

FRANCHISE DISCLOSURE DOCUMENT
MINNESOTA



Cornwell Quality Tools Company
667 Seville Road
Wadsworth, Ohio 44281
(330) 336-3506
www.cornwelltools.com

The franchise offered in the following Disclosure is a mobile tool dealership for which Cornwell Quality Tools Company ("Cornwell") will license an individual to purchase, resell, and service the products which are manufactured, sold and/or distributed by Cornwell.

The dealer will be assigned a specific, but *non-exclusive* geographic territory, which is agreed upon by the dealer and Cornwell. The dealer will purchase products from Cornwell and resell them to individual mechanics and businesses throughout the assigned geographic area.

As a new dealer, you must purchase an initial inventory of Cornwell products of at least \$35,000 at regular dealer net prices. If you are converting an existing tool business ("convertees") and already have a suitable inventory and an approved vehicle, you must purchase an initial inventory of \$10,000 from Cornwell, at regular dealer net prices. Cornwell charges no initial franchise fee or royalty fee. The dealer will be required to purchase an initial inventory of Cornwell products, and to maintain a certain level of purchases from Cornwell thereafter. However, the dealer may also purchase products from other suppliers than Cornwell and may sell other than in the assigned geographic territory.

1. The total investment necessary to begin operation of a Cornwell franchised dealership ranges from \$61,795 to \$217,750 for convertees and \$86,795 to \$217,750 for new dealers. This includes \$35,000 for initial inventory that must be paid to the franchisor (Cornwell) or an affiliate by a new dealer, or \$10,000 by a convertee. Refer to items 5 through 7 inclusive of this Disclosure Document for a further explanation regarding the total investment.

2. This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor (Cornwell) or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 the Franchising Department of Cornwell Quality Tools Company at 667 Seville Road, Wadsworth, Ohio 44281 and 330-336-3506.

3. The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

Issued on: April 15, 2014

COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit J for information about the franchisor (Cornwell), or about franchising in your state.

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

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

THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN OHIO. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN OHIO THAN IN YOUR HOME STATE.

THE FRANCHISE AGREEMENT STATES THAT OHIO LAW GOVERNS THE AGREEMENT AND THAT THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

BEGINNING 6 MONTHS AFTER THE FRANCHISE DEALER AGREEMENT IS SIGNED; YOU MUST MAINTAIN AVERAGE WEEKLY PURCHASES FROM CORNWELL EQUAL TO AT LEAST 80% OF THE NATIONAL AVERAGE OF CORNWELL FRANCHISE DEALERS' WEEKLY PURCHASES DURING THE CURRENT CALENDAR YEAR. AS OF DECEMBER 31, 2013, THE AVERAGE WEEKLY PURCHASES WERE \$3,593 FOR FRANCHISE DEALERS. THE CONTINUATION OF THE FRANCHISE DEPENDS UPON CONTINUING REQUIRED PURCHASES OF CORNWELL PRODUCTS. A FRANCHISE MAY BE TERMINATED OR THE TERRITORY DECREASED IF THE PURCHASE REQUIREMENTS ARE NOT MET.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The effective date of this Disclosure Document is.

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EXHIBITS:

- A. FINANCIAL STATEMENTS
- B. DEALER FRANCHISE AGREEMENT
- C. DEALER PURCHASE ORDER, NOTE AND SECURITY AGREEMENT
- D. TECH-CREDIT DEALER CREDIT ASSIGNMENT AGREEMENT
- E. ACH AGREEMENT-AUTHORIZATION AGREEMENT FOR AUTOMATIC PAYMENT
- F. DCA AUTHORIZATION- DEALER CREDIT ACCOUNT PROGRAM
AUTHORIZATION
- G. ADDENDUM – NOTES TO ITEM 17
- H. MINNESOTA ADDENDUM
- I. IRONMAN BUSINESS NETWORK (IBN) - END USER LICENSE AGREEMENT
- J. RECEIPT

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

Cornwell and Its Predecessor. To simplify the language in this Disclosure Document, "Cornwell" means Cornwell Quality Tools Company, an Ohio corporation that was incorporated in 1919. "You" means the person who operates the franchise and includes the franchise owners/partners if the franchise is a corporation, partnership or other entity. Cornwell's principal place of business is 667 Seville Road, Wadsworth, Ohio 44281. Cornwell intends to do business related to this Disclosure under the names: Cornwell Quality Tools and Cornwell. Cornwell's agent for service of process is Commissioner of Commerce, 85 7th Place East, Suite 500, St. Paul, Minnesota 55101.

In 1919, the Company was formed in Cuyahoga Falls (a suburb of Akron), Ohio. In 1927, the operations were moved to the facility located in Mogadore, Ohio (also a suburb of Akron). In 1957, a group of investors, headed by R.H.C. Moeller, purchased the Company. In 1965, the Moeller family purchased the outstanding stock. Currently, the Raymond M. Moeller family has an 80.49% ownership interest in the Company, 16.525% is owned by the Cornwell Employee Stock Ownership Plan and the remaining 2.99% in treasury stock.

As of December 31, 2013, there were 564 Franchised Dealers reselling Cornwell products throughout the United States. Cornwell also has a limited number of industrial distributors, mobile distribution through distributors in Great Britain and West Germany, along with various international accounts that sell to various foreign countries.

Cornwell's Business and Franchise Offered. Cornwell has been selling products to independent dealerships under its present ownership for approximately 49 years, and has modified its program to be a franchise for those who became dealers after December 31, 1996. Previously, its relationship with its dealers consisted simply of agreements with them, which provided essentially only that Cornwell would sell to them and would authorize the use of Cornwell's trademarks and trade dress, with certain buy-back provisions.

As of December 31, 2003, Cornwell has only franchised dealers and eliminated the program for non-franchised dealers.

You will have to comply with various state and local laws as those related to driver's licensing, vehicle licensing and automobile insurance. In some states, a physical examination may be required to obtain a license to drive a commercial vehicle. Insurability and insurance rates will generally be dependent upon your past driving record.

The following is a description of Cornwell's business and of the franchise to be offered in the state of Minnesota.

Cornwell has manufactured and sold professional-quality mechanics hand tools and related equipment since 1919. Its principal offices and plants were based in northeast Ohio until the establishment of warehouses in Texas and California in May of 1966 and April of 1967, respectively. In October of 2002, Cornwell opened a new distribution center in Clearfield, Utah and closed the warehouses in Texas and California to better serve our dealers.

Cornwell distributes its products primarily by selling to independent dealers, who in turn sell directly from a "rolling tool store" van, primarily to mechanics, service managers and owners of auto and truck dealerships, motorcycle dealerships, fleet operations, construction and equipment contractors, independent repair shops, service stations, small manufacturing businesses and body shops in a non-exclusive territory for which they are primarily responsible. You will be assigned a specific, but *non-exclusive* geographic territory, which is agreed upon by you and Cornwell. You will purchase products from Cornwell and resell them to individual mechanics and businesses throughout the assigned geographic area.

Cornwell charges no initial franchise fee or royalty fee. As a new dealer, you must purchase an initial inventory of Cornwell products of at least \$35,000 at regular dealer net prices. If the dealer is converting an existing tool business ("converttee") and already has a suitable inventory and an approved vehicle, the dealer must purchase an initial inventory of \$10,000 from Cornwell at regular dealer net prices.

Unless waived by Cornwell for a converttee, the dealer must also establish a Reserve with Cornwell in the amount of \$15,000, to be applied against the further purchase of inventory during the first 13 weeks of the dealership. Unless waived, the dealer must also verify at the outset of the dealership that there is \$10,000 on deposit in a business account that will only be used for business purposes. The estimated initial investment ranges from \$61,795 to \$217,750 for converttees and from \$86,795 to \$217,750 for new dealers. Refer to items 5 through 7 and 10 inclusive of this Disclosure Document for further explanation regarding the total investment.

Cornwell sells its dealers inventory, assists in financing the purchase of the inventory (subject to credit approval), authorizes the use of its trade name and trademark, provides assistance in commencing and maintaining your dealership, and repurchases on termination certain tools and other merchandise currently sold by Cornwell at the then prevailing dealer prices, less a 15% restocking charge. Certain tools and other merchandise will not be repurchased by Cornwell. Refer to Item 17 for further explanation concerning the repurchase policy.

Cornwell does not engage in any business activities other than the manufacture and sale of tools and equipment, including the Tech-Credit financing program described in Item 10. Currently, Cornwell does not maintain any direct retail sales operation. Cornwell makes limited sales to certain industrial distributors.

You are assigned a defined operational sales area of responsibility. This area, which is designed to allow for sales growth, depending on your efforts, is outlined initially by the Cornwell District Manager. No other Cornwell dealers are assigned to the area.

Within the territory, there may be any or all of the following types of businesses: auto and truck dealerships, motorcycle dealerships, fleet operations, construction and equipment contractors, independent repair shops, service stations, small manufacturing businesses and/or body shops. The mechanics, service managers and owners at these types of businesses are the primary customers of the Cornwell dealer.

While Cornwell operates nationally, not every territory has previously had a Cornwell dealer. Where such a dealer has been in operation recently, there may be a developed market for Cornwell tools. Without a previous dealer in the territory, there may be no such market and Cornwell cannot guarantee that an established customer base exists for any particular dealer or territory. It is also possible that a previous dealer may have adversely affected the market for Cornwell tools.

Whether or not a market has been previously developed by another Cornwell dealer, success depends almost entirely on the dedication, sales ability and business practices of the current dealer. The most important elements are the willingness to work hard (a minimum of 40 hours per week; usually over 60 hours per week in the first six months to establish a new dealership), knowledge of the needs of professional mechanics, detailed knowledge of the tools, and an ability to relate well to the customers and persuade them to make and pay for purchases. Many dealers, including many of the most successful dealers, continue to work in excess of 60 hours per week. There is usually a direct correlation between earnings and hours worked.

Your tool display van or truck is an important key to the business, because it is a "rolling tool store" to the mechanic's door that, along with personalized service and regularly scheduled stops, builds customer loyalty and repeat business. Because it is such an important tool, Cornwell will help you in selecting, and must approve, an appropriate vehicle, will help in selecting an inventory mix to offer good prospects for a successful start-up and sales profits, and will help in creating interior merchandising displays for maximum storage and the best possible merchandising. A Truck Leasing Program through a third-party leasing company has been established for those Cornwell Dealers who qualify and choose to use it. The Truck Leasing Program is further described elsewhere in this Disclosure Document.

To make your business more efficient, Cornwell also requires you to purchase a new HP, Toshiba, Lenovo or Samsung portable computer (laptop) and to use software developed especially for Cornwell dealers by a third-party vendor or Cornwell when the "Ironman Business Network (IBN)" becomes available later this year. To enable Cornwell to assist you in your business, you will be required to enter data into the computer system on a current basis submit the data generated by the computer system, including but not limited to the weekly report summaries, as Cornwell directs. Your franchise may be terminated if you do not supply this data.

Cornwell dealers have considerable competition in most territories. Three other national companies, Snap-On, Mac Tools, and Matco, and several smaller companies, offer the same kind of tools and equipment, distributed through independent dealers and/or franchised dealers. There are also independent dealers not affiliated with any national companies. In addition, similar tools and equipment are available through retail outlets, such as Sears, and through mail-order catalogs. Your individual sales effort is thus critical to your success or failure, since there are several other potential sources of competition in most territories. While Cornwell enjoys a wide reputation for the high quality of its products, it is better known in some parts of the country than in others, based upon past distribution. Cornwell focuses its advertising on programs such as promotional literature and catalogs which are available to you. Cornwell does little national advertising.

ITEM 2. BUSINESS EXPERIENCE

Raymond M. Moeller, Chairman of the Board and Chief Executive Officer

Effective February 8, 2003, Raymond Moeller was appointed Chief Executive Officer of Cornwell. He is a Director and serves as Chairman of the Board.

Dawn L. Moeller, Secretary and Director

Dawn Moeller has served as Secretary and Director with Cornwell since 1982. She is not otherwise active in the operation of the company.

Mark R. Moeller, Director

Mark Moeller has been a Director since 1987, but is not active in the operation of the company.

Eileen Moeller, Director

Eileen Moeller has been a Director since September of 2000, but is not active in the operation of the company.

Bill S. Nobley, Director

On February 8, 2003 Bill Nobley became President and Chief Operating Officer. He retired from those positions on January 7, 2013 and has been a Director since then.

Robert A. Studenic, Director, President and Chief Operating Officer

Robert Studenic became a Director in March of 2009, Executive Vice President in March of 2011 and President and Chief Operating Officer in January of 2013.

David A. Nist, Treasurer

David Nist was Director of General Accounting from 2006 until January of 2012 when he became Treasurer.

Craig A. Croley, Vice President, Operations

Craig Croley became Vice President, Operations in February of 2001.

William R. Stemple, Vice President, Marketing

William Stemple became Vice President of Marketing in March of 2007.

Harry R. Walker, Vice President, Human Resources

Harry Walker became Vice President, Human Resources in March of 2007.

Bobbi Jo Templeton, Wholesale Credit Manager

Bobbi Jo Templeton became Wholesale Credit Manager in June of 2007.

Charles "Rick" Fitzhugh, Eastern Divisional Sales Manager

Rick Fitzhugh became a District Manager in August of 2006 and became Eastern Divisional Sales Manager in January of 2011.

Dave Columbus, National Sales Manager

Dave Columbus became Eastern Divisional Sales Manager on January 1, 2009 and National Sales Manager effective November 29, 2010.

Larry Lyons, Western Divisional Sales Manager

Larry Lyons was a District Manager for Cornwell from March of 2005 until January of 2012 when he became Western Divisional Sales Manager.

ITEM 3. LITIGATION

1. In the Matter of Cornwell Quality Tools Company (Maryland Case No. 2010-0375) On November 3, 2010, Cornwell entered into a Consent Decree with the Securities Commissioner of Maryland to resolve issues arising from entering into franchise agreements in Maryland even though the renewal of Cornwell's registration in 2008 had not been approved and thus had expired. Cornwell paid a civil penalty of \$10,000.00, offered the rescission of franchises entered into after the registration expiration and has implemented procedures to reduce the risk of future violations.

2. Litigation against Cornwell includes the following matters:

David Bachrach, et al. v. The Cornwell Quality Tools Company, Case No. 2010 01 0543 in the Court of Common Pleas of Summit County, Ohio, was filed on January 27, 2010. The Complaint was brought by eight former Cornwell dealers as individuals and as claimed representatives of the putative class of all former Cornwell dealers terminated within four years of the filing of the Complaint. The Complaint alleges various theories under which the Cornwell franchise is said to be fraudulent and violates Ohio statutes and common law. It seeks ordinary and punitive damages, not specified above the jurisdictional minimum of \$25,000, but which can reasonably be estimated to be extensive, if the plaintiffs are successful. The Court of Common Pleas ruled on June 6, 2010, that the case was not subject to arbitration. Cornwell appealed that ruling to the Court of Appeals for the Ninth District of Ohio, Case No. 25444, which reversed in Cornwell's favor on May 25, 2011. The Ohio Supreme Court declined jurisdiction of the matter on October 5, 2011. The Common Pleas Court accordingly entered a stay of the matter on October 24, 2011. Certain issues concerning arbitration are currently pending before the Courts, as set forth below. Cornwell intends to contest the allegations very vigorously, including but not limited to the class action claims and the attempt to bring the action outside arbitration.

David Bachrach, et al. v. The Cornwell Quality Tools Company, Case No. 11 114 Y 01759 11 in the American Arbitration Association, was filed on October 21, 2011. The Demand was brought by nine former Cornwell dealers as individuals and as claimed representatives of the putative class of all former Cornwell dealers terminated within four years of the filing of the Complaint in the Common Pleas case reported above, or subsequently. The Demand is substantively the same as the Complaint in the parallel matter described above. Cornwell intends to contest the allegations very vigorously, including but not limited to the attempt to assert the claims on behalf of a class. No hearings are scheduled. On April 10, 2012, the arbitration panel issued a clause construction award, finding that these claims can proceed in class arbitration, if a class should be certified. Cornwell brought a counterclaim in the Common Pleas Court case reported above on May 15, 2012, seeking to overturn the award. The Court vacated the preliminary injunction against class arbitration that it had issued and dismissed Cornwell's counterclaim on October 11, 2013. Cornwell timely appealed to the Ohio Ninth District Court of Appeals on October 16, 2013, where the matter remains pending.

The Court of Appeals denied Cornwell's motion for an injunction pending appeal on January 21, 2014. A status conference call was held with the arbitrators on April 10, 2014, to discuss if and how the matter should proceed.

David K. English, James B. Taylor, Philip J. Mack, Matthew R. Zimmerman, John E. Vassar, Vincent G. Zipparro, Mark McFee, Leonard Nedza, Kevin Lenerville, Richard Armstrong, Mark Johnson and Ron Brown v. Cornwell Quality Tools Company, (Case No. CV 2004-07-4058 in the Court of Common Pleas of Summit County, Ohio) On July 22, 2004, David K. English, a former dealer and special representative of Cornwell, filed the referenced complaint against the Company seeking unstated ordinary and punitive

damages, attorney fees, costs and other relief, alleging deceptive trade practices, violations of Ohio's consumer sales practices act, Ohio's business opportunity statute, fraud, fraud in the inducement, consumer fraud, negligent misrepresentation, breach of contract, breach of fiduciary duty and for declaratory judgment that the arbitration provisions of his agreements with Cornwell are unenforceable. The other plaintiffs, all former dealers as well in Ohio and Illinois, subsequently joined the action, alleging the same claims. Cornwell filed motions to stay the proceedings pending arbitration, as to each of the plaintiffs. The Company's motions were granted by the trial court on March 8, 2005. The plaintiffs appealed the order granting the motions, but the order was affirmed in favor of the Company by the Court of Appeals for the Ninth Appellate District, on December 30, 2005, Case No. 22578. The plaintiffs filed a discretionary appeal to the Ohio Supreme Court on February 9, 2006, Case No. 2006-0303, which appeal was dismissed on April 26, 2006.

On October 6, 2006, Mr. English commenced the referenced arbitration (American Arbitration Association, Richard McQuade, Arbitrator, Case No. 53 114 Y 00651 06) setting out the same claims that were made in the Court of Common Pleas. The Company responded, denying all liability. The matter was tried on January 22-24, 2008, in Cleveland, Ohio. On February 13, 2008, an award was issued by the arbitrator in Cornwell's favor, dismissing the claims made by Mr. English and charging the costs of the arbitration evenly between the parties. On March 21, 2008, the Summit County Court of Common Pleas in Case No. CV-2004-07-4058, confirmed the award into a judgment against Mr. English. The Court approved the award, and dismissed all of Mr. English's claims with prejudice. The parties subsequently entered into an out-of-court settlement agreement that included a lump sum monetary payment to Cornwell.

None of the other plaintiffs have commenced arbitration proceedings. The Company intends to contest such claims vigorously.

Cornwell Quality Tools Company v. Michael A. and Debbie Petric, American Arbitration Association Case (No. 53 118 00868 05) The Company commenced arbitration proceedings against Michael and Debbie Petric on December 1, 2005, seeking recovery of money due and owing. Counterclaims were made by the Petrics, broadly alleging breach of contract, misrepresentation, fraud and violations of the California statutes pertaining to franchises. A settlement agreement, including a dismissal of the counterclaims with prejudice, without any payment by the Company, was made on January 15, 2007. An arbitration award granting recovery to the Company and dismissing the counterclaims with prejudice was issued on February 19, 2007.

Cornwell Quality Tools Company v. Justin Gray, American Arbitration Association Case (No. 53 118 00800 06) and Chancery Court of Tipton County, Tennessee (No. 26012) The Company commenced arbitration proceedings against Justin Gray on December 15, 2006, seeking recovery of money due and owing. Mr. Gray did not file a Counterclaim in the arbitration proceeding. The arbitration hearing was set for May 9, 2008.

On April 25, 2008, Mr. Gray filed an action for declaratory judgment and request for an injunction to stay the arbitration proceedings in the Chancery Court of Tipton County. The parties entered into an out-of-court settlement agreement on May 23, 2008. Under the agreement, Cornwell paid nothing and received a lump sum monetary payment from Mr. Gray. All proceedings were dismissed with prejudice.

Cornwell Quality Tools Company v. Barnes, American Arbitration Association Case No. 53 114 E 00759 10, was filed by Cornwell against Geoffrey L. and Michelle R. Barnes on September 9, 2010, seeking recovery of amounts owed on account. Mr. and Mrs. Barnes counterclaimed on October 18, 2010, seeking damages of \$75,000.00 for wrongful termination. The matter was held in abeyance because of Mr. Barnes' health issues and then was terminated by the AAA on October 5, 2012, when neither party paid the additional fees required to continue the matter. Mr. and Mrs. Barnes subsequently sought bankruptcy protection. Cornwell intends to contest the counterclaim very vigorously, if it is ever revived.

Salzgeber v. Cornwell Tools, Taylor County, Wisconsin Circuit Court Case No. 12SC351, was filed by Nicholas A. Salzgeber on September 7, 2012, seeking recovery of damages of \$15,000.00 arising from allegations concerning the termination of his dealership and the replevin of secured collateral by Cornwell. By agreement of the parties, the matter was stayed for arbitration. Cornwell then commenced American Arbitration Association Case No. 53 114 E 00406 12, seeking to recover damages from Mr. Salzgeber on his account and for attorney fees arising from the replevin. Mr. Salzgeber failed to counterclaim in the arbitration to assert the allegations he had made in his lawsuit and the time for doing so has passed. A hearing was held in the arbitration on March 8, 2013, resulting in an award for Cornwell. Cornwell intends to contest Mr. Salzgeber's allegations very vigorously, if they are presented in any forum.

3. Collection suits brought by Cornwell against former franchisees in the last fiscal year for payment for tools sold to the former franchisees by Cornwell:

Cornwell Quality Tools Company v. Anthony S. Aman and Anita Aman, American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000318 13)

Cornwell Quality Tools Company v. Robert A. Bayless, American Arbitration Association case filed 01/01/2013 (No. 53 114 E 000013 13); Ohio Court of Common Pleas case filed on June 11, 2013 (No. CV-2013-06-2884); District Court of Oregon case filed on September 17, 2013 (No. CV-13090186)

Cornwell Quality Tools Company v. James C. Baird and Jug City Tools, LLC, American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000314 13)

Cornwell Quality Tools Company v. James R. Brown and Janis N. Brown, American Arbitration Association case filed November 1, 2012 (No. 53 114 E 000465 12); Ohio

Court of Common Pleas case filed on April 12, 2013 (No. CV-2013-04-1967); Circuit Court of Florida case filed on December 17, 2013 (No. 2013CA-006315-0000-00)

Cornwell Quality Tools Company v. Keith R. Bush and KB Enterprise, American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000315 13)

Cornwell Quality Tools Company v. Bradley J. Cargile, American Arbitration Association case filed January 17, 2013 (No. 53 114 E 00015 13); Ohio Court of Common Pleas case filed on November 5, 2013 (No. CV-2013-05-2543)

Cornwell Quality Tools Company v. Aaron Carrillo and Kim Carrillo, American Arbitration Association case filed January 1, 2012 (No. 52 114 E 000048 12); Ohio Court of Common Pleas case filed July 10, 2012 (No. CV-2012-07-3990); New Mexico District Court case filed on January 31, 2013 (No. D-202-CV-2013-00497)

Cornwell Quality Tools Company v. Daniel and Belinda Chapman, American Arbitration Association case filed 08/01/2013 (No. 53 114 E 000244 13); Ohio Court of Common Pleas case filed on December 16, 2013 (No. CV-2013-12-5854)

Cornwell Quality Tools Company v. Brett L. Christiansen, American Arbitration Association case filed 08/01/2013 (No. 53 114 E 000246 13); Ohio Court of Common Pleas case filed on December 10, 2013 (No. CV-2013-12-5749)

Cornwell Quality Tools Company v. James J. Cleary and Deborah S. Cleary, American Arbitration Association case filed November 1, 2012 (No. 53 114 E 000462 12); Ohio Court of Common Pleas case filed on May 2, 2013 (No. CV-2013-2267); District of Texas case filed on May 30, 2013 (No. 13-51416)

Cornwell Quality Tools Company v. Joseph C. Cote, American Arbitration Association case filed June 3, 2013 (No. 53 114 E 00171 13); Ohio Court of Common Pleas case filed on November 5, 2013 (No. CV-2013-11-5237)

Cornwell Quality Tools Company v. Herman H. Deimler, III, Herman H. Deimler, II, and Anna Deimler, American Arbitration Association case filed 12/01/2013 (No. 53 114 E 000413 13)

Cornwell Quality Tools Company v. Anthony Delgado and Ana I. Melendez, American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000360 13)

Cornwell Quality Tools Company v. Victor Desa and Lena M. Desa, American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000359 13)

Cornwell Quality Tools Company v. Bobby Lee Duke, American Arbitration Association case filed August 7, 2013 (No. 53 114 E 00247 13); Ohio Court of Common Pleas case filed on December 10, 2013 (No. CV-2013-12-5747)

Cornwell Quality Tools Company v. Blake K. Frazier, American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000343 13)

Cornwell Quality Tools Company v. Clyde Funk and Belinda Funk, American Arbitration Association Case filed February 1, 2012 (No. 53 114 E 000092 12); Ohio Court of Common Pleas filed on August 14, 2012 (CV 2012 08 4642); Superior Court of California case filed on February 14, 2013 (No. 12N01637)

Cornwell Quality Tools Company v. Bill and Paula Gibbs, American Arbitration Association case filed 12/01/2013 (No. 53 114 E 000412 13)

Cornwell Quality Tools Company v. Daniel Grenig, American Arbitration Association case filed May 1, 2012 (No. 53 114 E 000179 12); Ohio Court of Common Pleas case filed October 9, 2012 (CV-2012-10-5636)

Cornwell Quality Tools Company v. Dewayne Hudson, Inc., American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000320 13)

Cornwell Quality Tools Company v. Jerry Hurley and Wendi K.G. Hurley, American Arbitration Association case filed February 1, 2012 (No. 53 114 E 000098 12); Ohio Common Pleas Court case filed July 5, 2012 (CV-2012-07-3934); Superior Court of California case filed on June 20, 2013 (30 2013 00639315-CU-EN-CJC)

Cornwell Quality Tools Company v. Richard L. Jackson, American Arbitration Association case filed 08/01/2013 (No. 53 114 E 000248 13); Ohio Court of Common Pleas case filed on December 19, 2013 (No. CV-2013-12-5907)

Cornwell Quality Tools Company v. Michael B. Kearney, American Arbitration Association case filed July 1, 2012 (No. 53 114 E 000296 12); Ohio Court of Common Pleas case filed December 14, 2012 (CV-2012-12-6785); Circuit Court of Wisconsin case filed on March 18, 2013 (13 FJ 0003)

Cornwell Quality Tools Company v. Dora V. Lopez and Tony M. Lopez, Jr., American Arbitration Association case filed 12/01/2013 (No. 53 114 E 000411 13)

Cornwell Quality Tools Company v. Gary M. MacLeod, American Arbitration Association case filed November 1, 2012 (No. 53 114 E 000466 12); Ohio Court of Common Pleas case filed on April 24, 2013 (No. CV-2013-04-2155); District Court of New Mexico case filed on September 30, 2013 (No. D-202-CV-2013-06616)

Cornwell Quality Tools Company v. Mark and Cheryl McElrath, American Arbitration Association case filed 09/01/2013 (No. 53 114 E 000295 13)

Cornwell Quality Tools Company v. Raymond S. McMaster, American Arbitration Association case filed May 2, 2012 (No. 53 114 E 00182 12); Ohio Court of Common

Pleas case filed on January 8, 2013 (No. CV-2013-01-0149); District Court of Oregon case filed on July 5, 2013 (No. CV13070100)

Cornwell Quality Tools Company v. Douglas S. Olson and Linda L. Olson, American Arbitration Association case filed 01/01/2013 (No. 53 114 E 000010 13); Ohio Court of Common Pleas case filed on May 29, 2013 (No. 2013 05 2665); District Court of Minnesota case filed on September 23, 2013 (No. 70-CV-13-18081)

Cornwell Quality Tools Company v. Joshua D. Parth, American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000319 13)

Cornwell Quality Tools Company v. Charles K. Patterson, Allie Patterson and Patterson Tools, American Arbitration Association case filed 12/01/2013 (No. 53 114 E 000414 13)

Cornwell Quality Tools Company v. Ryan Peterson and Ann Peterson, American Arbitration Association case filed 08/01/2013 (No. 53 114 E 000245 13); Ohio Court of Common Pleas case filed on December 16, 2013 (No. CV-2013-12-5852).

Cornwell Quality Tools Company v. James M. Polimeno, American Arbitration Association case filed May 1, 2012 (No. 53 114 E 000178 12); Ohio Court of Common Pleas case filed October 9, 2012 (CV-2012-10-5635); Superior Court of Massachusetts case filed on May 15, 2013 (No. WOCV2013-00309A)

Cornwell Quality Tools Company v. Kenneth R. Roberts, Jr. and Roberts Tools Dist., LLC American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000317 13)

Cornwell Quality Tools Company v. Nicholas A. Salzgeber, American Arbitration Association case filed October 1, 2012 (No. 53 114 E 000406 12); Circuit Court of Wisconsin case filed on July 18, 2012 (12 CV 84); District Court of Wisconsin case filed on August 27, 2013 (1:13-14261-cjf)

Cornwell Quality Tools Company v. Manuel A. Santillanes, Valerie Santillanes, and Gotcha Tools, American Arbitration Association case filed 08/01/2013 (No. 53 114 E 000243 13)

Cornwell Quality Tools Company v. Brian and Angela Schlichter, American Arbitration Association case filed 01/01/2013 (No. 53 114 E 000012 13); Circuit Court of Washington case filed on April 15, 2013 (2013-LM-6)

Cornwell Quality Tools Company v. Marcus J. Sedberry, Shawn L. O'Quinn and M&S Tool Sales, American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000 13)

Cornwell Quality Tools Company v. Jason Syphers and Sharon Syphers, American Arbitration Association case filed February 1, 2012 (No. 53 114 E 000090 12); Ohio

Court of Common Pleas case filed August 7, 2012 (CV-2012-08-4523); Circuit Court of Oregon case filed on February 8, 2013 (No. 13P10131)

Cornwell Quality Tools Company v. Douglas S. Thomson, American Arbitration Association case filed 10/01/2013 (No. 53 114 E 000316 13); Ohio Court of Common Pleas case filed on September 10, 2013 (No. CV-2013-09-4326); District of Arizona Court case filed on November 27, 2013 (No. 2:13-bk-20652-RJH)

Cornwell Quality Tools Company v. Jonathan M. Trawinski, American Arbitration Association case filed January 17, 2013 (No. 53 114 E 00011 13); Ohio Court of Common Pleas case filed on May 30, 2013 (No. CV-2013-05-2692); Superior Court of California case filed on October 29, 2013 (No. CIV 524972)

Cornwell Quality Tools Company v. Michael Todd Urton, American Arbitration Association case filed November 28, 2012 (No. 53 114 E 00463 12); Ohio Court of Common Pleas case filed on May 21, 2013 (No. CV-2013-05-2544); District Court of Texas case filed on October 24, 2013 (No. 2013019751)

Cornwell Quality Tools Company v. Andrew W. White and Robert E. White, American Arbitration Association case filed 12/01/2013 (No. 53 114 E 000428 13)

Cornwell Quality Tools Company v. Charles F. Williams and Trena D. Williams, American Arbitration Association case filed December 1, 2012 (No. 53 114 E 000490 12); Ohio Court of Common Pleas case filed on May 29, 2013 (No. CV-2013-05-2666); District Court of Idaho case filed on January 30, 2014 (No. CV-2014-0000052)

Cornwell Quality Tools Company v. Brian D. Wright and Nicholas C. Hyden, Guarantor, American Arbitration Association case filed November 1, 2012 (No. 53 114 E 000464 12); Ohio Court of Common Pleas case filed on May 2, 2013 (No. CV-2013-05-2266); County Court, State of Texas case filed on December 23, 2013 (No. CC17207)

4. Trademark Suits No trademark litigation is required to be disclosed in this Item.

Other than these actions, no other litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No Bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Cornwell requires a new dealer to purchase an initial inventory of at least \$35,000 at regular dealer net prices when entering into a Dealer Franchise Agreement. Cornwell must approve the initial inventory. If you meet normal credit requirements, Cornwell will finance the initial inventory of \$35,000, and will finance subsequent inventory purchases,

as further described in this Disclosure Document. New dealers who have been in the tool business previously ("convertees") and already have a suitable inventory and an approved vehicle will only be required to purchase an initial inventory of \$10,000 from Cornwell, at regular dealer net prices. Unless you are a convertee for whom Cornwell waives the requirement, you must also establish a Reserve with Cornwell in the amount of \$15,000, to be applied against the further purchase of inventory during the first 13 weeks of the dealership. If you meet normal credit requirements, Cornwell will finance up to \$15,000 of the Reserve. Any unused Reserve cash balance will be refunded to you or applied against your obligations to Cornwell, at your option. Unless waived, you must also verify at the outset of the dealership that there is \$10,000 on deposit in a business account and that you will only use those funds for business purposes. For more information on the initial investment, see Item 7 of this Disclosure. Cornwell does not require that you pay any other franchise fee or other initial payment in order to become a dealer.

Upon termination, Cornwell will purchase certain merchandise from you or your estate at the then prevailing dealer prices, less a 15% restocking charge. These tools must be shipped freight prepaid to Cornwell's distribution center in Wadsworth, Ohio. Only new tools and other merchandise will be approved for return. They must be in new and saleable condition, listed in the current price sheet and not to be discontinued by Cornwell. All returned product must be of current design and finish. All products returned must be in the original carton or container. Broken packs of Cornwell or Cornwell-Allied tools will not be accepted for return, if the tools are normally sold by Cornwell in factory pack quantities. The following items are **not** subject to return: tool boxes, socket trays, clips and rails, vinyl kit bags, air compressors, parts washers, sales administration or truck display aids, welders, battery chargers and serial numbered test equipment.

ITEM 6. OTHER FEES

Name of Fee	Amount	Due Date	Remarks
Royalty	None	N/A	N/A
Advertising	None	N/A	Cornwell provides promotional material to franchisees at no cost
Cooperative Advertising	None	N/A	N/A
Additional Training	None	N/A	Cornwell provides opening training free - see Item 11
Additional Assistance	None	N/A	Cornwell provides opening assistance free - see Item 11
Transfer	None	N/A	N/A
Lease Payments	None	N/A	As a Cornwell franchisee's vehicle is the place of business, fees for the leasing of space are not incurred

Cornwell does not require that you pay any other recurring or isolated fees or

payments, including but not limited to royalties, service fees, training fees, lease payments or advertising fees or charges.

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ITEM 7. ESTIMATED INITIAL INVESTMENT

The following table summarizes your estimated initial investment:

Your Estimated Initial Investment

	Amount	Method of Payment	When Due	To Whom Made
Initial Franchise Fee (1)	\$-0-	N/A	N/A	N/A
Training Expenses (2)	\$0- \$2,000	As Incurred	Prior to start	Third -Parties
Real Estate (3)	\$-0-	N/A	N/A	N/A
Initial Inventory (4)	\$10,000 - \$35,000, \$50,000	Lump Sum/ Note	When invoiced	Cornwell Tools
Vehicle (5)	\$25,000 - \$110,000	Lump Sum/ Down Payment	Upon delivery	Owner/Leasing Company
Insurance (6)	\$250 - \$2,550	Lump Sum	As premium payments become due	Insurance Company
Additional Funds – Three Months (7)	\$10,000 - \$30,000	Lump Sum	Prior to start	Dealer's Business Account
Equipment/ Fixtures /Other Fixed Assets (8)	\$0 - \$5,000	As Incurred	As ordered	Supplier
Reserve (9)	\$15,000	Lump Sum	Prior to start	Cornwell Tools
Computer System (10)	\$600 - \$2,500	Lump Sum/ Down Payment	Prior to start	Vendor - lease or purchase
Computer Software (11)	\$845 - \$1,500	Lump Sum/ Down Payment	Prior to start	Classic Computer – Vendor
Security & Utility Deposits/ Business Licenses/Other Prepaid Expenses (12)	\$500 - \$2,500	As Incurred	Prior to start	Third-Parties

Total: \$61,795 to \$217,750 for converttees; \$86,795 to \$217,750 for new dealers.

These figures are based on Cornwell's over 49-year experience in offering dealerships in the mobile tool industry and may vary based upon your experience in mobile tool industry, and your personal financial situation.

NOTE 1 - Initial Franchise Fee. You must purchase an initial inventory of at least \$35,000 at regular dealer net prices when entering into a Dealer Franchise Agreement. If you are a "convertee" and already have a suitable inventory and an approved vehicle, you must purchase an initial inventory of \$10,000 from Cornwell, at regular dealer net prices. Cornwell does not require that you pay any franchise fee or other initial payment in order to become a dealer.

Only a portion of your initial inventory purchase expenditure may be refundable. See explanation of tool return policy in Item 17, note 4 of this Disclosure.

NOTE 2 – Travel, Lodging Expenses While Training. You are required to pay travel, food and lodging expenses to attend initial classroom training before operating your dealership. Travel expenses include the estimated cost of travel to and from the location of the New Dealer Training Program and your home. The actual cost of travel will depend on your home location and your travel mode. Cornwell has negotiated lodging for dealers attending the New Dealer Training Program. Lodging is located near Cornwell's headquarters. You can fly into Cleveland Hopkins International Airport or Akron-Canton Regional Airport.

Training expenditures are non-refundable.

NOTE 3 - Lease of Real Property. The vehicle is the place of business. No purchase or lease of real estate should be required.

NOTE 4 - Initial Inventory Purchase. Cornwell requires a new dealer to purchase an initial inventory of at least \$35,000 at regular dealer net prices when entering into a Dealer Franchise Agreement. Cornwell considers such an inventory to be of a reasonable minimum size for a dealer to begin business. Cornwell must approve the initial inventory. If you meet normal credit requirements, Cornwell will finance the initial inventory of \$35,000, and will finance subsequent inventory purchases, as further described in Item 10 of this Disclosure.

New dealers who have been in the tool business previously ("convertees") and already have a suitable inventory and an approved vehicle will only be required to purchase an initial inventory of \$10,000 from Cornwell, at regular dealer net prices. Unless you are a convertee for whom Cornwell waives the requirement, you must also establish a Reserve with Cornwell in the amount of \$15,000, to be applied against the further purchase of inventory during the first 13 weeks of the dealership. If you meet normal credit requirements, Cornwell will finance up to \$15,000 of the Reserve. Unless waived, you must also verify at the outset of the dealership that there is \$10,000 on deposit in a business account and that you will only use those funds for business purposes. Inventory

level can vary based on area and dealer's financial situation. Cornwell expects its dealers to have sufficient levels of inventory to properly service customers on a continuing basis.

Only a portion of your initial inventory purchase expenditure may be refundable. See explanation of tool return in Item 17, note 4 of this Disclosure.

NOTE 5 – Vehicle. A new dealer is also required to purchase or lease a truck or van. Cornwell must approve the truck or van to be obtained. Cornwell will recommend sellers or lessors of suitable trucks and vans but does not require that any such truck or van be obtained from a particular source. The estimated range for the cost of a suitable truck or van is \$25,000 to \$110,000, depending on whether the truck or van is new or used, and on its condition and features. A Truck Leasing Program through a third-party leasing company has been established for those Cornwell Dealers who choose to use it. The Truck Leasing Program is further described below.

Cornwell has entered into an agreement with Trans Lease, Inc., of Denver, Colorado, to establish a Truck Leasing Program, through which Cornwell Dealers can lease approved trucks and vans on extended terms. Under the Program, new vehicles and vehicles previously used by other Cornwell Dealers will be available. Vehicles manufactured by Summit Body Works and Herr Display Van are currently offered under the Program.

Cornwell is completely independent of Trans Lease and Cornwell will not receive any revenue from the Truck Lease Program. Trans Lease reserves the exclusive right to set lease terms and to approve or disapprove any Cornwell Dealer for participation in the Program. Cornwell has no right to require Trans Lease to approve a Dealer or to approve any particular lease terms.

Under the Program, a participating Dealer must authorize Trans Lease to make direct electronic Automatic Clearing House (ACH) deductions from the Dealer's checking account for the monthly truck lease payments. If there are insufficient funds in the Dealer's account to make a payment or if the Dealer withdraws ACH authority then the Dealer will then be considered in default under the truck lease.

Cornwell has agreed to use its best efforts to assist Trans Lease in re-leasing or selling a vehicle that Trans Lease has repossessed, if Trans Lease so requests. Cornwell will have no obligation to the defaulting Dealer to make such efforts.

Vehicle expenditures are normally non-refundable; Cornwell has no control over any such refunds.

NOTE 6 – Insurance. Cornwell further requires you to carry the following minimum insurance coverage: commercial business auto liability insurance with limits of \$1,000,000, general commercial liability insurance under a comprehensive general liability form that includes coverage for bodily harm, property damage, and product liability policies not less than \$1,000,000, and cargo insurance with all risk property coverage for

full replacement of your inventory. Insurance policies maintained by you must (a) designate Cornwell Quality Tools Company as “additional insured”; (b) if Cornwell finances your inventory, cargo insurance must designate Cornwell Quality Tool Company as “loss payee” for full replacement of your inventory financed; and provide that Cornwell receive a copy of all notices of cancellation, nonrenewal, or coverage change at least 30 days prior to the effective date. Insurance costs are highly dependent on your past driving record, the geographical area of your franchise, dollar amount of your inventory and type of truck being insured.

Insurance expenditures are normally non-refundable; Cornwell has no control over any such refunds.

NOTE 7 - Additional Funds – Three Months. Additional amount needed to supplement shortfall to carry dealer's personal, vehicle and miscellaneous business expenditures during start-up for ninety days. Monthly personal and family expenditures of new Cornwell dealers are typically not over \$3,000. *You may actually require over \$3,000 per month, dependent upon your personal financial situation or to fund business and personal expenditures for more than three months. The additional amount required will then be greater.* Unless waived by Cornwell for a converttee, you must provide verification to Cornwell, at the time payment is made for the Initial Inventory and Reserve, that as of that date you have at least an additional \$10,000 deposited in usable funds in a business checking account at a financial institution of your choice and you must further agree that you will only use those funds for the business purposes of the dealership, which may include a reasonable draw for personal living expenses, as agreed upon by Cornwell in advance, while the dealership Agreement is in force.

Additional amounts you expend for these purposes are non-refundable.

NOTE 8 – Equipment/Fixtures/Other Fixed Assets. Depends upon condition and equipment in truck. This may include sales aids, such as displays and promotional items. Cornwell dealers typically do not need to make expenditures for construction, remodeling, leasehold improvements or decorating costs.

Equipment, fixture and other fixed asset expenditures are normally non-refundable. Cornwell has no control over any such refunds.

NOTE 9 – Reserve. Estimated initial amount needed to carry customer time payment (TP) accounts. May vary, based on dealer's financial needs, arrangements which may have been made with an outgoing dealer to purchase accounts and the number of customers dealer permits to buy tools or products on customer time payment. Cornwell's estimate of the additional funds amount is based on Cornwell's experience offering dealerships in the mobile tool industry.

At a minimum, unless waived by Cornwell for a converttee, in addition to any capital you choose to deposit in your own business account to carry customer TP debt before it is collected, you must establish a Reserve with Cornwell in the amount of \$15,000, to be

applied against the further purchase of inventory during the first 13 weeks of the dealership. If you meet normal credit requirements, Cornwell will finance up to \$15,000 of the Reserve.

The Reserve will be applied by Cornwell to your open account, as a credit against your further purchases of inventory, in a weekly amount equal to 65% of the increase in your documented Time Payment (TP) Account balance over the previous high TP balance. The Reserve will be maintained by Cornwell until it is exhausted or the dealership Agreement is terminated, whichever occurs first. If the Reserve is funded with a combination of cash and notes, the cash deposited will be applied first against the further purchases of inventory. The funds remaining in the Reserve will be refunded if paid in cash or, if borrowed, credited at your option to your open account or as a voluntary pre-payment under paragraph 1(c) of your note, if the Reserve has not been used in full upon the termination of the dealership Agreement. When the Reserve is established, it will be credited by Cornwell with a lump-sum amount.

Reserve expenditures are only refundable as outlined above.

NOTE 10 - Computer System. You are required to purchase or lease a new portable personal computer (laptop) from HP, Toshiba, Lenovo or Samsung. Cornwell's current hardware specifications require a minimum 1.4 GHZ processor, Windows XP (wSP3), Windows 7 or 8 operating system, either Norton or MacAfee anti-virus software, minimum of 2 gigabyte of RAM memory, high speed wireless internet capability for your laptop via Broadband Access Card from a cellular network, CD-ROM Drive, either an Epson, Cannon, Brother or Lexmark printer, at least five 1 gigabyte USB back-up devices while using the MM1 program, a seven port USB hub that is powered by electrical current (120 volts) and any brand name cooling pad for a laptop. Cornwell recommends in addition to your laptop, 1 flat screen monitor for showing product videos on your truck.

You are required to obtain and maintain high speed Internet access through a subscription with an Internet service provider via Broadband Access Card from a cellular network, so you will be able to communicate electronically with Cornwell.

Computer system expenditures are normally non-refundable. Cornwell has no control over any such refunds.

NOTE 11 - Computer Software. Until "Ironman Business Network (IBN)" Software for Cornwell dealers becomes available from Cornwell, which is expected to be later in 2014, you are required to acquire licensing from Classic Computer Systems for the "MM1Plus" Software for Cornwell dealers, under a Service Contract with Classic. This Service Contract is an open-end service plan, which includes the use of "MM1Plus" Software, price updates, program updates and software support. There is a onetime \$100.00 set up fee, plus a monthly service contract fee of \$50.00, which is payable to Classic Computer Systems. Classic Computer Systems has the right to increase fees. Cornwell also makes available to dealers, free of charge, a software package, *Dealer*

Business System, which is compatible with Classic Computer Software. This software provides dealers with a basic means of keeping track of certain financial information about their businesses. As such, this program is not a complete accounting system and does not replace the need of professional accounting services or advice. Classic Computer Systems is not affiliated with Cornwell and Cornwell receives no direct or indirect compensation from Classic. Cornwell does not guarantee or warrant the successful execution of the “MM1Plus” or *Dealer Business System* Software.

If the “Ironman Business Network (IBN)” is available when signing your Dealer Agreement, then you are required to acquire licensing from Cornwell for the “Ironman Business Network (IBN)” Software for Cornwell dealers, under a separate License Agreement with Cornwell instead of the “MM1Plus” Software from Classic Computer Systems. Cornwell may eventually require all Dealers to use IBN rather than MM1Plus.

The License Agreement includes an open-end service plan, which includes the use of the IBN Software, price updates, program updates and software support. There is a onetime \$100.00 set up fee, plus a monthly service contract fee of \$50.00, which is payable to Cornwell. Cornwell has the right to increase the fees. The IBN software will provide you with a basic means of keeping track of certain financial information about your dealership. But the IBN Software is not a complete accounting system and does not replace the need for professional accounting services or advice. Computer software expenditures are normally non-refundable.

You will agree to use only the IBN Software in the operation of the dealership. You will also agree to obtain and use upgrades and updates of the IBN Software from Cornwell as they become available. You will also agree that Cornwell will have independent access to the information that will be generated and stored on your computer system using the IBN Software. You will agree to use the IBN Software to generate and maintain accurate reports of your activities on a current basis, with complete information being entered at least once per week. Your IBN Software will automatically store and electronically transmit this information to Cornwell. You will agree to submit separately all information generated by the computer system, if requested by Cornwell, including but not limited to the weekly reports. Failure to submit this information on request will be a material breach of the Franchise Agreement.

Computer software expenditures are normally non-refundable. Cornwell has no control over any such refunds.

NOTE 12 – Security and Utility Deposits/Business Licenses/Other Prepaid Expenses.

No utility deposits are required since the vehicle is your place of business. There may be costs for business licenses ranging from \$500 to \$2,500 depending on location of Franchise.

Business Licenses/Other Prepaid Expenses expenditures are normally non-refundable. Cornwell has no control over any such refunds.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Other than the initial inventory and computer software described in Item 7 and minimum inventory purchases, as set forth below, you are under no obligation to purchase or lease from Cornwell or anyone designated by Cornwell, any other goods, services, supplies, fixtures, equipment, inventory or real estate. Cornwell will recommend sellers or lessors of suitable trucks and vans, but does not require that any such truck or van be obtained from a particular source. Cornwell must approve the truck or van to be obtained, however.

Cornwell only requires that the computer you acquire meet the specifications given in Item 7, note 10 of this Disclosure and that it can be acquired from any source.

Immediately following the first six months after the franchise agreement is signed, you must maintain average weekly purchases from Cornwell equal to at least 80% of the national average of Cornwell franchise dealers' weekly purchases during the current calendar year. Every week, Cornwell calculates the national average franchise dealer weekly purchase amount during the current year. (Total dealer year to date purchases, divided by the number of weeks to date, then divided by the number of dealers at the end of the week prior to the current week.) Each week, you must maintain average weekly purchases (year to date purchases divided by the number of weeks to date) equal to 80% of Cornwell's national weekly average. The continuation of the franchise depends upon continuing required purchase of Cornwell Products. A franchise may be terminated or the territory decreased if the purchase requirements are not met.

The inventory purchased from Cornwell and the lease or purchase of a truck or van will normally constitute at least 70% of the total purchases and leases, which you will make in the establishment and operation of your business. Because of the initial inventory purchase, this figure will be substantially higher in your first year. When the truck or van is paid off, typically in 2-6 years, this figure will decrease. The bulk of the additional costs will relate to interest, insurance, bad debts, fuel and maintenance for the van or truck, and inventory purchases from sources other than Cornwell. The total cost of purchases from Cornwell by a particular dealer will, of course, vary considerably.

The average annual inventory purchases from Cornwell by Cornwell dealers as of December 31, 2013, were \$186,836.

Cornwell derives a profit from the sale of tools, equipment and sales aids to dealers, but does not otherwise derive income from the franchise. In 2013, Cornwell derived 82% or \$81,908,193 its total revenue of \$100,362,467 from the required dealer minimum purchase.

There are no purchasing or distribution cooperatives for Cornwell Products. Cornwell has no suppliers of which an officer of the franchisor owns an interest.

ITEM 9. FRANCHISEE'S OBLIGATIONS

THE FOLLOWING TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS DISCLOSURE DOCUMENT.

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Item in Disclosure Document</u>
a. Site selection and acquisition/lease	Not Applicable	Not Applicable
b. Pre-opening purchases/ leases	Sections 3 and 5 (of Franchise Agreement)	Item 7
c. Site development and other pre-opening requirements	Sections 3, 5, 10 (of Franchise Agreement)	Items 6, 7
d. Initial and ongoing training	Section 8 (of Franchise Agreement)	Item 11
e. Opening	Sections 3, 5, 6 (of Franchise Agreement)	Item 11
f. Fees	Section 3 (of Franchise Agreement)	Items 5, 6
g. Compliance with standards and policies/Operating Guide	Sections 7 and 9 (of Franchise Agreement)	Item 11
h. Trademarks and proprietary information	Section 10 (of Franchise Agreement)	Item 13, 14
i. Restrictions on products/services offered	Section 7 (of Franchise Agreement)	Items 8, 16
j. Warranty and customer service requirements	Section 12 (of Franchise Agreement)	Item 11

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Item in Disclosure Document</u>
k. Territorial development and sales quotas	Section 7 (of Franchise Agreement)	Item 12
l. Ongoing product/ service purchases	Section 7 (of Franchise Agreement)	Items 8, 16
m. Maintenance, appearance and remodeling requirements	Section 10 (of Franchise Agreement)	Item 13
n. Insurance	Section 6 (of Franchise Agreement) Section 4 (of Dealer Security Agreement)	Item 6
o. Advertising	Not Applicable	Not Applicable
p. Indemnification	Not Applicable	Not Applicable
q. Owner's participation/ management/staffing	Section 9 (of Franchise Agreement)	Item 15
r. Records/reports	Sections 5 and 6 (of Franchise Agreement) Sections 3(b)(c) and 6 (of Dealer Security Agreement)	Item 10, 11
s. Inspections/audits	Sections 5 and 6 (of Franchise Agreement) Sections 3(b)(c), 5, and 6 (of Dealer Security Agreement)	Item 10
t. Transfer	Section 11 (of Franchise Agreement)	Item 17
u. Renewal	Not Applicable	Not Applicable
v. Post-termination obligations	Section 15 (of Franchise Agreement)	Item 17

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Item in Disclosure Document</u>
w. Non-competition covenants	Not Applicable	Not Applicable
x. Dispute resolution	Section 20 (of Franchise Agreement); Section 15 (c) (of Dealer Security Agreement)	Item 17

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ITEM 10. FINANCING

SUMMARY OF FINANCING OFFERED

Item Financed (Source)	Amount Financed	Down Payment	Term (Weeks or Yrs)	APR %	Weekly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Inventory Purchase	Up to \$50,000	Currently -0-	260 weeks or 5 yrs	Up to 17% (annual rate); currently 9.99% where applicable (1)	Currently \$244.50 by ACH automatic payment deduction	None	Inventory, Accounts Receivables, Personal Guarantee	Loss of Franchise, Attorney's Fees and Costs, Cost of Collection, Cost of Repossession	Waiver of Notice, Presentment and Demand
Cornwell Tech-Credit Customer Financing	Up to \$18,150 per Customer	None	Up to 5 yrs	19.99 % (credit limit over \$4,500) or 21.9% (credit limit between \$2,500-\$4,499) or 24.99% (credit limit under \$2,500) 19.99% , 21.9% or 24.99% will not be in effect in AK, AR, CT, FL, MD, MN,NE, ND, WV	\$10 per week minimum	None	Products being financed	Attorney's Fees and Costs, Cost of Collection, Cost of Repossession; Dealer suspended from Tech-Credit program	None
Deferred Billing	Up to \$8,000	None	10 Weeks	None	1/10 of Initial Balance of Deferred Invoices	None	None	Loss of Franchise, Attorney's Fees and Costs, Cost of Collection	None
Cornwell Box Extended (CBX)	Up to \$5,000	None	20 Weeks	None	1/20 Initial Balance of CBX Invoices	None	None	Loss of Franchise, Attorney's Fees and Costs, Cost of Collection	None

NOTE 1 - Initial Inventory Purchases. Subject to normal credit approval, Cornwell will sell initial inventory on a time-deferred payment basis. You and your spouse will be required to execute the Dealer Purchase Order, Note and Security Agreement (the Note and Security Agreement), using the form note in Exhibit C and financing statements in conjunction with any such sale. If you qualify for Cornwell financing, Cornwell may loan you up to \$35,000 of the cost of the initial purchase of inventory.

The Note (Note and Security Agreement, Section 1(b)) currently provides for weekly repayment of principal and interest at an annual interest of 9.99%, which is subject to changes in accordance with the Prime Rate reported in the Consumer Money Rates Chart of the online Market Data Center of the Wall Street Journal. The interest rate is fixed over the term of the Note, but is set by adding 6.74% to the current Prime Rate reported in the Consumer Money Rates Chart of the online Market Data Center of the Wall Street Journal. As of April 1, 2014, the Prime Rate was 3.25%. The interest rate on your Note may therefore be higher, lower or the same as it would be at the time of the publication of this Disclosure Document. In some states, the maximum interest rate may be less than the amount stated in the chart due to state lending statutes. All payments are intended to be applied first toward unpaid accrued interest charges and then as a reduction of the unpaid principal balance, but Cornwell reserves the right to apply these payments in any order it determines. (Note and Security Agreement, Section 1(c)). In addition, Cornwell may impose a weekly late charge of \$10.00 each week that you are three or more payments in arrears. (Note and Security Agreement, Section 1(e)). The note may be voluntarily pre-paid in part or in full at any time, without penalty. (Note and Security Agreement, Section 1(c)). The term of the note will be determined by Cornwell, and will be no more than 60 months. If you finance your Reserve, as described below, that amount will be included in the note for your initial purchase of inventory, on the same terms. The Current Weekly payment on full financing of the initial inventory and Reserve is \$244.50.

The Note further provides that the installments to be paid to Cornwell by the Dealer shall be paid by an ACH Debit for automatic payment, which will be automatically processed every Monday until the obligation is paid in full. The Dealer shall sign an irrevocable ACH Agreement authorizing Cornwell to automatically deduct the weekly payment from the Dealer's bank account until this obligation is paid in full. In the event funds are not available to complete the automatic transfer on that date, it shall be considered an event of default included in those described below.

You will be in default upon the happening of any of the following events or conditions:

(a) Your failure to make payment or performance on any of your indebtedness to Cornwell, as described in paragraph 3 of the Note and Security Agreement, including but not limited to those arising from the sale of inventory described in this Agreement.

(b) If you default under the Dealer Franchise Agreement or any other agreement or contract between you and Cornwell, or upon the termination of any such agreement.

(c) Your failure to have the Note and Security Agreement fully collateralized at all times.

Upon default, all of your obligations at once become due and payable without any notice or demand, notice and demand having been expressly waived. (Note and Security

Agreement, Section 8). Under the Note and Security Agreement, Cornwell retains a security interest in the inventory and in your accounts receivable. (Note and Security Agreement, Section 3(a)).

You waive the right to notice of collection or repossession actions. (Note and Security Agreement, Sections 6(f) and 9). Cornwell can also recover its cost of collection, including court costs and reasonable attorney fees. (Note and Security Agreement, Section 12).

Although it is not the present practice, or any intention of Cornwell, to sell, assign, or discount to a third-party, in whole or in part, any note, contract or other instrument executed by you, Cornwell retains the right to do so. (Note and Security Agreement, Section 1(f)).

If you are financed as described above by Cornwell, you are required to maintain at your place of business accurate and up-to-date records pertaining to the total inventory, the collateral and the accounts. Every week you are required to submit your Current Weekly Business Report to your District Manager and Cornwell's credit department. Cornwell shall have a special property interest in all of your records pertaining to the total inventory, the collateral and the accounts, and Cornwell's agents, representatives and employees shall have the right to inspect them at any reasonable time or times. You are also required to make available to Cornwell upon demand financing statements or other appropriate documentation as may be requested by Cornwell to evidence and perfect the security interest.

NOTE 2 – Cornwell Tech-Credit Program. Cornwell provides you and your customers with a financing plan (the "Plan") under the following conditions:

Under the Plan, as a franchised Dealer you would enter into an agreement, whereby you will take purchase money security agreements; ("Notes") from your automotive technician customers ("Customer or Customers") for the purchase of high-value merchandise, which Notes will be assigned to Cornwell for an immediate credit to the your Cornwell account of a discounted amount from the face value of the Notes. The Notes will be limited-recourse to you, if the Customer receives credit approval from Cornwell. Under the agreement, an independent financial institution will advance funds to Cornwell and will be entitled to take a security interest in the Notes, by filing, physical possession, or both, as it chooses.

After a Note is assigned to Cornwell, you will agree, as part of the consideration for the credit to your account, to act as collecting agent for Cornwell from the Customer. Typically, you will collect from the Customer weekly for that purpose; at the same time as you collect for your own account on the Customer's other purchases. You will be required to remit the collections on the Note to Cornwell within ten days. However, under the terms of the Note, Cornwell will have the option of collecting directly from your Customer by mail, phone or internet which it will do if the event there is no dealer

to make the collection in person. The direct collection method will also be used if you go into bankruptcy and under certain other circumstances.

Under these assumptions, Cornwell believes that you would have no further interest in the Notes or their proceeds, including the future stream of payments from the Customer, because you would have assigned all of your rights in the Notes for value to Cornwell. Your status as a collecting agent would give you no right to the funds actually collected for Cornwell's account, nor to any future payments by the Customer.

If your Customer qualifies for Cornwell financing, Cornwell may finance merchandise up to \$18,150. The Note provides for a repayment of principal and interest at an annual rate up to 24.99% depending on Customer's credit limit. Cornwell can adjust the interest rate periodically according to the respective state statutes. All payments are intended to be applied first toward unpaid accrued interest charges, then any/all fees and NSF fees and then as a reduction of the unpaid principal balance, but Cornwell reserves the right to apply these payments in any order it determines. In addition, Cornwell may impose a monthly late charge of \$10.00 each month that the Customer is two or more payments in arrears. The Note may be voluntarily pre-paid in part or in full at any time, without penalty. The term of the Note will be determined by Cornwell, and will be no more than 65 months. There is a weekly payment minimum of \$10 for your Customer.

Cornwell can recover its cost of collection, including court costs, repossession expenses, and reasonable attorney fees in the event of default. Cornwell reserves the right to decline Plan financing to your Customers outside your assigned territory.

NOTE 3 - Deferred Billing Program. Cornwell allows for deferred billing of a limited amount of purchases under the following conditions: Deferred purchases will be paid for over a ten-week term, without additional charge. The weekly-accumulated deferred payment will be one tenth (1/10) of initial balance of all partially paid deferred invoices. The weekly-accumulated deferred payment will be due under the net terms of the open account statement upon which it initially appears. No deferred billing will be granted unless the open account is current. Cornwell reserves the right to reduce or eliminate any deferred billing limit. Any action of this nature will be effective immediately upon notification to you.

Deferred billing account limits are based on a dealer's weekly purchase average and creditworthiness. New dealers are offered a \$1,000 deferred limit on starting. New dealers will be reviewed after six (6) months in business, and are limited to a maximum of \$2,000 for their second six (6) months in business. At no time can a dealer exceed the established maximum deferred billing limit of \$8,000. As you pay your weekly-accumulated deferred payment, you may then add new deferred invoices up to the maximum limit. Cornwell reserves the right to disallow deferred billing rights on goods it deems inappropriate for the program. A deferred billing balance may be paid in full at any time if you so desire; this must be done by contacting Cornwell's credit department.

NOTE 4 – Cornwell Extended Box (CBX) Financing. Cornwell allows for extended billing of up to \$5,000 in tool box purchases under the following conditions: CBX purchases will be paid for over a twenty-week term, without additional charge. The weekly accumulated deferred payment will be one-twentieth (1/20) of the initial balance of the tool box invoice. The weekly accumulated CBX payment will be due under the net terms of the open account statement upon which it initially appears. No CBX billing will be granted unless and until the open account is current. Cornwell reserves the right to reduce or eliminate any CBX billing limit. Any action of this nature will be effective immediately upon notification to you.

CBX billing account limits are based on a dealer's weekly purchase average and creditworthiness. At no time can a dealer exceed the established maximum CBX billing limit of \$5,000. As you pay your weekly accumulated CBX payment, you may then add new CBX invoices up to the maximum limit. Cornwell limits the right to CBX billing to its branded tool boxes. A CBX billing balance may be paid in full at any time if you so desire; this must be done by contacting Cornwell's credit department.

NOTE 5 - Customer Financing. Independent lenders may determine whether they will provide accounts receivable financing to any particular dealer or to any particular customer of a dealer and upon what terms it will do so. Cornwell has no control over those decisions by independent lenders. Cornwell does not receive direct or indirect payments for placing financing. Cornwell does not guarantee your obligations to third parties.

NOTE 6 - Ongoing purchase of products/product discounts. Your purchases of tools and other products are charged to an open account. If payment is not received within 12 days of the statement date, the account is deemed delinquent by Cornwell. Such terms are subject to change at any time with no obligation by Cornwell.

A finance charge will be imposed on any portion of the open account balance that remains open after thirty (30) days. The amount of said finance charge will be one and one half (1-1/2) percent per month (the Periodic Rate) of the portion remaining open as described above. There will be a minimum charge of \$.50 for any balances under \$33.00. The Periodic Rate corresponds to an annual percentage rate of eighteen (18) percent. No other charges will be imposed.

Cornwell has a Franchised Dealer Volume Incentive Program. This program is offered only to Cornwell Franchised Dealers whose thirteen (13) week purchase average is \$3,499 or above and who pay their statements within 12 days of the statement date. (Payment must always be received within 12 days of the statement date.)

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FRANCHISED DEALER VOLUME INCENTIVE SCHEDULE

AVERAGE WEEKLY PURCHASES

INCENTIVE ALLOWANCE

Less than \$3,499.99	None
\$3,500.00 to \$3,999.99	1.50%
\$4,000.00 to \$4,599.99	2.00%
\$4,600.00 to \$5,199.99	2.50%
\$5,200.00 to \$5,799.99	3.00%
\$5,800.00 to \$6,399.99	3.50%
\$6,400.00 to \$6,899.99	4.00%
\$6,900.00 to \$7,399.99	4.50%
\$7,400.00 & over	5.00%

New Franchised Dealers are not eligible for the Franchised Dealer Volume Incentive until after their 13th week in business. The Franchised Dealer Volume Incentive earned will be applied weekly to the D1-B Statement balance or you may elect to utilize the Dealer Credit Account Program Authorization (DCA). (See Exhibit F for more details). Such incentives are subject to change at any time with no obligation by Cornwell.

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

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

1. Pre-Opening Assistance and Training. Before you begin selling Cornwell product from your truck or van, Cornwell will:

- (1) survey your non-exclusive territory (Dealer Franchise Agreement, paragraph 1);
- (2) approve and sell to you the starting inventory (Dealer Franchise Agreement, paragraph 3);
- (3) approve your truck or display van (Dealer Franchise Agreement, paragraph 5a);
- (4) authorize the use of the Cornwell trademark and trade name (Dealer Franchise Agreement, paragraph,10);
- (5) provide financing assistance as described in Item 10 above, if normal credit requirements are met (Dealer Purchase Order, Note and Security Agreement; paragraph 1); and

- (6) provide at least 40 hours of mandatory initial classroom training (New Dealer Training Program) near Cornwell's corporate offices in Wadsworth, Ohio. You must complete the New Dealer Training Program before operating your dealership. The New Dealer Training Program will include classroom instruction on basic business procedures, computer setup, MM1 or IBN setup, customer relations, product warranty/repair, Cornwell CDL, Webmail, Ironman Messaging, Webcat and Dealer Business System. (Dealer Franchise Agreement, paragraph 8b) (See Section 7 of this Disclosure for more details.)

Cornwell maintains a district management force, whose function is to assist you in the operation of your dealership and to provide experience and direction in establishing and continuing your individual business. Since you are a totally independent businessperson, Cornwell and its managers cannot guarantee the success of your business.

2. Start-Up Time. The typical time between the signing of the franchise agreement and your beginning active operation of you dealership by selling tools is four to six weeks. That time period may be affected by delays in obtaining outside financing, obtaining your van or truck, weather conditions, and other demands on your schedule and demands of your District Manager who will provide training.

3. Ongoing Assistance and Training. During the operation of the franchise business, Cornwell will:

(1) provide two weeks free on-site training to you through a district manager who will work directly with you, giving advice, support and recommendations (this on-site initial two weeks training will take place in the first month in which you operate the franchise); you are required to participate in the initial training. This on-site training will take place during the first month you operate the franchise and will include training in the following areas (Dealer Franchise Agreement, paragraph 8 a):

- a. Merchandising
- b. Product Knowledge
- c. Routing
- d. Warranty
- e. Selling Techniques
- f. Collections
- g. Computer System
- h. Record Keeping
- i. Operation of the Business

The amount of training time you will receive in each of these areas will vary depending on your aptitude and previous work and/or business experience.

(2) provide continuous supervision, assistance and services and a district manager will remain in communication with you providing advice, support, assistance,

and coordinating meetings, including dealers and vendors (Dealer Franchise Agreement, paragraph 8a); and

(3) provide you with a copy of Cornwell's Dealer Operations Guide (Operations Guide) which includes information regarding your day-to-day operation of the franchise.

Cornwell will make available to you combined informal and formal training opportunities depending on your individual requirements and background. You will not be charged for these training opportunities, but you are responsible for paying for any travel or accommodation expenses that you may incur. You are required to participate in the initial two (2) week training offered by the Cornwell District Manager.

Also, optional conferences and seminars are held from time to time, where business and product information is made available. No charge is made by Cornwell to you for participation in such conferences and seminars, but you are expected to pay your own expenses for attending.

Cornwell has divided the various states into what it considers to be suitable territories for dealers. This is based on the estimated number of potential customers for you, together with the size of the territory.

Cornwell guarantees that products manufactured by Cornwell ("Cornwell Hard Line") will be free of defects in material and workmanship, and that the Cornwell Hard Line products will conform to the description given them by Cornwell. If there are imperfections, any such product will be repaired or replaced without charge upon being returned to the Cornwell Quality Tools Company, 635 Seville Road, Wadsworth, Ohio 44281. You must extend this same warranty to your customers.

Cornwell further extends manufacturers' warranties to its dealers on products supplied to Cornwell and re-sold to its dealers ("Cornwell Allied Line"). You must extend this same warranty to your customers.

4. Advertising Program. Cornwell confines its advertising to programs such as promotional literature and catalogs which are made available to you and information on its website, www.cornwelltools.com. Cornwell does little or no national advertising. You need not spend any money for advertising, but you may do so if you wish. Cornwell will not reimburse your advertising expenditures. You may use your own advertising materials, as long as they are accurate if they use any Cornwell trademark. There is no advertising council of Cornwell dealers. You need not participate in any local or regional advertising cooperative or advertising fund. Franchisees receive no accounting of how Cornwell expends funds for advertising. Cornwell expends approximately 77% of its advertising funds primarily to solicit new franchise sales.

5. Computer System. You are required to purchase or lease a new portable personal computer (laptop) from HP, Toshiba, Lenovo or Samsung. Cornwell's current hardware specifications require a minimum 1.4 GHZ processor, Windows XP (wSP3),

Windows 7 or 8 operating system, either Norton or MacAfee anti-virus software, minimum of 2 gigabyte of RAM memory, high speed wireless internet capability for your laptop via Broadband Access Card from a cellular network, CD-ROM Drive, either an Epson, Cannon, Brother or Lexmark printer, at least five 1 gigabyte USB back-up devices while using the MM1 program, a seven port USB hub that is powered by electrical current (120 volts) and any brand name cooling pad for a laptop. Cornwell recommends in addition to your laptop, 1 flat screen monitor for showing product videos on your truck. The cost of such a computer is estimated to be between \$600 and \$2,500.

You are required to obtain and maintain high speed Internet access through a subscription with an Internet service provider via Broadband Access Card from a cellular network, so you will be able to communicate electronically with Cornwell.

You are required to acquire licensing from Classic Computer Systems for the "MM1Plus" Software for Cornwell dealers, under a Service Contract with Classic until the "Ironman Business Network (IBN)" Software for Cornwell dealers becomes available from Cornwell, which is expected to be later in 2014. This Service Contract is an open-end service plan, which includes the use of "MM1Plus" Software, price updates, program updates and software support. There is a onetime \$100.00 set up fee, plus a monthly service contract fee of \$50.00, which is payable to Classic Computer Systems. Classic Computer Systems has the right to increase fees. Cornwell also makes available to dealers, free of charge, a software package, *Dealer Business System*, which is compatible with Classic Computer Software. This Software provides dealers with a basic means of keeping track of certain financial information about their businesses. As such, this program is not a complete accounting system and does not replace the need of professional accounting services or advice. Classic Computer Systems is not affiliated with Cornwell and Cornwell receives no direct or indirect compensation from Classic. Cornwell does not guarantee or warrant the successful execution of the "MM1Plus" or *Dealer Business System* Software.

Cornwell is not obligated to provide any maintenance, repairs, upgrades or updates of either your computer system or software. Classic Computer Systems is obligated to provide maintenance, upgrades and updates of the software as set forth in its current agreements with Cornwell dealers. You will be required to acquire licensing for upgrades and updates of the software from Classic Computer Systems, if they are not covered under your agreements with Classic Computer Systems. Cornwell is unable to estimate the projected cost of any such upgrades and updates.

Cornwell will have independent access to the information that will be generated and stored on your MM1Plus and *Dealer Business System* computer system. You will be required to maintain written, weekly summaries of your sales and then existing Total Inventory and all Accounts each week. Your MM1Plus will automatically store and electronically transmit this information to Cornwell. The individuals identified in Item 2, your District Manager and Cornwell's Credit Department, will review those Weekly Report Summaries each week. The continuation of the franchise depends upon you supplying

and not interfering with the transmission of this information. A franchise may be terminated if you do not supply this Weekly Report Summary.

If the "Ironman Business Network (IBN)" is available when signing your Dealer Agreement, then you are required to acquire licensing from Cornwell for the "Ironman Business Network (IBN)" Software for Cornwell dealers, under a separate License Agreement with Cornwell instead of the "MM1Plus" Software from Classic Computer Systems. Cornwell may eventually require all Dealers to use IBN rather than MM1Plus.

The License Agreement includes an open-end service plan, which includes the use of the IBN Software, price updates, program updates and software support. There is a onetime \$100.00 set up fee, plus a monthly service contract fee of \$50.00, which is payable to Cornwell. Cornwell has the right to increase the fees. The IBN software will provide you with a basic means of keeping track of certain financial information about your dealership. But the IBN Software is not a complete accounting system and does not replace the need for professional accounting services or advice. Computer software expenditures are normally non-refundable.

You will agree to use only the IBN Software in the operation of the dealership. You will also agree to obtain and use upgrades and updates of the IBN Software from Cornwell as they become available. You will also agree that Cornwell will have independent access to the information that will be generated and stored on your computer system using the IBN Software. You will agree to use the IBN Software to generate and maintain accurate reports of your activities on a current basis, with complete information being entered at least once per week. Your IBN Software will automatically store and electronically transmit this information to Cornwell. You will agree to submit separately all information generated by the computer system, if requested by Cornwell, including but not limited to the weekly reports. Failure to submit this information on request will be a material breach of the Franchise Agreement.

The total initial cost of the software is estimated to be between \$845 and \$1,500.

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6. Operating Manual (Guide).

The table of contents for the Operations Guide is as follows:

a)	ND-Dealer Program	9 pages
b)	DCA-Dealer Credit Account Program Authorization	2 pages
c)	STM090-CNW-Dealer Installment Loan Weekly Statement	1 page
d)	D1-B-EXP-Explanation of Dealer Statement	7 pages
e)	DL-FC-Past Due Accounts Finance Charge	1 page
f)	DBP-Deferred Billing Program	2 pages
g)	WATS/FAX-Telephone, Wats & Fax Directory	1 page
h)	CDL-Cornwell Dealer Link	1 page
i)	WOC-Warning of Cancellation	1 page
j)	NOOC-Notice of Order Cancellation	1 page
k)	BP-1-Backorder Program	1 page
l)	SO-1-Special Order/Special Order Drop Ship Program	1 page
m)	SL-1A – SL-1D-Special Order Drop Ship Supplier List	4 pages
n)	CSI-PLC1-Customer Service Initiative (CSI)	4 pages
o)	ND-2-New Tool Return Policy	1 page
p)	WC-Warranty Code Information Sheet	1 page
q)	DLP-3-“A” Line Warranty Returns and Repairs	4 pages
r)	SP-1 REV3-Sample Program Registration Form	1 page
s)	FCG0101-Shipment Guidelines	2 pages
t)	ACH-Agreement-Authorization Agreement for Automatic Payment	1 page
u)	CBX0103 – Cornwell Tools CBX Account	1 page

The Dealer Operations Guide is comprised of 47 pages.

7. Training Program.

Item 11 Table

TRAINING PROGRAM			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE- JOB TRAINING	LOCATION
Set-Up Territory	.00	8.00	On Truck
Dealer Operations Guide	.00	2.00	On Truck
Logos – Decal Application	.00	1.00	On Truck
Display Truck	.00	10.00	On Truck
History of Cornwell Tools	.75	.00	Corporate Training Room
Customer Service	1.00	1.00	Corporate Training Room/On Truck
Wholesale Credit	1.00	1.50	Corporate Training Room/On Truck
Business 101	2.50	.00	Corporate Training Room
Install MM1 or IBN & Printer	.75	.00	Corporate Training Room
MM1 or IBN Overview/Setup	1.00	.00	Corporate Training Room
Review Activities	3.00	.00	Corporate Training Room
Stops, Add/Edit	.75	2.00	Corporate Training Room/On Truck
Customer Add/Edit	.75	1.50	Corporate Training Room/On Truck
Tech-Credit	1.00	2.50	Corporate Training Room/On Truck
Starting the Route	1.00	.50	Corporate Training Room/On Truck
Tote & Promoting	3.50	12.00	Corporate Training Room/On Truck
Building/Collecting Time Payment	1.50	4.00	Corporate Training Room/On Truck

TRAINING PROGRAM			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE- JOB TRAINING	LOCATION
Webcat/Master Catalog	.75	3.00	Corporate Training Room/On Truck
Generating Invoices	2.50	3.00	Corporate Training Room/On Truck
Closing the Day	.75	2.00	Corporate Training Room/On Truck
Warranty & Repair	1.00	1.00	Corporate Training Room/On Truck
Ratchet Rebuilding	.50	.00	Corporate Training Room
Selling Tool Boxes	1.50	4.00	Corporate Training Room/On Truck
Voice Mail	.25	.50	Corporate Training Room/On Truck
Webmail & Ironman Messaging	1.75	1.50	Corporate Training Room/On Truck
Create/Receive Orders	1.00	3.00	Corporate Training Room/On Truck
Inventory/Warranty	.50	2.00	Corporate Training Room/On Truck
Reports	1.00	2.50	Corporate Training Room/On Truck
Restore MM1 or IBN & CDL Log-On	.75	.00	Corporate Training Room
Scan Tools	1.00	.00	Corporate Training Room
Plant Tour	2.25	.00	Mogadore Mfg Plant
Corporate Tour	.50	.00	Wadsworth Corporate Office
Collecting	2.00	.00	Corporate Training Room
Graduation	.50	.00	Corporate Training Room
Profile	1.0	.00	Corporate Training Room

TRAINING PROGRAM			
SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Order Form Review	.10	1.00	Corporate Training Room/On Truck
Special Orders	.10	1.50	Corporate Training Room/On Truck
Deferred Billing	.10	.50	Corporate Training Room/On Truck
CBX Account	.10	.50	Corporate Training Room/On Truck
Time Payment Reserve Account	.10	2.00	Corporate Training Room/On Truck
Volume Discount	.20	1.00	Corporate Training Room/On Truck
Checking In Orders	.10	2.00	Corporate Training Room/On Truck
Shipping Orders	.10	1.00	Corporate Training Room/On Truck
Shipping Damage	.10	1.00	Corporate Training Room/On Truck
Dealer Business System (DBS)	1.00	1.00	Corporate Training Room/On Truck
	40.00	80.00	

A. Training classes are held once or twice a month at Cornwell's corporate headquarters in Wadsworth, Ohio

B. Instructional materials consist of New Dealer Training Guide. Cornwell's New Dealer Training Instructors have 56 years of experience in the mobile tool business including 16½ years with Cornwell.

C. There is no charge to you for the training. You must, however, pay your own travel and living expenses to receive the training.

D. You must attend the training and complete it to Cornwell's satisfaction, even if you are a converted dealer from another company. You must complete the training before commencing your dealership, at the earliest time it is offered after you are approved to be a Cornwell dealer.

E. No additional training or refresher courses are required, but you may elect to take them.

ITEM 12. TERRITORY

You will be assigned a specific geographic territory by Cornwell that is designed to allow for sales growth. Cornwell has no established conditions for agreeing to a revision of you territory, if you request relocation. You may not acquire more than one Cornwell Franchise.

You do not receive an exclusive territory. You may therefore face competition from other franchisees or from other channels of distribution or competitive brands that we control. However, Cornwell has a policy of entering into an agreement with only one dealer for any territory. Typically, you will sell little, if any, products in the territory of others. Currently, Cornwell does not distribute its products other than through dealers and a limited number of industrial distributors. No other form of Cornwell outlet will be established in your territory. You are permitted to operate only one (1) truck in the territory, unless Cornwell expressly agrees to let you operate more than one truck. Cornwell only very rarely has done so.





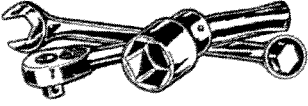
Currently, Cornwell will not solicit or accept orders from customers inside your territory. Cornwell does not reserve the right to use other channels of distribution, such as catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using Cornwell's principal trademarks or using other trademarks. Currently, there are accordingly no provisions for Cornwell to pay for soliciting or accepting orders inside your territory.

There are no restrictions on your right to solicit or accept orders from customers outside your territory, or on your right to use other channels of distribution, such as catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory. You are not permitted to use any Cornwell trademarks for the purpose of internet sales. Cornwell strongly discourages sales outside your territory.

The continuation of your franchise depends on you continuing to purchase reasonable amounts of Cornwell products. Subject to requirements of state law, Cornwell may terminate a dealer whose purchases are limited, so that the territory may be offered to another dealer who may perform better. Cornwell requires you to maintain annual purchases at a volume of at least 80% of the national franchised dealer purchase average for dealers, as described in Item 8 above, in order to avoid termination and the offer of the territory to another dealer. Cornwell may also propose to alter your territory, rather than to terminate you altogether, if portions of it are not being serviced adequately, so as to provide more adequate service through another dealer.

ITEM 13. TRADEMARKS

Cornwell has registered its trademark and trade name with the registration date and numbers as follows:

<u>Mark</u>	<u>Registration No.</u>	<u>Registration Date</u>	<u>Date of First Use in Interstate Commerce</u>
The Choice of Professionals	1,276,565	5/1/84	1966
The Choice of Professionals	1,276,492	5/1/84	1966
	1,163,457	8/4/81	1972
	1,150,695	4/7/81	1966
	1,139,026	8/26/80	1963
The Choice of Professionals	2,497,549	10/16/01	1968
	3,456,834	7/1/08	1979
	3,470,727	7/22/08	1996
The Choice of Professionals	3,494,755	9/2/08	1979
Cornwell	3,548,901	12/23/08	1979

There are no presently effective determinations of the Patent and Trademark Office, the trademark administrator of this state or any court, any pending interference,

opposition or cancellation proceeding or any pending material litigation involving such trademarks or trade names, which are relevant to their use in this state or any other state.

Likewise, there are no agreements currently in effect which significantly limit the right of Cornwell to use or license the use of such trademarks or trade names in any manner material to the franchise.

You must display the Cornwell Trademarks ("Marks") in the location, style and manner specified by Cornwell. No other trademarks shall be used or employed by you on or in connection with the Cornwell products except as specified in writing by Cornwell. Cornwell's Marks are not to be included in your trade name or trade style at any time during or after your operation of a franchise.

Your use of any of the Marks shall not create any right, title, or interest in any of the Marks. Specifically, Cornwell prohibits the use of the Marks outside the scope of the Franchise Agreement. You may not use any of the Marks in connection with selling merchandise on the Internet or the World Wide Web.

You must notify Cornwell immediately when you learn about an infringement of or challenge to your use of Cornwell's trademark. Cornwell will take the action it thinks appropriate. While Cornwell is not required to defend you against a claim against your use of the trademark, Cornwell will reimburse you for liability and reasonable costs you incur in connection with defending Cornwell's trademark. To receive reimbursement, you must have notified Cornwell immediately upon learning about the infringement or challenge.

You must modify or discontinue the use of a trademark if Cornwell modifies or discontinues it. If this happens, Cornwell will reimburse you for tangible costs of compliance (for example, changing decals or signs). You must not directly or indirectly contest Cornwell's right to its trademarks, trade secrets or business techniques that are a part of Cornwell's business.

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ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Cornwell does not own any rights in or to any patents, which are material to the operation of the franchise. Cornwell publishes promotional literature, which is copyrighted, and which is made available to you at low or no cost. Although Cornwell has not filed an application for a copyright registration for the Operations Guide and IBN Software, it claims a copyright and the information is proprietary. The Operations Guide is described in Item 11. You must promptly tell us when you learn about unauthorized use of this proprietary information. Cornwell is not obligated to take any action, but will respond to this information, as it deems appropriate.

There is no pending interference, opposition, cancellation proceeding or litigation concerning such copyrighted material, nor do any agreements limit the rights of Cornwell to publish such material.

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

The Dealer Franchise Agreement requires you to engage full time in the business of selling Cornwell's products. In Cornwell's experience, if you do not work full time it is unlikely that you will be able to meet the required purchase level of 80% of the national franchised dealer weekly average. You must participate personally in the direct operation of the franchise business. You are not permitted to hire employees or independent contractors in lieu of your obligation to personally participate in the operation of the franchise.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

So long as you meet your merchandise purchase requirements (See Items 8 and 12), Cornwell does not restrict the type of goods or services that you may offer. Cornwell has the right to change the types of authorized goods and services, without limitation.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document. You should also read the Notes included in Exhibit G, the "Addendum to Item 17."

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Term of the franchise	Section 10	No set term
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for you to renew or extend	Not Applicable	Not Applicable
d. Termination by you	Section 13	30 days written notice
e. Termination by Cornwell without cause	Section 13, 16	Five years from the date of the Franchise Agreement, if Cornwell ceases selling its products in the state. Cornwell will give one year notice.
f. Termination by Cornwell with cause	Section 13	Cornwell may terminate if you default
g. "Cause" defined – defaults which can be cured	Section 13	You have thirty days to cure default due to non-payment or failure to maintain inventory purchase level. Cornwell may agree to waive any default.
h. "Cause" defined – defaults which cannot be cured	Section 13	You have no right to cure default caused by bankruptcy or similar proceedings against you, the appointment of a Receiver, assignment for benefit of creditors or a felony conviction. Cornwell may agree to waive any default.

<u>THE FRANCHISE RELATIONSHIP</u>		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
i. Your obligations on termination/nonrenewal	Section 15	Obligation includes payment of amount due, discontinuance of use of marks, and shipment merchandise to be purchased by Cornwell within 30 days of termination date
j. Assignment of contract by Cornwell	Section 11	No restriction on Cornwell's right to assign
k. "Transfer" by you – definition	Section 11	Includes transfer of franchise or assets
l. Cornwell's approval of transfer by franchisee	Section 11	Cornwell has full right of approval of franchise transfer, which will not be unreasonably withheld. You may transfer assets freely, subject to Cornwell's security interest.
m. Conditions for Cornwell approval of transfer	Section 11	Active family member, in Cornwell's sole discretion, for transfer of franchise on death or disability; satisfaction of debt, for assets
n. Cornwell's right of first refusal to acquire your business	Not Applicable	Not Applicable
o. Cornwell's option to purchase your business	Not Applicable	Not Applicable

THE FRANCHISE RELATIONSHIP		
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
p. Your death or disability	Sections 11, 14	Terminates franchise; transfer possible to active family member
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	Section 18	Only in writing signed by Cornwell and You
t. Integration/merger clause	Section 19	Only terms of agreement are binding (subject to state law). Any other promise may not be enforceable
u. Dispute resolution by arbitration or mediation	Section 20	Except for injunctive relief by Cornwell, all claims must be arbitrated
v. Choice of forum	Section 20	Arbitration must be in Ohio
w. Choice of law	Section 20	Ohio law applies

ITEM 18. PUBLIC FIGURES

Cornwell does not use any public figures to promote its franchise. Public figures have, however, from time to time promoted Cornwell products by their use on Stacey David's GearZ® TV show and at national auto racing events. Under license, Cornwell offers products bearing Stacey David's GearZ® and related trademarks and copyrights. No public figure using Cornwell products is involved in the actual management or control of Cornwell. No public figure has invested any amount in Cornwell or in a franchise offered by Cornwell.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Cornwell's Franchising Department at 667 Seville Road, Wadsworth, OH 44281, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

1. FRANCHISED AND COMPANY OWNED OUTLETS. The following table gives the total number of Cornwell franchisees in the last three years. There are no Cornwell-owned outlets, nor does Cornwell intend to establish any company-owned outlets.

**TABLE NO. 1
SYSTEM-WIDE OUTLET SUMMARY
FOR THE YEARS 2011 TO 2013**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2011	538	547	0
	2012	538	564	9
	2013	547	547	17
Company Owned	2011	0	0	0
	2012	0	0	0
	2013	0	0	0
Total Outlets	2011	538	538	0
	2012	538	547	9
	2013	547	564	17

2. CHANGES IN NUMBER OF OUTLETS. The following table gives the total number of transfers of ownership of franchises from one franchisee to another. Cornwell does not acquire franchises. The “transfer” of a franchise for this purpose means that Cornwell approved a new franchised dealer in some or all of the same territory as a former dealer. Ownership of a Cornwell franchise, as such, cannot be transferred except upon the death or disability of a franchisee, to an active member of his or her family. Any transfer of assets from an outgoing dealer to a new dealer, such as a truck, inventory and accounts receivable, is arranged directly between them, without any involvement by Cornwell, other than to approve the truck for further use. Cornwell reserves the right to advise the new dealer concerning the terms of the transfer, if it believes that the terms would have a significant negative effect on the financial position of the new dealer.

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TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2011 TO 2013

State	Year	Number of Transfers
Alabama	2011	0
	2012	0
	2013	0
Arkansas	2011	0
	2012	0
	2013	0
Arizona	2011	1
	2012	1
	2013	0
California	2011	0
	2012	0
	2013	3
Colorado	2011	0
	2012	0
	2013	2
Connecticut	2011	0
	2012	0
	2013	0
Delaware	2011	0
	2012	0
	2013	0
Florida	2011	1
	2012	0
	2013	0
Georgia	2011	0
	2012	0
	2013	0
Idaho	2011	0
	2012	1
	2013	2
Illinois	2011	0
	2012	0
	2013	0
Indiana	2011	0
	2012	0
	2013	0
Iowa	2011	0

State	Year	Number of Transfers
	2012	0
	2013	0
Kansas	2011	0
	2012	0
	2013	0
Kentucky	2011	0
	2012	2
	2013	1
Louisiana	2011	0
	2012	1
	2013	0
Maine	2011	0
	2012	0
	2013	0
Maryland	2011	0
	2012	1
	2013	0
Massachusetts	2011	0
	2012	0
	2013	0
Michigan	2011	0
	2012	0
	2013	0
Minnesota	2011	0
	2012	0
	2013	2
Mississippi	2011	0
	2012	0
	2013	0
Missouri	2011	1
	2012	0
	2013	2
Montana	2011	0
	2012	0
	2013	0
Nebraska	2011	0
	2012	0
	2013	0
Nevada	2011	0
	2012	0
	2013	0
New Hampshire	2011	1
	2012	1
	2013	0

State	Year	Number of Transfers
New Jersey	2011	0
	2012	0
	2013	0
New York	2011	0
	2012	0
	2013	0
New Mexico	2011	0
	2012	0
	2013	0
North Carolina	2011	0
	2012	1
	2013	1
North Dakota	2011	0
	2012	0
	2013	0
Ohio	2011	0
	2012	0
	2013	0
Oklahoma	2011	0
	2012	0
	2013	0
Oregon	2011	0
	2012	0
	2013	1
Pennsylvania	2011	0
	2012	0
	2013	0
Rhode Island	2011	0
	2012	0
	2013	0
South Carolina	2011	0
	2012	0
	2013	0
South Dakota	2011	0
	2012	0
	2013	0
Tennessee	2011	0
	2012	0
	2013	0
Texas	2011	0
	2012	1
	2013	1
Utah	2011	0
	2012	2

State	Year	Number of Transfers
	2013	1
Vermont	2011	0
	2012	0
	2013	0
Virginia	2011	0
	2012	0
	2013	0
Washington	2011	0
	2012	0
	2013	0
West Virginia	2011	0
	2012	0
	2013	0
Wisconsin	2011	0
	2012	0
	2013	0
Wyoming	2011	0
	2012	0
	2013	0
Total	2011	4
	2012	10
	2013	16

3. STATUS OF FRANCHISEE-OWNED OUTLETS. The following table gives the status of Cornwell franchises in each state in the last three years. Cornwell franchises are not subject to non-renewal, nor are Cornwell franchises ever acquired or re-acquired by the company. "Termination" for this purpose means that Cornwell terminated the franchise without providing any compensation to the franchisee (whether by payment or forgiveness or assumption of debt.)

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2011 TO 2013

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2011	7	0	1	0	0	1	5
	2012	5	2	0	0	0	1	6
	2013	6	0	0	0	0	1	5
Arizona	2011	9	5	1	0	0	1	12
	2012	12	3	0	0	0	4	11

State	Year	Outlets at Start of Year	Outlets Opened	Termina- -tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2013	11	6	0	0	0	2	15
Arkansas	2011	4	2	0	0	0	1	5
	2012	5	0	0	0	0	2	3
	2013	3	1	0	0	0	0	4
California	2011	44	8	0	0	0	8	44
	2012	44	5	1	0	0	5	43
	2013	43	8	1	0	0	7	43
Colorado	2011	21	4	0	0	0	2	23
	2012	23	6	0	0	0	7	22
	2013	22	7	0	0	0	4	25
Connecticut	2010	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	0	0	0	0	0	1
Delaware	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	0	0	0	0	1	0
Florida	2011	16	2	0	0	0	4	14
	2012	14	3	0	0	0	1	16
	2013	16	5	0	0	0	2	19
Georgia	2011	9	2	1	0	0	3	7
	2012	7	1	0	0	0	3	5
	2013	5	2	0	0	0	1	6
Idaho	2011	7	1	0	0	0	0	8
	2012	8	2	0	0	0	2	8
	2013	8	2	0	0	0	2	8
Illinois	2011	19	3	0	0	0	3	19
	2012	19	3	0	0	0	3	19
	2013	19	2	1	0	0	1	19
Indiana	2011	8	3	0	0	0	1	10
	2012	10	2	0	0	0	0	12
	2013	12	2	1	0	0	0	13
Iowa	2011	6	2	0	0	0	0	8
	2012	8	1	0	0	0	2	7
	2013	7	0	1	0	0	1	5
Kansas	2011	1	0	0	0	0	0	1
	2012	1	0	0	0	0	0	1
	2013	1	1	0	0	0	0	2
Kentucky	2011	8	3	0	0	0	1	10
	2012	10	4	1	0	0	2	11
	2013	11	4	0	0	0	2	13
Louisiana	2011	3	2	0	0	0	1	4
	2012	4	5	0	0	0	2	7

State	Year	Outlets at Start of Year	Outlets Opened	Termina -tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2013	7	2	0	0	0	1	8
Maine	2011	4	1	0	0	0	2	3
	2012	3	1	0	0	0	0	4
	2013	4	1	0	0	0	0	5
Maryland	2011	14	0	0	0	0	2	12
	2012	12	2	0	0	0	2	12
	2013	12	3	0	0	0	0	15
Massachusetts	2011	13	2	1	0	0	5	9
	2012	9	1	0	0	0	0	10
	2013	10	1	0	0	0	1	10
Michigan	2011	9	2	1	0	0	1	9
	2012	9	6	0	0	0	3	12
	2013	12	1	1	0	0	0	12
Minnesota	2011	10	2	0	0	0	1	11
	2012	11	2	1	0	0	4	8
	2013	8	2	0	0	0	3	7
Mississippi	2011	5	0	0	0	0	1	4
	2012	4	2	0	0	0	0	6
	2013	6	0	0	0	0	0	6
Missouri	2011	12	3	0	0	0	0	15
	2012	15	3	1	0	0	1	16
	2013	16	4	0	0	0	2	18
Montana	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Nebraska	2011	12	1	0	0	0	0	13
	2012	13	1	0	0	0	1	13
	2013	13	1	1	0	0	0	13
Nevada	2011	6	0	0	0	0	4	2
	2012	2	0	0	0	0	0	2
	2013	2	1	0	0	0	0	3
New Hampshire	2011	10	2	1	0	0	1	10
	2012	10	0	0	0	0	1	9
	2013	9	2	0	0	0	2	9
New Jersey	2011	7	0	0	0	0	0	7
	2012	7	0	0	0	0	0	7
	2013	7	0	0	0	0	0	7
New Mexico	2011	9	2	2	0	0	1	8
	2012	8	4	0	0	0	3	9
	2013	9	1	0	0	0	1	9
New York	2011	4	0	0	0	0	0	4
	2012	4	0	0	0	0	1	3

State	Year	Outlets at Start of Year	Outlets Opened	Termina -tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2013	3	4	0	0	0	0	7
North Carolina	2011	33	2	0	0	0	7	28
	2012	28	3	0	0	0	2	29
	2013	29	2	1	0	0	5	25
North Dakota	2011	0	0	0	0	0	0	0
	2012	0	1	0	0	0	0	1
	2013	1	3	0	0	0	1	3
Ohio	2011	27	5	0	0	0	5	27
	2012	27	3	1	0	0	3	26
	2013	26	2	2	0	0	4	22
Oklahoma	2011	7	1	0	0	0	1	7
	2012	7	0	0	0	0	1	6
	2013	6	1	0	0	0	0	7
Oregon	2011	11	2	0	0	0	2	11
	2012	11	2	1	0	0	1	11
	2013	11	2	0	0	0	2	11
Pennsylvania	2011	22	5	1	0	0	2	24
	2012	24	2	0	0	0	1	25
	2013	25	3	1	0	0	3	24
Rhode Island	2011	4	1	0	0	0	1	4
	2012	4	0	0	0	0	1	3
	2013	3	1	0	0	0	0	4
South Carolina	2011	7	2	2	0	0	1	6
	2012	6	1	0	0	0	1	6
	2013	6	3	0	0	0	2	7
South Dakota	2011	1	0	0	0	0	1	0
	2012	0	0	0	0	0	0	0
	2013	0	1	0	0	0	0	1
Tennessee	2011	23	4	0	0	0	2	25
	2012	25	1	0	0	0	3	23
	2013	23	4	0	0	0	2	25
Texas	2011	64	10	2	0	0	8	64
	2012	64	10	1	0	0	11	62
	2013	62	8	0	0	0	11	59
Utah	2011	14	3	0	0	0	2	15
	2012	15	5	0	0	0	2	18
	2013	18	3	0	0	0	3	18
Vermont	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Virginia	2011	11	0	0	0	0	0	11
	2012	11	3	0	0	0	1	13

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	2013	13	0	0	0	0	1	12
Washington	2011	17	3	0	0	0	0	20
	2012	20	2	0	0	0	2	20
	2013	20	2	1	0	0	3	18
West Virginia	2011	0	0	0	0	0	0	0
	2012	0	0	0	0	0	0	0
	2013	0	0	0	0	0	0	0
Wisconsin	2011	17	3	1	0	0	3	16
	2012	16	4	1	0	0	0	19
	2013	19	2	0	0	0	1	20
Wyoming	2011	2	1	0	0	0	1	2
	2012	2	0	0	0	0	1	1
	2013	1	0	0	0	0	0	1
Totals	2011	538	94	14	0	0	80	538
	2012	538	97	8	0	0	80	547
	2013	547	100	11	0	0	72	564

4. COMPANY-OWNED OUTLETS. Cornwell has not owned any outlets, nor does it have any intention of doing so.

**TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2011 to 2013**

State	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
	2011	0	0	0	0	0	0
Totals	2012	0	0	0	0	0	0
	2013	0	0	0	0	0	0

5. PROJECTED FRANCHISED OUTLETS. The following table gives the number of projected new franchised outlets in the coming year. Cornwell does not have company-owned outlets and does not project opening any such outlets.

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TABLE No. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2013

STATE	FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISE OUTLETS IN 2014	PROJECTED NEW COMPANY-OWNED OUTLETS IN 2014
Alabama	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	1	0
Colorado	0	1	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	1	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	1	0
Illinois	0	0	0
Indiana	0	1	0
Iowa	0	1	0
Kansas	0	0	0
Kentucky	0	1	0
Louisiana	0	1	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	1	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	1	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	1	0
New York	0	0	0
North Carolina	0	1	0
North Dakota	0	0	0
Ohio	0	1	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	1	0
Rhode Island	0	0	0
South Carolina	0	1	0
South Dakota	0	0	0
Tennessee	0	1	0
Texas	0	1	0
Utah	0	1	0
Vermont	0	0	0
Virginia	0	1	0
Washington	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0

Wyoming	0	0	0
TOTALS	0	19	0

6. EXISTING FRANCHISEES. The following table lists the names, home addresses, and telephone numbers of 100 or more existing Cornwell franchised dealers operating in the state in which this Disclosure Document is being delivered (and where appropriate in contiguous states), as of January 1, 2014.

EXISTING FRANCHISEES

DEALER NAME	ADDRESS	CITY	ST	ZIP	Phone
GOCHENOUR, RICHARD A.		MISSOURI VALLEY	IA	51555	(712) 642-4650
LOERTS, DOUGLAS A.		MILFORD	IA	51351	(712) 338-4533
POSTMA, DELWYN D.		IRETON	IA	51027	(712) 278-2395
ROSENER, MARK A.		RODNEY	IA	51051	(712) 889-2587
VORE, TODD E.		ALTON	IA	51003	(712) 756-4585
			5		
ABBINANTE, VITO M.		STREAMWOOD	IL	60107	(224) 489-1560
CREWS, COLLIN J.		ANNA	IL	62906	(618) 697-2457
DAVIS, SEAN A.		SWANSEA	IL	62223	(618) 222-9446
DUMALSKI JR, JOSEPH H.		BEACH PARK	IL	60099	(847) 244-9372
FLOOD, RANDY G.		MONTROSE	IL	62445	(217) 924-4482
HEIZER, BRIAN D.		OKAWVILLE	IL	62271	(618) 581-8526
HILL, WILLIAM J.		LAKE VILLA	IL	60046	(847) 265-4123
JAROS, KENNETH R.		WAUCONDA	IL	60042	(847) 962-0112
KENDRICK, ROBERT J.		JONESBORO	IL	62952	(618) 833-5799
LEONARD, JERRY G.		TAMAROA	IL	62888	(618) 927-6796
LEVERETT, MICHAEL J.		TINLEY PARK	IL	60477	(708) 429-0819
POPPEN, ED		SYCAMORE	IL	60178	(815) 899-3619
PURPURA, CHRIS N.		BURBANK	IL	60459	(708) 599-0885
SCOBIE, BENJAMIN P.		SAINT JACOB	IL	62281	(618) 304-9742
SELPIEN, DONALD A.		ROCKTON	IL	61072	(815) 624-7959
STAERKEL, STEVEN P.		WESTCHESTER	IL	60154	(708) 805-8811
TACKETT, PAUL L.		BROOKFIELD	IL	60513	(708) 710-3886
THEODOSSOPOULOS, TIM		EVERGREEN PARK	IL	60805	(708) 932-3942
WEISEL, JEREMY G.		PINCKNEYVILLE	IL	62274	(618) 318-2919
			19		
ANDERSON, SEAN M.		CROMWELL	IN	46732	(260) 856-4897
BORNTRAGER, HARLEY H.		BRISTOL	IN	46507	(574) 848-0114
CHERRY, RODGER W.		BROWNSBURG	IN	46112	(317) 858-8958
DeVRIES, STEVEN		GRANGER	IN	46530	(574) 247-0085
ENDERS, DAVID		GRANGER	IN	46530	(574) 272-8651

FREDERICK, DALE L.
FRIDENMAKER, BRYAN M.
HARVEY, JACK S.
LUSTGARTEN, ROBERT A.
PHILLIPS, TIMOTHY E.
RALSTON, BRUCE E.
REED, THOMAS E.
WOLFE, DARWIN L.
CAMPBELL, SHAWN M.
FLANAGAN, PAUL
GOODLOCK, ALLYN L.
HOOVER, CHAD D.
IHRKE, ROBERT K.
KELLY, NOLAN R.
LARRANCE, DEREK S.
MANDERS, DAVID
SHERMAN, MARK D.
SMITH, STUART F.
UNKLE, GUY C.
WHITE, THEODORE B.
BOYLES, SAM P.
FELIX, TERRY L.
HOLASEK, CRAIG W.
MANTHER, MICHAEL M.
SCHMIEG, NATHAN LA
STOECKMAN, DAVID A.
VANWINKLE, JEREMIAH R.
ARNOLD, NATHEN R.
BRENGLE, JASON F.
CHENOWETH, DAN L.
DAVIS JR, DONALD E.
DAVIS, CHARLES W.
EBERTING, CHAD S.
HIMES, BOBBY R.
HOFFMAN, DANIEL T.
IRVIN EQUIP, RONALD
KALLAS, CHRIS M.
KELLER, EDWIN O.

INDIANAPOLIS	IN	46240	(317) 846-6260
FISHERS	IN	46038	(317) 549-1124
DECATUR	IN	46733	(260) 724-8943
AVON	IN	46123	(317) 272-7213
MARTINSVILLE	IN	46151	(317) 694-8230
BROWNSBURG	IN	46112	(317) 858-4485
N. MANCHESTER	IN	46962	(260) 982-6048
WAWAKA	IN	46794	(260) 350-3038
	13		
MARQUETTE	MI	49855	(906) 458-3407
GRAND RAPIDS	MI	49503	(616) 454-2268
ADRIAN	MI	49221	(517) 605-2189
SOUTH LYON	MI	48178	(734) 883-6240
DRYDEN	MI	48428	(810) 796-2465
ALLEN PARK	MI	48101	(313) 585-4010
CADILLAC	MI	49601	(231) 878-2633
TAYLOR	MI	48180	(734) 374-8815
PLAINWELL	MI	49080	(269) 664-4411
GAYLORD	MI	49735	(989) 732-3849
EASTON RAPIDS	MI	48827	(517) 281-8511
NORTH ADAMS	MI	49262	(517) 287-4016
	12		
SAVAGE	MN	55378	(952) 239-8451
GRAND RAPIDS	MN	55744	(218) 326-3115
MILACA	MN	56353	(320) 983-5982
LAKEVILLE	MN	55044	(952) 898-3070
BLAIN	MN	55434	(651) 492-1388
PRINCETON	MN	55371	(612) 387-6869
SHAKOPEE	MN	55379	(952) 292-7697
	7		
BELTON	MO	64012	(816) 322-4788
SHELBINA	MO	63468	(573) 795-1231
KAHOKA	MO	63445	(660) 727-3267
ST. LOUIS	MO	63146	(314) 567-3994
SAINT CHARLES	MO	63304	(618) 406-9753
RAYMORE	MO	64083	(816) 365-7911
SIKESTON	MO	63801	(573) 471-6072
ST. LOUIS	MO	63129	(314) 846-2150
ST. LOUIS	MO	63118	(314) 776-4323
PECULIAR	MO	64078	(816) 779-6947
DE SOTO	MO	63020	(636) 586-9263

MAHAN, RANDALL L.
SUMMERS, DONALD
TEBEAU, LARRY
TEITLER, BRADLEY K.
THEBEAU, DARREL A.
TIMBROOK, RICHARD W.
VAN HORN, DONALD P.
KELLERMAN, RYAN R.
SHIPLEY JR, KIRK D.
WALTER, KELLY A.
BRANZ, MICHAEL J.
BRAUN, MARK O.
FREUDENBURG, BRIAN C.
GUGAT, MATTHEW C.E.
HALSEY, BARRY A.
HEIM, JEFF S.
JEWETT, BRIAN R.
JURANEK, SCOTT C.
McKIBBIN, PAUL A.
VOIGT, KERRY L.
WALTER, MARK
WILSON, BRENT B.
WOLVERTON, BRAD A.
HABERMAN, BROCH J.
BLOUGH JR., DANIEL K.
DRAEGER, ADAM R.
FINCKLE, KEITH S.
FISHER, GREG J.
GIGSTEAD, JAMES J.
GILL, GORDON
HAYS, JAMES C.
HERBISON, BRIAN S.
HOLLEY, KEITH
KOSTUCH, SCOTT F.
KUUSISTO, RONALD G.
LaMEER, RYAN R.
LUI, JEFF A.

O'FALLON	MO	63366	(314) 378-3942
NIXA	MO	65714	(417) 724-2442
ST. CHARLES	MO	63304	(314) 712-2300
GRANBY	MO	64844	(417) 572-1410
DESOTO	MO	63020	(636) 337-4674
PIERCE CITY	MO	65723	(417) 489-6616
VALLEY PARK	MO	63088	(636) 861-0449
	18		
WEST FARGO	ND	58078	(701) 866-2088
FARGO	ND	58104	(303) 827-3674
WEST FARGO	ND	58078	(701) 541-5569
	3		
BLAIR	NE	68008	(402) 426-9161
OMAHA	NE	68134	(402) 305-5623
MADISON	NE	68748	(402) 454-6540
LINCOLN	NE	68510	(402) 560-7773
SAINT LIBORY	NE	68872	(308) 358-0343
TEKAMAH	NE	68061	(402) 374-2174
GOTHENBURG	NE	69138	(308) 440-5578
NEBRASKA CITY	NE	68410	(402) 297-2654
OMAHA	NE	68127	(402) 597-0844
OSCEOLA	NE	68651	(402) 747-2252
FREMONT	NE	68025	(402) 721-0114
NORFOLK	NE	68701	(402) 371-7302
GRETNA	NE	68028	(402) 916-9747
	13		
HARRISBURG	SD	57032	(605) 660-7143
	1		
PLEASANT PRAIRIE	WI	53158	(262) 945-0615
FORT ATKINSON	WI	53538	(920) 568-0628
TWIN LAKES	WI	53181	(262) 877-8828
WALDO	WI	53093	(920) 529-8626
MARKESAN	WI	53946	(920) 398-1515
BURLINGTON	WI	53105	(262) 539-2144
TOMAH	WI	54660	(360) 929-6066
FALL CREEK	WI	54742	(715) 877-2448
HUDSON	WI	54016	(715) 381-1091
BROWN DEER	WI	53223	(414) 357-8043
APPLETON	WI	54911	(920) 882-4016
TWIN LAKES	WI	53181	(262) 206-4037
RACINE	WI	53406	(262) 634-3178

PARKER, TIMOTHY E.		NECEDAH	WI	54646	(607) 565-7207
ROSKOPF, CHAD D.		WEST BEND	WI	53095	(414) 745-8519
SCHILDER, NANNETTE J.		RIPON	WI	54971	(920) 299-6102
SUTFIN, BOYD S.		WAUPUN	WI	53963	(920) 382-7053
SUTFIN, JOHN L.		WAUPUN	WI	53963	(920) 324-3434
THOMPSON, MICHAEL L.		EAGLE RIVER	WI	54521	(715) 479-2274
WINDLE, RUSSELL D.		EAST TROY	WI	53120	(262) 684-5154
			20		
			111		

NOTE 1 As of December 31, 2013, Cornwell has entered into 564 Dealer Franchise Agreements described in this Disclosure Document for dealerships that are operational or that will become operational within one year from January 1, 2014. Cornwell estimates that 19 new Dealer Franchise Agreements will be entered into on a nationwide basis during the one-year period following January 1, 2014. As of December 31, 2013, Cornwell did not have any company-owned dealerships in operation, and does not expect to establish any company-owned dealerships in the one-year period following December 31, 2013.

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7. FORMER FRANCHISEES.

The following table lists the name, last known address and telephone number of every Cornwell franchisee who had an outlet terminated, cancelled, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who has not communicated with Cornwell within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. No franchisees signed confidentiality clauses during the last three years.

FORMER FRANCHISEES					
DEALER NAME	STREET ADDRESS	CITY	ST	ZIP	Phone #
GIBBS, BILLY F.		BIRMINGHAM	AL	35242	(205) 750-2322
PARTH, JOSHUA D.		LAKE HAVASU	AZ	86406	(928) 846-6329
PEGUES, ANTHONY A.		PHOENIX	AZ	85004	(209) 668-9137
HARTMAN, DERRICK N.		MENIFEE	CA	92584	(760) 743-7973
HICKSON, KEN		PALM DESERT	CA	92260	(760) 285-2571
JAUREGUI, MICHAEL L.		LAGUNA NIGUEL	CA	92677	(949) 525-2178
KEHL, JAMES J.		LA QUINTA	CA	92253	(760) 564-8423
KRAUS, EDWARD T.		LAGUNA HILLS	CA	92653	(949) 933-8832
PHILLIPS, GARY W.		ELK GROVE	CA	95624	(916) 688-8050
ROBLES, REYNALDO		BAKERSFIELD	CA	93309	(661) 663-9502
STEWART, GEORGE F.		ANTIOCH	CA	94509	(925) 754-7261
CHILDS, JOSEPH R.		LITTLETON	CO	80160	(720) 261-4562
KAMAKELE, DAVID		LOVELAND	CO	80537	(970) 461-4886
KERSTIENS, DUSTIN D.		LITTLETON	CO	80128	(303) 973-4941
TUCKER, ROBERT W.		LOVELAND	CO	80538	(970) 481-4508
GULLIVER, RAYMOND B.		MAGNOLIA	DE	19962	(302) 335-1351
MONACELLI, ALAN R.		NORTH PORT	FL	34286	(941) 429-4342
SEDBERRY, MARCUS J.		BOCA RATON	FL	33498	(954) 817-9078
FRUCHTEL, GEORGE T.		SNELLVILLE	GA	30039	(404) 642-7522
FULTON, TODD M.		DES MOINES	IA	50317	(515) 966-0091
KARSTEN, JOSEF A.		MANNING	IA	51455	(712) 655-3133
HANSEN, KENNETH		MERIDAN	ID	83646	(208) 734-4260
BELLER, JOHN M.		NAMPA	ID	83687	(208) 286-7239
McFARLAND, JEREMY D.		THOMPSONVILLE	IL	62890	(618) 927-3666
ROBERTS SR, RICHARD T.		CARY	IL	60013	(847) 812-5768
HUDSON, GERRY DeWAYNE		GRRENWOOD	IN	46142	(317) 889-7956
JEFFRIES, WILLIAM T.		LOUISVILLE	KY	40216	(502) 930-6895
PERRY, WILLIAM D.		ELIZABETHTOWN	KY	42701	(270) 360-0255
DODGE, NICHOLAS J.		BREAUX BRIDGE	LA	70517	(337) 292-0540
GOSSELIN, ROBERT J.		MASHPEE	MA	2649	(774) 994-0151
ROBERTS, KENNETH R.		WARREN	MI	48091	(586) 713-9386

PHETTHONGDY, RUSTY
SCHARPING, MATTHEW W.
SUPER III, JAMES E.
CRIM, DONALD E.
WERRIES, DANIEL W.
AMAN, ANTHONY S.
ARMENTROUT, CHRISTIAN D.
FRAZIER, BLAKE L.
HAGER, JAMES R.
JUSTICE, NATHANAEL P.
LARSON, ROGER M.
NORDICK, JAMES P.
WHITE, ANDREW W.
AVERY, LLOYD N.
BAIRD, JAMES C.
SANTILLANES, MANUEL A.
BRISBIN, BRANDON S.
BUSH, KEITH R.
KIRBY, MIKE
SCHOTT, BOBBIE J.
SCHOTT, LANCE M.
SPY, GARRETT T.
CLEMENTE, MICHAEL B.
SMITH, ROBERT E.
BARTHOLOMEW, TYLER B.
DEIMLER, HERMAN H. III
KATCHUR, MICHAEL
PERRY, KELLY L.
FULMER, ROBERT L.
HAYES, WILLIAM S.
BURRIS, JAMEY E.
PATTERSON, CHARLES K.
ARMENTOR, MATTHEW W.
CARRIGER, JAMES V.
CHAPMAN, DANIEL A.
HOLLAND, WILLIAM C.
HORLOCK, CHRISTOPHER S.
McCANN, EDDY L.
McELRATH, MARK S.
NICHOLSON, ROBERT S.
PEPPER, BRYAN S.
RUSSELL, GREGORY A.
WHITAKER, CHESTER A.

ANOKA	MN	55303	(763) 300-5112
ARLINGTON	MN	55307	(507) 964-5720
MINNEAPOLIS	MN	55412	(612) 396-2091
EDINA	MO	63537	(217) 430-3861
NEOSHO	MO	64850	(417) 592-0210
MOUNT OLIVE	NC	28365	(919) 689-9399
FUQUAY VARINA	NC	27526	(919) 567-3621
WINSTON-SALEM	NC	27101	(336) 817-0043
FLAT ROCK	NC	28731	(828) 692-3559
KINSTON	NC	28504	(252) 361-1767
HOPE MILLS	NC	28348	(910) 574-0330
HORACE	ND	58047	(701) 238-5782
ELM CREEK	NE	68836	(308) 750-7547
HOOKSETT	NH	3106	(603) 644-2489
LOUDON	NH	3307	(603) 545-1172
ALBUQUERQUE	NM	87121	(505) 948-9200
MT HEALTHY	OH	45231	(513) 238-4451
MENTOR	OH	44060	(440) 339-9883
MEDINA	OH	44256	(398) 344-1497
ORIENT	OH	43146	(614) 623-3295
ORIENT	OH	43146	(614) 824-7003
SYLVANIA	OH	43560	(419) 882-3639
McMINNVILLE	OR	97128	(503) 876-7142
SALEM	OR	97309	(503) 931-1525
PALMERTON	PA	18071	(610) 554-3833
DUNCANNON	PA	17020	(717) 991-4109
READING	PA	19605	(610) 929-2602
McCONNELLSBURG	PA	17233	(717) 485-5576
WAGENER	SC	29164	(803) 645-5812
SPARTANBURG	SC	29302	(828) 488-0263
MOUNT JULIET	TN	37122	(615) 773-2348
ROCKWOOD	TN	37854	(865) 591-3732
BOERNE	TX	78006	(361) 443-9985
FARMERSVILLE	TX	75442	(972) 533-3752
Dawson	TX	76639	(903) 874-2846
GARLAND	TX	75044	(214) 808-5515
RIVIERA	TX	78379	(361) 297-5301
RED OAK	TX	75154	(713) 937-4069
FORNEY	TX	75126	(972) 741-2339
CEDAR CREEK	TX	78612	(512) 321-2779
SAN ANTONIO	TX	78245	(210) 542-2989
DALLAS	TX	75233	(214) 331-5752
WEATHERFORD	TX	76088	(817) 594-4658

COTE, JOSEPH C.	RICHFIELD	UT	84701	(435) 669-7690
HENRIE, MIKOL W.	KANAB	UT	84741	(435) 690-0220
TROWBRIDGE, JAMES S.	OREM	UT	84057	(801) 225-6943
HERTWECK, BRYAN M.	ELLISTON	VA	24087	(540) 808-9403
CAUDILLO, GARY F.	OLYMPIA	W A	98516	(360) 923-1149
HOLEWINSKI, RYAN C.	BELLINGHAM	W A	98226	(360) 319-2358
KODIMER, ERIC	FEDERAL WAY	W A	98003	(253) 661-5841
THRASHER, DENISE D.	BELLINGHAM	W A	98226	(360) 319-8465
SEIDLING, WILLIAM J.	MENASHA	WI	54952	(920) 727-4670

8. DEALER ORGANIZATIONS. To the best of Cornwell's knowledge, there are no organizations of current or former Cornwell franchised dealers, nor have there ever been any such organizations. At least two Facebook sites exist where Cornwell franchised dealers have online discussions. The "Cornwell Idea Exchange" is hosted by Cornwell and is open to Cornwell employees and any Cornwell dealer that wishes to participate. The "Cornwell Dealers Only" Facebook site is maintained by a Cornwell dealer and is an invitation only group where discussions take place.

ITEM 21. FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A, are the following financial statements of Cornwell, that show at least the franchisor's balance sheet for the previous three fiscal year-ends before the Disclosure Document issuance date and statements of operations, stockholders equity and cash-flows for each of the franchisor's previous three fiscal years:

1. The audited financial statements of Cornwell Quality Tools Company an Ohio corporation, for the fiscal years ended December 31, 2013, 2012 and 2011.

ITEM 22. CONTRACTS

The following contracts are offered in this state:

Exhibit B. Dealer Franchise Agreement.

Exhibit C. Dealer Purchase Order, Note and Security Agreement.

Exhibit D. Tech-Credit Dealer Credit Assignment Agreement.

Exhibit E. ACH Agreement-Authorization Agreement for Automatic Payment.

Exhibit F. DCA Authorization- Dealer Credit Account Program Authorization.

Exhibit H. Minnesota Addendum.

Exhibit I. Ironman Business Network (IBN)-End User License Agreement.

These are the only contracts, which Cornwell will enter into with prospective dealers in this state, or by which your rights and obligations under the Dealer Franchise Agreement may be affected.

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