy and expedite the evolution of our portfolio of businesses into new and attractive areas. We have completed a number of acquisitions that have been accounted for as purchases and resulted in the recognition of goodwill in our financial statements. This goodwill arises because the purchase price for each acquired business reflects a number of factors including the complimentary fit, acceleration of our strategy and synergies the business brings with respect to our existing operations, the future earnings and cash flow potential of the business, the potential to add other strategically complimentary acquisitions to the acquired business, the scarce or unique nature of the business in its markets, competition to acquire the business, the valuation of similar businesses in the marketplace (as reflected in a multiple of revenues, earnings or cash flows) and the avoidance of the time and costs which would be required (and the associated risks that would be encountered) to enhance our existing offerings to key target markets and develop new and profitable businesses.

We make an initial allocation of the purchase price at the date of acquisition based on our understanding of the fair value of the acquired assets and assumed liabilities. We obtain this information during due diligence and through other sources. In the months after closing, as we obtain additional information about these assets and liabilities, including through tangible and intangible asset appraisals, and learn more about the newly acquired business, we are able to refine the estimates of fair value and more accurately allocate the purchase price. Only items identified as of the acquisition date are considered for subsequent adjustment. We make appropriate adjustments to purchase price allocations prior to completion of the applicable measurement period, as required.

The following describes our acquisition activity for the year ended December 31, 2021. We did not make any acquisitions during the years ended December 31, 2020 and 2019.

DRB Systems, LLC

On September 13, 2021, the Company acquired all of the outstanding equity interests of DRB Systems, LLC ("DRB"), a leading provider of point of sale, workflow software and control solutions to the car wash industry, for $955.8 million in cash. This acquisition aligns with the Company's portfolio diversification strategy and enables opportunities in new end markets. With this acquisition, the Company expects to grow its retail solutions portfolio.

The acquisition of DRB was accounted for as a business combination and, accordingly, the assets acquired and the liabilities assumed have been recorded at their respective fair values as of the acquisition date. The goodwill is attributable to the workforce of the acquired business, future market opportunities and the expected synergies with the Company's existing operations. The Company incurred $4.3 million in acquisition related costs which are included in Selling, general and administrative expenses in the Consolidated and Combined Statement of Earnings. The majority of goodwill derived from this acquisition is expected to be deductible for tax purposes.

The purchase price allocation has not been finalized as the analysis of the assets and liabilities acquired has not been completed. The procedures to finalize may result in further adjustments to our purchase accounting that could result in additional measurement period adjustments, which could have a material effect on the consolidated financial statements. The accounting for the acquisition will be completed no later than one year from the acquisition date, in accordance with GAAP.

The Company's estimate of the purchase price allocation is as follows:

($ in millions)	Preliminary Purchase Price Allocation	Measurement Period Adjustments	Adjusted Preliminary Purchase Price Allocation	Weighted Average Amortization Period
Accounts receivable	$ 17.3	$ (3.1)	$ 14.2	
Inventories	21.0	—	21.0	
Prepaid and other current assets	3.8	—	3.8	
Technology	142.1	0.5	142.6	9.0
Customer relationships	227.0	—	227.0	11.0
Trade names	36.0	—	36.0	14.0
Goodwill	587.4	(2.7)	584.7	
Other assets	14.9	0.1	15.0	
Trade accounts payable	(5.8)	—	(5.8)	
Accrued expenses and other current liabilities	(44.6)	0.9	(43.7)	
Other long-term liabilities	(43.6)	4.6	(39.0)	
Purchase price, net of cash acquired	$ 955.5	$ 0.3	$ 955.8	

Intangible assets consisting of technology and trade names were valued using a relief from royalty method while customer relationships were valued using a multi-period excess earnings method. To determine the fair value of the acquired intangible assets included above, management utilized significant unobservable inputs (Level 3 in the fair value hierarchy) and was required to make judgements and estimates about future results such as revenues, margin, net working capital and other valuation assumptions such as useful lives, royalty rates, attrition rates and discount rates. These assumptions are forward looking and could be affected by future economic and market conditions.

The results of DRB are included in the consolidated financial statements of the Company from the date of the acquisition and during this period DRB's revenues and loss before income taxes was $57.7 million and $3.2 million, respectively. The loss before income taxes includes the amortization of intangible assets and acquisition-related fair value adjustments.

Pro Forma Financial Information (unaudited)

The following unaudited pro forma presents consolidated information of Vontier as if the acquisition of DRB had occurred on January 1, 2020.

	Year Ended	
($ in millions)	December 31, 2021	December 31, 2020
Sales	$ 3,108.7	$ 2,822.8
Net earnings	417.9	320.4

These pro forma amounts have been calculated after applying the Company's accounting policies and adjusting the results of the Company and DRB to reflect the amortization and interest expense that would have been charged assuming the fair value adjustments to inventory and intangible assets and the financing of the acquisition, respectively, had been applied at the beginning of the 2020 fiscal year, together with the tax effects. The pro forma financial information is presented for informational purposes only and is not indicative of the results of the operations that actually would have been achieved had the acquisition been consummated as of that time.

Other Investments

The Company holds a minority interest in Tritium Holdings Pty, Ltd ("Tritium"). As of December 31, 2021, this investment was recorded in Other assets in the accompanying Consolidated Balance Sheets at a cost basis of $52.1 million. During 2021, we made additional investments in Tritium of $6.8 million and reduced our investment by $3.8 million due to the settlement of our call option.

Tritium specializes in the design and manufacture of DC fast charging solutions for electric vehicles. Established in 2001, it launched its first DC fast charger in 2014, and has since become a leading global supplier, with installations in 41 countries. Tritium offers a range of hardware, software, and services developed and designed to support the global transition to e-mobility.

We have elected to use the measurement alternative for equity investments without readily determinable fair values and evaluate this investment for indicators of impairment quarterly. We did not identify events or changes in circumstances that may have a significant effect on the fair value of the investment during the year ended December 31, 2021.

Divestitures

On October 9, 2019, we sold our interest in Gilbarco Hungary ACIS and our Gilbarco Romania ACIS business ("ACIS") for $1.7 million, and recognized a loss on the transactions of $0.1 million. These transactions did not meet the criteria for discontinued operations reporting, and therefore the operating results of ACIS prior to the disposition are included in continuing operations for 2019.

NOTE 4. FINANCING AND TRADE RECEIVABLES

The Company's financing receivables are comprised of commercial purchase security agreements with the Company's end customers ("PSAs") and commercial loans to the Company's franchisees ("Franchisee Notes"). Financing receivables are generally secured by the underlying tools and equipment financed.

PSAs are installment sales contracts originated between the franchisee and technicians or independent shop owners which enable these customers to purchase tools and equipment on an extended-term payment plan. PSA payment terms are generally up to five years. Upon origination, the Company assumes the PSA by crediting the franchisee's trade accounts receivable. As a result, originations of PSAs are non-cash transactions. The Company records PSAs at amortized cost.

Franchisee Notes have payment terms of up to 10 years and include financing to fund business startup costs including: (i) installment loans to franchisees used generally to finance inventory, equipment, and franchise fees; and (ii) lines of credit to finance working capital, including additional purchases of inventory.

Revenues associated with the Company's interest income related to financing receivables are recognized to approximate a constant effective yield over the contract term. Accrued interest is included in Accounts receivable less allowance for credit losses and is insignificant as of December 31, 2021 and 2020.

Product sales to franchisees and the related financing income is included in Cash flows from operating activities in the accompanying Consolidated and Combined Statements of Cash Flows.

The components of financing receivables with payments due in less than twelve months that are recorded in Accounts receivable less allowance for credit losses on the Consolidated Balance Sheets were as follows:

($ in millions)	December 31, 2021	December 31, 2020
Gross current financing receivables:		
PSAs	$ 98.4	$ 98.9
Franchisee Notes	15.5	15.5
Current financing receivables, gross	$ 113.9	$ 114.4
Allowance for credit losses:		
PSAs	$ 16.9	$ 15.8
Franchisee Notes	6.5	6.6
Total allowance for credit losses	23.4	22.4
Total current financing receivables, net	$ 90.5	$ 92.0
Net current financing receivables:		
PSAs, net	$ 81.5	$ 83.1
Franchisee Notes, net	9.0	8.9
Total current financing receivables, net	$ 90.5	$ 92.0

The components of financing receivables with payments due beyond one year were as follows:

($ in millions)	December 31, 2021	December 31, 2020
Gross long-term financing receivables:		
PSAs	$ 219.7	$ 219.3
Franchisee Notes	64.5	58.6
Long-term financing receivables, gross	$ 284.2	$ 277.9
Allowance for credit losses:		
PSAs	$ 37.2	$ 38.5
Franchisee Notes	5.3	5.9
Total allowance for credit losses	42.5	44.4
Total long-term financing receivables, net	$ 241.7	$ 233.5
Net long-term financing receivables:		
PSAs, net	$ 182.5	$ 180.8
Franchisee Notes, net	59.2	52.7
Total long-term financing receivables, net	$ 241.7	$ 233.5

Net deferred origination costs were insignificant as of December 31, 2021 and 2020. As of December 31, 2021 and 2020, the Company had a net unamortized discount on our financing receivables of $16.7 million and $18.4 million, respectively.

It is the Company's general practice to not engage in contract or loan modifications of existing arrangements for troubled debt restructurings. In limited instances, the Company may modify certain impaired receivables with customers in bankruptcy or other legal proceedings, or in the event of significant natural disasters. Restructured financing receivables as of December 31, 2021 and 2020 were insignificant.

Credit score and distributor tenure are the primary indicators of credit quality for the Company's financing receivables. Depending on the contract, payments for financing receivables are due on a monthly or weekly basis. Weekly payments are converted into a monthly equivalent for purposes of calculating delinquency. Delinquencies are assessed at the end of each month following the monthly equivalent due date and are considered delinquent once past due.

The amortized cost basis of PSAs and Franchisee Notes by origination year as of December 31, 2021 is as follows:

($ in millions)	2021	2020	2019	2018	2017	Prior	Total
PSAs							
Credit Score:							
Less than 400	$ 18.0	$ 8.5	$ 4.8	$ 2.1	$ 0.6	$ 0.2	$ 34.2
400-599	23.7	13.5	7.2	3.5	0.9	0.4	49.2
600-799	50.9	25.9	13.8	6.4	1.8	0.7	99.5
800+	73.4	34.4	17.5	7.8	1.7	0.4	135.2
Total PSAs	$ 166.0	$ 82.3	$ 43.3	$ 19.8	$ 5.0	$ 1.7	$ 318.1
Franchisee Notes							
Active distributors	$ 27.3	$ 17.0	$ 12.3	$ 6.0	$ 3.4	$ 3.8	$ 69.8
Separated distributors	0.3	1.1	1.8	1.8	1.7	3.5	10.2
Total Franchisee Notes	$ 27.6	$ 18.1	$ 14.1	$ 7.8	$ 5.1	$ 7.3	$ 80.0

Past Due

PSAs are considered past due when a contractual payment has not been made. If a customer is making payments on its account, interest will continue to accrue. The table below sets forth the aging of the Company's PSA balances as of:

($ in millions)	30-59 days past due	60-90 days past due	Greater than 90 days past due	Total past due	Total not considered past due	Total	Greater than 90 days past due and accruing interest
December 31, 2021	$ 3.3	$ 1.7	$ 6.5	$ 11.5	$ 306.6	$ 318.1	$ 6.5
December 31, 2020	3.5	1.8	7.2	12.5	305.7	318.2	7.2

Franchisee Notes are considered past due when payments have not been made for 21 days after the due date. Past due Franchisee Notes (where the franchisee had not yet separated) were insignificant as of December 31, 2021 and 2020.

Uncollectable Status

PSAs are deemed uncollectable and written off when they are both contractually delinquent and no payment has been received for 180 days.

Franchisee Notes are deemed uncollectable and written off after a distributor separates and no payments have been received for one year.

The Company stops accruing interest and other fees associated with financing receivables when (i) a customer is placed in uncollectable status and repossession efforts have begun; (ii) upon receipt of notification of bankruptcy; (iii) upon notification of the death of a customer; or (iv) other instances in which management concludes collectability is not reasonably assured.

Allowance for Credit Losses Related to Financing Receivables

The Company calculates the allowance for credit losses considering several factors, including the aging of its financing receivables, historical credit loss and portfolio delinquency experience and current economic conditions. The Company also evaluates financing receivables with identified exposures, such as customer defaults, bankruptcy or other events that make it unlikely it will recover the amounts owed to it. In calculating such reserves, the Company evaluates expected cash flows, including estimated proceeds from disposition of collateral, and calculates an estimate of the potential loss and the probability of loss. When a loss is considered probable on an individual financing receivable, a specific reserve is recorded.

The following is a rollforward of the PSAs and Franchisee Notes components of the Company’s allowance for credit losses related to financing receivables as of December 31:

	2021			2020		
($ in millions)	PSAs	Franchisee Notes	Total	PSAs	Franchisee Notes	Total
Allowance for credit losses, beginning of year	$ 54.3	$ 12.5	$ 66.8	$ 29.4	$ 11.9	$ 41.3
Transition adjustment	—	—	—	17.5	1.0	18.5
Provision for credit losses	24.9	4.2	29.1	29.3	5.9	35.2
Write-offs	(27.5)	(5.6)	(33.1)	(32.5)	(6.5)	(39.0)
Recoveries of amounts previously charged off	2.4	0.7	3.1	2.7	0.2	2.9
Other adjustment	—	—	—	7.9	—	7.9
Allowance for credit losses, end of year	$ 54.1	$ 11.8	$ 65.9	$ 54.3	$ 12.5	$ 66.8

The ending balance as of December 31, 2021 of $65.9 million is included in the Consolidated Balance Sheets in Accounts receivable less allowance for credit losses and Long-term financing receivables less allowance for credit losses in the amounts of $23.4 million and $42.5 million, respectively. The ending balance as of December 31, 2020 of $66.8 million is included in the Consolidated Balance Sheets in Accounts receivable less allowance for credit losses and Long-term financing receivables less allowance for credit losses in the amounts of $22.4 million and $44.4 million, respectively.

Allowance for Credit Losses Related to Trade Accounts Receivables

The following is a rollforward of the allowance for credit losses related to the Company’s trade accounts receivables (excluding financing receivables) and the Company’s trade accounts receivable cost basis as of:

($ in millions)	December 31, 2021	December 31, 2020
Cost basis of trade accounts receivable	$ 406.3	$ 373.2
Allowance for credit losses balance, beginning of year	18.1	15.0
Adoption of new accounting standard	—	3.6
Provision for credit losses	7.7	7.7
Write-offs	(10.2)	(9.1)
Foreign currency and other	(0.1)	0.9
Allowance for credit losses balance, end of year	15.5	18.1
Net trade accounts receivable balance	$ 390.8	$ 355.1

NOTE 5. INVENTORIES

The classes of inventory as of December 31 are summarized as follows:

($ in millions)	2021	2020
Finished goods	$ 104.7	$ 90.3
Work in process	34.4	19.9
Raw materials	147.9	123.5
Total	$ 287.0	$ 233.7

As of December 31, 2021 and 2020, the difference between inventories valued at LIFO and the value of that same inventory if the FIFO method had been used was not significant. The liquidation of LIFO inventory did not have a significant impact on our results of operations in any period presented.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

The classes of property, plant and equipment as of December 31 are summarized as follows:

($ in millions)	2021	2020
Land and improvements	$ 6.1	$ 6.1
Buildings and leasehold improvements	68.2	65.5
Machinery and equipment	282.6	265.6
Gross property, plant and equipment	356.9	337.2
Less: accumulated depreciation	(256.3)	(240.4)
Property, plant and equipment, net [(a)]	$ 100.6	$ 96.8

[(a)] Includes property, plant and equipment, net in the United States of $73.8 million and $74.0 million as of December 31, 2021 and 2020, respectively.

Capitalized software costs, net, presented in "Other assets" at December 31, 2021 and 2020 was $2.2 million and $1.4 million, respectively. These amounts include accumulated amortization of $1.9 million and $1.4 million, respectively. Amortization of these software costs for the years ended December 31, 2021 and 2020 was $0.6 million and $0.4 million, respectively.

No interest was capitalized related to capitalized expenditures in any period.

Depreciation and amortization expense related to property, plant and equipment and owned assets classified as contract costs was $45.3 million, $49.3 million and $52.7 million, respectively, for the years ended December 31, 2021, 2020 and 2019.

NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill are as follows:

($ in millions)	
Balance, January 1, 2020	$ 1,157.8
Impairment charge	(85.3)
Foreign currency translation and other	19.6
Balance, December 31, 2020	1,092.1
Additions to goodwill for current year acquisitions	584.7
Foreign currency translation and other	(9.6)
Balance, December 31, 2021	$ 1,667.2

Impairment Charge

The results of our fourth quarter 2019 goodwill impairment testing indicated the excess of the estimated fair value over the carrying value (expressed as a percentage of carrying value) of our Telematics reporting unit was approximately 5%, and as such, management continued to monitor the performance of Telematics during the first quarter of 2020. In connection with management's updated forecast for the Telematics reporting unit that indicated a decline in sales and operating profit to levels lower than previously forecasted, due in large part to the impacts of the COVID-19 pandemic, we performed a quantitative impairment assessment over the Telematics reporting unit on March 27, 2020.

We estimated the fair value of the Telematics reporting unit through an income approach, using the discounted cash flow method. The income approach was based on projected future (debt-free) cash flows that were discounted to present value and assumed a terminal growth value. The discount rate was based on the reporting unit's weighted average cost of capital, taking into account market participant assumptions. Management's revenue and profitability forecasts used in the valuation considered recent and historical performance of the reporting unit, strategic initiatives, industry trends, and the current and future expectations of the macroeconomic environment. Assumptions used in the valuation were similar to those that would be used by market participants performing independent valuations of this reporting unit.

Key assumptions developed by management and used in the quantitative analysis included the following:

- Near-term revenue declines in 2020 with later-term improvements over the projection period;
- Improved profitability over the projection period, trending consistent with revenues; and

- Market-based discount rates.

We did not consider the market approach in our fair value calculation given the near-term uncertainty in the market data and forecasts of the guideline companies upon which the approach relies.

As a result of the interim impairment testing performed, we concluded that the estimated fair value of our Telematics reporting unit was less than its carrying value as of March 27, 2020, and recorded a non-cash goodwill impairment charge of $85.3 million during the three months ended March 27, 2020. The charge is included in operating results and represents the accumulated impairment charges taken as of December 31, 2020 and 2021. The carrying value of the Telematics reporting unit was $248.4 million as of December 31, 2020. There was no impairment in 2021.

Refer to Note 2. Basis of Presentation and Summary of Significant Accounting Policies for discussion of our annual impairment test.

Intangible Assets

Finite-lived intangible assets are generally amortized on a straight-line basis over the shorter of their legal or estimated useful lives. The following summarizes the gross carrying value and accumulated amortization for each major category of intangible asset as of December 31:

		2021			2020		
($ in millions)	Weighted Average Amortization Period	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Finite-lived intangibles:							
Patents and technology	8 years	$ 215.4	$ (59.4)	$ 156.0	$ 75.1	$ (50.9)	$ 24.2
Customer relationships, trade names and other intangibles	10 years	521.7	(163.1)	358.6	277.3	(152.5)	124.8
Total finite-lived intangibles		737.1	(222.5)	514.6	352.4	(203.4)	149.0
Indefinite-lived intangibles:							
Trademarks and trade names		101.3	—	101.3	101.5	—	101.5
Total intangibles		$ 838.4	$ (222.5)	$ 615.9	$ 453.9	$ (203.4)	$ 250.5

Total intangible amortization expense for the years ended December 31, 2021, 2020 and 2019 was $42.4 million, $29.0 million and $31.8 million, respectively.

Based on the intangible assets recorded as of December 31, 2021, amortization expense is estimated to be as follows for the next five years and thereafter:

($ in millions)	
2022	$ 64.7
2023	62.8
2024	61.3
2025	56.6
2026	49.5
2027 and thereafter	219.7
Total	$ 514.6

NOTE 8. FAIR VALUE MEASUREMENTS

Accounting standards define fair value based on an exit price model, establish a framework for measuring fair value for assets and liabilities required to be carried at fair value and provide for certain disclosures related to the valuation methods used within the valuation hierarchy as established within the accounting standards. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, or other observable characteristics for the asset or liability, including interest rates, yield curves and credit risks, or inputs that are derived principally from, or corroborated by, observable market data through correlation.
- Level 3 inputs are unobservable inputs based on our assumptions. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Below is a summary of financial liabilities that are measured at fair value on a recurring basis as of:

($ in millions)	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
December 31, 2021				
Deferred compensation liabilities	—	$ 4.8	—	$ 4.8
December 31, 2020				
Deferred compensation liabilities	—	$ 3.7	—	$ 3.7

Certain management employees participate in our nonqualified deferred compensation programs that permit such employees to defer a portion of their compensation, on a pretax basis, until after their termination of employment. All amounts deferred under such plans are unfunded, unsecured obligations and are presented as a component of our compensation and benefits accrual included in Other long-term liabilities in the accompanying Consolidated Balance Sheets. Participants may choose among alternative earning rates for the amounts they defer, which are primarily based on investment options within our defined contribution plans for the benefit of U.S. employees ("401(k) Programs") (except that the earnings rates for amounts contributed unilaterally by the Company are entirely based on changes in the value of our common stock). Changes in the deferred compensation liability under these programs are recognized based on changes in the fair value of the participants' accounts, which are based on the applicable earnings rates. Prior to the Separation, certain of our management employees participated in Fortive's nonqualified deferred compensation programs with similar terms except that earnings rates for amounts contributed unilaterally by Fortive were entirely based on changes in the value of Fortive's common stock.

In connection with the Separation, we established a deferred compensation program which was designed to replicate Fortive's. Accounts in Fortive's deferred compensation programs held by Vontier employees at the time of the Separation were converted into accounts in the Vontier deferred compensation program based on the "concentration method" designed to maintain the economic value before and after the Separation date using the relative fair market value of the Fortive and Vontier common stock based on their respective closing prices as of October 8, 2020. Prior to the Separation, the entire value of the Vontier employees' deferred compensation program accounts in Fortive's deferred compensation programs was recorded in other long-term liabilities. Upon conversion of these accounts to the Vontier deferred compensation program, $7.6 million of deferred compensation liabilities were reclassified from Other long-term liabilities to Additional paid-in capital, representing the value of the deferred compensation that will ultimately be settled in Vontier common stock.

In addition, Fortive retained a liability of approximately $4.9 million of deferred compensation liabilities related to former employees of the Vontier Businesses whose employment terminated prior to the Separation. As a result, the deferred compensation liabilities balances recorded as of December 31, 2021 and 2020 do not include amounts related to such terminated employees. Because this amount had been included in our Combined Balance Sheet prior to the Separation, Fortive's retention of the liability has been reflected as an adjustment to Former Parent's investment.

These amounts are considered non-cash financing activities for purposes of the Consolidated and Combined Statements of Cash Flows in 2020.

Refer to Note 12. Employee Benefit Plans for information related to the fair value of the Company-sponsored defined benefit pension plan assets.

Non-recurring Fair Value Measurements

Certain assets and liabilities are carried on the accompanying Consolidated Balance Sheets at cost and are not remeasured to fair value on a recurring basis. These assets include finite-lived intangible assets, which are tested when a triggering event occurs, and goodwill and identifiable indefinite-lived intangible assets, which are tested for impairment at least annually as of the first day of the fourth quarter or more frequently if events and circumstances indicate that the asset may not be recoverable.

As of December 31, 2021, assets carried on the balance sheet and not remeasured to fair value on a recurring basis were approximately $1.7 billion of goodwill and $615.9 million of identifiable intangible assets, net.

Refer to Note 11. Financing for information related to the fair value of debt.

NOTE 9. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities as of December 31 were as follows:

	2021		2020	
($ in millions)	Current	Long-term	Current	Long-term
Compensation, pension and post retirement benefits	$ 112.5	$ 16.3	$ 95.9	$ 17.8
Claims, including self-insurance and litigation	25.9	63.4	21.0	56.8
Taxes, income and other	23.0	53.6	62.2	39.0
Deferred revenue	133.7	56.3	87.6	58.3
Sales and product allowances	47.6	—	38.5	—
Warranty	33.4	16.0	37.0	17.6
Other	115.9	17.7	105.9	27.7
Total	$ 492.0	$ 223.3	$ 448.1	$ 217.2

We generally accrue estimated warranty costs at the time of sale. In general, manufactured products are warrantied against defects in material and workmanship when properly used for their intended purpose, installed correctly, and appropriately maintained. Warranty period terms depend on the nature of the product and range from ninety days up to the life of the product. The amount of the accrued warranty liability is determined based on historical information such as past experience, product failure rates or number of units repaired, estimated cost of material and labor, and in certain instances estimated property damage. The accrued warranty liability is reviewed on a quarterly basis and may be adjusted as additional information regarding expected warranty costs becomes known.

The following is a rollforward of our accrued warranty liability:

($ in millions)	2021	2020
Accrual for warranties, beginning of year	$ 54.6	$ 57.4
Accruals for warranties issued during the year	34.7	42.8
Settlements made	(40.2)	(45.7)
Additions due to acquisition	0.5	—
Effect of foreign currency translation	(0.2)	0.1
Accrual for warranties, end of year	$ 49.4	$ 54.6

NOTE 10. LEASES

We determine if an arrangement is or contains a lease at inception. We have operating leases for office space, warehouses, distribution centers, research and development facilities, manufacturing locations, and certain equipment, primarily automobiles. Many leases include one option to renew, some of which include options to extend the lease for up to 15 years, and some of which include options to terminate the leases within one year. We considered options to renew in our lease terms and measurement of right-of-use assets and lease liabilities if we determined they were reasonably certain to be exercised.

Operating lease cost was $21.5 million, $22.5 million, and $22.1 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Short-term and variable lease cost, sublease income and finance leases were immaterial for the year ended December 31, 2021. During the year ended December 31, 2021, cash paid for operating leases was $20.5 million and is included in operating cash flows. Right-of-use assets obtained in exchange for operating lease obligations were $19.8 million for the year ended December 31, 2021.

The following table presents the maturity of our operating lease liabilities as of December 31, 2021:

($ in millions)		
2022	$	11.9
2023		11.3
2024		8.3
2025		6.7
2026		5.0
Thereafter		9.0
Total lease payments		52.2
Less: imputed interest		(3.8)
Total lease liabilities	$	48.4

As of December 31, 2021, the weighted average lease term of our operating leases was 5.2 years, and the weighted average discount rate of our operating leases was 2.6%. We primarily use our incremental borrowing rate as the discount rate for our operating leases, as we are generally unable to determine the interest rate implicit in the lease.

NOTE 11. FINANCING

The Company had the following debt outstanding as of December 31:

($ in millions)	2021	2020
Short-term borrowings:		
India Credit Facility	$ 1.5	$ 10.9
Other short-term borrowings and bank overdrafts	2.2	—
Total short-term borrowings	$ 3.7	$ 10.9
Long-term debt:		
Two-Year Term Loans	$ —	$ 1,000.0
Two-Year Term Loans due 2023	600.0	—
Three-Year Term Loans due 2024	400.0	800.0
1.800% senior unsecured notes due 2026	500.0	—
2.400% senior unsecured notes due 2028	500.0	—
2.950% senior unsecured notes due 2031	600.0	—
Total long-term debt	2,600.0	1,800.0
Less: discounts and debt issuance costs	(16.2)	(4.7)
Total long-term debt, net	$ 2,583.8	$ 1,795.3

Debt issuance costs that have been netted against the aggregate principal amounts of the components of debt in the short-term borrowings section above are immaterial. Given the nature of the short-term borrowings, the carrying value approximates fair value at both December 31, 2021 and 2020.

We made interest payments of $37.1 million and $5.9 million during 2021 and 2020, respectively, related to the Company’s long-term debt.

As of December 31, 2021, the contractual maturities of the Company’s long-term debt were as follows:

($ in millions)	Term Loans
2022	$ —
2023	600.0
2024	400.0
2025	—
2026	500.0
Thereafter	1,100.0
Total principal payments	$ 2,600.0

Credit Facilities

Credit Agreement and A&R Credit Agreement

On September 29, 2020, we entered into a credit agreement (the “Credit Agreement”) with a syndicate of banks, consisting of a three-year, $800.0 million senior unsecured delayed draw term loan facility (the “Three-Year Term Loans”), a two-year, $1.0 billion senior unsecured delayed draw term loan facility (the “Two-Year Term Loans” and together with the Three-Year Term Loans, the “Term Loans”) and a three-year, $750.0 million senior unsecured multi-currency revolving credit facility, including a $25.0 million sublimit for swingline loans and a $75.0 million sublimit for the issuance of letters of credit (the “Revolving Credit Facility” and, together with the Term Loans, the “Credit Facilities”). We incurred $7.7 million in debt issuance costs which were paid by Fortive and are a non-cash activity with respect to the Consolidated and Combined Statements of Cash Flows. Due to the repayment of the Term Loans in connection with the issuance of the Notes, as discussed below, $3.2 million of these debt issuance costs were expensed and reported in the accompanying Consolidated and Combined Statements of Earnings and Comprehensive Income within non-operating expenses as a Write-off of deferred financing costs. Additionally, as part of the A&R Credit Agreement, as defined below, the Company wrote off $0.2 million of the unamortized debt issuance costs.

At the closing of the Credit Agreement, the Company did not borrow any funds under the Credit Agreement. On October 9, 2020, we drew down the full $1.8 billion available under the Term Loans. The Company used the proceeds from the Term Loans to make payments to Fortive, with $1.6 billion used as part of the consideration for the contribution of certain assets and liabilities to the Company by Fortive in connection with the Separation and with $200.0 million used as a preliminary adjustment for excess cash balances remaining with the Company.

On April 28, 2021 (the “Closing Date”), the Company refinanced the Credit Agreement. The amended and restated credit agreement (the “A&R Credit Agreement”) extended the term of the remaining $400.0 million Three-Year Term Loans from October 6, 2023 to October 28, 2024. The A&R Credit Agreement also lowered the Three-Year Term Loans variable interest rate, determined based upon a ratings-based pricing grid, by 50 basis points, from LIBOR plus 162.5 basis points under the prior agreement to LIBOR plus 112.5 basis points as of the Closing Date.

The A&R Credit Agreement also extended the term of the undrawn $750.0 million Revolving Credit Facility from September 29, 2023 to April 28, 2026. The A&R Credit Agreement lowered the Revolving Credit Facility variable interest rate, determined based upon a ratings-based pricing grid, by 25 basis points, from LIBOR plus 142.5 basis points under the prior agreement to LIBOR plus 117.5 basis points as of the Closing Date.

The A&R Credit Agreement made certain other changes to the Credit Agreement to address the discontinuation of LIBOR and its impact on U.S. dollar and multicurrency loans, as well as other immaterial changes. The Company’s two wholly-owned subsidiaries which were Guarantors under the Credit Agreement continue to be Guarantors under the A&R Credit Agreement. In entering into the A&R Credit Agreement, the Company incurred $1.4 million of debt issuance costs of which $1.2 million was capitalized and $0.2 million was expensed.

The A&R Credit Agreement contains various affirmative and negative covenants, including financial reporting requirements and limitations on indebtedness, liens, mergers, consolidations, liquidations and dissolutions, sales of assets, dividends and other restricted payments, investments (including acquisitions) and transactions with affiliates. Certain affirmative covenants, including certain reporting requirements and requirements to establish cash dominion accounts with the administrative agent, are triggered by failing to maintain availability under the credit facility at or above specified thresholds or by the existence of an event of default under the facility.

The A&R Credit Agreement contains covenants which require a maximum consolidated leverage ratio of 3.75 to 1.0 and a minimum consolidated interest coverage ratio of 3.50 to 1.0.

The A&R Credit Agreement contains events of default customary for facilities of this nature, including, but not limited, to: (i) events of default resulting from the Borrowers’ failure or the failure of any credit party to comply with covenants (including the above-referenced financial covenants during periods in which the financial covenants are tested); (ii) the occurrence of a change of control; (iii) the institution of insolvency or similar proceedings against the Borrowers or any credit party; and (iv) the occurrence of a default under any other material indebtedness the Borrowers or any guarantor may have. Upon the occurrence and during the continuation of an event of default, subject to the terms and conditions of the A&R Credit Agreement, the lenders will be able to declare any outstanding principal balance of our Credit Facility, together with accrued and unpaid interest, to be immediately due and payable and exercise other remedies, including remedies against the collateral, as more particularly specified in the A&R Credit Agreement. As of December 31, 2021, the Company was in compliance with its debt covenants under the A&R Credit Agreement.

Three-Year Term Loans Due 2024

The Three-Year Term Loans Due 2024 bear interest at a variable rate equal to LIBOR plus a ratings-based margin which was 112.5 basis points as of December 31, 2021. The interest rate on the Three-Year Term Loans Due 2024 outstanding as of December 31, 2021, was 1.23% per annum and $400.0 million was outstanding and recorded as Long-term debt as of December 31, 2021. The Three-Year Term Loans Due 2024 mature on October 28, 2024 and we are not obligated to make repayments prior to the maturity date. We are not permitted to re-borrow once the Three-Year Term Loans due 2024 are repaid and there is no further ability to draw on the facility. On March 10, 2021, in connection with the issuance of the Notes, as discussed below, we repaid $400.0 million. There was no material difference between the carrying value and the estimated fair value of the debt outstanding.

Two-Year Term Loans

On March 10, 2021, in connection with the issuance of the Notes, as discussed below, we repaid, in full, the Two-Year Term Loans.

Revolving Credit Facility

The Revolving Credit Facility requires the Company to pay lenders a commitment fee for unused commitments of 0.125% to 0.325% based on the ratings grid. As of December 31, 2021, there were no amounts outstanding under the Revolving Credit Facility. The Revolving Credit Facility bears interest at a variable rate equal to LIBOR plus a ratings-based margin which was 117.5 basis points as of December 31, 2021.

Two-Year Term Loans Due 2023

On August 5, 2021, the Company entered into a two-year, $600.0 million senior unsecured delayed-draw term loan (the "Two-Year Term Loans Due 2023") with a syndicate of lenders. The Company's two wholly-owned subsidiaries which are Guarantors under the A&R Credit Agreement are also Guarantors under the two-year, $600.0 million senior unsecured delayed-draw term loan. On September 13, 2021, the Company drew the entire $600.0 million and used the proceeds to fund the acquisition of DRB.

The Two-Year Term Loans Due 2023 bear interest at a variable rate equal to LIBOR plus a ratings-based margin which was 75.0 basis points as of December 31, 2021. The interest rate on the Two-Year Term Loans outstanding as of December 31, 2021, was 0.85% per annum. The Two-Year Term Loans Due 2023 mature on September 13, 2023 and we are not obligated to make repayments prior to the maturity date. We are not permitted to re-borrow once the Two-Year Term Loans Due 2023 are repaid and there is no further ability to draw on the facility. No repayments were made on the Two-Year Term Loans Due 2023 during the year-ended December 31, 2021.

As of December 31, 2021, there was no material difference between the carrying value and the estimated fair value of the debt outstanding.

The Two-Year Term Loans Due 2023 require, among others, that we maintain certain financial covenants, and we were in compliance with all of these covenants as of December 31, 2021.

Senior Unsecured Notes

On March 10, 2021, we completed the private placement of each of the following series of senior unsecured notes (collectively, the "Notes") to qualified institutional buyers under rule 144A of the Securities Act of 1933, as amended (the "Securities Act") and outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act:

- $500.0 million aggregate principal amount of senior notes due April 1, 2026 (the "2026 Notes") issued at 99.855% of their principal amount and bearing interest at the rate of 1.800% per year;
- $500.0 million aggregate principal amount of senior notes due April 1, 2028 (the "2028 Notes") issued at 99.703% of their principal amount and bearing interest at the rate of 2.400% per year; and
- $600.0 million aggregate principal amount of senior notes due April 1, 2031 the (the "2031 Notes") issued at 99.791% of their principal amount and bearing interest at the rate of 2.950% per year.

The Company received approximately $1.6 billion in net proceeds from the issuance of the Notes, which was partially offset by discounts of $3.5 million and debt issuance costs of $13.9 million. The Company used the net proceeds to repay the Two-Year Term Loans in full and $400.0 million of our Three-Year Term Loans with the remainder used for working capital and other general corporate purposes.

In connection with the issuance of the Notes, we entered into a registration rights agreement, pursuant to which we are obligated to use commercially reasonable efforts to file with the U.S. Securities and Exchange Commission, and cause to be declared effective within 365 days, a registration statement with respect to an offer to exchange (the "Registered Exchange Offer") each series of Notes for registered notes with terms that are substantially identical to the Notes of each series. We completed the Registered Exchange Offer on January 18, 2022. Substantially all of the Notes were tendered and exchanged for the corresponding Registered Notes in the Registered Exchange Offer.

The Registered Notes are fully and unconditionally guaranteed (the "Guarantees"), on a joint and several basis, by Gilbarco Inc. and Matco Tools Corporation, two of our wholly-owned subsidiaries (the "Guarantors"). Interest on the Registered Notes is payable semi-annually in arrears on April 1 and October 1 of each year, and commenced on October 1, 2021. The Registered Notes and the Guarantees are the Company's and the Guarantors' general senior unsecured obligations.

We may redeem some or all of each series of the Registered Notes at any time prior to the dates specified in the Registered Notes indenture (the "Call Dates") at a redemption price equal to the greater of (i) 100% of the principal amount of the Registered Notes of such series to be redeemed, and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on such series of the Registered Notes to be redeemed discounted to the date of redemption on a semi-annual basis at the applicable Treasury Rate plus 20 basis points in the case of the 2026 Notes and 2028 Notes and plus 25 basis points in the case of the 2031 Notes, plus the accrued and unpaid interest. Call dates for the 2026 Notes, 2028 Notes and 2031 Notes are March 1, 2026, February 1, 2028 and January 1, 2031, respectively.

If a change of control triggering event occurs, we will, in certain circumstances, be required to make an offer to repurchase the Registered Notes at a purchase price equal to 101% of the aggregate principal amount plus accrued and unpaid interest. A change of control triggering event is defined as the occurrence of both a change of control and a rating event, each as defined in the Registered Notes indenture. Except in connection with a change of control triggering event, the Registered Notes do not have any credit rating downgrade triggers that would accelerate the maturity of the Registered Notes.

The Registered Notes contain customary covenants, including limits on the incurrence of certain secured debt and sale-leaseback transactions. None of these covenants are considered restrictive to our operations and as of December 31, 2021 we were in compliance with all of the covenants under the Registered Notes.

The estimated fair value of the Registered Notes was $1.6 billion as of December 31, 2021. The fair value of the Registered Notes was determined based upon Level 2 inputs including indicative prices based upon observable market data. The difference between the fair value and the carrying amounts of the Registered Notes may be attributable to changes in market interest rates and/or our credit ratings subsequent to the incurrence of the borrowing.

Short-term Borrowings

India Credit Facility

The Company has a credit facility with Citibank, N.A. with borrowing capacity of up to 850.0 million Indian Rupees (or $11.4 million as of December 31, 2021) to facilitate working capital needs for certain businesses in India. As of December 31, 2021, the Company had $9.9 million borrowing capacity remaining. The effective interest rate associated with outstanding borrowings was 5.17% as of December 31, 2021.

Other

As of December 31, 2021, certain of our businesses were in a cash overdraft position, and such overdrafts are included in Short-term borrowings on the Consolidated Balance Sheet. Additionally, the Company has other short-term borrowing arrangements with various banks to facilitate short-term cash flow requirements in certain countries which are included in Short-term borrowings on the Consolidated Balance Sheets.

Interest payments associated with the above short-term borrowings were not significant for the years ended December 31, 2021, 2020 and 2019.

NOTE 12. EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plans

Certain employees participate in noncontributory defined benefit pension plans. In general, our policy is to fund these plans based on considerations relating to legal requirements, underlying asset returns, the plan’s funded status, the anticipated deductibility of the contribution, local practices, market conditions, interest rates and other factors.

The pension benefit obligations of our plans were $18.7 million and $21.3 million as of December 31, 2021 and 2020, respectively. The fair value of the plan assets of our plans was $9.1 million and $8.6 million as of December 31, 2021 and 2020, respectively, and include the use of Level 1 and Level 2 inputs in determining the fair value. As of December 31, 2021, and 2020, the underfunded status of the plans was $9.6 million and $12.7 million, respectively, and was included in the Consolidated Balance Sheets in accordance with the funded status of the plan. For plans where the plan assets were greater than the obligations, the net balance is included in Other assets. For plans where the obligations are greater than the plan assets, the net balance is recorded in Accrued expenses and other current liabilities and Other long-term liabilities. The assumptions used in calculating the benefit obligations for the plans are dependent on the local economic conditions and were measured as of December 31, 2021 and 2020. The net periodic benefit costs were $0.6 million, $0.6 million and $0.7 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Defined Contribution Plans

We administer and maintain 401(k) Programs. Contributions are determined based on a percentage of compensation. For the years ended December 31, 2021, 2020 and 2019, we recognized compensation expense for our participating U.S. employees in the 401(k) Programs totaling $40.0 million, $39.5 million and $14.9 million, respectively.

NOTE 13. ACCUMULATED OTHER COMPREHENSIVE INCOME

Foreign currency translation adjustments are generally not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries.

The changes in accumulated other comprehensive income by component are summarized below:

($ in millions)	Foreign currency translation adjustments	Other adjustments [b]	Total
Balance, January 1, 2019	$ 131.3	$ (5.0)	$ 126.3
Other comprehensive income (loss) before reclassifications:			
Increase (decrease)	22.4	(0.4)	22.0
Other comprehensive income (loss) before reclassifications	22.4	(0.4)	22.0
Amounts reclassified from accumulated other comprehensive income (loss):			
Increase (decrease)	—	0.4 [a]	0.4
Amounts reclassified from accumulated other comprehensive income (loss)	—	0.4	0.4
Net current period other comprehensive income (loss):	22.4	—	22.4
Balance, December 31, 2019	$ 153.7	$ (5.0)	$ 148.7
Other comprehensive income (loss) before reclassifications:			
Increase (decrease)	44.6	—	44.6
Other comprehensive income (loss) before reclassifications	44.6	—	44.6
Amounts reclassified from accumulated other comprehensive income (loss):			
Increase (decrease)	—	0.5 [a]	0.5
Amounts reclassified from accumulated other comprehensive income (loss)	—	0.5	0.5
Net current period other comprehensive income (loss)	44.6	0.5	45.1
Balance, December 31, 2020	$ 198.3	$ (4.5)	$ 193.8
Other comprehensive income (loss) before reclassifications:			
Increase (decrease)	(13.4)	—	(13.4)
Other comprehensive income (loss) before reclassifications, net of income taxes	(13.4)	—	(13.4)
Amounts reclassified from accumulated other comprehensive income (loss):			
Increase (decrease)	—	1.9 [a]	1.9
Income tax impact	—	(0.6)	(0.6)
Amounts reclassified from accumulated other comprehensive income (loss), net of income taxes:	—	1.3	1.3
Net current period other comprehensive income (loss)	(13.4)	1.3	(12.1)
Balance, December 31, 2021	$ 184.9	$ (3.2)	$ 181.7

[a] This accumulated other comprehensive income (loss) component is included in the computation of net periodic pension cost.

[b] Includes balances relating to defined benefit plans and supplemental executive retirement plans

NOTE 14. SALES

Refer to a discussion of our significant accounting policies regarding sales in Note 2. Basis of Presentation and Summary of Significant Accounting Policies.

Contract Assets

In certain circumstances, we record contract assets which include unbilled amounts typically resulting from sales under contracts when revenue recognized exceeds the amount billed to the customer, and right to payment is subject to contractual performance obligations and not only subject to the passage of time. Contract assets were $10.4 million and $9.0 million as of December 31, 2021 and 2020, respectively, and are included in Prepaid expenses and other current assets in the accompanying Consolidated Balance Sheets.

Contract Costs

We incur direct incremental costs to obtain certain contracts, typically sales-related commissions and costs associated with assets used by our customers in certain service arrangements. As of December 31, 2021 and 2020, we had $78.4 million and $81.2 million, respectively, in net revenue-related capitalized contract costs primarily related to assets used by our customers in certain software contracts, which are recorded in Prepaid expenses and other current assets, for the current portion, and Other assets, for the noncurrent portion, in the accompanying Consolidated Balance Sheets. These assets have estimated useful lives between 3 and 5 years and are amortized on a straight-line basis.

Impairment losses recognized on our revenue-related capitalized contract costs were insignificant during both the years ended December 31, 2021 and 2020.

Contract Liabilities

The Company's contract liabilities consist of deferred revenue generally related to post contract support ("PCS") and extended warranty sales. In these arrangements, the Company generally receives up-front payment and recognizes revenue over the support term of the contracts. Deferred revenue is classified as current or noncurrent based on the timing of when revenue is expected to be recognized.

The Company's contract liabilities consisted of the following as of December 31:

($ in millions)	2021	2020
Deferred revenue - current	$ 133.7	$ 87.6
Deferred revenue - noncurrent	56.3	58.3
Total contract liabilities	$ 190.0	$ 145.9

In the year ended December 31, 2021, the Company recognized $62.7 million of revenue related to the Company's contract liabilities at January 1, 2021. The change in contract liabilities from December 31, 2020 to December 31, 2021 was primarily due to the acquisition of DRB and inclusion of acquired contract liabilities as well as the timing of cash receipts and sales of PCS and extended warranty services.

Remaining Performance Obligations

Remaining performance obligations represent the transaction price of firm, noncancelable orders and the annual contract value for software-as-a-service contracts, with expected customer delivery dates beyond one year from December 31, 2021 for which work has not been performed. The Company has excluded performance obligations with an original expected duration of one year or less. Performance obligations as of December 31, 2021 are $383.5 million, the majority of which are related to the annual contract value for software-as-a-service contracts. The Company expects approximately 35 percent of the remaining performance obligations will be fulfilled within the next two years, 70 percent within the next three years, and substantially all within four years.

Disaggregation of Revenue

We disaggregate revenue from contracts with customers by sales of products and services, geographic location, solution and major product group, as it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

Disaggregation of revenue is as follows for the years ended December 31:

($ in millions)	2021	2020	2019
Sales:			
Sales of products	$ 2,712.7	$ 2,459.9	$ 2,484.0
Sales of services	278.0	244.7	288.1
Total	$ 2,990.7	$ 2,704.6	$ 2,772.1
Geographic:			
North America [a]	$ 2,131.1	$ 1,898.3	$ 1,875.5
Western Europe	266.1	255.7	275.5
High-growth markets	454.1	432.9	499.4
Rest of world	139.4	117.7	121.7
Total	$ 2,990.7	$ 2,704.6	$ 2,772.1
Solution:			
Retail fueling hardware	$ 879.9	$ 822.9	$ 851.2
Auto repair	634.4	526.9	555.4
Service and other recurring revenue	484.8	445.3	466.7
Environmental	272.6	235.7	281.6
Retail solutions	416.8	375.9	294.9
Software-as-a-service	185.2	181.6	195.5
Alternative energy [b]	64.8	68.1	62.4
Smart cities	37.6	32.4	38.0
Other [b]	14.6	15.8	26.4
Total	$ 2,990.7	$ 2,704.6	$ 2,772.1
Major Product Group:			
Mobility technologies	$ 2,258.6	$ 2,087.5	$ 2,134.2
Diagnostics and repair technologies	732.1	617.1	637.9
Total	$ 2,990.7	$ 2,704.6	$ 2,772.1

[a] Includes sales in the United States of $2,056.9 million, $1,843.2 million, and $1,811.8 million for the years ended December 31, 2021, 2020, and 2019, respectively.

[b] Certain prior year amounts were reclassified from “Other” to “Alternative energy” to conform with current year presentation.

NOTE 15. INCOME TAXES

Separation from Fortive

Prior to the Separation, our operating results were included in Fortive’s various consolidated U.S. federal and certain state income tax returns, as well as certain non-U.S. returns. For periods prior to the Separation, our combined financial statements reflect income tax expense and deferred tax balances as if we had filed tax returns on a standalone basis separate from Fortive. The separate return method applies the accounting guidance for income taxes to the standalone financial statements as if we were a separate taxpayer and a standalone enterprise for the periods prior to the Separation. For periods prior to the Separation, our pretax operating results include any transactions with Fortive as if it were an unrelated party.

In connection with the Separation, we entered into agreements with Fortive, including a Tax Matters Agreement. The Tax Matters Agreement distinguishes between the treatment of tax matters for "joint" filings compared to "separate" filings prior to the Separation. "Joint" filings are returns, such as the United States federal return, that include operations from both Fortive legal entities and the Company. By contrast, "separate" filings are tax returns (primarily U.S. state returns and non U.S. returns), that exclusively include either Fortive's or the Company's operations, respectively. In accordance with the Tax Matters Agreement, the Company is liable for and has indemnified Fortive against all income tax liabilities involving "separate" filings for periods prior to the Separation.

Earnings and Income Taxes

Earnings (losses) before income taxes for the years ended December 31 were as follows:

($ in millions)	2021	2020	2019
United States	$ 506.8	$ 496.8	$ 510.9
Non-U.S.	27.2	(36.5)	54.9
Total	$ 534.0	$ 460.3	$ 565.8

The provision (benefit) for income taxes for the years ended December 31 were as follows:

($ in millions)	2021	2020	2019
Current:			
Federal U.S.	$ 122.2	$ 122.9	$ 80.2
Non-U.S.	15.5	19.8	19.5
State and local	29.0	18.4	16.8
Deferred:			
Federal U.S.	(32.8)	(33.3)	13.2
Non-U.S.	(10.2)	(8.4)	(1.1)
State and local	(2.7)	(1.1)	0.7
Income tax provision	$ 121.0	$ 118.3	$ 129.3

Deferred Tax Assets and Liabilities

All deferred tax assets and liabilities have been classified as noncurrent and are included in Other assets and Other long-term liabilities in the accompanying Consolidated Balance Sheets. Deferred income tax assets and liabilities as of December 31 were as follows:

($ in millions)	2021	2020
Deferred Tax Assets:		
Allowance for credit losses	$ 26.2	$ 22.9
Operating lease liabilities	12.0	10.2
Inventories	8.6	6.3
Pension benefits	1.6	0.6
Other accruals and prepayments	31.5	23.2
Deferred revenue	15.3	9.5
Warranty services	10.8	12.6
Stock-based compensation expense	7.4	6.7
Tax credit and loss carryforwards	39.0	29.0
Other	2.5	4.0
Valuation allowances	(23.0)	(22.4)
Total deferred tax assets	131.9	102.6
Deferred Tax Liabilities:		
Property, plant and equipment	(8.5)	(8.6)
Operating lease right-of-use assets	(11.1)	(9.4)
Insurance, including self-insurance	(16.0)	(18.3)
Goodwill and other intangibles	(107.3)	(66.2)
Other	(5.8)	(4.4)
Total deferred tax liabilities	(148.7)	(106.9)
Net deferred tax liability	$ (16.8)	$ (4.3)

Applying the valuation allowance methodology discussed in Note 2. Basis of Presentation and Summary of Significant Accounting Policies, valuation allowances have been established for certain deferred income tax assets to the extent they are not expected to be realized within the particular tax carryforward period. The Company’s valuation allowance increased by $0.6 million during the current year.

As of December 31, 2021, the Company has federal, various state, and foreign net operating losses in the amounts of $22.2 million, $41.7 million, and $146.9 million, respectively. These net operating loss carryforwards have various expiration periods beginning in 2022, including some with no expiration. The net operating losses acquired in the acquisition of DRB are subject to IRC section 382. The company has determined that these net operating losses will not be limited by IRC Section 382; therefore, no valuation allowance has been recorded against them. As of December 31, 2021, the Company had state tax credit carryforwards of $0.6 million, which will begin to expire in 2027.

Effective Income Tax Rate

The effective income tax rate for the years ended December 31 varies from the U.S. statutory federal income tax rate as follows:

	Percentage of Pretax Earnings		
	2021	2020	2019
Statutory federal income tax rate	21.0 %	21.0 %	21.0 %
Increase (decrease) in tax rate resulting from:			
State income taxes (net of federal income tax benefit)	3.9 %	3.1 %	2.8 %
Non-U.S. income taxed at different rate than U.S. statutory rate	0.7 %	4.0 %	0.8 %
Foreign derived intangible income taxation	(1.5)%	(1.6)%	(1.5)%
Goodwill impairment	— %	1.1 %	— %
Compensation related	— %	— %	(0.8)%
Non-taxable income	(1.0)%	(3.3)%	— %
Uncertain tax positions	0.2 %	1.5 %	0.5 %
Other	(0.6)%	(0.1)%	— %
Effective income tax rate	22.7 %	25.7 %	22.8 %

Our effective tax rate for 2021, 2020, and 2019 differs from the U.S. federal statutory rate of 21.0% due primarily to the effect of state taxes, foreign derived intangible income, and foreign taxable earnings at a rate different from the U.S. federal statutory rate. Additionally, in 2021 and 2020, there was a favorable impact related to non-taxable income.

We made income tax payments of $218.3 million during the year ended December 31, 2021 and $4.6 million from the date of the Separation to December 31, 2020. Prior to the Separation, we did not make any income tax payments related to "joint" tax returns as these liabilities were the responsibility of Fortive. Vontier did make income tax payments related to "separate" tax returns for which it was responsible.

Unrecognized Tax Benefits

As of December 31, 2021, gross unrecognized tax benefits were $14.1 million ($15.5 million total, including $1.8 million associated with interest and penalties, and net of the impact of $0.4 million of indirect tax benefits). As of December 31, 2020, gross unrecognized tax benefits were $17.4 million ($18.9 million total, including $2.8 million associated with interest and penalties, and net of the impact of $1.3 million of indirect tax benefits). We recognized approximately $0.3 million, $0.3 million, and $0.2 million in potential interest and penalties associated with uncertain tax positions during the years ended December 31, 2021, 2020, and 2019, respectively. To the extent taxes are not assessed with respect to uncertain tax positions, substantially all amounts accrued (including interest and penalties and net of indirect offsets) will be reduced and reflected as a reduction of the overall income tax provision. Unrecognized tax benefits and associated accrued interest and penalties are included in our income tax provision.

A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding amounts accrued for potential interest and penalties, is as follows as of December 31:

($ in millions)	2021	2020	2019
Unrecognized tax benefits, beginning of year	$ 17.4	$ 14.5	$ 11.5
Additions based on tax positions related to the current year	2.7	8.5	0.4
Additions for tax positions of prior years	0.2	0.5	2.6
Reductions for tax positions of prior years	(2.9)	(0.6)	—
Lapse of statute of limitations	—	(0.3)	—
Settlements	(2.9)	(2.1)	—
Effect of foreign currency translation	(0.4)	0.3	—
Separation-related adjustments	—	(3.4)	—
Unrecognized tax benefits, end of year	$ 14.1	$ 17.4	$ 14.5

We are routinely examined by various domestic and international taxing authorities. The amount of income taxes we pay is subject to audit by federal, state and foreign tax authorities, which may result in proposed assessments. The Company is subject to examination in the United States, various states and foreign jurisdictions. In accordance with the Tax Matters Agreement with Fortive, the Company is liable for taxes arising from examinations of the following; (i) the Company's initial U.S. federal taxable year which includes the post-separation period; (ii) separate company state tax returns for all periods; (iii) joint state tax returns for the post-separation period; (iv) international separate company returns for all periods; and (v) joint international tax returns that include only Vontier legal entities for all periods. We review our global tax positions on a quarterly basis. Based on these reviews, the results of discussions and resolutions of matters with certain tax authorities, tax rulings and court decisions and the expiration of statutes of limitations reserves for contingent tax liabilities are accrued or adjusted as necessary. The Company does not believe that the total amount of unrecognized tax benefits will change by a material amount within the next 12 months due to the settlement of audits and expirations of statutes of limitations.

Pursuant to U.S. tax law, the Company's initial U.S. federal income tax return for the post-separation period was filed in October 2021. We expect to file our first full year U.S. federal income tax return for 2021 with the Internal Revenue Service ("IRS") during 2022. The Company remains subject to tax audit for its separate company tax returns in various U.S. states for the tax years 2011 to 2021. Our operations in certain foreign jurisdictions remain subject to routine examination for the tax years 2009 to 2021.

Repatriation and Unremitted Earnings

As of December 31, 2021, the Company's undistributed earnings of its foreign subsidiaries are intended to be permanently reinvested in non-U.S. operations. The operating plans, budgets and forecasts, and long-term and short-term financial requirements of the parent company and the subsidiaries indicate that there is no current or known future need to distribute cash from our foreign subsidiaries for any purpose. Therefore, no deferred taxes have been recorded. A determination of the amount of the unrecognized deferred tax liability related to these undistributed earnings is not practicable due to the complexity and variety of assumptions necessary based on the manner in which the undistributed earnings would be repatriated.

NOTE 16. RESTRUCTURING AND OTHER RELATED CHARGES

Restructuring and other related charges for the years ended December 31 were as follows:

($ in millions)	2021	2020	2019
Employee severance related	$ 11.5	$ 4.9	$ 6.1
Facility exit and other related	1.6	—	0.1
Total restructuring and other related charges	$ 13.1	$ 4.9	$ 6.2

Substantially all restructuring activities initiated in 2021 were completed by December 31, 2021. We expect substantially all cash payments associated with remaining termination benefits recorded in 2021 will be paid during 2022. Substantially all planned restructuring activities related to the 2020 and 2019 plans have been completed.

The nature of our restructuring and related activities initiated in the years ended December 31, 2021, 2020 and 2019 focused on improvements in operational efficiency through targeted workforce reductions and facility consolidations and closures. We incurred these costs to provide superior products and services to our customers in a cost efficient manner, and taking into consideration broad economic uncertainties.

The table below summarizes the accrual balance and utilization by type of restructuring cost associated with our restructuring actions:

($ in millions)	Balance as of January 1, 2020	Costs Incurred	Paid/ Settled	Balance as of December 31, 2020	Costs Incurred	Paid/ Settled	Balance as of December 31, 2021
Employee severance and related	$ 4.5	$ 4.9	$ (6.1)	$ 3.3	$ 11.5	$ (10.0)	$ 4.8
Facility exit and other related	0.2	—	(0.2)	—	1.6	(0.5)	1.1
Total	$ 4.7	$ 4.9	$ (6.3)	$ 3.3	$ 13.1	$ (10.5)	$ 5.9

The restructuring and other related charges incurred during the years ended December 31, 2021, 2020 and 2019 were cash charges. These charges are reflected in the following captions in the accompanying Consolidated and Combined Statements of Earnings and Comprehensive Income for the years ended December 31:

($ in millions)	2021	2020	2019
Cost of sales	$ 2.5	$ 0.2	$ 2.0
Selling, general and administrative expenses	10.6	4.7	4.2
Total	$ 13.1	$ 4.9	$ 6.2

NOTE 17. LITIGATION AND CONTINGENCIES

Litigation and Other Contingencies

We are, from time to time, subject to a variety of litigation and other proceedings incidental to our business, including lawsuits involving claims for damages arising out of the use of our products, software and services; claims relating to intellectual property matters, employment matters, commercial disputes, product liability (including asbestos exposure claims) and personal injury; as well as regulatory investigations or enforcement. We may also become subject to lawsuits as a result of past or future acquisitions, or as a result of liabilities retained from, or representations, warranties or indemnities provided in connection with divested businesses. Some of these lawsuits may include claims for punitive and consequential as well as compensatory damages. Based upon our experience, current information and applicable law, we do not believe that these proceedings and claims will have a material adverse effect on our financial position, results of operations or cash flows.

In accordance with accounting guidance, the Company records a liability in the Consolidated and Combined Financial Statements for loss contingencies when a loss is known or considered probable and the amount can be reasonably estimated. If the reasonable estimate of a known or probable loss is a range, and no amount within the range is a better estimate than any other, the minimum amount of the range is accrued. If a loss does not meet the known or probable level but is reasonably possible and a loss or range of loss can be reasonably estimated, the estimated loss or range of loss is disclosed.

Our reserves consist of specific reserves for individual claims and additional amounts for anticipated developments of these claims as well as for incurred but not yet reported claims. The specific reserves for individual known claims are quantified with the assistance of legal counsel and outside risk insurance professionals where appropriate. In addition, outside risk insurance professionals may assist in the determination of reserves for incurred but not yet reported claims through evaluation of our specific loss history, actual claims reported, and industry trends among statistical and other factors. Reserve estimates are adjusted as additional information regarding a claim becomes known. While we actively pursue financial recoveries from insurance providers, the Company does not recognize any recoveries until realized or until such time as a sustained pattern of collections is established related to historical matters of a similar nature and magnitude. If the risk insurance reserves the Company has established are inadequate, we would be required to incur an expense equal to the amount of the loss incurred in excess of the reserves, which would adversely affect our net earnings.

In connection with the recognition of liabilities for asbestos-related matters, the Company records insurance recoveries that are deemed probable and estimable. In assessing the probability of insurance recovery, we make judgments concerning insurance coverage that we believe are reasonable and consistent with our historical dealings, our knowledge of any pertinent solvency issues surrounding insurers, and litigation and court rulings potentially impacting coverage. While the substantial majority of our insurance carriers are solvent, some of our individual carriers are insolvent, which has been considered in the analysis of probable recoveries. Projecting future events is subject to various uncertainties, including litigation and court rulings potentially impacting coverage, that could cause insurance recoveries on asbestos-related liabilities to be higher or lower than those projected and recorded. Given the inherent uncertainty in making future projections, the Company reevaluates projections concerning the Company’s probable insurance recoveries considering any changes to the projected liabilities, the Company’s recovery experience or other relevant factors that may impact future insurance recoveries.

We recorded gross liabilities associated with known and future expected asbestos claims of $79.0 million and $68.0 million as of December 31, 2021 and 2020, respectively. Known and future expected asbestos claims of $21.5 million and $17.5 million are included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets as of December 31, 2021 and 2020, respectively. Known and future expected asbestos claims of $57.5 million and $50.5 million are included in Other long-term liabilities on the Consolidated Balance Sheets as of December 31, 2021 and 2020, respectively.

We recorded the related projected insurance recoveries of $45.0 million and $36.0 million as of December 31, 2021 and 2020, respectively. Insurance recoveries in the accompanying Consolidated Balance Sheet as of December 31, 2021 include

$14.8 million in Prepaid expenses and other current assets and $30.2 million in Other assets. Insurance recoveries in the accompanying Consolidated Balance Sheet as of December 31, 2020 include $10.8 million in Prepaid expenses and other current assets and $25.2 million in Other assets.

Guarantees

As of December 31, 2021 and 2020, we had guarantees consisting primarily of outstanding standby letters of credit, bank guarantees, and performance and bid bonds of $92.6 million and $84.5 million, respectively. These guarantees have been provided in connection with certain arrangements with vendors, customers, financing counterparties, and governmental entities to secure our obligations and/or performance requirements related to specific transactions. We believe that if the obligations under these instruments were triggered, they would not have a material effect on our financial statements.

NOTE 18. STOCK-BASED COMPENSATION

We had no stock-based compensation plans prior to the Separation; however, certain of our employees participated in the Fortive Plans, which provided for the grants of stock options and RSUs. Prior to the Separation, Fortive allocated stock-based compensation expense to the Company based on Vontier employees participating in the Fortive Plans. This is reflected in the accompanying Consolidated and Combined Statements of Earnings and Comprehensive Income for the period prior to the Separation.

In connection with the Separation and the related employee matters agreement, the Company adopted the 2020 Stock Incentive Plan (the “Stock Plan”) that became effective upon the Separation. Outstanding equity awards of Fortive held by our employees at the separation date (the “Converted Awards”) were converted into or replaced with Vontier equity awards (the “Conversion Awards”) under the Stock Plan based on the “concentration method,” and were adjusted to maintain the economic value immediately before and after the distribution date using the relative fair market value of Fortive common stock based on the Fortive “regular-way” close price as of October 8, 2020 and the Vontier “when-issued” trading price as of October 8, 2020. Other than replacement equity awards of Vontier issued in replacement of Fortive’s restricted stock units and stock options, the terms of the converted or replacement equity awards of Vontier (e.g. vesting date and expiration date) continued unchanged. Incremental stock-based compensation expense recorded as a result of this equity award conversion was $2.0 million and is recognized over the remaining service period.

The Stock Plan provides for the grant of stock appreciation rights, restricted stock units (“RSUs”), performance stock units (“PSUs”), performance based restricted stock awards (“RSAs”) and performance stock awards (“PSAs”) (collectively, “Stock Awards”), stock options or any other stock-based award. A total of 17.0 million shares of our common stock have been authorized for issuance under the Stock Plan and as of December 31, 2021, approximately 10 million shares of our common stock remain available for issuance under the Stock Plan.

Stock options under the Stock Plan generally vest pro rata over a five-year period and terminate 10 years from the grant date, though the specific terms of each grant are determined by the Compensation Committee of our Board of Directors. Our executive officers and certain other employees may be awarded stock options with different vesting criteria and stock options granted to non-employee directors are fully vested as of the grant date. Exercise prices for stock options granted under the Stock Plan were equal to the closing price of Vontier’s common stock on the NYSE on the date of grant, while stock options issued as Conversion Awards were priced to maintain the economic value before and after the Separation.

RSUs issued under the Stock Plan provide for the issuance of common stock at no cost to the holder. RSUs granted to employees under the Stock Plan generally provide for time-based vesting over three years or five years for units issued under the Fortive Plans, although certain employees may be awarded RSUs with different time-based vesting criteria. RSUs granted to non-employee directors under the Stock Plan vest on the earlier of the first anniversary of the grant date or the date of, and immediately prior to, the next annual meeting of our shareholders following the grant date. Prior to vesting, RSUs granted under the Stock Plan do not have dividend equivalent rights, do not have voting rights and the shares underlying the RSUs are not considered issued or outstanding.

PSUs granted under the Stock Plan as Conversion Awards generally vest based on our total shareholder return ranking relative to the S&P 500 Index.

Stock awards generally vest only if the employee is employed by us (or in the case of directors, the director continues to serve on the Board) on the vesting date. To cover the exercise of stock options, vesting of RSUs and issuances of PSUs, we generally issue shares authorized but previously unissued.

Stock-based Compensation Expense

Stock-based compensation has been recognized as a component of Selling, general, and administrative expense in the accompanying Consolidated and Combined Statements of Earnings and Comprehensive Income. The amount of stock-based compensation expense recognized during a period is based on the portion of the awards that are ultimately expected to vest. We estimate pre-vesting forfeitures at the time of grant by analyzing historical data and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. Ultimately, the total expense recognized over the vesting period will equal the fair value of awards that actually vest.

Share-based compensation expense related to stock options, restricted stock units and performance stock units was $25.5 million, $22.5 million and $13.1 million during the years ended December 31, 2021, 2020 and 2019, respectively, which was reduced by the related tax benefit of $4.0 million, $4.1 million and $2.1 million, respectively.

The following summarizes the unrecognized compensation cost for the Stock Plan awards as of December 31, 2021. This compensation cost is expected to be recognized over a weighted average period of approximately two years, representing the remaining service period related to the awards. Future compensation amounts will be adjusted for any changes in estimated forfeitures:

($ in millions)		
Stock Awards	$	34.6
Stock options		7.5
Total unrecognized compensation cost	$	42.1

Stock Options

The following summarizes option activity under the Stock Plan and the Fortive Plans for the years ended December 31, 2021, 2020 and 2019 (in thousands, except price per share and numbers of years):

	Options[c]	Weighted Average Exercise Price[c]	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2019	1,861	$ 44.78		
Granted	376	77.47		
Exercised	(335)	28.18		
Canceled/forfeited	(148)	42.67		
Outstanding as of December 31, 2019	1,754	53.74		
Granted	815			
Exercised	(360)			
Canceled/forfeited	(80)			
Aggregate impact of conversion related to the Separation [a]	2,406			
Outstanding as of December 31, 2020	4,535	27.17		
Granted	44	31.48		
Exercised	(385)	19.53		
Canceled/forfeited	(249)	30.34		
Outstanding as of December 31, 2021	3,945	27.77	6.5	$ 14,547
Vested and expected to vest as of December 31, 2021 [b]	3,560	27.42	6.3	14,363
Exercisable as of December 31, 2021	2,049	$ 24.67	5.4	$ 13,491

[a] The “Aggregate impact of conversion related to the Separation” represents the additional stock options issued as a result of the Separation by applying the “concentration method” to convert employee options based on the ratio of the fair value of Fortive and Vontier common stock calculated using the closing prices as of October 8, 2020.

[b] The “expected to vest” options are the net unvested options that remain after applying the forfeiture rate assumption to total unvested options.

[c] The options and weighted average exercise price for the periods prior to the Separation are pre-impact of the modification of the awards related to the Separation.

The aggregate intrinsic values in the table above represent the total pretax intrinsic value (the difference between the closing stock price of Vontier common stock on the last trading day of 2021 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their options on December 31, 2021. The amount of aggregate intrinsic value will change based on the price of Vontier’s common stock.

The weighted average exercise price of stock options granted, exercised, canceled/forfeited is not included in the table above for the full year ended December 31, 2020 as activity during this period included the Conversion Awards. The weighted average exercise price of Vontier stock options granted, exercised and canceled/forfeited for the period after separation until December 31, 2020 was $33.51, $18.70, and $30.10, respectively.

The fair value of each stock option issued was estimated on the date of grant using the Black-Scholes model for service condition awards with the following weighted average assumptions for the years ended December 31:

	2021	2020	2019
Risk-free interest rate	0.97 %	0.42 %	1.43% - 2.60%
Volatility	28.8 %	27.2 %	19.9 %
Dividend yield	— %	— %	0.37 %
Expected years until exercise	6.5	6.5	5.5 - 8.0
Weighted average fair value at date of grant	$ 9.75	$ 9.95	$ 19.17

The total fair value of options vested during the years ended December 31, 2021, 2020 and 2019 was $1.8 million, $2.8 million and $1.9 million, respectively.

Options outstanding as of December 31, 2021 are summarized below (in millions; except price per share and numbers of years):

	Outstanding			Vested	
Exercise Price	Number of Options	Average Exercise Price	Average Remaining Life (in years)	Number of Options	Average Exercise Price
$9.92 - $17.43	0.6	$ 16.02	3	0.6	$ 16.02
$17.44 - $23.46	0.6	21.41	5	0.5	20.99
$23.47 - $29.34	0.2	28.91	8	0.1	28.71
$29.35 - $31.46	2.0	31.36	8	0.6	31.3
$31.47 - $33.66	0.5	$ 33.37	7	0.2	$ 33.44
Total shares	3.9			2.0	

The following summarizes aggregate intrinsic value and cash receipts related to stock option exercise activity under the Stock Plan and the Fortive Plans for the years ended December 31:

($ in millions)	2021	2020	2019
Aggregate intrinsic value of stock options exercised	$ 5.4	$ 9.6	$ 14.2
Cash receipts from stock options exercised [a]	7.4	9.4	11.0

[a] Cash receipts prior to the Separation were recorded as an increase to Former Parent's investment. This amount was $7.6 million and $11.0 million in 2020 and 2019, respectively.

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Stock Awards

The following summarizes information related to Stock Award activity under the Stock Plan and the Fortive Plans for the years ended December 31, 2021, 2020 and 2019 (in thousands; except price per share):

	Number of Stock Awards [b]	Weighted Average Grant-Date Fair Value [b]
Unvested as of January 1, 2019	341	$ 57.63
Granted	132	77.15
Vested	(106)	74.77
Forfeited	(48)	56.69
Unvested as of December 31, 2019	319	62.00
Granted	593	
Vested	(96)	
Forfeited	(26)	
Aggregate impact of conversion related to the Separation [a]	592	
Unvested as of December 31, 2020	1,382	
Granted	942	33.43
Vested	(403)	29.82
Forfeited	(158)	31.64
Unvested as of December 31, 2021	1,763	$ 32.44

[a] The "Aggregate impact of conversion related to the Separation" represents the additional Stock Awards issued as a result of the Separation by applying the "concentration method" to convert Stock Awards based on the ratio of the fair value of Fortive and Vontier common stock calculated using the closing prices as of October 8, 2020.

[b] The awards and weighted average grant-date fair value for the periods prior to the Separation are pre-impact of the modification of the awards related to the Separation.

The weighted average grant date fair value of Stock Awards granted, vested, and forfeited is not included in the table above for the full year ended December 31, 2020 as activity during this period included the conversion of Stock Awards under the Fortive Plans into awards under the Stock Plan. The weighted average fair value of Stock Awards granted, vested, and forfeited during the period after separation until December 31, 2020 was $33.64, $28.49, and $29.76, respectively.

NOTE 19. CAPITAL STOCK AND EARNINGS PER SHARE

Capital Stock

The Company's authorized capital stock consists of 1,985,000,000 shares of common stock, par value $0.0001 per share, and 15,000,000 shares of preferred stock with no par value, with all shares of preferred stock undesignated.

On August 5, 2019, we issued 1,000 shares of common stock to Fortive pursuant to Section 4(a)(2) of the Securities Act. We did not register the issuance of the issued shares under the Securities Act because the issuance did not constitute a public offering.

On September 28, 2020, Vontier filed a certificate of amendment to the Certificate of Incorporation of Vontier (the "Split Amendment") with the Secretary of State of the State of Delaware, which became effective as of such date. The Split Amendment effected a stock split whereby each share of Vontier common stock issued and outstanding immediately prior to the Split Amendment was converted into 168,378.946 shares in order to provide sufficient capitalization of Vontier to enable Fortive to complete the Distribution and retain a 19.9% interest in the remaining shares of common stock of Vontier. All per share amounts in the Consolidated and Combined Statements of Earnings and Comprehensive Income have been retroactively adjusted to give effect to this recapitalization.

On October 9, 2020, Fortive distributed 80.1% of Vontier's outstanding common stock to its stockholders. In January 2021, Fortive sold a total of 33.5 million shares of the Company's common stock as part of a secondary offering. After the secondary offering, Fortive no longer owned any of the Company's outstanding common stock. Refer to Note 1. Business Overview for additional information.

Each share of Vontier common stock entitles the holder to one vote on all matters to be voted upon by common stockholders. Vontier's Board of Directors (the "Board") is authorized to issue shares of preferred stock in one or more series and has discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock. The Board's authority to issue preferred stock with voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of the common stock, could potentially discourage attempts by third parties to obtain control of Vontier through certain types of takeover practices.

Earnings Per Share

Basic earnings per share is calculated by dividing net earnings by the weighted average number of shares of common stock outstanding. Diluted earnings per share is similarly calculated, except that the calculation includes the dilutive effect of the assumed issuance of shares under stock-based compensation plans except where the inclusion of such shares would have an anti-dilutive impact.

The total number of shares outstanding, including the impact of the Split Amendment, on October 9, 2020 was 168,378,946 which is being utilized for the calculation of both basic and diluted earnings per share for the year ended December 31, 2019 as no Vontier common stock equivalents were outstanding prior to October 9, 2020.

Information related to the calculation of net earnings per share of common stock is summarized as follows:

	Year Ended December 31		
($ and shares in millions, except per share amounts)	2021	2020	2019
Numerator:			
Net earnings	$ 413.0	$ 342.0	$ 436.5
Denominator:			
Basic weighted average common shares outstanding	169.0	168.4	168.4
Effect of dilutive stock options and RSUs	1.1	1.0	—
Diluted weighted average common shares outstanding	170.1	169.4	168.4
Earnings per share:			
Basic	$ 2.44	$ 2.03	$ 2.59
Diluted	$ 2.43	$ 2.02	$ 2.59
Anti-dilutive shares	2.5	2.7	—

The dilutive shares disclosed above were calculated using the treasury stock method. The treasury stock method calculates the dilution assuming the exercise of all in-the-money options and vesting of RSUs, reduced by the repurchase of shares with proceeds from the assumed exercises, and unrecognized compensation expense for outstanding awards.

Share Repurchase Program

On May 19, 2021, the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase up to $500 million of the Company's common stock from time to time on the open market or in privately negotiated transactions. The timing and amount of shares repurchased will be determined by the Company's management based on market conditions, share price, applicable legal requirements and other factors. The Company may enter into Rule 10b5-1 plans to facilitate purchases under the share repurchase program. The share repurchase program may be suspended or discontinued at any time and has no expiration date.

As of December 31, 2021, the Company had remaining authorization to repurchase $500 million of its common stock under the share repurchase program.

Refer to Note 21. Subsequent Events for further discussion regarding share repurchase activity.

NOTE 20. RELATED-PARTY TRANSACTIONS

In connection with the Separation, we entered into the Agreements with Fortive which govern the Separation and provide a framework for the relationship between the parties going forward, including an employee matters agreement, a tax matters agreement, an intellectual property matters agreement, an FBS license agreement and a transition services agreement.

Employee Matters Agreement

The employee matters agreement sets forth, among other things, the allocation of assets, liabilities and responsibilities relating to employee compensation and benefit plans and programs and other related matters in connection with the Separation, including the treatment of outstanding equity and other incentive awards and certain retirement and welfare benefit obligations.

Tax Matters Agreement

The tax matters agreement governs the respective rights, responsibilities and obligations of both Fortive and Vontier after the Separation with respect to tax liabilities and benefits, tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings and other matters regarding taxes. Refer to Note 15. Income Taxes and “Item 1A. Risk Factors” for further discussion regarding the tax matters agreement.

Intellectual Property Matters Agreement

The intellectual property matters agreement sets forth the terms and conditions pursuant to which Fortive and Vontier have mutually granted certain personal, generally irrevocable, non-exclusive, worldwide, and royalty-free rights to use certain intellectual property. Both parties are able to sublicense their rights in connection with activities relating to their businesses, but not for independent use by third parties.

FBS License Agreement

The FBS license agreement sets forth the terms and conditions pursuant to which Fortive has granted a non-exclusive, worldwide, non-transferable, perpetual license to us to use FBS solely in support of our businesses. We are able to sublicense such license solely to direct and indirect wholly-owned subsidiaries.

Transition Services Agreement (“TSA”)

The TSA sets forth the terms and conditions pursuant to which Vontier and our subsidiaries and Fortive and its subsidiaries will provide to each other various services after the Separation. The services to be provided include information technology, facilities, certain accounting and other financial functions, and administrative services. The charges for the transition services generally are expected to allow the providing company to fully recover all out-of-pocket costs and expenses it actually incurs in connection with providing the service, plus, in some cases, the allocated indirect costs of providing the services, generally without profit.

TSA Payments

In accordance with the TSA, receipts from Fortive were insignificant during the year ended December 31, 2021. Payments during the year ended December 31, 2021 were $48.5 million, the majority of which related to our share of the transaction taxes related to Separation which were accrued but not repaid as of December 31, 2020. During the year ended December 31, 2020, we made net payments to Fortive of $13.9 million.

Allocations of Expenses Prior to the Separation

The Company has historically operated as part of Fortive and not as a stand-alone company. Accordingly, certain shared costs have been allocated to the Company by Fortive, and are reflected as expenses in these financial statements.

Management considers the allocation methodologies used to be reasonable and appropriate reflections of the related expenses attributable to the Company for purposes of the carve-out financial statements; however, the expenses reflected in the accompanying Consolidated and Combined Financial Statements may not be indicative of the actual expenses that would have been incurred during the periods presented if the Company had operated as a separate stand-alone entity and the expenses that will be incurred in the future by the Company.

Related party expenses allocated to the Company from Fortive and its subsidiaries for years ended December 31 were as follows:

($ in millions)	2020	2019
Allocated corporate expenses	$ 28.0	$ 27.5
Directly attributable expenses:		
Insurance programs expenses	2.2	2.4
Medical insurance programs expenses	31.4	42.4
Deferred compensation program expenses	0.9	0.9
Total related-party expenses	$ 62.5	$ 73.2

Following the Separation, we independently incur expenses as a stand-alone company and no expenses are allocated by Fortive.

Corporate Expenses

Certain corporate overhead and other shared expenses incurred by Fortive and its subsidiaries have been allocated to the Company and are reflected in the accompanying Consolidated and Combined Statements of Earnings and Comprehensive Income. These amounts include, but are not limited to, items such as general management and executive oversight, costs to support Vontier information technology infrastructure, facilities, compliance, human resources, and marketing, as well as legal functions and financial management and transaction processing, including public company reporting, consolidated tax filings, and tax planning, Fortive benefit plan administration, risk management and consolidated treasury services, certain employee benefits and incentives, and stock-based compensation administration. These costs have been allocated using a methodology that management believes is reasonable for the item being allocated. Allocation methodologies include the Company's relative share of revenues, headcount, or functional spend as a percentage of the total. Following the Separation, we independently incur corporate overhead costs and no corporate overhead costs were allocated by Fortive.

Debt Financing

As part of Fortive, the Company engaged in related-party borrowings. Transactions between Fortive and the Company have been included in the accompanying Consolidated and Combined Financial Statements for all years presented.

There were non-cash settlements of the related-party loan receivables balances that existed as of December 31, 2019 during the year ended December 31, 2020.

Loans from Fortive to the Company have been recorded as Long-term debt in the accompanying Consolidated Balance Sheets. Related-party loans to Fortive entities were $24.6 million as of December 31, 2019. These transactions were settled during the year ended December 31, 2020.

Interest (expense) income, net on related-party transactions was insignificant for the years ended December 31, 2021 and 2020 and was $5.5 million for the year ended December 31, 2019.

Insurance Programs Administered by Fortive

In addition to the corporate allocations noted above, prior to the Separation, the Company was allocated expenses related to certain insurance programs Fortive administered on behalf of the Company, including automobile liability, workers' compensation, general liability, product liability, director's and officer's liability, cargo, and property insurance. These amounts were allocated using various methodologies, as described below.

Included within the insurance cost allocation are amounts related to programs for which Fortive was self-insured up to a certain amount. For the self-insured component, costs were allocated to the Company based on its incurred claims. Fortive has premium-based policies that cover amounts in excess of the self-insured retentions. Prior to the Separation, the Company was allocated a portion of the total insurance cost incurred by Fortive based on its pro-rata portion of Fortive's total underlying exposure base. In connection with the Separation, we established similar independent self-insurance programs to support any outstanding claims going forward and no insurance costs were allocated by Fortive subsequent to the Separation.

Medical Insurance Programs Administered by Fortive

In addition to the corporate allocations noted above, the Company was allocated expenses related to the medical insurance programs administered on behalf of the Company. These amounts were allocated using actual medical claims incurred during the period for the employees attributable to the Company. In connection with the Separation, we established independent medical insurance programs similar to those previously provided by Fortive.

Deferred Compensation Program Administered by Fortive

Certain employees of the Company participated in Fortive's nonqualified deferred compensation programs, which permitted officers, directors and certain management employees to defer a portion of their compensation, on a pretax basis, until after their termination of employment. Participants could have chosen among alternative earnings rates for the amounts they deferred, which were primarily based on investment options within Fortive's 401(k) program (except that the earnings rates for amounts contributed unilaterally by Fortive were entirely based on changes in the value of Fortive's common stock). All amounts deferred under this plan are unfunded, unsecured obligations of the Company. In connection with the Separation, we established a similar independent, nonqualified deferred compensation program.

Revenue and Other Transactions Entered into in the Ordinary Course of Business

Prior to the Separation, we operated as part of Fortive and not as a stand-alone company and certain of our revenue arrangements related to contracts entered into in the ordinary course of business with Fortive and its affiliates. Following the Separation, we continue to enter into arms-length revenue arrangements in the ordinary course of business with Fortive and its affiliates, although certain agreements were entered into or terminated as a result of the Separation.

After the secondary offering in January 2021, Fortive no longer owned any of the Company's outstanding common stock and is not considered a related party.

Certain of our revenue arrangements related to contracts entered into in the ordinary course of business with Fortive and its affiliates. Our revenue from sales to Fortive and its subsidiaries was insignificant during the years ended December 31, 2020, and 2019.

Purchases from Fortive and Fortive's subsidiaries were approximately $16 million for each of the years ended December 31, 2020 and 2019.

NOTE 21. SUBSEQUENT EVENTS

Acquisitions and Investments

On January 13, 2022, the Company's cost-method investee, Tritium, announced that it completed a previously announced business combination with Decarbonization Plus Acquisition Corporation II to make Tritium a publicly listed company on NASDAQ under the symbol "DCFC". Prior to this event, the Company accounted for its investment in Tritium at historical cost under the measurement alternative for equity investments without readily determinable fair values. Prospectively, the Company will remeasure its investment to fair value on a recurring basis. The Company owns approximately 22 million shares of Tritium.

On February 8, 2022, the Company announced the acquisition of the remaining 81% of the outstanding shares of Driivz. Driivz, which is based in Israel, is a cloud-based subscription software platform supporting electric vehicle charging infrastructure ("EVCI") providers with operations management, energy optimization, billing and roaming capabilities, as well as driver self-service apps.

Additionally, on February 24, 2022, the Company acquired the outstanding shares of Sparkion, an early-stage, battery energy storage solution software company which is based in Israel.

The Company paid total cash consideration of approximately $190 million, net of cash received, for the acquisitions of Driivz and Sparkion.

The acquisitions of Driivz and Sparkion accelerate the Company's portfolio diversification and e-mobility strategies and position the Company to capitalize on the global EVCI market opportunities.

The Company will account for the acquisitions as business combinations in accordance with ASC 805: Business Combinations using the acquisition method of accounting and recognize assets acquired and liabilities assumed at their respective fair values as of the date of acquisitions. Due to the timing of the acquisitions, acquisition accounting has not been completed and the Company is in the process of estimating the initial purchase price allocations. The Company expects that a gain will be recognized for the remeasurement of the previously owned equity interests of Driivz which were historically recorded at cost under the measurement alternative for equity investments without readily determinable fair values.

Share Repurchases

On February 22, 2022, we entered into a $250.0 million accelerated share repurchase program with a third-party financial institution. We made an upfront payment of the full amount to the financial institution using cash on hand and funds drawn on our revolver and received an initial delivery of 8.2 million shares which are held as treasury shares. Upon completion, the total shares repurchased will be based on the volume-weighted average share price during the term of the agreement less an applicable discount. The financial institution may be required to deliver additional shares or, under certain circumstances, we may be required to deliver shares or elect to make a cash payment to the financial institution. Final settlement is expected to be completed in the second quarter of 2022.

Additionally, we repurchased shares in the open market during February 2022 which will be held as treasury shares.

Building a better
working world

Independent registered public accountant's Inclusion Letter

We agree to the inclusion in this Franchise Disclosure Document for Matco Tools Corporation ("Franchisor") issued on March 6, 2022, of our report dated February 24, 2022, with respect to the consolidated and combined financial statements of Vontier Corporation and subsidiaries as of December 31, 2021 and 2020 and for the three years in the period ended December 31, 2021.

Ernst + Young LLP

Raleigh, North Carolina
February 24, 2022

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX B: ACTIVE DISTRIBUTORS

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
WI	OLSON, JOHN C	438 NEW CENTURY DRIVE	HUDSON	54016	612	850-7354
WI	LEE, JOHN R	328 S WASHINGTON AVE	NEW RICHMOND	54017	612	558-1157
WI	WAHLEN, BARRY J	890 JOEANNA WAY	PULASKI	54162	920	660-1713
WI	NUTHALS, ROBERT J	6231 MAIN ST	ABRAMS	54101	920	655-2195
WI	PHARO, TERENCE M	5480 BROKEN BOW RD	SUN PRAIRIE	53590	608	669-6537
WI	SWAN, JAMES C	W875 PRIMROSE RD	GENOA CITY	53128	262	206-1711
WI	ZENTKO, LINDSEY K	111 HENDERSON ST	EDGERTON	53534	608	332-7010
WI	ROBARGE, ROBERT J	1525 S LAWE STREET	APPLETON	54915	920	609-1489
WI	CRABTREE, STEVEN A	360 PLEASANT AVE	ELLSWORTH	54011	715	222-2133
WI	TREMAINE, JAMIE N	N 8321 WHIPPOORWILL RD	IXONIA	53036	262	490-0128
WI	GARCIA, JESUS S	1120 97TH ST	PLEASANT PRAIRI	53158	847	707-8791
WI	CURLER, DEVIN S	N8393 HIGHLAND ACRES RD	PHILLIPS	54555	715	820-0862
WI	ROACH, KYLE J	3580 TUlIP TRAIL	APPLETON	54913	920	843-0730
WI	KAER, STEVEN W	N10160 DEER LANE	WAUSAUKEE	54177	217	841-9475
WI	ANDERSON, RICKY L	5397 ARPIN HANSEN RD	ARPIN	54410	715	897-6572
WI	RAABE, KYLE J AND WENDY L	N2503 KUTZ RD	FORT ATKINSON	53538	414	940-0375
WI	TOMAN, PETER A	PO BOX 22	KANSASVILLE	53139	262	676-7249
WI	SCHULTZ, JONATHON D TRK 1	5570 RIVER RD	WAUNAKEE	53597	608	513-8846
WI	STRAKA, SHAWN M	37911 MAPLE LANE	PRAIRIE DU CHIE	53821	608	485-3625
WI	ERDMANN, BRIAN J	W1094 BAY ST	FOUNTAIN CITY	54629	608	863-5695
WI	DEVANEY, MATTHEW C	3330 HARRISON ST	KANSASVILLE	53139	262	721-6563
WI	TOMKA, ANDREW F	1633 S SUNNYSLOPE RD	NEW BERLIN	53151	414	526-8251
WI	KLEIST, BRADLEY S	N3557 COUNTY RD C	PULASKI	54162	920	639-8724
WI	JANSSEN, NICHOLAS B	2301 FOREST DR	RHINELANDER	54501	715	550-1246
WI	MARTIN, MICHAEL K	884 KENDALE CT	ONEIDA	54155	920	680-6044
WI	ASHTON, QUINT D	1120 PINE RIDGE DR	RIVER FALLS	54022	651	434-8909
WI	IRONSIDE, ANDREW J	5528 381ST AVE	BURLINGTON	53105	262	620-5617
WI	PETERSEN, ANTHONY T	4212 51ST AVE	KENOSHA	53144	262	914-5720
WI	BLOHOWIAK, SHAWN P	1608 SCHWARTZ RD	PULASKI	54162	920	737-7713
WI	FINK, RYAN R	656 BOUNDARY DR E	WEST SALEM	54669	608	518-0990
WI	MILES, LANDY W	1235 TOWER HILL DR	BROOKFIELD	53045	262	565-7660
WI	ERICKSON, MICHAEL J	1169 121ST AVE	NEW RICHMOND	54017	715	222-4796
WI	FISCHER, JEREMY P	1561 N SUPERIOR ST	ANTIGO	54409	715	301-5089
WI	WALDNER, MICHAEL E	1870 TOWER DRIVE	STOUGHTON	53589	608	630-3810
WI	JENSON, EUGENE C	510 RAVINE ST	DARLINGTON	53530	608	574-8126

WI	ZABEL, JOEL G & ANNE E	230 GLACIAL DR	SLINGER	53086	414 218-2391
WI	STEWART, BRIAN A	1135 1ST AVENUE	EAU CLAIRE	54703	715 577-1487
WI	JOHNSON, ERIK R	W289 N9394 DIEBALL RD	HARTLAND	53029	262 313-7674
WI	PUKALL, HOWARD A *HOWIE*	1540 FOXMOOR DR	FENNIMORE	53809	608 988-6339
WI	KASTEN, DONALD A	220 W LIBERTY ST	LONE ROCK	53556	608 574-3838
WI	KOPPEN, ROBERT J	W177 N8659 LYNWOOD DR	MENOMONEE FALLS	53051	262 225-9386
WI	DOLSON, TIMOTHY J & TERES	W9896 COUNTY RD K	LODI	53555	608 669-3819
WI	YOEMANS, BRYAN S	5459 COUNTY ROAD TT	MARSHALL	53559	608 513-1431
WI	DE MERRITT, ANDREW A	544 WINDYWOOD LANE	WRIGHTSTOWN	54180	920 660-3483
WI	HILL, BLAIR E *BEN HILL E	2000 CROOKED AVE	HOLMEN	54636	608 399-0350
WI	NIES, JESSE R & JACLYN L	1458 S 90TH ST	WEST ALLIS	53214	262 370-4390
WI	CRIPE, ANTHONY R & ANNITA	N2984 220TH ST	MAIDEN ROCK	54750	715 533-4547
WI	PENMAN, DAVID G & MICHELL	814 DAKOTA RIDGE	HUDSON	54016	612 532-5105
WI	KOCH, JEROME D & NATALIE	143198 SUNNY LANE	MOSINEE	54455	715 459-6680
WI	MOLDENHAUER, JEFF	W 148 N 7497 WOODLAND DR	MENOMONEE FALLS	53051-4519	262 255-2626

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
WI	BELL, SR., PHILLIP M & SH	2359 HAMPTON AVE	GREEN BAY	54311	920	784-8081
WI	JOECKS, GREGG A II & AMBE	N6642 MAPLE RD	ELKHORN	53121	262	347-9174
WI	FETHERSTON, NATHAN A & ST	135 AMES ST	OREGON	53575	608	235-6496
WI	BELTER, STEVEN	N1478 COUNTY RD X	BERLIN	54923	920	585-0198
WI	CORAGGIO, GUY A	N94 W24711 BARK ROAD	COLGATE	53017	262	628-2308
WI	SOMMER, COREY D	1135 GLENN PLACE	EAU CLAIRE	54703	715	559-5919
WI	MOSER, GARY W	1424 SHALOM DRIVE	KEWASKUM	53040	414	254-8245
WI	MEZERA, KURT J	2244 E CARLEY CT	MILTON	53563	608	770-1885
WI	FORMELLA, MICHAEL S	2189 S 81ST	WEST ALLIS	53219	414	530-3829
WI	DIENER, ROBERT F & JUDITH	5026 WAGON WHEEL RD	MANITOWOC	54220	920	905-0962
WI	MURPHY, TERRY	1065 SCHANOCK DR	GREEN BAY	54303	920	680-7971
WI	KLEIN, MICHAEL	7979 COUNTY HWY V	MARSHFIELD	54449	715	676-2668

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State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
IL	STEPP, JIMMIE T	730 S HIELAND RD	ST ANNE	60964	815	953-3069
IL	WALKER, RICKY D *TONA*	8023 CRYSTAL LANE	TROY	62294	618	977-2933
IL	CAPPIELLO, RICHARD *JASON	5N278 BUNKER TERRACE	ITASCA	60143	708	502-4565
IL	REEDER, JOSHUA J *LEVI RE	3221 E 1ST RD	PERU	61354	815	830-2777
IL	WEBER, MARK A	PO BOX 95126	PALATINE	60095	224	407-1273
IL	ANDRINOPOULOS, ARTIE	10N933 HIGHLAND TR	HAMPSHIRE	60140	630	774-9326
IL	SHERRICK, CLARENCE *CHRIS	113 N MAPLE	MT PROSPECT	60056	847	610-0918
IL	RUEDAS, CLAUDIO	5N426 CENTRAL RD	ITASCA	60143	630	501-6496
IL	THOMAS, MICHAEL A	635 ROCHDALE CIRCLE	LOMBARD	60148	630	935-1116
IL	YANOW, MEAGAN C *SAM*	ATTENTION SAM YANOW	WAUCONDA	60084	847	312-3594
IL	MILLER, KEVIN J	4683 SEILER RD	DORSEY	62021	618	980-9576
IL	SCHNEIDER, CARL J	817 SEDGEGRASS DR	CHAMPAIGN	61822	217	530-2469
IL	GREENSLY, CHARLES J	136 W LINDA AVE	CORTLAND	60112	630	452-1059
IL	JANSEN, KYLE J	5208 LEAH LANE	AVISTON	62216	618	799-9912
IL	MCDOWALL, JOSEPH J	1924 SUNSET AVE	WAUKEGAN	60087	847	529-4332
IL	MUGLER, MICHAEL P	PO BOX 124	MINIER	61759	309	241-0364
IL	JESSEN, KEVIN A	6045 PEART RD	MORRIS	60450	779	379-6877
IL	GAGNON, STEVEN M	370 BUCK DR	HAINESVILLE	60030	224	558-3056
IL	GILLESPIE, STEVEN G	2630 N US HWY 45/52	CLIFTON	60927	815	830-4999
IL	HERMOSILLO, RIGOBERTO	1002 4TH AVE	MENDOTA	61342	815	414-0754
IL	WATSON, PAUL A	430 N LINN ST	PRINCETON	61356	815	878-1080
IL	GRIGOLO, VICTOR A	24359 BEACH GROVE RD	ANTIOCH	60002	708	227-1561
IL	LEVIN, AARON J	36 INGLESIDE SHORE RD	FOX LAKE	60020	847	561-4507
IL	SUAREZ, ARMANDO JR	19598 W MARTIN DR	MUNDELEIN	60060	224	595-2269
IL	PARKHURST, NICHOLAS A	357 LINCOLN AVE	WOODSTOCK	60098	847	321-0360
IL	SCALPONE, VINCENT	35 S SOUTH ELGIN BLVD	SOUTH ELGIN	60177	630	667-5886
IL	SLOMKA, RICHARD F	2N503 BERNICE AVENUE	GLEN ELLYN	60137	630	290-1965
IL	HUBBLE, DAVID E	1 TRAVER TINE CIRCLE	MILLSTADT	62260	618	604-4768
IL	GRIFFITH, KEITH A *ALAN*	207 W ADAMS	ATLANTA	61723	217	314-1077
IL	OGLESBY, MATTHEW T	612 S ORCHID PATH	MCHENRY	60050	847	833-4207
IL	KLIMEK, RICKEY C JR	16656 W 146TH PL	LOCKPORT	60441	708	280-1803
IL	URBEN, CHRIS M	422 HAMLET ST	BATAVIA	60510	331	223-0219
IL	TRACY, ALEX M	5109 MAPLE HILL DR	MCCULLOM LAKE	60050	847	366-4202
IL	STAUFFER, MICHAEL L	20752 WHITE OAKS RD	MORRISON	61270	815	631-3809
IL	ARIAS, MIGUEL	1292 SYCAMORE ST	ELGIN	60123	773	550-9050

IL	BECKMANN, JOSHUA	7211 PHEASANT LANE	BARTELSO	62218	618 791-6305
IL	DIETZ, RONALD H JR	314 SOUTH DRIFTWOOD TRAIL	MCHENRY	60050	847 561-0517
IL	RAADSEN, JOHN P	1049 GOLF COURSE RD	CRYSTAL LAKE	60014	312 890-7085
IL	HUBRICH, JEFFREY A	404 GRANDVIEW DR	LEROY	61752	309 531-0534
IL	GAHM, CALVIN J	214 SOUTH BELLEVUE AVE	WARREN	61087	815 990-5537
IL	DIAZ RIOS, JOEL	37164 N GRANDWOOD DR	GURNEE	60031	773 664-1547
IL	HARTUNG, ANDREW M	30434 NE END AVE	LIBERTYVILLE	60048	847 363-4377
IL	MIHALEC, JOSEPH J	1130 CRESTVIEW LN	PINGREE GROVE	60140	847 682-0591
IL	LITTLE, STEVEN M	4123 CANOLA LANE	CHERRY VALLEY	61016	815 979-6287
IL	BELSLY, BLAKE A	2806 N GOLF DR	PEORIA	61604	309 678-6883
IL	MILLER, MICHAEL W	205 SPRINGWOOD DR	WOODSTOCK	60098	815 851-3006
IL	DESCHAINE, JEFFREY A	4907 DAVID DR	ROCKFORD	61108	815 997-2472
IL	HAZZARD, KEVIN J	1202 SOUTH MASON	BLOOMINGTON	61701	217 415-3155
IL	SCHMIDT, KYLE D & JULIA M	6600 RED SUNSET COURT	EDWARDSVILLE	62025	618 977-5971
IL	MYERS, BRADLEY C & SHERRY	221 SAGE CREEK DRIVE	BETHALTO	62010	618 593-3227

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
IL	BAUTISTA RODRIGUEZ, SERGI	502 KRAKAR AVE	JOLIET	60432	815	274-0113
IL	FILLIPPONI, MARIO S & COR	137 PRANCER DR	HEYWORTH	61745	309	531-5899
IL	KELLER, JACOB A	9516 HALIGUS RD	HUNTLEY	60142	224	334-9010
IL	WILSON JR, RICHARD A	10339 E 1500 NORTH RD	PONTIAC	61764	815	375-6284
IL	FURAR, RYAN A & DAWN M	1002 WASHINGTON ST	MENDOTA	61342	815	878-6077
IL	GALLIVAN, LOREN J & MARI	2379 COVE CT	AURORA	60504	630	730-1948
IL	MARSCH, SCOTT D & SARAH A	530 ILLINOIS AVE	BATAVIA	60510	630	418-2608
IL	REEDER, JOSHUA J TRK 1	3221 E 1ST RD	PERU	61354	815	326-2777
IL	BRIGHT, DOUGLAS	1190 EAST 1800 NORTH RD	MONTICELLO	61856	217	762-7603
IL	SCRANTON, WILLIAM J *WILL	8300 49TH ST	COAL VALLEY	61240	309	721-2831
IL	O'CONNELL, DAVID W	25526 W FOXTAIL RD	ROUND LAKE	60073	847	502-8277
IL	ROLLINGER, GLEN H	30 PAYSON ST	HOFFMAN ESTATES	60169	630	253-5514
IL	CONGER, ROBERT C *ROB*	1808 NICHOLSON ST	CREST HILL	60403	815	922-3752
IL	CHIOVARI, JOSEPH	639 N PARK BLVD	GLEN ELLYN	60137	630	6657846
IL	ORTS, ANTHONY	1000B ROUTE 25	OSWEGO	60543	630	966-2630
IL	KACIR, RONALD	23500 FARMDALE RD	WASHINGTON	61571	309	699-1996
IL	DAWSON, RICKY E *RICK*	20 WEST 066 99TH ST	LEMONT	60439	630	783-8402
IL	BERGMAN, AARON S	200 LOGAN ST	EMDEN	62635	217	376-3870
IL	WILSON, MIKE	522 CONSTANZO LANE	BETHALTO	62010	618	377-0351
IL	FREUND, ROBERT *MIKE*	1136 PINE TREE LANE	LIBERTYVILLE	60048	847	680-4685
IL	MENOZI, MARK C * WILLIAM	3720 PRAIRIE LANE	MORRIS	60450	815	353-2372
IL	ENGELMANN, ERIC D	2166 SPRADLIN ROAD	JACKSONVILLE	62650	217	899-6207
IL	LESZCZYSZYN, MARK J	231 CUMMINGS DR	BARTLETT	60103	847	202-6178
IL	VOYLES, KEITH E	39W031 HOGAN HILL	ELGIN	60124	847	650-6835
IL	STERNBERG, ARTHUR R	701 GREENVIEW AVE	DES PLAINES	60016	847	298-2768
IL	SMITH, TONY *TJ*	29085 MECHLING LANE	ROCK FALLS	61071	815	441-2130
IL	OTTE, BRETT T	218 PLUM ST	AURORA	60506	630	212-7685

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State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
IA	STOUT, DONOVAN K	106 REDBUD LANE	COUNCIL BLUFFS	51503	712	323-6877
IA	BUCHMEYER, MARCUS Q	1674 HIGHWAY 30	CALAMUS	52729	563	210-8831
IA	ANDERSON, AARON P	2026 ASHFORD RD	BETTENDORF	52722	563	340-5258
IA	PEARSON, NATHAN E	PO BOX 34	CENTRAL CITY	52214	319	521-1069
IA	PYLE, BRANDON L	406 22ND ST SW	MASON CITY	50401	641	420-7734
IA	COATES, ERIC A	165 PRINCETON PL	DUBUQUE	52001	563	513-7510
IA	PHILEBAR, KEVIN J TRK 1	29795 ASPEN RD	SILVER CITY	51571	712	242-8594
IA	EDGINGTON, ERIC J *EJ*	3108 SW MEADOW RIDGE DR	ANKENY	50023	515	868-1484
IA	DEGROAT, KENNETH R	4121 S NINTH ST NO 2	COUNCIL BLUFFS	51501	712	308-3783
IA	HUFFMAN, ADAM C	314 MAIN ST	BOONE	50036	515	230-3823
IA	WAGNER, RONALD D	2719 BRUNSKILL RD	DUBUQUE	52003	563	590-9889
IA	GOBLE, NICHOLAS J	633 MALLARD POINTE DR NW	BONDURANT	50035	515	402-6256
IA	CUNNINGHAM, PAUL W	3116 INDIANAPOLIS AVE	DES MOINES	50317	515	508-1936
IA	STROHBEHN, PARKER A	866 LAKE SHORE DRIVE	NEVADA	50201	651	792-6074
IA	HUBKA, DEAN E & LISA J	306 E GILMAN ST	SHEFFIELD	50475	641	525-0849
IA	LAMBERSON, MICHAEL C & AS	60588 190TH ST	NEVADA	50201	515	450-0932
IA	RICHARDSON, JOSHUA A	2724 16TH STREET SW	ALTOONA	50009	515	519-0036
IA	BRAAFHART, KEITH B	17 PARK AVENUE COURT	ELDRIDGE	52748	563	650-3263
IA	PHILEBAR, KEVIN J *SHANE	29795 ASPEN RD	SILVER CITY	51571	712	527-3639
IA	VANDEVOORDE, JOHN W	25220 210TH AVENUE	ELDRIDGE	52748	563	508-1595
IA	CAFFREY, BOB J	2440 NEWPORT SW	CEDAR RAPIDS	52404	319	369-0916
IA	MAY, MARK E	206 UTRECHT LAAN ST	PELLA	50219	641	660-0798

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State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
MN	GILBERT, KEVIN R	36 HORSESHOE DR	GRAND RAPIDS	55744	218	256-9812
MN	GIFFORD, MARK R	33 105TH AVE NW	COON RAPIDS	55448	612	859-1221
MN	KLEVEN, BRUCE A *BRANDON	16438 TTT RD	EDEN VALLEY	55329	320	894-0693
MN	WILCOX, DAVID S *NICOLE W	12167 FUSCHIA DR	BAXTER	56425	218	851-3044
MN	ORTON, ROBERT J	244 BALSAM DR	FOLEY	56329	320	980-6258
MN	EDWARDS, DAWN R	21157 535TH AVENUE	MANKATO	56001	507	317-3301
MN	SIEGFRIED, JEFFREY V	12943 CHISHOLM ST NE	BLAINE	55449	763	229-4043
MN	THOMPSON, TOBIAS J	1628 WEST 5TH STREET	WINONA	55987	507	313-2004
MN	REIPLINGER, RYAN W	7148 LITTLE DIP LANE NE	BEMIDJI	56601	218	760-4660
MN	BOETTNER, MATTHEW W	22129 174TH ST NW	BIG LAKE	55309	612	741-0350
MN	KRONHOLM, ANDREW J	26229 PHEASANT RUN	LINDSTROM	55045	651	248-0258
MN	ZEGLEN, NATHEN R	4580 205TH LANE NW	OAK GROVE	55303	763	221-0190
MN	NITSCHKE, ROBERT L	11747 239TH ST N	SCANDIA	55073	651	238-9074
MN	LEON, THOMAS J	1205 LYNDON AVE SW	GLYNDON	56547	701	388-8635
MN	DICKEY, RANDALL L	18790 WATERCREST ST NW	NOWTHEN	55303	612	695-5766
MN	ROSCHEN, BRADLEY S	815 6TH ST	FARMINGTON	55024	651	675-6341
MN	HILL, ALEXANDER T	716 192ND STREET SOUTH	HAWLEY	56549	701	318-2364
MN	NEU, LORELLE M	7036 DREW AVE N	BROOKLYN CENTER	55429	763	218-2940
MN	BRASHEAR, JESSE J	1827 CARL STREET	LAUDERDALE	55113	651	746-4229
MN	KNUTSON, JAKSON C	7 GARDEN CT NW	EAST GRAND FORK	56721	218	280-8249
MN	SCHROEDER, JOHN M	7844 SE 14TH AVE	OWATONNA	55060	507	456-1986
MN	HENDERSON, KEVIN T	3025 20TH AVE SE	ROCHESTER	55904	612	979-6888
MN	THOMPSON, NOAH A	3000 3RD AVE NW	WILLMAR	56201	641	464-2373
MN	HOFFMAN, TIMOTHY A	25 2ND AVE NE	RICE	56367	320	515-1470
MN	CONNELLY, COLE T & KAYLA	6024 COLFAX AVE N	MINNEAPOLIS	55430	612	554-1953
MN	LANGTEAU, MARK V	2150 SPRUCE PLACE	WHITE BEAR LAKE	55110	651	324-0880
MN	JOHNSON, RICHARD P & PAME	3729 BURGUNDY DR	SAINT PAUL	55122	651	492-8401
MN	DRAHEIM, JUSTIN A	518 113TH AVE NW	COON RAPIDS	55448	612	597-7420
MN	RACINE, JOSEPH C	1915 MANTON ST	MAPLEWOOD	55109	952	797-6561
MN	SCHREINER, ZACHARY J & KA	514 2ND ST	WOLVERTON	56594	320	291-5124
MN	WILCOX, DAVID S TRK 1	12167 FUSCHIA DR	BAXTER	56425	218	330-2992
MN	HAYES, JOSEPH	616 NORTH 2ND ST	CALEDONIA	55921	507	7253622
MN	THORESON, KRAIG	5270 CEDAR AVE	OWATONNA	55060	507	363-1910
MN	HOPKINS, JOSHUA L	22908 FALLOW RD	SAINT AUGUSTA	56301	320	761-6049
MN	RESSLER, RICK E & DAWN M	20851 145TH ST NW	ELK RIVER	55330	612	599-3963

MN	DAVIDSON, PATRICK A	1072 LONE OAK LANE SW	ORONOCO	55960	507 990-6611
MN	BAKER, JEFFREY W	26306 THOMAS AVE	ELKO NEW MARKET	55020	612 590-1003
MN	JOHNSON, TEDDY D	24810 COUNTY 48	OSAGE	56570	218 573-2148

State Count: 38

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State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
AZ	ROGERS, ALLAN D	2739 NAVAJO WAY	LAKESIDE	85929	661	310-8382
	State Count: 1					
CA	SALAZAR, PAUL A	813 BARTOLO AVE	MONTEBELLO	90640	323	500-8746
CA	MIRANDA, DAVID A	3847 S WELLAND AVE	ONTARIO	91761	707	315-4722
CA	CORCILIUS, TIMOTHY S & LO	435 LEIF CIRCLE	CRESCENT CITY	95531	307	699-7040
CA	STIFFLER, ROBERT J & BRID	1304 BYNUM WY	OAKLEY	94561	925	698-9961
CA	HERNANDEZ JR, MIGUEL G	107 E MOUNTAIN VIEW	PORTERVILLE	93257	559	736-3367
CA	SMITH, COREY T	8236 PEACH AVE	HESPERIA	92345	760	963-2562
CA	SIMONE, MATT P	1537 N ADLER	FRESNO	93727	559	456-0549
	State Count: 7					
CO	MANSON, MICHELLE KV & WYA	1350 S CALHAN HWY	YODER	80864	970	799-1354
CO	HAHN, CHRISTOPHER L	4883 SILVER SPRUCE LANE	EVERGREEN	80439	804	252-8587
	State Count: 2					
FL	ROSS, GREGORY D	5742 PERIWINKLE CT	CRESTVIEW	32539	843	295-9310
FL	BRINKMAN, SCOTT W	5301 VARN RD	PLANT CITY	33565	813	598-4330
FL	SULSONA VALLEJO, HIRAM	902 HALIFAX DR	KISSIMMEE	34758	321	437-8254
FL	KLINK, ALFRED R JR. & MIC	2625 12TH AVE NE	NAPLES	34120	239	825-0627
FL	SORRELL, JASON M	9415 106TH AVE N	SEMINOLE	33777	727	560-7055
FL	LUNA-SANCHEZ, VICTOR R &	808 75TH STREET N	SAINT PETERSBUR	33710	347	446-6339
	State Count: 6					
GA	GOEN, WENDELL S	60 TEAGAN WAY	HIAWASSEE	30546	678	372-2819
	State Count: 1					
IL	CAPPIELLO, RICHARD *JASON	5N278 BUNKER TERRACE	ITASCA	60143	708	502-4565
	State Count: 1					

KS	CREAMER, MICHAEL T JR *TE	403 MANN AVE	LARNED	67550	620 923-5801
	State Count:	1			
LA	BATES, MICHAEL A & LISA D	40053 MADDIE DRIVE	PRAIRIEVILLE	70769	225 241-5400
	State Count:	1			
MA	BOYLE, CRAIG A	16 BERKELEY ST	NORTH BILLERICA	01862	857 247-4755
	State Count:	1			
MD	HOCKENBURY, PETER R	13934 MCINTOSH CIR	CLEAR SPRING	21722	610 984-3990
	State Count:	1			

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
MI	MCPHERSON, CHARLES A & HA	6939 BURNLY STREET	GARDEN CITY	48135	734	255-4595
	State Count: 1					
MN	SCHREINER, ZACHARY J & KA	514 2ND ST	WOLVERTON	56594	320	291-5124
	State Count: 1					
MO	PARKER, BILL R & PATRINA	28710 E US HWY 24	BUCKNER	64016	816	377-7032
MO	VERHAAR, JOSEPH J & REBEC	4402 W 20TH	JOPLIN	64804	417	438-8091
	State Count: 2					
NC	FIGUEROA MADRID, RAUL & R	280 DELL MEADOWS PL	FOUR OAKS	27524	919	757-1405
NC	LAY, CORY C & JANET M	3443 CAL BOST ROAD	MIDLAND	28107	704	301-3817
NC	YANDLE, SANFORD N *TERM*	12231 ASBURY CHAPEL RD	HUNTERSVILLE	28078	704	201-5030
	State Count: 3					
NV	HAGER, JAMES R	113 GAINSWAY WEST DR	HENDERSON	89074	702	883-3131
NV	HARRIS, ZACHARY L & ASHLE	960 SHADOW LN	FERNLEY	89408	775	420-1702
	State Count: 2					
NY	CAPUTO, WILLIAM *TERM*	45 KOBB BLVD	WEST ISLIP	11795	631	375-1946
NY	SHEPHARD, MATTHEW M	5096 COUNTY ROUTE 22	LACONA	13083	315	402-8176
	State Count: 2					
OH	HENRY, ALEX G	13109 EDISON ST NE	ALLIANCE	44601	765	586-6902
OH	SCHUTTE, JASON S	809 NOYES AVE	HAMILTON	45015	513	338-6998
OH	CRAWFORD, KURT A & ASHLEY	485 STONEBRIDGE BLVD	PICKERINGTON	43147	614	565-7308
	State Count: 3					

OK	KNOTT, RUSSELL D & LOU A	14611 PECAN GROVE W	YUKON	73099	405 620-1266
OK	HERBERT, BRIAN D & APRIL	1408 GABRIEL DR	EL RENO	73036	405 590-5066

State Count: 2

TN	DANIELS, SEAN O TRK2 *SAD	2608 PALAMINO COURT	THOMPSON STATIO	37179	615 815-8432

State Count: 1

TX	SPENCER, MICHAEL S TRK 2	14710 GAMBLE RD	SANTA FE	77517	409 795-4815
TX	SCANLIN, JOSEPH W	3903 OLD HEARN RD	BRYAN	77803	979 393-8717
TX	TOMANCAK, STEVEN C & ANA	1032 MORNINGSIDE DR	BURLESON	76028	817 944-8096

State Count: 3

Active distributor with Zero 6 Wk Avg

Date - . 1/05/2022

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State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
VA	BRANNAN, JOSEPH C	10224 THOR LANE	MECHANICSVILLE	23116	804	874-5442
VA	SIMMONS, RANDALL T	491 N LATHAM ST	ALEXANDRIA	22304	770	789-7253

State Count: 2

Total Count: 44

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX C: TERMINATED DISTRIBUTORS

Run Date :12/31/21

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
AK	LINDQUIST, JOSEPH E *TERM	7433 W RYAN CIRCLE	WASILLA	99623	907	232-5262
AK	THOMPSON, LARRY D *TERM*	3520 VIEW PARK CIRCLE	ANCHORAGE	99502	907	242-6403
	State Count: 2					
AL	TERRY, IRVEN W *TERM*	14 HILLSIDE ST	ODENVILLE	35120	205	329-8582
AL	SIMS, DUSTIN L *TERM*	1713 CO RD 90	BRYANT	35958	256	687-9986
AL	BRALEY, CARL E *TERM*	660 BLUEBIRD LANE	HOKES BLUFF	35903	256	613-9169
AL	MASONIA, TERESA *NICK EMP	145 COUNTY RD 460	KILLEN	35645	256	856-3066
AL	BROCK, JAMES B *TERM*	35873 CO RD 39	STAPLETON	36578	251	656-9566
	State Count: 5					
AR	VANCE, CHRISTOPHER W *TER	9733 OZARK LANE	OMAHA	72662	870	416-2744
	State Count: 1					
AZ	KIRKPATRICK, JAMES P *JIM	1438 W SALTSAGE DR	PHOENIX	85045	602	481-1891
AZ	PILNY, KERRY J *TERM*	9545 N ANTELOPE MEADOWS D	PRESCOTT VALLEY	86315	928	925-8837
AZ	BRAINARD, HEATH * TERM* *	7041 N 23RD LN	PHOENIX	85021	602	881-8477
AZ	WEINBERG, JOSHUA L *TERM*	4652 S CABRIO TERRACE	MESA	85212	623	293-2041
AZ	STEVENS, BRYAN D *TERM*	17970 N 87TH DR	PEORIA	85382	520	582-5404
AZ	RUBLE, RYAN G *TERM*	3880 PRINCETON LANE	CASA GRANDE	85122	623	249-8644
AZ	BENTON, TREVOR J & HANNAH	18322 E EL BUHO PEQUENO	GOLD CANYON	85118	602	717-7040
AZ	PRETI, SARA L *TERM*	39226 N 29TH AVE	PHOENIX	85086	480	686-1203
AZ	STEWART, JIMMIE *CURTIS*	3564 N ESSCO ST	KINGMAN	86409	928	296-1456
AZ	BAKER, MICHELLE *DOUG WAR	5541 W CAMINO VIVAZ LANE	GLENDALE	85310	623	581-8727
	State Count: 10					
CA	ESPEJO, JOSE M *MANUEL* *	15756 RIPON AVE	BELLFLOWER	90706	562	712-3529
CA	WONG, WAYMOND A "RAY" *TE	1435 TWELVE OAKS COURT	ALAMO	94507	925	216-6307
CA	LOSEY, BRANDON J *TERM*	13314 POWERS RD	POWAY	92064	858	866-4581
CA	AUSTIN, DEAN R *TERM*	700 BALTIC CIRCLE UNIT 73	REDWOOD CITY	94065	650	766-9557
CA	ALIOTTI, DAVID *TERM*	927 HELLAM ST	MONTEREY	93940	831	658-0356

CA	LE, LONG *TERM*	10536 MOLAMA CIRCLE	GARDEN GROVE	92840	714 651-2541
CA	HUTCHINS, DAVID P *TERM*	2094 E LAPOSTA CIRCLE	PINE VALLEY	91962	619 208-8169
CA	RIVAS, TAYLOR D *TERM*	2190 RALEIGH CIR	HOLLISTER	95023	831 207-0512
CA	DAVIS, DYLAN M *TERM*	10712 PARLIAMENT AVE	GARDEN GROVE	92840	714 321-3622
CA	NOONE, PATRICK F *TERM*	2325 PECAN GROVE WAY	RANCHO CORDOVA	95670	916 206-4005
CA	ROBISON, BRIAN K *TERM*	14362 WEBBER PLACE	WESTMINSTER	92683	661 839-5146
CA	BYRON, PHILIP R *TERM*	287 CANYON BREEZE CT	SIMI VALLEY	93065	805 428-9455
CA	COUBROUGH, LAWRENCE *DAV	2350 VISTA GRANDE	FAIRFIELD	94534	209 740-8017
CA	BOMGAARS, SCOTT R *TERM*	211 S MELROSE ST APT A	ANAHEIM	92805	562 713-6014
CA	STRAGER, ALAN J *TERM*	1464 BLACKSTOCK	SIMI VALLEY	93063	805 584-1033
CA	ROUNDS, ROBERT D *DAVE* *	40521 CLEAR LIGHT RD	TEMECULA	92591	951 218-3298

State Count: 16

CO	REMPE, STEPHEN P *TERM* J	8102 BRUNS DRIVE	FORT COLLINS	80525	303 944-6730

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
CO	MANSON, MICHELLE K *TERM*	1350 S CALHAN HWY	YODER	80864	970	799-1354
CO	PIERCE, KYLE L *TERM*	9724 MARAUDER DR	CONIFER	80433	404	660-6290
CO	BURNSIDE, NATHAN E & LANA	31660 E 162ND AVE	HUDSON	80642	303	947-9716
CO	JACKSON, ALEX J *TERM*	9653 IRONTON ST	COMMERCE CITY	80022	720	261-2342
CO	ALLENDORF, DUANE T *TERM*	15494 HIGHWAY 52	WIGGINS	80654	970	396-7654
CO	CRAMER, GARY J *TERM*	22560 CR 46	LA SALLE	80645	970	744-9008
CO	LEGLER, JEFF C & VICKI L	2200 CHARBRAY ST	MEADS	80542	303	517-1225
CO	EMANUEL, PATRICK *TERM*	5398 ELDRIDGE ST	ARVADA	80002	303	489-9385
	State Count: 9					
CT	SMITH, PHILIP C *TERM*	767 PLEASANT VALLEY RD	SOUTH WINDSOR	06074	860	550-0395
CT	DASILVA, ANTONIO *TERM*	164 BAILEY ROAD	ROCKY HILL	06067	860	5631964
	State Count: 2					
FL	KNAPP, JODY A *TERM*	4439 ORCHID BLVD	CAPE CORAL	33904	616	240-2404
FL	PARR, JONATHAN C *TERM*	1110 MOON ST SE	PALM BAY	32909	678	314-0796
FL	COLE, TYLER M *TERM*	1110 CUERNO ST	TALLAHASSEE	32304	850	459-0043
FL	PERALTA, ALBERTO J *TERM*	27750 COWDREY ST APT 107	WESLEY CHAPEL	33544	704	562-0824
FL	HERNANDEZ MARTINEZ, ERIC	30107 CHEVAL STREET	MOUNT DORA	32757	407	738-3070
FL	VERBOIS, IRA B & GLENNAL	4498 JACONA DR	SPRING HILL	34607	850	377-2820
FL	KENNEDY, STANLEY J JR *JO	9861 ERICA COURT	BOCA RATON	33496	954	592-4054
FL	JONES, WILLIAM A *WILL* *	1105 N RIDGE BLVD	CLERMONT	34711	407	666-7694
FL	ROSALY, PEDRO J *TERM*	766 TOULON DR	KISSIMMEE	34759	787	672-7151
FL	HURST, RAY D JR *TERM*	402 N 77TH AVE	PENSACOLA	32506	706	301-6319
FL	DODSON, ROBERT & LINDA *B	7118 PEREGRINA LOOP	WESLEY CHAPEL	33545	724	825-1660
FL	WALKER, FREDERICK J *FRED	PO BOX 725	ALACHUA	32616	352	317-0179
FL	CRUSCO, ANTHONY J *TERM*	12936 SUNSET BLVD	WEST PALM BEACH	33411	561	822-9991
FL	MOORE, WESLEY D *TERM*	12677 HOOD LANDING RD	JACKSONVILLE	32258	904	545-7492
FL	DIAZ, FERNANDO A *TERM*	3140 SW 120TH RD	MIAMI	33175	305	221-6044
	State Count: 15					
GA	SCROGGINS, STEPHEN D *TER	2325 HAWTHORNE TRACE	MONROE	30655	404	597-7424

GA	DOCHE, JEFFERY L *TERM*	9068 BOBBI JO LN	YOUNG HARRIS	30582	*NO PHONE***
GA	GILLINGS, JEREMY E *TERM*	3530 SOUTH HWY 29	MORELAND	30259	770 823-8950
GA	GILLINGS, CARL E *TERM*	474 ALVATON RD	GAY	30218	404 975-8919
GA	RASCH, RANDON M *TERM* ZA	532 BILL WATKINS RD	HOSCHTON	30548	706 870-7718
GA	PETERMAN, MICHAEL D *TER	4268 RIGGINS MILL RD	MACON	31217	912 242-2585
GA	SVOBODA, WILLIAM A *TERM*	815 OAK RIDGE DR	PERRY	31069	478 230-5911
GA	LOUDERMILK, DONNIE A *TER	201 PARK CREEK DR	WOODSTOCK	30188	404 402-2230
GA	DACUNZO, MATTHEW G *TERM*	4334 MARONEY MILL RD	DOUGLASVILLE	30134	770 862-6583
GA	GOSSETT, DANIEL A *TERM*	522 BRADFORD PLACE COURT	LOGANVILLE	30052	770 466-7141

State Count: 10

IA	OSIER, THOMAS R *TERM*	67219 250TH STREET	COLO	50056	515 231-2843
IA	RUSSELL, ANDREW J *TERM*	1316 LINN ST	BOONE	50036	515 212-9756
IA	BRUESS, DUANE C *CHARLIE*	400 4TH STREET	DEEP RIVER	52222	641 595-2782

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
	State Count: 3					
IL	ELLETT, JASON P *TERM*	905 S SURREY COURT	MAHOMET	61853	217	841-3019
IL	COURTIAL, ANTHONY R *TERM	290 5TH STREET	CARLYLE	62231	618	974-2452
IL	GOODALIS, THOMAS *TERM*	1263 LEVERENZ RD	NAPERVILLE	60564	630	5270675
IL	NANCE, ROGER *TERM*	3267 SAND ROAD	EDWARDSVILLE	62025	618	6550595
IL	DAEMICKE, PAUL *TERM*	1647 CAROL STREET	DOWNERS GROVE	60515	630	417-2693
	State Count: 5					
IN	ALLEN, MICHAEL *TERM*	5059 BENJAMIN RD	TERRE HAUTE	47802	812	234-5701
IN	ZOLLMAN, ROBERT M *TERM*	1050 CREEKWOOD LANE	FRANKLIN	46131	317	739-1195
IN	CHRISTMAN, WYATT J *TERM*	10930 TRENTMAN RD	FORT WAYNE	46816	260	341-8577
	State Count: 3					
KS	LUMM, DAVID *TERM*	1877 WINTERSET DR	INDEPENDENCE	67301	620	331-7772
	State Count: 1					
KY	BROWN, RICKEY T *TERM*	65 BUCK RUN LANE	ELIZABETHTOWN	42701	270	234-4703
	State Count: 1					
LA	LIU, KUAN T *TERM*	105 GRAYS COVE	LAFAYETTE	70508	337	326-3137
LA	BOURGEOIS, KODY T *TERM*	257 HEBERT ST	BRUSLY	70719	225	978-4913
	State Count: 2					
MD	BROWN, WILLIAM D JR *TERM	3001 ROSS AVE	BALTIMORE	21219	443	908-9767
MD	HOWARD, KEVIN D *TERM*	7582 BEACH DR	PASADENA	21122	410	703-9614
	State Count: 2					

MI	SCHMITT, TYLER A *TERM*	24064 REFIELD RD	EDWARDSBURG	49112	574 370-1601
MI	BERGEN, ANDY M *TERM*	38141 HAZEL ST	HARRISON TWP	48045	586 610-1166
MI	JEFFREY, TAD O *TERM*	6962 BURTON RD	ADRIAN	49221	517 270-3206
MI	LOVETT, ANTHONY A *TERM*	2479 ALCOTT ST	BURTON	48509	810 280-8817
MI	CONWAY, DENNIS *TERM*	7951 S HURON RIVER RD	SOUTH ROCKWOOD	48179	734 3796438
MI	BUCHANAN, DAVID J *TERM*	2424 CARLETON WEST	CARLETON	48117	734 771-6532
MI	MCCONE, KEVIN S *TERM*	2820 CHERRY GROVE	HARRISON	48625	517 206-9041

State Count: 7

MN	VINSON, TIMOTHY R *TERM*	22007 AMUNDSON RD	CALEDONIA	55921	520 647-1669
MN	STIEFEL, MICHAEL J *TERM*	25380 139TH ST NW	ZIMMERMAN	55398	515 491-3961
MN	KOSKOVICH, ADAM M *TERM*	10245 248TH AVE NW	ZIMMERMAN	55398	612 325-5230
MN	WAHLBERG, WILLIAM D *TERM	2570 JACKSON ST	LITTLE CANADA	55117	651 270-1128

State Count: 4

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
MO	JONES, JEFFREY L *TERM*	1005 SHERIDAN DR	JOPLIN	64801	417	529-2630
MO	DRUMMOND, THOMAS E *EMMET	9021 ARLINGTON CT	KANSAS CITY	64138	816	723-5937
MO	MILLER, STEPHEN & TAMIKA	4205 NE 60TH CT	KANSAS CITY	64119	816	651-9622
MO	DAY, ERIC K *TERM*	105 LONE OAK	SIKESTON	63801	573	380-2275
	State Count: 4					
MT	MCCULLOCH, GERALD L *TERM	218 S JACKSON ST	BUTTE	59701	406	490-0322
	State Count: 1					
NC	BECK, GRAHAM C *TERM*	8111 WHITEHALL EXECUTIVE	CHARLOTTE	28273	980	722-6502
NC	NYE, SHANE G *TERM*	466 PINEVALLEY LANE	SANFORD	27332	919	244-6077
NC	BALLARD, RONALD *TERM*	2916 ROSECROFT DR	FAYETTEVILLE	28304	910	818-6237
	State Count: 3					
NE	BLANKENSHIP, BRADLY E *TE	14107 S 18TH STREET	BELLVUE	68123	531	225-6411
	State Count: 1					
NH	HALL, JEREMY B *TERM*	80 CIDER ST	EPPING	03042	603	793-3056
	State Count: 1					
NM	ANKERHOLZ, CHARLES R *CHU	314 E BUENA SUERTE	HOBBS	88242	575	318-8015
	State Count: 1					
NV	MCELFRESH, DANIEL P *DAN*	10040 HORSE CREEK COURT	RENO	89506	775	745-9264
NV	HOSPODKA, JOSEPH *TERM*J	1705 KINGLET DRIVE	SPARKS	89441	775	351-4012
	State Count: 2					
NY	MANOR, JOSHUA A *TERM*	1170 ROUTE 9G	HYDE PARK	12538	845	380-0856

NY	DEQUARTO, JOSEPH & MARILY	96 ORCHID DR	KINGS PARK	11754	631 702-3103
NY	HEWITT, ELWOOD D *TERM*	25 RIVERBEND RD	SAUGERTIES	12477	845 389-1005

State Count: 3

OH	PERECES, THOMAS D *TERM*	12336 ALPHA RD	HIRAM	44234	330 221-8747
OH	DENNIS, GREGORY E & MOLLY	207 EAST ST PO BOX 34	SUGAR GROVE	43155	740 808-4314
OH	CORBETT, RICHARD C III *T	9104 ARROW RD	MINERVA	44657	330 704-1925
OH	MANNING, MITCHELL S *TERM	27967 SR 62	BELOIT	44609	330 446-0356
OH	ROACH, BILL L *TERM*	2965 HAMILTON SCIPIO RD	HAMILTON	45013	513 863-0299

State Count: 5

OK	SHRIVER, RYAN A *TERM*	11928 GWENDOLYN LANE	OKLAHOMA CITY	73131	405 706-0191
OK	COOK, THOMAS R *TERMS*	26678 E 61ST ST SOUTH	BROKEN ARROW	74014	918 998-5626

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
OK	ZEILER II, WILLIE E *TERM	1001 KERSHAW	MUSKOGEE	74401	918	869-2548
OK	EAKLE, JAMES S *SCOTT* *T	349 E WASHINGTON AVE	MCALESTER	74501	918	500-9861
OK	CORNETT, RUSSELL *TERM*	10312 OAK PARK DR	MIDWEST CITY	73130	405	659-3842
OK	FOLSOM, LANCE O *TERM*	316 W 49TH STREEET	SAND SPRINGS	74063	918	277-4887
	State Count: 6					
OR	BRAUKMAN, KYLE A *TERM*	223678 NW GROSSEN DR	HILLSBORO	97124	971	404-8253
	State Count: 1					
PA	SIMPKINS, MARK R *TERM*	110 PONTIAC ST	ESSINGTON	19029	610	952-7847
PA	DEAVEN, TIMOTHY S *TERM*	117 NOTCH RD	DUNCANNON	17020	717	678-5653
PA	KLING, GEORGE R *TERM*	303 BRADFORD LANE	LANSDALE	19446	267	664-9771
PA	ENGBLOM, CARL W *TERM*	1417 LEXINGTON WAY	MORGANTOWN	19543	609	532-0850
PA	RODGERS, CHARLES E JR *TE	450 WESTINGHOUSE BLVD	HERMITAGE	16148	724	815-9964
PA	GAVIN, DAVID V *TERM*	420 EAST RAVINE AVE	LANGHORNE	19047	267	246-5520
PA	BOUCHER, SCOTT A *TERM*	1180 E 2ND ST	COUDERSPORT	16915	814	274-8460
PA	FOLEY, DAVID W *TERM*	1623 ASPEN LANE	SCOTRUN	18355	570	977-1744
	State Count: 8					
PR	BETANCES, LUIS E *TERM*	CUIDAD JARDIN III	TOA ALTA	00953	787	797-5195
	State Count: 1					
RI	BURNS, JOHN M *TERM*	5 EQUITY LANE	WESTERLY	02891	401	622-5870
	State Count: 1					
SC	TOTH, LESLEY J *LES* *TER	220 CHOATE AVE	FORT MILL	29708	803	517-1430
SC	WILLIAMS, DAKOTA J *TERM*	1162 BOWLING GREEN DRIVE	CLOVER	29710	607	281-4988
SC	SOUTHERN, STEPHEN E *TERM	349 FLORA DR	COLUMBIA	29223	803	260-0420
SC	SCHWEITZER, MAXWELL E *TE	PO BOX 1317 MAIN ST	SUMMERVILLE	29438	714	552-9184

State Count: 4

SD	SPARS, JEFF *TERM*	702 BEST POINT DR	MADISON	57042	605 351-3167
SD	MARSHALL, LEE M *TERM*	1801 COPPERDALE DR	RAPID CITY	57703	605 863-0825

State Count: 2

TN	KAHLEY, KARL A *TERM*	418 MINERVA DRIVE	MURFREESBORO	37130	615 626-6622
TN	SMITH, JOSEPH C *CONNOR*	754 NANCY SHAWL RD	DICKSON	37055	615 517-7116
TN	STANLEY, STEPHEN & RACHEL	768 FARMER RD	EAGLEVILLE	37060	615 517-4974
TN	DAVIS, STEPHEN F *CAMERON	2550 BLUE BIRD RD	LEBANON	37087	615 815-6405
TN	HUCKABA, PETER M *TERM*	75 LESLIE SCRUGGS RD	HUMBOLDT	38343	731 824-4937

State Count: 5

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
TX	BERBER, TREVOR A *TERM*	3118 BENNINGTON DR	PASADENA	77503	832	312-3230
TX	MCCAW, SAMUEL R *TERM*	5529 108TH ST	LUBBOCK	79424	575	748-5692
TX	MORENO, BRUCE P *TERM*JOS	20310 FALLING HARBOR LN	SPRING	77379	281	728-2606
TX	CARLILE, GREGORY S *TERM*	2556 COUNTY RD 240	GONZALES	78629	830	857-0241
TX	MORETTI, RICKY E TRK 1 *T	186 ARLT LANE	FREDERICKSBURG	78624	830	456-2850
TX	MORETTI, RICKY E & MARA F	186 ARLT LANE	FREDERICKSBURG	78624	830	456-2850
TX	FRUTH, TERESA M *TERM*	4710 STATE HIGHWAY 11 WES	PITTSBURG	75686	903	746-4994
TX	ENGELLAND, CHRISTOPHER S	7930 ASSUMPTION DR	SAN ANTONIO	78254	636	399-5456
TX	KNAPP, KEITH V *TERM*	1130 GROVE COURT	BURLESON	76028	817	992-5468
TX	BRINLEE, RICHARD K *TERM*	143 ROSEBUD DR	LIVINGSTON	77351-9500	281	235-8958
TX	ORONA, JORGE *TERM*	6104 HOTT SPRINGS DR	ARLINGTON	76001	817	271-9697
TX	INMAN, JUSTIN K *TERM*	1902 VASSAR DR	RICHARDSON	75081	214	299-1609
TX	CARDIFF, WILLIAM K *TERM*	4796 RED OAK CIRCLE	AUBREY	76227	469	321-6031
TX	LAPAGLIA, MICHAEL W *TERM	3907 AMBROSE CT	BRYAN	77808	979	229-0123
TX	NICHOLSON, BEN *VICTORIA	4715 BARHILL ST	SAN ANTONIO	78217	210	758-2997
TX	BROOKS, JONATHAN C *TERM*	806 CHRIS DR	LONGVIEW	75605	903	987-9343
TX	KRUMMEL, SANTIAGO *TERM*	1953 OLD MILITARY RD	WESLACO	78596	956	532-4156
TX	RAY, JOSEPH K *TERM*	4748 2ND STREET	BACLIFF	77518	832	259-6938
TX	WARD, NEAL J *TERM*	100 BLUE STEM CIR LOT 12	FREDERICKSBURG	78624	830	285-0243
TX	FINNIGAN, HOWELL D *TERM*	3545 CATTLEBARON DR	ROANOKE	76262	817	528-9213
	State Count: 20					
UT	LEVINGSTON, BRADY *BRADY*	1198 W 1500 S	SPRINGVILLE	84663	801	362-1779
UT	PAGE, AARON D *TERM*	40 N 200 E	RICHMOND	84333	435	770-0463
UT	POLAND, CRAIG A *TERM*	3216 S 4000 W	WEST VALLEY CIT	84120	801	859-4309
	State Count: 3					
VA	FONSECA, JOHNNY *TERM*	44060 GALA CIRCLE	ASHBURN	20147	703	317-7038
VA	GASKILL, CHAD A *TERM*	5735 EMMAUS CHURCH RD	PROVIDENCE FORG	23140	804	297-9127
VA	BREEDEN, TERRY M TRK 2 *	9833 GORDON RD	SPOTSYLVANIA	22553	540	846-7922
VA	SMITH, JASON M *TERM*	3420 TERRAZZO TRAIL	VIRGINIA BEACH	23452	757	478-6323
VA	PULLIAM, STEVEN P & TIFFA	2005 PRINCE EDWARD DR	CHESAPEAKE	23322	757	613-6767

State Count: 5

VT	BROOM, DOUG *TERM*	528 EAST RD	WALLINGFORD	05773	413 566-2239

State Count: 1

WA	GROENEVELD, MARCUS N *TER	19812 SE 192ND ST	RENTON	98058	206 650-1052
WA	MILLS, STEPHEN E *TERM*	20402 87TH AVE SE	SNOHOMISH	98296	425 463-8086
WA	MERRITT, CHARLES E *TERM*	19834 10TH AVE NW	SHORELINE	98177	206 498-5965
WA	MCDONALD, JEFFREY *SCOTT*	12848 SE 234TH STREET	KENT	98031	360 989-4710

State Count: 4

WI	FIEDLER, PAUL C *TERM*	530 SOUTH HILL DR	NEW RICHMOND	54017	651 357-3214
WI	SCHULTZ, JONATHON D *TRK	5570 RIVER RD	WAUNAKEE	53597	608 598-0408

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
WI	ABRAHAM, RONALD J *TERM*	1158 GOSS AVE	MENASHA	54952	920	470-5322
WI	MILLER, ANTHONY D *TERM*	N8518 US HWY 45	DEERBROOK	54424	715	850-2674
WI	PASKIEWICZ, DAVID J *TERM	27351 FOX HAVEN DR	WATERFORD	53185	630	796-9583
WI	LOPEZ, CARLOS *TERM*	321 GRAHAM STREET	RACINE	53405	262	939-5500
WI	GERLACH, TIMOTHY J *TERM*	10000 66TH STREET	KENOSHA	53142	262	331-3050
WI	DRINKMAN, KENNETH *TERM*	E3407 COUNTY RD D	MENOMONIE	54751	715	5053257

State Count: 8

State	Distributor Name	Address	City	Zip Code	Area Code	Phone Number
WV	BROWN, TRAVER W *TERM*	2549 EAGLE SCHOOL RD	MARTINSBURG	25404	304	261-8665

State Count: 1

Total Count: 189

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX D: DISTRIBUTORSHIP AGREEMENT AND EXHIBITS

MATCO TOOLS

DISTRIBUTORSHIP AGREEMENT

BETWEEN

MATCO TOOLS CORPORATION
4403 Allen Road
Stow, Ohio 44224
(330) 929-4949
Fax: (330) 929-5008

AND

____

____
DISTRIBUTOR

____
Type of Entity

____
State of Formation

____
Street

____
City State Zip Code

____
Area Code Telephone

____
Area Code FAX

DISTRIBUTOR NO:____

DATE OF DISTRIBUTORSHIP AGREEMENT

__________________________, 20___

MATCO TOOLS

DISTRIBUTORSHIP AGREEMENT

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Exhibit S-2	Security Agreement for Mobile Store Upgrade Financing Program

GLOSSARY

For purposes of this Agreement, the following words will have the following definitions:

(A) "Abandon" or "Abandonment" will mean that the Distributorship ceases operation for twenty-one (21) consecutive days, as determined by the lack of visits to businesses and Potential Customers on the List of Calls during such twenty-one day (21 day) period, or such other conduct of the Distributor and the Principal Owner, including acts of omission as well as commission, indicating the willingness, desire or intent of the Distributor and the Principal Owner to discontinue operating the Distributorship in accordance with the Business System and the standards and requirements set forth in the Manual and this Agreement.

(B) "Business Partner" will mean an Owner that the Distributor designates as a "Business Partner," who will assist the Principal Owner with aspects of operating the Distributorship.

(C) "Customer" will mean, at any time during the Term of this Agreement, or upon termination, a person or business that has purchased Products from the Distributor within the immediately preceding twelve (12) month period.

(D) "Mobile Store" will mean the truck used by the Distributor solely in connection with the operation of the Distributorship. The Mobile Store will at all times during the Term of this Agreement comply with all of Matco's standards and requirements as to make, model, color, size, engine size, storage capacity, shelving and interior merchandising signage, graphics, on-board technology and design.

(E) "New Distributor Starter Inventory" will mean the initial inventory of Matco Products required to be purchased by the Distributor.

(F) "Operator" will mean the individual engaged or employed by the Distributor for purposes of operating the Distributorship. The Operator must meet Matco's educational, managerial, and operational experience and standards. If the Operator is a former Matco mobile tools distributor, the Operator must have been in good standing throughout the term of the Operator's distributorship agreement. Any individual who received a notice of termination from Matco, or who possessed an ownership interest in a distributorship that received a notice of termination from Matco, is deemed to not meet Matco's standards to be an Operator.

(G) "Owners" will mean all Persons having any direct or indirect legal or beneficial interest in You (as indicated to this Agreement for corporate, limited liability company and partnership distributorships) and any legal or equitable rights relating to such interests.

(H) "Operations Guide" or "Operations Manual" or "Manual" will mean each published document or collection of documents, whether provided electronically or in hard copy, made available to the Distributor by Matco that contains the required policies and procedures for the operation of Your Distributorship Business and each publication to which they refer, as supplemented and revised by Matco from time to time including any letter, bulletin or other thing in writing delivered by Matco to You containing instructions, directives, requirements or standards pertaining to the Distributorship generally applicable to all distributors or designated groups of similarly situated distributors, all of which shall be deemed part of the Operations Guide, regardless of whether consistent with the format of the Operations Guide or expressly designated for inclusion in the Operations Guide. The Operations Guide specifically includes, among other things, in each case as amended or updated from time to time. We may provide a copy of the Operations Guide or any part thereof in the form of Our choosing (whether printed, digital, a combination thereof, or otherwise) and may require You to exchange Your copy of the Operations Guide or part thereof upon Our request in the event that We update the form or substance of the Operations Guide. Our Service Standards are a part of our Operations Guide.

(I) "Potential Customer" will mean (i) a full time professional mechanic, or (ii) the individual or entity that is an owner of a business who, in connection with his/her/its businesses, purchases tools and other products of the type that are offered or sold by Matco or its distributors, or (iii) any other individual in the automotive after-market and related markets who in the normal course of business is required to use and furnish his/her own tools, or (iv) other businesses with maintenance technicians, in which the business entity, the owner, or the individual technicians, will purchase tools to perform the required jobs.

(J) "You" or "Your" will mean the Distributor, all Persons signing this Agreement on behalf of a corporate, partnership or limited liability company Distributor, and all Persons who guarantee the performance of the Distributor's obligations under this Agreement.

There are other words and phrases not included in the above list that are defined within this Distributorship Agreement. Those terms shall have the meaning given to them in this Distributorship Agreement.

MATCO TOOLS
DISTRIBUTORSHIP AGREEMENT

This Distributorship Agreement (this "Agreement") is entered into by and between Matco Tools Corporation ("Matco" also referred to as "We," "Us" and "Our"), a Delaware corporation, and ____ , a ____________________________ organized in __ ___________________________ and having offices at ____ ______________(the "Distributor" also referred to as "You" and "Your").

RECITALS

Matco is a manufacturer and distributor of quality tools, tool boxes, and service equipment, and has developed a distinctive business system relating to the establishment and operation of Matco mobile distributorships that sell tools, tool boxes, service equipment, and other goods and services, including, without limitation, apparel, model cars and other collectible items, and consumables (such as mechanic's hand soaps), and such other items that Matco may in its sole discretion offer (collectively, the "Products" or "Matco Products") to professional mechanics, technicians, other service professionals, and other businesses which operate from a single location and purchase tools for their own use (the "Business System").

The Business System is identified by means of certain trade names, service marks, trademarks, logos, and emblems, including, the trademarks and service marks "MATCO®" and MATCO® TOOLS (the "Marks"). A high standard of customer service is the cornerstone of Matco's Business System, and that customer service standard typically involves a one-on-one sales and service relationship between a Principal Owner (defined below), operating from a Matco mobile distributorship, and a Potential Customer (defined below).

The Distributor desires to operate a Matco mobile distributorship (the "Distributorship") in accordance with the Business System and the other brand and system standards established by Matco, including standards for customer sales calls, inventory and sales, communications and computer software usage and other operating and customer service requirements. Accordingly, You have applied to Us for a franchise to operate a Matco Mobile Distribution. We have relied upon all of the acknowledgments and representations made by You in this Agreement, other agreements between You and Us or Our Affiliates and in Your franchise application, including those about Your financial resources and the manner in which You propose to own and operate Your Matco Mobile Distributorship.

Matco desires to appoint the Distributor as an authorized Matco mobile distributor to sell and service the Products in a certain geographic area and the Distributor desires to acquire and operate an independent Matco Mobile Distributorship.

You acknowledge that You have read and understand this Agreement and You have been given the opportunity to clarify any provision that You do not understand. You further acknowledge that We reserve the right to decline to franchise the operation of a Matco Mobile Distributorship to any Person at any time whether initially or upon any proposed transfer. The terms, conditions and promises contained in this Agreement are necessary to maintain Our high standards of service and to maintain the uniformity of those standards within the network of Matco Mobile Distributorships.

In consideration of the mutual promises contained in this Agreement, the Distributor and Matco agree and contract as follows:

ARTICLE 1
APPOINTMENT OF DISTRIBUTOR

1.1 **Grant of Distributorship; Initial Fee**.

1.1.1 Matco grants the Distributor the right, and the Distributor undertakes the obligation, on the terms and conditions set forth in this Agreement, to operate a Distributorship and to purchase, resell, and service the Products.

1.1.2 In consideration of Matco's grant to the Distributor to operate the Distributorship, Distributor must pay to Matco, on or before the execution of this Agreement, an Initial Fee in the amount of eight thousand dollars ($8,000). The Initial Fee must be paid in full, unless Matco agrees to finance all or a portion of the Initial Fee. The Initial Fee is fully-earned and non-refundable upon execution of this Agreement, whether paid in full or paid pursuant to a promissory note or financing. Despite the requirement of a fully-earned and non-refundable Initial Fee, if the Distributor terminates this Agreement pursuant to Section 11.2 below, the portion of the Initial Fee paid prior to the termination will be refunded. Matco is not required to offer the Distributor financing for the Initial Fee.

1.2 **Territory/List of Calls**. The Distributor will be assigned a protected territory defined by a "List of Calls" attached to this Agreement as Exhibit A which identifies business locations where professional mechanics, technicians and other service professions operate and purchase tools and related products for their own use ("Potential Customers"). The List of Calls also identifies the current number of Potential Customers at each business location on the List of Calls. Based on Matco's experience and its territory survey, the List of Calls in Exhibit A may also include a proposed route, but ultimately it is Your responsibility to determine how best to operate Your Distributorship. The Distributor acknowledges that: (A) as of the Effective Date there are a minimum of three hundred twenty-five (325) Potential Customers, the location of which will be identified on the List of Calls, (B) there can be no assurance that the Potential Customers on the List of Calls will actually become Customers of the Distributor, and (C) the number of Potential Customers identified on the List of Calls may increase or decrease after the Effective Date due to a variety of reasons, which may include economic changes, competition, sales and service from the Distributor, businesses that close or reduce staffing levels, and other reasons. Matco is under no obligation to supplement the List of Calls with additional stops or Potential Customers in the event the number of Potential Customers declines. It is important that you review your List of Calls to make sure you are satisfied with it before you sign your Distributorship Agreement. **You hereby acknowledge that Matco encouraged You to cause your Principal Owner (defined below) to complete a ride along the proposed route on your List of Calls and to identify the locations and Potential Customers before you signed this Agreement. It is and was your responsibility to perform this due diligence. If you requested, a Matco representative was made available to ride with your Principal Owner to assist with this process and answer any questions your Principal Owner might have had. Prior to or in conjunction with your signing this Agreement, you also must sign a List of Calls Verification that your Principal Owner has reviewed the List of Calls, by way of a ride along the proposed route or otherwise.** If Distributor wishes to modify its List of Calls, including by adding a location or Potential Customers it shall submit a written request to Matco identifying the proposed changes to the List of Calls with an explanation for how the proposed changes to the List of Calls will help Distributor achieve and meet Matco's Customer Service Standards. Distributor agrees that unless Matco approves a change to a Distributor's List of Calls the terms of Sections 3.2 and 11.5 govern.

1.3 **Exclusive Rights**. The Distributorship is a business which operates principally from a vehicle, and which is authorized to resell the Products to Potential Customers at locations identified on the List of Calls. The List of Calls is intended to serve as your protected territory. Thus, except as permitted under Section 1.4, and for so long as the Distributor is in compliance with this Agreement, Matco will not operate, or grant a license or franchise to operate, a Matco mobile distributorship that will be authorized to sell Products to Potential Customers at any location identified on the Distributor's List of Calls.

1.4 **Rights Reserved by Matco**. The Distributor acknowledges and agrees that except for the rights expressly granted to the Distributor and provided herein, Matco retains all rights to sell, and license or authorize others to sell, Products to any customers, at any location, and through any channels or methods of distribution. Without limiting the foregoing, Matco retains the following rights, on any terms and conditions Matco deems advisable, and without granting Distributor any rights therein:

1.4.1 Matco (and any affiliates, licensees or franchisees of Matco, if specifically permitted by Matco in writing) will have the absolute right to sell the Products, directly or indirectly, or through non-mobile distributors, including commercial sales representatives, (A) to industrial customers, industrial accounts, and owners of vehicle repair businesses (including businesses, entities, governmental agencies, and others, but excluding the Potential Customers on the Distributor's List of Calls) who (i) have central purchasing functions, or (ii) may purchase and/or acquire special order products designed for multiple-party use, which are not included as part of Matco's regular or special purchase inventory list, or (iii) may purchase Products through a bidding process, such as railroads, airlines, manufacturers, governmental agencies and schools, (B) to industrial and multiple-line and multiple brand wholesale distributors who may resell such Products to any potential purchaser or customer, including the Customers; and (C) to vocational and training schools and programs, and to the students and employees of such schools and programs**.**

1.4.2 Matco (and any affiliates, licensees or franchisees of Matco, if specifically permitted by Matco in writing) will have the absolute and exclusive right to sell the Products through (A) mail order, telephone orders, and the use of catalogs distributed to potential customers (including Distributor's Potential Customers and Customers), (B) any current or future means of electronic commerce, including the Internet (which includes, but is not limited to, social media) and Matco's website, and downloading and other electronic delivery of software applications and other products and services, and (C) at special and/or temporary venues (including race tracks, and other motor sports events).

1.4.3 Matco, and any present or future affiliates of Matco, may manufacture and/or sell products that are the same as or similar to the Products, and Matco's present or future affiliates may sell such products directly, or indirectly through wholesalers, suppliers, distributors or others, to potential customers who are the same as or similar to the Distributor's Potential Customers and Customers. Matco and the Distributor acknowledge and agree that Matco has no control over the sales or distribution methods or operations of its affiliates, and that Matco has no liability or obligations to the Distributor due to any sales or distribution activities of Matco's affiliates.

1.4.4 Matco reserves, maintains, and controls all rights with respect to the presentation, promotion, and sale of Products, and the use of the brand, Marks, and System, in the metaverse.

1.5 **Understandings and Acknowledgments**. Matco and the Distributor acknowledge and agree that Matco shall have no liability or obligation to the Distributor if any Customer or Potential Customer of the Distributor purchases or receives Products or competitive products through any method or channel of distribution described in Section 1.4, or otherwise reserved to Matco. Further, the Distributor and Matco acknowledge and agree that notwithstanding Section 1.3, Matco has in the past granted (A) distributorships that do not have any territorial restrictions or limitations on the distributor, and (B) distributorships that have territories in which the distributor is not limited to selling Products to a specified number of customers or to specified customers. Matco shall use its reasonable efforts to deter such distributors, and other distributors, from selling Products to Potential Customers on the List of Calls, but Matco cannot and does not provide the Distributor with any guaranty or assurance that such distributors will not offer and sell Products to the Distributor's Potential Customers. Further, the Distributor acknowledges and agrees that, prior to the Effective Date, Distributor has neither executed more than two (2) agreements with Matco for a Matco mobile tools distributorship, nor has an ownership interest in any entity that has executed more than two (2) agreements with Matco for a Matco mobile tools distributorship.

1.6 **Principal Owner**. The "Principal Owner" shall be designated on Exhibit P. The Principal Owner shall be a person who owns not less than a majority of the outstanding equity interests in the Distributor (at least 51%), and who shall be responsible for the overall management and operation of the Distributorship either through an Operator, employees or otherwise. The Principal Owner shall be the individual responsible for all communications between the Distributor and Matco; shall be the person to whom, and from whom, all contractually required notices must be sent; and shall be the principal spokesperson for the Distributor in all communications with Matco and other Matco distributors. The Principal Owner shall be the person who has the right to contractually bind the Distributor. The Principal Owner shall successfully complete all training programs required by Matco. The Principal Owner and any other person whose assets are considered in any financing application shall sign the Guarantee, Indemnification, and Acknowledgment in the form set forth in Exhibit N as a "Guarantor." In operating the Distributorship, the Principal Owner shall ensure that the Operator and any employees of Distributor comply with all of Matco's standards and requirements as they may be modified from time to time in the Manual or otherwise in writing.

1.7 **Other Owners**. Any individual who owns any ownership interest in the Distributor shall be designated on Exhibit P as an owner. You shall cause all of your Owners (and any other person whose assets are considered in any financing application, as described above) to personally bind themselves to the obligations set forth in this Agreement by signing the Guarantee, Indemnification, and Acknowledgment in the form set forth in Exhibit N as a "Guarantor."

ARTICLE 2
TERM OF AGREEMENT; DISTRIBUTOR'S OPTION TO REACQUIRE DISTRIBUTORSHIP

2.1 **Term**. Subject to termination as provided herein, the term of this Agreement will be for ten (10) years, commencing on the Effective Date (the "Term"). This Agreement will not be enforceable until it has been signed by both the Distributor and Matco.

2.2 **Distributor's Option to Reacquire Distributorship**. At the end of the Term of this Agreement, the Distributor will have the right, at its option, to reacquire the Matco Distributorship, and execute a successor Distributorship Agreement, to serve the existing customers identified in Exhibit A, for an additional ten (10) year period, provided the Distributor complies in all respects with the following conditions: (A) the Distributor has given Matco written notice at least one hundred eighty (180) days, but not more than one (1) year, prior to the end of the Term of this Agreement of its intention to reacquire the Matco Distributorship; (B) the Distributor has complied with all of the material terms and conditions of this Agreement, has materially complied with Matco's operating and quality standards and procedures, and has timely paid all monetary obligations owed to Matco throughout the Term of this Agreement; (C) the Distributor has been in strict compliance with this Agreement and the policies and procedures prescribed by Matco for (i) the six (6) month period prior to the

Distributor's notice of its intent to reacquire a successor Matco Distributorship, and (ii) the six (6) month period prior to the expiration of the Term of this Agreement; (D) the Distributor has agreed, in writing, to make the reasonable capital expenditures necessary to update, modernize, and/or replace the Mobile Store and equipment used by the Distributor and the Principal Owner in the Distributorship to meet the then-current specifications and the general image portrayed by the Matco Business System; (E) the Distributor agrees to sign and comply with the then-current standard Distributorship Agreement then being offered to new distributors by Matco at the time the Distributor elects to exercise the Distributor's option to reacquire the Matco Distributorship; and (F) the Distributor and Matco have signed a joint and mutual general release of all claims each may have against the other. In addition, Matco will charge, and the Distributor must pay, on or before the execution of the new or successor Distributorship Agreement, a Successor Distributorship Fee equal to fifty percent (50%) of the then-current Initial Fee being charged by Matco.

2.2.1 **Operation After End of Term.** If You continue to operate Your Distributorship after the end of the term (and, as applicable, the end of any Renewal Periods) without having renewed the franchise in accordance with the terms hereof, including by having executed the then-current form of distributorship agreement, We may, at Our option: (1) upon thirty (30) days' written notice deem You to be operating Your Distributorship on a month-to-month basis under (a) the terms of the then-current form of distributorship agreement, including the then-applicable franchise fees, and any other fees being charged by Us, or (b) the terms of this Agreement; or (2) deem the Agreement expired, in which event You must fully comply with the post-termination obligations set forth below including, but not limited to, in Section 11.6. If We exercise options (1)(a) or (b), We, subject to applicable law, may terminate without cause the then-current form of distributorship agreement or this Agreement, as applicable, at any time upon at least thirty (30) days' notice of termination, without affording You any opportunity to cure, in which event You must fully comply with the post-termination obligations set forth below.

ARTICLE 3
<u>DISTRIBUTOR'S DUTIES AND OBLIGATIONS</u>

3.1 **<u>Promotion of Distributorship</u>**. The Distributor, through the actions of the Principal Owner, will, on a full-time basis, diligently promote, market, and work to increase Product sales, to increase the Customer base, and to provide quality service and warranty support to the Distributor's Customers. To promote the growth of the Distributor's business, the Distributor should actively seek to identify and sell Products to all Potential Customers at each business identified on the List of Calls. This Agreement does not create an obligation on Our part to advertise or promote the Marks or to advertise or promote Your Distributorship. We may do so, however, at Our sole discretion and thus from time to time during the Term, Matco may implement promotional programs to enhance the brand, which may include a Matco-funded store opening giveaway program or other store opening promotional program. The Distributor must adhere to the guidelines that Matco establishes from time to time for such promotional programs, and devote its best efforts to such promotional programs, including disseminating to Potential Customers all apparel or other promotional items that Matco provides to the Distributor in connection with any giveaway promotional program.

3.2 **<u>Restrictions on Sales</u>**. The Distributor shall not sell, offer for sale or distribute Products and other merchandise not purchased from Matco (or other designated suppliers) or approved by Matco or its affiliates except for items that are traded-in by the Distributor's Customers. To the extent Distributor wishes to sell, offer for sale or distribute other products which Distributor contends are ancillary to its distributorship business, which are not competitive with any of the Matco Products, and do not diminish in any way Matco's reputation or good will (for example, hazardous materials or pornographic materials) it may request Matco's approval, by submitting to Matco, in writing, a description of such products with an explanation for why such products are ancillary to its distributorship business and are not competitive with existing Matco Products. Distributor agrees not to sell, offer for sale or distribute any such products without Matco's prior written consent and shall discontinue the offer, sale, or distribution of any unapproved products immediately upon notice from Matco. Because a Distributor's List of Calls represents a protected territory for that Distributor, the Distributor must not operate the Distributorship or sell any Products at any location not identified on its List of Calls; or sell any Products to any entity, person, or business that is not located at an address identified on its List of Calls; or sell any Products to any person who does not work at a business that is located at an address identified on the List of Calls, even if such Potential Customer or location is adjacent to, or near, a location on the Distributor's List of Calls, nor may the Distributor sell Products to any Customer of the Distributor who moves to a location or business not identified on the List of Calls. If the Distributor makes a sale to a person, entity or business that is located at an address that is not identified on the Distributor's List of Calls, or if the Distributor makes a sale to an individual who does not work at a business that is located at an address identified on the Distributor's List of Calls, and such customer is located in another distributor's "List of Calls," such sale shall constitute a material event of default. All sales of Products shall be from the Mobile Store and not from any other location or through any other sales or distribution channels. Without limiting the foregoing, the Distributor shall not sell the Products through (A) mail orders, telephone orders, and the use of catalogs distributed to potential customers (including Distributor's Potential Customers and Customers), (B) any current or future means of electronic commerce, including the Internet (such as websites like Amazon or social media like Instagram) and Matco's website, and downloading and other electronic delivery of software applications and other products and services, and (C) at special and/or temporary venues (including race tracks, and other motor sports events). Further, all sales of Products shall be to end-users, and not for the purpose of resale or to any person or entity who will or may, or who Distributor suspects will or may, resell such Product, through any channel of distribution. In the event Distributor or your Principal Owner knows of, learns of, or suspects, that any person or entity is reselling or may resell any Products, the Distributor shall cease all future sales to such person and report such sales or suspicion to Matco.

3.3 Inventory, Sales, and Purchase Requirements.

3.3.1 The Distributor will at all times maintain an inventory of Products sufficient to meet its obligations to promote and sell a full line of Matco Products and to meet the expectations and needs of its existing and potential customers, especially in terms of product availability and timeliness of delivery. After the New Distributor Starter Inventory, the Distributor is solely responsible for determining the inventory of Products best suited to meet the needs and expectations of its customers and to meet its sales and promotional obligations hereunder.

3.3.2 The Distributor must use its best efforts and actively market, promote, and sell Products to Potential Customers on the List of Calls. To be deemed to be meeting its marketing, promotion and sales obligations, the Distributor should be selling, on average on a weekly basis, Matco Products in an amount which meets or exceeds either (a) eighty percent (80%) of the "National Distributor Sales Average" (or "NDSA"), or (b) eighty percent (80%) of the "District Distributor Sales Average" (or "DDSA") for the Distributor's district, whichever is lower. As part of this performance assessment, Matco will calculate the sales averages based on the Distributor's twelve (12) month rolling average, or, if the Distributor has been operating the Distributorship for less than twelve (12) months, based on the Distributor's year-to date average. The sales averages shall be based on the sales of all Matco Products, as reported by the Distributor through the Matco Distributorship Business System, or the then-current required reporting system.

3.3.3 The Distributor must maintain a minimum of a sixty percent (60%) ratio of a calculation of the Distributor's year-to-date purchases divided by the Distributor's year-to-date sales.

3.3.4 New Distributors are automatically enrolled in Matco's New Product Pipeline ("NPP") program. Under the NPP program, whenever Matco develops or acquires a new Product, Matco will ship one sample of the new Product to the Distributor promptly upon its introduction, and Matco will charge the Distributor's Open Purchase Account for the cost of the Product. In the event the Distributor does not want the Product, or cannot sell the Product, the Distributor may return the Product to Matco within sixty (60) days of receipt, and will receive a credit of the full cost of the Product to its Open Purchase Account. The returned Product must be in new condition and in its original packaging in order to qualify for full credit under the NPP program. Participation by the Distributor in the NPP program is voluntary. Matco reserves the right to alter or eliminate the NPP program at any time. Such modifications may include variable pricing based on the purchase price of the Products.

3.4 **Standards**. You covenant and agree that You shall operate the Distributorship in conformity and compliance with the image, integrity, quality, cleanliness and product and standards as described in the Manual from time to time. You acknowledge and agree that adherence to the standards in the Manual provide the basis for the goodwill associated with the Marks and the network of Matco Distributorships. Your failure to comply with the standards referenced in this section will constitute a breach of this Agreement, for which We shall have the right to terminate. Further, to ensure high quality service, the Distributor, through its Principal Owner and any Operator (defined below), agrees to make sales calls to each of the stops, shops or locations on the Distributor's List of Calls in accordance with Matco's "Customer Service Standards" or "Service Standards," which contemplate regular weekly sales calls. Matco may amend its Service Standards from time to time in writing. Failure to comply with the Service Standards, shall be a material default under this Agreement, and grounds for termination under Section 11.3. Distributor acknowledges and agrees that Matco's Services Standards are necessary to preserve, protect and enhance Matco's trademarks and service marks. The entire contents of the Service Standards, plus Our mandatory specifications, procedures and rules prescribed from time to time shall constitute provisions of this Agreement just as if they were written on these pages. **You acknowledge that prior to executing this Agreement; You have reviewed and understand the requirements imposed by the Service Standards and the specifications, procedures and rules contained therein.**

3.5 **Time Payment Reserve Account or Time Payment Line of Credit**. Matco acknowledges having received from the Distributor a deposit for the Distributor's Time Payment Reserve Account in the amount designated by Matco, which will be administered in accordance with Matco's applicable Time Payment Reserve Account policies then in effect. Notwithstanding the forgoing, if Distributor qualifies for and obtains financing from Matco, Distributor will establish a revolving line of credit in lieu of the Time Payment Reserve Account, which will be administered in accordance with Matco's standards and specifications.

3.6 **Mobile Store; Matco Branded Attire**. In order to enhance the MATCO TOOLS brand associated with the Marks, the Distributor must purchase or lease a Mobile Store, of the type and from a dealer or supplier approved by Matco, prior to beginning operations of the Distributorship. The Distributor will use the name MATCO TOOLS®, the approved logo and all colors and graphics commonly associated with the Matco Business System on the Mobile Store in accordance with Matco's specifications. The Distributor will keep the interior and exterior of the Mobile Store in a clean condition and will keep the Mobile Store in good mechanical condition. The Mobile Store must be used solely for the operation of the Distributorship. If the Distributor desires to change its Mobile Store or operate a different Mobile Store during the Term of this Agreement, the Distributor must obtain the prior written authorization of Matco's President or Matco's officer in charge of system standards compliance, before doing so. The Principal Owner, and any Operator or employee, must wear Matco® branded attire while operating the Distributorship.

3.7 **Computer; Software; Data**. The Distributor must purchase or lease a new computer system that complies with the specifications established by Matco (and that Matco may update periodically), must sign the Matco Distributor Business System Software License, Maintenance and Support Agreement (the "Software License Agreement") (Exhibit O) as may be modified from time to time, and must pay the required software license fees and annual maintenance support fee set forth in the Software License Agreement. The Distributor must comply with Matco's standards and specifications for computer hardware, software, and communications, and to comply with any updated standards or specifications, the Distributor shall update its computer hardware, software, and communications. The Distributor agrees to use all of the features of the Matco software in operating the Distributorship, including, without limitation, the order entry, inventory, accounts receivable and reporting features. The Distributor, through the Principal Owner, will communicate with Matco, and will transmit to, and receive documents from, Matco, electronically, in the manner specified by Matco in the Manual or as directed by Matco through the Matco Distributor Business System (also referred to as "MDBS"). Except for the Matco Distributor Business System software, the Distributor will have sole and complete responsibility for: (a) the acquisition, operation, maintenance and upgrading of the computer system in order to maintain compliance with Matco's then-current standards; (b) obtaining and maintaining access to the Internet through a subscription with an Internet service provider or a then-current technologically capable equivalent in accordance with Matco's standards (which is currently high-speed Internet access through cable, DSL, or high-speed cellular); (c) the manner in which the Distributor's system interfaces with Matco's computer system and those of other third parties; and (d) any and all consequences that may arise if the Distributor's system is not properly operated, maintained, and upgraded. All data provided by the Distributor, uploaded to Matco's system from the Distributor's system, and/or downloaded from the Distributor's system to the Matco system is and will be owned exclusively by Matco, and Matco will have the right to use such data in any manner that Matco deems appropriate without compensation to the Distributor. In addition, all other data created or collected by Distributor in connection with the Matco Distributor Business System, or in connection with the Distributor's operation of the business, including all data that the Distributor collects from customers and potential customers in connection with the Distributorship ("Customer Data") is and will be owned exclusively by Matco during the term of, and following termination or expiration of, the Agreement. Copies and/or originals of data, including Customer Data, must be provided to Matco upon Matco's request. The Distributor has the right to use Customer Data while this Agreement or a successor or renewal Distributorship Agreement is in effect, but only in connection with operating the Distributorship and only in accordance with the policies that Matco establishes from time to time. It is the Distributor's sole responsibility to protect Customer Data from cyber-attacks or unauthorized intruders, and the Distributor waives any claim it may have against Matco as the direct or indirect result of such attacks and intrusions. The Distributor is solely responsible for complying with all federal, state, and local laws and regulations concerning the storage, handling, use and protection of Customer Data. In addition, the Distributor must comply with any privacy policies or data protection and breach response policies Matco periodically may establish. The Distributor must notify Matco immediately of any suspected data breach or cyber-attack at or in connection with the Distributorship. The Distributor may not sell, transfer, or use Customer Data for any purpose other than operating the Distributorship and marketing "Matco brand" products and services. However, if the Distributor transfers the Distributorship (as provided in Article 10 below), as part of the transfer, the Distributor must also transfer use of the Customer Data to the buyer as part of the total purchase price paid for the Distributorship business.

3.8 **Training**. In order to provide a uniform customer experience and enhance the Marks associated with the MATCO TOOLS brand, the Distributor's Principal Owner must attend and successfully complete all training programs required by Matco, including the following:

3.8.1 The Principal Owner must successfully complete the "Matco Business System Training (MBST) Program," as defined in Section 4.1, before operating the Distributorship.

3.8.2 The Principal Owner must successfully complete the "Matco Business System Continuation Training (MBSCT) Program," as defined in Section 4.1, between the second (2nd) and fifth (5th) month after the Distributorship has commenced operations.

3.8.3 Unless You obtain written permission from Us to postpone training, Your failure to complete the MBST or MBSCT training to Our satisfaction is a breach of this Agreement and shall constitute a default for which We can terminate this Agreement.

3.8.4 Matco may provide additional training and certification for its distributors from time to time and the Principal Owner shall attend this training and complete the certification procedures designated by Matco. At its option, Matco may require Distributor to pay all or some portion of the cost of providing any such future additional training and/or certification procedures.

3.8.5 The Principal Owner shall be responsible for ensuring that the Operator and all employees of the Distributor understand and follow the Matco Business System. You shall implement a training program for all employees of Your Franchised Business for the operation of the Distributorship in compliance with Our then-current standards and procedures. Matco may offer training for a Distributor's Operator or other employees at the Distributor's choice and expense.

3.9 **Compliance with Laws**. We are a franchisor that does not own, control or operate Your Distributorship. It is Your sole responsibility at Your sole expense to ensure that Your Distributorship and its businesses, operations, practices and procedures, are in full compliance with any and all federal, state and local laws. Thus, the Distributor must comply with and shall cause its Principal Owner and any Operator and any other employee of the Distributorship to comply with all federal, state and local laws, ordinances, rules, orders and regulations of the United States and all foreign countries, applicable to the operation of the Distributorship, including all employment, traffic and safety laws and regulations. Without limiting the foregoing, the Distributor must abide by all applicable laws, rules, regulations and policies pertaining to the privacy of consumer, employee, commercial and transactional information, including, without limitation, the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act ("FCRA"), the Fair and Accurate Credit Transactions Act ("FACTA"), and the National Automated Clearinghouse Association ("NACHA") rules (collectively, **"Privacy Laws"**). If there is a conflict between Matco's standards and policies pertaining to Privacy Laws and actual applicable law, the Distributor must: (i) comply with the requirements of applicable law; (ii) immediately give Matco written notice of said conflict; and (iii) promptly and fully cooperate with Matco and its counsel in determining the most effective way, if possible, to meet its standards and policies pertaining to Privacy Laws within the bounds of applicable law. You acknowledge that You are responsible for and shall pay to the appropriate authority any and all federal or state payroll tax, FICA, unemployment tax, state unemployment compensation contribution, disability benefit payments, insurance costs, and any other assessments or charges which relate directly or indirectly to the employment by You of employees to operate Your Distributorship.

3.10 **Compliance with Manual**. The Distributor will operate the Distributorship in conformity with the operating procedures and policies established in the Manual or otherwise in writing. Matco will loan the Distributor a copy of the Manual when the Distributor's Principal Owner begins the Matco Business System Training (MBST) Program. Matco reserves the right to provide the Manual electronically or in an electronic or computer-readable format, for example, via the Matco Distributor Business System or another method, or on a CD. The Manual is Our property and shall be immediately returned to Us whenever this Agreement expires or is terminated for any reason. We have the right to add to or modify the Manual from time to time to change operating procedures, maintain the goodwill associated with the Marks and to meet competition. You shall comply with the terms of all additions and modifications to the Manual. You shall keep the Manual in current and up-to-date condition. If there is a dispute about the contents of the Manual, the terms of the master copy at Our offices shall control.

3.11 **Payment Obligations**. The Distributor will timely pay all amounts owed to Matco for Product purchases and under any credit agreement, promissory note, or other agreement relating to the Distributorship. All payments shall be made in accordance with Matco's instructions and Operations Manual, including payments by telephone and electronic funds transfer, as described in Section 6.4 below.

3.12 **Management of Distributorship**. The Principal Owner will be the person solely responsible for managing all aspects of the Matco Distributorship, including sales, pricing of products, collection of accounts receivable, purchases, inventory ordering and management, and the hiring and supervision of an Operator and any other employees. The Principal Owner and any additional Operator must be qualified to operate the Distributorship or drive the Mobile Store and offer and sell Products in accordance with Matco's standards and the Business System standards, and must have satisfactorily completed all training programs that Matco requires. Notwithstanding Matco's Business System standards, some of which address safety, security, and related matters, employment matters are solely within the Distributor's control, and the Distributor accepts and retains all responsibility for employment matters in the operation of the Distributorship, including the hiring, firing, supervision, discipline, compensation, benefits and scheduling of any employees, including any approved Operator. Matco does not control, has no right to control, and has no responsibility for any hiring or employment terms and conditions of Distributor's employees.

3.13 **Matco's Inspection Rights**. In order to assure compliance with MATCO'S Business System standards, the Distributor will: (A) permit Matco and its agents to inspect the Distributor's Mobile Store and observe the Distributor's business operations at any time during normal business hours, (B) cooperate with Matco during any inspections by rendering such assistance as Matco may reasonably request, and (C) immediately, upon written notice from Matco, take the steps necessary to correct any deficiencies in the Distributor's business operations with respect to Matco's Customer Service Standards or the Matco Business System.

3.14 **Use of the Internet**. The Distributor specifically acknowledges and agrees that any Website (as defined below) will be deemed "advertising" under this Agreement, and will be subject to (among other things) Matco's approval under Section 7.4 below. (As used in this Agreement, the term "**Website**" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including but not limited to the Internet, World Wide Web, social media and social networking sites (including but not limited to Facebook, Twitter, LinkedIn, Instagram etc.), blogs, vlogs, and other applications, etc. that the Distributor operates or authorizes others to operate and that refer to the Distributorship, the Marks, Matco, and/or the Business System.) In connection with any Website, the Distributor agrees to the following:

3.14.1 Before establishing the Website, the Distributor will submit to Matco a sample of the Website format and information in the form and manner Matco may reasonably require.

3.14.2 The Distributor may not establish or use the Website without Matco's prior written approval.

3.14.3 In addition to any other applicable requirements, the Distributor must comply with Matco's standards and specifications for Websites as prescribed by Matco from time to time in the Manual or otherwise in writing. If required by Matco, the Distributor will establish its Website as part of Matco's Website and/or establish electronic links to Matco's Website. As of the Effective Date, Matco has established a Website for the entire system, and has offered Distributor a web page (or subpage) on Matco's Website. Distributor shall execute Matco's "Matco Tools Web Page Agreement" (attached as Exhibit Q hereto), which permits Distributor to have its own subpage on Matco's website. Distributor shall pay all appropriate fees under the Matco Tools Web Page Agreement, and shall comply with Matco's web policies as they may be modified from time to time.

3.14.4 If the Distributor proposes any material revision to the Website or any of the information contained in the Website, the Distributor must submit each such revision to Matco for Matco's prior written approval as provided above.

3.14.5 In addition, Matco may from time to time establish specific policies regarding social media accounts or activity related to or connected with the Distributorship and which use or refer to, directly or indirectly, Matco or the Marks, that Matco determines appropriate for the System. The policies may include completion of training regarding social media. Matco may modify these policies as Matco determines is appropriate, including as available technologies and advertising methods change. You shall comply with the standards and procedures developed by Us for the network of Distributorships, in the manner directed by Us in the Manual or otherwise, with regard to Your authorization to use, and use of, blogs, common social networks (such as Facebook), professional networks (such as Linked-In), live blogging tools (such as Twitter), virtual worlds, file, audio and video sharing sites and other similar social networking media or tools (together, "Social Media") that in any way references the Marks or involves the network of Distributorships or Your Distributorship. Without limiting the foregoing, in order to protect and control the Matco brand and the Marks, You hereby agree that Matco shall at all times have administrator rights over all Social Media accounts used by You in connection with the Distributorship and which use or refer to, directly or indirectly, Matco or the Marks, and for any such Social Media accounts Matco may, at its option and upon request and without notice or limitation, assume administration and control of such accounts.

3.15 **<u>Drug and Alcohol Use</u>**. The Distributor agrees that conducting Distributorship operations, including the operation of the Mobile Store, while impaired or under the influence of drugs or alcohol is a violation of law, potentially hazardous to the Distributor, its employees, and to the public and impairs the Marks and the goodwill associated with the Marks. Thus, the Distributor shall insure that the Distributorship is operated in compliance with all applicable laws including that the Mobile Store is not operated by anyone under the influence of alcohol or drugs. In addition to the indemnification provided in Section 5.4, the Distributor shall indemnify and hold Matco harmless from any claims, damages, judgments and losses, including attorney's fees, arising out of, from, in connection with any violation of this Section 3.15. The indemnification in this Section 3.15 will survive the expiration or termination of this Agreement, and applies to all claims even if they exceed the limits of the Distributor's insurance coverage.

3.16 **Computer Transactions**. The Distributor must use its best efforts to timely and accurately enter and maintain, in its entirety, all business pertinent data on the MDBS business system relative to the operation of the Distributorship, including but not limited to customer data, product data, sales, returns, warranty, credit card transactions, and payments. Transactions must be completed in strict compliance with Matco's and industry standards, specifications and procedures, and any unauthorized adjustments, or non-compliant use or recordation of transactions (or failure to accurately record transactions or protect customer information), are prohibited.

3.17 **Document Processing**. In consideration of Matco's time and expense to prepare franchise and financial documents in connection with Distributor's execution of this Agreement and related documents, and if necessary, for Matco to file such documents with appropriate government agencies, Distributor must pay Matco a document processing fee of ninety-nine dollars ($99), on or before signing the Agreement.

3.18 **Late Fee**. The Distributor must pay for all Product purchases, and all charges, fees and other amounts in a timely manner, as required by this Agreement and any related or ancillary documents or agreements. Product purchases and other fees and charges will be charged to the Distributor's Open Purchase Account ("**OPA**"). If the Distributor fails to make a payment within twenty-one (21) days of the date of an invoice from Matco, Distributor's OPA will be deemed delinquent. Matco may assess a late fee of five percent (5%) of the overdue balance per week, with a maximum late fee, per week, of one hundred dollars ($100).

3.19 **Credit Cards and Other Methods of Payment**. At all times, the Distributor must maintain credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, and electronic-funds-transfer systems that Matco designates as mandatory, and the Distributor must not use any such services or providers that Matco has not approved in writing or for which Matco has revoked its approval. Matco has the right to modify its requirements and designate additional approved or required methods of payment (including types of currency that may be accepted), and vendors for processing such payments, and to revoke its approval of any service provider. The Distributor must comply with all credit-card policies, including minimum purchase requirements for a customer's use of a credit card as prescribed in the Manual. The Distributor must comply with the Payment Card Industry Data Security Standards ("PCI DSS") as they may be revised and modified by the Payment Card Industry Security Standards Council (see www.pcisecuritystandards.org), or such successor or replacement organization, and/or in accordance with other standards as Matco may specify, and FACTA. The Distributor must also upgrade periodically its MDBS System and related software, at the Distributor's expense, to maintain compliance with PCI DSS, FACTA, and all related laws, regulations, rules and procedures.

3.20 **Initial Expenditures.** Distributor must have funds committed for the initial costs and expenses associated with commencing operations of the Distributorship, and operating during an initial start-up period, including, but not limited to, the expenditures associated with initial fixtures, supplies, and licenses, prior to and as a pre-condition to commencing operation of the Distributorship. For Matco financed Distributors, Matco reserves the right to require that Distributor pay to Matco an amount, determined by Matco, that shall be designated as a reserve and set aside for payment of a portion of these initial costs and expenses (the "Initial Investment Reserve"). The amount of the Distributor's Initial Investment Reserve, if any, is set forth in Exhibit B. The amount of the initial costs and expenses that the Distributor incurs in connection with commencing operations of the Distributorship, and operating during an initial start-up period, may exceed the Initial Investment

Reserve, and the Initial Investment Reserve is intended only to offset the Distributor's initial expenditures. Matco shall maintain the Initial Investment Reserve in an account until it is disbursed to the Distributor to make payments to third parties. The Initial Investment Reserve will not be held in a trust or escrow account and Matco has no fiduciary obligation to distributors respecting the Initial Investment Reserve. Matco may comingle the Distributor's Initial Investment Reserve with other monies, including similar funds and monies held for other distributors. Matco has no obligation to keep the Initial Investment Reserve separate from any revenues or other amounts it receives. Matco will disburse the Initial Investment Reserve to the Distributor at a time determined by Matco so that the Distributor may make payments to third parties, which will typically be approximately two (2) months after the Effective Date. Matco may appoint a designee to collect, maintain, and/or disburse the Initial Investment Reserve, and/or exercise any of Matco's rights or undertake any of its obligations described in this Section 3.20.

ARTICLE 4
MATCO'S DUTIES

4.1 **Matco Business System Training (MBST) Program and Matco Business System Continuation Training (MBSCT) Program**. Matco may provide classroom training to the Principal Owner in Stow, Ohio, or at such other location as may be designated by Matco. Matco will offer any Operator or other employees that may be employed by the Distributor the opportunity to attend Matco's training programs, and it may require the Distributor to pay a fee for such training. Matco does not currently require the Distributor to pay any fee for the Operator to attend Matco's training programs, except as described in Section 4.2. The training will include instruction (and, in some instances, may include training by video recording, computer-based training modules, or interactive video) on the Matco Business System, Matco's Customer Service Standards, and basic business procedures including purchasing, selling and marketing techniques, customer relations, basic computer operations, and other business and marketing topics selected by Matco. Matco's initial training program, the "Matco Business System Training (MBST) Program," includes classroom training in Stow, Ohio, or another designated location, together with on-the-truck training. After completion of the MBST Program (Phase 1) classroom training, hands-on training on the Distributor's Mobile Store will be provided by Matco. The Principal Owner must successfully complete the MBST Program (Phase 1) classroom training prior to commencing business operations. The MBST (Phase 1) Program classroom training will be scheduled by Matco at a time and location that Matco designates, at its option, and will be for a minimum of fifty (50) hours. Matco will also provide Phase 2, the "Matco Business System Continuation Training (MBSCT) Program," that the Principal Owner may be required to attend and successfully complete. The MBSCT Phase 2 Program classroom training will be scheduled by Matco at a time and location that Matco designates, at its option, and will be for a minimum of thirty-five (35) hours.

4.1.1 Matco may require the Distributor to pay travel and lodging costs for Distributor's Principal Owner, any Operator and other employee for attendance at all classroom training programs. The Distributor is currently responsible for all expenses incurred during all classroom training programs, except for the following: (a) scheduled travel to and from Matco's headquarters and the Distributor's airport of choice, and daily travel to and from Matco's headquarters and the Distributor's hotel, during the MBST Program (only Phase 1); and (b) four (4) nights of lodging for one person for the MBSCT Program (only Phase 2) (if such travel and lodging complies with the policies and procedures established by Matco from time to time). Currently, Matco has negotiated group lodging and meal accommodations and rates for distributors while attending the MBST Program classroom training program. Lodging for the MBST Program and MBSCT Program (both Phase 1 and Phase 2) is currently located near Matco's headquarters, Cleveland Hopkins International Airport, and/or Akron-Canton Regional Airport, but Matco may designate alternative accommodations from time to time, at its option. Lodging costs for the MBST Program (Phase 1) will be billed directly to the Distributor's Open Purchase Account. Lunch costs for the MBST Program and MBSCT Program (both Phase 1 and Phase 2) will also be billed directly to the Distributor's Open Purchase Account.

4.1.2 If the Principal Owner elects to bring her or his Business Partner to the MBST Program (Phase 1), Matco will charge a flat fee in the amount of two hundred ninety-five dollars ($295) for food, lodging, and local transportation. Matco will not charge a fee for the Principal Owner's Business Partner to attend the MBSCT Program (Phase 2); however, to attend Phase 2, the Business Partner must have attended and successfully completed Phase 1 as a participant. The Distributor will pay all other expenses incurred by the Principal Owner, any Operator, and, if applicable, the Principal Owner's Business Partner, in connection with the attendance and/or participation of the Principal Owner and the Operator in the MBST Program and MBSCT Program, including the Principal Owner's or Operator's salary and fringe benefits (if any), in accordance with applicable law.

4.1.3 In the event the Distributor employs an Operator or other additional or subsequent employees, Matco may provide the MBST and/or MBSCT Program training to such additional or subsequent employees at such times and places as may be scheduled by Matco. The Distributor may be required to pay Matco the then-current per diem training fee for each such trainee to attend the MBST and/or MBSCT Program, and the Distributor shall be responsible for all of the employee's travel and lodging costs.

4.2 **Field Training**. Following the Principal Owner's successful completion of the classroom portion of the MBST Program, a field instructor, and/or a regional or district manager designated by Matco (the "**Designated Trainer**") will provide field training to the Distributor. Such training includes eighty (80) hours over a six (6) week period. This training may include approximately one (1) week of training prior to or after the Principal Owner's classroom training, approximately one (1) week of training during the period that the Distributor commences sales activity, in conjunction with the Distributor's initial sales calls to Potential Customers and locations identified on the List of Calls, and a final phase of training during a period following the Distributor's first week of operations. The Designated Trainer may accompany the Distributor on sales calls to provide training relating to selling and marketing techniques, customer relations, computer operations, Product knowledge, inventory and related topics. If the Distributor hires an additional or subsequent Operator to replace his/her Operator who has left the Distributorship, or if the Distributorship has a new Principal Owner who has been authorized by Matco, and there is not an additional Mobile Store to operate, Matco may provide the MBST Program, including the field training, and the MBSCT Program to the new, replacement Principal Owner or Operator. If the Principal Owner, Operator, or employee is the Distributor's second or subsequent Principal Owner, Operator, or employee (who is an additional employee and not a replacement) who is receiving field training from Matco, Matco reserves the right to charge the Distributor Matco's then-current daily or weekly training fee for the MBST Program. As of March 6, 2020, the weekly fee is one thousand five hundred dollars ($1,500), but Matco may change this amount at any time.

4.3 **Periodic Meetings**. Matco may schedule periodic meetings with Matco personnel and other distributors for additional training, Product updates and business seminars. Attendance at such meetings is voluntary.

4.4 **Hiring of New Operator**. The Distributor is solely responsible for all employment decisions and functions related to the Distributorship business, including hiring, firing, compensation, benefits, work hours, scheduling, work rules, record keeping, supervision and discipline of employees. Distributor may choose, at its option, to hire an Operator. The decision to hire an individual as an Operator is the Distributor's decision alone. However, if the Distributor participates in Matco's financing programs, the Distributor must notify Matco in the event the Distributor desires to hire an Operator to operate the Mobile Store, and must obtain Matco's consent for such an Operator. In addition, in order to preserve, protect and enhance the MATCO TOOLS brand and Marks, and to assure a uniform customer experience and operations that comply with the Business System standards, Matco recommends that any Operator either satisfactorily complete Matco's training program or that the Distributor delivers a similar training experience to the Operator. Distributor shall certify to Matco, upon Matco's request, that any Operator or other employee has been trained in, and is knowledgeable regarding, all of Matco's standards and operating requirements. Matco does not currently charge a training fee for training the new Operator (except as discussed in Section 4.2 above), but the Distributor will pay all travel, room and board, living and other expenses in connection with the new Operator's attendance and/or participation in the MBST Program. Additionally, the Distributor must pay the Operator's salary and fringe benefits, if any, in accordance with applicable law. The Distributor must execute a separate Matco Tools Distributorship Agreement that will govern the operation of each additional Mobile Store, List of Calls, and distributorship that is operated by each Operator. In addition to the indemnification provided in Section 5.4, the Distributor will indemnify and hold Matco harmless from any claims, damages, judgments and losses, including attorney's fees, arising out of, from, in connection with the Distributor's decision to hire an Operator or other employee, and any Operator or other individual's operation of the Mobile Store, the Distributorship, or the business conducted under this Agreement, including, but not limited to, claims brought by the Distributor, the Principal Owner, the Operator, or any other employee of the Distributorship. The indemnification in this Section 4.4 will survive the expiration or termination of this Agreement, and applies to all claims even if they exceed the limits of the Distributor's insurance coverage.

ARTICLE 5
THE PARTIES' RELATIONSHIP

5.1 **Independent Business.** You acknowledge that by executing this Agreement You are agreeing to establish and operate an independent Matco Mobile Tool Distributorship, the success of which depends on, among other things, Your individual ability to operate Your business, attract and retain qualified staff, and otherwise operate all phases of an independent business over which You will have substantial control. As an independent business owner, You agree that: (i) the relationship created by this Agreement is not a relationship between principal and agent, or that it is a fiduciary relationship; (ii) You are not Our employee and will not earn any wages, nor be eligible for or receive any of the other benefits normally provided to employees, but rather Your income will solely be the profits You earn from the operation of Your Distributorship; (iii) We are not the employer or co-employer of any employee that You hire; (iv) all management, personnel, and training requirements are at Your discretion and are Your responsibility; (v) You are responsible for ensuring that Your Matco Mobile Tool Distributorship operates in accordance with the law of the state, county, city, and town in which You operate; (vi) You alone are permitted to contract with Your customers and that You are required to sign all contracts and agreements, including purchase agreements, using Your independent business name; (vii) You are free to set the prices you charge Your customers, so long as those charges comply with any and all policies We prescribe in the Manual relating to maximum or minimum charges; (viii) Your independent business judgment will be used to grow and develop Your customer base within the defined List of Calls; and (ix) We shall not be liable for damages to any person or property arising directly, or indirectly, out of the operation of Your Matco Mobile Tool Distributorship nor liable for any taxes, assessments, fines or penalties levied upon You or Your Matco Mobile Tool Distributorship or arising out of Your Matco Mobile Tool Distributorship. You agree that should You assert a claim or seek a determination that this Agreement, or any of its exhibits or attachments, creates anything but an independent business relationship, including an employment relationship, Matco may seek a determination that this Agreement is null and void. You also agree that if a court, administrative body, arbitrator, board, or other tribunal enters a judgment that this Agreement, or any of its exhibits or attachments, creates anything but an independent business relationship, including an employment relationship, then Matco shall have the right and option to terminate this Agreement.

5.2 **<u>Financial Records and Reports</u>**. The Distributor will keep complete and accurate books, records, and accounts of all financial and business transactions and activities relating to the Distributorship, and, in order to assure compliance with this Agreement, will permit Matco and its representatives to audit the books, records and accounts during regular business hours during the Term of this Agreement and for one (1) year after termination or expiration of this Agreement. The Distributor's books, records and accounts will be in the form designated by Matco, and the Distributor will use the chart of accounts designated by Matco for all financial statements. The Distributor will submit to Matco, on a weekly basis, such business reports as Matco may designate in writing. Matco may request that the Distributor provide to Matco, within ninety (90) days of the Distributor's fiscal year end, a physical inventory which must be verified by a Matco District Manager, and an annual financial statement prepared in a format that Matco may designate. Once a physical inventory is completed, Distributor must adjust its books and MDBS reports to reflect the verified physical inventory numbers. Matco may require that the financial statements include a profit and loss statement, a balance sheet, a cash flow statement and/or other information. Depending upon Distributor's overall business health and compliance with the terms and conditions of this Agreement, Matco may waive this physical inventory requirement and/or may extend the frequency to a bi-annual basis. The Distributor must properly register for its sales tax filing in its appropriate state and provide Matco with a properly executed exemption certificate. Matco reserves the right to request and review the Distributor's federal and state tax returns, sales tax filings and other tax filings and reports related to the operation of, sales from, and revenue of, the Distributorship, and the Distributor shall comply promptly with all reasonable requests for such documents. If Distributor obtains financing from Matco, Distributor agrees to comply with any additional record keeping, reporting, and physical inventory requirements Matco may impose from time to time in connection with such financing programs.

5.3 **<u>Insurance</u>**. The Distributor will purchase and maintain comprehensive general liability insurance, including products liability coverage, and vehicle insurance coverages, with limits of each policy of at least two million dollars ($2,000,000), and a maximum deductible of one thousand dollars ($1,000), insuring both the Distributor and Matco against any loss, liability, damage, claim or expense of any kind whatsoever, including claims for bodily injury, personal injury and property damage resulting from the operation of the Distributorship or the operation of the Mobile Store or any other vehicle used in connection with the Distributorship. In addition, the Distributor must purchase and maintain all risk Inland Marine insurance coverage for at least the full replacement value of the New Distributor Starter Inventory, and will purchase and pay for any and all other insurance required by law. Distributor must also purchase "replacement cost" coverage for the Mobile Store, computer system, inventory and other items used in operating the Distributorship. Matco also reserves the right to provide or designate a specified provider of insurance, and require that the Distributor purchase the insurance from the designated provider, or utilize Matco as a conduit to purchase the insurance from the designated provider, even if the Distributor has complied with the requirements of this Section 5.3. Matco's current policy is that it will only require the Distributor to purchase insurance from a provider that Matco designates if the Distributor participates in Matco's financing programs. All insurance policies maintained by the Distributor must: (A) name Matco as an additional named insured, (B) provide that Matco will receive copies of all notices of cancellation, nonrenewal or coverage change at least thirty (30) days prior to the effective date, (C) require the insurance company to provide and pay for legal counsel to defend any claims or actions brought against the Distributor or Matco; and (D) properly name the Distributor as the insured. The Distributor's Inland Marine policy must reflect Matco as the Lender's Loss Payable, as their interests may appear. The "Lender's Loss Payable" clause must provide, at a minimum, that any loss will be payable to the insured and Matco as the loss payee described on the schedule and that the insurance for the loss payee continues in effect even when the insured's insurance may be void because of the insured's acts, neglect, or failure to comply with the coverage terms. Additional requirements concerning the insurance to be obtained and maintained by the Distributor, if any, may be designated by Matco from time to time in writing. The Distributor must provide to Matco, as such times as specified by Matco, a certificate of insurance, endorsement, insurance declaration, and/or other documents specified by Matco (collectively "Certificates") showing compliance with the insurance requirements in this Section 5.3 and the Manual. If the Distributor does not obtain and maintain the proper insurance coverage, Matco may purchase said insurance on the Distributor's behalf. If Matco purchases insurance on behalf of the Distributor, or requires that the insurance be purchased through or from Matco, whereby Matco acts as a conduit to purchase the insurance, the total cost of the insurance will be charged to the Distributor's Open Purchase Account.

5.4 **Indemnification**. The Distributor will indemnify and hold Matco, Our Affiliates, and Our and Our Affiliate' directors, officers, employees, agents and franchisees (collectively, "Indemnitees") harmless from any claims, damages, judgments and losses, including attorney's fees, arising out of, from, in connection with this Agreement, the Distributorship, or as a result of the Distributor's, Principal Owner's, Operator's, or any other individual's operation of the Mobile Store, the Distributorship and the business conducted under this Agreement, any allegation that You are Our employee and not a franchisee distributor operating Your independent business, the Distributor's breach of this Agreement including all exhibits and attachments to this Agreement, the Distributor's negligence, any failure to comply with any laws, regulations, rules or procedures, including Privacy Laws, rules and procedures established by commercial agencies, associations or groups, applicable to the operation of the Distributorship, or any acts or omissions of the Distributor in connection with the operation of the Distributorship including, without limitation, claims, damages, judgments and losses arising from any unauthorized statements, representations or warranties made by the Distributor with respect to the Products, and those alleged to be caused by Matco's negligence, unless (and then only to the extent that) the claims, damages, judgments, and losses are determined to be caused solely by Matco's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator of competent jurisdiction, including, but not limited to, claims brought by the Distributor. In addition, in connection for claims related to products liability, if Distributor maintains the required insurance under this Agreement and has complied with this Agreement, Distributor will not be liable under this indemnification provision for claims in excess of any products liability insurance coverage, but only if the Distributor's insurance provider pays the full policy limits and the Distributor did not take any action to repair or otherwise alter any products for which the products liability claims apply. This Section will survive the expiration or termination of this Agreement, and applies to all claims even if they exceed the limits of the Distributor's insurance coverage (other than claims in excess of the products liability coverage described in the preceding sentence). We may, at Our sole option, voluntarily assume the defense or settlement of any of the foregoing. We have the sole discretion to choose Our own attorneys and to consent to judgment or agree to settlement, if there are reasonable grounds upon which to do so.

5.5 **Exercise of Matco's Judgment**. Matco has the right to operate, develop, and change the Business System in any manner that is not specifically precluded by this Agreement. Whenever Matco has reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant the Distributor a right to take or omit an action, except as otherwise expressly and specifically provided in this Agreement, Matco may make its decision or exercise its rights on the basis of the information readily available to it, and Matco's judgment of what is in its best interests and/or in the best interests of the MATCO TOOLS brand, its franchise network, at the time the decision is made, without regard to whether other reasonable or even arguably preferable alternative decisions could have been made by Matco and without regard to whether Matco's decision or the action Matco takes promotes its financial or other individual interest. Neither the Distributor nor any third party (including, without limitation, a trier of fact) may substitute its judgment for Matco's judgment.

ARTICLE 6
PRODUCTS

6.1 **Sale and Purchase of Products**. Matco will sell and the Distributor will buy the Products from Matco at the prices and on the terms established and published by Matco from time to time. Distributor will not purchase or attempt to purchase any products, including Products, directly from vendors supplying products to Matco, or from vendors or other sources that may or may not sell to or supply products to Matco or its distributors. Prices and terms applicable to each order placed by the Distributor will be those in effect on the date the order is accepted by Matco. Matco reserves the right to add or delete Products, make changes to the Products, increase Product prices, and adjust the prices, terms, and discounts for the Products, without notice or liability to the Distributor, at any time. The Distributor acknowledges that Matco's sale of Products to the Distributor will include a mark-up over Matco's costs, and will likely generate a profit for Matco. Matco also reserves the right to obtain rebates, allowances, commissions, and other benefits from vendors and to retain and use them for any purposes in its sole discretion. All sales made by the Principal Owner, the Operator or any other employees of the Distributor within the List of Calls or from the Mobile Store must be Products purchased from Matco or its affiliates or designated suppliers, except for trade-ins, which are permitted to be re-sold by the Distributorship, if done so in compliance with Matco's standards and the Manual.

6.2 **Prices of Products**. The Distributor has the absolute right to determine the prices at which the Products are sold to the Distributor's Customers. If Matco institutes and implements a discount program, incentive program, coupon program, or other product sales or marketing program which compensates the Distributor for participation, the Distributor must comply with the program, and honor all authorized coupons, gift cards, gift certificates, and incentives.

6.3 **Initial Inventory**. Upon execution of this Agreement, the Distributor will place an order with Matco for the New Distributor Starter Inventory. The Distributor will pay Matco for the New Distributor Starter Inventory upon execution of this Agreement. Shipment of the New Distributor Starter Inventory will be made to the Distributor within twenty-eight (28) days of the Effective Date.

6.4 **Electronic Funds Transfers**. All payments to Matco by the Distributor on any promissory note or for the purchase of Products and other goods and services will be made by electronic funds transfers in accordance with the instructions by Global Payment Systems contained in the Manual. The Distributor will, from time to time during the Term of this Agreement, sign such documents as Matco may request to authorize the Distributor's bank to transfer the payment amounts designated by the Distributor to Matco's bank.

6.5 **Standard Payment Terms**. Matco's standard payment terms for Products sold to the Distributor are "payment due upon receipt of invoice." If the Distributor fails to make any payment to Matco for Products in a timely manner, then Matco may require full or partial payment in advance or seek other assurances of performance, including, but not limited to, reducing credit limits and/or placing the Distributor on credit hold prior to shipping any additional Products to the Distributor. Matco may assess late fees on the overdue amounts, as provided for in Section 3.18 above.

6.6 **Security Interest**. The Distributor hereby grants Matco a security interest in all of the Distributor's Products, accounts receivable and other assets to secure any unpaid credit or financing provided to the Distributor, and the Distributor will sign such security agreements, financing statements and other documents as Matco may request to legally perfect its security interest.

6.7 **Shipment**. The Distributor will be entitled to one (1) qualifying shipment of Products per week from Matco's warehouse, freight prepaid by Matco, if the Distributor has complied with Matco's rules and policies regarding the placement and payment of orders for Products. Matco will ship Products "FOB" from Matco's warehouse, freight prepaid, but the title to the Products, and the risk of loss, will pass to Distributor as soon as the Products are delivered to the carrier at Matco's warehouse. Prepaid freight shipments will not accumulate if the Distributor fails to request a shipment for any particular week. Additional shipments, special orders, shipments to addresses other than the Distributor's normal business address, and orders not made in compliance with Matco's standard order input procedures, will be shipped from Matco's warehouse, freight collect, unless otherwise agreed to in writing by Matco.

6.8 **No Right To Withhold or Offset**. The Distributor shall not withhold any payment due to Matco because of any damage to the Products caused during transportation from Matco to the Distributor or as a result of any legal or other claims the Distributor may allege against Matco. The Distributor will not deduct any charges for services, parts, or other items from any payments due to Matco until such charges have been agreed to in writing by Matco. In addition to any right of setoff provided by law, all amounts due Distributor shall be considered net of indebtedness of Distributor to Matco and its affiliates. Matco may deduct from any sums due or to become due to Distributor any amounts due or to become due from Distributor to Matco and its affiliates.

6.9 **Acceptance of Orders/Force Majeure Regarding Product Shipments**. All Product orders placed by the Distributor will be subject to acceptance by Matco. Matco will, with reasonable diligence and subject to Section 6.5, execute all accepted Product orders received from the Distributor. However, Matco expressly reserves the right at any time to defer, postpone or forego any shipments of Products on account of procedures or priorities established by any state, federal or local government or because of production failures, strikes or other labor disturbances, inability or delay in obtaining raw materials or other supplies, floods, fires, accidents, wars, incidents of terrorism or other causes or conditions beyond the control of Matco, and Matco will not be liable to the Distributor for any damages or loss of profits caused by such delay in executing or failing to execute such orders.

6.10 **Taxes**. The Distributor will pay, in addition to the prices specified for the Products pursuant to Matco's then current price list, all applicable federal, state, local and governmental taxes applicable to the Distributor's purchase of the Products.

6.11 **Risk of Loss**. After any Products ordered by the Distributor have been identified in such order, the risk of loss will at all times be borne by the Distributor. The Distributor will be responsible for making all claims against the carrier for damages to the Products and for all other losses.

ARTICLE 7
TRADEMARKS, TRADE NAMES AND PATENTS

7.1 **Grant of License**. Matco grants to the Distributor a non-exclusive, non-transferable right and license to use the Marks in the normal course of operating the Distributorship. The Distributor will only use the Marks in connection with the operation of the Distributorship and the sale of the Products sold pursuant to the Business System and the terms of this Agreement.

7.2 **Rights of Matco**. The Distributor will not take any action which is adverse to Matco's right, title or interest in the Marks or Matco's pending or issued patents for various inventions and Products. The Distributor will not register or attempt to register the Marks or apply for any patent rights for the Products. The Distributor further agrees that nothing in this Agreement will give the Distributor any right, title or interest in the patent rights or Marks other than the right of use in accordance with the terms of this Agreement. The Distributor acknowledges the validity and Matco's exclusive ownership of the Marks and the patent rights and agrees that any improvements made by the Distributor relating to the Marks or the Business System, as well as any and all goodwill resulting from the Distributor's use of the Marks pursuant to this Agreement, will inure solely to the benefit of Matco.

7.3 **Conditions to Use of Marks**. The Distributor will not have the right to sublicense, assign or transfer its license to use the Marks. The Distributor will not use the Marks as part of its corporate or other legal name, or as part of any e-mail address, domain name, or other identification of the Distributor in any electronic medium. The Distributor will use the Marks only in the form and manner and with the appropriate legends as prescribed from time to time by Matco. The Distributor will modify its use of the Marks from time to time in the manner designated in writing by Matco. The Distributor will sign all documents deemed necessary by Matco to obtain or maintain protection for the Marks.

7.4 **Approval of Materials Using the Marks.** The Distributor will obtain Matco's prior written approval for the use of the Marks in any advertising, promotional or other electronic or printed materials and communications to potential or actual customers in any electronic medium including but not limited to social media and websites on the world wide web.

7.5 **Defense of Actions**. The Distributor will give Matco immediate written notice of any claim made by any party relating to the Marks or the Business System and will, without compensation, cooperate in all respects with Matco in any legal proceedings involving the Marks or the Business System. Matco will have the sole and absolute right to determine whether it will commence or defend any litigation involving the Marks or the Business System, and will, at its expense, control and conduct any litigation involving the Marks. If the Distributor, Principal Owner, any Operator, or any employee of the Distributor is named as a defendant in any action involving the Marks or the Business System solely because the plaintiff is alleging that the Distributor or such named party does not have the right to use the Marks, then if the Distributor gives Matco written notice of the action within ten (10) days after the Distributor receives notice of the claim, Matco will assume the defense of the action and will indemnify and hold the Distributor harmless from any and all damages assessed against the Distributor in connection with the action.

ARTICLE 8
WARRANTY AND TOOL RETURNS

8.1 **Warranty Policy**. All Matco Products are subject to the warranty and liability limitations of the written Product warranty of Matco (the "Matco Warranty"). Matco's Warranty policy, which may change over time, provides, generally, that any Product that is branded with the "Matco" name is warranted against defects in materials and workmanship. Matco, or one of its authorized representatives, will, at Matco's option, repair or replace any tool or part that is subject to the warranty without charge, if the defect or malfunctioning tool or part is returned to Matco or its representative, shipping prepaid. There are certain limitations under the Matco Warranty, and the Distributor and its Principal Owner must read and understand the warranty policies. The Distributor must follow Matco's policies and procedures regarding returning tools for warranty claims. Among the procedures that the Distributor must follow is the requirement to send back the products with the appropriate paperwork, product specifications, codes and other required information. In addition, the Distributor must pay all freight and shipping charges to send the defective product to Matco. In most cases, Matco will pay the shipping and freight costs to send the Distributor a new or repaired tool, part or product.

Also, there are certain warranty service functions that the Distributor must perform. Currently, the Distributor warranty responsibilities and functions include the following: "in the field" repair of ratchets and toolboxes. For ratchet repairs, the Distributor must purchase repair kits, which currently range in price from ten dollars ($10) to forty dollars ($40) per kit and must pay the shipping/freight charges to return the defective part to Matco. Upon return of the defective parts to Matco, Matco will credit the cost of the ratchet repair kit. Matco intends to include ratchet repair instructions on its website for distributors. Matco will not provide any compensation for the time it takes your Principal Owner or other employee to make these repairs, and any compensation that the Distributor provides to such individuals is at its sole option. The Distributor is also currently responsible to perform minor warranty repairs on toolboxes within the List of Calls, such as drawer slides, casters (wheels), trim and/or drawer replacement if needed. Warranty repairs are handled on a case-by-case basis after contacting Matco's Customer Service and/or Matco's toolbox manufacturing facility. There are no repair kits for toolboxes, and you are not required to purchase items to repair toolboxes under warranty.

The Distributor must also assist Matco in honoring all Matco Warranties on all Products. The Distributor must perform service on tools and equipment at the customer's place of business. To the extent that the Distributor is not qualified to repair a Product, the Distributor must assist the customer in getting the Product to the proper repair facility. This service is of the nature, type and scope that is expected by Matco customers, and that Matco and its network of distributors has pledged to provide. Matco considers the cost of warranty service in setting discounts from the suggested retail price of the Products that Matco sells to distributors. It is not possible for Matco to estimate the amount of time that the Distributor will be required to spend on warranty work to properly service its customers.

The Matco Warranty may be amended or revised by Matco at any time in its sole discretion. Matco will have the right to adjust and resolve all warranty claims, either directly with the Customer or through the Distributor, as Matco in its sole discretion may determine, and any action by Matco with respect to warranty claims will be binding upon the Distributor.

8.2 **Tool Return Policy**. Matco will make its then-current tool return policy available to the Distributor. The current policy provides that during the term of the Distributorship Agreement or after its expiration or termination, the Distributor may return for credit to its Open Purchase Account any eligible Matco Products purchased from Matco and listed in the then current Matco Tools Price List, excluding special order and high obsolescence electronic products. The current tool return policy specifies that the tools and other products that are eligible for return for credit are new, unused, and not abused products that are in saleable condition, and in their original packaging. The products returned must be on the current inventory list and cannot be discontinued items. Matco generally tries to provide distributors with at least one hundred eighty (180) days' notice following an announcement that a product has been discontinued to return the product for credit. The Distributor may take advantage of the tool return policy at any time, such as if the Distributor has overstocked items, or wishes to rotate or adjust the product mix in its inventory. Matco will credit the Distributor's Open Purchase Account for the eligible returned Products less a restocking fee, which in most cases is fifteen percent (15%) of the original purchase price of the product. A good faith effort will be made by Matco to issue credit within ninety (90) days of acceptance of the returned Products. The specific criteria for products that are eligible for return for credit is stated in Matco's tool return policy. The Distributor must pay for the packaging and shipping of such Products to Matco. Matco may revise its tool return policy at such times as it may determine, and will inform the Distributor in writing of any changes when made.

ARTICLE 9
<u>CONFIDENTIALITY</u>

The Distributor will not, during the Term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any confidential information, knowledge or know-how concerning the methods of operation of a Matco Distributorship which may be communicated to the Distributor by any employees of Matco, or which arises by virtue of this Agreement. The Distributor will divulge such confidential information only to its employees who must have access to it in order to operate the Distributorship. The Manual and any and all other information, knowledge and know-how including, without limitation, drawings, materials, equipment, technology, methods, procedures, specifications, techniques, computer software programs, computer software source codes, systems and other data which Matco designates as confidential or proprietary will be deemed confidential and proprietary for the purposes of this Agreement. The obligations of confidentiality shall survive termination or expiration of this Agreement for any reason.

The Distributor further understands and agrees that it will come into possession of certain of Matco's trade secrets concerning the manner in which it conducts business including, but not limited to, the following: the methods of doing business or business processes; strategic business plans; Customer and Potential Customer information and the List of Calls; marketing and promotional campaigns; software and other technology; and Matco materials clearly marked or labeled as confidential and/or trade secrets. The Distributor agrees that the forgoing information, which may or may not be considered "trade secrets" under prevailing judicial interpretations or statutes, is private, valuable, and considered by Matco to constitute trade secrets belonging to Matco. The Distributor agrees that Matco derives independent economic value from the foregoing information not being generally known to, and not being readily ascertainable through proper means by, another person. The Distributor agrees to take reasonable measures as directed by Matco to keep such information secret. Upon termination of this Agreement, the Distributor will not, and will cause its Principal Owner and any employees not to, use, sell, teach, train or disseminate in any manner to any other person, firm, corporation or association any trade secret pertaining to Matco's business and/or the manner in which it is conducted.

ARTICLE 10
<u>TRANSFER OF INTEREST</u>

10.1 **<u>Transfer of Distributorship Interest</u>**. You have the right to sell your Distributorship. However, neither the Distributor nor any individual, partnership, or corporation which owns any interest in the Distributor is permitted to sell or transfer any interest in this Agreement, in the Distributorship, in any capital or common stock in the Distributorship, or in all or substantially all of the assets of the Distributorship, including the Mobile Store (the "Distributorship Interest"), without the prior written consent of Matco.

10.2 **<u>Conditions for Transfer</u>**. Matco will not unreasonably withhold its consent to any transfer, if the following conditions are met: the Distributor is not in default under any provision of this Agreement, including payment of any financial obligations to Matco; the Distributor and Matco have signed a mutual general release of any and all claims against each other and their respective affiliates; it has been demonstrated to Matco's sole satisfaction that the transferee and its principal owner exhibits the ability to operate the Distributorship, and that the transferee has adequate financial resources and capital to operate the Distributorship in accordance with Matco's requirements (including the principal owner's credit rating), and is not involved, directly or indirectly, in any business that is in any way competitive with a Matco Distributorship; the transferee-distributor and its Principal Owner executes the then-current version of the Matco Tools Distributorship Agreement, agrees to complete the Matco Business System Training (MBST) Program; and the Distributor and transferee-distributor sign the legal documents necessary to transfer this Agreement to the transferee-distributor. Any purchase and sale agreement between the transferor and transferee shall provide for and require that the Mobile Store and the Distributorship shall continue to operate without interruption during the transfer. Matco may expand upon, and provide more details related to, the conditions for transfer and Matco's consent as described in this Section 10.2, and may do so in the Manual or otherwise in writing. Matco may, but is not obligated to, provide the additional details regarding the transfer conditions and Matco's consent to the Distributor.

10.3 **Security Interest**. The Distributor will not grant a security interest in the Distributorship or this Agreement without Matco's prior written consent. Matco will have the right as a condition of its consent, to require the secured party to agree that if the Distributor defaults under any security interest, then Matco will have the right and option (but not the obligation) to be substituted for the Distributor as the obligor to the secured party and to cure any default of the Distributor without the acceleration of any indebtedness due from the Distributor.

10.4 **Transfer by Matco**. Matco will have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity without notice to the Distributor.

10.5 **Transfer Upon Bankruptcy**. If the Distributor or Principal Owner were to initiate a bankruptcy or insolvency proceeding, in order to protect Matco's interests, such Party must meet all applicable obligations as set forth in this Agreement and there can be no sale, assignment or transfer of the Distributorship contingent upon Matco approving the buyer as a new Matco Distributor unless (i) any existing defaults under this Agreement are cured, (ii) any proposed assignment or sale is contingent upon the assignee's agreement to be bound by and comply with the terms and commitments contained herein and (iii) the transfer complies with Section 10. In the case of a bankruptcy or insolvency proceeding of a Principal Owner, the Distributor must hire and retain a replacement Principal Owner who is satisfactory to Matco to perform the Principal Owner's obligations under this Agreement within sixty (60) days after the filing of a bankruptcy petition. If a satisfactory replacement is not retained, Matco will have the right (but not the obligation), at Matco's option, to take over operation of the Distributorship, or to hire and retain a replacement on the Distributor's behalf, until the transfer is completed, and to charge a reasonable management fee for these services, or, in the alternative, Matco may terminate this Agreement.

10.6 **Non-Competition and Non-Solicitation Following a Transfer**. In addition to the covenants regarding non-competition and non-solicitation by Distributor, Principal Owner and others as specified in Section 11.9 below, Matco recommends and encourages Distributor (if obtaining the distributorship by virtue of a transfer) to obtain a noncompetition agreement from the previous distributor and principal owner that serviced the List of Calls, as well as such previous distributor's other owners, and Matco expects that it will encourage any new distributor that acquires the business, the route, the accounts or the distributorship of the Distributor to obtain a noncompetition agreement from the outgoing or transferring Distributor and principal owner. The noncompetition agreement may assist in preventing competition from the previous distributor, the previous distributor's principal owner, and any other owners for a continuous uninterrupted period of one (1) year from the date of a transfer permitted under Article 10 above, or expiration or termination of the previous distributor's Distributorship Agreement (regardless of the cause for termination). Competition includes, but is not limited to, selling or attempting to sell any Products or any products the same as or similar to the Products to (i) any existing Customer on the Distributor's List of Calls who purchased one or more Products from the previous distributor during the twelve (12) month period immediately preceding the dates referred to in this Section 10.5, or (ii) any Potential Customer on the Distributor's List of Calls, located on, or identified in, the previous distributor's List of Calls, as such lists may have been amended as provided for in the previous distributor's Distributorship Agreement and in accordance with Matco's policies, if the previous distributor had visited or made one or more sales calls to such Potential Customer during the twelve (12) month period immediately preceding the date referred to in this Section 10.5. Distributor agrees that the length of time in this Section 10.5 will be tolled for any period during which Distributor is in breach of the covenants or any other period during which Matco seeks to enforce this Agreement**.**

ARTICLE 11
DEFAULT AND TERMINATION

11.1 **Termination by Distributor**. The Distributor may terminate this Agreement, at any time, with or without cause, by giving forty-five (45) days prior written notice to Matco.

11.2 **Termination by Distributor During First Six Months**. If the Distributor terminates this Agreement for any reason by the earlier of the following: within six (6) months after the first day of the Matco Business System Training (MBST) Program, or thirty (30) days after the Effective Date; if the Distributor has not failed to operate the Distributorship for more than six (6) "business days" in total, or more than three (3) consecutive business days during that six (6) month period; and if the Distributor agrees to not engage in, or permit its Principal Owner or any employees work in the mobile tool business for two years, then Matco will (a) accept for return all new Products, excluding special order products and incomplete sets, that are purchased by the Distributor through or from Matco during that six (6) month period; (b) credit to the Distributor's open purchase account an amount equal to one hundred percent (100%) of the Distributor's purchase price for the returned Products up to the amount of the New Distributor Starter Inventory, and any returns above this amount will be subject to Matco's then-current restocking policy (a restocking fee will not apply if Distributor complies with Matco's then-current Product return policies); (c) credit the Distributor's open purchase account for the lesser of (i) three thousand four hundred dollars ($3,400), (ii) an amount equal to eight (8) weekly payments under the Distributor's Matco Truck lease, or (iii) the amount required to terminate the Truck lease if there are less than eight (8) weekly payments (and the calculation of the eight (8) weekly payments will commence forty-five (45) days following the date Distributor signs the joint and mutual release described below in this Section 11.2); and (d) refund the Initial Fee paid by the Distributor, less five hundred dollars ($500), or that portion of the Initial Fee paid by the Distributor if the Initial Fee was financed by Matco, less five hundred dollars ($500). The Distributor and Matco will sign a joint and mutual release of all claims that each of the parties and their affiliates, employees and agents (including the Principal Owner) may have against the other in such form as Matco may specify; however, the Distributor will remain liable for any indebtedness to Matco under this Agreement or the operation of the Distributorship and any such indebtedness will be excluded from the mutual release. Matco will make such payments only if the Distributor and its owners and any employees are in compliance with all post-termination obligations under this Agreement, including the non-competition obligations under Section 11.9 below. A "business day" is a weekday in which the shops or locations on the List of Calls are open for business. "Failed to operate" means not performing the typical and required route functions, such as customer visits, product sales and promotion, and collection of money owed. The opportunity to terminate this Agreement pursuant to this Section 11.2, shall not be applicable to, nor available to, the Distributor if (i) this Agreement is not the Distributor's and Principal Owner's first Distributorship, (ii) the Distributor is or was a Matco employee or associate, or (iii) the Distributor is a Mobile Store

Manager, nor shall this termination option be available for any additional Distributorship or any renewal, extension or successor Distributorship Agreement.

11.3 **Matco's Termination Rights**. Matco has the right to terminate this Agreement if the Distributor: (A) violates any material term, provision, obligation, representation or warranty contained in this Agreement or any other agreements entered into with Matco including, but not limited to, agreements regarding participation in the Matco Tools PSA Program, (B) fails to comply with the Customer Service Standards, (C) makes an assignment for the benefit of creditors or if a voluntary or involuntary proceeding is instituted by or against the Distributor in bankruptcy or under any other insolvency or similar law, (D) attempts to assign or transfer this Agreement without Matco's written consent, (E) Abandons the Distributorship, (F) fails to timely make any payment due to Matco under this Agreement or under any other agreement, promissory note or contract, (G) refuses to perform a physical inventory if required by Matco or refuses to permit Matco to audit the Distributor's books and records in accordance with Section 5.2, or (H) fails to comply with Section 10.5.

11.4 **Notice; Cure Periods**. Matco will not have the right to terminate this Agreement unless and until: (A) written notice setting forth the alleged breach giving rise to the termination has been delivered to the Distributor in accordance with the terms of Section 13.2, and (B) the Distributor fails to correct the breach within thirty (30) days, or as required under applicable law if longer. Notwithstanding the foregoing, the Distributor will have ten (10) days to make full payment to Matco where the written notice states that the Distributor is delinquent in any payment due to Matco under this Agreement.

11.5 **Immediate Termination Rights**. Notwithstanding Section 11.4, Matco will have the right to immediately terminate this Agreement by giving the Distributor written notice of termination, if: (A) the Distributor Abandons the Distributorship, including voluntary or involuntary Abandonment, and/or Abandonment due to repossession of the Matco Tools Mobile Store and inventory, (B) the Principal Owner is convicted of or pleads guilty to a gross misdemeanor or felony, (C) the Distributor or the Principal Owner is involved in any conduct or act which materially impairs the goodwill associated with Matco, the Business System, or the Marks, including any fraudulent or deceptive actions, (D) the Distributor refuses to permit Matco to audit the Distributorship's books and records in accordance with Section 5.2, (E) the Distributor or the Principal Owner has been found to have submitted a fraudulent credit application, (F) the Distributor or the Principal Owner commits any fraudulent act in connection with any of his/her agreements with Matco, (G) the Distributor, Principal Owner, an Operator, or any other employee sells, offers for sale or distributes any products to customers at any location not identified on the Distributor's List of Calls in violation of Section 3.2 of this Agreement, (H) the Principal Owner is disabled to the extent that the Principal Owner cannot perform her or his obligations hereunder for a period of six (6) consecutive months, or for any six (6) months within a period of eighteen (18) consecutive months, (I) the Principal Owner dies, (J) the Distributor, after curing a default pursuant to Sections 11.3 and 11.4, commits the same default again within a twelve (12) month period of the previous default, whether or not cured after notice, (K) the Distributor commits the same or different default under this Agreement, three or more times within any twelve (12) month period, whether or not cured after notice, (L) the Distributor or any owner makes an assignment for the benefit of creditors or if a voluntary or involuntary proceeding is instituted against the Distributor in bankruptcy or under any other insolvency or similar law, (M) the Distributor has one or more promissory notes under which Distributor owes money to Matco that is cancelled, terminated or accelerated due to Distributor's default under such note and its/his/her failure to cure such default, (N) if this Agreement or Matco's franchise business model is adjudicated in the state or jurisdiction where the Distributor operates to be illegal or unenforceable by an administrative, regulatory, governmental, or judiciary body, including, but not limited to any purported misclassification of the relationship between Matco and the Distributor established by this

Agreement , or (O) the Principal Owner, Operator or any their employees conduct any Distributorship operations, including but not limited to, operating the mobile showroom, while illegally impaired or under the influence of drugs or alcohol.

11.6 **Obligations Upon Termination**. Upon the termination or expiration of this Agreement, the Distributor will: pay Matco all amounts owed by the Distributor to Matco including interest charged on distributor's Open Purchase Account balance at a rate of eighteen percent (18%) annually or the maximum rate permitted by law, whichever is lower; provide Matco with the inventory amounts and financial information of the Distributorship for the preceding twelve (12) months; immediately cease using all of the Marks and the Business System; provide Matco with all Customer lists and other information relating to the Customers of the Distributorship; return to Matco by pre-paid U.S. mail the Manual and all other manuals, software, catalogs, brochures, pamphlets, decals, signs, and other materials provided to the Distributor by Matco, and/or destroy all electronic versions of such materials and provide verification of such destruction to Matco; and remove all Marks, logos, graphics and insignias indicating a relationship with Matco from the Mobile Store and all other property of the Distributor. In addition, Matco may assess Distributor a late fee of twenty-five dollars ($25) per week for each week that the Distributor fails to pay the balance owed on the Open Purchase Account following termination. The Distributor acknowledges and understands that an uncured default and/or the termination of the Distributorship Agreement may also be a default under notes, financing, or agreements that the Distributor or Principal Owner may have with third parties, including, by way of example, the lease for the Mobile Store, and such termination of this Agreement may cause an acceleration of payments under a note or lease and for forfeiture of the Mobile Store or repossession of the Mobile Store by the lessor or financing entity.

11.7 **Return of Products**. Within thirty (30) days following: (A) the expiration or non-renewal of this Agreement, or (B) termination of this Agreement by Matco or by Distributor, Matco will, in accordance with Matco's then-current Product return policy, permit the Distributor to return the new and unused Products purchased by the Distributor from Matco, and the amount of the Products returned will be credited to the Distributor's Open Purchase Account, subject to any restocking fees or other fees or charges in accordance with Matco's then-current Product return policy.

11.8 **Warranty Returns**. During the thirty (30) day period following termination of this Agreement, Matco will accept Products returned to it by the Distributor for warranty claim processing in accordance with Matco's then existing Warranty policy.

11.9 **Non-Solicitation of Customers; Covenant Against Competition**. Distributor and the Principal Owner covenant that each of the Distributor, the Principal Owner, the Operator, and any other owners or Guarantors or others in active concert or participation with them, except as otherwise approved in writing by Matco:

11.9.1 shall not, during the term of this Agreement, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company, or corporation, own, maintain, operate, engage in, or have any interest in any business which is the same as or similar to a Matco mobile tool distributorship business, including without limitation, a business that manufactures, sells, and/or distributes any products that are the same as or similar to the Products (referred to herein as a "**Competitive Business**");

11.9.2 shall not, during the term of this Agreement, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, limited liability company, or corporation, sell or attempt to sell to any customers or Potential Customers of the Distributorship any products that are the same or similar to the Products;

11.9.3 shall not for a continuous uninterrupted period of one (1) year from the later of the date of: (A) a transfer permitted under Article 10, above; (B) expiration or termination of this Agreement (regardless of the cause for termination); or (C) a final order of a duly authorized arbitrator, panel of arbitrators, or court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 11.9, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any persons, partnership, limited liability company, or corporation, sell or attempt to sell any Products or any products the same as or similar to the Products to (i) any Customer who purchased one or more Products from Distributor during the twelve (12) month period immediately preceding the dates referred to in subclauses (A), (B), or (C) of this Section 11.9.3, or (ii) any Potential Customer, located on, or identified in, the Distributor's List of Calls, as such list may have been amended as provided for in this Agreement and in accordance with Matco's policies, if Distributor had visited or made one or more sales calls to such Potential Customer, List of Calls, or person or business identified on the List of Calls during the twelve (12) month period immediately preceding the date referred to in subclauses (A), (B), or (C) of this Section 11.9.3.

11.10 **<u>Compliance with Obligations.</u>** Distributor represents and warrants that it will ensure that all Distributorship employees and any Operator are subject to the restrictions in sections 11.9.1, 11.9.2 and 11.9.3.

ARTICLE 12
DISPUTE RESOLUTION

12.1 **<u>Arbitration.</u>** Except as expressly provided in Section 12.5 of this Agreement, all breaches, claims, causes of action, demands, disputes and controversies (collectively referred to as "breaches" or "breach") between the Distributor, the Principal Owner, Operator(s), any other owners, immediate family members of the Principal Owner, heirs, executors, successors, assigns, shareholders, partners or guarantors, and Matco, including its employees, agents, officers or directors and its parent, subsidiary or affiliated companies, whether styled as an individual claim, class action claim, or otherwise, arising from or related to this Agreement, the offer or sale of the franchise and distribution rights contained in this Agreement, the relationship of Matco and Distributor, or Distributor's operation of the Distributorship, including any challenges to the validity or application of this provision or any other provision of this Agreement, and allegations of fraud, misrepresentation, and violation of any federal, state or local law or regulation, will be determined exclusively by binding arbitration on an individual, non-class basis only, before one (1) neutral arbitrator with at least five (5) years of franchise law experience, in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association, a copy of which is publicly available on the Internet at https://www.adr.org/Rules ("Arbitration"). The Arbitration proceedings and any Arbitration award shall be maintained by the parties as strictly confidential, except as is otherwise required by law or court order, or as is necessary to confirm, vacate or enforce the award, and for disclosure in confidence to the parties' respective attorneys and tax advisors. In any Arbitration, this Agreement, and the relationship between the Distributor and Matco and any disputes arising thereunder, will be governed by and construed in accordance with the laws of the State of Ohio, and the procedural and substantive law of Ohio will govern the rights and obligations of and the relationship between the parties irrespective of any conflict of laws. However, if required by applicable law, then this Agreement, and the relationship between the Distributor and Matco and any disputes arising thereunder, will be governed by and construed in accordance with the laws of the state in which the Distributor primarily operates, and the procedural and substantive law of that state will govern the rights and obligations of and the relationship between the parties irrespective of any conflict of laws. Nothing in this section shall be interpreted to preclude the application of the FAA to this Article 12.

12.2 **Notice of Dispute.** The party alleging the breach must provide the other party with prior written notice setting forth the facts of the breach in detail, and neither party will have the right to commence any Arbitration proceedings unless and until such written notice is given.

12.3 **Limitation of Actions; Waiver of Claims**. UNLESS THIS PROVISION IS PROHIBITED BY APPLICABLE LAW, ANY AND ALL CLAIMS BROUGHT BY ANY PERSON OR PARTY, ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF MATCO AND DISTRIBUTOR, THE OFFER OR SALE OF THE FRANCHISE AND DISTRIBUTION RIGHTS CONTAINED IN THIS AGREEMENT, OR DISTRIBUTOR'S OPERATION OF THE DISTRIBUTORSHIP, INCLUDING ANY ARBITRATION PROCEEDING, OR ANY CLAIM IN ARBITRATION (INCLUDING ANY DEFENSES AND ANY CLAIMS OF SET-OFF OR RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (A) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (B) ONE (1) YEAR AFTER THE DATE UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (C) EIGHTEEN (18) MONTHS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS SHALL BE IRREVOCABLY BARRED. CLAIMS OF THE PARTIES FOR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS. FOR THE PURPOSES OF THIS SECTION, "CLAIM" SHALL MEAN ANY ALLEGATION, CHALLENGE, DEMAND, CAUSE OF ACTION, ARBITRATION, DISPUTE, CONTROVERSY, INVESTIGATION, OR ADMINISTRATIVE PROCEEDING.

12.4 **Powers of Arbitrator.** The arbitrator shall have the exclusive power to decide all issues of arbitrability, and all doubts as to the arbitrability of a particular claim or breach shall be resolved in favor of arbitration. The arbitrator shall have the full authority to make a finding, judgment, decision and award relating to the claims made in the demand for arbitration, as provided for in Section 12.1 above, and subject to the limitations in this Section 12.4. The Federal Rules of Evidence (the "Rules") shall apply to all Arbitration hearings and the introduction of all evidence, testimony, records, affidavits, documents and memoranda in any Arbitration hearing must comply in all respects with the Rules and the legal precedents interpreting the Rules. Both parties will have the absolute right to cross-examine any person who testifies against them or in favor of the other party. Except as expressly provided in Section 12.12, the arbitrator will have no authority to add to, delete or modify the terms and provisions of this Agreement. All findings, judgments, decisions and awards of the arbitrator will be limited to the dispute or controversy set forth in the written demand for Arbitration and any counterclaim, and the arbitrator will have no authority to decide any other disputes or controversies. All findings, judgments, decisions and awards by the arbitrator will be in writing, will be made within ninety (90) days after the Arbitration hearing has been completed, and will be final and binding on Matco and the Distributor (including the Principal Owner, any other owners, immediate family members of the Principal Owner, heirs, executors, successors, assigns, shareholders, partners or guarantors). The written decision of the arbitrator will be deemed to be an order, judgment and decree and may be entered as such in any Court of competent jurisdiction by either party in any jurisdiction, notwithstanding Section 12.9. The arbitrator's findings and award may not be used to collaterally estop Matco, the Distributor or any other party from raising any like or similar issues, claims or defenses in any other or subsequent Arbitration, litigation, court hearing or other proceeding involving third parties or other Distributors.

12.5 **Disputes Not Subject to Arbitration.** The following disputes and controversies between the Distributor and Matco will not be subject to Arbitration: any dispute or controversy involving the Marks or which arises under or as a result of Article 7 of this Agreement, any dispute or controversy involving the immediate termination of this Agreement by Matco pursuant to Section 11.5, and any dispute or controversy involving enforcement of the covenants not to compete contained in this Agreement. Nothing herein shall preclude Matco or the Distributor from obtaining injunctive relief pursuant to Article 12.11 below.

12.6 **No Class Actions.** No party except Matco (including its employees, agents, officers or directors and its parent, subsidiary or affiliated companies) and the Distributor, the Principal Owner, immediate family members of the Principal Owner, any other owners, heirs, executors, successors, assigns, shareholders, partners, and guarantors) may join in or become a party to any Arbitration proceeding arising under this Agreement, and the arbitrator will not be authorized to permit any person or entity that is not a party to this Agreement or identified in this paragraph to be involved in or to participate in any Arbitration conducted pursuant to this Agreement. No matter how styled by the party bringing the claim, any claim or dispute is to be arbitrated on an individual basis and not as part of a consolidated common or a class action, and Matco, the Distributor, the Principal Owner and any other owners waive any and all rights to proceed on a consolidated, common or class basis. **MATCO, THE DISTRIBUTOR AND PRINCIPAL OWNER EXPRESSLY WAIVE ANY RIGHT TO ARBITRATE OR LITIGATE AS A CLASS OR COLLECTIVE ACTION OR IN A PRIVATE ATTORNEY GENERAL CAPACITY. MATCO, AND THE DISTRIBUTOR AND PRINCIPAL OWNER HEREBY AGREE NOT TO SEEK JOINDER OF ANY CLAIMS WITH THOSE OF ANY OTHER PARTY.**

12.7 **Limitation of Damages**. UNLESS THIS LIMITATION IS PROHIBITED BY APPLICABLE LAW, EACH OF THE PARTIES (INCLUDING DISTRIBUTOR'S OWNERS) HEREBY AGREES THAT THE OTHER PARTY WILL NOT BE LIABLE FOR PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF FUTURE PROFITS, ARISING OUT OF ANY CAUSE WHATSOEVER, WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY, OR STATUTE OR ORDINANCE, AND AGREES THAT IN THE EVENT OF A DISPUTE, THE RECOVERY OF EITHER PARTY WILL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

12.8 **Waiver of Jury Trials**. UNLESS THE WAIVER IS PROHIBITED BY LAW, IF ANY DISPUTE IS NOT SUBJECT TO ARBITRATION UNDER THIS AGREEMENT, THEN EACH OF THE PARTIES AGREES THAT THE TRIAL OF ANY LEGAL ACTION ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES WILL BE HEARD AND DETERMINED BY A JUDGE WHO WILL SIT WITHOUT A JURY. THE PARTIES ACKNOWLEDGE THAT THEY HAVE OBTAINED INDEPENDENT LEGAL ADVICE AS TO THE EFFECT OF THIS JURY WAIVER PROVISION, AND FURTHER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE EFFECT OF THIS JURY WAIVER PROVISION. EITHER PARTY MAY FILE AN ORIGINAL OR COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT BY THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

12.9 **Venue and Jurisdiction**. Unless this requirement is prohibited by law, all arbitration proceedings and hearings must and will be conducted via Zoom or other agreed-upon video platform and managed through the offices of the American Arbitration Association closest to Summit or Cuyahoga County, Ohio, at our option. All court actions, mediations or other hearings or proceedings initiated by either party against the other party must and will be venued exclusively in Summit or Cuyahoga County, Ohio. Matco (including its employees, agents, officers or directors and its parent, subsidiary or affiliated companies) and the Distributor and Principal Owner (including immediate family members of the Principal Owner, any other owners, heirs, executors, successors, assigns, shareholders, partners, and guarantors) do hereby agree and submit to the exclusive personal jurisdiction in Summit or Cuyahoga County, Ohio in connection with any Arbitration hearings, court hearings or other hearings, including any lawsuit challenging the arbitration provisions of this Agreement or the decision of the arbitrator, and do hereby waive any rights to contest venue and jurisdiction in Summit or Cuyahoga County, Ohio and any claims that venue and jurisdiction are invalid. Solely with respect to actions filed in accordance with Section 12.1 hereof, upon either the Distributor establishing great financial need or for other good cause shown, or in the event the law of the jurisdiction in which Distributor operates the Distributorship requires that arbitration proceedings be conducted in that state, a Distributor may request, and an arbitrator appointed pursuant to this Agreement may order, that the arbitration hearing shall be conducted in the state in which the principal office of the Distributorship is located. Notwithstanding this Section, any actions brought by either party to enforce the decision of the arbitrator may be venued in any court of competent jurisdiction notwithstanding the jurisdictional limitations imposed by this Article 12.

12.10 Arbitration Costs. Except as otherwise specified herein, all disputes to be resolved by arbitration pursuant to Section 12.1, the parties shall share equally the cost of the arbitrator and the arbitration services and related expenses, but the parties shall bear their own costs to attend and participate in the arbitration, including each party's respective attorney's fees and travel costs. In a dispute initiated by a Distributor, if the cost sharing provided herein would render this Article 12 unconscionable under applicable state law, then upon adequate proof by the Distributor of a lack of sufficient means to prosecute the claims, Matco will advance Distributor's portion of any arbitration costs, excluding attorney's fees, costs, and expenses, and travel costs. The arbitrator shall have the power to decide whether or not (i) applicable state law would find the cost sharing provision to support a finding of unconscionability under the circumstances; (ii) whether the Distributor has adequately demonstrated financial need; and (3) the power to modify this cost sharing provision if it would otherwise be unenforceable under applicable state law. With the exception of the post-Arbitration award, and subject to applicable law, nothing in this Article 12.10 shall be interpreted to permit an arbitrator to order Matco to pay, at any time, Distributor's (or any party's) attorney fees, costs or expenses, and/or travel costs, and the Distributor agrees that it has no right, claim, or entitlement to have attorney fees, costs, or expenses, and/or travel costs paid by Matco. As may be required by applicable state law, the arbitrator shall award attorneys' fees and costs to the prevailing party.

12.11 Injunctive Relief. Nothing herein contained shall bar Matco's or Distributor's right to obtain injunctive relief against threatened conduct, in order to preserve the status quo pending arbitration, that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

12.12 Severability. It is the desire and intent of the parties to this Agreement that the provisions of this Article be enforced to the fullest extent permissible under the laws and public policy applied in each jurisdiction in which enforcement is sought. Accordingly, if any part of this Article is adjudicated to be invalid or unenforceable, then this Article will be deemed amended to delete that portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of this Article in the particular jurisdiction in which the adjudication is made. Further, to the extent any provision of this Article is deemed unenforceable by virtue of its scope, the parties to this Agreement agree that the same will, nevertheless be enforceable to the fullest extent permissible under the laws and public policies applied in such jurisdiction where enforcement is sought, and the scope in such a case will be determined by Arbitration as provided herein. However, if the provisions prohibiting classwide or collective arbitration are deemed invalid, then there shall be no obligation to arbitrate any classwide or collective claims.

12.13 **Survival**. The Distributor acknowledges and agrees that this Article 12 shall survive the termination or expiration of this Agreement.

ARTICLE 13
MISCELLANEOUS

13.1 **Waiver**. The failure of Matco to enforce at any time any provision of this Agreement will in no way affect the validity or act as a waiver of this Agreement, or any part, or the right of Matco thereafter to enforce it. In addition, acceptance by Matco of any payments or partial payments due to it under this Agreement shall not be deemed a waiver by Matco of any preceding or succeeding breach by the Distributor of any terms, provisions, covenants, or conditions of this agreement, or other amounts due. The Distributor acknowledges that Matco operates a large and diverse distributorship network and that Matco is not obligated to enforce each distributorship agreement in a uniform manner with respect to the other distributors. No waiver by Us of any noncompliance with or variance from the provisions of this Agreement shall be valid unless in writing and signed by Us.

13.2 **Notices**. Any notice required under this Agreement will be deemed to have been duly given if it is addressed to the party entitled to receive it at the address set forth on the cover page of this Agreement and it is personally served on the party, is sent by pre-paid United States certified mail, return receipt requested, is sent by a recognized overnight carrier (Federal Express, UPS, Purolator) that requires a signature acknowledging delivery, or by other means which affords the sender evidence of delivery, or of rejected delivery.

13.3 **Governing Law**. Subject to Matco's rights under federal trademark laws and the parties' rights under the Federal Arbitration Act under Article 12 above, this Agreement, and the relationship between the Distributor and Matco and any disputes arising thereunder, will be governed by and construed in accordance with the laws of the State of Ohio, and the procedural and substantive law of Ohio will govern the rights and obligations of and the relationship between the parties irrespective of any conflicts of laws. The parties agree that any state law or regulation applicable to the offer or sale of franchises or business opportunities, or the franchise relationship, will not apply unless the jurisdictional provisions are independently met. The Distributor waives, to the fullest extent permitted by law, the rights and protections provided by any such franchise or business opportunity law or regulation.

13.4 **Severability**. If any term or provision of this Agreement is determined to be void, invalid, or unenforceable, such provision will automatically be voided and will not be part of this Agreement, but the enforceability or validity of the remainder of this Agreement will not be affected thereby.

13.5 **Entire Agreement**. This Agreement, including all exhibits and addenda, supersedes all prior verbal and written agreements between the parties. Subject to our right to modify the Manual (including the Service Standards) and the Business System standards, no change, amendment or modification to this Agreement will be effective unless made in writing and signed by both the Distributor and an officer of Matco. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations Matco made in the Franchise Disclosure Document that Matco furnished to you.

13.6 **Force Majeure**. In addition to Section 6.9 of this Agreement, Matco shall not be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from an event of Force Majeure. Any delay resulting from any of said causes of Force Majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. As used in this Section 13.6, "Force Majeure" means the following events or causes: (a) transportation shortages, or inadequate supply of equipment, supplies, labor, materials or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with any law, ruling, order, regulation, requirement, or instruction of any government or any department or agency thereof; (b) acts of God; (c) fires, strikes, embargoes, war or riot; (d) an extreme weather event; (e) pandemic or similar outbreak of illness; or (f) any other circumstance which is beyond Matco's reasonable control.

ARTICLE 14
ANTI-CORRUPTION AND FOREIGN LAW COMPLIANCE

14.1 **FCPA and Anti-Corruption Obligations**. Matco and its parent company and affiliates adhere to policies that require strict compliance with the FCPA (defined below) and other laws of the United States, and conducts annual audits of their processes and procedures to ensure compliance. Matco expects its franchisees and distributors to adhere to the same high level of compliance and business integrity in the operation of their businesses. The Distributor represents and warrants to Matco that the Distributor shall comply with all local, national, and other laws of all jurisdictions globally relating to anti-corruption, bribery, extortion, kickbacks, or similar matters which are applicable to the Distributor's business activities in connection with this Agreement, and that the Distributor will take no action that will cause the Distributor or Matco to violate any such laws. Without limiting the foregoing, the Distributor agrees as follows:

14.1.1 The Distributor specifically represents and warrants to Matco that the Distributor and its Principal Owner is familiar with the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), and that the Distributor shall comply with the FCPA and will take no action that will cause the Distributor or Matco to violate the FCPA.

14.1.2 It is the intent of the Distributor and Matco, and the Distributor represents and warrants to Matco, that no payment of money or provision of anything of value will be offered, promised, paid or transferred, directly or indirectly, by any person or entity, to any government official, government employee, or employee of any company owned in part by a government, political party, political party official, or candidate for any government office or political party office to induce such organizations or persons to use their authority or influence to obtain or retain an improper business advantage for the Distributor or for Matco, or which otherwise constitute or have the purpose or effect of public or commercial bribery, acceptance of or acquiescence in extortion, kickbacks or other unlawful or improper means of obtaining business or any improper advantage, with respect to any of the Distributor's activities related in any way to this Agreement, including, without limitation, any payment of money or provision of anything of value to any employee of any customer in order to secure a sale.

14.1.3 Matco may withhold payments under this Agreement, or terminate this Agreement immediately, if it believes, in good faith, that the Distributor has breached the foregoing compliance with the laws and provisions of this Agreement, or caused Matco to violate the FCPA or other applicable laws. Matco shall not be liable to the Distributor for any claim, losses, or damages related to Matco's decision to exercise its rights under this provision.

14.2 Export Restrictions and Controls. Products and technical data supplied by Matco are subject to export laws and regulations. The Distributor will comply with all applicable restrictions regarding exports, re-exports and transfers, including obtaining any required U.S. or other country licenses, authorizations, or approvals. The Distributor will inform each of its customers (where the circumstances suggest the customer may be exporting) of applicable restrictions on exports, re-exports, or transfers at the time the Distributor resells or otherwise disposes of any product or technical data supplied by Matco to such customer. The Distributor agrees to maintain controls adequate to comply with applicable export control laws and regulations. The Distributor agrees to certify its compliance with all applicable export control laws and regulations annually in the written form provided by Matco. Matco will exercise commercially reasonable efforts to provide the Distributor with guidance on any export control/licensing requirements applicable to products or technical data provided to the Distributor by Matco on an as- requested basis, but the Distributor remains responsible for ensuring its own compliance with all applicable export control laws.

14.3 Terrorist and Money Laundering Activities. The Distributor represents and warrants to Matco that neither the Distributor nor its Principal Owner, either by name or an alias, pseudonym or nickname, is identified on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ofac/). Further, the Distributor represents and warrants that neither of the Distributor nor Principal Owner has violated, and both agree not to violate, any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (text currently available at http://www.epic.org/privacy/terrorism/hr3162.html), U.S. Executive Order 13224 (text currently available at http://www.treas.gov/offices/enforcement/ ofac/legal/eo/13224.pdf), or any similar law. The foregoing constitutes continuing representations and warranties, and the Distributor and the Principal Owner shall immediately notify Matco in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

ARTICLE 15
REPRESENTATIONS BY THE DISTRIBUTOR

15.1 Receipt of Completed Agreement and Disclosure Documents. The Distributor acknowledges that it received Matco's Franchise Disclosure Document at least fourteen (14) calendar days prior to the date this Agreement was signed by the Distributor, and that the Distributor signed the acknowledgement of receipt attached to the Franchise Disclosure Document.

15.2 Independent Investigation by Distributor. The Distributor acknowledges that it: has read this Agreement in its entirety; has had full and adequate opportunity to discuss the terms and conditions of this Agreement with legal counsel or other advisors of the Distributor's own choosing, and that Matco has encouraged the Distributor to speak to such counsel or other advisors; has had ample opportunity to investigate the Matco Business System; has had ample opportunity to consult with current Matco distributors; has had ample opportunity to conduct due diligence on the Distributor's List of Calls and the number of Potential Customers included therein; and has had all questions relating to the Distributorship, including those of any advisor, answered to the Distributor's satisfaction. Further, You acknowledge that You have conducted a thorough independent investigation of the business contemplated by this Agreement and recognize that the success of the Distributorship involves substantial business risks and shall depend largely upon Your ability and efforts. We expressly disclaim making, and You acknowledge that You have not received or relied on, any warranty or guaranty, express or implied, as to the potential volume, profits, costs or success of the business contemplated by this Agreement.

15.3 **Truth and Accuracy of Representations**. The Distributor represents and warrants to Matco that all statements, documents, materials, and information, including the application, submitted by the Distributor and the Principal Owner to Matco are true, correct, and complete in all material respects. The Distributor agrees to promptly advise Matco of any material change in the information or statements submitted to Matco. The Distributor acknowledges and understands that Matco has entered into this Agreement in reliance on the statements and information submitted to Matco by the Distributor and the Principal Owner, and that any material breach or inaccuracy is grounds for Matco's termination of this Agreement. For example, Matco has agreed to enter into this Agreement with the Distributor based in part on the Distributor's representation to Matco that the Distributor is a lawfully formed corporation, limited liability company, or other business entity.

15.4 **No Representations**. Except as may be disclosed in Matco's Franchise Disclosure Document, the Distributor has not received from either Matco, or anyone acting on behalf of Matco, any representation of the Distributor's potential sales, income, profit, or loss which may be derived from the Distributorship. The Distributor understands that Matco will not be bound by any unauthorized representations, including those made by other Matco distributors or by lending institutions based on information given to them to assist in their evaluation of Matco's business opportunity.

15.5 **No Warranty of Success**. The Distributor understands that Matco makes no express or implied warranties or representations that the Distributor will achieve any degree of financial or business success in the operation of the Distributorship. While Matco will provide the Distributor with training, advice, consultation, and the List of Calls and Number of Potential Customers in Exhibit A, success in the operation of the Distributorship depends ultimately on the Distributor's efforts and abilities and on other factors beyond Matco's control, including, but not limited to, economic conditions and competition.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed on the date set forth above. The Distributor further acknowledges that this Agreement will become effective and binding only upon acceptance and execution by Matco in the State of Ohio on the date indicated below (the "Effective Date").

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
______________________________	
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________
Date: ___________________________	Date: ___________________________

Principal Owner Acknowledgment:

__________________________, as the Principal Owner and guarantor of this Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Distributorship Agreement and in the Manual, including, but not limited to, Article 3, Section 5.4, Article 9, Article 10, Article 11, Article 12, and Article 13 of this Distributorship Agreement. Accordingly, the Principal Owner shall enter into the Guarantee, Indemnification, and Acknowledgment attached hereto as Exhibit N.

Principal Owner Name:____________________

Signature:_______________________________

Date:___________________________________

APPENDIX D
EXHIBIT A

MATCO TOOLS
LIST OF CALLS AND NUMBER OF POTENTIAL CUSTOMERS

(See attached form)

Exhibit "A"

List of Calls and Number of Potential Customers

Distributor Entity Name: ______________________ District Manager: ______________________

Address: ______________________

______________________ Area of Operation: ______________________

Distributor Number: ______________________ Date Updated: ______________________

Distributor Entity Signature: ______________________ Date: ______________ Day Pot. Cust.: __________

Principal Owner Name: ______________________ Date: ______________

Principal Owner Signature: ______________________ Date: ______________

DM Signature: ______________________ Date: ______________ Total Pot. Cust.: __________

Approx Time	Shop Type	Shop Name	Address 1	City	State/ Province	Zip/Postal Code	Telephone	# of Potential Customers

INITIAL INVESTMENT RESERVE ACKNOWLEDGMENT

[Note: This exhibit should only be completed if the Distributor is required to pay to Matco an Initial Investment Reserve.]

Amount of the Distributor's Initial Investment Reserve: $__________________*

The Initial Investment Reserve is payable by Distributor to Matco on or before: ____________

Matco will disburse approximately 50% of the Initial Investment Reserve to the Distributor on or about: ____________, and Matco will disburse the remaining balance of the Initial Investment Reserve to the Distributor on or about: ______________.

**The amount of the initial costs and expenses that the Distributor will incur in connection with commencing operations of the Distributorship, and operating during an initial start-up period, may exceed the Initial Investment Reserve, and the Initial Investment Reserve is intended only to offset the Distributor's initial expenditures.* (prefixed by *)

Acknowledged and agreed to by:

DISTRIBUTOR:

By: ______________________________

Name: ____________________________

Title: _____________________________

Date: _____________________________

APPENDIX D
EXHIBIT C-1

MATCO TOOLS
INSTALLMENT PROMISSORY NOTE FOR STANDARD INITIAL FINANCING PROGRAM

(See attached form)

Matco Tools Corporation

INSTALLMENT PROMISSORY NOTE

APPENDIX D
EXHIBIT C

______________, ______________
(Debtor's City and State)

$ 0.00
(Principal Amount)

________________________________, _______

FOR VALUE RECEIVED, the undersigned promises to pay without defalcation or set off to the order of MATCO TOOLS CORPORATION, a Delaware Corporation ("MATCO"), located at 4403 Allen Road, Stow, Ohio 44224, in lawful money of the United States of America, the amount of *#N/A* Dollars ($ *0.00*), together with interest thereon at an annual rate of *#N/A* Percent (*0.00%*) on the successive unpaid balances of said principal amount in *Five-Hundred-Twenty* (*520*) successive weekly installments of *#N/A* Dollars ($ *#N/A*), commencing on ______________, _______. On ________________, _________, the entire remaining principal balance, plus any accrued and unpaid interest will be due and payable.

Interest at the rate specified herein shall continue to accrue and shall be payable to the holder hereof on any overdue and unpaid balances of the principal amount or installments thereof until such overdue amounts are paid in full, whether at or after the maturity hereof. The undersigned shall have the right to prepay the entire principal amount plus interest then accrued thereon at any time without notice or penalty.

The undersigned shall be in default under this Note upon the happening of any of the following events or conditions:

(a) Any installment of principal or interest on this Note is not paid when due or upon demand as aforesaid:

(b) The failure of the undersigned to pay its debts as they mature, or the occurrence of any event which results in the acceleration of the maturity of the indebtedness of the undersigned to others under any indenture, agreement, or undertaking;

(c) The cancellation of or default by the undersigned under that certain Distributorship Agreement, between Matco the undersigned or any other agreement, note, lease, or contract between the undersigned and Matco or any subsidiary or affiliate of Matco, or the failure of the undersigned to perform any other obligation of the subsidiary or affiliate of Matco;

(d) The dissolution, termination of existence, insolvency, business failure appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by or against, the undersigned or any guarantor of surety for the undersigned (including the undersigned's Principal Owner).

(e) The failure of the undersigned to (i) have this note fully collateralized at all times or, (ii) provide evidence of full collateralization in the form of a physical inventory upon Matco's request.

Upon default hereunder, the entire principal amount unpaid hereon, with interest then accrued, shall, at the option of any holder hereof, at once become due and payable without demand, or notice, demand and notice being hereby expressly waived, and such amounts of principal thereby declared to be due and payable shall thereafter continue to bear interest at the rate specified herein until all such amounts of principal plus interest accrued hereunder shall have been paid in full. Payments made hereon shall first be applied to payment of interest then accrued and then to the principal amount which remains unpaid.

The makers, endorsers and all guarantors of this Note jointly and severally waive demand, protest, presentment, notice of protest and non-payment or dishonor, and also waive any and all defenses on the grounds of any extensions or partial payments which may be granted or accepted by the holder before or after maturity of this Note or any installment hereof. Any rights or remedies conferred herein or by law upon any holder shall be cumulative and not exclusive and may be exercised at the option of the holder, either concurrently or consecutively.

Should legal action or an attorney at law be utilized to collect any amount due hereunder, the undersigned promises to pay all costs of collection. Including reasonable attorney's fees, incurred by Matco, any agent of Matco or affiliates thereof, or any other holder.

The undersigned, if more than one, shall be jointly and severally liable hereon. This note is governed by Ohio law.

Debtor: [Distributor Entity Name]
By: ______________________________
Name: ______________________________
Date: ______________________________
Title: ______________________________

Debtor's Principal Owner and Guarantor:
By: ______________________________
Name: ______________________________
Date: ______________________________
Title: ______________________________

Additional Guarantor:

By: ______________________________
Name: ______________________________
Date: ______________________________

Debtor's Address:

____

____

IN CONSIDERATION OF ONE DOLLAR, receipt of which is acknowledged, and of the credit given or discount, loan or extension of time made by or upon the within note, the undersigned (if more than one jointly and severally) hereby unconditionally guarantee to the holder the payment thereof whenever due, in whole or in part, agree that no release of security therefor shall impair or be a defense to this guaranty and hereby consent that from time to time, without notice to the undersigned, payment of said note be extended in whole or part. The signature or signatures of the undersigned hereto is or are intended as an endorsement of the within instrument as will as the execution of the foregoing guaranty by each of the undersigned, who hereby respectively waive presentment, demand or payment, protest, and notice of non-payment and of protest.

____

____

Matco Tools Corporation

INSTALLMENT PROMISSORY NOTE

APPENDIX D
EXHIBIT C-1

(Address), (ST)
(Debtor's City and State)

$ (Amount)
(Principal Amount)

_______________________, ______

FOR VALUE RECEIVED, the undersigned promises to pay without defalcation or set off to the order of Matco Tools Corporation, a Delaware Corporation ("MATCO"), located at 4403 Allen Road, Stow, Ohio 44224, in lawful money of the United States of America, the amount of *#N/A* Dollars ($ *(Amount)*), together with interest thereon at an annual rate of *#N/A* Percent (*(Rate)* %) on the successive unpaid balances of said principal amount in *Five-Hundred-Twenty* (*520*) successive weekly installments of *#N/A* Dollars ($ *#N/A*), commencing on ________, ______. On ________, ______, the entire remaining principal balance, plus any accrued and unpaid interest will be due and payable.

Interest at the rate specified herein shall continue to accrue and shall be payable to the holder hereof on any overdue and unpaid balances of the principal amount or installments thereof until such overdue amounts are paid in full, whether at or after the maturity hereof. The undersigned shall have the right to prepay the entire principal amount plus interest then accrued thereon at any time without notice or penalty.

The undersigned shall be in default under this Note upon the happening of any of the following events or conditions:

(a) Any installment of principal or interest on this Note is not paid when due or upon demand as aforesaid:

(b) The failure of the undersigned to pay its debts as they mature, or the occurrence of any event which results in the acceleration of the maturity of the indebtedness of the undersigned to others under any indenture, agreement, or undertaking;

(c) The cancellation of or default by the undersigned under that certain Distributorship Agreement, between Matco and the undersigned or any other agreement, note, lease, or contract between the undersigned and Matco or any subsidiary or affiliate of Matco, or the failure of the undersigned to perform any other obligation of the undersigned to Matco or any subsidiary or affiliate of Matco;

(d) The dissolution, termination of existence, insolvency, business failure appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by or against, the undersigned or any guarantor of surety for the undersigned (including the Principal Owner).

(e) The failure of the undersigned to (i) have this note fully collateralized at all times or, (ii) provide evidence of full collateralization in the form of a physical inventory upon Matco's request. For the purposes of this subsection (e), "fully collateralized" shall mean collateral in an amount equal to not less than the total amount of debt owed by Debtor to MATCO under this Note, as well as any other notes or financing arrangements, or obligations otherwise owed.

Upon default hereunder, the entire principal amount unpaid hereon, with interest then accrued, shall, at the option of any holder hereof, at once become due and payable without demand, or notice, demand and notice being hereby expressly waived, and such amounts of principal thereby declared to be due and payable shall thereafter continue to bear interest at the rate specified herein until all such amounts of principal plus interest accrued hereunder shall have been paid in full. Payments made hereon shall first be applied to payment of interest then accrued and then to the principal amount which remains unpaid.

The makers, endorsers and all guarantors of this Note jointly and severally waive demand, protest, presentment, notice of protest and non-payment or dishonor, and also waive any and all defenses on the grounds of any extensions or partial payments which may be granted or accepted by the holder before or after maturity of this Note or any installment hereof. Any rights or remedies conferred herein or by law upon any holder shall be cumulative and not exclusive and may be exercised at the option of the holder, either concurrently or consecutively.

Should legal action or an attorney at law be utilized to collect any amount due hereunder, the undersigned promises to pay all costs of collection. Including reasonable attorney's fees, incurred by Matco, any agent of Matco or affiliates thereof, or any other holder.

The undersigned, if more than one, shall be jointly and severally liable hereon. This note is governed by Ohio law.

x ______________________________

Debtor [Distributor Entity Name]: *(Name)*

By: ______________________________

Name: ______________________________

Title: ______________________________

Date: ______________________________

x ______________________________

Debtor's Principal Owner and Guarantor:

By: ______________________________

Name: ______________________________

Date: ______________________________

Additional Guarantor:

By: ______________________________

Name: ______________________________

Date: ______________________________

Debotor's Address:

(Address)
(Street)

(Address) *(ST)* *(Zip)*
(City) (State) (Zip)

IN CONSIDERATION OF ONE DOLLAR, receipt of which is acknowledged, and of the credit given or discount, loan or extension of time made by or upon the within note, the undersigned (if more than one jointly and severally) hereby unconditionally guarantee to the holder the payment thereof whenever due, in whole or in part, agree that no release of security therefor shall impair or be a defense to this guaranty and hereby consent that from time to time, without notice to the undersigned, payment of said note be extended in whole or part. The signature or signatures of the undersigned hereto is or are intended as an endorsement of the within instrument as will as the execution of the foregoing guaranty by each of the undersigned, who hereby respectively waive presentment, demand or payment, protest, and notice of non-payment and of protest.

____

____

Matco Tools Corporation

REVOLVING LINE OF CREDIT AGREEMENT

Stow, Ohio

This Revolving Line of Credit Agreement (the "AGREEMENT") is made and entered into in this ______ day of ____________, 2020, by and between Matco Tools Corporation ("MATCO"), and ______ (Name) ______ ("DISTRIBUTOR").

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

LINE OF CREDIT

Matco hereby establishes for a period extending to the (Day) day of ______________________, 2020 (the "MATURITY DATE"), a line of credit (the "CREDIT LINE") for Distributor in the principal amount of ______ #N/A ______ Dollars ($ (Amount) .00) (the "CREDIT LIMIT"). In connection herewith, Distributor shall execute and deliver to Matco a Promissory Note in the amount of the Credit Limit and in form and content satisfactory to Matco. All sums advanced on the Credit Line or pursuant to the terms of this Agreement (each an "ADVANCE") shall become part of the principal of said Promissory Note.

ADVANCES

Any request for an Advance may be made from time to time and in such amounts as Distributor may choose; provided, however, any requested Advance will not, when added to the outstanding principal balance of all previous Advances, exceed the Credit Limit. Requests for Advances may be made orally or in writing by Distributor. Matco will credit the amount of any requested Advance to Distributor's OPA account with Matco. Matco may refuse to make any requested Advance if an event of default has occurred and is continuing hereunder either at the time the request is given or the date the Advance is to be made, or if an event has occurred or condition exists which, with the giving of notice or passing of time or both, would constitute an event of default hereunder as of such dates.

The funds from the Advances will be used by the Distributor for purchasing TP and inventory in connection with the operations of the Matco Tools Distributorship.

INTEREST

All sums advanced pursuant to this Agreement shall bear interest from the date each Advance is made until paid in full. The rate of interest will be (Int) ______ % per annum, simple interest (the "EFFECTIVE RATE").

REPAYMENT

Distributor shall pay one and one half percent (1.5%) of the balance due, plus accrued interest on the outstanding principal balance on a monthly basis commencing on the (Day) day of ______________________, 2020, and continuing on the fifteenth

day of each month thereafter. The entire unpaid principal balance, together with any accrued interest and other unpaid charges or fees hereunder, shall be due and payable on the Maturity Date. All payments shall be made to Matco at such place as Matco may, from time to time, designate. All payments received hereunder shall be applied, first, to any costs or expenses incurred by Matco in collecting such payment or to any other unpaid charges or expenses due hereunder; second, to accrued interest; and third, to principal. Distributor may prepay principal at any time without penalty.

REPRESENTATIONS AND WARRANTIES

In order to induce Matco to enter into this Agreement and to make the advances provided for herein, Distributor represents and warrants to Matco as follows:

Distributor is a duly organized, validly existing, and in good standing under the laws of the State of ______ (ST) ______ with the power to own its assets and to transact business in the State of ______ (ST) ______, and in such other states where its business in conducted.

Distributor has the authority and power to execute and deliver any document required hereunder and to perform any condition or obligation imposed under the terms of such documents.

The execution, delivery and performance of this Agreement and each document incident hereto will not violate any provision of any applicable law, regulation, order, judgment, decree, article of incorporation, by-law, indenture, contract, agreement, or other undertaking to which Distributor is a party, or which purports to be binding on Distributor or its assets and will not result in the creation or imposition of a lien on any of its assets.

There is no action, suit, investigation, or proceeding pending or, to the knowledge of Distributor, threatened, against or affecting Distributor or any of its assets which, if adversely determined, would have a material adverse effect on the financial condition of Distributor or the operation of its business.

EVENTS OF DEFAULT

An event of default will occur if any of the following events occurs:

Failure to pay any principal or interest hereunder within ten (10) days after the same becomes due.

Any representation or warranty made by Distributor in this Agreement or in connection with any borrowing or request for an Advance hereunder, or in any certificate, financial statement, or other statement furnished by Distributor to Matco is untrue in any material respect at the time when made.

Default by Distributor in the observance or performance of any other material term contained in this Agreement, the Promissory Note or the Distributorship Agreement, other than a default constituting a separate and distinct event of default under this Paragraph.

Filing by Distributor of a voluntary petition in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended or under any other insolvency act or law, state or federal, now or hereafter existing.

Filing of an involuntary petition against Distributor in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, and the continuance thereof for sixty (60) days un-dismissed, un-bonded, or undischarged.

REMEDIES

Upon the occurrence of an event of default as defined above, Matco may declare the entire unpaid principal balance, together with accrued interest thereon, to be immediately due and payable without presentment, demand, protest, or other notice of any kind. Matco may suspend or terminate any obligation it may have hereunder to make additional Advances. To the extent permitted by law, Distributor waives any rights to presentment, demand, protest, or notice of any kind in connection with this Agreement. No failure or delay on the part of Matco in exercising any right, power, or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided herein are cumulative and not exclusive of any other rights or remedies provided at law or in equity. Distributor agrees to pay all costs of collection incurred by reason of the default, including court costs and reasonable attorney's fees.

NOTICE

Any written notice will be deemed effective on the date such notice is placed, first class, postage prepaid, in the United States mail, addressed to the party to which notice is being given as follows:

Matco Tools
4403 Allen Road
Stow, Ohio 44224
Attention: Rick Smearcheck

Distributor: (Name)
(Address)
(Address)
(ST) (Zip)

GENERAL PROVISIONS

The financial terms of this Agreement are subject to change by Matco upon ninety (90) written notice to Distributor. All representations and warranties made in this Agreement and the Promissory Note and in any certificate delivered pursuant thereto shall survive the execution and delivery of this Agreement and the making of any loans hereunder. This Agreement will be binding upon and inure to the benefit of Distributor and Matco, their respective successors and assigns, except that Distributor may not assign or transfer its rights or delegate its duties hereunder without the prior written consent of Matco. This Agreement, the Promissory Note, and all documents and instruments associated herewith will be governed by and construed and interpreted in accordance with the laws of the State of Ohio. Time is of the essence hereof. This Agreement will be deemed to express, embody, and supersede any previous understanding, agreements, or commitments, whether written or oral, between the parties with respect to the general subject matter hereof. This Agreement may not be amended or modified except in writing signed by the parties.

EXECUTED on the day and year first written above.

DISTRIBUTOR:

By: ______________________

Name: (Name)

Title: ______________________

Date: ______________________

MATCO TOOLS CORPORATION:

By: ______________________

Name: ______________________

Title: ______________________

Date: ______________________

Distributor's Principal Owner and Guarantor:

By: ______________________

Name: ______________________

Title: ______________________

Date: ______________________

Additional Guarantor:

By: ______________________

Name: ______________________

Date: ______________________

Debtor's Address:

____

____

____

Matco Tools Corporation	PROMISSORY NOTE	Stow, Ohio

$ (Amount) .00

________________ , 2020

This Promissory Note (the "NOTE") is made and executed as of the date referred to above, by and between __________ (Name) "DISTRIBUTOR"), and Matco Tools Corporation ("MATCO"). By this Note, the Distributor promises and agrees to pay to the order of Matco, at 4403 Allen Road Stow, Ohio 44224, or at such other place as Matco may designate in writing, the principal sum of #N/A and 00/100 Dollars ($ (Amount) .00), or the aggregate unpaid principal amount of all advances made by Matco to Distributor pursuant to the terms of a Line of Credit Agreement (the "LOAN AGREEMENT") of even date herewith, whichever is less, together with interest thereon from the date each advance is made until paid in full, both before and after judgment, at the rate of % percent (Ten Point Two-Four Percent) per annum, simple interest.

Distributor shall pay accrued interest on the outstanding principal balance under the Note on a monthly basis commencing on (Day) , 2020 , and continuing on the fifteenth day of each month thereafter until paid in full. The entire unpaid principal balance, together with any accrued interest and other unpaid charges or fees hereunder, shall be due and payable on Day , 2026 (the "MATURITY DATE").

Prepayment in whole or part may occur at any time hereunder without penalty; provided that the Matco shall be provided with not less than ten (10) days' notice of the Distributor's intent to pre-pay; and provided further that any such partial prepayment shall not operate to postpone or suspend the obligation to make, and shall not have the effect of altering the time for payment of the remaining balance of the Note as provided for above, unless and until the entire obligation is paid in full. All payments received hereunder shall be applied, first, to any costs or expenses incurred by Matco in collecting such payment or to any other unpaid charges or expenses due hereunder; second, to accrued interest; and third, to principal.

An event of default will occur if any of the following events occurs: (a) failure to pay any principal or interest hereunder within ten (10) days after the same becomes due; (b) if any representation or warranty made by Distributor in the Loan Agreement or in connection with any borrowing or request for an advance thereunder, or in any certificate, financial statement, or other statement furnished by Distributor to Matco is untrue in any material respect at the time when made; (c) default by Distributor in the observance or performance of any other covenant in the Distributorship Agreement or in the Loan Agreement, other than a default constituting a separate and distinct event of default under Events of Default section of the Loan Agreement; (d) filing by Distributor of a voluntary petition in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended or under any other insolvency act or law, state or federal, now or hereafter existing; or (e) filing of an involuntary petition against Distributor in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, and the continuance thereof for sixty (60) days un-dismissed, un-bonded, or undischarged.

Any notice or demand to be given to the parties hereunder shall be deemed to have been given to and received by them and shall be effective when personally delivered or when deposited in the U.S. mail, certified or registered mail, return receipt requested, postage prepaid, and addressed to the party at his or its last known address, or at such other address as the one of the parties may hereafter designate in writing to the other party.

The Distributor hereof waives presentment for payment, protest, demand, notice of protest, notice of dishonor, and notice of nonpayment, and expressly agrees that this Note or any payment hereunder, may be extended from time to time by the Matco without in any way affecting its liability hereunder.

In the event any payment under this Note is not made at the time and in the manner required, the Distributor agrees to pay any and all costs and expenses which may be incurred by the Matco hereof in connection with the enforcement of any of its rights under this Note or under any such other instrument, including court costs and reasonable attorneys' fees.

This Note shall be governed by and construed and enforced in accordance with the laws of the State of Ohio.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
By: ______________________	By: ______________________
Name: (Name)	Name: ______________________
Title: ______________________	Title: ______________________
Date: ______________________	Date: ______________________

Distributor's Principal Owner and Guarantor:

By: ______________________

Name: ______________________

Title: ______________________

Date: ______________________

Additional Guarantor:

By: ______________________

Name: ______________________

Date: ______________________

Debtor's Address:

____

____

APPENDIX D
EXHIBIT C-2

MATCO TOOLS
INSTALLMENT PROMISSORY NOTE (WITH BALLOON PAYMENT)
FOR ALTERNATE INITIAL FINANCING PROGRAM

(See attached form)

Matco Tools Corporation

INSTALLMENT PROMISSORY NOTE
(with Balloon Payment)

APPENDIX D
EXHIBIT C-2

________(Address), (ST)________
(Debtor's City and State)

$______(Amount)________ __________________________________, _________
(Principal Amount)

FOR VALUE RECEIVED, the undersigned promises to pay without defalcation or set off to the order of Matco Tools Corporation, a Delaware Corporation ("MATCO"), located at 4403 Allen Road, Stow, Ohio 44224, in lawful money of the United States of America, the amount of _____________*#N/A*______________________ Dollars ($______*(Amount)*___), together with interest thereon at an annual rate of ______________*#N/A*___________ Percent (__*(Rate)*__%), on the successive unpaid balance of said principal amount in _____*Five-Hundred-Twenty*___________ (_*520*_) successive weekly installments of ______*#N/A*___________ Dollars ($_____*#N/A*_____), commencing on ___________, 20___, and continuing until ___________, 20___ (the "Maturity Date"). On the Maturity Date the entire remaining principal balance, plus any accrued and unpaid interest will be due and payable. Payments shall be due on each _____*(Day of the week)*. The undersigned understands and agrees that this promissory note is not fully amortizing and that the final payment on this promissory note is a balloon payment.

In the event of a written request by the undersigned, MATCO will refinance the unpaid principal balance that is due and payable on the Maturity Date at the same interest rate in effect on this promissory note prior to the Maturity Date, provided that (a) no event of default exists on the Maturity Date, (b) all accrued interest has been paid in full, and (c) MATCO has agreed to renew the undersigned's Distributorship Agreement on terms specified by MATCO at the time of the undersigned's request for renewal.

Interest at the rate specified herein shall continue to accrue and shall be payable to the holder hereof on any overdue and unpaid balances of the principal amount or installments thereof until such overdue amounts are paid in full, whether at or after the maturity hereof. The undersigned shall have the right to prepay the entire principal amount plus interest then accrued thereon at any time without notice or penalty.

The undersigned shall be in default under this Note upon the happening of any of the following events or conditions:

(a) Any installment of principal or interest on this Note is not paid when due or upon demand as aforesaid:

(b) The failure of the undersigned to pay its debts as they mature, or the occurrence of any event which results in the acceleration of the maturity of the indebtedness of the undersigned to others under any indenture, agreement, or undertaking;

(c) The cancellation of or default by the undersigned under that certain Distributorship Agreement, between Matco and the undersigned or any other agreement, note, lease, or contract between the undersigned and Matco or any subsidiary or affiliate of Matco or the failure of the undersigned to perform any other obligation of the undersigned to subsidiary or affiliate of Matco;

(d) The dissolution, termination of existence, insolvency, business failure appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by or against, the undersigned or any guarantor of surety for the undersigned (including the Principal Owner).

(e) The failure of the undersigned to (i) have this note fully collateralized at all times or, (ii) provide evidence of full collateralization in the form of a physical inventory upon Matco's request. For the purpose of this subsection (e), "fully collateralized" shall mean collateral in an amount equal to not less than the total amount of debt owed by Debtor to MATCO under this Note, as well as any other notes or financing arrangements, or obligations otherwise owed.

Upon default hereunder, the entire principal amount unpaid hereon, with interest then accrued, shall, at the option of any holder hereof, at once become due and payable without demand, or notice, demand and notice being hereby expressly waived, and such amounts of principal thereby declared to be due and payable shall thereafter continue to bear interest at the rate specified herein until all such amounts of principal plus interest accrued hereunder shall have been paid in full.

Payments made hereon shall first be applied to payment of interest then accrued and then to the principal amount which remains unpaid.

The makers, endorsers and all guarantors of this Note jointly and severally waive demand, protest, presentment, notice of protest and non-payment or dishonor, and also waive any and all defenses on the grounds of any extensions or partial payments which may be granted or accepted by the holder before or after maturity of this Note or any installment hereof. Any rights or remedies conferred herein or by law upon any holder shall be cumulative and not exclusive and may be exercised at the option of the holder, either concurrently or consecutively.

Should legal action or an attorney at law be utilized to collect any amount due hereunder, the undersigned promises to pay all costs of collection. Including reasonable attorney's fees, incurred by Matco, any agent of Matco or affiliates thereof, or any other holder.

The undersigned, if more than one, shall be jointly and severally liable hereon. This note is governed by Ohio law.

Debtor: [Distributor Entity Name]

By: ________________________________

Name: ________________________________

Title: ________________________________

Date: ________________________________

Debtor's Principal Owner and Guarantor:

By: ________________________________

Name: ________________________________

Date: ________________________________

Additional Guarantor:

By: ________________________________

Name: ________________________________

Date: ________________________________

Debtor's Address:

____

____

[Guaranty Follows on the Next Page]

GUARANTY

IN CONSIDERATION OF ONE DOLLAR, receipt of which is acknowledged, and of the credit given or discount, loan or extension of time made by or upon the within note, the undersigned (if more than one jointly and severally) hereby unconditionally guarantee to the holder the payment thereof whenever due, in whole or in part, agree that no release of security therefor shall impair or be a defense to this guaranty and hereby consent that from time to time, without notice to the undersigned, payment of said note be extended in whole or part. The signature or signatures of the undersigned hereto is or are intended as an endorsement of the within instrument as well as the execution of the foregoing guaranty by each of the undersigned, who hereby respectively waive presentment, demand or payment, protest, and notice of non-payment and of protest.

Debtor's Principal Owner and Guarantor:

By: ________________________________

Name: ________________________________

Date: ________________________________

Additional Guarantor:

By: ________________________________

Name: ________________________________

Date: ________________________________

APPENDIX D
EXHIBIT D

MATCO TOOLS
SECURITY AGREEMENT

(See attached form)

SECURITY AGREEMENT

APPENDIX D
EXHIBIT D

SECURITY AGREEMENT between MATCO TOOLS CORPORATION, a Delaware Corporation, with its offices located at 4403 Allen Road, Stow, Ohio 44224, ("Secured Party") and ____________________ [Distributor Entity Name] ____________________ *0* a ______ *0* ______ [Type of Entity] ____________________ organized in ____ *0* ____ [State of Formation] and having offices at ____ ("Debtor").

1. CREATION OF SECURITY INTEREST. In consideration of Secured Party extending credit and/or financing facilities to Debtor, Debtor hereby grants to Secured Party a security interest in the Collateral described in Section 2 to secure all Debtor's present and future debts, obligations and liabilities of whatever nature accruing under the Matco Tools Distributorship Agreement signed by the parties on ______________________________ , ______ , if any, any note or notes of Debtor, direct or indirect, absolute or contingent, due or to become due, whether now existing or hereafter arising, together with applicable interest thereon ("Obligations"), to Secured Party. This Agreement shall not be rendered void by the fact that as of any particular date there are no outstanding secured obligations, and no commitment by Secured Party to make advances. If at such time additional future advances are contemplated by the parties hereto, or any of them, this Agreement shall, if otherwise valid, continue in force and effect, insofar as concerns, and stand as security for, any indebtedness, liabilities and obligations of Debtor to Secured Party, incurred as arising prior to the filing of record of a termination statement with respect hereto, as required by law, Debtor hereby instructs the Secured Party not to file a termination statement until requested to do so by Debtor in writing.

2. COLLATERAL. The collateral subject to this Security Agreement ("the Collateral") is Debtor's inventory of all tools, and equipment, including attachments, accessories, and replacement parts therefore, now owned or hereafter acquired by Debtor, all products derived there from, and all cash and non-cash proceeds, notes, instruments, chattel paper, contract rights, general intangibles and accounts receivable together with all proceeds arising there from, whether as a result of the sale exchange, collection or other disposition of any of the Collateral, or otherwise. The Collateral is more specifically described in Debtor's purchase orders, invoices, periodic inventories, and books and records of account, as and when executed, which are by reference made a part hereof.

3. DEBTOR'S WARRANTIES AND COVENANTS. Debtor covenants and warrants:

(a) Ownership-except for the security interest hereby granted, Debtor has, or in acquisition will have, full fee simple title to the Collateral, free of any adverse encumbrances, liens, or security interests, and that Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(b) Location of Collateral-the Collateral will be kept at the address(es) of Debtor shown herein.

(c) Change of Addresses-Debtor shall immediately advise Secured Party in writing of any change or discontinuance in any of such address(es).

(d) No Other Financing Statement-which no other Financing Statement covering any of the Collateral is on file in any public office, with the exception of the following lien by none but Matco ___________________________________.

(e) Maintenance of Collateral-that Debtor shall maintain the Collateral in good condition and repair and not permit its value to be impaired; keep it free from all liens, encumbrances, and security interests (other than Secured Party's security interests); defend it against all claims and legal proceedings by persons other than Secured Party; pay and discharge when due all taxes, license fees, levies, and other charges upon it; not sell, lease, or otherwise dispose of it or permit it to become an accession to other goods except in the ordinary course of business, or as specifically authorized in writing by Secured Party; not permit it to be, used in violation of any applicable law, regulation, or policy of insurance. Loss of or damage to the collateral shall not release Debtor from any of the OBLIGATIONS.

(f) Insurance of Collateral-that Debtor will have and maintain insurance at all times with respect to all Collateral against risks of fire(included extended coverage), theft and other casualty, with reputable insurance companies; such insurance to be payable to Secured Party and Debtor as their interests may appear.

(g) Proceeds of Notes-in the event that any of the Collateral is being or shall be acquired with the proceeds disbursed by Secured Party of a note or notes, Debtor shall use such proceeds solely for acquisition of Collateral and shall not mingle such proceeds with Debtors other assets nor divert such proceeds for any other purpose whatever.

(h) Amount of Collateral. Debtor will maintain Collateral in an amount not less than the aggregate amount of the OBLIGATIONS at any time and from time to time outstanding. The value of the Collateral shall be determined by Secured Party based on its reasonable determination of the fair market value of such Collateral; provided, however, that all inventory shall be valued at the non-discounted wholesale price of such inventory, at the time it was acquired by Debtor.

4. FINANCING STATEMENT. At the request of the Secured Party, Debtor will join in executing, or will execute, all necessary financing statements and any other documents deemed necessary by Secured Party and pay the cost of filing such statements or other documents.

5. PERSONS BOUND. This Agreement benefits Secured Party, its successors and assigns, and binds the Debtor(s) and their respective heirs, personal representatives, successors, and assigns.

6. PAYMENT. Payment for all OBLIGATIONS shall be made in accordance with the terms of the Agreement under which they accrued. Interest on all OBLIGATIONS shall accrue from the date the OBLIGATION was incurred until payment in full by Debtor at the rate published by Secured Party from time to time.

7. POSSESSION OF COLLATERAL. Until default Debtor may have possession of the Collateral and use or sell it in the ordinary course of Debtor's business, in any lawful manner not inconsistent with this Agreement.

8. INSPECTION OF COLLATERAL. Secured Party is authorized to examine and inspect the Collateral wherever located at any reasonable time or times, and Debtor shall assist Secured Party in making such inspection.

9. REQUIRED REPORTS. Debtor will provide necessary business reports as requested by Secured Party field and/or Corporate Management.

10. MAINTENANCE OF SECURITY INTEREST. Debtor shall pay all expenses and, upon request, take any action reasonably deemed advisable by Secured Party to preserve the Collateral or to establish, determine priority of, perfect, continue perfected, terminate, or enforce Secured Party's interest in it or rights under this Agreement.

11. AUTHORITY OF SECURED PARTY TO PERFORM FOR DEBTOR. If Debtor breaches or fails to perform, as when required, any provision of this Agreement or the OBLIGATIONS, Secured Party is authorized, in Debtor's name or otherwise, to take any such action including without limitation signing Debtor's name or paying any amount so required, and the cost shall be one of the OBLIGATIONS secured by this Agreement and shall be payable by Debtor upon demand with interest from the date of payment by Secured Party at Secured Party. At the rate published from time to time by Secured Party.

12. DEFAULT. Debtor shall be in default under this agreement upon the happening of any of the following events or conditions:

(a) Default in the payment or performance of any obligation, covenant, liability and/or the OBLIGATIONS contained or referred to herein or in any note evidencing the same;

(b) Any warranty, representation or statement made or furnished to Secured Party by or on behalf of Debtor proves to have been false in any material respect when made or furnished;

(c) Any event which results in the acceleration of the maturity of the indebtedness of Debtor to others under any indenture, agreement or undertaking;

(d) Loss, theft, damage, destruction, sale except in the ordinary course of business, or encumbrance to or of any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon;

(e) Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by or against, Debtor or any guarantor or surety for Debtor (including Debtor's Principal Owner).

(f) The failure of the undersigned to (i) have this note fully collateralized at all times (as described in Section 3(h)) or, (ii) provide evidence of full collateralization in the from of a physical inventory upon Matco's request.

13. DEBTOR'S DEFAULT. Upon default hereunder or cancellation of the Matco Tools Distributorship Agreement between the parties, if any, or default by Debtor under said Agreement, all the OBLIGATIONS shall at the option of the Secured Party and without any notice or demand, become immediately due and payable; and Secured Party shall have all rights and remedies for default provided by the Uniform Commercial Code, as enacted in the State of Ohio, as well as any other applicable law. With respect to such rights and remedies:

(a) Assembling Collateral-Secured Party may require Debtor to assemble the Collateral and to make it available to Secured Party at any convenient place designed by Secured Party.

(b) Notice of Disposition- Written notice, when required by law, sent to any address of Debtor in this Agreement at least ten calendar days (counting the day of the sending) before the date of a proposed disposition of the Collateral is reasonable notice.

(c) Expenses and Application Proceeds-Debtor shall reimburse Secured Party for any expense incurred by Secured Party in protecting or enforcing its rights under this Agreement, including without limitation reasonable attorneys' fees and legal expenses and all expenses of taking possession, holding, preparing for disposition, and disposing of the Collateral. After deduction of such expenses, Secured Party may apply the proceeds of disposition to the OBLIGATIONS in such order and amounts as it elects.

(d) Waiver-Secured Party may permit Debtor to remedy any default without waiving the default so remedied, and Secured Party may waive any default without waiving any other subsequent or prior default by Debtor, or the same default at a later date.

14. NON-LIABILITY OF SECURED PARTY. Secured Party has no duty to protect or dispose of the Collateral. Debtor releases Secured Party from any liability for any act or omission relating to the OBLIGATIONS, the Collateral, of this Agreement; except Secured Party's willful misconduct.

15. DEALERSHIP AGREEMENT. The terms of the current Matco Tools Distributorship Agreement between the parties, if any, are hereby incorporated by reference and shall be part of this Security Agreement unless otherwise provided. No provisions herein shall amend the Matco Tools Distributorship Agreement or guarantee its continuance or renewal; and, likewise, no term therein shall be deemed to modify or amend the terms hereof. In the case of any conflict or ambiguity between the terms of the Matco Tools Distributorship Agreement and this Agreement, the terms of this Agreement shall control.

16. MISCELLANEOUS. This Security Agreement shall be governed by the Uniform Commercial Code and other applicable laws of the State of Ohio, other than the law on conflicts of law of such State. The terms of this Agreement are severable; in the event one or more terms hereof are finally declared by law or by any court of competent jurisdiction to be legally void, unenforceable, unconscionable or illegal, the remainder of this Agreement shall continue to be valid and shall be interpreted and enforced as if the offending term had not appeared herein. This Agreement, together with any document containing terms incorporated herein or referred to hereby, shall constitute the entire Agreement between Debtor and Secured Party as to the subject matter hereof. This Agreement shall become effective when signed by the Debtor. Secured Party may sell or assign this Agreement to any person or corporation without prior notice to or consent of Debtor, and Debtor agrees to perform under this Agreement for the benefit of such purchaser or assignee from Secured Party to the same extent as for Secured Party.

MATCO TOOLS CORPORATION

Signed by Debtor on _______________________, ___________

BY ______________________________

Richard Smearcheck
Director, Financial Services

Debtor: [Distributor Entity Name]: ______________________

By: ______________________

Name: ______________________

Title: ______________________

Date: ______________________

Debtor's Principal Owner and Guarantor:

By: ______________________

Name: ______________________

Date: ______________________

Additional Guarantor:

By: ______________________

Name: ______________________

Date: ______________________

All additional addresses of Debtor at which Collateral will be kept are:

Street: ______________________	Street: ______________________
City: ______________________	City: ______________________
County: ______________________	County: ______________________
State: ______________________	State: ______________________

ASSIGNMENT

For value received, the undersigned Security Party hereby assigns this Security Agreement to _______________________ hereafter called "Assignee", its successors and assigns and hereby transfers title to the property described in said Security Agreement to said Assignee, and warrants that the facts set forth in the Security Agreement are true, that said property is free of all liens and encumbrances of whatever nature or kind except the lien and encumbrance created by this Security Agreement; that said Security Agreement is genuine and in all things what it purports to be and that the undersigned has title to said property and has a right to transfer title thereto; that the property described in said Security Agreement was sold to the Debtor in a bona fide time sale transaction; that all parties to the Security Agreement had capacity to contract; that none of the parties thereto is a minor; and that the undersigned has no knowledge of any fact which impairs the validity of said Security Agreement or renders it less valuable or valueless. If any of the warranties herein contained are untrue, the undersigned will purchase on demand this Security Agreement for the balance remaining unpaid thereon.

This _____________________ day of _________________________ , 20 _______

By ____

Title

FORM FRDOC-SA-Revised 7/16

APPENDIX D
EXHIBIT E

MATCO TOOLS
DISTRIBUTOR'S PURCHASE-SECURITY AGREEMENT CREDIT ASSIGNMENT AGREEMENT

(See attached form)

MATCO TOOLS

DISTRIBUTOR'S PURCHASE-SECURITY AGREEMENT
CREDIT ASSIGNMENT AGREEMENT

THIS AGREEMENT, made and entered into at Stow, Ohio, this *11th* day of *February* , *2020* .

by and between MATCO TOOLS CORPORATION, a Delaware Corporation (herein referred to as "Assignee"), and

______________________________ [Distributor Entity Name] ________________ a ______________ [Type of Entity] organized in

_______________________ [State of Formation] and having offices at __________________________ (herein referred to as "Distributor").

WITNESSETH, That

WHEREAS, Distributor is and has been serving as an independent owner of a franchised Matco Tools distributorship, pursuant to Distributor's Distributorship Agreement with MATCO TOOLS CORPORATION (herein referred to as "MATCO TOOLS"), and Distributor's franchised distributorship engages in the solicitation for sale and sale of MATCO tools and related equipment to professional mechanics; and

WHEREAS, Assignee is willing to provide financing for certain of such purchases, provided Distributor agrees to and complies with the terms and conditions contained in this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. From time to time after the date hereof, Distributor shall present in electronic format to Assignee for purchase executed credit documents and related materials, in form and substance satisfactory to Assignee, providing for the assignment to Assignee of rights to collection of amounts payable representing the time purchase balance due in connection with the sale by Distributor of tools, equipment and/or related products purchased from MATCO TOOLS. Upon receipt of such documents and materials, it shall be within the sole discretion of Assignee whether or not to purchase the same, and nothing herein shall be construed as imposing any obligation upon Assignee to make any purchases from Distributor.

2. The purchase price to be paid to the Distributor by Assignee for credit documents accepted for assignment shall be determined by Assignee in its sole discretion, such price will be adjusted periodically and never be less than eighty-five percent (85%) of the net cash price (principal amount of purchase included in the credit document being accepted by Assignee not including amounts previously assigned) thereof unless otherwise specified by MATCO TOOLS. Upon acceptance of any such documents, payment shall be effected by Assignee arranging for immediate credit against Distributor's purchase account with MATCO (amounts due MATCO in the ordinary course of business, exclusive of amounts outstanding under notes or other credit documents provided under other debt agreements between Distributor and MATCO) and a confirming document will be forwarded to Distributor.

3. Distributor hereby warrants and represents to and agrees with Assignee as follows:

   (a) All credit documents presented to Assignee for assignment hereunder shall be full, correct, complete and genuine, and shall be fully and properly executed, shall accurately and truthfully describe the date(s) of purchase, items purchased and purchase price(s) charged and shall not have been offered previously to any other financial institution or other entity for purchase or as collateral against advances;

   (b) All credit documents presented to Assignee for assignment hereunder shall relate to and arise from the sale of MATCO TOOLS, equipment and/or related products sold and to be utilized primarily for the Commercial conduct of trade or business of the customer executing such document and in no event shall any such credit documents have arisen from or relate to any sales of products for primarily personal family or household purposes, or sales of products marketed by any entity other than MATCO;

   (c) Without prior written consent of the Assignee, Distributor shall in no event nor at anytime prior to or after a sale of products, modify the terms of any instrument purchased by Assignee;

   (d) Distributor shall at all times, as an independent contractor, operate in its business entity and be solely answerable for the costs and expenses, consequences and damages arising out of the conduct of its business as a distributor for MATCO;

   (e) Distributor shall at all times comply with the procedures from time to time established by Assignee with respect to credit limits, handling of credit documents and other activities related to financing of sales of MATCO products as contemplated hereunder;

(f) The Distributor shall assist Assignee in making repossessions if and when requested to do so by Assignee provided repossession can be effected without Breach of Peace;

(g) It is mutually agreed that, upon Assignee's request to make a particular repossession and upon Distributor's election to assist in such repossession, Distributor shall purchase the repossessed merchandise from Assignee. The purchase price of the repossessed product(s) shall be determined by the Fair Market Value established pursuant to MATCO's Repossession Policy, as same may be revised from time to time, and such purchase by the Distributor shall be subject to the Policy's terms and conditions.

(h) Distributor agrees that upon termination or suspension of this Agreement to accept reassignment by Assignee to Distributor of any and all contracts previously purchased during the ninety (90) day period immediately prior to termination of this Agreement. Distributor hereby agrees to accept such assignment without set-off or deduction and authorizes Assignee to debit Distributor's purchase account in an amount equal to the amounts due on the reassigned documents;

In the event that a replacement Distributor, who agrees to service the above referenced accounts, is available, then MATCO will offer to re-purchase such serviced accounts at the principle value then outstanding. MATCO will make a good faith effort to locate a Distributor to service any reassigned accounts per the conditions of this paragraph with the intention to repurchase such accounts;

(i) Distributor agrees that at such time that it is no longer acting as an independent Distributor for MATCO TOOLS to assist in the orderly transfer of accounts not subject to the conditions of paragraph (h) to Assignee, and to assist in the verification of all outstanding balances of assigned accounts prior to settlement of all accounts with MATCO TOOLS;

(j) Distributor agrees to collect and timely remit to Assignee amounts payable representing the time purchase balance due in connection with the sale by Distributor of tools, equipment and/or related products purchased from MATCO TOOLS and financed pursuant to this Agreement; and

(k) Distributor agrees to service all MATCO TOOLS P.S.A. Accounts indicated on its List Of Calls and Number of Potential Customers List whether the original contract was written by Distributor or not.

(l) Distributor agrees that it shall not present credit documents to Assignee for assignment hereunder related to and arising from the sale of MATCO TOOLS, equipment and/or related products sold to a customer not located in Distributor's List of Calls and Number of Potential Customers and if found to have done so, will be subject to Assignee's remedy in 4(b) below.

4. Upon acceptance of the credit documents hereunder, Assignee hereby releases Distributor from all liability for said credit documents except as provided in Paragraph 3; subject, however, to the following terms and conditions:

(a) Upon failure by Distributor to remit payments or other funds collected on behalf of Assignee, pursuant to Paragraph 3 (d) above, Distributor hereby authorizes Assignee and MATCO to debit Distributor's Purchase Account with MATCO in an amount or amounts equal to the sums collected but not remitted. In addition, MATCO may charge Distributor an administrative fee (currently set at $25 per occurrence, per contract) for delinquent, insufficient payments or inaccurate reporting as consideration for MATCO's time and efforts in collecting monies, additional correspondence with Distributor, credit bureaus and others, and administrative time and costs to correct data. Any amounts not remitted by Distributor within 10 days of their collection shall be deemed funds not promptly remitted and subject to this provision;

(b) Any documents, notes, agreements or other contracts assigned by Distributor to Assignee pursuant to this Agreement which are found to be arising from the sale of MATCO TOOLS, equipment and/or related products sold to a customer not located in Distributor's List of Calls and Number of Potential Customers or are later shown or alleged to be, in whole or in part, altered, amended, modified, forged, or not genuine, accurate, or in compliance with the terms of this Agreement in any respect, shall be immediately reassigned by Assignee to Distributor and upon such reassignment Distributor hereby agrees to accept such assignment and immediately, without set-off or deduction of any kind, agrees to pay Assignee the full amount of any principal balance then outstanding thereon plus interest, and other charges accrued thereon to the date of such reassignment. Upon failure by Distributor to pay Assignee as stated above upon any reassignment of documents within 10 days of the date of reassignment, Distributor hereby authorizes Assignee and MATCO to debit Distributor's Purchase Account in an amount equal to the amounts due on the reassigned documents. This Paragraph (b) shall not apply in the case when Assignee has, by its own action, or with its written consent, been a party to an amendment or modification of any document, note, agreement or other contract; and

(c) Distributor shall not, without prior written consent of Assignee, release any security interest in goods subject to documents assigned to Assignee hereunder, modify or substitute collateral specified in any such documents, consent to or accept return of any goods or collateral subject to or covered by any of the assigned documents or effect repossession of any such goods or collateral. Any of the foregoing actions on the part of Distributor, without the written consent of Assignee, shall be deemed to be an alteration of the documents pursuant of Paragraph 4 (b) above.

5. In the event Distributor desires to include portions or all of an unpaid balance owing to Distributor by a particular customer with new purchases by the customer, and assign all such amounts to Assignee pursuant to this Agreement, such a proposal will be considered, provided the total net cash price of new purchases will equal or exceed minimum amounts as may be required under the policies of the Assignee. If Distributor desires to make such a proposal, it shall do so in writing, including therewith a completed credit application, as may be required by the Assignee, on the customer and a copy of the customer's ledger sheet showing charges, credits, total owing, and payment records, and such other information relating to the customer or transactions as Assignee may reasonably request. The decision on acceptance of the proposal shall be within the sole discretion of Assignee.

6 Should Distributor present documents to Assignee for assignment hereunder which are not correct, truthful, accurate and genuine, Assignee may, at Assignee's sole discretion, in addition to all other remedies within this Agreement, temporarily or permanently suspend Distributor from participation in the Matco Tools PSA Program. In addition, a penalty fee of up to 3% of the total amount financed will be assessed.

7 The liability of Distributor hereunder shall not be affected by any settlement, extension, forbearance or variation in terms which Assignee may grant in connection with any credit documents acquired hereunder or by the discharge or release of the obligations of the account debtor by operation of law or otherwise. Assignee makes no representation or warranty to Distributor concerning the validity, enforceability or sufficiency of any credit documents and/or other materials furnished to Distributor by Assignee.

8 This Agreement may be terminated at any time by Distributor or Assignee by written notice, but such termination shall not affect the respective rights and obligations of either party as to credit documents theretofore purchased by Assignee.

9 It being anticipated that Distributor and/or other parties to credit assignment agreements with Assignee may assign to Assignee credit documents covering sales to a particular customer which occurred on more than one occasion, it is understood and agreed that, unless otherwise agreed in writing between Assignee and Distributor or required by law, payments received from such a customer will be applied against the respective payment obligations of the customer in a manner such that all current and past due obligations under the documents bearing the earliest date will be treated as satisfied first, all current and past due obligations under the documents bearing the next-earliest date will be treated as satisfied next, and so-on, with the current and past due obligations under the documents bearing the most recent date being treated as satisfied only after current and past due obligations under documents bearing earlier dates have been satisfied.

10 This Agreement contains the entire understanding of the parties with respect to the transactions contemplated hereby and the same shall be amended or modified only by written agreement specifically referring hereto. None of the provisions hereof shall be deemed to in anyway limit such rights as either party hereto may have by statute or at law or in equity as against the other party, and any remedies provided for herein shall be in addition to and not exclusive of any other remedy available by statute or under principles of common law of equity and such remedies may be exercised by either party consecutively or concurrently and such exercise shall not be deemed to waive any other rights or remedies which may be available to a party.

11 This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns, provided however, the same shall not be assigned by the Distributor without prior written consent of Assignee thereto.

12 This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be executed as of the date and year first written above.

MATCO TOOLS CORPORATION

BY ______________________

Richard Smearcheck

ITS: Director, Financial Services

DISTRIBUTOR:

____

Debtor: [Distributor Entity Name]

By: ______________________

Name: ______________________

Title: ______________________

Date: ______________________

Debtor's Principal Owner and Guarantor:

By: ______________________

Name: ______________________

Title: ______________________

Date: ______________________

Additional Guarantor:

By: ______________________

Name: ______________________

Date: ______________________

Debtor's Address:

____

____

FORM FRANDOC-AA-Revised 07/16

APPENDIX D
EXHIBIT F

MATCO TOOLS
ADDENDUM AND GUARANTY TO DISTRIBUTOR'S PURCHASE-SECURITY AGREEMENT CREDIT ASSIGNMENT AGREEMENT

(See attached form)

MATCO TOOLS

DISTRIBUTOR'S PURCHASE-SECURITY AGREEMENT
CREDIT ASSIGNMENT AGREEMENT

"ADDENDUM AND GUARANTY"

Distributor's Purchase Security Agreement Credit Assignment Agreement made and entered into on the *11th* day of *February* , *2020* by and between MATCO TOOLS CORPORATION, a Delaware Corporation (herein referred to as "Assignee") and ______________ [Distributor Entity Name], a/an ________________________ [Type of Entity] organized in ________ [State of Formation] and having offices at ____________, ________________, ______________ (herein referred to as Distributor) is amended and revised this *11th* day of *February* , *2020* as follows:

WHEREAS, Distributor is and has been serving as an independent owner of a franchised Matco Tools distributorship, pursuant to Distributor's Distributorship Agreement with MATCO TOOLS CORPORATION (herein referred to as "MATCO TOOLS"), and Distributor's franchised distributorship engages in solicitation for sale and sale of MATCO tools and related equipment to professional mechanics; and

WHEREAS, Distributor wishes to make it possible for certain of its customers, which do not meet credit standards required by Assignee, to make purchases of MATCO tools and related equipment and pay for the same on a deferred, installment basis; and

WHEREAS, Assignee is willing to provide financing for certain of such purchases, provided Distributor agrees to and complies with terms and conditions contained in this Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. The determination of a Distributor's eligibility for Assignee to accept Purchase Security Agreements which do not meet credit standards (herein referred to as Recourse PSA) normally required by the Assignee, shall be at the sole discretion of Assignee.

2. The purchase price to be paid to the Distributor by Assignee for Recourse PSA's shall be determined by Assignee in its sole discretion, such price will be adjusted periodically and never be less than ninety-five percent (95%) of the net cash price (principal amount of purchase included in the credit document being offered to Assignee, not including amounts previously assigned) thereof, unless otherwise specified by MATCO TOOLS.

3. Distributor hereby warrants and represents and agrees with Assignee as follows:

   (a) Distributor hereby authorizes Assignee to debit Distributor's Purchase Account for the principal balance due on any and all Recourse PSA's when any of the following conditions exist-termination, promotion to District Manager, collateral does not exist, account balance has been paid in full to Distributor and/or fraudulent credit documentation.

(b) Distributor guarantees that Assignee will not suffer any loss on the purchase by Assignee of Recourse PSA's (Distributor's customers which do not meet credit standards required by Assignee).

4. This Agreement contains amendments to Distributor's Purchase Security Agreement Credit Assignment Agreement and does not change, revise, cancel or amend any part of said Agreement with the exception of those herein stated.

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be executed as of the date and year first written above.

MATCO TOOLS CORPORATION

BY ______________________
Richard Smearcheck
ITS Director, Financial Services

DISTRIBUTOR:

____
Debtor: [Distributor Entity Name]

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

Debtor's Principal Owner and Guarantor:
By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

Additional Guarantor:
By: ______________________
Name: ______________________
Date: ______________________

Debtor's Address:

____

____

APPENDIX D
EXHIBIT G

MATCO TOOLS
PURCHASE MONEY SECURITY AGREEMENT

(See attached form)

MATCO TOOLS

Regular
PSA
Invoice: 313024
Date: 01/19/2017
page 1 **of** 2

MATCO Tools
Allen's Tool & Rentals
Authorized Distributor of Matco Tools
DISTRIBUTOR # 411116

Section 1 - Buyer
Doe, John(4500)
Auto Tech(TECH)
M999999999(PENDING)

Distributor:
Allen's Tool & Rentals
4403 Allen Road
Stow, NC 44240
Business Phone:(555) 123-7654
Email:Allen.Henderson@MatcoTools.com

Next Weekly Pmt. Due: 34.32

Section 2 - Goods Sold

Item	Qty	Item Description	Amount	Comment
4225R	1	4s 2BAY 25" ROLLAWAY S/N 43232	5250.00	

Purchases:	5250.00
Tax:	446.25
Freight/Labor:	0.00
Total:	5696.25

Regular
PSA
Invoice: 313024
Date: 01/19/2017

MATCO Tools
Allen's Tool & Rentals
Authorized Distributor of Matco Tools
DISTRIBUTOR # 411116

Section 1 - Buyer
Doe, John(4500)
Auto Tech(TECH)
M999999999(PENDING)

Distributor:
Allen's Tool & Rentals
4403 Allen Road
Stow, NC 44240
Business Phone:(555) 123-7654
Email:Allen.Henderson@MatcoTools.com

Next Weekly Pmt. Due: 34.32

Section 3 - Payment Schedule

Number of Weekly Payments:	260
Amount of Each Payment:	34.32
Total of Payments:	8923.20
Weekly Payments Commence:	1/19/17

Section 4 - Terms Of Sale

(A)	Total Cash Price	5250.00
(B)	Trade In	0.00
	Subtotal (A-B)	5250.00
(C)	Sales Tax of 8.500%	446.25
(D)	Down Payment	525.00
	Rebate Amount	0.00
(E)	Net Cash Price	5171.25
(F)	Administration Fee	45.00
(G)	Net Due On Prior PSA	0.00
(H)	Principal Balance	5216.25
(I)	Time Price Differential	3706.95
(J)	Total Time Purchase Balance	8923.20

Beginning Balance:	8923.20
Payment:	34.32
Current Balance:	**8888.88**

BUYER ACKNOWLEDGES RECEIPT OF THE GOODS LISTED ABOVE AND A COMPLETELY EXECUTED COPY OF THIS AGREEMENT AND WARRANTS THAT THESE GOODS ARE PURCHASED PRIMARILY FOR USE IN THE COMMERCIAL OPERATION OF HIS TRADE OR BUSINESS AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD USE.

THIS AGREEMENT IS SUBJECT TO THE TERMS AND CONDITIONS ON THE MASTER AGREEMENT, WHICH IS ON FILE AT MATCO TOOLS, A COPY OF WHICH HAS BEEN GIVEN TO THE BUYER AND IS INCORPORATED HEREIN AS PART OF THIS AGREEMENT. BUYER ATTESTS THAT THERE IS NO LIEN OR ENCUMBRANCE ON ANY OF THE PROPERTY, TOOLS OR EQUIPMENT TRADED IN AND DESCRIBED ABOVE.

THIS AGREEMENT IS ACCEPTED BY SELLER AND HEREBY ASSIGNED UNDER THE TERMS OF THE ASSIGNMENT ON MASTER AGREEMENT.

Buyer/End User

Distributor/Secured Party (Seller)

Date:

Date:

APPENDIX D
EXHIBIT H

MATCO TOOLS
<u>PURCHASE MONEY SECURITY – MASTER AGREEMENT</u>

(See attached form)

MATCO TOOLS CORPORATION
4403 ALLEN ROAD, STOW, OHIO 44224
PURCHASE MONEY SECURITY -- MASTER AGREEMENT

______________________________________ ______________________________________
Name Address

______________________________________ ______________________________________
Phone City, State, Zip

Buyer acknowledges receipt of a completely executed copy of this Master Agreement and warrants that all Goods are purchased primarily for use in the commercial operation of this trade and business and not for personal, family or household use. Buyer authorizes Seller/Distributor and/or his assignees as interested parties as permitted by law to substantiate and investigate the information on his/her credit application and to report and exchange credit information now and in the future concerning his/her performance of this Agreement.

This Agreement is subject to the terms and conditions set forth herein and the terms and conditions set forth in all future MDBS-PSA Sales Receipts. This Agreement shall be executed and become effective when both Buyer and Seller agree to the sale of the Goods described therein and such Goods have been delivered to and accepted by Buyer.

______________________________________ ____________________
Buyer/End User Date

This Agreement is accepted by Seller and hereby assigned under the terms of the assignment stated below.

______________________________________ ____________________
Distributor/Secured Party Date

The undersigned guarantees the payment, when due, to any Holder of said Contract, the entire amount owing with respect to such Contract, in the event of default in payment by the Buyer named herein. The undersigned waives notice of acceptance of this guaranty, notice of any extensions in time of payment, notice of sale of any of said property and all other notices to which Seller may be entitled by law and agrees to pay all guaranteed amounts upon demand without requiring any proceeding against Buyer.

______________________________________ ____________________
[Guarantor - Principal Owner] Date

If the Principal Owner has a spouse, her or his spouse must sign below and serve as a guarantor.

______________________________________ ____________________
[Guarantor - may be Principal Owner's spouse] Date

Seller’s Assignment to MATCO TOOLS
(Hereinafter called Assignee)

FOR VALUE RECEIVED, and subject to the terms of agreement with Assignee, Seller does hereby sell, assign and transfer the Security Agreement set forth above and all Receipts (collectively, the “Contracts”) and all Seller’s security interest and lien in and right and title to the Collateral described therein to MATCO TOOLS CORPORATION, its successors and assigns (collectively, “Assignee”), with power to take legal proceedings in the name of Seller or Assignee. Seller warrants that the Contracts are genuine and in all respects what they purport to be; that the down payment was made by the Buyer in cash and not its equivalent, unless otherwise noted therein, and that no part thereof was loaned directly or indirectly by Seller to Buyer, that said Collateral is free from any other security interest or other liens or encumbrances whatsoever, except as created by the Contracts, that the Buyer was of at least legal age at the time of his execution of each of the Contracts, that Seller knows of no time or instance when Buyer was refused or rejected for credit; and that there is now owing with respect to the Contracts the respective amounts set forth therein. Upon breach of any of the foregoing warranties, Seller will, upon demand therefor, purchase the Contract for the respective amounts owing with respect thereto, plus all costs and expenses paid or incurred by Assignee with respect thereto. All remedies of Assignee shall be cumulative and not alternative.

Seller guarantees the payment, when due, to any Holder of said Contract, the entire amount owing with respect to such Contract, in the event of default in payment by the Buyer named therein, if required and appropriate in accordance with a Credit Assignment Agreement of Seller with Assignee, the terms of which are incorporated herein. Seller waives notice of acceptance of this guaranty, notice of any extensions in time of payment, notice of sale of any of said property and all other notices to which Seller may be entitled by law and agrees to pay all guaranteed amounts upon demand without requiring any proceeding against Buyer. Seller warrants that the description of the Collateral listed on the Contracts/Receipts is accurate and complete.

Terms and conditions of Sale/Security Agreement.

1. The Seller/Distributor (which term shall mean Seller and any assignee or Holder hereof, as the case may be) hereby sells, and the Buyer/End User (hereinafter known as Buyer) jointly and severally if more than one, hereby purchases, subject to the Terms and Conditions set forth herein and on the reverse hereof, the Tools and Equipment described on the reverse and herein called "Goods", delivery and acceptance of which are hereby acknowledged by Buyer, and subject to conditions stated herein and stated in subsequent MDBS-PSA Sales Receipts (collectively, the "Receipts"), the tools and equipment described in the Receipts, also herein called "Goods", delivery and acceptance of which is hereby acknowledged by Buyer.

2. Buyer agrees to pay MATCO, in accordance with the terms set forth in the applicable Receipts. Buyer agrees to pay the Time Purchase Balance, which includes a Time Price Differential (as such documented in the Receipt), which is an interest charge, in consecutive weekly installments as scheduled until the entire Time Purchase Balance has been paid in full. Buyer may make more than one scheduled payment at a time, but no partial payments will be accepted by the Seller. **Buyer may pay the entire unpaid balance at any time.**

3. In the event Buyer pays the full amount due and stated as the Time Purchase Balance before the last scheduled payment is due, Seller shall credit Buyer's accounts with Seller or refund to Buyer in cash (if Buyer has no unpaid accounts outstanding with Seller or such early payment is not done in conjunction with another Purchase Money Security Agreement with Seller) such portion of the Time Price Differential, if any, to which Seller has not then become entitled, as calculated pursuant to the Rule of 78's calculation.

4. To secure the payment of the Time Purchase Balance and of any other amounts owing hereunder (collectively, "Obligations"), Buyer hereby grants to Seller and any Holder hereof a purchase money security interest and lien in and to the Goods described on the reverse and herein or in any other Receipt, and in addition, the right to file a UCC-1 Financing Statement creating an additional lien in all tools and equipment now owned by Buyer for use in Buyer's trade or business, together with any and all similar tools and equipment hereafter acquired, except where prohibited by law, and all products and proceeds thereof (including, without limitation, any insurance proceeds) (collectively, the "Collateral").

5. Buyer agrees to (a) maintain insurance reasonably acceptable to Seller with respect to the Collateral and, upon Seller's request, provide Seller with evidence of such insurance, (b) execute financing statements, continuation statements and other documents as Seller shall deem necessary to perfect or protect its security interest in the Collateral, and in addition, hereby authorize Seller or its agents or assigns to execute and file, without the signature of Buyer, one or more such financing statements if permitted in the relevant jurisdiction, with Seller paying the cost of filing all such financing statements in all public offices wherever filing is deemed by Seller to be necessary or desirable, (c) maintain the Collateral free and clear of any and all liens, claims and encumbrances other than those of Seller, (d) maintain the Collateral in good operating condition and repair, (e) pay all taxes, levies and assessments imposed or made on Buyer or any of the Collateral when the same shall become due and payable, (f) not merge into or permit the purchase or acquisition of all or a substantial part of its assets by any entity, (g) not sell, lease or remove any Collateral from Buyer's address set forth herein, (h) maintain and permit Seller to inspect Buyer's books and records at Buyer's address set forth herein, (I) permit Seller to enter Buyer's place of business at Buyer's address set forth herein to inspect the Collateral, (j) pay all Obligations when due, (k) not become insolvent, or fail to pay its debts as they become due, or (l) not suffer a material adverse change in Buyer's business or financial condition.

6. If Buyer shall fail to comply with Section 5 hereof or otherwise fails to perform any of its obligations under this Agreement or under any Receipts, such failure shall constitute a "Default" hereunder. Upon the occurrence of any Default and at any time thereafter, Seller may, at its option, (a) declare all Obligations immediately due and payable without demand, presentment, notice or other action (each of which is expressly waived by Buyer), (b) cease delivery of any other Goods on credit and cease any other extension of credit to Buyer, (c) exercise all of the rights and remedies of a secured party under the Uniform Commercial Code or under any other applicable law, (d) collect, receive and realize upon the Collateral or any part thereof, (e) sell, assign, dispose of and deliver the Collateral or any part thereof at a public or private sale at such price as Seller may deem best, (f) purchase all or any part of the Collateral so sold, to the extent permitted by law, free of any right or equity of redemption in Buyer, which right Buyer hereby releases, (g) charge to Buyer interest on the unpaid portion of the Time Purchase Balance at a default rate of 28.0% Annual Percentage Rate or the maximum rate permitted by law, whichever is lower, and (h) charge a late payment fee equal to the greater of (1) Three Dollars ($3.00), or (2) five percent (5%) of the portion of the Weekly Payment Amount(s) then due. Buyer will assemble the Collateral and make it available to Seller at such places as Seller shall select. All costs of exercising such remedies and otherwise collecting the Obligations shall be payable by Buyer and considered a part of the Obligations.

7. If more than one person signs this agreement, the obligation shall be joint and several. Any provision of this agreement which is in conflict with the statutes of the applicable jurisdiction is hereby amended to conform to the minimum requirements of such statutes. Creditor is authorized to investigate Buyer's credit, and to report Buyer's performance on this agreement, and to verify employment and income references. Buyer agrees to notify the Seller in writing of any change of address.

8. Seller/Distributor is an independent contractor and is not the Agent or Employee of MATCO TOOLS CORPORTION or assignee (herein identified). Assignee has sole discretion to accept assignment of this agreement. Neither MATCO TOOLS, nor Assignee shall have any responsibility to Seller/Distributor or Buyer or any other party if Assignee does not accept assignment of this Agreement.

9. This Agreement, together with any Receipts, represents the entire integrated contract of the parties on this subject. Seller's delay, omission or election not to exercise any right, power or remedy hereunder shall not be construed as waiving or acquiescing in any breach omission or failure of any of Buyer's duties of performance hereunder. This Agreement and all rights, powers and remedies hereunder shall be enforceable under and interpreted in accordance with the laws of the State of Ohio (without giving effect to the conflict of laws/rules thereof). In the event that any provision of this Agreement is held to be illegal or unenforceable, such provision shall be deemed separate, and the remaining provisions of this Agreement shall survive and remain enforceable according to their tenure and effect. This Agreement shall bind and inure to the benefit of Buyer and Seller and their respective heirs, executors, successors, representatives, trustees and assigns.

10. Seller/Distributor warrants that the Goods will be fit for the ordinary purposes for which such Goods are used in the automotive/manufacturing industry. If any of the Goods are found by Seller to be nonconforming, such Goods will, at Seller's option, be replaced or repaired at Seller's cost. THE PARTIES HERETO EXPRESSLY AGREE THAT BUYER'S SOLE AND EXCLUSIVE REMEDY AGAINST SELLER SHALL BE FOR THE REPAIR OR REPLACEMENT OF NONCONFORMING GOODS AS PROVIDED HEREIN. The sole purpose of the stipulated exclusive remedy shall be to provide the Buyer with free repair and replacement of nonconforming Goods in the manner provided herein. **THE FOREGOING WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY OR FITNESS FOR ANY PURPOSE NOT EXPRESSLY SET FORTH HEREIN. THE FOREGOING WARRANTY EXTENDS ONLY TO THE ORIGINAL BUYER OF THE GOODS AND IS NOT TRANSFERABLE.**

IN NO EVENT SHALL SELLER BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT INCLUDING BUT NOT LIMITED TO BREACH OF ANY OBLIGATION IMPOSED ON SELLER HEREUNDER OR IN CONNECTION HEREWITH OR THE USE, STORAGE, DISPOSAL OR HANDLING OF THE GOODS SOLD HEREUNDER. INCIDENTAL AND CONSEQUENTIAL DAMAGES FOR PURPOSES HEREOF SHALL INCLUDE, WITHOUT LIMITATION, LOSS OF USE, INCOME OR PROFIT, INCREASED EXPENSE OF INSPECTION, OPERATION OR DOWN-TIME, OR LOSSES SUSTAINED AS THE RESULT OF INJURY (INCLUDING DEATH) TO ANY PERSON, OR LOSS OF OR DAMAGE TO PROPERTY (INCLUDING BUT NOT LIMITED TO PROPERTY HANDLED OR PROCESSED BY THE USE OF THE GOODS). BUYER SHALL INDEMNIFY SELLER AGAINST ALL LIABILITY, COST OR EXPENSE WHICH MAY BE SUSTAINED BY SELLER ON ACCOUNT OF ANY SUCH LOSS, DAMAGE OR INJURY. BUYER ASSUMES ALL RISK AND LIABILITY FOR LOSS OR DAMAGE RESULTING FROM THE USE, HANDLING STORAGE OR APPLICATION OF THE GOODS DELIVERED HEREUNDER.

APPENDIX D
EXHIBIT I

MATCO TOOLS
END USER'S CREDIT APPLICATION SUBJECT TO MATCO TOOLS/P.S.A. CREDIT APPROVAL

(See attached form)

MATCO TOOLS

CUSTOMER # 4500

END USERS CREDIT APPLICATION

SUBJECT TO MATCO TOOLS FINANCIAL SERVICES APPROVAL

This application is for the purpose of obtaining credit to purchase Matco tools and equipment from an authorized Matco Distributor for use in the commercial operation of his or her trade and business. The Matco Distributor may assign the Purchase Security Agreement for this mechanic to Matco Tools/P.S.A.

PERSONAL INFORMATION

Legal Name...: JOHN DOE

SSN..........: 711-11-1111 Date of Birth: 7/19/1990

Phone........: (555) 555-1234 Driver Lic#..: GH123456

Route Day....: Thursday License State: OH

Email.........: JD2017@GMAIL.COM

Current Address: 123 ANYWHERE DRIVE
STOW, OH 44224 (Owns Home (PIF): 10 Years, 5 Months)

Mailing Address: 123 ANYWHERE DRIVE
STOW, OH 44224

EMPLOYMENT HISTORY

Current Employer:

AUTO TECH
4420 HUDSON DRIVE
STOW, OH, 44224

Phone........: (555) 987-6543 Hire Date....: 5/19/2011

Supervisor...: TOM SMITH

Position.....: DIAGNOSTIC TECH Status.......: Full Time

PERSONAL REFERENCES - TWO (2) ARE REQUIRED -

Reference #1: DAVE SMITH Phone........: 5556667777

Reference #2: JANE GREEN Phone........: 5558883123

I represent that the above information is true and freely given for the purpose of obtaining, extending, and continuing credit with Matco Tools. I authorize Matco Tools to make credit investigations as it sees fit, including but not limited to procuring credit reports & contacting references now and in the future so long as Matco has credi extended to me and/or I am seeking additional credit from them. Should credit be granted by Matco Tools, all decisions with respect to the extension or continuation of credit shall be in the sole discretion of Matco Tools. Matco Tools reserves the right to terminate any credit availability within its sole discretion.

I HAVE READ AND UNDERSTAND THE ABOVE TERMS AND CONDITIONS, AND HEREBY AGREE TO THEM:

Signature: ____________________ DATE: January 19, 2017

APPENDIX D
EXHIBIT J

MATCO TOOLS
DISTRIBUTOR'S PURCHASE SECURITY AGREEMENT
RECOURSE CREDIT ASSIGNMENT AGREEMENT

(See attached form)

MATCO TOOLS

DISTRIBUTOR'S PURCHASE-SECURITY AGREEMENT
RECOURSE CREDIT ASSIGNMENT AGREEMENT

THIS AGREEMENT, made and entered into at Stow, Ohio, this *11th* day of *February* , *2020* . by and between MATCO TOOLS CORPORATION, a Delaware Corporation (herein referred to as "Assignee"), and

_______________ [Distributor Entity Name] _______________ a _______________ [Type of Entity]

organized in _______________ [State of Formation] and having offices at _______________

(herein referred to as "Distributor").

WITNESSETH, That

WHEREAS, Distributor is and has been serving as an independent owner of a franchised Matco Tools distributorship, pursuant to Distributor's Distributorship Agreement with MATCO TOOLS CORPORATION (herein referred to as "MATCO TOOLS"), and Distributor's franchised distributorship engages in the solicitation for sale and sale of MATCO tools and related equipment to professional mechanics; and

WHEREAS, Assignee is willing to provide financing for certain of such purchases, provided Distributor agrees to and complies with the terms and conditions contained in this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. From time to time after the date hereof, Distributor shall present in electronic format to Assignee for purchase executed credit documents and related materials, in form and substance satisfactory to Assignee, providing for the assignment to Assignee of rights to collection of amounts payable representing the time purchase balance due in connection with the sale by Distributor of tools, equipment and/or related products purchased from MATCO TOOLS. Upon receipt of such documents and materials, it shall be within the sole discretion of Assignee whether or not to purchase the same, and nothing herein shall be construed as imposing any obligation upon Assignee to make any purchases from Distributor.

2. The purchase price to be paid to the Distributor by Assignee for credit documents accepted for assignment shall be one-hundred percent (100%) of the net cash price (principal amount of purchase included in the credit document being accepted by Assignee not including amounts previously assigned) thereof unless otherwise specified by MATCO TOOLS. Upon acceptance of any such documents, payment shall be effected by Assignee arranging for immediate credit against Distributor's purchase account with MATCO TOOLS (amounts due MATCO TOOLS in the ordinary course of business, exclusive of amounts outstanding under notes or other credit documents provided under other debt agreements between Distributor and MATCO TOOLS) and a confirming document will be forwarded to Distributor.

3. Distributor hereby warrants and represents to and agrees with Assignee as follows:
    (a) All credit documents presented to Assignee for assignment hereunder shall be full, correct, complete and genuine, and shall be filled out and properly executed, shall accurately and truthfully describe the date(s) of purchase, items purchased and purchase price(s) charged and shall not have been offered previously to any other financial institution or other entity for purchase or as collateral against advances;

(b) All credit documents presented to Assignee for assignment hereunder shall relate to and arise from the sale of MATCO TOOLS, products, equipment and/or related products sold and to be utilized primarily for the commercial conduct of trade or business of the customer executing such documents and in no event shall any such credit documents have arisen from or relate to any sales of products for primarily personal, family or household purposes, or sales of products marketed by any entity other than MATCO TOOLS;

(c) Each customer executing credit documents presented to Assignee or assignment hereunder is creditworthy and Distributor releases Assignee from any claim or liability related to or arising out of Assignee's check on or determination of the creditworthiness of the customer and/or the acceptance or rejection by Assignee of any credit documents presented hereunder;

(d) Without prior written consent of the Assignee, Distributor shall in no event nor at any time prior to or after a sale of products, modify the terms of any instrument purchased by Assignee;

(e) Distributor agrees to collect amounts payable representing the time purchase balance due in connection with the sale by Distributor of tools, equipment and/or related products purchased from MATCO TOOLS and financed pursuant to this Agreement, and further hereby authorizes Assignee to debit Distributor's Purchase Account with MATCO TOOLS for the amounts collected for PSA's which have been recoursed back to Distributor;

(f) Distributor shall at all times, as an independent contractor, operate in its business entity name and be solely answerable for the costs and expenses, consequences and damages arising out of the conduct of its business as a distributor for MATCO TOOLS;

(g) Distributor shall at all times comply with the procedures from time to time established by Assignee with respect to credit limits, handling of credit documents and other activities related to financing of sales of MATCO TOOLS products as contemplated hereunder; and

(h) The Distributor agrees that, upon Assignee's request to make a particular repossession, it will cooperate as instructed by Assignee in making such repossession provided that it can be effected without Breach of Peace. Distributor also agrees to purchase the repossessed product in an agreed upon amount as established pursuant to MATCO TOOLS' Repossession Policy, as same may be revised from time to time.

4. Following acceptance of the credit documents hereunder Distributor and Assignee agree to the following terms and conditions:

(a) Upon failure by Distributor to remit payments or other funds collected on behalf of Assignee, pursuant to Paragraph 3 (e) above, Distributor hereby authorizes Assignee and MATCO TOOLS to debit Distributor's Purchase Account with MATCO TOOLS in an amount or amounts equal to the sums collected but not remitted. In addition, MATCO TOOLS may charge Distributor an administrative fee (currently set at $25 per occurrence, per contract) for delinquent, insufficient payments or inaccurate reporting as consideration for MATCO TOOLS' time and efforts in collecting monies, additional correspondence with you, credit bureaus and others, and administrative time and costs to correct data. Any amounts not remitted by Distributor within 10 days of their collection shall be deemed funds not promptly remitted and subject to this provision.

(b) Any documents, notes, agreements, or other contracts assigned by Distributor to Assignee pursuant to this Agreement which are later shown or alleged to be, in whole or in part, altered, amended, modified, forged, or not genuine, accurate, or in compliance with the terms of this Agreement in any respect, shall be immediately reassigned by Assignee to Distributor and upon such reassignment Distributor hereby agrees to accept such assignment and immediately, without set-off or deduction of any kind, agrees to pay Assignee the full amount of any balance then outstanding thereon. Upon failure by Distributor to pay Assignee as stated above, upon any reassignment of documents within 10 days of the date of reassignment, Distributor hereby authorizes Assignee and MATCO TOOLS to debit Distributor's Purchase Account in an amount equal to the amounts due on the reassigned documents. This Paragraph (b) shall not apply in the case when Assignee has, by its own action, or with its written consent, been a party to an amendment or modification of any document, note, agreement or other contract;

(c) Distributor shall not, without prior written consent of Assignee, release any security interest collateral subject to documents assigned to Assignee hereunder, modify or substitute collateral specified in any such documents, consent to or accept return of any collateral subject to or covered by any other assigned documents or effect repossession of any such collateral. Any of the foregoing actions on the part of Distributor, without the written consent of Assignee shall be deemed to be an alteration of the documents pursuant of paragraph 4 (b) above;

(d) In the event of default by customer of any installment payable on the due date thereof, or in the prompt performance of any other obligation to be performed under the credit document or contract by customer, after the assignment thereof by Distributor to Assignee, Distributor authorizes MATCO TOOLS to charge its Purchase Account an amount up to 100% of the outstanding balance, though it may be less depending upon the program under which the contract was assigned and MATCO TOOL's credit scoring models for that particular program. This recourse amount is non-refundable. MATCO TOOLS and Distributor agree that 100% of any funds collected thereafter will be credited to MATCO TOOLS;

(e) In the event Distributor terminates as a MATCO TOOLS Distributor, regardless of the reason for terminations, then Distributor agrees to accept as a charge to its Purchase Account an amount up to 100% of the outstanding balances of recoursable contracts, and to remit 100% of all funds or proceeds collected thereafter within 10 days to MATCO TOOLS.100% of all funds or proceeds collected thereafter will be credited to MATCO TOOLS; and

(f) Distributor may not rollover any portion of its unpaid Time Payment into the Purchase Money Security Agreement. In addition, Distributor may not include products previously sold under Time Payment and resold as new items purchased by the customer into the Purchase Money Security Agreement. Non-compliance with this section of the Agreement on Time Payment rollovers or reselling items previously sold on TP on a Purchase Money Security Agreement will result in the contract being charged back to Distributor's open purchase account.

(g) Notwithstanding anything to the contrary Distributor grants to Assignee, a security interest in all such credit document(s) or contract(s) and Assignee shall have the right to continue to possess the same and collect from the customer(s) obligated thereon all amounts due thereon and apply the same against amounts due Assignee from Distributor or due MATCO TOOLS from Distributor.

5. The liability of Distributor hereunder shall not be affected by any settlement, extension, forbearance or variation in terms which Assignee may grant in connection with any credit documents acquired hereunder or by the discharge or release of the obligations of the account debtor by operation of law or otherwise. Assignee makes no representation or warranty to Distributor concerning the validity, enforceability or sufficiency of any credit documents and/or other materials furnished to Distributor by Assignee.

6. This Agreement may be terminated at any time by Distributor or Assignee by written notice, but such termination shall not affect the respective rights and obligations of either party hereunder as to credit documents theretofore purchased by Assignee, including all repurchase and reassignment obligations.

7. It being anticipated that Distributor and/or other parties to credit assignments with Assignee may assign to Assignee credit documents covering sales to a particular customer which occurred on more than one occasion, it is understood and agreed that, unless otherwise agreed in writing between Assignee and Distributor or required by law, payments received from such a customer will be applied against the respective payment obligations of the customer in a manner such that all current and past due obligations under the documents bearing the earliest date will be treated as satisfied first, all current and past due obligations under the documents bearing the next-earliest date will be treated as satisfied next, and so-on, with the current and past due obligations under the documents bearing the most recent date being treated as satisfied only after current and past due obligations under documents hearing earlier dates have been satisfied.

8. This Agreement contains the entire understanding of the parties with respect to the transactions contemplated hereby and the same shall be amended or modified only by written agreement specifically referring hereto. None of the provisions hereof shall be deemed to in any way limit such rights as either party hereto may have by statute or at law or in equity as against the other party, and any remedies provided for herein shall be in addition to and not exclusive of any other remedy available by statute or under principles of common law or equity and such remedies may be exercised by either party consecutively or concurrently and such exercise shall not be deemed to waive any other rights or remedies which may be available to a party.

9. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns, provided however, the same shall not be assigned by the Distributor without prior written consent of Assignee thereto.

10. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be executed as of the date and year first written above.

MATCO TOOLS CORPORATION

BY ______________________

Richard Smearcheck
ITS: Director, Financial Services

DISTRIBUTOR:

____

Debtor: [Distributor Entity Name]
Matco Distributor Number 0

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

Debtor's Principal Owner and Guarantor:
By: ______________________
Name: ______________________
Date: ______________________

Additional Guarantor :

By: ______________________
Name: ______________________
Date: ______________________

Debtor's Address:

____

____

FORM FRDOC-TSA - 07/16

APPENDIX D
EXHIBIT K-1

MATCO TOOLS
<u>PURCHASE MONEY SECURITY AGREEMENT – TECH START AND PURCHASE MONEY SECURITY AGREEMENT – TECH ASSURED</u>

(See attached form)

MATCO TOOLS

REPRINT

Tech Start Credit
PSA
Invoice: 312888
Date: 03/01/2016

MATCO Tools
Allen's Tool & Rentals
Authorized Distributor of Matco Tools
DISTRIBUTOR # 411116

Section 1 - Buyer
Smith, Robert(4492)
ALLEN TIRE(ATIRE)
N234567890(PENDING)

Distributor:
Allen's Tool & Rentals
4403 Allen Road
Stow, AK 44240
Business Phone:(555) 123-7654
Email:Allen.Henderson@MatcoTools.com

Next Weekly Pmt. Due: 20.04

Section 2 - Goods Sold

Item	Qty	Item Description	Amount	Comment
MDMAXME	1	MATCO MAXME TABLET Activation Code: 13EOA4-4H-3GS S/N 231312	849.00	

Purchases:	849.00
Tax:	57.31
Freight/Labor:	0.00
Total:	906.31

Tech Start Credit
PSA
Invoice: 312888
Date: 03/01/2016

MATCO Tools
Allen's Tool & Rentals
Authorized Distributor of Matco Tools
DISTRIBUTOR # 411116

Section 1 - Buyer

Smith, Robert(4492)
ALLEN TIRE(ATIRE)
N234567890(PENDING)

Distributor:

Allen's Tool & Rentals
4403 Allen Road
Stow, AK 44240
Business Phone:(555) 123-7654
Email:Allen.Henderson@MatcoTools.com

Next Weekly Pmt. Due: 20.04

Section 3 - Payment Schedule

Number of Weekly Payments:	52
Amount of Each Payment:	20.04
Total of Payments:	1042.08
Weekly Payments Commence:	3/1/16

Section 4 - Terms Of Sale

(A)	Total Cash Price	849.00
(B)	Trade In	0.00
	Subtotal (A-B)	849.00
(C)	Sales Tax of 6.750%	57.31
(D)	Down Payment	0.00
	Rebate Amount	0.00
(E)	Net Cash Price	906.31
(F)	Administration Fee	45.00
(G)	Net Due On Prior PSA	0.00
(H)	Principal Balance	951.31
(I)	Time Price Differential	90.77
(J)	Total Time Purchase Balance	1042.08

Beginning Balance:	1042.08
Payment:	20.04
Current Balance:	**1022.04**

BUYER ACKNOWLEDGES RECEIPT OF THE GOODS LISTED ABOVE AND A COMPLETELY EXECUTED COPY OF THIS AGREEMENT AND WARRANTS THAT THESE GOODS ARE PURCHASED PRIMARILY FOR USE IN THE COMMERCIAL OPERATION OF HIS TRADE OR BUSINESS AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD USE.

THIS AGREEMENT IS SUBJECT TO THE TERMS AND CONDITIONS ON THE MASTER AGREEMENT, WHICH IS ON FILE AT MATCO TOOLS, A COPY OF WHICH HAS BEEN GIVEN TO THE BUYER AND IS INCORPORATED HEREIN AS PART OF THIS AGREEMENT. BUYER ATTESTS THAT THERE IS NO LIEN OR ENCUMBRANCE ON ANY OF THE PROPERTY, TOOLS OR EQUIPMENT TRADED IN AND DESCRIBED ABOVE.

THIS AGREEMENT IS ACCEPTED BY SELLER AND HEREBY ASSIGNED UNDER THE TERMS OF THE ASSIGNMENT ON MASTER AGREEMENT.

Buyer/End User

Date:

Distributor/Secured Party (Seller)

Date:

MATCO TOOLS

REPRINT

Tech Assured
PSA
Invoice: 312889
Date: 03/01/2016

MATCO Tools
Allen's Tool & Rentals
Authorized Distributor of Matco Tools
DISTRIBUTOR # 411116

Section 1 - Buyer
West, James(4491)
ALLEN TIRE(ATIRE)
N723737377(PENDING)

Distributor:
Allen's Tool & Rentals
4403 Allen Road
Stow, AK 44240
Business Phone:(555) 123-7654
Email:Allen.Henderson@MatcoTools.com

Next Weekly Pmt. Due: 15.21

Section 2 - Goods Sold

Item	Qty	Item Description	Amount	Comment
CART2D-BL	1	2 DRAWER TOOL CART - BLUE	515.00	

Purchases:	515.00
Tax:	34.77
Freight/Labor:	0.00
Total:	549.77

REPRINT

Tech Assured
PSA
Invoice: 312889
Date: 03/01/2016

MATCO Tools
Allen's Tool & Rentals
Authorized Distributor of Matco Tools
DISTRIBUTOR # 411116

Section 1 - Buyer

West, James(4491)
ALLEN TIRE(ATIRE)
N723737377(PENDING)

Distributor:

Allen's Tool & Rentals
4403 Allen Road
Stow, AK 44240
Business Phone:(555) 123-7654
Email:Allen.Henderson@MatcoTools.com

Next Weekly Pmt. Due: 15.21

Section 3 - Payment Schedule

Number of Weekly Payments:	43
Amount of Each Payment:	15.21
Total of Payments:	654.03
Weekly Payments Commence:	3/1/16

Section 4 - Terms Of Sale

(A)	Total Cash Price		515.00
(B)	Trade In		0.00
	Subtotal (A-B)		515.00
(C)	Sales Tax of	6.750%	34.77
(D)	Down Payment		0.00
	Rebate Amount		0.00
(E)	Net Cash Price		549.77
(F)	Administration Fee		45.00
(G)	Net Due On Prior PSA		0.00
(H)	Principal Balance		594.77
(I)	Time Price Differential		59.26
(J)	Total Time Purchase Balance		654.03

Beginning Balance:	654.03
Payment:	15.21
Current Balance:	**638.82**

BUYER ACKNOWLEDGES RECEIPT OF THE GOODS LISTED ABOVE AND A COMPLETELY EXECUTED COPY OF THIS AGREEMENT AND WARRANTS THAT THESE GOODS ARE PURCHASED PRIMARILY FOR USE IN THE COMMERCIAL OPERATION OF HIS TRADE OR BUSINESS AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD USE.

THIS AGREEMENT IS SUBJECT TO THE TERMS AND CONDITIONS ON THE MASTER AGREEMENT, WHICH IS ON FILE AT MATCO TOOLS, A COPY OF WHICH HAS BEEN GIVEN TO THE BUYER AND IS INCORPORATED HEREIN AS PART OF THIS AGREEMENT. BUYER ATTESTS THAT THERE IS NO LIEN OR ENCUMBRANCE ON ANY OF THE PROPERTY, TOOLS OR EQUIPMENT TRADED IN AND DESCRIBED ABOVE.

THIS AGREEMENT IS ACCEPTED BY SELLER AND HEREBY ASSIGNED UNDER THE TERMS OF THE ASSIGNMENT ON MASTER AGREEMENT.

Buyer/End User

Date:

Distributor/Secured Party (Seller)

Date:

APPENDIX D
EXHIBIT K-2

MATCO TOOLS
PURCHASE MONEY SECURITY AGREEMENT – TECH ADVANTAGE

(See attached form)

MATCO TOOLS

DISTRIBUTOR'S PURCHASE-SECURITY AGREEMENT
RECOURSE CREDIT ASSIGNMENT AGREEMENT

THIS AGREEMENT, made and entered into at Stow, Ohio, this _________________day of ___________________ by and between MATCO TOOLS CORPORATION, a Delaware Corporation (herein referred to as "Assignee"), and _____________________________________of __________________________ ______________(herein referred to as "Distributor").

WITNESSETH, That

WHEREAS, Distributor is and has been serving as an independent Distributor for Matco Tools Corporation, herein referred to as MATCO TOOLS or Assignee, engaging in the solicitation for sale and sale of MATCO tools and related equipment to professional mechanics; and

WHEREAS, Assignee is willing to provide financing for certain of such purchases, provided Distributor agrees to and complies with the terms and conditions contained in this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. From time to time after the date hereof, Distributor shall present in electronic format to Assignee for purchase executed credit documents and related materials, in form and substance satisfactory to Assignee, providing for the assignment to Assignee of rights to collection of amounts payable representing the time purchase balance due in connection with the sale by Distributor of tools, equipment and/or related products purchased from MATCO TOOLS. Upon receipt of such documents and materials, it shall be within the sole discretion of Assignee whether or not to purchase the same, and nothing herein shall be construed as imposing any obligation upon Assignee to make any purchases from Distributor.

2. The purchase price to be paid to the Distributor by Assignee for credit documents accepted for assignment shall be no less than ninety-seven percent (97%) of the net cash price (principal amount of purchase included in the credit document being accepted by Assignee not including amounts previously assigned) thereof unless otherwise specified by MATCO TOOLS. Upon acceptance of any such documents, payment shall be effected by Assignee arranging for immediate credit against Distributor's purchase account with MATCO TOOLS (amounts due MATCO TOOLS in the ordinary course of business, exclusive of amounts outstanding under notes or other credit documents provided under other debt agreements between Distributor and MATCO TOOLS) and a confirming document will be forwarded to Distributor.

3. Distributor hereby warrants and represents to and agrees to Assignee as follows:

(a) All credit documents presented to Assignee for assignment hereunder shall be full, correct, complete and genuine, and shall be filled out and properly executed, shall accurately and truthfully describe the date(s) of purchase, items purchased and purchase price(s) charged and shall not have been offered previously to any other financial institution or other entity for purchase or as collateral against advances;

(b) All credit documents presented to Assignee for assignment hereunder shall relate to and arise from the sale of MATCO TOOLS, products, equipment and/or related products sold and to be utilized primarily for the commercial conduct of trade or business of the customer executing such documents and in no event shall any such credit documents have arisen from or relate to any sales of products for primarily personal, family or household purposes, or sales of products marketed by any entity other than MATCO TOOLS;

(c) Each customer executing credit documents presented to Assignee or assignment hereunder is creditworthy and Distributor releases Assignee from any claim or liability related to or arising out of Assignee's check on or determination of the creditworthiness of the customer and/or the acceptance or rejection by Assignee of any credit documents presented hereunder;

(d) Without prior written consent of the Assignee, Distributor shall in no event nor at any time prior to or after a sale of products, modify the terms of any instrument purchased by Assignee;

(e) Distributor agrees to collect amounts payable representing the time purchase balance due in connection with the sale by Distributor of tools, equipment and/or related products purchased from MATCO TOOLS and financed pursuant to this Agreement, and further hereby authorizes Assignee to debit Distributor's Purchase Account with MATCO TOOLS for the amounts collected for PSA's which have been recoursed back to Distributor;

(f) Distributor shall at all times, as an independent contractor, operate in his own name and be solely answerable for the costs and expenses, consequences and damages arising out of the conduct of his business as a distributor for MATCO TOOLS;

(g) Distributor shall at all times comply with the procedures from time to time established by Assignee with respect to credit limits, handling of credit documents and other activities related to financing of sales of MATCO TOOLS products as contemplated hereunder; and

(h) The Distributor agrees that, upon Assignee's request to make a particular repossession, he will cooperate as instructed by Assignee in making such repossession provided that it can be affected without a Breach of the Peace. Distributor also agrees to purchase the repossessed product in an agreed upon amount as established pursuant to MATCO TOOLS' Repossession Policy, as same may be revised from time to time.

4. Following acceptance of the credit documents hereunder Distributor and Assignee agree to the following terms and conditions:

(a) Upon failure by Distributor to remit payments or other funds collected on behalf of Assignee, pursuant to Paragraph 3 (e) above, Distributor hereby authorizes Assignee and MATCO TOOLS to debit Distributor's Purchase Account with MATCO TOOLS in an amount or amounts equal to the sums collected but not remitted. In addition, MATCO TOOLS may charge Distributor an administrative fee (currently set at $25 per occurrence, per contract) for delinquent, insufficient payments or inaccurate reporting as consideration for MATCO TOOLS' time and efforts in collecting monies, additional correspondence with you, credit bureaus and others, and administrative time and costs to correct data. Any amounts not remitted by Distributor within 10 days of their collection shall be deemed funds not promptly remitted and subject to this provision.

(b) Any documents, notes, agreements, or other contracts assigned by Distributor to Assignee pursuant to this Agreement which are later shown or alleged to be, in whole or in part, altered, amended, modified, forged, or not genuine, accurate, or in compliance with the terms of this Agreement in any respect, shall be immediately reassigned by Assignee to Distributor and upon such reassignment Distributor hereby agrees to accept such assignment and immediately, without set-off or deduction of any kind, agrees to pay Assignee the full amount of any balance then outstanding thereon. Upon failure by Distributor to pay Assignee as stated above, upon any reassignment of documents within 10 days of the date of reassignment, Distributor hereby authorizes Assignee and MATCO TOOLS to debit Distributor's Purchase Account in an amount equal to the amounts due on the reassigned documents. This Paragraph (b) shall not apply in the case when Assignee has, by its own action, or with its written consent, been a party to an amendment or modification of any document, note, agreement or other contract;

(c) Distributor shall not, without prior written consent of Assignee, release any security interest collateral subject to documents assigned to Assignee hereunder, modify or substitute collateral specified in any such documents, consent to or accept return of any collateral subject to or covered by any other assigned documents or effect repossession of any such collateral. Any of the foregoing actions on the part of Distributor, without the written consent of Assignee shall be deemed to be an alteration of the documents pursuant of paragraph 4 (b) above;

(d) In the event of default by customer of any installment payable on the due date thereof, or in the prompt performance of any other obligation to be performed under the credit document or contract by customer, after the assignment thereof by Distributor to Assignee, Distributor authorizes MATCO TOOLS to charge his Purchase Account an amount up to 100% of the outstanding balance, though it may be less depending upon the program under which the contract was assigned and MATCO TOOL's credit scoring models for that particular program. This recourse amount is non-refundable. MATCO TOOLS and Distributor agree that 100% of any funds collected thereafter will be Distributor's to keep as an offset to the chargeback made to Distributor's OPA by MATCO TOOLS;

(e) In the event Distributor terminates as a MATCO TOOLS Distributor, regardless of the reason for terminations, then Distributor agrees to accept as a charge to his Purchase Account an amount up to 100% of the outstanding balances of recoursable contracts, and to remit 100% of all funds or proceeds collected thereafter within 10 days to MATCO TOOLS. These accounts will not be brought in house for collection by MATCO TOOLS and 100% of all funds or proceeds collected thereafter by Distributor will be kept by Distributor to offset the chargeback made to Distributor's OPA by MATCO TOOLS; and

(f) Distributor may not rollover any portion of his unpaid Time Payment into the Purchase Money Security Agreement. In addition, Distributor may not include products previously sold under Time Payment and resold as new items purchased by the customer into the Purchase Money Security Agreement. Non-compliance with this section of the Agreement on Time Payment rollovers or reselling items previously sold on TP on a Purchase Money Security Agreement will result in the contract being charged back to Distributor's open purchase account.

(g) Notwithstanding anything to the contrary Distributor grants to Assignee, a security interest in all such credit document(s) or contract(s) and Assignee shall have the right to continue to possess the same and collect from the customer(s) obligated thereon all amounts due thereon and apply the same against amounts due Assignee from Distributor or due MATCO TOOLS from Distributor.

5. The liability of Distributor hereunder shall not be affected by any settlement, extension, forbearance or variation in terms which Assignee may grant in connection with any credit documents acquired hereunder or by the discharge or release of the obligations of the account debtor by operation of law or otherwise. Assignee makes no representation or warranty to Distributor concerning the validity, enforceability or sufficiency of any credit documents and/or other materials furnished to Distributor by Assignee.

6. This Agreement may be terminated at any time by Distributor or Assignee by written notice, but such termination shall not affect the respective rights and obligations of either party hereunder as to credit documents theretofore purchased by Assignee, including all repurchase and reassignment obligations.

7. It being anticipated that Distributor and/or other parties to credit assignments with Assignee may assign to Assignee credit documents covering sales to a particular customer which occurred on more than one occasion, it is understood and agreed that, unless otherwise agreed in writing between Assignee and Distributor or required by law, payments received from such a customer will be applied against the respective payment obligations of the customer in a manner such that all current and past due obligations under the documents bearing the earliest date will be treated as satisfied first, all current and past due obligations under the documents bearing the next-earliest date will be treated as satisfied next, and so-on, with the current and past due obligations under the documents bearing the most recent date being treated as satisfied only after current and past due obligations under documents hearing earlier dates have been satisfied.

8. This Agreement contains the entire understanding of the parties with respect to the transactions contemplated hereby and the same shall be amended or modified only by written agreement specifically referring hereto. None of the provisions hereof shall be deemed to in any way limit such rights as either party hereto may have by statute or at law or in equity as against the other party, and any remedies provided for herein shall be in addition to and not exclusive of any other remedy available by statute or under principles of common law or equity and such remedies may be exercised by either party consecutively or concurrently and such exercise shall not be deemed to waive any other rights or remedies which may be available to a party.

9. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors and assigns, provided however, the same shall not be assigned by the Distributor without prior written consent of Assignee thereto.

10. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

IN WITNESS WHEREOF, the parties hereto caused this Agreement to be executed as of the date and year first written above.

SIGNED IN THE PRESENCE OF:

____

MATCO TOOLS CORPORATION

BY ___________________________
Richard Smearcheck
ITS: Director, Financial Services

DISTRIBUTOR:

Matco Distributor Number ___________________

Distributor Entity Name:_____________________

By:_____________________________________
(signature)

Title:____________________________________

FORM TADV 02-11-21

Matco Tools
Joe Distributor
DISTRIBUTOR # 411116
3/2/2008 2:56:06PM
Distributor Gold
PSA
INV 2

Section 1 - Buyer

Doe, Jim	2
My Car USA	MYCAR
N050099999	PENDING
1285 Any Street	
Anywhere, OH 44224-	

REPRINT

Section 2 - Goods Sold

Item	QTY	Amount	Comment
MB7525	1	5105.00	S/N 123456
CUSTOM 2 BAY ROLLAWAY			

Purchases:	5105.00
Tax:	370.11
Freight/Labor:	0.00

Total:	5475.11

Section 3 - Payment Schedule

No. of Weekly Payments	Amount of Each Payment	Total of Payments	Weekly Payments Commence
208	36.30	7550.40	03/09/08

Section 4 - Terms Of Sale

(A)	Total Cash Price	5105.00
(B)	Trade In	0.00
	Subtotal (A-B)	5105.00
(C)	Sales Tax of 7.250%	370.11
(D)	Cash Down Payment	511.00
(E)	Net Cash Price	4964.11
(F)	Administration Fee	30.00
(G)	Net Due On Prior PSA	0.00
(H)	Principal Balance	4994.11
(I)	Time Price Differential	2556.29
(J)	Total Time Purchase Balance	7550.40

Next Weekly Pmt. Due:
36.30

BUYER ACKNOWLEDGES RECEIPT OF THE GOODS LISTED ABOVE AND A COMPLETELY EXECUTED COPY OF THIS AGREEMENT AND WARRANTS THAT THESE GOODS ARE PURCHASED PRIMARILY FOR USE IN THE COMMERCIAL OPERATION OF HIS TRADE OR BUSINESS AND NOT FOR PERSONAL, FAMILY OR HOUSEHOLD USE.

THIS AGREEMENT IS SUBJECT TO THE TERMS AND CONDITIONS ON THE MASTER AGREEMENT, WHICH IS ON FILE AT MATCO TOOLS, A COPY OF WHICH HAS BEEN GIVEN TO THE BUYER AND IS INCORPORATED HEREIN AS PART OF THIS AGREEMENT.

Buyer/End User

Date: ___________________

THIS AGREEMENT IS ACCEPTED BY SELLER AND HEREBY ASSIGNED UNDER THE TERMS OF THE ASSIGNMENT ON MASTER AGREEMENT.

Distributor/Secured Party (Seller)

Date: ___________________

Joe Distributor
Authorized Matco Tools
Distributor
Business Phone: (300) 555-1212
Pager: (300) 555-5757

Matco Tools

P.O. Box 99999
Metropolis, Ohio 99999

APPENDIX D
EXHIBIT L

MATCO TOOLS
REVOLVING LINE OF CREDIT AGREEMENT AND PROMISSORY NOTE

(See attached form)

Matco Tools Corporation	REVOLVING LINE OF CREDIT AGREEMENT	Stow, Ohio

This Revolving Line of Credit Agreement (the "AGREEMENT") is made and entered into this ______ day of _________ 2020 , by and between Matco Tools Corporation ("MATCO"), and ____ [Distributor Entity Name] a __________________________ [Type of Entity], organized in _______________________ [State of Formation] and having offices at ____("DISTRIBUTOR").

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

LINE OF CREDIT

Matco hereby establishes for a period extending to the 15th day of ______________, 2021 (the "MATURITY DATE"), a line of credit (the "CREDIT LINE") for Distributor in the principal amount of Twenty-Two Thousand and 00/100 Dollars ($ 22000 .00) (the "CREDIT LIMIT"). In connection herewith, Distributor shall execute and deliver to Matco a Promissory Note in the amount of the Credit Limit and in form and content satisfactory to Matco. All sums advanced on the Credit Line or pursuant to the terms of this Agreement (each an "ADVANCE") shall become part of the principal of said Promissory Note.

ADVANCES

Any request for an Advance may be made from time to time and in such amounts as Distributor may choose; provided, however, any requested Advance will not, when added to the outstanding principal balance of all previous Advances, exceed the Credit Limit. Requests for Advances may be made orally or in writing by Distributor. Matco will credit the amount of any requested Advance to Distributor's OPA account with Matco. Matco may refuse to make any requested Advance if an event of default has occurred and is continuing hereunder either at the time the request is given or the date the Advance is to be made, or if an event has occurred or condition exists which, with the giving of notice or passing of time or both, would constitute an event of default hereunder as of such dates.

This Revolving Line of Credit Agreement is unconditionally cancellable meaning Matco may at any time, for any reason or no reason at all, suspend or terminate any obligation it may have hereunder to make additional Advances to Distributor under this Agreement. Should Matco exercise this right to cancel any further Advances, it will have no affect on Distributor's obligation to make payments per the terms of the Agreement on the remaining balance due on the Line of Credit.

The funds from the Advances will be used by the Distributor for purchasing TP and inventory in connection with the operations of the Matco Tools Distributorship.

INTEREST

All sums advanced pursuant to this Agreement shall bear interest from the date each Advance is made until paid in full. The rate of interest will be Ten Point Five Percent 0 per annum, simple interest (the "EFFECTIVE RATE").

REPAYMENT

Distributor shall pay one and one half percent (1.5%) of the balance due, plus accrued interest on the outstanding principal balance on a monthly basis commencing on the 15th day of ______________, 2020 , and continuing on the fifteenth day of each month thereafter. The entire unpaid principal balance, together with any accrued interest and other unpaid charges or fees hereunder, shall be due and payable on the Maturity Date. All payments shall be made to Matco at such place as Matco may, from time to time, designate. All payments received hereunder shall be applied, first, to any costs or expenses incurred by Matco in collecting such payment or to any other unpaid charges or expenses due hereunder; second, to accrued interest; and third, to principal. Distributor may prepay principal at any time without penalty.

REPRESENTATIONS AND WARRANTIES

In order to induce Matco to enter into this Agreement and to make the advances provided for herein, Distributor represents and warrants to Matco as follows:

Distributor is a duly organized, validly existing, and in good standing under the laws of the State of _________________ with the power to own its assets and to transact business in the State of _________________, and in such other states where its business in conducted.

Distributor has the authority and power to execute and deliver any document required hereunder and to perform any condition or obligation imposed under the terms of such documents.

The execution, delivery and performance of this Agreement and each document incident hereto will not violate any provision of any applicable law, regulation, order, judgment, decree, article of incorporation, by-law, indenture, contract, agreement, or other undertaking to which Distributor is a party, or which purports to be binding on Distributor or its assets and will not result in the creation or imposition of a lien on any of its assets.

There is no action, suit, investigation, or proceeding pending or, to the knowledge of Distributor, threatened, against or affecting Distributor or any of its assets which, if adversely determined, would have a material adverse effect on the financial condition of Distributor or the operation of its business.

EVENTS OF DEFAULT

An event of default will occur if any of the following events occurs:

Failure to pay any principal or interest hereunder within ten (10) days after the same becomes due.

Any representation or warranty made by Distributor in this Agreement or in connection with any borrowing or request for an Advance hereunder, or in any certificate, financial statement, or other statement furnished by Distributor to Matco is untrue in any material respect at the time when made.

Default by Distributor in the observance or performance of any other material term contained in this Agreement, the Promissory Note or the Distributorship Agreement, other than a default constituting a separate and distinct event of default under this Paragraph.

Filing by Distributor or any guarantor or surety for Distributor (including Distributor's Principal Owner) of a voluntary petition in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended or under any other insolvency act or law, state or federal, now or hereafter existing.

Filing of an involuntary petition against Distributor or any guarantor or surety for Distributor (including Distributor's Principal Owner) in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, and the continuance thereof for sixty (60) days un-dismissed, un-bonded, or undischarged.

REMEDIES

Upon the occurrence of an event of default as defined above, Matco may declare the entire unpaid principal balance, together with accrued interest thereon, to be immediately due and payable without presentment, demand, protest, or other notice of any kind. Matco may suspend or terminate any obligation it may have hereunder to make additional Advances. To the extent permitted by law, Distributor waives any rights to presentment, demand, protest, or notice of any kind in connection with this Agreement. No failure or delay on the part of Matco in exercising any right, power, or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided herein are cumulative and not exclusive of any other rights or remedies provided at law or in equity. Distributor agrees to pay all costs of collection incurred by reason of the default, including court costs and reasonable attorney's fees.

NOTICE

Any written notice will be deemed effective on the date such notice is placed, first class, postage prepaid, in the United States mail, addressed to the party to which notice is being given as follows:

Matco Tools
4403 Allen Road
Stow, Ohio 44224
Attention: Rick Smearcheck

Distributor [Distributor Entity Name]:
By: 0
Name:
Title: 0

Distributor's Principal Owner and Guarantor:

By:
Name:
Date:

Additional Guarantor (which may Principal Owner's spouse):
If Principal Owner has a spouse, her or his spouse must sign below and serve as a Guarantor.

By:
Name:
Date:

GENERAL PROVISIONS

The financial terms of this Agreement are subject to change by Matco upon ninety (90) days written notice to Distributor. All representations and warranties made in this Agreement and the Promissory Note and in any certificate delivered pursuant thereto shall survive the execution and delivery of this Agreement and the making of any loans hereunder. This Agreement will be binding upon and inure to the benefit of Distributor and Matco, their respective successors and assigns, except that Distributor may not assign or transfer its rights or delegate its duties hereunder without the prior written consent of Matco. This Agreement, the Promissory Note, and all documents and instruments associated herewith will be governed by and construed and interpreted in accordance with the laws of the State of Ohio. Time is of the essence hereof. This Agreement will be deemed to express, embody, and supersede any previous understanding, agreements, or commitments, whether written or oral, between the parties with respect to the general subject matter hereof. This Agreement may not be amended or modified except in writing signed by the parties.

EXECUTED on the day and year first written above.

DISTRIBUTOR:

Debtor: [Distributor Entity Name]
By:
Name:
Title:
Date:

MATCO TOOLS CORPORATION:

By:
Name: Richard Smearcheck
Title: Director, Financial Services
Date:

Debtor's Principal Owner and Guarantor:

By:
Name:
Date:

Additional Guarantor (which may Principal Owner's spouse):
If Principal Owner has a spouse, her or his spouse must sign below and serve as a Guarantor.

By:
Name:
Date:

Debtor's Address:

Matco Tools Corporation	PROMISSORY NOTE	Stow, Ohio

$ 22000 .00

________________ , 2020

This Promissory Note (the "NOTE") is made and executed as of the date referred to above, by and between ____________ ____________________________________ [Distributor Entity Name], a _____________________ [Type of Entity] organized in ________________________ [State of Formation] and having offices at ______________________________ ________________________________ ("DISTRIBUTOR"), and Matco Tools Corporation ("MATCO"). By this Note, the Distributor promises and agrees to pay to the order of Matco, at 4403 Allen Road Stow, Ohio 44224, or at such other place as Matco may designate in writing, the principal sum of Twenty-Two Thousand and 00/100 and 00/100 Dollars ($ 22000 .00), or the aggregate unpaid principal amount of all advances made by Matco to Distributor pursuant to the terms of a Line of Credit Agreement (the "LOAN AGREEMENT") of even date herewith, whichever is less, together with interest thereon from the date each advance is made until paid in full, both before and after judgment, at the rate of _______ percent (Ten Point Five Percent) per annum, simple interest.

Distributor shall pay accrued interest on the outstanding principal balance under the Note on a monthly basis commencing on 15th , 2020 , and continuing on the fifteenth day of each month thereafter until paid in full. The entire unpaid principal balance, together with any accrued interest and other unpaid charges or fees hereunder, shall be due and payable on 15th , 2030 (the "MATURITY DATE").

Prepayment in whole or part may occur at any time hereunder without penalty; provided that the Matco shall be provided with not less than ten (10) days' notice of the Distributor's intent to pre-pay; and provided further that any such partial prepayment shall not operate to postpone or suspend the obligation to make, and shall not have the effect of altering the time for payment of the remaining balance of the Note as provided for above, unless and until the entire obligation is paid in full. All payments received hereunder shall be applied, first, to any costs or expenses incurred by Matco in collecting such payment or to any other unpaid charges or expenses due hereunder; second, to accrued interest; and third, to principal.

An event of default will occur if any of the following events occurs: (a) failure to pay any principal or interest hereunder within ten (10) days after the same becomes due; (b) if any representation or warranty made by Distributor in the Loan Agreement or in connection with any borrowing or request for an advance thereunder, or in any certificate, financial statement, or other statement furnished by Distributor to Matco is untrue in any material respect at the time when made; (c) default by Distributor in the observance or performance of any other covenant in the Distributorship Agreement or in the Loan Agreement, other than a default constituting a separate and distinct event of default under Events of Default section of the Loan Agreement; (d) filing by Distributor or any guarantor or surety for Distributor (including Distributor's Principal Owner) of a voluntary petition in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended or under any other insolvency act or law, state or federal, now or hereafter existing; or (e) filing of an involuntary petition against Distributor or any guarantor or surety for Distributor (including Distributor's Principal Owner) in bankruptcy seeking reorganization, arrangement or readjustment of debts, or any other relief under the Bankruptcy Code as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, and the continuance thereof for sixty (60) days un-dismissed, un-bonded, or undischarged.

Any notice or demand to be given to the parties hereunder shall be deemed to have been given to and received by them and shall be effective when personally delivered or when deposited in the U.S. mail, certified or registered mail, return receipt requested, postage prepaid, and addressed to the party at his or its last known address, or at such other address as the one of the parties may hereafter designate in writing to the other party.

The Distributor hereof waives presentment for payment, protest, demand, notice of protest, notice of dishonor, and notice of nonpayment, and expressly agrees that this Note or any payment hereunder, may be extended from time to time by the Matco without in any way affecting its liability hereunder.

In the event any payment under this Note is not made at the time and in the manner required, the Distributor agrees to pay any and all costs and expenses which may be incurred by the Matco hereof in connection with the enforcement of any of its rights under this Note or under any such other instrument, including court costs and reasonable attorneys' fees.

This Note shall be governed by and construed and enforced in accordance with the laws of the State of Ohio.

MATCO TOOLS CORPORATION:

____

Debtor: [Distributor Entity Name]

By: ____________________	By: ____________________
Name: ____________________	Name: Richard Smearcheck
Title: ____________________	Title: Director, Financial Services
Date: ____________________	Date: ____________________

Debtor's Principal Owner and Guarantor:

By: ____________________
Name: ____________________
Date: ____________________

Additional Guarantor (which may Principal Owner’s spouse):
If Principal Owner has a spouse, her or his spouse must sign below and serve as a Guarantor.

By: ____________________
Name: ____________________
Date: ____________________

Addendum to the Revolving Line of Credit Agreement

$000.00 Stow, Ohio

____

This Addendum to the Revolving Line of Credit Agreement by and between Matco Tools Corporation ("MATCO") and ______________________________ [Distributor Entity Name], a/an ______________________ [Type of Entity] organized in ______________________ [State of Formation] and having offices at ______________________________________ (herein referred to as "DISTRIBUTOR") is made and executed as of the date referred to above. An additional principal sum of ______________________________ and 00/100 Dollars ($.00) has been added to the Revolving Line of Credit Agreement (the "LOAN AGREEMENT") bringing the Loan Agreement to a total sum of _______________________________________ and 00/100 Dollars ($.00).

This Addendum shall be governed by and construed and enforced in accordance with the laws of the State of Ohio.

Debtor: [Distributor Entity Name]	MATCO TOOLS CORPORATION
By: ______________________________	By: ______________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

Debtor's Principal Owner and Guarantor:

By: ______________________________

Name: ______________________________

Date: ______________________________

Additional Guarantor:

By: ______________________________

Name: ______________________________

Date: ______________________________

Debtor's Address:

____

____

48036496v4

Amendment to the Revolving Line of Credit Agreement and Promissory Note

Stow, Ohio

____

This Amendment to the Revolving Line of Credit Agreement and Promissory Note by and between Matco Tools Corporation ("MATCO") and __________________________________ [Distributor Entity Name], a/an __________ ______________ [Type of Entity] organized in __________________________ [State of Formation] and having offices at ____ (herein referred to as "DISTRIBUTOR") is made and executed as of the date referred to above.

An additional principal sum of ____________________________ and 00/100 Dollars ($.00) has been added to the Revolving Line of Credit Agreement dated _________, 20__ (the "LOAN AGREEMENT") and Promissory Note dated ___________, 20__ (the "NOTE") bringing the total principal amount available under the Loan Agreement and Note to a total sum of ______________________ and 00/100 Dollars ($.00).

Borrowings currently outstanding under the Loan Agreement are _______________________ and 00/100 Dollars ($.00).

The Credit Limit as set forth in the Loan Agreement is hereby increased to the principal amount of _________________________ and 00/100 Dollars ($.00).

The Maturity Date as set forth in the Loan Agreement and Note is hereby extended to ____________, 20__.

The first sentence of Section 4 of the Loan Agreement and the first sentence of the second paragraph of the Note are hereby deleted such that no interest shall be due and payable prior to the Maturity Date.

Matco hereby waives any and all defaults that may have occurred under the Loan Agreement and/or Note prior to the date of this Amendment.

Except as provided above in this Amendment and in all prior addendums, all terms, covenants and conditions in the Loan Agreement and Note shall remain in full force and effect and shall not be affected by this Amendment.

This Amendment shall be governed by and construed and enforced in accordance with the laws of the State of Ohio.

Debtor: [Distributor Entity Name]	MATCO TOOLS CORPORATION
By: ________________________________	By: ________________________________
Name: ______________________________	Name: ______________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

Debtor's Principal Owner and Guarantor:

By: ________________________________

Name: ______________________________

Date: ______________________________

[Additional signature page to follow.]

Additional Guarantor:

By: ________________________________

Name: ______________________________

Date: ______________________________

Debtor's Address:

____

____

APPENDIX D
EXHIBIT M

MATCO TOOLS

[Reserved]

APPENDIX D
EXHIBIT N

MATCO TOOLS
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

(See attached form)

APPENDIX D
EXHIBIT N

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT (“GUARANTEE”)

Matco Tools Corporation (“Matco”) and **[Distributor Name]** have executed a Distributorship Agreement dated **[Date of Distributorship Agreement]** (the “Distributorship Agreement”).

Upon demand by Matco, the undersigned will immediately make each payment required of Distributor under the Distributorship Agreement, including damages, costs, and expenses owed by Distributor, payments due under any indemnification or claim for reimbursement, and all other duties and obligations that are susceptible to being satisfied by payment. This Guarantee is a guarantee of payment, and not of collection. The undersigned hereby waive any right to require Matco to: (a) proceed against Distributor for any payment required under the Distributorship Agreement; (b) proceed against or exhaust any security from Distributor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Distributor. Without affecting the obligations of the undersigned under this Guarantee, Matco may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Distributor, or settle, adjust, or compromise any claims against Distributor. The undersigned waive notice of amendment of the Distributorship Agreement and notice of demand for payment by Distributor, and agree to be bound by any and all such amendments and changes to the Distributorship Agreement.

The undersigned hereby agree to defend, indemnify, and hold Matco harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, and court costs) resulting from, consisting of, or arising out of or in connection with any failure by Distributor to perform any obligation of Distributor under the Distributorship Agreement, any amendment thereto, or any other agreement executed by Distributor referred to therein.

The undersigned hereby acknowledge and agree to be individually bound by all of the terms of the Distributorship Agreement, including, in particular, those contained in Section 9 and Section 11.9 of the Distributorship Agreement. With respect to the owners of the Distributor (and their spouses), including the Principal Owner, the time period in Section 11.9 of the Distributorship Agreement will run from the expiration, termination, or transfer of the Distributorship Agreement or from the termination of the owner’s relationship with, or ownership interest in, the Distributor, whichever occurs first.

This Guarantee shall terminate upon the termination or expiration of the Distributorship Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Distributorship Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

The undersigned shall pay Matco for all costs and expenses (including, but not limited to reasonable attorney fees and court costs) incurred in any action related to or arising out of this Guarantee. Enforcement of this Guarantee shall be governed by the terms and conditions of Sections 12 and 13 of the Distributorship Agreement.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Distributorship Agreement.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, telecopier/facsimile, or sent by other means which afford the sender evidence of delivery or rejected delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Matco:	Matco Tools Corporation 4403 Allen Road Stow, Ohio 44224 Fax. No. (330) 929-4972 Attn:______________________________
Notices to Guarantors:	___________________________________ ___________________________________ ___________________________________ ___________________________________ Attn:______________________________

Any notice by a method which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given at the date and time of receipt or rejected delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee, and it shall be effective as of the date of the Assignment Agreement.

GUARANTORS

____
Name:_________________________________
Date:_________________________________

____
Name:_________________________________
Date:_________________________________

____
Name:_________________________________
Date:_________________________________

____
Name:_________________________________
Date:_________________________________

APPENDIX D
EXHIBIT O

MATCO TOOLS
<u>MATCO DISTRIBUTOR BUSINESS SYSTEM SOFTWARE LICENSE, MAINTENANCE AND SUPPORT AGREEMENT AND INFORMATION FORM</u>

(See attached form)

APPENDIX D
EXHIBIT O

MATCO TOOLS
MATCO DISTRIBUTOR BUSINESS SYSTEM
SOFTWARE LICENSE, MAINTENANCE AND SUPPORT AGREEMENT

Matco Tools Corporation ("Matco") agrees to provide to:

Distributor Entity Name__________________________("Distributor")

Distributor #_____________________________

Principal Owner_________________________________

Address____

City, State, Zip____

and the Distributor agrees for good and sufficient consideration to license from Matco, one (1) copy of the applications software system known as the Matco Distributor Business System ("MDBS Software") consisting of computer programs, subject to the terms and conditions set forth in this Agreement. Matco and the Distributor are parties to a Distributorship Agreement dated as of ____________, 20____ (the "Distributorship Agreement").

1. LICENSE OF SYSTEM; PERMITTED USE AND COPYING.

The Matco Distributor Business System is the proprietary property of Matco Tools. Matco grants a nonexclusive license to the Distributor to use the MDBS Software in connection with the operation of the Distributor's Matco Tools business. Matco will install the MDBS Software object (Machine language) programs (source programs not included) on the Distributor's designated MDBS computer prior to the Distributor attending Matco's initial training program.

The Distributor may not sublicense, assign, sell, transfer or dispose of any part of the MDBS Software to any person or entity. The Distributor warrants that the MDBS Software will be used only in connection with the operation of the Distributor's Matco Tools business, and will not be used for any other purposes. The Distributor shall make no more than three (3) copies of the MDBS Software, as follows: (1) the Distributor may make one (1) copy of the MDBS Software for Distributor's use on Distributor's computer at his home or primary place of business; (2) the Distributor may make one (1) copy of the MDBS Software for Distributor's use in one (1) Mobile Store; and (3) the Distributor may make and maintain one (1) copy of the MDBS Software as a backup. For the avoidance of doubt, this Software License, Maintenance, and Support Agreement only authorizes the Distributor to install the MDBS Software in one (1) Mobile Store. Installation of the MDBS Software in more than (1) Mobile Store, or any replication or installation of the MDBS Software that is not set forth herein, shall be a breach of this Agreement. "Mobile Store" means the truck used by the Distributor solely in connection with the operation of his Distributorship.

2. CHARGES AND PAYMENT TERMS.

The current license fee for the MDBS Software and the first month's Systems Maintenance and Support provided by Matco is $899.00. Such fee is subject to change by Matco from time to time. The license fee for the MDBS Software will be charged to the Distributor's Matco Tools purchase account upon shipment. The terms for payment of the license fee are the same as the existing terms for payment of other amounts payable pursuant to the Distributor's Matco Tools purchase account.

There will also be an annual $225.00 license fee for Credit Card Processing Software that interfaces with the MDBS Software and an annual $45 license fee for Signature Pad processing software. These license fees will be charged to the Distributor's Matco Tools purchase account upon execution of the Distributorship Agreement, and a distributor account number will be assigned. The terms for payment of the license fees are the same as the existing terms for payment of other amounts payable pursuant to the Distributor's Matco Tools purchase account.

Additional Systems Maintenance and Support is available to the Distributor after the first month of the term of this Agreement under the terms and conditions set forth in this Agreement upon payment of Matco's then-current charges. The standard annual charge for Systems Maintenance and Support in effect as of the date of this Agreement is $450.00, but such charge is subject to change by Matco from time to time and may, at Matco's option, be substantially higher for systems not conforming to Matco's required specifications, including manufacturer, model, configuration and operating requirements. Annual Systems Maintenance and Support charges will be added to the Distributor's Matco Tools purchase account. The terms for payment of the annual Systems Maintenance and Support charges will be the same as for the then-current terms for the Distributor's Matco Tools purchase account.

The Distributor's annual charge for Systems Maintenance and Support will continue to include, in addition to the standard annual charge of $450.00, an additional annual charge of $400.00 if the Distributor's system hardware and/or software does not comply, to Matco's satisfaction, with Matco's specifications, including manufacturer, model, configuration, operating system, virus protection and non-Matco-specified use of third-party software and Internet sites.

3. TERM AND RENEWAL.

Subject to payment of the license fee set forth in Paragraph 2 and compliance by the Distributor with the other terms of this Agreement, this Agreement will remain in effect for a period of one (1) year from the date that the MDBS Software is shipped by Matco to the Distributor unless terminated by either party in accordance with the terms of this Agreement. Subject to payment by the Distributor of the annual Systems Maintenance and Support charges and compliance by the Distributor with the other terms of this Agreement, this Agreement will automatically renew and continue to renew for successive one (1) year periods unless terminated by either party in accordance with the terms of this Agreement.

4. SYSTEM HARDWARE.

The Distributor is required to purchase a new (not previously owned or refurbished) laptop/tablet computer with a full 3-year warranty described below meeting the exact current MDBS specifications without exception. As of January 1, 2022, the MDBS Software is designed to run on a Dell computer (a "laptop") Intel Core i5, 16GB, 256 GB hard drive, 15.6" Screen, Windows 10 and includes a 3-year hardware warranty which includes accidental coverage; a deskjet printer; a Matco-specified 40 column receipt printer; a Matco-specified barcode reading and label printing equipment; a Matco-specified signature capture device; and a Matco-specified credit card terminal. The Distributor will be responsible for acquiring and maintaining access to the Internet through an Internet Service Provider in order to communicate with Matco. Cable or DSL connections are preferred. In addition, the Distributor is required to purchase a cellular communications hotspot and service in order to connect to the internet while on their route. The MDBS Software documentation contains a list of the minimum equipment and additional recommended equipment. Except as expressly set forth in this Agreement or the MDBS Software documentation, Matco does not guarantee or warrant the successful execution of the MDBS Software on every particular brand and/or model of computer. It is the Distributor's responsibility to handle all equipment hardware/warranty issues directly with the equipment manufacturer. Matco is not responsible for hardware reliability or service. The above standards are established solely for the purpose of optimum MDBS software performance. System Hardware requirements are subject to change. Refer to the then-current MDBS Equipment Order Form for the most recent requirements.

The Distributor will be responsible for acquiring and maintaining the computer hardware and manufacturer's operating system software required to execute the MDBS Software. The Distributor will also be responsible for acquiring and maintaining anti-virus software on the Principal Owner's or Operator's computer in order to keep the system secure. In addition, Distributor will be solely responsible for complying with any and all policies surrounding credit card processing compliance (PCI) and personally identifiable information (PII). The Distributor and not Matco will be solely responsible for any breach of customer credit card data, customer personally identifiable information or the Distributor credit card merchant account. Except for the MDBS Software, the Distributor will have sole and complete responsibility for: (a) acquiring, operating, maintaining and upgrading its own computer hardware and software; (b) the manner in which the Distributor's systems interface with Matco's systems and those of other third parties; and (c) any and all consequences that may arise if the Distributor's systems are not properly operated, maintained, and upgraded. The Distributor is responsible for acquiring and maintaining an Internet email account and must promptly notify Matco's Customer Service Department of any changes. This account must be established prior to attending the new distributor training class and must be clearly noted on the attached MDBS Information Form.

The Distributor is further responsible for entering the shop, customer, tax rates and other data needed to run the MDBS Software.

The Distributor hereby indemnifies Matco for any claims or damages arising out of the Distributor's failure to comply with this Agreement, including without limitation, the provisions of Paragraph 4.

5. CONDITIONS TO ELIGIBILITY FOR MAINTENANCE AND SUPPORT SERVICES.

In order to be eligible to receive Systems Maintenance and Support services from Matco, the Distributor's copy of the MDBS Software must be unmodified by the Distributor and maintained to the latest update level specified by Matco, and the Distributor must not be in breach of its duties and responsibilities under this Agreement.

6. MATCO'S MAINTENANCE AND SUPPORT RESPONSIBILITIES.

Matco will make on-call support available to the Distributor on office working days during the standard hours of 8:00 a.m. through 4:30 p.m. Eastern time at Stow, Ohio. Distributor calls for support will be forwarded to the Matco support staff. An individual from the Matco support staff will provide a response to the Distributor within a reasonable period of time. All notices of errors or malfunctions must be clearly stated by telephone or in writing by the Distributor and must provide details sufficient to diagnose or reproduce such errors.

If the Distributor notifies Matco of a suspected error, Matco will use all reasonable efforts to confirm the existence of and correct such reproducible error by exercising standard test programs and taking necessary corrective actions. If, in analyzing a suspected error in the MDBS Software at the Distributor's request, Matco determines that no error exists in the MDBS Software program logic and/or documentation, and/or if the program malfunction is due to the Distributor's alteration of the MDBS Software, and/or if the Distributor is using computer hardware other than specified or approved by Matco or if the laptop computer is infected with viruses, worms and/or spyware of any nature, Matco will proceed with further efforts to diagnose and correct the malfunction only if the Distributor agrees to pay Matco for its time and efforts at Matco's then-current rates. The current rate is $50/hour.

Matco will from time to time review the MDBS Software for improved functionality and operating efficiency. Matco will, based on its own judgment, make such improvements and enhancements to the MDBS Software from time to time as it deems appropriate. Matco will provide to the Distributor, on a timely basis, the updated software and documentation necessary to enable the Distributor to reflect such enhancements and improvements in the Distributor's system. Matco will also provide to the Distributor, as updates under the terms of this Agreement, any program logic and documentation changes made by Matco to correct any proven reproducible errors in the MDBS Software which cause the MDBS Software to deviate materially from the specifications for that system.

Any changes to MDBS Software program logic made by Matco under the terms of this Agreement will be provided to the Distributor on media specified by Matco. The Distributor will pay the cost of the media, including shipping charges. The charges for media and shipping will be added to the Distributor's Matco Tools purchase account upon shipment.

To ensure performance and software compatibility, the use of the MDBS computer and software shall be restricted to the Distributor's Matco business related functions. For example, the MDBS computer shall not be used to browse the Internet for personal use, it should not be used for gaming, and other third-party software should not be loaded and executed on the computer.

7. LIMITED WARRANTY.

Matco hereby warrants the MDBS Software for a period of ninety (90) days from the time of shipment to materially conform to the specifications described in the documentation in the shipment. Within the warranty period, if the Distributor finds that the MDBS Software does not materially conform to the specifications, the Distributor will promptly provide Matco with sufficient documentation of such nonconformity such that Matco can reproduce and verify the same. Matco will, within a reasonable time, upon its confirmation of the nonconformity, provide the Distributor with either instructions for correcting the nonconformity or an updated copy of the MDBS Software that is free of the nonconformity. In the event that Matco is unable to accomplish any of the above, it will accept a return of the nonconforming MDBS Software and fully refund to the Distributor the license fee paid. The foregoing will constitute Matco's sole obligation, and the Distributor's sole remedy, for breach of warranty. Matco's warranty is conditioned upon the installation by the distributor of any and all updates to the MDBS Software provided to the Distributor by Matco and the Distributor's compliance with the terms of this Agreement.

EXCEPT FOR THE EXPRESS LIMITED WARRANTY SET FORTH ABOVE, MATCO HEREBY DISCLAIMS AND DISTRIBUTOR HEREBY EXPRESSLY WAIVES, ANY AND ALL OTHER EXPRESS WARRANTIES AND REPRESENTATIONS OF ANY KIND OR NATURE. UPON THE EXPIRATION OF THE EXPRESS LIMITED WARRANTY PERIOD SET FORTH ABOVE, MATCO DISCLAIMS, AND DISTRIBUTOR HEREBY EXPRESSLY WAIVES, ANY AND ALL IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

IN NO EVENT WILL MATCO BE LIABLE TO DISTRIBUTOR FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING LOST PROFITS OR LOST SAVINGS, IN ANY WAY ARISING OUT OF OR RELATING TO THIS AGREEMENT, WHETHER IN CONTRACT OR IN TORT. IN ADDITION, MATCO'S LIABILITY TO DISTRIBUTOR FOR DIRECT DAMAGE ARISING OUT OF OR RELATING TO THIS AGREEMENT WILL IN NO

EVENT EXCEED THE TOTAL AMOUNT OF LICENSE FEES AND ANNUAL SYSTEMS MAINTENANCE AND SUPPORT CHARGES ACTUALLY PAID BY DISTRIBUTOR TO MATCO UNDER THIS AGREEMENT.

8. CONFIDENTIALITY.

The Distributor will not disclose the MDBS Software to any person other that the Distributor's employees who have need to use the MDBS Software in connection with the operation of the Distributor's Matco Tools business. The Distributor will not alter or remove any ownership, trademark or copyright notices from the MDBS Software or any associated documentation.

9. DEFAULT; TERMINATION.

Either party will have the right to terminate this Agreement upon thirty days' (30) prior written notice. This Agreement will also terminate immediately upon the termination or expiration of the Distributorship Agreement. In addition, this Agreement and the license granted hereunder may be terminated by Matco on ten (10) days' written notice if Distributor defaults in the payment or performance of his obligations under this Agreement.

In the event of termination of the Agreement, the Distributor will immediately cease using the MDBS Software, and will immediately return to Matco all copies of the MDBS Software and documentation in the Distributor's possession or under the Distributor's control. No refund of any fees paid by the Distributor pursuant to this Agreement will be owed by Matco to the Distributor in the event of the termination of this Agreement.

10. MISCELLANEOUS.

All disputes related to this Agreement, or arising out of the relationship between the Distributor and Matco, should be governed by and resolved under the provisions of the Distributorship Agreement. This Agreement will be governed by, and construed and enforced in accordance with the laws of Ohio. If any provision will be held invalid or unenforceable, such provision will be severable from the Agreement and will not be construed to have any effect on the remaining provisions.

11. ENTIRE AGREEMENT.

This Agreement sets forth the entire understanding of the parties and supersedes any and all prior agreements, arrangements and understandings relating to the subject matter hereof and the terms and conditions set forth herein will prevail notwithstanding any variance from the terms of any written order submitted by the Distributor. No representation or inducement has been made by any party which is not embodied in this Agreement, and no party will be bound by or liable for any alleged representation or inducement not embodied herein. This Agreement will become effective only upon execution by the Distributor and approval by Matco and may be modified or amended only by a writing executed by both parties hereto.

[*Signature Page Follows*]

DISTRIBUTOR

Entity Name:_____________________________

Date
Signed__________________________________

By_____________________________________
Signature

____
Name – Printed

____
Title

FOR STOW, OH OFFICE USE ONLY

MATCO TOOLS CORPORATION

Date Signed______________________________

by_______________________________________
Brian Katzenmeyer,
Sr. Director, Information Technology

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Software License, Maintenance, and Support Agreement.

Principal Owner Name:____________________

Signature:________________________________

Date:____________________________________

MDBS INFORMATION FORM

( ) Email Address ____

(It is very important to print legibly)

( ) Cell Phone Number ____

( ) Cell Phone Provider____

(for text messaging)

( ) Internet Provider (ISP) ____

(provider and mode - Cable, DSL, Dial-up)

( ) Check here to confirm that you have purchased the Matco Computer Package

RETURN THIS FORM WITH THE MDBS LICENSE AGREEMENT.

APPENDIX D
EXHIBIT P

MATCO TOOLS
OWNER DESIGNATION

(See attached form)

APPENDIX D
EXHIBIT P

OWNER DESIGNATION

Principal Owner

The Distributor's Principal Owner is: ____.

The Principal Owner's address: ____.

Description of the Principal Owner's Ownership Interest in Distributor:
____.

Other Owners

The following list includes the full name of each person who is one of the Distributor's owners (other than the Principal Owner), and fully describes the nature of each owner's interest:

	Owner's Name/Address	Percentage/Description of Interest
(a)	___________________________________	______________________________________
	___________________________________	______________________________________
	___________________________________	
	___________________________________	
(b)	___________________________________	______________________________________
	___________________________________	______________________________________
	___________________________________	
	___________________________________	

Date: __________________________________

[Signature Page Follows]

This Owner Designation is agreed to by:

PRINCIPAL OWNER:

By: ______________________________
Name: ____________________________
Title: _____________________________
Date: _____________________________

DISTRIBUTOR:

____

By: ______________________________
Name: ____________________________
Title: _____________________________
Date: _____________________________

MATCO TOOLS CORPORATION:

By: ____
Name: ____
Title: ____
Date: ____

APPENDIX D
EXHIBIT Q

MATCO TOOLS
MATCO TOOLS WEB PAGE AGREEMENT

(See attached form)

[Note to Drafter: "Distributor" means the Distributor entity and "Principal Owner" means the individual principal owner.]

APPENDIX D
EXHIBIT Q

MATCO WEB PAGE AGREEMENT

This Agreement is made as of this ______________________, by and between Matco Tools Corporation ("Matco") and ____ a __________ __________________ organized in __________________________ and having offices at ________ ____ (the "Distributor").

BACKGROUND:

A. Matco is the owner of a website with the address "MatcoTools.com" ("Matco Website").

B. Distributor desires to obtain a subpage on Matco's Website.

NOW, THEREFORE, in consideration of the mutual premises set forth herein, the adequacy and sufficiency of which is acknowledged, Matco and Distributor hereby agree as follows:

1. **Definitions.**

1.1 Distributorship Agreement – The agreement between Matco and Distributor which gives Distributor the right to operate a Matco Tools mobile tool distributorship under Matco's system.

1.2 Distributor Subpage – A web page that is linked to Matco's Website, with a direct address ("Subpage Domain Name") which contains information specific to a particular Distributor.

1.3 Internet – A wide area network connecting thousands of computer networks in industry, education, government, and research.

1.4 Internet Policy – Matco's policy regarding all aspects of the Internet including but not limited to policies regarding the use of Web Pages and Distributor Subpages, as the same may be in effect from time to time, the current form of which is attached hereto (Attachment A).

1.5 Names and Marks – Matco's names and marks as identified from time to time in the Distributorship Agreement and in Item 13 of Matco's franchise offering circular or elsewhere.

1.6 Web Page Policy – Matco's policy regarding the use of Web Pages and Distributor Subpages, as the same may be in effect from time to time, the current form of which is attached hereto (Attachment A).

2. **<u>Term</u>.**

The term of this Agreement shall commence on the date first entered above and shall continue until one of the following events occur:

(a) The Distributorship Agreement expires and is not renewed;

(b) The Distributorship Agreement is terminated;

(c) The Distributor Subpage is discontinued or terminated;

(d) The Internet Policy is withdrawn or cancelled; or

(e) This Agreement is terminated or cancelled by Matco or Distributor.

3. **<u>Development of Distributor Subpage</u>.**

3.1 Matco agrees to create and develop a Distributor Subpage pursuant to the Internet Policy. Currently, the Distributor Subpage will contain two (2) pages: (a) the first page will be the Distributor "home" page with information regarding the Distributor, and with e-mail capability to communicate with Matco and with third-party visitors to the Distributor Subpage; and (b) the second page will contain material of the Distributor's choosing, subject to compliance with Matco's Internet Policy. Distributor shall provide to Matco all such information requested by Matco, in the form and at such times as specified by Matco, as Matco deems necessary or desirable to create and, if necessary, update the Distributor Subpage.

3.2 Distributor represents that it owns, or will own, or will have a license to own, all information, data, graphics, or other material that it provides to Matco ("Content") to use in or include on the Distributor Subpage. Distributor hereby grants to Matco a license to use all such Content. Matco reserves the right to use all, some, or none of the Content provided by Distributor.

4. **<u>Ownership of Distributor Subpage</u>.**

The parties agree that:

4.1 Matco shall own, operate, and maintain all Matco-related websites and all Distributor Subpages. Upon the termination of the Distributorship Agreement or this Agreement, all related Distributor Subpages will be terminated immediately.

4.2 Matco shall retain ownership of all domain names, including all Subpage Domain Names, during and after the term of the Distributorship Agreement. The Distributor will cease using its Subpage Domain Name immediately upon the termination of its Distributorship Agreement or this Agreement.

4.3 Matco shall own all rights in and to any data and other information related to, or that is provided to, or obtained by or on the Distributor Subpage or the Matco Website, including, without limitation, all clickstream data, customer or visitor data, computer "cookies," or logs of "hits" by visitors.

5. **Fees.**

5.1 Distributor shall pay, as of or prior to the date of this Agreement, a one time initial web page setup fee of One Hundred Ninety-Five Dollars ($195).

5.2 Distributor shall pay an annual maintenance fee initially upon signing this Agreement and thereafter the first day of the month of the anniversary of the date of this Agreement, and shall pay an annual maintenance fee on the same day each year thereafter. The current annual maintenance is One Hundred Ninety-Five Dollars ($195). Matco may change the annual maintenance fee, on thirty (30) days prior written notice to Distributor, but such change shall not be effective until the anniversary date immediately following the notice of such change. Failure by Distributor to pay the annual maintenance fee, or any other fee due to Matco when due, shall be cause for termination of this Agreement by Matco.

6. **Obligations and Acknowledgments of Distributor.**

6.1 Distributor acknowledges and agrees that changes in Matco's Internet Policy may be needed as a result of legal developments, changes in technology, and other reasons, and the Distributor agrees to be bound by Matco's Internet Policy as it may be revised by Matco from time to time.

6.2 Distributor acknowledges and agrees that if Distributor engages in any conduct that is in violation of this Agreement, a breach of the Distributorship Agreement, contrary to the Internet Policy, or is otherwise illegal or improper, Matco may suspend or terminate Distributor's access to and use of the Distributor Subpage. Without limiting the foregoing, Distributor shall not engage in any unauthorized conduct, "spamming," "mailbombing," "spoofing," or fraud.

6.3 Distributor agrees to comply with Matco's privacy statement on the Matco Website, as it may be amended from time to time. The current privacy statement is posted at [www.matcotools.com].

6.4 Distributor shall maintain such hardware, software, Internet connections, and other technological capabilities to maintain the Distributor Subpage, and to communicate through the e-mail function of the Distributor Subpage with Matco and any third party, in accordance with standards prescribed by Matco from time to time.

6.5 Distributor acknowledges and agrees that (a) the data, graphics, marks, and other information on the Matco Website and the Distributor Subpage are copyrighted and are protected by U.S. and worldwide copyright laws and treaty provisions; (b) Matco's Names and Marks are owned by Matco and may be used only with the express prior written consent of Matco; and (c) this Agreement does not grant Distributor any express or implied right under any copyrights, trademarks, or other proprietary rights.

6.6 Distributor agrees that any messages, ideas, suggestions, concepts, or other material submitted to Matco ("Submission") via the Matco Website or the Distributor Subpage will be considered non-confidential and non-proprietary. Matco may copy, distribute, incorporate, modify, or otherwise use the Submissions for any type of commercial or non-commercial use. Further, Matco is not responsible, and disclaims liability, for any Submissions or any information or data transmitted to or through Distributor's Subpage.

6.7 Distributor agrees to immediately execute, acknowledge, and deliver any instruments that may be necessary to terminate its Distributor Subpage upon termination of its Distributorship Agreement with Matco.

6.8 In the event that the Distributor fails to execute such instruments described in paragraph 6.7 above, in addition to any other remedies of Matco under the Distributorship Agreement, the Distributor hereby irrevocably grants a power of attorney to execute such agreements on its behalf to Matco.

6.9 Distributor indemnifies and holds Matco harmless from any claim or demand, including reasonable attorneys' fees, made by any third party due to or arising out of Distributor's breach of this Agreement or the documents it incorporates by reference, Distributor's violation of any law or rights of a third party, or any accidental or negligent act or omission involving the use of or transmission of data or information over or through the Distributor Subpage.

6.10 The obligations of paragraphs 6.7, 6.8, and 6.9 above shall survive the termination of cancellation of this Agreement.

7. **Operation of Website by Matco.** Matco will use best efforts to operate the Matco Website and the Distributor Subpage in accordance with this Agreement. Matco makes no representations or warranties that the Matco Website or the Distributor Subpage will be error-free. Matco disclaims all liability for damages arising in connection with this Agreement, even if Matco has been advised of the possibility of such damage. Matco's liability to Distributor under this Agreement will not exceed the total of all fees payable by Distributor in any year under this Agreement.

8. **Termination.** This Agreement may be terminated by either party, upon thirty (30) days prior written notice to the other party. Notwithstanding the foregoing thirty (30) day notice provision, Matco may suspend Distributor's use of or access to the Distributor Subpage as provided for in paragraph 6.2 above.

9. **Entire Agreement.** This Agreement, together with the Distributorship Agreement and related Internet Policy, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and all prior agreements with respect thereto are superseded hereby. No amendment or modification hereof shall be binding unless in writing and duly executed by both parties, or unless such change is made unilaterally by Matco to the Internet Policy as permitted herein.

10. **Governing Law.** Regardless of the place of its physical execution or performance, the provisions of this Agreement shall in all respects be construed according to, and the rights and liabilities of the parties hereto shall in all respects be governed by, the laws of the state of Ohio.

11. **Severability.** The provisions of this Agreement shall be severable, and if any provision of this Agreement is held to be invalid or unenforceable, it shall be construed to have the broadest interpretation which would render it valid and enforceable.

12. **Further Assurances.** The parties agree to take any and all further actions as may be reasonable to give effect to the agreements contained herein.

13. **Counterparts.** This Agreement may be executed in one or more counterpart copies, each of which shall be deemed an original and all of which shall together be deemed to constitute one agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

___________________________________	MATCO TOOLS CORPORATION
Distributor	Matco
By:_________________________________	By:_________________________________
Name:______________________________	Name:______________________________
Title:_______________________________	Title:_______________________________
Date:_______________________________	Date:_______________________________

Principal Owner Acknowledgment:

________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Web Page Agreement.

Principal Owner Name:____________________

Signature:______________________________

Date:__________________________________

ATTACHMENT A

MATCO TOOLS INTERNET POLICIES

DISTRIBUTOR WEB PAGE POLICIES

Distributor Provided Content	Governing Policy
Tool - Pricing	
New, current product	List or current MATCO Promo prices
New, discontinued product	List less 15% (typical Promo). Contact Distributor directly if priced below 15% discount.
Used, MATCO product	Minimum is List less 40%. Contact Distributor directly if priced below cost.
Used, competitive product	Any price as determined by Distributor.
MotorSports - Pricing	
Collectibles, excluding toolboxes	Current published List or Promo List. If Distributor wishes to sell over List – contact Distributor directly.
Personal Information/Bio/Comments -	No derogatory or other language that in any way disparages the competition.
Shipping/Delivery Information -	No shipping or delivery out of the Distributor's assigned territory or List of Calls.
Credit Card vs. Cash Pricing -	Discounts for cash are optional, additional charges for credit cards not allowable. (Per regulations in states.)
Competitive Product Sales -	No advertising for competitive product or non-tool related products or services (i.e., multi-level marketing plans Distributor may be involved in).

APPENDIX D
EXHIBIT R

MATCO TOOLS
PAYMENT PROGRAM AUTHORIZATION

(See attached form)

MATCO TOOLS

ELECTRONIC PAYMENT PROGRAM AUTHORIZATION

I (we) hereby authorize MATCO TOOLS CORPORATION, hereinafter called COMPANY, to process Automated Clearing House (ACH) debit or credit entries to my (our) account indicated below; and the depository named below, hereinafter called DEPOSITORY, to debit or credit the same such account.

All debit entries to be processed must originate from my (our) telephone communication. **COMPANY may not initiate debit entries directly.**

DEPOSITORY (Bank) Name: ______________________________

Address or Branch: ______________________________

City: ____________________ State: __________ Zip: __________

Checking Account Number: ______________________________

Distributor's Bank Account Name: ______________________________

This authority is to remain in full force and effect until COMPANY and DEPOSITORY have received written notification from me (us) of its termination and COMPANY and DEPOSITORY have had a reasonable opportunity to act on it.

Distributor's Entity Name:	**Distributor Number:** (internal use only)	
Address: *0*	**Email Address:**	
City: *0*	**State:** *0*	**Zip:** *0*
Type of Entity:	**State of Formation:**	
Principal Owner Name:		

By ______________________________
Name (Please type or print as it appears on bank account)

______________________________ ______________________________
Principal Owner Name: Title:

X______________________________ X______________
Signature Date

In the space below, please attach a voided check for the account to be debited or credited.

ATTACH VOIDED CHECK HERE

APPENDIX D
EXHIBIT S-1

MATCO TOOLS
<u>PROMISSORY NOTE FOR MOBILE STORE UPGRADE FINANCING PROGRAM</u>

(See attached form)

Matco Tools Corporation

INSTALLMENT PROMISSORY NOTE
For Mobile Store Upgrade Financing Program

________(Address), (ST)________
(Debtor's City and State)

$_______(Amount)_________ ______________________________, ________
(Principal Amount)

FOR VALUE RECEIVED, the undersigned promises to pay without defalcation or set off to the order of Matco Tools Corporation, a Delaware Corporation ("MATCO"), located at 4403 Allen Road, Stow, Ohio 44224, in lawful money of the United States of America, the amount of _______*#N/A*______ Dollars ($_*(Amount)*_), together with interest thereon at an annual rate of Four and Ninety-Nine One Hundredths of One Percent (4.99%) on the successive unpaid balances of said principal amount in ____*#N/A*_______ (*#N/A*) successive weekly installments of _____________*#N/A*________________ Dollars ($_*#N/A*_), commencing on _______________, ________. On _______________, ________, the entire remaining principal balance, plus any accrued and unpaid interest will be due and payable.

Interest at the rate specified herein shall continue to accrue and shall be payable to the holder hereof on any overdue and unpaid balances of the principal amount or installments thereof until such overdue amounts are paid in full, whether at or after the maturity hereof. The undersigned shall have the right to prepay the entire principal amount plus interest then accrued thereon at any time without notice or penalty.

The undersigned shall be in default under this Note upon the happening of any of the following events or conditions:

(a) Any installment of principal or interest on this Note is not paid when due or upon demand as aforesaid:
(b) The failure of the undersigned to pay its debts as they mature, or the occurrence of any event which results in the acceleration of the maturity of the indebtedness of the undersigned to others under any indenture, agreement, or undertaking;
(c) The cancellation of or default by the undersigned under that certain Distributorship Agreement, between Matco and the undersigned or any other agreement, note, lease, or contract between the undersigned and Matco or any subsidiary or affiliate of Matco, or the failure of the undersigned to perform any other obligation of the undersigned to subsidiary or affiliate of Matco;
(d) The dissolution, termination of existence, insolvency, business failure appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by or against, the undersigned or any guarantor of surety for the undersigned (including the undersigned's Principal Owner); or
(e) The failure of the undersigned to (i) have this note fully collateralized at all times, or (ii) provide evidence of full collateralization upon Matco's request, if collateralization is required by Matco

Upon default hereunder, the entire principal amount unpaid hereon, with interest then accrued, shall, at the option of any holder hereof, at once become due and payable without demand, or notice, demand and notice being hereby expressly waived, and such amounts of principal thereby declared to be due and payable shall thereafter continue to bear interest at the rate specified herein until all such amounts of principal plus interest accrued hereunder shall have been paid in full. Payments made hereon shall first be applied to payment of interest then accrued and then to the principal amount which remains unpaid.

The makers, endorsers and all guarantors of this Note jointly and severally waive demand, protest, presentment, notice of protest and non-payment or dishonor, and also waive any and all defenses on the grounds of any extensions or partial payments which may be granted or accepted by the holder before or after maturity of this Note or any installment hereof. Any rights or remedies conferred herein or by law upon any holder shall be cumulative and not exclusive and may be exercised at the option of the holder, either concurrently or consecutively.

Should legal action or an attorney at law be utilized to collect any amount due hereunder, the undersigned promises to pay all costs of collection. Including reasonable attorney’s fees, incurred by Matco, any agent of Matco or affiliates thereof, or any other holder.

The undersigned, if more than one, shall be jointly and severally liable hereon. This note is governed by Ohio law.

Debtor: [Distributor Entity Name]

By: ____________________

Name: ____________________

Date: ____________________

Title: ____________________

Debtor’s Principal Owner and Guarantor:

By: ____________________

Name: ____________________

Date: ____________________

Title: ____________________

Additional Guarantor (which may be Principal Owner's spouse):
If Principal Owner has a spouse, her or his spouse must sign below and serve as a Guarantor.

By: ____________________

Name: ____________________

Date: ____________________

Debtor’s Address:

____

____

IN CONSIDERATION OF ONE DOLLAR, receipt of which is acknowledged, and of the credit given or discount, loan or extension of time made by or upon the within note, the undersigned (if more than one jointly and severally) hereby unconditionally guarantee to the holder the payment thereof whenever due, in whole or in part, agree that no release of security therefor (if any) shall impair or be a defense to this guaranty and hereby consent that from time to time, without notice to the undersigned, payment of said note be extended in whole or part. The signature or signatures of the undersigned hereto is or are intended as an endorsement of the within instrument as will as the execution of the foregoing guaranty by each of the undersigned, who hereby respectively waive presentment, demand or payment, protest, and notice of non-payment and of protest.

____

____

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APPENDIX D
EXHIBIT S-2

MATCO TOOLS
SECURITY AGREEMENT FOR MOBILE STORE UPGRADE FINANCING PROGRAM

(See attached form)

APPENDIX D
EXHIBIT S-2

SECURITY AGREEMENT

For Mobile Store Upgrade Financing Program

SECURITY AGREEMENT between MATCO TOOLS CORPORATION, a Delaware Corporation, with its offices located at 4403 Allen Road, Stow, Ohio 44224, ("Secured Party") and ______________________________ [Distributor Entity Name] a ______________________________ [Type of Entity] organized in ______________________________ [State of Formation] and having offices at ______________________________ ("Debtor").

1. CREATION OF SECURITY INTEREST. In consideration of Secured Party extending credit and/or financing facilities to Debtor, Debtor hereby grants to Secured Party a security interest in the Collateral described in Section 2 to secure all Debtor's present and future debts, obligations and liabilities of whatever nature accruing under the Matco Tools Distributorship Agreement signed by the parties on ____________________, ______, if any, any note or notes of Debtor, direct or indirect, absolute or contingent, due or to become due, whether now existing or hereafter arising, together with applicable interest thereon ("Obligations"), to Secured Party. This Agreement shall not be rendered void by the fact that as of any particular date there are no outstanding secured obligations, and no commitment by Secured Party to make advances. If at such time additional future advances are contemplated by the parties hereto, or any of them, this Agreement shall, if otherwise valid, continue in force and effect, insofar as concerns, and stand as security for, any indebtedness, liabilities and obligations of Debtor to Secured Party, incurred as arising prior to the filing of record of a termination statement with respect hereto, as required by law, Debtor hereby instructs the Secured Party not to file a termination statement until requested to do so by Debtor in writing.

2. COLLATERAL. The collateral subject to this Security Agreement ("the Collateral") is the truck used by the Debtor solely in connection with Debtor's operation of her or his Matco Tools Distributorship (the "Mobile Store"), now owned or hereafter acquired by Debtor.

3. DEBTOR'S WARRANTIES AND COVENANTS. Debtor covenants and warrants:

(a) Ownership-except for the security interest hereby granted, Debtor has, or in acquisition will have, full fee simple title to the Collateral, free of any adverse encumbrances, liens, or security interests, and that Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.
(b) Location of Collateral-the Collateral will be kept at the address(es) of Debtor shown herein.
(c) Change of Addresses-Debtor shall immediately advise Secured Party in writing of any change or discontinuance in any of such address(es).
(d) No Other Financing Statement-which no other Financing Statement covering any of the Collateral is on file in any public office, with the exception of the following lien by ____________________.
(e) Maintenance of Collateral-that Debtor shall maintain the Collateral in good condition and repair and not permit its value to be impaired; keep it free from all liens, encumbrances, and security interests (other than Secured Party's security interests); defend it against all claims and legal proceedings by persons other than Secured Party; pay and discharge when due all taxes, license fees, levies, and other charges upon it; not sell, lease, or otherwise dispose of it or permit it to become an accession to other goods except in the ordinary course of business, or as specifically authorized in writing by Secured Party; not permit it to be, used in violation of any applicable law, regulation, or policy of insurance. Loss of or damage to the collateral shall not release Debtor from any of the OBLIGATIONS.
(f) Insurance of Collateral-that Debtor will have and maintain insurance at all times with respect to all Collateral against risks of fire (included extended coverage), theft and other casualty, with reputable insurance companies; such insurance to be payable to Secured Party and Debtor as their interests may appear.

4. FINANCING STATEMENT. At the request of the Secured Party, Debtor will join in executing, or will execute, all necessary financing statements and any other documents deemed necessary by Secured Party and pay the cost of filing such statements or other documents.

5. PERSONS BOUND. This Agreement benefits Secured Party, its successors and assigns, and binds the Debtor(s) and their respective heirs, personal representatives, successors, and assigns.

6. PAYMENT. Payment for all OBLIGATIONS shall be made in accordance with the terms of the Agreement under which they accrued. Interest on all OBLIGATIONS shall accrue from the date the OBLIGATION was incurred until payment in full by Debtor at the rate published by Secured Party from time to time.

7. POSSESSION OF COLLATERAL. Until default Debtor may have possession of the Collateral and use or sell it in the ordinary course of Debtor's business, in any lawful manner not inconsistent with this Agreement.

8. INSPECTION OF COLLATERAL. Secured Party is authorized to examine and inspect the Collateral wherever located at any reasonable time or times, and Debtor shall assist Secured Party in making such inspection.

9. REQUIRED REPORTS. Debtor will provide necessary business reports as requested by Secured Party field and/or Corporate Management.

10. MAINTENANCE OF SECURITY INTEREST. Debtor shall pay all expenses and, upon request, take any action reasonably deemed advisable by Secured Party to preserve the Collateral or to establish, determine priority of, perfect, continue perfected, terminate, or enforce Secured Party's interest in it or rights under this Agreement.

11. AUTHORITY OF SECURED PARTY TO PERFORM FOR DEBTOR. If Debtor breaches or fails to perform, as when required, any provision of this Agreement or the OBLIGATIONS, Secured Party is authorized, in Debtor's name or otherwise, to take any such action including without limitation signing Debtor's name or paying any amount so required, and the cost shall be one of the OBLIGATIONS secured by this Agreement and shall be payable by Debtor upon demand with interest from the date of payment by Secured Party at Secured Party. At the rate published from time to time by Secured Party.

12. DEFAULT. Debtor shall be in default under this agreement upon the happening of any of the following events or conditions:

(a) Default in the payment or performance of any obligation, covenant, liability and/or the OBLIGATIONS contained or referred to herein or in any note evidencing the same;

(b) Any warranty, representation or statement made or furnished to Secured Party by or on behalf of Debtor proves to have been false in any material respect when made or furnished;

(c) Any event which results in the acceleration of the maturity of the indebtedness of Debtor to others under any indenture, agreement or undertaking;

(d) Loss, theft, damage, destruction, sale except in the ordinary course of business, or encumbrance to or of any of the Collateral not specified herein, or the making of any levy, seizure or attachment thereof or thereon;

(e) Death, dissolution, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by or against, Debtor or any guarantor or surety for Debtor (including Debtor’s Principal Owner).

(f) The failure of the undersigned to (i) have this note fully collateralized at all times or, (ii) provide evidence of full collateralization upon Matco's request.

13. DEBTOR'S DEFAULT. Upon default hereunder or cancellation of the Matco Tools Distributorship Agreement between the parties, if any, or default by Debtor under said Agreement, all the OBLIGATIONS shall at the option of the Secured Party and without any notice or demand, become immediately due and payable; and Secured Party shall have all rights and remedies for default provided by the Uniform Commercial Code, as enacted in the State of Ohio, as well as any other applicable law. With respect to such rights and remedies:

(a) Making Collateral Available-Secured Party may require Debtor to make the Collateral available to Secured Party at any convenient place designed by Secured Party.

(b) Notice of Disposition- Written notice, when required by law, sent to any address of Debtor in this Agreement at least ten calendar days (counting the day of the sending) before the date of a proposed disposition of the Collateral is reasonable notice.

(c) Expenses and Application Proceeds-Debtor shall reimburse Secured Party for any expense incurred by Secured Party in protecting or enforcing its rights under this Agreement, including without limitation reasonable attorneys' fees and legal expenses and all expenses of taking possession, holding, preparing for disposition, and disposing of the Collateral. After deduction of such expenses, Secured Party may apply the proceeds of disposition to the OBLIGATIONS in such order and amounts as it elects.

(d) Waiver-Secured Party may permit Debtor to remedy any default without waiving the default so remedied, and Secured Party may waive any default without waiving any other subsequent or prior default by Debtor, or the same default at a later date.

14. NON-LIABILITY OF SECURED PARTY. Secured Party has no duty to protect or dispose of the Collateral. Debtor releases Secured Party from any liability for any act or omission relating to the OBLIGATIONS, the Collateral, of this Agreement; except Secured Party's willful misconduct.

15. DEALERSHIP AGREEMENT. The terms of the current Matco Tools Distributorship Agreement between the parties, if any, are hereby incorporated by reference and shall be part of this Security Agreement unless otherwise provided. No provisions herein shall amend the Matco Tools Distributorship Agreement or guarantee its continuance or renewal; and, likewise, no term therein shall be deemed to modify or amend the terms hereof. In the case of any conflict or ambiguity between the terms of the Matco Tools Distributorship Agreement and this Agreement, the terms of this Agreement shall control.

16. MISCELLANEOUS. This Security Agreement shall be governed by the Uniform Commercial Code and other applicable laws of the State of Ohio, other than the law on conflicts of law of such State. The terms of this Agreement are severable; in the event one or more terms hereof are finally declared by law or by any court of competent jurisdiction to be legally void, unenforceable, unconscionable or illegal, the remainder of this Agreement shall continue to be valid and shall be interpreted and enforced as if the offending term had not appeared herein. This Agreement, together with any document containing terms incorporated herein or referred to hereby, shall constitute the entire Agreement between Debtor and Secured Party as to the subject matter hereof. This Agreement shall become effective when signed by the Debtor. Secured Party may sell or assign this Agreement to any person or corporation without prior notice to or consent of Debtor, and Debtor agrees to perform under this Agreement for the benefit of such purchaser or assignee from Secured Party to the same extent as for Secured Party.

MATCO TOOLS CORPORATION

Signed by Debtor on ______________________, ____ BY ______________________________

Richard Smearcheck

Debtor: [Distributor Entity Name]: ______________ Director, Financial Services

By: ______________________________

Title: ______________________________

Date: ______________________________

Additional Guarantor (which may be Principal Owner's spouse):
If Principal Owner has a spouse, her or his spouse must sign below and serve as a Guarantor.

Debtor's Principal Owner and Guarantor:

By: ______________________________

Name: ______________________________

Date: ______________________________

By: ______________________________

Name: ______________________________

Date: ______________________________

All additional addresses of Debtor at which Collateral will be kept are

Street: ______________________________ Street: ______________________________

City: ______________________________ City: ______________________________

County: ______________________________ County: ______________________________

State: ______________________________ State: ______________________________

ASSIGNMENT

For value received, the undersigned Security Party hereby assigns this Security Agreement to ______________________ hereafter called "Assignee", its successors and assigns and hereby transfers title to the property described in said Security Agreement to said Assignee, and warrants that the facts set forth in the Security Agreement are true, that said property is free of all liens and encumbrances of whatever nature or kind except the lien and encumbrance created by this Security Agreement or otherwise specified herein; that said Security Agreement is genuine and in all things what it purports to be and that the undersigned has title to said property and has a right to transfer title thereto, subject to any encumbrance described herein; that the property described in said Security Agreement was sold to the Debtor in a bona fide time sale transaction; that all parties to the Security Agreement had capacity to contract; that none of the parties thereto is a minor; and that the undersigned has no knowledge of any fact which impairs the validity of said Security Agreement or renders it less valuable or valueless. If any of the warranties herein contained are untrue, the undersigned will purchase on demand this Security Agreement for the balance remaining unpaid thereon.

This ___________________ day of _______________________, 20_____

By ____
Title

FORM FRDOC-SA-Revised 7/16

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX E-1: DISTRIBUTOR DISCLOSURE QUESTIONNAIRE

As you know, Matco Tools Corporation (the "**Franchisor**") and you are preparing to enter into a Distributorship Agreement for the operation of a Matco Tools Distributorship (the "**Distributorship**"). The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest responses to each question. This questionnaire should be completed by your Principal Owner.

1. I first met with a Matco Tools representative to discuss in detail the Distributorship opportunity on ___________________, 20__.

2. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document (the "**Disclosure Document**") provided to you?

   Yes __________ No __________

3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

   Yes __________ No __________

4. Do you understand the information contained in the Disclosure Document?

   Yes __________ No __________

5. Have you received and personally reviewed the Distributorship Agreement and each exhibit attached to it?

   Yes __________ No __________

6. Please insert the date on which you received a copy of the Distributorship Agreement with all material blanks fully completed: ____

7. Do you understand that the Distributorship Agreement contains a number of provisions that may affect your legal rights, including required arbitration, designated locations or states for arbitration and any judicial proceedings, a waiver of a jury trial, a waiver of punitive or exemplary damages, limitations on when claims may be filed, and other waivers and limitations?

   Yes __________ No __________

8. Do you understand that you are agreeing:

   a. to open a new independent business, the success of which will depend on your ability to market and sell Matco products, predict and adapt to changes in the marketplace, negotiate and enter into agreements with third parties, attract and retain qualified staff as may be necessary, and otherwise operate all phases of an independent business over which you will have substantial control?

Yes __________ No __________

b. to be responsible for your own income, including the profits and losses that arise from owning an independent business?

Yes __________ No __________

c. that as an independent business owner, you will not earn wages, nor be eligible for workers' compensation, unemployment insurance or paid sick and family leave, or otherwise be entitled to benefits which would arise in the context of an employment relationship?

Yes __________ No __________

d. and that you must obtain a business license and a business tax registration; maintain a business location (which may be your residence); are free to set the price of the goods and services you offer and to negotiate the cost of goods and services provided to your business; that you remain free to perform non-competitive services that do not violate the Distributorship Agreement including, but not limited to, Section 11.9 of the Distributorship Agreement, that subject to your obligation to maintain reasonable business hours and to provide services only within the agreed-to territory (the "List of Calls") as set forth in the Distributorship Agreement, you alone determine how and when to perform the services under the Distributorship Agreement; and that you will regularly use your discretion and independent judgment in operating your business?

Yes __________ No __________

9. Do you understand your financial and other obligations under the Distributorship Agreement?

Yes __________ No __________

10. Do you understand the economic and business risks associated with operating the Distributorship?

Yes __________ No __________

11. Do you understand:

a. that this franchised business may be impacted by other risks, including those outside your or our control such as local, national or global economic, political or social disruption?

b. that such disruptions, and any preventative, protective, or remedial actions that federal, state, and local governments may take in response to a disruption, may result in a period of business disruption, reduced customer demand, and reduced operations for Distributorships, and may require that we take actions that might not be contemplated under the Distributorship Agreement?

c. the extent to which any such disruption impacts the Matco Tools system, and your franchised business, will depend on future developments which are highly uncertain and which we cannot predict?

Yes __________ No __________

12. Do you understand that the success or failure of the Distributorship will depend in large part upon your skills and abilities, the service you provide to your customers, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes __________ No __________

13. As you have reviewed the financial performance representations in Item 19 of the Disclosure Document, do you understand that:

a. Item 19 contains only historical data from certain franchised Distributorships, and are not a promise, assurance or guaranty of future results of your franchised Distributorship;

b. your results as a start-up business and Distributorship are likely to be different than existing Distributorships; and

c. you have had ample opportunity to review Item 19 with a lawyer, accountant and/or other advisor of your choosing.

Yes __________ No __________

14. Have you discussed the economic and business risks of owning and operating the Distributorship with an attorney, accountant or other professional advisor?

Yes __________ No __________

15. If you have not consulted with an attorney, accountant, or other professional advisor, do you want additional time to do so?

Yes __________ No __________

16. Did you understand that you had the opportunity to go on a "Ride Along" with the Matco district manager to survey your proposed List of Calls?

Yes __________ No __________

17. Did you take advantage of the opportunity to go on a "Ride Along" with the Matco district manager to survey your proposed List of Calls?

Yes __________ No __________

18. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else regarding the amount of money you may earn in operating the Distributorship that is contrary to, or different from, the information contained in the Disclosure Document?

Yes __________ No __________

19. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else concerning the total revenues the Distributorship may generate that is contrary to, or different from, the information contained in the Disclosure Document?

Yes __________ No __________

20. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else regarding the costs involved in operating the Distributorship that are contrary to, or different from, the information contained in the Disclosure Document?

Yes __________ No __________

21. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating the Distributorship that is contrary to, or different from, the information contained in the Disclosure Document?

Yes __________ No __________

22. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise to you or anyone else, other than those matters addressed in your Distributorship Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance relating to the Distributorship that is contrary to, or different from, the information contained in the Disclosure Document?

Yes __________ No __________

23. How did you first learn of the Matco Tools Franchise (i.e., Internet, newspaper, magazine, Distributor, etc.)?

____
____
____
____

23. If you answered "Yes" to any of questions 18 through 22, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

____
____
____
____

24. During my negotiations and evaluations leading up to my decision to buy a Matco Distributorship, I communicated with the following individuals from Matco Tools or its affiliates, or independent brokers:

<u>Name</u> <u>Address</u>

1. ____

2. ____

3. ____

4. ____

[Insert additional names and addresses below if needed]

You understand that your answers are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

____
DISTRIBUTORSHIP APPLICANT/
PRINCIPAL OWNER

Date: _________________, _____.

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX E-2:

ACKNOWLEDGMENT REGARDING OWNERSHIP OF DISTRIBUTORSHIP

As you know, Matco Tools Corporation (the "**Franchisor**" or **"Matco"**) and you are preparing to enter into a Distributorship Agreement for the operation of a Matco Tools Distributorship (the "**Distributorship**"). Accordingly, you hereby acknowledge and agree:

1. Matco's current policy is that it will not grant a Distributorship to any individual. Rather, Matco will only consider granting a Distributorship to a business entity, such as a corporation or a limited liability company;

2. Your Distributorship must be established, owned and operated as a business entity, such as a corporation or limited liability company, throughout the term of the Distributorship Agreement;

3. You own at least a majority of the outstanding equity interests in the business entity that will serve as the Distributor (at least 51%);

4. You will not use the Marks as part of the corporate or other legal name of the business entity that will serve as the Distritbutor;

5. You have had the opportunity to discuss with an attorney, accountant or other professional advisor the legal, economic and business issues, potential advantages, and risks associated with forming a business entity and owning and operating the Distributorship;

6. You will be establishing and operating an independent "Matco Tools Distributorship" business and you will not be an employee of Matco. Because you are operating an independent business, your income will be solely the profits you earn from your Distributorship and you will not earn or receive any wages or any of the other benefits normally provided to employees; and

7. You are responsible for ensuring that your Distributorship operates in accordance with the law of the state, county, city, and town in which you form your business entity and the areas in which you operate your Distributorship, including obtaining such things as a business license, a business tax registration, required insurance, and any other license or registration that may be required by local law.

____
DISTRIBUTORSHIP APPLICANT/
PRINCIPAL OWNER

Date: ____________________, ___.

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX F: STATE AGENCY EXHIBIT

Department of Financial Protection and Innovation
320 West Fourth Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
Toll free: (866) 275-2677

Department of Agriculture and Consumer Services
Division of Consumer Services
407 South Calhoun Street
Tallahassee, Florida 32399
(850) 410-3753

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, Hawaii 96813
(808) 586-2722

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Franchise Section
Indiana Securities Division
Secretary of State, Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601
(502) 696-5389

Office of the Attorney General
Consumer Protection Division
1885 North 3rd St.
Baton Rouge, LA 70802
(225) 326-6465

State of Maine
Department of Professional & Financial Regulation
Office of Securities
76 Northern Avenue
Gardiner, Maine 04345
(207) 624-8551

Maryland Division of Securities
Office of the Attorney General
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan Attorney General's Office
Consumer Protection Div., Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933
(517) 373-7117

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(612) 296-4026

Nebraska Department of Banking and Finance
Commerce Court
1526 K Street
Suite 300
Lincoln, Nebraska 68508
(402) 471-3445

Bureau of Investor Protection and Securities
New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236
Fax: (212) 416-6042

Secretary of State's Office
State of North Carolina
300 North Salisbury Street, Suite 100
Raleigh, North Carolina 27603
(919) 807-2000

Securities Commissioner
North Dakota Securities Department
600 Boulevard Avenue, State Capitol
Fifth Floor, Dept. 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

Director, Department of Business Regulation
Securities Division
Bldg. 69-1, First Floor
John O. Pastore Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9527

Department of Labor and Regulation
Division of Insurance – Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-4823

Secretary of State
Business Opportunities Section
1019 Brazos
Austin, Texas 78701
(512) 475-1769

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 1st Floor
Richmond, Virginia 23219-3630
(804) 371-9051

Department of Financial Institutions
Securities Division
150 Israel Road, SW
Tumwater, Washington 98501
(360) 902-8760

Commissioner of Securities
Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 261-9555

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX G: AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states:

California
Commissioner of FPI
Department of Financial Protection and Innovation
320 West Fourth Street, Suite 750
Los Angeles, California 90013-2344

Hawaii
Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana
Indiana Secretary of State
302 West Washington St., Room E018
Indianapolis, Indiana 46204

Louisiana
Louisiana Secretary of State
P.O. Box 94125
Baton Rouge, Louisiana 70804-9125

Maine
Securities Administrator
Maine Securities Division
121 State House Station
Augusta, Maine 04333-0121

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan
Michigan Department of Attorney General
Consumer Protection Division
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48933

Minnesota
Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198

New York
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

North Carolina
Secretary of State of North Carolina
300 North Salisbury Street
Raleigh, North Carolina 27603

North Dakota
Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fifth Floor, Dept. 414
Bismarck, North Dakota 58505-0510

Rhode Island
Director, Department of Business Regulation,
Securities Division
1511 Pontiac Avenue
John O. Pastore Complex – Building 69-1
Cranston, Rhode Island 02920

South Dakota
Department of Labor and Regulation
Division of Insurance – Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219-3630
(804) 371-9733

Washington
Director of Department of Financial Institutions
Securities Division
150 Israel Rd, SW
Tumwater, Washington 98501

Wisconsin
Commissioner of Securities
Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX H: STATE-SPECIFIC DISCLOSURES AND STATE AGREEMENT AMENDMENTS

1. California
2. Hawaii
3. Illinois
4. Louisiana
5. Maine
6. Maryland
7. Michigan
8. Minnesota
9. North Carolina
10. North Dakota
11. Rhode Island
12. Washington

The California Addendum is reserved.

Hawaii Disclosure Addendum

ADDITIONAL RISK FACTORS:

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 COMMISSIONER OF SECURITIES OF THE STATE OF HAWAII, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES OF THE STATE OF HAWAII, DEPARTMENT 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, 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, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE 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.

Registered agent in the state authorized to receive service of process: Commissioner of Securities of the State of Hawaii, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance, 335 Merchant Street, Room 2003, Honolulu, Hawaii 96813.

Item 20 of the Disclosure Document is amended by the addition of the following:

> This proposed registration/exemption is or will shortly be on file in California, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington and Wisconsin. No states have refused, by order or otherwise, to register Matco's offer of these distributorships. No states have revoked or suspended Matco's right to offer these distributorships. Matco has not had the proposed registration of these distributorships involuntarily withdrawn in any state.

Hawaii Distributorship Agreement Amendment

THIS AMENDMENT to the Distributorship Agreement is entered into this ___________________________________, by and between Matco Tools Corporation ("Matco") and ___________________________________ (the "Distributor") to amend and revise certain provisions of the Distributorship Agreement between Matco and the Distributor dated __________________________________ (the "Distributorship Agreement") as follows:

The Distributor's Matco® Tools business is to be located in the State of Hawaii. Therefore, Matco and the Distributor agree as follows:

1. The Distributorship Agreement is hereby amended and revised to provide that the release required pursuant to Article 2.2 or 10.2 of the Distributorship Agreement will not apply to any liability under the Hawaii Franchise Investment Law.

To the extent this Amendment will be deemed to be inconsistent with any terms or conditions of the Distributorship Agreement or the exhibits or attachments thereto, the terms of this Amendment will govern. All other terms and conditions of the Distributorship Agreement will remain the same.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
__________________________________	
By: ______________________________	By: ____
Name: ____________________________	Name: ____
Title: _____________________________	Title: ____
Date: _____________________________	Date: ____

Principal Owner Acknowledgment:

__________________________, as the Principal Owner and guarantor of this Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in the Distributorship Agreement and this Amendment thereto.

Principal Owner Name:____________________

Signature:________________________________

Date:____________________________________

<u>Illinois Disclosure Addendum</u>

Item 17. v and w of the Disclosure Document are amended by the addition of the following:

> If the Distributorship will be located in the State of Illinois, then Section 4 of the Illinois Franchise Disclosure Act of 1987 provides that the provisions of the Distributorship Agreement which designate jurisdiction or venue in a forum outside of Illinois are void. Further:
>
> 1. The "Summary" of Item 17(v), entitled **<u>Choice of Forum</u>**, is deleted and replaced with the following language:
>
> Arbitration must be in Summit County, Ohio. Subject to your arbitration obligation, no provision relates to choice of forum for litigation.
>
> 2. The "Summary" section of Item 17(w), entitled **<u>Choice of Law</u>**, is deleted and replaced with the following language:

Except to the extent governed by the Federal arbitration Act, the United States Trademark of 1946, or other federal law, the Distributorship Agreement will be governed by and construed in accordance with, the laws of the State of Illinois.

Illinois Distributorship Agreement Amendment

THIS AMENDMENT to the Distributorship Agreement is entered into this ___________________________________, by and between Matco Tools Corporation ("Matco") and ___________________________________ (the "Distributor") to amend and revise certain provisions of the Distributorship Agreement between Matco and the Distributor dated ___________________________________ (the "Distributorship Agreement") as follows:

The Distributor's Matco® Tools business is to be located in the State of Illinois. Therefore, Matco and the Distributor agree as follows:

1. The consent by the Distributor to jurisdiction and venue in Summit County, Ohio contained in Section 12.10 is applicable to arbitration hearings and matters related to or subject to arbitration, but such consent will not apply to cases that are not subject to arbitration.

2. Section 13.3 of the Distributorship Agreement is hereby amended and revised to provide that except to the extent governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.), or other federal law, the Distributorship Agreement will be governed by and construed in accordance with the laws of the State of Illinois, and the substantive law of Illinois will govern the rights and obligations of and the relationship between the parties.

To the extent this Amendment will be deemed to be inconsistent with any terms or conditions of the Distributorship Agreement or the exhibits or attachments thereto, the terms of this Amendment will govern. All other terms and conditions of the Distributorship Agreement will remain the same.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
______________________________	
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________
Date: ___________________________	Date: ___________________________

Principal Owner Acknowledgment:

________________________, as the Principal Owner and guarantor of this Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in the Distributorship Agreement and this Amendment thereto.

Principal Owner Name:___________________

Signature:_____________________________

Date:_________________________________

Louisiana Disclosure Addendum

Louisiana Disclosure Addendum

Item 19 of the Disclosure Document is amended by the addition of the following:

> No assurance of earnings or ranges of earnings can be made. The number of purchasers who have earned more through this business than they invested is at least 729. This is 95.5% of the total number of purchasers. This information is current as of December 31, 2021. In reviewing the foregoing statement, please understand the following:
>
> "Purchasers" mean all new Matco distributors who began operations in the three year period of 2019 through 2021.
>
> "Earned more than they invested" means revenues received by the Matco distributor from the sale of Matco products to customers in amounts that exceed the initial inventory payments that the distributor paid to Matco to begin the business. (This does not include payments to third parties for other items, such as the Mobil Store or computer. And this does not take into account any other costs or expenses of the business.)
>
> In compiling these figures, Matco obtained data from all of the distributors who started their distributorship businesses in 2019, 2020 or 2021. Of those new distributors, Matco records how many ceased operating (for any reason) within one year of their commencement of business. These distributors are referred to as "separated" distributors. Of these separated distributors, Matco obtains data on their "completed business." (See Item 19 for a description of "completed business". However, in broad, general terms, "completed business" is gross revenue or gross sales, as reported by the distributor to Matco in the MDBS reporting system.) For those separated distributors whose "completed business" was more than the cost of their New Distributor Starter Inventory, Matco considered them as distributors who earned more money than they invested. In addition, Matco assumes, based on past experience and data recorded from distributors, that any Matco distributor who is, and has been, in business for more than 12 months has had or likely has had, "completed business," or sales, in excess of the New Distributor Starter Inventory. As noted above, Matco does not have records regarding the exact amount that each distributor invests in the business, including payments to third parties, suppliers and others. Also, Matco does not obtain records of the distributors' profits.

Please read the entire Matco Disclosure Document, including the Item 19 disclosures to obtain a more complete picture and understand of the Matco distributorship business.

Maine Disclosure Addendum

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN VERIFIED BY THE STATE OF MAINE. THE STATE HAS NOT REVIEWED AND DOES NOT APPROVE OR ENDORSE ANY BUSINESS OPPORTUNITY. THE DISCLOSURE STATEMENT CONTAINS INFORMATION WHICH SHOULD BE CAREFULLY READ BEFORE AGREEING TO PURCHASE A BUSINESS OPPORTUNITY.

AS REQUIRED BY MAINE LAW, WE HAVE SECURED A BOND IN THE AMOUNT OF $30,000 ISSUED BY TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA LOCATED AT ONE TOWER SQUARE, HARTFORD, CONNECTICUT 06183. BEFORE SIGNING A CONTRACT TO PURCHASE A BUSINESS OPPORTUNITY, YOU SHOULD CHECK WITH THE SURETY COMPANY TO DETERMINE THE CURRENT STATUS OF THE BOND.

PURSUANT TO MAINE STATUTE 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.

Maine Distributorship Agreement Amendment

THIS AMENDMENT to the Distributorship Agreement is entered into this ___________________________________, by and between Matco Tools Corporation ("Matco") and ___________________________________ (the "Distributor") to amend and revise certain provisions of the Distributorship Agreement between Matco and the Distributor dated ___________________________________ (the "Distributorship Agreement") as follows:

The Distributor's Matco® Tools business is to be located in the State of Maine. Therefore, Matco and the Distributor agree as follows:

1. Pursuant to Maine statute 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.

To the extent this Amendment will be deemed to be inconsistent with any terms or conditions of the Distributorship Agreement or the exhibits or attachments thereto, the terms of this Amendment will govern. All other terms and conditions of the Distributorship Agreement will remain the same.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
___________________________________	
By: _______________________________	By: _______________________________
Name: _____________________________	Name: _____________________________
Title: ______________________________	Title: ______________________________
Date: ______________________________	Date: ______________________________

Principal Owner Acknowledgment:

__________________________, as the Principal Owner and guarantor of this Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in the Distributorship Agreement and this Amendment thereto.

Principal Owner Name:_____________________

Signature:_________________________________

Date:______________________________

Maryland Disclosure Addendum

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following language:

> The general releases required for renewal or transfer will not apply with respect to any claim you may have which arises under the Maryland Franchise Registration and Disclosure Law. See Appendix J for additional information regarding the release.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
>
> Except for claims that are subject to arbitration, the Distributor may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> Termination upon bankruptcy may not be enforceable under federal bankruptcy law, 11 U.S.C. Section 101 et seq.

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following language to the summary of Provisions “v” and “w”:

> , except for claims arising under the Maryland Franchise Registration and Disclosure Law.

Appendix E, “Distributorship Disclosure Questionnaire,” shall be amended by the addition of the following at the end of the Questionnaire:

> The representations under this Distributorship Disclosure Questionnaire are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Maryland Distributorship Agreement Amendment

THIS AMENDMENT to the Distributorship Agreement is entered into this ___________________________________, by and between Matco Tools Corporation ("Matco") and ___________________________________ (the "Distributor") to amend and revise certain provisions of the Distributorship Agreement between Matco and the Distributor dated ___________________________________ (the "Distributorship Agreement") as follows:

The Distributor's Matco® Tools business is to be located in the State of Maryland. Therefore, Matco and the Distributor agree as follows:

1. The Distributorship Agreement is hereby amended and revised to provide that the release required pursuant to Section 2.2 or 10.2 of the Distributorship Agreement will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 12.3 of the Distributorship Agreement is hereby amended and revised by the addition of the following at the end of the first sentence:

; except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years from the grant of the franchise.

3. Section 12.10 of the Distributorship Agreement is hereby amended and revised by the addition of the following at the end of the second sentence:

; except court hearings or lawsuits filed in federal or state court with respect to claims arising under the Maryland Franchise Registration and Disclosure Law, to the extent not subject to arbitration.

4. Article 14 is hereby amended and revised by the addition of the following new Section 14.6:

14.6 The foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

To the extent this Amendment will be deemed to be inconsistent with any terms or conditions of the Distributorship Agreement or the exhibits or attachments thereto, the terms of this Amendment will govern. All other terms and conditions of the Distributorship Agreement will remain the same.

[Signature Page Follows]

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
______________________________	
By: ___________________________	By: ______________________________________
Name: _________________________	Name: ____________________________________
Title: __________________________	Title: _____________________________________
Date: __________________________	Date: _____________________________________

Principal Owner Acknowledgment:

________________________, as the Principal Owner and guarantor of this Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in the Distributorship Agreement and this Amendment thereto.

Principal Owner Name:____________________

Signature:_______________________________

Date:__________________________________

Minnesota Disclosure Addendum

Item 17 of the Disclosure Document is amended by the addition of the following:

> With respect to Distributorships governed by Minnesota law, Matco will comply with Minnesota Statute 80C.14, Subdivisions 3, 4 and 5 which require, except in certain specified circumstances, that a Distributor be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Distributorship.
>
> Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to a jury trial, any procedure, forum, or remedies as may be provided for by the laws of the jurisdiction.

Minnesota Distributorship Agreement Amendment

THIS AMENDMENT to the Distributorship Agreement is entered into this ___________________________________, by and between Matco Tools Corporation ("Matco") and ___________________________________ (the "Distributor") to amend and revise certain provisions of the Distributorship Agreement between Matco and the Distributor dated ___________________________________ (the "Distributorship Agreement") as follows:

The Distributor's Matco® Tools business is to be located in the State of Minnesota. Therefore, Matco and the Distributor agree as follows:

1. Section 13.3 of the Distributorship Agreement is hereby amended and revised as follows:

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

2. The Distributorship Agreement is hereby amended and revised to provide that the release required pursuant to Section 2.2 or 10.2 of the Distributorship Agreement will not apply to any liability under the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

3. The Distributorship Agreement is hereby amended and revised as follows:

With respect to Distributorships governed by Minnesota law, Matco will comply with Minnesota Statute 80C.14, Subdivisions 3, 4 and 5 which require, except in certain specified circumstances, that a Distributor be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Distributorship.

To the extent this Amendment will be deemed to be inconsistent with any terms or conditions of the Distributorship Agreement or the exhibits or attachments thereto, the terms of this Amendment will govern. All other terms and conditions of the Distributorship Agreement will remain the same.

[Signature Page Follows]

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
________________________________	
By: ____________________________	By: ____
Name: __________________________	Name: ______________________________________
Title: ___________________________	Title: _______________________________________
Date: ___________________________	Date: _______________________________________

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of this Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in the Distributorship Agreement and this Amendment thereto.

Principal Owner Name:____________________

Signature:________________________________

Date:___________________________________

<u>North Carolina Disclosure Addendum</u>

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 QUESTION ABOUT THIS INVESTMENT, SEE AN ATTORNEY BEFORE YOU SIGN A CONTRACT OR AGREEMENT.

As required by North Carolina law, the seller has secured a bond issued by Travelers Casualty and Surety Company of America, located at One Tower Square, Hartford, Connecticut 06183, 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.

To the extent that Franchisee decides to purchase any product(s), equipment, or supplies from the Franchisor under the Franchise Agreement, or any other agreement between the parties, the Franchisor agrees to be bound by the following obligation:

If we fail to deliver the product(s), equipment, or supplies necessary to begin substantial operation of the Franchised Business within 45 days after the delivery date stated in your contract, you may notify us in writing and demand that the contract be cancelled.

North Carolina Distributorship Agreement Amendment

THIS AMENDMENT to the Distributorship Agreement is entered into this ___________________________________, by and between Matco Tools Corporation ("Matco") and ___________________________________ (the "Distributor") to amend and revise certain provisions of the Distributorship Agreement between Matco and the Distributor dated ___________________________________ (the "Distributorship Agreement") as follows:

The Distributor's Matco® Tools business is to be located in the State of North Carolina. Therefore, Matco and the Distributor agree as follows:

1. In recognition of the requirements of the General Statutes of North Carolina, Chapter 66, Article 19, Sections 66-94 through 66-100, the parties to the attached Matco Distributorship Agreement agree as follows:

SERVICE OF PROCESS. The following is added and incorporated into the Distributorship Agreement as follows:

SERVICE OF PROCESS

Our principal business address is:
4403 Allen Road
Stow, OH 44224

The name and address of our agent in North Carolina authorized to receive service of process is:

Secretary of State of North Carolina
300 North Salisbury Street
Raleigh, North Carolina 27603

To the extent this Amendment will be deemed to be inconsistent with any terms or conditions of the Distributorship Agreement or the exhibits or attachments thereto, the terms of this Amendment will govern. All other terms and conditions of the Distributorship Agreement will remain the same.

[Signature Page Follows]

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
______________________________	
By: ____________________________	By: ____
Name: __________________________	Name: ______________________________________
Title: ___________________________	Title: _______________________________________
Date: ___________________________	Date: _______________________________________

Principal Owner Acknowledgment:

________________________, as the Principal Owner and guarantor of this Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in the Distributorship Agreement and this Amendment thereto.

Principal Owner Name:___________________

Signature:_____________________________

Date:_________________________________

North Dakota Disclosure Addendum

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Disclosure Document for Matco Tools Corporation shall be amended by the addition of the following language:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

   A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

   B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

   C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

   D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

   E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

   F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

   G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

   H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

   I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

   J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

2. Each provision of this addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-1 through 51-19-17, are met independently without reference to this addendum to the Disclosure Document.

North Dakota Distributorship Agreement Amendment

THIS AMENDMENT to the Distributorship Agreement is entered into this ___________________________________, by and between Matco Tools Corporation ("Matco") and ___________________________________ (the "Distributor") to amend and revise certain provisions of the Distributorship Agreement between Matco and the Distributor dated ___________________________________ (the "Distributorship Agreement") as follows:

The Distributor's Matco® Tools business is to be located in the State of North Dakota. Therefore, Matco and the Distributor agree as follows:

The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

To the extent this Amendment will be deemed to be inconsistent with any terms or conditions of the Distributorship Agreement or the exhibits or attachments thereto, the terms of this Amendment will govern. All other terms and conditions of the Distributorship Agreement will remain the same.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
________________________________	
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________
Date: ___________________________	Date: ___________________________

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of this Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in the Distributorship Agreement and this Amendment thereto.

Principal Owner Name:____________________

Signature:_______________________________

Date:___________________________________

Rhode Island Disclosure Addendum

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19 28.1-1 through 19-28.1-34 the Franchise Disclosure Document for Matco Tools Corporation for use in the State of Rhode Island shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this addendum to the Disclosure document.

Rhode Island Distributorship Agreement Amendment

THIS AMENDMENT to the Distributorship Agreement is entered into this ___________________________________, by and between Matco Tools Corporation ("Matco") and ___________________________________ (the "Distributor") to amend and revise certain provisions of the Distributorship Agreement between Matco and the Distributor dated ___________________________________ (the "Distributorship Agreement") as follows:

The Distributor's Matco® Tools business is to be located in the State of Rhode Island. Therefore, Matco and the Distributor agree as follows:

1. Article 12 of the Agreement, under the heading "Dispute Resolution" and Article 13 of the Agreement, under the heading "Miscellaneous," shall be amended by the addition of the following:

> Notwithstanding the foregoing, Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island amendment to the Distributorship Agreement on the same date as the Distributorship Agreement was executed.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
________________________________	
By: ____________________________	By: ____
Name: __________________________	Name: ____
Title: ___________________________	Title: ____
Date: ___________________________	Date: ____

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of this Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in the Distributorship Agreement and this Amendment thereto.

Principal Owner Name:____________________

Signature:_______________________________

Date:___________________________________

Washington Disclosure Addendum

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for Matco Tools Corporation in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs at the conclusion of the Item:

> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
>
> RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
>
> In any arbitration involving a franchise purchased in Washington, the arbitration site will 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 at the time of arbitration. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
>
> A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
>
> Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
>
> Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
>
> RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

2. Each provision of this addendum to the disclosure document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, are met independently without reference to this addendum to the disclosure document.

Washington Distributorship Agreement Amendment

THIS AMENDMENT to the Distributorship Agreement is entered into this ___________________________________, by and between Matco Tools Corporation ("Matco") and ___________________________________ (the "Distributor") to amend and revise certain provisions of the Distributorship Agreement between Matco and the Distributor dated __________________________________ (the "Distributorship Agreement") as follows:

The Distributor's Matco® Tools business is to be located in the State of Washington. Therefore, Matco and the Distributor agree as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

2. RCW 19.100.180 may supersede the Distributorship Agreement in Distributor's relationship with Matco including the areas of termination and renewal of Distributor's franchise. There may also be court decisions which may supersede the Distributorship Agreement in Distributor's relationship with Matco including the areas of termination and renewal of Distributor's franchise.

3. In any arbitration involving a franchise purchased in Washington, the arbitration site will 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 at the time of arbitration. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the Matco's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

To the extent this Amendment will be deemed to be inconsistent with any terms or conditions of the Distributorship Agreement or the exhibits or attachments thereto, the terms of this Amendment will govern. All other terms and conditions of the Distributorship Agreement will remain the same.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
______________________________	
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

Principal Owner Acknowledgment:

________________________, as the Principal Owner and guarantor of this Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in the Distributorship Agreement and this Amendment thereto.

Principal Owner Name:___________________

Signature:_____________________________

Date:_________________________________

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX I: CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

(To be executed by a prospective Distributor and its current or prospective Principal Owner before viewing any portion of the Service Standards)

As an inducement to Matco Tools Corporation ("**Matco**") to disclose to the undersigned Matco's confidential customer service standards ("**Service Standards**"), as part of its pre-sale investigation about the possible purchase of a Matco distributorship, the undersigned agrees: (1) that the undersigned is only permitted to view the Service Standards via the electronic platform designated by Matco, and that the undersigned must not download, print, duplicate, reproduce, transmit, modify, or in any way retain any portion of the Service Standards; (2) that the undersigned must return to Matco any portion of the Service Standards that the undersigned has accessed within 14 days after Effective Date, in the event that any portion of the Service Standards was accessed in a format that it is possible to return; (3) that the undersigned must hold all information contained in the Service Standards in strict confidence as a valued trade secret and property right of Matco, and must take all commercially reasonable precautions to protect the confidentiality of the Service Standards; (4) that the undersigned must not disclose any part of the Service Standards to any other person or entity unless such person or entity is subject to a confidentiality agreement with Matco and Matco has expressly provided its prior written consent to such disclosure; and (5) that undersigned must not to use such information for its or any other person's or entity's benefit except in connection with the operation of a distributorship licensed to the undersigned by Matco.

The undersigned acknowledges that Matco may exercise all legal and equitable remedies available to it in enforcing this Confidentiality and Non-Disclosure Agreement. The undersigned also acknowledges that a violation of the terms of this Confidentiality and Non-Disclosure Agreement will cause irreparable injury to Matco, for which no adequate remedy at law may be available, and that Matco may, among other things, seek the issuance of an injunction prohibiting any conduct by the undersigned in violation of the terms of this Confidentiality and Non-Disclosure Agreement. The undersigned agrees to pay all costs and expenses, including reasonable attorney's fees, costs, and expenses (including any interest) incurred by Matco in enforcing this Confidentiality and Non-Disclosure Agreement.

The waiver of any breach of any provision under this Confidentiality and Non-Disclosure Agreement by Matco shall not be deemed to be a waiver of any preceding or subsequent breach, nor shall any waiver constitute a continuing waiver.

This Confidentiality and Non-Disclosure Agreement supersedes all prior discussions and agreements and constitutes the entire agreement between the undersigned and Matco with respect to the subject matter hereof. This Confidentiality and Non-Disclosure Agreement may only be modified in a writing signed by the undersigned and Matco.

Any dispute or controversy arising out of or relating to this Confidentiality and Non-Disclosure Agreement shall be governed by Ohio law, without application of conflicts of law principles, and the undersigned agrees to the exclusive jurisdiction of the courts located in the city and state where Matco has its headquarters at the time the action is commenced.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed on the date set forth below.

DISTRIBUTOR:__________________________

____

By: _____________________________________
Name:___________________________________
Title:____________________________________

PRINCIPAL OWNER: (may be a prospective Principal Owner)

By:______________________________________
Name:___________________________________

Date:____________________________________ (the "Effective Date")

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX J: MUTUAL RELEASE AGREEMENT

[Note to Drafter: "Distributor" means the Distributor entity and "Principal Owner" means the individual principal owner.]

APPENDIX J
MUTUAL RELEASE AGREEMENT

The following is our current mutual release language that we expect to include in a release that a distributor and/or transferor may sign as part of a renewal or an approved transfer. We may, in our sole discretion, periodically modify the release.

This Mutual Release Agreement ("Mutual Release") is made and entered into on __________________, 20___ by and between Matco Tools Corporation, a Delaware Corporation ("Matco") with a principal place of business at 4403 Allen Road, Stow OH 44224 and ____ [Entity Name] [("Distributor")] [("Transferor")], a/n _____________ ___________________ [State of Formation and Type of Entity] with a principal place of business at __________________ ______, and ________________________ [Individual Principal Owner Name], the Principal Owner of the Distributorship.

RECITALS

A. Distributor entered into a Distributorship Agreement dated ______________, 20___ (the "Distributorship Agreement"), which granted Distributor the right and obligation to establish and operate a Matco mobile distributorship (the "Distributorship").

B. Distributor (together with its Principal Owner) wishes [to renew its relationship under the Distributorship Agreement, and to execute a new Distributorship Agreement and Renewal Addendum ("Renewal Distributorship Agreement")] [to transfer or assign its rights under the Distributorship Agreement to a new or transferee distributor ("Transfer Transaction").] In connection with the [Renewal Distributorship Agreement] [Transfer Transaction] Matco and [Distributor] [Transferor], and the Principal Owner, have agreed to execute this Mutual Release, along with such other documents related to the approved [Renewal Distributorship Agreement] [Transfer Transaction].

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, hereby agree as follows:

1. <u>[Renewal] [Transfer] of Distributorship Agreement</u>. In accordance with the terms of the Distributorship Agreement, Distributor has notified Matco of its desire to [renew] [transfer] its rights under the Distributorship Agreement and to comply with the terms and conditions regarding [renewal] [transfer] as specified in the Distributorship Agreement.

2. <u>Releases</u>.

a. <u>By Distributor and Principal Owner</u>. Distributor and Principal Owner hereby release and forever discharge Matco, Matco's corporate affiliates, and each of their respective past, present, and future officers, directors, agents, and employees (collectively, the

Matco Parties") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which Distributor or Principal Owner now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against the Matco Parties arising prior to and including the date of this Mutual Release which relates in any way to: (a) the Distributorship Agreement, including, but not limited to, the entry into the Distributorship Agreement; (b) the operation by Distributor of the Distributorship pursuant to the Distributorship Agreement; (c) the relationship between Matco and Distributor, or Matco and the Principal Owner; and (d) this Mutual Release (collectively, the "Distributor and Principal Owner Released Claims"). Distributor and Principal Owner each represents and warrants that it acknowledges and agrees that Distributor and Principal Owner may in the future learn of facts in addition to or different from those which it now knows or believes to be true with respect to the subject matter of this Section 2.a, but that nonetheless, it is the intention of Distributor and Principal Owner to fully, finally, and forever settle and release all of the Distributor and Principal Owner Released Claims.

b. By Matco. Matco hereby releases and forever discharges Distributor, Principal Owner, and their past, present, and future officers, directors, agents, and employees (collectively, the "Distributor Parties") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which Matco now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against the Distributor Parties arising prior to and including the date of this Mutual Release which relates in any way to: (a) the Distributorship Agreement, including, but not limited to, the entry into the Distributorship Agreement; (b) the operation by Distributor of the Distributorship pursuant to the Distributorship Agreement; (c) the relationship between Distributor and Matco, or Matco and Principal Owner; and (d) this Mutual Release (collectively, the "Matco Released Claims"). Matco represents and warrants that it acknowledges and agrees that Matco may in the future learn of facts in addition to or different from those which it now knows or believes to be true with respect to the subject matter of this Section 2.b, but that nonetheless, it is the intention of Matco to fully, finally, and forever settle and release all of the Matco Released Claims.

c. *If Distributor operates in the State of California, and/or if Principal Owner resides in the State of California, then this Section 2(c) shall apply*: Claims under Section 1542. Distributor, Principal Owner and Matco expressly state that it is their intention in executing this Mutual Release that it shall be effective as a bar to the Distributor and Principal Owner Released Claims and Matco Released Claims as prescribed by Section 1541 of the California Civil Code. Distributor, Principal Owner and Matco warrant that they are familiar with and have been advised by legal counsel concerning the legal effect of Section 1542 of the California Civil Code, and that Distributor, Principal Owner and Matco expressly waive and relinquish all rights and benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides that:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

3. Exception for Certain Monies Owed. The releases in Section 2.a and 2.b above do not apply to any monies which may be owed by Matco to Distributor or Principal Owner or by Distributor or Principal Owner to Matco in the ordinary course of business under the Distributorship Agreement.

4. Acknowledgments. Distributor and Principal Owner each acknowledge that it or he or she has received a copy of this Mutual Release sufficiently in advance of executing it to be able to consult with counsel of Distributor's choosing, and Distributor and Principal Owner acknowledge having reviewed and understood this Mutual Release prior to executing it. Further, Distributor acknowledges that it received a copy of Matco's current form of franchise disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least fourteen (14) calendar days prior to the date the Renewal Distributorship Agreement and this Mutual Release were executed.

5. No Prior Assignment. The parties represent and warrant that they are the sole owners of all claims and rights released hereunder and that they have not assigned or transferred, or purported to assign or transfer, to any person or entity, any suit, claim, controversy, liability, demand, action, or cause of action released under Sections 2.a and 2.b above.

6. Effect.

a. This Mutual Release shall be binding upon the respective corporate officers and directors of Matco and Distributor, and upon each party's legal representatives, successors, and assigns, and shall inure to the benefit of the respective parties hereto.

b. This Mutual Release shall be governed, construed, and interpreted under the laws of Ohio.

c. *If Distributor operates in the State of Maryland, and/or if Principal Owner lives in the State of Maryland, then this Section 6(c) shall apply*: Distributor and Matco agree that all actions arising under this Mutual Release must be commenced in arbitration in accordance with the terms of the Distributorship Agreement. In the event any claims arising under the Mutual Release with respect to the Maryland Franchise Registration and Disclosure Law, Distributor and Matco agree that all such actions must be commenced in the state or federal court of general jurisdiction in Maryland, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Mutual Release shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Mutual Release, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
______________________________	
By:______________________________	By:______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________
Date: _____________________________	Date: _____________________________

PRINCIPAL OWNER:

By:______________________________
Name: ____________________________
Title: _____________________________
Date: _____________________________

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX K: LIST OF CALLS ACKNOWLEDGMENT

RFSM (Regional Franchise Sales Manager), RM (Regional Manager), FSM (Franchise Sales Manager), DM (District Manager)

Matco Tools
Appendix K-1: List of Calls Acknowledgement

[Note to Drafter: The highlighted blank below should be completed with the name of the Distributor entity. "Prospective Distributor" means the Distributor entity and "Principal Owner" means the individual principal owner.]

Prospective Matco Distributor: ______________________________("Prospective Distributor")

Principal Owner: ____("Principal Owner")

Matco List of Calls: ____

Prospective Distributor is considering purchasing a Matco Tools Distributorship. Specifically, Prospective Distributor is considering a Matco Tools Distributorship which covers shops, locations and potential customers in the attached List of Calls.

Name of RFSM, RM, FSM, or DM

As part of Prospective Distributor's due diligence and investigation of the Matco Tools opportunity, Prospective Distributor's Principal Owner met with various Matco personnel, including ______________________________. Principal Owner and Prospective Distributor have been advised that the proposed List of Calls has a minimum of 325 Potential Customers. Principal Owner and Prospective Distributor understand that the Potential Customers may or may not purchase products or become actual customers.

A Matco Representative offered Principal Owner the opportunity to survey the List of Calls and visit the stops on her or his own, or ride with the District Manager or another Matco Representative to visit each stop, shop or location on the List of Calls, so that he or she could assess, for herself or himself, the potential for the route and the potential customers.

Select only one of the following:

Cannot be a date prior to receiving this document.

☐ On _______________(date(s)) Principal Owner surveyed the List of Calls herself or himself, and personally surveyed the stops, shops and locations on the attached List of Calls. Principal Owner is satisfied with the stops and the number of potential customers at the stops on Prospective Distributor's List of Calls.

Cannot be a date prior to receiving this document + RFSM, RM, FSM, or DM

☐ On ___________________ (date(s)) Principal Owner participated in a ride-along with a Matco Representative _______________________, and Principal Owner personally surveyed the stops, shops and locations on the attached List of Calls. Principal Owner is satisfied with the stops and the number of potential customers at the stops on Prospective Distributor's List of Calls.

☐ Principal Owner and Prospective Distributor chose not to survey the attached List of Calls or to participate in a ride-along with a Matco Representative.

rospective Distributor understands that the ride-along opportunity can be a valuable tool in my valuation of a Matco Tools Distributorship opportunity. Principal Owner and Prospective Distributor have received the assistance that we requested from Matco.

[*Signature Page Follows*]

Prospective Distributor and Principal Owner hereby confirm that Prospective Distributor and Principal Owner have been advised that if any statement in this List of Calls Acknowledgement ("Acknowledgement") is not correct, neither Prospective Distributor nor Principal Owner should not sign this Acknowledgement.

This List of Calls Acknowledgment is true and correct.

Prospective Distributor:

____

Sign: ____

Print Name: ____

Title: ____

Date: ____

Principal Owner:

Sign: ____

Print Name: ____

Date: ____

RFSM (Regional Franchise Sales Manager), RM (Regional Manager), FSM (Franchise Sales Manager), DM (District Manager)

Matco Tools 225
Appendix K-2: List of Calls Acknowledgement

[Note to Drafter: The highlighted blank below should be completed with the name of the Distributor entity. "Prospective Distributor" means the Distributor entity and "Principal Owner" means the individual principal owner.]

Prospective Matco Distributor: ______________________________________ ("Prospective Distributor")

Principal Owner: ____("Principal Owner")

Matco List of Calls: ____

Prospective Distributor is considering purchasing a Matco Tools Distributorship. Specifically, Prospective Distributor is considering a Matco Tools Distributorship which covers shops, locations and potential customers in the attached List of Calls.

As part of Prospective Distributor's due diligence and investigation of the Matco Tools opportunity, Prospective Distributor's Principal Owner met with various Matco personnel, including ____. Principal Owner and Prospective Distributor have been advised that the proposed List of Calls has a minimum of 225 Potential Customers. Principal Owner and Prospective Distributor understand that the Potential Customers may or may not purchase products or become actual customers.

Name of RFSM, RM, FSM, or DM

A Matco Representative offered Principal Owner the opportunity to survey the List of Calls and visit the stops her or his own, or ride with the District Manager or another Matco Representative to visit each stop, shop or location on the List of Calls, so that he or she could assess, for herself or himself, the potential for the route and the potential customers.

Select <u>only one</u> of the following:

Cannot be a date prior to receiving this document.

☐ On ____________________ (date(s)) Principal Owner surveyed the List of Calls herself or himself, and personally surveyed the stops, shops and locations on the attached List of Calls. My Principal Owner is satisfied with the stops and the number of potential customers at the stops on my List of Calls.

Cannot be a date prior to receiving this document + RFSM, RM, FSM, or DM

☐ On ____________________ (date(s)) Principal Owner participated in a ride-along with a Matco Representative ____________________, and Principal Owner personally surveyed the stops, shops and locations on the attached List of Calls. Principal Owner is satisfied with the stops and the number of potential customers at the stops on Prospective Distributor's List of Calls.

☐ Principal Owner and Prospective Distributor chose <u>not</u> to survey the attached List of Calls or to participate in a ride-along with a Matco Representative.

Prospective Distributor understands that the ride-along opportunity can be a valuable tool in my evaluation of a Matco Tools Distributorship opportunity. Principal Owner and Prospective Distributor have received the assistance that we requested from Matco.

[Signature Page Follows]

Prospective Distributor and Principal Owner hereby confirm that Prospective Distributor and Principal Owner have been advised that if any statement in this List of Calls Acknowledgement ("Acknowledgement") is not correct, neither Prospective Distributor nor Principal Owner should not sign this Acknowledgement.

This List of Calls Acknowledgment is true and correct.

Prospective Distributor:

____

Sign: ______________________________

Print Name: ______________________________

Title: ______________________________

Date: ______________________________

Principal Owner:

Sign: ______________________________

Print Name: ______________________________

Date: ______________________________

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX L: MATCO 225 AMENDMENTS

[Note to Drafter: "Distributor" means the Distributor entity and "Principal Owner" means the individual principal owner.]

225 AMENDMENT
TO
MATCO TOOLS DISTRIBUTORSHIP AGREEMENT
(for Existing Distributors)

This 225 Amendment (this "Amendment") to the Matco Tools Distributorship Agreement is entered into by and between Matco Tools Corporation ("Matco"), a Delaware corporation, and ____ (the "Distributor"), a ______________________ organized in _______________________________ and having offices at ____.

BACKGROUND

A. Matco and Distributor entered into a Matco Tools Distributorship Agreement dated _________________, 20__ (the "Agreement") which grants Distributor the right to operate a Matco mobile distributorship under the Business System (the "Distributorship"). This Distributorship is referred to in Matco's records as "Distributorship # _____."

B. Distributor has operated its Distributorship for over _____ years. Distributor and Distributor's Principal Owner have expressed to Matco their desire to continue to operate a Matco distributorship, but with a fewer number of customers, calls, and Potential Customers. Matco has considered offering distributorships that operate in a smaller area and with fewer Potential Customers than in a standard Matco Tools distributorship. These distributorships are referred to as "225 Distributorships" or "225s."

C. Distributor has requested that Matco convert its Distributorship #__________ to a 225 Distributorship, with the same distributorship number.

D. Matco has provided Distributor with Matco's current form of Franchise Disclosure Document (or "FDD"), which describes the 225 Distributorships and how the 225 Distributorships vary from the standard distributorships. The 225 Distributorship business is a relatively untested, experimental variation of the Matco distributorship, and has been offered by Matco on a limited basis.

E. Distributor desires to operate a 225 Distributorship, and Matco and Distributor desire to modify the Agreement to reflect the differences in the 225 Distributorship.

F. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Distributorship Agreement.

In consideration of the mutual promises contained in this Amendment and the Agreement, the Distributor and Matco agree and contract as follows:

1. Limited Distribution Rights of a 225 Distributorship. Distributor has requested to operate, and Matco has agreed to grant to Distributor the right to operate, a 225 Distributorship, exclusively at the List of Calls identified in Exhibit A to this Amendment. Distributor further agrees to be bound by all of the terms and conditions of the Agreement as applicable to the 225 Distributorship.

2. List of Calls and Potential Customers. Section 1.2 of the Agreement is hereby modified to state that the List of Calls and number of Potential Customers that Matco provides as Exhibit A to this Amendment will not have three hundred twenty-five (325) Potential Customers, but will have a minimum of two hundred twenty-five (225) Potential Customers. The specific number of Potential Customers will be identified in Exhibit A. All other caveats, descriptions, and limitations regarding the List of Calls described in Section 1.2 are applicable to the 225.

3. Inventory, Sales, and Purchase Requirements. Sections 3.3.1 through 3.3.3. of the Agreement are hereby deleted in their entirety, and are replaced with the following:

3.3 Inventory, Sales, and Purchase Requirements.

3.3.1 The Distributor will at all times maintain an inventory of Products sufficient to meet its obligations to promote and sell a full line of Matco Products and to meet the expectations and needs of its existing and potential customers, especially in terms of product availability and timeliness of delivery. The New Distributor Starter Inventory shall be modified and reduced to a level that is lower than that of a standard Distributorship, commensurate with a reduced number of Potential Customers, in an amount set forth in Exhibit A to the Amendment. Upon signing this Amendment, Distributor's inventory level should be at or in excess of the amount set forth in Exhibit A. At all times thereafter during the Term, the Distributor is solely responsible for determining the inventory of Products best suited to meet the needs and expectations of its customers and to meet its sales and promotional obligations hereunder.

3.3.2 The Distributor must use its best efforts and actively market, promote, and sell Products to Potential Customers on the List of Calls. To be deemed to be meeting its marketing, promotion and sales obligations, the Distributor should be selling, on average on a weekly basis, Matco Products in an amount which meets or exceeds either (a) _____________ (_____%) of the "National Distributor Sales Average" (or "NDSA"), or (b) _____________ (_____%) of the "District Distributor Sales Average" (or "DDSA") for the Distributor's district, whichever is lower. As part of this performance assessment, Matco will calculate the sales averages based on the Distributor's twelve (12) month rolling average, or, if the Distributor has been operating the Distributorship for less than twelve (12) months, based on the Distributor's year-to date average. The sales averages shall be based on the sales of all Matco Products, as reported by the Distributor through the Matco Distributorship Business System, or the then-current required reporting system.

3.3.3 The Distributor must maintain a minimum of a sixty percent (60%) ratio of a calculation of the Distributor's year-to-date purchases divided by the Distributor's year-to-date sales.

The parties acknowledge that the "__%" requirement in Subsection 3.3.2 above was calculated as a percentage of 80% of the NDSA or DDSA as described in Exhibit A hereto.

4. Distributor Acknowledgments. The Distributor acknowledges and agrees that:

a. The Distributor, as an existing Matco Distributor, and Principal Owner have a full and complete understanding of the Matco distributorship business. The Distributor and Principal Owner have received and read Matco's FDD, the Agreement and this Amendment in its entirety. The Distributor and Principal Owner have had full and adequate opportunity to discuss the terms and conditions of this Amendment with legal counsel or other advisors of their own choosing; have had ample opportunity to investigate the 225 opportunity; and have had all questions relating to the 225 Distributorship, including those of any advisor, answered to their satisfaction, including the differences between the 225 Distributorship and a standard Matco Tools distributorship.

b. The 225 opportunity differs from a standard Matco Tools distributorship in several significant ways, including, without limitation, a smaller number of Potential Customers and fewer stops on the List of Calls. These differences are likely to have a significant effect on the Distributorship business, and the Distributor and Principal Owner are prepared for these differences. Neither the Distributor nor the Principal Owner have relied on any financial performance data in the FDD, or obtained anywhere else, because the business is an existing Matco Tools distributorship that has been owned and operated by Distributor and Principal Owner prior to signing this Amendment.

5. <u>Entire Agreement</u>. The Distributorship Agreement, this Amendment, and the documents referred to herein constitute the entire, full and complete agreement between the parties concerning the matters covered in the Distributorship Agreement and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties relating to the matters covered by the Distributorship Agreement and this Amendment, other than those set forth in this Amendment. No obligations or duties that contradict or are inconsistent with the express terms of the Distributorship Agreement and this Amendment may be implied into Distributorship Agreement or this Amendment. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

6. <u>Release</u>. In consideration for Matco permitting Distributor to convert its Agreement and business into a 225 Distributorship pursuant to this Amendment, Distributor hereby releases and forever discharges Matco, Matco's corporate affiliates, and each of their respective officers, directors, agents, and employees (collectively, the "Matco Parties") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which Distributor now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against the Matco Parties arising prior to and including the date of this Amendment which relates in any way to: (a) the Distributorship Agreement, including, but not limited to, the entry into the Distributorship Agreement; (b) the operation by Distributor of the Distributorship pursuant to the Distributorship Agreement and this Amendment; (c) the relationship between Matco and Distributor; and (d) this Amendment (collectively, the "Distributor Released Claims"). Distributor represents and warrants that it acknowledges and agrees that Distributor may in the future learn of facts in addition to or different from those which it now knows or believes to be true with respect to the subject matter of this Section 6, but that nonetheless, it is the intention of Distributor to fully, finally, and forever settle and release all of the Distributor Released Claims.

<u>For California Distributors, the following will apply:</u>

Except as set forth herein, Distributor expressly relieves and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California ("Section 1542"), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS

AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT."

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, Distributor expressly acknowledges that this Release is intended to include in its effects without limitation, all claims described in this paragraph which Distributor does not know or suspect to exist in its favor at the time of execution hereof, and that this Release contemplates the extinguishment of any such claims.

For Maryland Distributors, the following is added to the last sentence of Section 6: "excluding only such claims arising under the Maryland Franchise Registration and Disclosure Law."

For Hawaii Distributors, the following is added to the last sentence of Section 6: "excluding only such claims arising under the Hawaii Franchise Investment Law."

7. Miscellaneous.

a. Counterparts. This Amendment may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

b. Captions. All captions in this Amendment are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision in this Amendment.

c. Recitals. The recitals and "Background" are an integral part of this Amendment and may be relied upon to interpret and/or enforce this Amendment.

d. No Other Changes; Ratification of Distributorship Agreement. Except as specifically set forth herein, there are no other changes to the Distributorship Agreement and all other terms and conditions of the Distributorship Agreement are hereby ratified.

e. Effectiveness of Amendment. The Distributor acknowledges that this Amendment will become effective and binding only upon acceptance and execution by Matco in the State of Ohio.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed on the date set forth above.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
______________________________	
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Amendment.

Principal Owner Name:____________________

Signature:________________________________

Date:____________________________________

Exhibit A
to
225 Amendment

List of Calls

The specific List of Calls and number of Potential Customers are attached to this Exhibit A.

The number of Potential Customers is: ____.

Matco 225 New Distributor Starter Inventory: $_____________________.

The "__" percentage, for NDSA and DDSA, in Paragraph 3 of this 225 Amendment is ____%. The parties acknowledge that this percentage was calculated as follows:

- The number of Potential Customers is ____, which is ____% of 325. Therefore, the percentage above was calculated as ____% of 80% of the NDSA or DDSA, or ____%.

By way of example, if Exhibit A lists 250 Potential Customers, then the percentage for calculating compliance with the NDSA or DDSA would be 250 ÷ 325 = 76.92%. By rounding to a whole number, the percentage is 77%. And, 77% of 80% is equal to 61.6%. Assuming that the actual NDSA or DDSA for the most recent fiscal year end was $3,395, the Distributor would be obligated to generate gross sales equal to 61.6% of the NDSA or DDSA, which would be 61.6% of $3,395, which equals $2,091.

[See next page(s) for List of Calls.]

[Note to Drafter: "Distributor" means the Distributor entity and "Principal Owner" means the individual principal owner.]

225 AMENDMENT TO MATCO TOOLS DISTRIBUTORSHIP AGREEMENT (for New Distributors)

This 225 Amendment (this "Amendment") to the Matco Tools Distributorship Agreement is entered into by and between Matco Tools Corporation ("Matco"), a Delaware corporation, and ____ (the "Distributor"), a ______________________________ organized in ______________________________ and having offices at ____.

BACKGROUND

A. Matco and Distributor entered into a Matco Tools Distributorship Agreement dated ______________, 20__ (the "Agreement") which grants Distributor the right to operate a Matco mobile distributorship under the Business System (the "Distributorship"). This Distributorship is referred to in Matco's records as "Distributorship # _____, and operates at the List of Calls identified in Exhibit A to this Amendment.

B. In connection with Matco's offer of a distributorship, and Distributor's evaluation of the business interests, Distributor and Distributor's Principal Owner have expressed to Matco their desire to operate a Matco distributorship which caters exclusively to a limited number of List of Calls and Potential Customers. Matco has considered offering distributorships with fewer Potential Customers than in a standard Matco Tools distributorship. These distributorships are referred to as "225 Distributorships" or "225s."

C. Matco has provided Distributor with Matco's current form of Franchise Disclosure Document (or "FDD"), which describes the 225 Distributorships and how the 225 Distributorships differ from a standard Matco distributorship. The 225 Distributorship is an experimental variation of the Matco distributorship, and has been offered by Matco on a limited basis at the request of certain existing distributors.

D. Distributor desires to operate a 225 Distributorship, and Matco and Distributor desire to modify the Agreement to reflect the differences in the 225 Distributorship.

E. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Distributorship Agreement.

In consideration of the mutual promises contained in this Amendment and the Agreement, the Distributor and Matco agree and contract as follows:

1. Limited Distribution Rights Under the 225 Distributorship. Distributor has requested to operate, and Matco has agreed to grant to Distributor the right to operate, a 225 Distributorship, exclusively at the List of Calls identified in Exhibit A to this Amendment. In light of this more limited number of Potential Customers, the parties wish to amend the Initial Fee. Accordingly, the first sentence of Section 1.1.2 of the Distributorship Agreement is deleted in its entirety and hereby replaced with the following sentence:

1.1.2 In consideration of Matco's grant to the Distributor to operate the Distributorship, Distributor must pay to Matco, on or before the execution of this Agreement, an Initial Fee in the amount of five thousand six hundred dollars ($5,600).

2. Protected Rights to List of Calls. Except as permitted under Section 1.4, and for so long as Distributor is compliant with the terms of the Distributorship Agreement, Matco will not operate, or grant a license or franchise to operate, a Matco mobile distributorship that will be authorized to sell Products to any Potential Customers identified on the Distributor's List of Calls, if such customers purchase Products at or from the businesses located and identified on the List of Calls. Distributor agrees to be bound by all of the terms and conditions of the Agreement as applicable to the 225 Distributorship.

3. List of Calls and Potential Customers. Section 1.2 of the Agreement is hereby modified to state that the List of Calls that Matco provides as Exhibit A to this Amendment will have less than three hundred and twenty-five (325) Potential Customers, but will have a minimum of two hundred twenty-five (225) Potential Customers. The specific number of Potential Customers will be identified in Exhibit A. All other caveats, descriptions, and limitations regarding the List of Calls described in Section 1.2 are applicable to the 225 Distributorship.

4. New Distributor Starter Inventory. Section 3.3.1 of the Agreement is hereby deleted in its entirety, and is replaced with the following:

3.3.1 The Distributor will at all times maintain an inventory of Products sufficient to meet its obligations to promote and sell a full line of Matco Products and to meet the expectations and needs of its existing and potential customers, especially in terms of product availability and timeliness of delivery. The New Distributor Starter Inventory shall be modified and reduced to a level that is lower than that of a standard Distributorship, commensurate with a reduced number of Potential Customers, in an amount set forth in Exhibit A to the Amendment. Upon signing this Amendment, Distributor's inventory level should be at or in excess of the amount set forth in Exhibit A. At all times thereafter during the Term, the Distributor is solely responsible for determining the inventory of Products best suited to meet the needs and expectations of its customers and to meet its sales and promotional obligations hereunder.

5. National Distributor Sales Average/District Distributor Sales Average. Section 3.3.2 of the Agreement is hereby deleted in its entirety, and is replaced with the following:

3.3.2 The Distributor must use its best efforts and actively market, promote, and sell Products to Potential Customers on the List of Calls. To be deemed to be meeting its marketing, promotion and sales obligations, the Distributor should be selling, on average on a weekly basis, Matco Products in an amount which meets or exceeds either (a) _____________ (_____%) of the "National Distributor Sales Average" (or "NDSA"), or (b) _____________ (_____%) of the "District Distributor Sales Average" (or "DDSA") for the Distributor's district, whichever is lower. As part of this performance assessment, Matco will calculate the sales averages based on the Distributor's twelve (12) month rolling average, or, if the Distributor has been operating the Distributorship for less than twelve (12) months, based on the Distributor's year-to date average. The sales averages shall be based on the sales of all Matco Products, as reported by the Distributor through the Matco Distributorship Business System, or the then-current required reporting system.

The parties acknowledge that the "__%" requirement set forth in Subsection 3.3.2 above was calculated as a designated percentage of 80% of the NDSA or DDSA requirement, as described in Exhibit A hereto, based on the specific number of Potential Customers identified in Exhibit A.

6. Distributor Acknowledgments. The Distributor acknowledges and agrees that:

a. The Distributor and Principal Owner have received and read Matco's FDD, the Agreement and this Amendment in its entirety. The Distributor and Principal Owner have had full and adequate opportunity to discuss the terms and conditions of this Amendment with legal counsel or other advisors of their own choosing; have had ample opportunity to investigate the 225 opportunity; and have had all questions relating to the 225 Distributorship, including those of any advisor, answered to their satisfaction, including the differences between the 225 Distributorship and a standard Matco Tools distributorship.

b. The 225 opportunity differs from a standard Matco Tools distributorship in several significant ways, including, without limitation, a smaller number of Potential Customers and fewer stops on the List of Calls. These differences are likely to have a significant effect on the Distributorship business, and the Distributor and Principal Owner are prepared for these differences.

7. Entire Agreement. The Distributorship Agreement, this Amendment, and the documents referred to herein constitute the entire, full and complete agreement between the parties concerning the matters covered in the Distributorship Agreement and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties relating to the matters covered by the Distributorship Agreement and this Amendment, other than those set forth in this Amendment. No obligations or duties that contradict or are inconsistent with the express terms of the Distributorship Agreement and this Amendment may be implied into Distributorship Agreement or this Amendment. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

8. Miscellaneous.

a. Counterparts. This Amendment may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

b. Captions. All captions in this Amendment are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision in this Amendment.

c. Recitals. The recitals and "Background" are an integral part of this Amendment and may be relied upon to interpret and/or enforce this Amendment.

d. No Other Changes; Ratification of Distributorship Agreement. Except as specifically set forth herein, there are no other changes to the Distributorship Agreement and all other terms and conditions of the Distributorship Agreement are hereby ratified.

e. Effectiveness of Amendment. The Distributor acknowledges that this Amendment will become effective and binding only upon acceptance and execution by Matco in the State of Ohio.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed on the date set forth above.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
______________________________	
By: ____________________________	By: ____________________________
Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________
Date: ___________________________	Date: ___________________________

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Amendment.

Principal Owner Name:____________________

Signature:______________________________

Date:__________________________________

Exhibit A
to
225 Amendment

List of Calls

The specific List of Calls and number of Potential Customers is attached to this Exhibit A.

The number of Potential Customers is: ____.

Matco 225 New Distributor Starter Inventory: $______________________.

The "__" percentage, for NDSA and DDSA, in Paragraph 3 of this 225 Amendment is ____%. The parties acknowledge that this percentage was calculated as follows:

- The number of Potential Customers is ____, which is ____% of 325. Therefore, the percentage above was calculated as ____% of 80% of the NDSA or DDSA, or ____%.

By way of example, if Exhibit A lists 250 Potential Customers, then the percentage for calculating compliance with the NDSA or DDSA would be 250 ÷ 325 = 76.92%. By rounding to a whole number, the percentage is 77%. And, 77% of 80% is equal to 61.6%. Assuming that the actual NDSA or DDSA for the most recent fiscal year end was $3,395, the Distributor would be obligated to generate gross sales equal to 61.6% of the NDSA or DDSA, which would be 61.6% of $3,395, which equals $2,091.

[See next page(s) for List of Calls.]

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX M: CONVERSION INCENTIVE AMENDMENTS

[Note to Drafter: "Distributor" means the Distributor entity and "Principal Owner" means the individual principal owner.]

MATCO TOOLS
SPECIAL INCENTIVE PROGRAM AMENDMENT
(Ongoing Quarterly Bonus)

THIS AMENDMENT, made and entered into at Stow, Ohio, this _______ day of __________________, 20__, by and between Matco Tools Corporation, a Delaware Corporation (herein referred to as "Matco") and ____, a ____________________ organized in ___________________ and having offices at ______________________ (the "Distributor" or "you").

Background:

WHEREAS, Distributor or Principal Owner has previously operated as a mobile tool distributor with another brand, and has resigned, been terminated, decided not to renew, or otherwise decided to not continue operating as a distributor with another brand; and

WHEREAS, Distributor and Principal Owner have evaluated and investigated the Matco Tools mobile distributorship opportunity and applied to become a Matco mobile distributor; and

WHEREAS, Matco, at its discretion, may offer special incentives to select, qualified distributors (and their Principal Owners), who may wish to become Matco mobile distributors, and such incentives may be in the form of credits to a distributor's Open Purchase Account ("OPA") and quarterly bonuses based on product purchase and sales performance (and these incentives are referred to as "Conversion Incentives"); and

WHEREAS, based on the information that Distributor and Principal Owner have provided to Matco in the application and in discussions with Matco representatives, and based on the representations made by Distributor to Matco during the application process and in this Amendment, Matco is willing to provide Distributor with certain Conversion Incentives described in this Amendment, provided that Distributor agrees to and complies with the terms and conditions contained in the Agreement (defined below) and this Amendment; and

WHEREAS, Matco and Distributor have executed a Matco Tools Distributorship Agreement dated _________, 20__ (the "Agreement"), and this Amendment is intended to amend and be a part of the Agreement.

NOW, THEREFORE, in consideration of the covenants and mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in reliance upon the representations and warranties of the parties contained in this Agreement, the parties hereby agree as follows:

1. Confidentiality. Matco and Distributor (for itself and on behalf of the Principal Owner) agree that the terms of this Amendment are confidential and shall not be disclosed to any non-parties. Distributor (for itself and on behalf of the Principal Owner) agrees that no one acting on behalf of the Distributor or Principal Owner will disclose the facts and terms of this Amendment to any non-parties (although the Distributor shall be permitted to share this information with its attorney), unless legally required by law or as necessary to enforce this Amendment.

2. No Breach of Contract or Other Impediment. Distributor represents and warrants to Matco that (a) neither Distributor nor its Principal Owner is operating under, or subject to, any contract, agreement or obligation of any company or brand that is a competitor of Matco; (b) neither Distributor nor its Principal Owner is bound by any non-competition covenant or any restriction that would prohibit Distributor or

Principal Owner from operating the Matco Distributorship in full compliance with the Agreement; (c) Distributor (together with Distributor's Principal Owner) approached Matco to consider becoming a Matco mobile distributor; and (d) any discussions with Matco that may have occurred prior to end of the Distributor's or Principal Owner's contractual relationship with the previous brand did not include any discussion of the incentives described in this Amendment. Further, Distributor or Principal Owner has provided Matco with a copy of, or the opportunity to review a copy of, the now terminated or ended contract with the previous brand to confirm Distributor's representations. Distributor acknowledges that Matco has relied on Distributor's and Principal Owner's representations herein in granting the Agreement and in executing this Amendment.

3. <u>Conversion Incentives</u>. Matco agrees to offer to Distributor the following special incentives based on future and ongoing performance, referred to as "Ongoing Quarterly Bonuses":

3.1 <u>Ongoing Quarterly Bonus Incentive</u>:

3.1.1 The Distributor is eligible for a quarterly bonus for the first 10 years of the Agreement, commencing at the end of the first full fiscal quarter (and a "fiscal quarter" is defined in Matco's standards and Manuals) in business and ending after a total of 40 full fiscal quarters in business. The bonus is based on the Distributor's purchases of products in amounts that exceed the prior year's ending National Distributor Purchase Average ("NDPA") by not less than 25%. This is calculated as follows:

a. If Distributor's quarterly (13 week) purchase average is between 125% and 149.99% of the prior year's ending NDPA, Distributor will receive a $2,000 bonus for that quarter. The quarterly bonus potential will be for a total of 10 years, or 40 full fiscal quarters.

b. If Distributor's quarterly (13 week) purchase average is 150% or more above the prior year's ending NDPA, Distributor will receive a $4,000 bonus for that quarter. The quarterly bonus potential will be for a total of 10 years, or 40 full fiscal quarters.

3.1.2 If Distributor does not qualify for a quarterly bonus in any quarter, there is no opportunity to retroactively qualify with additional purchases in subsequent quarters.

3.1.3 Bonuses received will be applied to Distributor's OPA as a credit, which will count against the Distributor's purchase average. If the credit is used to re-purchase additional inventory, the credit is offset. The $2,000 or $4,000 bonus will not count towards Distributor's purchase average.

3.1.4 Matco will not account for back orders when calculating purchase average, or the bonus. The bonus calculation is based upon shipments of products, not orders.

3.1.5 The 2021 year ending National Distributor Purchase Average for Matco was $5,162. Therefore, for 2022:

a. The 125% target is $6,453, or $83,889 in purchases for a 13 week (Matco fiscal) quarter in 2022.

b. The 150% target is $7,743 or $100,659 in purchases for a 13 week (Matco fiscal) quarter in 2022.

c. The targets for 2023 and subsequent years will be based on the prior year's National Distributor Purchase Average.

The following is an example of the implementation of the Ongoing Quarterly Bonus for illustration purposes only: If a Distributor becomes a Matco Distributor, and receives his Distributor number on March 7, 2022 and attends the March 21, 2022 MBST class, the Distributor would begin operations on March 28, 2022. The first full (Matco fiscal) quarter would be the second quarter of 2022 (April, May, June, which corresponds to Matco's reporting weeks 14 through 26). If an incentive Ongoing Quarterly Bonus is earned, the Distributor would receive the bonus by the end of July, and it will be credited by week 28 (2 weeks into the subsequent quarter). In this example the potential Ongoing Quarterly Bonus would end after the first quarter (weeks 1 through 13) of year 2032.

4. Waiver. No failure or delay by Matco in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof.

5. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision hereof. Any provision hereof which is adjudicated to be invalid or unenforceable shall be severed from this Agreement to the extent of its invalidity or unenforceability, provided, however, that such severance is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made.

6. Entire Agreement. The Distributorship Agreement, this Amendment, and the documents referred to herein constitute the entire, full and complete agreement between the parties concerning the matters covered in the Distributorship Agreement and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties relating to the matters covered by the Distributorship Agreement and this Amendment, other than those set forth in this Amendment. No obligations or duties that contradict or are inconsistent with the express terms of the Distributorship Agreement and this Amendment may be implied into Distributorship Agreement or this Amendment. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

7. Miscellaneous.

7.1 Counterparts. This Amendment may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

7.2 Captions. All captions in this Amendment are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision in this Amendment.

7.3 Recitals. The recitals and "Background" are an integral part of this Amendment and may be relied upon to interpret and/or enforce this Amendment.

7.4 No Other Changes; Ratification of Distributorship Agreement. Except as specifically set forth herein, there are no other changes to the Distributorship Agreement and all other terms and conditions of the Distributorship Agreement are hereby ratified.

7.5 Effectiveness of Amendment. The Distributor acknowledges that this Amendment will become effective and binding only upon acceptance and execution by Matco in the State of Ohio.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed on the date set forth above.

DISTRIBUTOR:	MATCO TOOLS CORPORATION
________________________________	
By: _____________________________	By: ____
Name: ___________________________	Name: ____
Title: ____________________________	Title: ____
Date: ____________________________	Date: ____

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Amendment.

Principal Owner Name:____________________

Signature:_______________________________

Date:___________________________________

[Note to Drafter: "Distributor" means the Distributor entity and "Principal Owner" means the individual principal owner.]

MATCO TOOLS
SPECIAL INCENTIVE PROGRAM AMENDMENT
(Initial Investment and Ongoing Quarterly Bonus)

THIS AMENDMENT, made and entered into at Stow, Ohio, this _______ day of __________________, 20__, by and between Matco Tools Corporation, a Delaware Corporation (herein referred to as "Matco") and ____ , __a _________________________ organized in __ ___________________________ and having offices at_______________________(the "Distributor" or "you").

Background:

WHEREAS, Distributor or Principal Owner has previously operated as a mobile tool distributor with another brand, and has resigned, been terminated, decided not to renew, or otherwise decided to not continue operating as a distributor with another brand; and

WHEREAS, Distributor and Principal Owner have evaluated and investigated the Matco Tools mobile distributorship opportunity and applied to become a Matco mobile distributor; and

WHEREAS, Matco, at its discretion, may offer special incentives to select, qualified distributors (and their Principal Owners), who may wish to become Matco mobile distributors, and such incentives may be in the form of payments to a distributor or reduction in the prices charged to a distributor for a portion of the distributor's initial investment or pre-commencement expenses, credits to a distributor's Open Purchase Account ("OPA") and quarterly bonuses based on product purchase and sales performance (and these incentives are referred to as "Conversion Incentives"); and

WHEREAS, based on the information that Distributor and Principal Owner have provided to Matco in the application and in discussions with Matco representatives, and based on the representations made by Distributor to Matco during the application process and in this Amendment, Matco is willing to provide Distributor with certain Conversion Incentives described in this Amendment, provided that Distributor agrees to and complies with the terms and conditions contained in the Agreement (defined below) and this Amendment; and

WHEREAS, Matco and Distributor have executed a Matco Tools Distributorship Agreement dated _________, 20__ (the "Agreement"), and this Amendment is intended to amend and be a part of the Agreement.

NOW, THEREFORE, in consideration of the covenants and mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in reliance upon the representations and warranties of the parties contained in this Agreement, the parties hereby agree as follows:

1. <u>Confidentiality</u>. Matco and Distributor (for itself and on behalf of the Principal Owner) agree that the terms of this Amendment are confidential and shall not be disclosed to any non-parties. Distributor (for itself and on behalf of the Principal Owner) agrees that no one acting on the Distributor's or Principal Owner's behalf will disclose the facts and terms of this Amendment to any non-parties (although the Distributor shall be permitted to share this information with its attorney), unless legally required by law or as necessary to enforce this Amendment.

2. No Breach of Contract or Other Impediment. Distributor represents and warrants to Matco that (a) neither Distributor nor its Principal Owner is operating under, or subject to, any contract, agreement or obligation of any company or brand that is a competitor of Matco; (b) neither Distributor nor its Principal Owner is bound by any non-competition covenant or any restriction that would prohibit Distributor or Principal Owner from operating the Matco Distributorship in full compliance with the Agreement; (c) Distributor (together with Distributor's Principal Owner) approached Matco to consider becoming a Matco mobile distributor; and (d) any discussions with Matco that may have occurred prior to end of the Distributor's or Principal Owner's contractual relationship with the previous brand did not include any discussion of the incentives described in this Amendment. Further, Distributor or Principal Owner has provided Matco with a copy of, or the opportunity to review a copy of, the now terminated or ended contract with the previous brand to confirm Distributor's representations. Distributor acknowledges that Matco has relied on Distributor's and Principal Owner's representations herein in granting the Agreement and in executing this Amendment.

3. Conversion Incentives. Matco agrees to offer to Distributor the following special incentives based on future and ongoing performance, referred to as "Ongoing Quarterly Bonuses":

3.1 Initial Investment Incentive:

3.1.1 Qualifications. Based on Distributor's or Principal Owner's previous business activity as a mobile distributor and the information that Distributor and Principal Owner have provided to Matco concerning the Distributor's or Principal Owner's product purchase average in the most recent calendar year prior to Distributor's execution of the Agreement, Matco has determined that Distributor has qualified for certain incentive related the Distributor's initial investment or other initial or pre-commencement costs (the "Initial Investment Incentive"), as described below and in the attached Exhibit.

3.1.2 Matco will provide assistance with conversion costs. The funds or other assistance will be provided promptly following Distributor's receipt of a "distributor number" and such assistance will be provided by credits to Distributor's OPA for the value of the inventive. The incentive will include some or all of the following, with the specific amounts set forth in Exhibit A to this Amendment:

- Funds toward the cost to update the Distributor's existing mobile tool store if it meets Matco's requirements, or, for a new Matco mobile store if Distributor chooses to update or convert to a new Matco mobile store
- Funds for a Matco approved new computer system
- Funds for MDBS and associated first year fee
- Funds for new Matco uniforms
- Funds toward the purchase of new Matco Business Cards and related promotional materials
- A portion of the transportation costs for Principal Owner to attend MBST training in Stow, and some of the lodging and meal costs during MBST training.

3.1.3 If Distributor separates from Matco, is terminated by Matco, voluntarily terminates the Agreement, or otherwise ceases to operate as a Matco mobile distributor within twenty-four (24) months of the day Distributor received a "Distributor number" and was permitted to commence operation, Distributor's OPA will be charged back for all credits received under the Initial Investment Incentive, and Distributor must pay all of these amounts to Matco when settling and closing out Distributor's OPA.

3.2 Ongoing Quarterly Bonus Incentive:

3.2.1 The Distributor is eligible for a quarterly bonus for the first 10 years of the Agreement, commencing at the end of the first full fiscal quarter (and a "fiscal quarter" is defined in Matco's standards and Manuals) in business and ending after a total of 40 full fiscal quarters in business. The bonus is based on the Distributor's purchases of products in amounts that exceed the prior year's ending National Distributor Purchase Average ("NDPA") by not less than 25%. This is calculated as follows:

a. If Distributor's quarterly (13 week) purchase average is between 125% and 149.99% of the prior year's ending NDPA, Distributor will receive a $2,000 bonus for that quarter. The quarterly bonus potential will be for a total of 10 years, or 40 full fiscal quarters.

b. If Distributor's quarterly (13 week) purchase average is 150% or more above the prior year's ending NDPA, Distributor will receive a $4,000 bonus for that quarter. The quarterly bonus potential will be for a total of 10 years, or 40 full fiscal quarters.

3.2.2 If Distributor does not qualify for a quarterly bonus in any quarter, there is no opportunity to retroactively qualify with additional purchases in subsequent quarters.

3.2.3 Bonuses received will be applied to Distributor's OPA as a credit, which will count against the Distributor's purchase average. If the credit is used to re-purchase additional inventory, the credit is offset. The $2,000 or $4,000 bonus will not count towards Distributor's purchase average.

3.2.4 Matco will not account for back orders when calculating purchase average, or the bonus. The bonus calculation is based upon shipments of products, not orders.

3.2.5 The 2021 year ending National Distributor Purchase Average for Matco was $5,162. Therefore, for 2022:

a. The 125% target is $6,453, or $83,889 in purchases for a 13 week (Matco fiscal) quarter in 2022.

b. The 150% target is $7,743 or $100,659 in purchases for a 13 week (Matco fiscal) quarter in 2022.

c. The targets for 2023 and subsequent years will be based on the prior year's National Distributor Purchase Average.

The following is an example of the implementation of the Ongoing Quarterly Bonus for illustration purposes only: If a Distributor becomes a Matco Distributor, and receives his Distributor number on March 7, 2022 and attends the March 21, 2022 MBST class, the Distributor would begin operations on March 28, 2022. The first full (Matco fiscal) quarter would be the second quarter of 2022 (April, May, June, which corresponds to Matco's reporting weeks 14 through 26). If an incentive Ongoing Quarterly Bonus is earned, the Distributor would receive the bonus by the end of July, and it will be credited by week 28 (2 weeks into the subsequent quarter). In this example the potential Ongoing Quarterly Bonus would end after the first quarter (weeks 1 through 13) of year 2032.

4. Waiver. No failure or delay by Matco in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof.

5. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision hereof. Any provision hereof which is adjudicated to be invalid or unenforceable shall be severed from this Agreement to the extent of its invalidity or unenforceability, provided, however, that such severance is to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made.

6. Entire Agreement. The Distributorship Agreement, this Amendment, and the documents referred to herein constitute the entire, full and complete agreement between the parties concerning the matters covered in the Distributorship Agreement and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties relating to the matters covered by the Distributorship Agreement and this Amendment, other than those set forth in this Amendment. No obligations or duties that contradict or are inconsistent with the express terms of the Distributorship Agreement and this Amendment may be implied into Distributorship Agreement or this Amendment. Except as expressly set forth herein, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

7. Miscellaneous.

7.1 Counterparts. This Amendment may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

7.2 Captions. All captions in this Amendment are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision in this Amendment.

7.3 Recitals. The recitals and "Background" are an integral part of this Amendment and may be relied upon to interpret and/or enforce this Amendment.

7.4 No Other Changes; Ratification of Distributorship Agreement. Except as specifically set forth herein, there are no other changes to the Distributorship Agreement and all other terms and conditions of the Distributorship Agreement are hereby ratified.

7.5 Effectiveness of Amendment. The Distributor acknowledges that this Amendment will become effective and binding only upon acceptance and execution by Matco in the State of Ohio.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed on the date set forth above.

DISTRIBUTOR:	MATCO TOOLS CORPORATION
______________________________	
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

Principal Owner Acknowledgment:

________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Amendment.

Principal Owner Name:___________________

Signature:_____________________________

Date:_________________________________

Exhibit A to
Special Incentive Program Amendment

In accordance with Section 3.1 of the Amendment, Matco shall provide the following Initial Investment Incentives to Distributor:

☐ $_______ to update Distributor's current tool store if it meets Matco's requirements, or

☐ $_______ if Distributor chooses to update or convert to a new Matco mobile store

☐ $_______ for a Matco approved new computer system

☐ $_______ for MDBS and associated first year fee

☐ $_______ for new Matco uniforms

☐ $_______ for new Matco Business Cards and related promotional materials

☐ $_______ for a portion of the transportation costs for Distributor's Principal Owner to attend MBST training in Stow, including a portion of the lodging and meal costs during MBST training, subject to receipt by Matco of Principal Owner's receipts for such costs.

The maximum amount of the Initial Investment Incentive that Matco may provide was:

- $1,000 to update Distributor's existing mobile tool store if it meets Matco's requirements, or, $3,395 if Distributor chooses to update or convert to a new Matco mobile store
- $2,700 for a Matco approved new computer system
- $1,419 for MDBS and associated first year fee
- $250 for new Matco uniforms
- $250 for new Matco Business Cards and related promotional materials
- Up to $1,600 for transportation to MBST training in Stow, along with standard hotel charges (room and tax) and lunch at the Matco Tools Stow Corporate Headquarters for Distributor's Principal Owner. Distributor must provide receipts for Principal Owner's transportation costs.

[*Signature Page Follows*]

<u>Matco and Distributor acknowledge and agree</u> that the foregoing are the only Initial Investment Incentives that Matco will provide, and that the Distributor agrees, in accordance with Section 3.1., that he/she is liable for the refund to Matco of these incentives if he/she is terminated, voluntarily terminates, or is no longer a Matco distributor within two (2) years of the date of the Amendment.

MATCO TOOLS CORPORATION	DISTRIBUTOR:
	___________________________________
________________________________	___________________________________
Matco Representative:____________	Name: ____________________________
	Title: _____________________________
Date: __________________________	Date: _____________________________

Principal Owner Acknowledgment:

__________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Amendment.

Principal Owner Name:____________________

Signature:________________________________

Date:____________________________________

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX N: RENEWAL ADDENDUM

[Note to Drafter: "Distributor" means the Distributor entity and "Principal Owner" means the individual principal owner.]

APPENDIX N

MATCO TOOLS
RENEWAL ADDENDUM

[For Distributors Renewing their Distributorship Under an Agreement Executed Prior to March 2014]

This Renewal Addendum (the "**Renewal Addendum**") is made and entered into on this ___________________________ by and between MATCO TOOLS CORPORATION ("**Matco**") a Delaware corporation with its principal office at 4403 Allen Road, Stow, Ohio 44224, and ______ ________________ ("**Distributor**"), a/n ______________________ ___________________ **[State of Formation and Type of Entity]** with a principal place of business at________________ ______________.

RECITALS

A. Matco and Distributor are parties to a Distributorship Agreement dated __________________, whose term expired on ____________________ (the "**Old Agreement**").

[OR Note to Drafter: If the original agreement has been transferred or assigned to the current distributor, use the following Recital A:]

[A. Matco and Distributor are parties to a Distributorship Agreement dated ____________________, _____, whose term expired on _______ (the "**Old Agreement**"). Matco and _______________ (the "**Former Distributor**") were the original parties to the Old Agreement, and pursuant to an assignment and assumption agreement dated ___________, Former Distributor assigned and transferred all of his/its right title and interest in and to the Old Agreement and the Distributorship business to Distributor.]

B. Distributor wishes to renew its relationship with Matco for one additional ten year period, as permitted under and pursuant to Section 2.2 of the Old Agreement, and, on _______________________________, entered into a new Distributorship Agreement ("**Distributorship Agreement**") with Matco for that purpose.

C. Distributor and Matco wish to amend the Distributorship Agreement to reflect Distributor's status as an existing Distributor renewing an ongoing relationship.

D. All capitalized terms not otherwise defined in this Renewal Addendum shall have the same meaning as in the Distributorship Agreement.

AGREEMENT

In consideration of the mutual promises contained in this Renewal Addendum, the Distributor and Matco agree and contract as follows:

1. **Waiver of Certain Initial Obligations**. The following Sections of the Distributorship Agreement are null and void, and shall have no force or effect: 1.1.2 (Initial Fee); **[3.5 (Time Payment Reserve Account or Time Payment Line of Credit)]**; 3.8 (Training); 4.1

(Matco Business System Training (MBST) Program and Matco Business System Continuation Training (MBSCT) Program); 4.2 (Field Training); 6.3 (Initial Inventory); and 11.2 (Termination by Distributor During First Six Months).

2. **Successor Distributorship Fee**. As required under the Old Agreement, Distributor shall pay to Matco a successor distributorship fee of $__________________ on or before the effective date of this Renewal Addendum.

3. **Renewal**. Section 2.1 and 2.2 of the Distributorship Agreement shall be deleted and shall have no force or effect, and the following Section 2.1 and 2.2 shall be substituted in lieu thereof:

> 2.1 **Renewal Term**. The term of this Agreement is the renewal term provided for under the distributorship agreement entered into between Matco and Distributor on ________________ (the "**Old Agreement**"), and such renewal term will be for ten years, commencing on the date of this Agreement (the "**Renewal Term**"). This Agreement will not be enforceable until it has been signed by both the Distributor and Matco.
>
> 2.2 **No Right to Reacquire the Distributorship**. At the end of the Renewal Term, this Agreement will expire. Pursuant to Section 2.2 of the Old Agreement, the Distributor will not have the right, or option, to reacquire the Distributorship or to execute a successor Distributorship Agreement to operate the Distributorship.
>
> 2.3 **Subsequent Distributorship Agreements**. Prior to the expiration of the Renewal Term, if Distributor desires to continue to operate as a Matco Tools Distributor for an additional term to immediately follow the Renewal Term, Distributor may submit a written request to Matco to be granted a new, successor or renewal Distributorship Agreement at least **[180 days prior to the expiration of the Renewal Term]**, and must comply with Matco's then-current rules and processes for obtaining an additional or successor term, which may include the execution of Matco's then-current form of distributorship agreement. Matco may, but is not obligated to, consider the request from Distributor, and may enter into a new agreement with Distributor.

4. **Renewal Term**. All references to the word "**Term**" in the Distributorship Agreement shall be read and construed as the "**Renewal Term**."

5. **Old Agreement**. The Old Agreement is terminated in accordance with its terms, except for any provision that by its express terms or by implication survives the termination or expiration of the Old Agreement, and any provision which requires Distributor to pay any monies due to Matco or any affiliate of Matco except for the requirement that Distributor pay to Matco the successor distributorship fee provided in Section 2 above.

6. **Mutual Releases**. Matco and Distributor hereby enter into the following mutual releases.

a. By Distributor. Distributor (on behalf of its Principal Owner) hereby releases and forever discharges Matco, Matco's affiliates, and each of their respective officers, directors, agents, and employees (collectively, the "**Matco Parties**") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which Distributor or Principal Owner now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against the Matco Parties arising prior to and including the date of this Renewal Addendum which relates in any way to: (a) the Old Agreement, including, but not limited to, the entry into the Old Agreement; (b) the operation by Distributor of the Distributorship pursuant to the Old Agreement; (c) the relationship between Matco and Distributor, or between Matco and Principal Owner; and (d) the execution of this Renewal Addendum and the Distributorship Agreement (collectively, the "**Distributor Released Claims**"), provided that nothing in this Renewal Addendum is intended to terminate, or release claims or obligations under, the Distributorship Agreement or to release claims which cannot be released pursuant to an applicable franchise law statute. Distributor represents and warrants that it acknowledges and agrees that Distributor (or Principal Owner) may in the future learn of facts in addition to or different from those which it now knows or believes to be true with respect to the subject matter of this Section 5.a, but that nonetheless, it is the intention of Distributor and Principal Owner to fully, finally, and forever settle and release all of the Distributor Released Claims.

b. By Matco. Matco hereby releases and forever discharges Distributor, its affiliates, Principal Owner, and each of their respective officers, directors, agents, and employees (collectively, the "**Distributor Parties**") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which Matco now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against the Distributor Parties arising prior to and including the date of this Renewal Addendum which relates in any way to: (a) the Old Agreement, including, but not limited to, the entry into the Old Agreement; (b) the operation by Distributor of the Distributorship pursuant to the Old Agreement; (c) the relationship between Distributor and Matco, or between Matco and Principal Owner; and (d) the execution of this Renewal Addendum and the Distributorship Agreement (collectively, the "**Matco Released Claims**"), provided that nothing in this Renewal Addendum is intended to terminate, or release claims or obligations under, the Distributorship Agreement or to release claims which cannot be released pursuant to an applicable franchise law statute. Matco represents and warrants that it acknowledges and agrees that Matco may in the future learn of facts in addition to or different from those which it now knows or believes to be true with respect to the subject matter of this Section 5.b, but that nonetheless, it is the intention of Matco to fully, finally, and forever settle and release all of the Matco Released Claims.

c. The releases in Section 5.a and 5.b above do not apply to any monies which may be owed by Matco to Distributor or by Distributor to Matco in the ordinary course of business under the Old Agreement.

d. *If Distributor operates in the State of California, and/or if Principal Owner resides in the State of California, then this Section 6.d shall apply*: Claims under Section 1542. Distributor (for itself and on behalf of the Principal Owner) and Matco expressly state that it is their intention in executing the mutual releases included in Section 5.a and 5.b above that these releases shall be effective as a bar to the Distributor Released Claims and Matco Released Claims as prescribed by Section 1541 of the California Civil Code. Distributor (for itself and on behalf of the Principal Owner) and Matco warrant that they are familiar with and have been advised by legal counsel concerning the legal effect of Section 1542 of the California Civil Code, and that Distributor (for itself and on behalf of the Principal Owner) and Matco expressly waive and relinquish all rights and benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides that:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

e. No Assignment of Claims. Matco and the Distributor (for itself and on behalf of the Principal Owner) represent and warrant that they are the sole owners of all claims and rights released hereunder and that they have not assigned or transferred, or purported to assign or transfer, to any person or entity, any suit, claim, controversy, liability, demand, action, or cause of action released under Sections 5.a and 5.b above.

f. The parties agree not to make any claim or take any proceedings against any other Person who might claim contribution or indemnity or assert any other claim or cause of action by any right of law from the Persons discharged by this Renewal Addendum. For the purpose of this Renewal Addendum, "Person" includes any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal or personal representative, regulatory body or agency, government or government agency, authority or entity however designated or constituted.

g. *If Distributor operates in the State of Maryland, and/or if Principal Owner lives in the State of Maryland, then this Section 6.g shall apply*: Distributor and Matco agree that all actions arising under this Mutual Release must be commenced in arbitration in accordance with the terms of the Distributorship Agreement. In the event any claims arising under the Mutual Release with respect to the Maryland Franchise Registration and Disclosure Law, Distributor and Matco agree that all such actions must be commenced in the state or federal court of general jurisdiction in Maryland, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Mutual Release shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

7. **Acknowledgments**. Distributor (for itself and on behalf of the Principal Owner) acknowledges it has received a copy of this Renewal Addendum sufficiently in advance of executing it to be able to consult with counsel of Distributor's or Principal Owner's choosing, and Distributor (for itself and on behalf of the Principal Owner) acknowledges having reviewed and understood this Renewal Addendum prior to executing it. Further, Distributor acknowledges that it received a copy of Matco's current form of franchise disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least fourteen (14) calendar days prior to the date the Distributorship Agreement and this Renewal Addendum were executed.

8. **Entire Agreement**. This Renewal Addendum constitutes the entire and complete agreement between Matco and Distributor concerning the subject matter hereof, and supersedes any and all prior agreements. No amendment, change, or variance from this Renewal Addendum shall be binding on either party unless mutually agreed to in a writing signed by both parties. The

invalidity or unenforceability of any particular provision of this Renewal Addendum will not affect or limit the validity or enforceability of the remaining provisions.

9. **Dispute Resolution**. This Renewal Addendum shall be governed by the provisions for dispute resolution that are included in the Distributorship Agreement.

10. **Ratification of Distributorship Agreement**. This Renewal Addendum forms an integral part of the Distributorship Agreement. Except as modified or supplemented by this Renewal Addendum, the terms of the Distributorship Agreement are hereby ratified and confirmed. This Renewal Addendum shall be binding upon the parties hereto, and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Renewal Addendum, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
___________________________________	
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________
Date: _____________________________	Date: _____________________________

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Renewal Addendum.

Principal Owner Name:____________________

Signature:________________________________

Date:___________________________________

[Note to Drafter: "Distributor" means the Distributor entity and "Principal Owner" means the individual principal owner.]

APPENDIX N

MATCO TOOLS
RENEWAL ADDENDUM FOR 225 DISTRIBUTORSHIPS

This Renewal Addendum (the "**Renewal Addendum**") is made and entered into on this ___________________________ by and between MATCO TOOLS CORPORATION ("**Matco**") a Delaware corporation with its principal office at 4403 Allen Road, Stow, Ohio 44224, and ______ ________________ ("**Distributor**"), a/n ____ **[State of Formation and Type of Entity]** with a principal place of business at________________ _______________.

RECITALS

A. Matco and Distributor are parties to a Distributorship Agreement dated __________________, as amended by a Matco 225 Amendment to Distributorship Agreement (the "**Old 225 Amendment**"), whose term expire(d)(s) on ____________________ (together, the "**Old Agreement**").

[OR Note to Drafter: If the original agreement has been transferred or assigned to the current distributor, use the following Recital A:]

[A. Matco and Distributor are parties to a Distributorship Agreement dated ____________________, ______, whose term expired on _______ (the "**Old Agreement**"). Matco and _______________ (the "**Former Distributor**") were the original parties to the Old Agreement, and pursuant to an assignment and assumption agreement dated ___________, Former Distributor assigned and transferred all of his/its right title and interest in and to the Old Agreement and the Distributorship business to Distributor.]

B. Distributor wishes to renew its relationship with Matco for one additional ten year period, as permitted under and pursuant to Section 2.2 of the Old Agreement, and, on _______________________________, entered into a new Distributorship Agreement, as amended by a new Matco 225 Amendment to Distributorship Agreement (the "**225 Amendment**") with Matco for that purpose (together, the "**Distributorship Agreement**").

C. Distributor and Matco wish to amend the Distributorship Agreement to reflect Distributor's status as an existing Distributor renewing an ongoing relationship with Matco to operate a "225 Distributorship."

D. All capitalized terms not otherwise defined in this Renewal Addendum shall have the same meaning as in the Distributorship Agreement.

AGREEMENT

In consideration of the mutual promises contained in this Renewal Addendum, the Distributor and Matco agree and contract as follows:

1. **Waiver of Certain Initial Obligations**. The following sections of the

Distributorship Agreement are null and void, and shall have no force or effect: 1.1.2 (Initial Fee); **[3.5 (Time Payment Reserve Account or Time Payment Line of Credit)]**; 3.8 (Training); 4.1 (Matco Business System Training Program (MBST) Program and Matco Business System Continuation Training (MBSCT) Program); 4.2 (Field Training); 6.3 (Initial Inventory); and 11.2 (Termination by Distributor During First Six Months). In addition, the following section of the 225 Amendment is null and void and shall have no force or effect: Section 1 (Limited Distribution Rights Under the 225 Distributorship).

2. **Successor Distributorship Fee**. As required under the Old Agreement, Distributor shall pay to Matco a successor distributorship fee of $__________________ on or before the effective date of this Renewal Addendum.

3. **Renewal**. Section 2.1 and 2.2 of the Distributorship Agreement shall be deleted and shall have no force or effect, and the following Section 2.1 and 2.2 shall be substituted in lieu thereof:

> 2.1 **Renewal Term**. The term of this Agreement is the renewal term provided for under the distributorship agreement entered into between Matco and Distributor on ________________ (the "**Old Agreement**"), and such renewal term will be for ten years, commencing on the date of this Agreement (the "**Renewal Term**"). This Agreement will not be enforceable until it has been signed by both the Distributor and Matco.
>
> 2.2 **No Right to Reacquire the Distributorship**. At the end of the Renewal Term, this Agreement will expire. Pursuant to Section 2.2 of the Old Agreement, the Distributor will not have the right, or option, to reacquire the Distributorship or to execute a successor Distributorship Agreement to operate the Distributorship.
>
> 2.3 **Subsequent Distributorship Agreements**. Prior to the expiration of the Renewal Term, if Distributor desires to continue to operate as a Matco Tools Distributor for an additional term to immediately follow the Renewal Term, Distributor may submit a written request to Matco to be granted a new, successor or renewal Distributorship Agreement at least **[180 days prior to the expiration of the Renewal Term]**, and must comply with Matco's then-current rules and processes for obtaining an additional or successor term, which may include the execution of Matco's then-current form of distributorship agreement. Matco may, but is not obligated to, consider the request from Distributor, and may enter into a new agreement with Distributor.

4. **Renewal Term**. All references to the word "**Term**" in the Distributorship Agreement shall be read and construed as the "**Renewal Term**."

5. **Old Agreement**. The Old Agreement is terminated in accordance with its terms, except for any provision that by its express terms or by implication survives the termination or expiration of the Old Agreement, and any provision which requires Distributor to pay any monies due to Matco or any affiliate of Matco except for the requirement that Distributor pay to Matco the successor distributorship fee provided in Section 2 above.

6. **Additional Amendments**.

a. Section 7 of the 225 Amendment is hereby null and void, and is replaced with the following:

Entire Agreement. The Distributorship Agreement, the Renewal Addendum for 225 Distributors executed by the parties, this 225 Amendment to the Distributorship Agreement, and the documents referred to herein constitute the entire, full and complete agreement between the parties concerning the matters covered in the Distributorship Agreement and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties relating to the matters covered by the Distributorship Agreement other than those set forth in the Distributorship Agreement, the Renewal Addendum for 225 Distributors, and this 225 Amendment to the Distributorship Agreement. No obligations or duties that contradict or are inconsistent with the express terms of the Distributorship Agreement, the Renewal Addendum for 225 Distributors, and this 225 Amendment to the Distributorship Agreement may be implied into the Distributorship Agreement, Renewal Addendum for 225 Distributors, or this 225 Amendment to the Distributorship Agreement. Except as expressly set forth herein or in the Renewal Addendum for 225 Distributors, no amendment, change or variance to the Distributorship Agreement shall be binding on either party unless mutually agreed to by the parties and executed in writing.

b. Section 8.d of the 225 Amendment is hereby null and void and shall have no force or effect.

7. **Mutual Releases**. Matco and Distributor hereby enter into the following mutual releases.

a. By Distributor. Distributor (on behalf of its Principal Owner) hereby releases and forever discharges Matco, Matco's affiliates, and each of their respective past and current officers, directors, agents, and employees (collectively, the "**Matco Parties**") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which Distributor or Principal Owner now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against the Matco Parties arising prior to and including the date of this Renewal Addendum which relates in any way to: (a) the Old Agreement, including, but not limited to, the entry into the Old Agreement; (b) the operation by Distributor of the Distributorship pursuant to the Old Agreement; (c) the relationship between Matco and Distributor, or between Matco and Principal Owner; and (d) the execution of this Renewal Addendum and the Distributorship Agreement (collectively, the "**Distributor Released Claims**"), provided that nothing in this Renewal Addendum is intended to terminate, or release claims or obligations under, the Distributorship Agreement or to release claims which cannot be released pursuant to an applicable franchise law statute. Distributor represents and warrants that it acknowledges and agrees that Distributor (or Principal Owner) may in the future learn of facts in addition to or different from those which it now knows or believes to be true with respect to the subject matter of this Section 7.a, but that nonetheless, it is the intention of Distributor and Principal Owner to fully, finally, and forever settle and release all of the Distributor Released Claims.

b. By Matco. Matco hereby releases and forever discharges Distributor, its affiliates, Principal Owner, and each of their respective past and current officers, directors, agents, and employees (collectively, the "**Distributor Parties**") from any and all claims, demands, liabilities, and causes of action of whatever kind or nature, vested or contingent, known or unknown, suspected or unsuspected, which Matco now owns or holds, or has at any time heretofore owned or held, or may at any time own or hold against the Distributor Parties arising prior to and including the date of this Renewal Addendum which relates in any way to: (a) the Old Agreement, including, but not limited to, the entry into the Old Agreement; (b) the operation by Distributor of the Distributorship pursuant to the Old Agreement; (c) the relationship between Distributor and Matco, or between Matco and Principal Owner; and (d) the execution of this Renewal Addendum and the Distributorship Agreement (collectively, the "**Matco Released Claims**"), provided that nothing in this Renewal Addendum is intended to terminate, or release claims or obligations under, the Distributorship Agreement or to release claims which cannot be released pursuant to an applicable franchise law statute. Matco represents and warrants that it acknowledges and agrees that Matco may in the future learn of facts in addition to or different from those which it now knows or believes to be true with respect to the subject matter of this Section 7.b, but that nonetheless, it is the intention of Matco to fully, finally, and forever settle and release all of the Matco Released Claims.

c. The releases in Section 7.a and 7.b above do not apply to any monies which may be owed by Matco to Distributor or by Distributor to Matco in the ordinary course of business under the Old Agreement.

d. *If Distributor operates in the State of California, and/or if Principal Owner resides in the State of California, then this Section 7.d shall apply*: Claims under Section 1542. Distributor (for itself and on behalf of the Principal Owner) and Matco expressly state that it is their intention in executing the mutual releases included in Section 7.a and 7.b above that these releases shall be effective as a bar to the Distributor Released Claims and Matco Released Claims as prescribed by Section 1541 of the California Civil Code. Distributor (for itself and on behalf of the Principal Owner) and Matco warrant that they are familiar with and have been advised by legal counsel concerning the legal effect of Section 1542 of the California Civil Code, and that Distributor (for itself and on behalf of the Principal Owner) and Matco expressly waive and relinquish all rights and benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides that:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

e. No Assignment of Claims. Matco and the Distributor (for itself and on behalf of the Principal Owner) represent and warrant that they are the sole owners of all claims and rights released hereunder and that they have not assigned or transferred, or purported to assign or transfer, to any person or entity, any suit, claim, controversy, liability, demand, action, or cause of action released under Sections 7.a and 7.b above.

f. The parties agree not to make any claim or take any proceedings against any other Person who might claim contribution or indemnity or assert any other claim or cause of action by any right of law from the Persons discharged by this Renewal

Addendum. For the purpose of this Renewal Addendum, "Person" includes any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal or personal representative, regulatory body or agency, government or government agency, authority or entity however designated or constituted.

g. *If Distributor operates in the State of Maryland, and/or if Principal Owner lives in the State of Maryland, then this Section 7.g shall apply*: Distributor and Matco agree that all actions arising under this Mutual Release must be commenced in arbitration in accordance with the terms of the Distributorship Agreement. In the event any claims arising under the Mutual Release with respect to the Maryland Franchise Registration and Disclosure Law, Distributor and Matco agree that all such actions must be commenced in the state or federal court of general jurisdiction in Maryland, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. This Mutual Release shall be interpreted and construed under the laws of the State of Maryland. In the event of any conflict of law, the laws of the State of Maryland shall prevail (without regard to, and without giving effect to, the application of Maryland conflict of law rules).

8. **Acknowledgments**. Distributor (for itself and on behalf of the Principal Owner) acknowledges it has received a copy of this Renewal Addendum sufficiently in advance of executing it to be able to consult with counsel of Distributor's or Principal Owner's choosing, and Distributor (for itself and on behalf of the Principal Owner) acknowledges having reviewed and understood this Renewal Addendum prior to executing it. Further, Distributor acknowledges that it received a copy of Matco's current form of franchise disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least fourteen (14) calendar days prior to the date the Distributorship Agreement and this Renewal Addendum were executed.

9. **Entire Agreement**. This Renewal Addendum constitutes the entire and complete agreement between Matco and Distributor concerning the subject matter hereof, and supersedes any and all prior agreements. No amendment, change, or variance from this Renewal Addendum shall be binding on either party unless mutually agreed to in a writing signed by both parties. The invalidity or unenforceability of any particular provision of this Renewal Addendum will not affect or limit the validity or enforceability of the remaining provisions.

10. **Dispute Resolution**. This Renewal Addendum shall be governed by the provisions for dispute resolution that are included in the Distributorship Agreement.

11. **Ratification of Distributorship Agreement**. This Renewal Addendum forms an integral part of the Distributorship Agreement. Except as modified or supplemented by this Renewal Addendum, the terms of the Distributorship Agreement are hereby ratified and confirmed. This Renewal Addendum shall be binding upon the parties hereto, and their respective heirs, executors, administrators, successors and assigns.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Renewal Addendum, understands and consents to be bound by all of its terms, and agrees it will be effective as of the date first above written.

DISTRIBUTOR:	MATCO TOOLS CORPORATION:
___________________________________	
By: ______________________________	By: ______________________________
Name: ____________________________	Name: ____________________________
Title: ____________________________	Title: ____________________________
Date: ____________________________	Date: ____________________________

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Renewal Addendum.

Principal Owner Name: _________________________

Signature: ____________________________________

Date: _______________________________________

MATCO TOOLS

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX O: GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, **Vontier Corporation,** a Delaware corporation, (the "**Guarantor**"), located at 5438 Wade Park Boulevard, Suite 600, Raleigh, North Carolina 27607, absolutely and unconditionally guarantees to assume the duties and obligations of **Matco Tools Corporation,** located at 4403 Allen Road, Stow, Ohio 44224 (the "**Franchisor**"), under its franchise registration in each state where the franchise is registered, and under its distributorship agreement identified in its 2022 Franchise Disclosure Document, as it may be amended, and as that distributorship agreement may be entered into with distributors and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the distributorship agreement are satisfied or until the liability of Franchisor to its distributors under the distributorship agreement have been completely discharged, whichever occurs first. The Guarantor is not discharged from liability if a claim by a distributor against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor executes this guarantee at Raleigh, NC, as of the day of February 15, 2022

Guarantor:

By: [signature]

Name: Lynn A. Ross

Title: Chief Accounting Officer

47867112v2

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX P: ENHANCED TERRITORY DISTRIBUTORSHIP AMENDMENT

(SIGNING A SUCCESSOR AGREEMENT)

APPENDIX P

ENHANCED TERRITORY DISTRIBUTORSHIP AMENDMENT
TO
MATCO TOOLS DISTRIBUTORSHIP AGREEMENT
(for Existing Distributors Entering into a Successor Distributorship Agreement)

This Enhanced Territory Distributorship Amendment (this "Amendment") to the Matco Tools Distributorship Agreement is entered into this ___________________________, by and between Matco Tools Corporation ("Matco"), a Delaware corporation, and ____ , a ___________________________________ organized in ______________________________ and having offices at ______________________________ ___________________________ (the "Distributor").

BACKGROUND

A. Matco and Distributor entered into a Matco Tools Distributorship Agreement dated _______________________ (the "Initial Agreement") which grants Distributor the right to operate a Matco mobile distributorship under the Business System (the "Distributorship"). This Distributorship is referred to in Matco's records as "Distributorship #________.

B. Distributor and Principal Owner have operated the Distributorship for over ten years. Distributor and Principal Owner have expressed to Matco their desire to continue to operate a Matco distributorship, pursuant to a successor Distributorship Agreement, as provided for in Section 2.2 of the Initial Agreement, but within an enhanced territory, which would include more Potential Customers, a larger List of Calls, proportional increases to the New Distributor Starter Inventory and the minimum sales requirement, and a market penetration requirement. Such distributorships are referred to as "Enhanced Territory Distributorships" or "ETDs." Distributor and Principal Owner acknowledge that the ETD is a relatively untested, experimental variation of the Matco distributorship.

C. Matco has agreed to grant Distributor a successor Distributorship Agreement dated ___________________________ (the "Successor Agreement"), pursuant to Section 2.2 of the Initial Agreement. Matco and Distributor have executed the Successor Agreement, along with such other agreements and documents as are required by Matco pursuant to Section 2.2 of the Initial Agreement.

D. Matco has provided Distributor with Matco's current Franchise Disclosure Document with an issuance date of ___________________________ (the "FDD").

E. Attached as Exhibit B to this Amendment is a summary of the ETD provided to the Distributor and Principal Owner by Matco on ______________________________, which describes the ETD's variations from the standard Matco distributorship.

F. Distributor and Principal Owner desire to operate an ETD, and Matco and Distributor (together with the Principal Owner) desire to modify the Agreement accordingly.

AGREEMENT

In consideration of the mutual promises contained in this Amendment and the Successor Agreement, the Distributor and Matco agree and contract as follows:

1. Enhanced Territory Distributorship. Distributor (together with its Principal Owner) has requested to operate, and Matco has agreed to grant to Distributor the right to operate, an ETD, which will encompass the List of Calls and Number of Potential Customers identified in Exhibit A to this Amendment. Except as expressly set forth in this Amendment, Distributor agrees to be bound by all of the terms and conditions of the Agreement as applicable to the ETD.

2. List of Calls and Number of Potential Customers. Section 1.2 of the Successor Agreement is hereby modified to state that the List of Calls and Number of Potential Customers that Matco provides as Exhibit A to this Amendment and the Successor Agreement will not have 325 Potential Customers, but will have, as of the date of this Amendment, a minimum number of at least __________ (___) Potential Customers. The specific number of Potential Customers will be identified in Exhibit A hereto. All other caveats, descriptions, limitations, terms, and conditions regarding and applicable to the List of Calls and Number of Potential Customers described in Section 1.2 of the Successor Agreement are applicable to the ETD.

3. Inventory, Sales, and Purchase Requirements. Sections 3.3.1 through 3.3.3 of the Successor Agreement are hereby deleted in their entirety, and are replaced with the following:

3.3 **Inventory, Sales, and Purchase Requirements**.

3.3.1 The Distributor will at all times maintain an inventory of Products sufficient to meet its obligations to promote and sell a full line of Matco Products and to meet the expectations and needs of its existing and potential customers, especially in terms of product availability and timeliness of delivery. The New Distributor Starter Inventory shall be modified and increased to a level that is higher than that of a standard Distributorship, commensurate with an increased number of Potential Customers, in an amount set forth in Exhibit A to the Amendment. Upon signing this Amendment, Distributor's inventory level should be at or in excess of the amount set forth in Exhibit A. At all times thereafter during the Term, the Distributor is solely responsible for determining the inventory of Products best suited to meet the needs and expectations of its customers and to meet its sales and promotional obligations hereunder.

3.3.2 The Distributor must use its best efforts and actively market, promote, and sell Products to Potential Customers on the List of Calls. To be deemed to be meeting its marketing, promotion and sales obligations, the Distributor should be selling, on average on a weekly basis, Matco Products in an amount which meets or exceeds either (a) _____________ (_____%) of the "National Distributor Sales Average" (or "NDSA"), or (b) _____________ (_____%) of the "District Distributor Sales Average" (or "DDSA") for the Distributor's district, whichever is lower. As part of this performance assessment, Matco will calculate the sales averages based on the Distributor's twelve (12) month rolling average, or, if the Distributor has been operating the Distributorship for less than twelve (12) months, based on the Distributor's year-to date average. The sales averages shall be based on the sales of all Matco Products, as reported by the Distributor through the Matco Distributorship Business System, or the then-current required reporting system.

3.3.3. The Distributor must maintain a minimum of 60 percent (60%) ratio of a calculation of the Distributor's year-to-date purchases divided by the Distributor's year-to-date sales.

The parties acknowledge that the "___%" requirement in Subsection 3.3.2 above was calculated as a percentage of 80% of the NDSA or DDSA as described in Exhibit A hereto.

4. Distributor Acknowledgments. The Distributor acknowledges and agrees that:

a. The ETD, with an expanded List of Calls, an increased number of Potential Customers, increased New Distributor Starter Inventory requirement, higher Product sales requirement, and a Minimum Monthly Penetration Rate, is a relatively experimental business opportunity that was introduced in October 2013, and Matco has only offered a limited number of ETDs since October 2013.

b. The Distributor acknowledges and agrees that the increases to the New Distributor Starter Inventory and the minimum Product sales requirement are proportional to the increase in the number of Potential Customers the Distributor is authorized to solicit. By way of example only, if the List of Calls and Number of Potential Customers as of the execution of this Amendment contains 450 Potential Customers, and the standard List of Calls and Number of Potential Customers includes 325 Potential Customers, 450 is 38% greater than 325. Consequently, the New Distributor Starter Inventory amount would be 38% greater than the standard $68,000 New Distributor Starter Inventory requirement, or $93,840.

c. The Distributor, as an existing Matco Distributor who has requested and been granted a Successor Agreement, and its Principal Owner, have a full and complete understanding of the Matco distributorship business. The Distributor and Principal Owner has received and read Matco's FDD, the Successor Agreement, and this Amendment in its entirety. The Distributor and Principal Owner have had full and adequate opportunity to discuss the terms and conditions of this Amendment with legal counsel or other advisors of the Distributor and Principal Owner's own choosing; have had ample opportunity to investigate the ETD opportunity; and have had all questions relating to the ETD, including those of any advisor, answered to the Distributor's and Principal Owner's satisfaction, including the differences between the Enhanced Territory Distributorship and a standard Matco Tools distributorship.

d. The ETD opportunity differs from a standard Matco Tools distributorship in several significant ways, including, without limitation, a greater number of Potential Customers, more stops on the List of Calls, additional initial inventory requirements, additional Product sales requirements, and a minimum monthly market penetration requirement. These differences are likely to have a significant effect on the Distributorship business, and the Distributor and Principal Owner are prepared for these differences. Neither the Distributor nor the Principal Owner have relied on any financial performance data in the FDD, or obtained anywhere else, because the business is an existing Matco Tools distributorship that has been owned and operated by Distributor and Principal Owner prior to signing this Amendment.

5. Miscellaneous.

a. Counterparts. This Amendment may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

b. Captions. All captions in this Amendment are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision in this Amendment.

c. Recitals. The recitals and "Background" are an integral part of this Amendment and may be relied upon to interpret and/or enforce this Amendment.

d. No Other Changes; Ratification of Successor Agreement. Except as specifically set forth herein, there are no other changes to the Successor Agreement and all other terms and conditions of the Successor Agreement are hereby ratified.

e. Effectiveness of Amendment. The Distributor acknowledges that this Amendment will become effective and binding only upon acceptance and execution by Matco in the State of Ohio.

f. Defined Terms. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Successor Agreement.

6. Entire Agreement. The Successor Agreement, this Amendment, and the documents referred to herein constitute the entire, full and complete agreement between the parties concerning the matters covered in the Successor Agreement and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties relating to the matters covered by the Successor Agreement and this Amendment, other than those set forth in this Amendment. No obligations or duties that contradict or are inconsistent with the express terms of the Successor Agreement and this Amendment may be implied into Successor Agreement or this Amendment. Except as expressly set forth herein, no amendment, change or variance from this Amendment shall be binding on either party unless mutually agreed to by the parties and executed in writing.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed on the date set forth above.

DISTRIBUTOR:

____

By: ______________________________
Name: ____________________________
Title: _____________________________
Date: _____________________________

MATCO TOOLS CORPORATION

By: ____
Name: ____
Title: ____
Date: ____

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Amendment.

Principal Owner Name:____________________

Signature:_______________________________

Date:___________________________________

Exhibit A
to
ETD Amendment

List of Calls

The specific List of Calls and Number of Prospective Customers is attached to this Exhibit A.

The number of Prospective Customers is: _______.

The New Distributor Starter Inventory shall consist of at least $___________ worth of Products, which shall include the amounts and types of Products Matco specifies.

The "___" percentage for NDSA and DDSA, in Paragraph 3 of this ETD Amendment, is ____%. The parties acknowledge that this percentage was calculated as follows:

- The number of Potential Customers is _______, which is _____% of 325. Therefore, the percentage above was calculated as _____% of the 80% of the NDSA or DDSA, or _____%.

By way of example, if Exhibit A lists 545 Potential Customers, then the percentage for calculating compliance with the NDSA or DDSA would be 545 ÷ 325 = 167.69%. By rounding to a whole number, the percentage is 168%. And, 168% of 80% is equal to 134%. If the actual NDSA or DDSA for the most recent fiscal year end was $4,000, the Distributor would be obligated to generate gross sales equal to 134% of the NDSA or DDSA, which would be 134% of $4,000, which equals $5,360.

[See next page(s) for List of Calls.]

Exhibit B
to
<u>ETD Amendment</u>

Summary of Enhanced Territory Distributorship

The following are certain aspects of the ETD that differ from the standard Matco Distributorship:

Matco has determined that certain existing Distributors are soliciting customers outside of, or in addition to, their List of Calls. Matco, the Distributor, and the Principal Owner seek to enhance Distributor's existing List of Calls to include such additional existing or Potential Customers, provided that Distributor maintains sufficient inventory to adequately service such customers, and provided that the Distributor's sales of Matco Products are on par with sales of Matco Products achieved by other system franchisees (taking into account the increased List of Calls and Potential Customers to be serviced by the Distributor).

Matco has determined that it may grant a very limited number of distributorships with enhanced Lists of Calls, and refers to Distributorships with an enhanced List of Calls as "Enhanced Territory Distributorships" or "ETDs."

Matco will not grant an ETD to a Distributor unless the Distributor and its Principal Owner is specifically advised of the nature and scope of the ETD opportunity, and the Distributor and Principal Owner have specifically requested an ETD. Matco is granting the ETDs described in this summary and the Enhanced Territory Distributorship Amendment at Distributor's and Principal Owner's request, and on a very limited, exploratory basis. Matco expects that most of the aspects and elements of a Distributorship will apply to an ETD, except:

a. There will be a greater number of Potential Customers on the List of Calls.

b. The required initial inventory will be greater than that of a standard Matco Distributorship, depending on the minimum number of Potential Customers).

c. The ETD Distributor will be subject to a higher National Distributor Sales Average (or "NDSA") or District Distributor Sales Average (or "DDSA") compliance target. By way of example, if Exhibit A lists 545 Potential Customers, then the percentage for calculating compliance with the NDSA or DDSA would be 545 ÷ 325 = 167.69%. By rounding to a whole number, the percentage is 168%. And, 168% of 80% is equal to 134%. If the actual NDSA or DDSA for the most recent fiscal year end was $4,000, the Distributor would be obligated to generate gross sales equal to 134% of the NDSA or DDSA, which would be 134% of $4,000, which equals $5,360.

Distributor (for itself and on behalf of its Principal Owner) acknowledges and agrees that (a) the above is just a summary, (b) the ETD is experimental, (c) Matco has not offered ETD distributorships prior to October 2013, (d) the Distributor is an existing Matco distributor that understands the Matco business system, and (e) the Distributor and its Principal Owner requested to convert to the ETD, and (f) there may be other differences in the ETD business that are not noted or summarized above and Distributor and Principal Owner are prepared for those unexpected changes.

FRANCHISE DISCLOSURE DOCUMENT

APPENDIX Q: ENHANCED TERRITORY DISTRIBUTORSHIP AMENDMENT

(NOT SIGNING A SUCCESSOR AGREEMENT)

fAPPENDIX Q

ENHANCED TERRITORY DISTRIBUTORSHIP AMENDMENT
TO
MATCO TOOLS DISTRIBUTORSHIP AGREEMENT
(for Existing Distributors)

This Enhanced Territory Distributorship Amendment (this "Amendment") to the Matco Tools Distributorship Agreement is entered into this ________________________, by and between Matco Tools Corporation ("Matco"), a Delaware Corporation, and ____, a ________________________ organized in __________________________ and having offices at __________________________ ________________________(the "Distributor").

BACKGROUND

A. Matco and Distributor entered into a Matco Tools Distributorship Agreement dated ____________________ (the "Agreement"), which grants Distributor the right to operate a Matco mobile distributorship under the Business System (the "Distributorship"). This Distributorship is referred to in Matco's records as "Distributorship #_______."

B. Distributor and Principal Owner have expressed to Matco their desire to operate a Matco distributorship within an enhanced territory, which would include more Potential Customers, a larger List of Calls, proportional increases to the New Distributor Starter Inventory and the minimum sales requirement, and a market penetration requirement. Such distributorships are referred to as "Enhanced Territory Distributorships" or "ETDs." Distributor and Principal Owner acknowledge that the ETD is a relatively untested, experimental variation of the Matco distributorship.

C. Attached as Exhibit B to this Amendment is a summary of the ETD provided to the Distributor and Principal Owner by Matco on __________________________, which describes the ETD's variations from the standard Matco distributorship.

D. Distributor and Principal Owner desire to operate an ETD, and Matco and Distributor (together with the Principal Owner) desire to modify the Agreement accordingly, as set forth herein.

AGREEMENT

In consideration of the mutual promises contained in this Amendment, the Distributor (together with its Principal Owner) and Matco agree and contract as follows:

1. Enhanced Territory Distributorship. Distributor has requested to operate, and Matco has agreed to grant to Distributor the right to operate, an ETD, which will encompass the List of Calls and Number of Potential Customers identified in Exhibit A to this Amendment. Except as expressly set forth in this Amendment, Distributor agrees to be bound by all of the terms and conditions of the Agreement as applicable to the ETD.

2. List of Calls and Number of Potential Customers. Section 1.2 of the Agreement is hereby modified to state that the List of Calls and Number of Potential Customers that Matco provides as Exhibit A to this Amendment and the Agreement will not have 325 Potential Customers, but will have, as of the date of this Amendment, a minimum number of at least _________ (___) Potential Customers. The specific number of Potential Customers will be identified in Exhibit A hereto. All other caveats, descriptions, limitations,

terms, and conditions regarding and applicable to the List of Calls and Number of Potential Customers described in Section 1.2 are applicable to the ETD.

3. Inventory, Sales, and Purchase Requirements. Sections 3.3.1 through 3.3.3 of the Agreement are hereby deleted in their entirety, and are replaced with the following:

3.3 **Inventory, Sales, and Purchase Requirements**.

3.3.1 The Distributor will at all times maintain an inventory of Products sufficient to meet its obligations to promote and sell a full line of Matco Products and to meet the expectations and needs of its existing and potential customers, especially in terms of product availability and timeliness of delivery. The New Distributor Starter Inventory shall be modified and increased to a level that is higher than that of a standard Distributorship, commensurate with an increased number of Potential Customers, in an amount set forth in Exhibit A to the Amendment. Upon signing this Amendment, Distributor's inventory level should be at or in excess of the amount set forth in Exhibit A. At all times thereafter during the Term, the Distributor is solely responsible for determining the inventory of Products best suited to meet the needs and expectations of its customers and to meet its sales and promotional obligations hereunder.

3.3.2 The Distributor must use its best efforts and actively market, promote, and sell Products to Potential Customers on the List of Calls. To be deemed to be meeting its marketing, promotion and sales obligations, the Distributor should be selling, on average on a weekly basis, Matco Products in an amount which meets or exceeds either (a) _____________ (_____%) of the "National Distributor Sales Average" (or "NDSA"), or (b) _____________ (_____%) of the "District Distributor Sales Average" (or "DDSA") for the Distributor's district, whichever is lower. As part of this performance assessment, Matco will calculate the sales averages based on the Distributor's twelve (12) month rolling average, or, if the Distributor has been operating the Distributorship for less than twelve (12) months, based on the Distributor's year-to date average. The sales averages shall be based on the sales of all Matco Products, as reported by the Distributor through the Matco Distributorship Business System, or the then-current required reporting system.

3.3.3. The Distributor must maintain a minimum of 60 percent (60%) ratio of a calculation of the Distributor's year-to-date purchases divided by the Distributor's year-to-date sales.

The parties acknowledge that the "___%" requirement in Subsection 3.3.2 above was calculated as a percentage of 80% of the NDSA or DDSA as described in Exhibit A hereto.

4. Distributor Acknowledgments. The Distributor acknowledges and agrees that:

a. The ETD, with an expanded List of Calls, an increased number of Potential Customers, an increased New Distributor Starter Inventory requirement, higher Product sales requirement, and a Minimum Monthly Penetration Rate, is a relatively experimental business opportunity that was introduced in October 2013, and Matco has only offered a limited number of ETDs since October 2013.

b. The Distributor acknowledges and agrees that the increases to the New Distributor Starter Inventory and the minimum Product sales requirement are proportional to the increase in the number of

Potential Customers the Distributor is authorized to solicit. By way of example only, if the List of Calls and Number of Potential Customers as of the execution of this Amendment contains 450 Potential Customers, and the standard List of Calls and Number of Potential Customers includes 325 Potential Customers, 450 is 38% greater than 325. Consequently, the New Distributor Starter Inventory amount would be 38% greater than the standard $72,000 New Distributor Starter Inventory requirement, or $99,360.

c. The Distributor, as an existing Matco Distributor who has requested and been granted an Amended Agreement, and its Principal Owner, have a full and complete understanding of the Matco distributorship business. The Distributor and Principal Owner have received and read Matco's FDD, the Distributorship Agreement, and this Amendment in its entirety. The Distributor and Principal Owner have had full and adequate opportunity to discuss the terms and conditions of this Amendment with legal counsel or other advisors of the Distributor and Principal Owner's own choosing; have had ample opportunity to investigate the ETD opportunity; and have had all questions relating to the ETD, including those of any advisor, answered to the Distributor's and Principal Owner's satisfaction, including the differences between the Enhanced Territory Distributorship and a standard Matco Tools distributorship.

d. The ETD opportunity differs from a standard Matco Tools distributorship in several significant ways, including, without limitation, a greater number of Potential Customers, more stops on the List of Calls, an increased New Distributor Starter Inventory requirement, additional Product sales requirements, and a minimum monthly market penetration requirement. These differences are likely to have a significant effect on the Distributorship business, and the Distributor and Principal Owner are prepared for these differences. Neither the Distributor nor the Principal Owner have relied on any financial performance data in the FDD, or obtained anywhere else, because the business is an existing Matco Tools distributorship that has been owned and operated by Distributor and Principal Owner prior to signing this Amendment.

5. Miscellaneous.

a. Counterparts. This Amendment may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original.

b. Captions. All captions in this Amendment are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision in this Amendment.

c. Recitals. The recitals and "Background" are an integral part of this Amendment and may be relied upon to interpret and/or enforce this Amendment.

d. No Other Changes; Ratification of Agreement. Except as specifically set forth herein, there are no other changes to the Agreement and all other terms and conditions of the Agreement are hereby ratified.

e. Effectiveness of Amendment. The Distributor acknowledges that this Amendment will become effective and binding only upon acceptance and execution by Matco in the State of Ohio.

f. Defined Terms. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

6. Entire Agreement. The Agreement, this Amendment, and the documents referred to herein constitute the entire, full and complete agreement between the parties concerning the matters covered in the Agreement and supersede any and all prior or contemporaneous negotiations, discussions, understandings or agreements. There are no other representations, inducements, promises, agreements, arrangements or

undertakings, oral or written, between the parties relating to the matters covered by the Agreement and this Amendment, other than those set forth in this Amendment. No obligations or duties that contradict or are inconsistent with the express terms of the Agreement and this Amendment may be implied into Agreement or this Amendment. Except as expressly set forth herein, no amendment, change or variance from this Amendment shall be binding on either party unless mutually agreed to by the parties and executed in writing.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be signed on the date set forth above.

DISTRIBUTOR:	MATCO TOOLS CORPORATION
By: ______________________________	By: ____
Name: ___________________________	Name: ____
Title: ____________________________	Title: ____
Date: ____________________________	Date: ____

Principal Owner Acknowledgment:

_________________________, as the Principal Owner and guarantor of the Distributorship Agreement, acknowledges and agrees that he or she shall be personally bound by the Distributor's obligations identified in this Amendment.

Principal Owner Name:____________________

Signature:________________________________

Date:____________________________________

Exhibit A
to
ETD Amendment

List of Calls

The specific List of Calls and Number of Prospective Customers is attached to this Exhibit A.

The number of Prospective Customers is: _______.

The New Distributor Starter Inventory shall consist of at least $___________ worth of Products, which shall include the amounts and types of Products Matco specifies.

The "___" percentage for NDSA and DDSA, in Paragraph 3 of this ETD Amendment, is ____%. The parties acknowledge that this percentage was calculated as follows:

- The number of Potential Customers is _______, which is _____% of 325. Therefore, the percentage above was calculated as _____% of the 80% of the NDSA or DDSA, or _____%.

By way of example, if Exhibit A lists 545 Potential Customers, then the percentage for calculating compliance with the NDSA or DDSA would be 545 ÷ 325 = 167.69%. By rounding to a whole number, the percentage is 168%. And, 168% of 80% is equal to 134%. If the actual NDSA or DDSA for the most recent fiscal year end was $4,000, the Distributor would be obligated to generate gross sales equal to 134% of the NDSA or DDSA, which would be 134% of $4,000, which equals $5,360.

[See next page(s) for List of Calls.]

Exhibit B
to
ETD Amendment

Summary of Enhanced Territory Distributorship

The following are certain aspects of the ETD that differ from the standard Matco Distributorship:

Matco has determined that certain existing Distributors are soliciting customers outside of, or in addition to, their List of Calls. Matco, the Distributor, and the Principal Owner seek to enhance Distributor's existing List of Calls to include such additional existing or Potential Customers, provided that Distributor maintains sufficient inventory to adequately service such customers, and provided that the Distributor's sales of Matco Products are on par with sales of Matco Products achieved by other system franchisees (taking into account the increased List of Calls and Potential Customers to be serviced by the Distributor).

Matco has determined that it may grant a very limited number of distributorships with enhanced Lists of Calls, and refers to Distributorships with an enhanced List of Calls as "Enhanced Territory Distributorships" or "ETDs."

Matco will not grant an ETD to a Distributor unless the Distributor and its Principal Owner are specifically advised of the nature and scope of the ETD opportunity, and the Distributor and the Principal Owner have specifically requested an ETD. Matco is granting the ETDs described in this summary and the Enhanced Territory Distributorship Amendment at Distributor's and Principal Owner's request, and on a very limited, exploratory basis. Matco expects that most of the aspects and elements of a Distributorship will apply to an ETD, except:

a. There will be a greater number of Potential Customers on the List of Calls.

b. The required initial inventory will be greater than that of a standard Matco Distributorship, depending on the minimum number of Potential Customers).

c. The ETD Distributor will be subject to a higher National Distributor Sales Average (or "NDSA") or District Distributor Sales Average (or "DDSA") compliance target. By way of example, if Exhibit A lists 545 Potential Customers, then the percentage for calculating compliance with the NDSA or DDSA would be 545 ÷ 325 = 167.69%. By rounding to a whole number, the percentage is 168%. And, 168% of 80% is equal to 134%. If the actual NDSA or DDSA for the most recent fiscal year end was $4,000, the Distributor would be obligated to generate gross sales equal to 134% of the NDSA or DDSA, which would be 134% of $4,000, which equals $5,360.

d. The ETD Distributor must make sales to at least fifty five percent (55%) of the Potential Customers on ETD Distributor's List of Calls each month (the "Minimum Monthly Penetration Rate").

e. Matco retains the right to conduct periodic reviews of the ETD Distributor's performance, to ensure that ETD Distributor adequately develops its enhanced market by meeting the Minimum Monthly Penetration Rate.

f. If the average Minimum Monthly Market Penetration Rate during any 12 month period (the "Average Annual Market Penetration Rate") falls below 55%, Distributor shall have a period of 6 months within which to increase the Average Annual Market Penetration Rate to 55%, as measured by the trailing 12 months. Should Distributor fail to meet the Average Annual Market Penetration Rate, and cure such default within 6 months, in addition to any other rights and remedies available to Matco under the

Agreement and applicable law, Matco shall have the right to reduce the Potential Customers Distributor is authorized to solicit, and List of Calls Distributor is authorized to make under the Agreement.

Distributor acknowledges and agrees that (a) the above is just a summary, (b) the ETD is experimental, (c) Matco has not offered ETD distributorships prior to October 2013, (d) the Distributor is an existing Matco distributor that understands the Matco business system, and (e) the Distributor requested to convert to the ETD, and (f) there may be other differences in the ETD business that are not noted or summarized above and Distributor is prepared for those unexpected changes.

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	See Separate FDD
Florida	February 3, 2022
Hawaii	
Illinois	March 6, 2022
Indiana	March 6, 2022
Louisiana	
Maine	
Maryland	
Michigan	
Minnesota	
New York	March 6, 2022
North Carolina	
North Dakota	
Rhode Island	
South Dakota	
Utah	December 3, 2021
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT
(To Be Retained by You)

Matco Tools Corporation Franchise Disclosure Document
Issuance Date: March 6, 2022

This Disclosure Document summarizes certain provisions of the distributorship agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Matco offers you a franchise, it must provide this Disclosure Document to you:

(a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or

(b) Under New York law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or

(c) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Matco does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate state agency listed in Appendix F.

The franchisor is Matco Tools Corporation, 4403 Allen Road, Stow, Ohio 44224. Its telephone number is (330) 929-4949.

Issuance date: March 6, 2022.

The franchise sellers are: Timothy J. Gilmore, President of Matco Tools Corporation, Michael S. Swanson, Director, Franchise Program Development & Compliance of Matco Tools Corporation, and Allen R. Plunk, Sr. Director, Sales, of Matco Tools Corporation, 4403 Allen Road, Stow, Ohio 44224, (330) 929-4949.

Any additional individual franchise sellers involved in offering the distributorship are:

____

Matco authorizes the respective state agencies identified on Appendix G to receive service of process for it in the particular state.

I have received a Disclosure Document dated March 6, 2022 (<u>and with effective dates of state registration or exemption as listed on the State Effective Dates page</u>) that included the following Exhibits: Appendix A – Financial Statements, Appendix B – Active Distributors, Appendix C – Terminated Distributors, Appendix D – Distributorship Agreement, Appendix E-1 – Distributor Disclosure Questionnaire, Appendix E-2 – Acknowledgment Regarding Ownership of Distributorship in Individual Capacity, Appendix F – State Agency Exhibit, Appendix G – Agents for Service of Process, Appendix H – State-specific Disclosures and State Agreement Amendments, Appendix I – Confidentiality and Non-Disclosure Agreement, Appendix J – Mutual Release Agreement, Appendix K – List of Calls Acknowledgment, Appendix L – Matco 225 Amendments, Appendix M – Conversion Incentive Amendments, Appendix N – Renewal Addendum, Appendix O – Guarantee of Performance, Appendix P – Enhanced Territory Distributorship Amendment (Signing a Successor Agreement), and Appendix Q – Enhanced Territory Distributorship Amendment (Not Signing a Successor Agreement).

I acknowledge that the information contained in this Franchise Disclosure Document of Matco is confidential and proprietary. I agree that this information will be used only for purposes of evaluating the possible purchase of a Matco franchise, and will not be disclosed to any person other than my legal and financial advisors.

Signed: ____________________	Signed: ____________________
Print Name: __________________	Print Name: __________________
Address: ____________________	Address: ____________________
City: _____________ State: _____	City: _____________ State: _____
Zip: _____ Telephone: ________	Zip: ______ Telephone: ________
Dated: _____________________	Dated: _____________________

Matco Tools Corporation Franchise Disclosure Document for the State of: <u>Wisconsin</u>

RECEIPT
(To Be Returned to Matco Tools)

Matco Tools Corporation Franchise Disclosure Document
Issuance Date: March 6, 2022

This Disclosure Document summarizes certain provisions of the distributorship agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Matco offers you a franchise, it must provide this Disclosure Document to you:

(a) 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale, or

(b) Under New York law, if applicable, at the earlier of (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to us or an affiliate in connection with the proposed franchise sale, or

(c) Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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____

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I acknowledge that the information contained in this Franchise Disclosure Document of Matco is confidential and proprietary. I agree that this information will be used only for purposes of evaluating the possible purchase of a Matco franchise, and will not be disclosed to any person other than my legal and financial advisors.

Signed: ____________________	Signed: ____________________
Print Name: __________________	Print Name: __________________
Address: ____________________	Address: ____________________
City: ____________ State: _____	City: ____________ State: _____
Zip:_____ Telephone: ________	Zip: _____ Telephone: ________
Dated: ____________________	Dated: ____________________

Matco Tools Corporation Franchise Disclosure Document for the State of: <u>Wisconsin</u>