OTC Pink® Basic Disclosure Guidelines

Federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 ("Exchange Act") as well as Rule 144 of the Securities Act of 1933 ("Securities Act"), and state Blue Sky laws, require issuers to provide *adequate current information* to the public markets. With a view to encouraging compliance with these laws, OTC Markets Group has created these OTC Pink Basic Disclosure Guidelines. We use the basic disclosure information provided by OTC Pink companies under these guidelines to designate the appropriate tier in the OTC Pink marketplace: Current, Limited or No Information. OTC Markets Group may require companies with securities designated as Caveat Emptor to make additional disclosures in order to qualify for OTC Pink Current Information tier.

Qualifications for the OTC Pink - Current Information Tier

Companies that make the information described below publicly available on a timely basis (90 days after fiscal year end for Annual Reports; 45 days after each fiscal quarter end for Quarterly Reports) qualify for the Current Information Tier. Financial reports must be prepared according to U.S. GAAP or IFRS, but are *not required to be audited* to qualify for the OTC Pink Current Information tier.

Initial Qualification:

1. Subscribe to the OTC Disclosure & News Service on www.OTCIQ.com to publish your financial reports and material news.

2. Create the following documents, save them in PDF format and upload them via www.OTCIQ.com:
   - Annual Financial statements (Document must Include: Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements) for the previous two fiscal years. If these reports are audited, please attach the audit letter from the PCAOB registered audit firm. Each year's Annual Financial statements should be posted separately under the report type "Annual Report" in OTCIQ.
   - Any subsequent Quarterly Reports since the most recent Annual Report.
   - The most recent fiscal period end report should also include information in accordance with these OTC Pink Basic Disclosure Guidelines; use the fillable form beginning on page 3.

3. If financial reports are not audited by a PCAOB registered audit firm:
   - Submit a signed Attorney Letter Agreement (first two pages of the Attorney Letter Guidelines).
   - After following the appropriate procedures with a qualified attorney, upload an Attorney Letter complying with Attorney Letter Guidelines through your otciq.com account.

Ongoing Qualification:

1. **For each Fiscal Quarter End**, upload a Quarterly Report via www.OTCIQ.com within **45** days of the quarter end. (A separate quarterly report is not required for the 4th quarter.) The Quarterly Report should include:
   - Information in accordance with these OTC Pink Basic Disclosure Guidelines -- use the fillable form beginning on page 3.
   - Quarterly financial statements (Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements).
   - No Audit Letter or Attorney Letter is required**.**

2. **For each Fiscal Year End**, upload an Annual Report within **90 days** of the fiscal year end. The Annual Report should include:
   - Information in accordance with these OTC Pink Basic Disclosure Guidelines -- use the fillable form beginning on page 3.
   - Annual financial statements (Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements, and Audit Letter, if the financial statements are audited).

3. If financial reports are not audited by a PCAOB registered audit firm, upload an Attorney Letter via www.OTCIQ.com complying with the Attorney Letter Guidelines within **120 days** of the fiscal year end.

Qualifications for the OTC Pink - Limited Information Tier

Companies that make the information described below publicly available within the prior 6 months qualify for the Limited Information Tier.

1. Subscribe to the OTC Disclosure & News Service on www.OTCIQ.com to publish your financial reports and material news.
2. Create a Quarterly Report or Annual Report for a fiscal period ended within the previous 6 months, save it in PDF format and upload it via www.OTCIQ.com. The Quarterly Report or Annual Report includes:
    - Balance Sheet, Income Statement, and Total Number of Issued and Outstanding Shares. Financial statements must be prepared in accordance with US GAAP, but are not required to be audited. (Please note that Cash Flow Statements are not required to qualify for the Limited Information tier; however, unless the financial statements include a Cash Flow Statement, no financial data will be included in the OTC Financials Data Service, which distributes company financial data to online investor portals and makes the data available on your company's Financials tab on www.otcmarkets.com)
    - A company in the Limited Information tier, may, but is not required to, include information in accordance with these OTC Pink Basic Disclosure Guidelines using the fillable form beginning on page 3.

Current Reporting of Material Corporate Events

OTC Markets Group encourages companies to make public disclosure available regarding corporate events that may be material to the issuer and its securities. Persons with knowledge of such events would be considered to be in possession of material nonpublic information and may not buy or sell the issuer's securities until or unless such information is made public. If not included in the issuer's previous public disclosure documents or if any of the following events occur after the publication of such disclosure documents, the issuer shall publicly disclose such events by disseminating a news release within 4 business days following their occurrence, and posting such news release through the OTC Disclosure & News Service.

Material corporate events include:

- Entry or Termination of a Material Definitive Agreement
- Completion of Acquisition or Disposition of Assets, Including but not Limited to mergers
- Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of an Issuer
- Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement
- Costs Associated with Exit or Disposal Activities
- Material Impairments
- Sales of Equity Securities
- Material Modification to Rights of Security Holders
- Changes in Issuer's Certifying Accountant
- Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review
- Changes in Control of Issuer
- Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers
- Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year
- Amendments to the Issuer's Code of Ethics, or Waiver of a Provision of the Code of Ethics
- Other events the issuer considers to be of importance

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Calloway's Nursery, Inc.

2) Address of the issuer's principal executive offices

Company Headquarters
Address 1: 4200 Airport Freeway
Address 2: Suite 200
Address 3: Fort Worth, TX 76117-6200
Phone: 817.222.1122
Email: Info@Calloways.com
Website(s): www.Calloways.com

IR Contact
Address 1: 4200 Airport Freeway
Address 2: Suite 200
Address 3: Fort Worth, TX 76117-6200
Phone: 817.222.1122
Email: Info@Calloways.com
Website(s): www.Calloways.com

3) Security Information

Trading Symbol: CLWY
Exact title and class of securities outstanding: Common Stock
CUSIP: 131255
Par or Stated Value: $.01
Total shares authorized: 30,000,000 as of: 05/14/15
Total shares outstanding: 8,378,373 as of: 05/14/15

Additional class of securities (if necessary):
Trading Symbol: _____
Exact title and class of securities outstanding: _____
CUSIP: _____
Par or Stated Value: _____
Total shares authorized: _____ as of: _____
Total shares outstanding: _____ as of: _____

Transfer Agent
Name: Computershare
Address 1: PO Box 30170
Address 2: College Station, TX 77842-3170
Address 3: _____
Phone: 800.577.4676
Is the Transfer Agent registered under the Exchange Act?* Yes: ☒ No: ☐

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

None

Describe any trading suspension orders issued by the SEC in the past 12 months.

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

Stock Purchase Plan

B. Any jurisdictions where the offering was registered or qualified;

US

C. The number of shares offered;

99,695

D. The number of shares sold;

99,695

E. The price at which the shares were offered, and the amount actually paid to the issuer;

Various

F. The trading status of the shares; and

Held in trust by Computershare for beneficial owners

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

Yes

5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

A. Balance sheet;
B. Statement of income;
C. Statement of cash flows;
D. Financial notes; and
E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otciq.com in the field below.

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations;

Founded in 1986, Calloway's Nursery, Inc. is an 18-store garden center chain serving the Dallas - Fort Worth and Houston markets as Calloway's Nursery in D/FW and Cornelius Nursery in Houston. The company strives to make gardening fun, easy and successful for customers by offering expert advice from Texas Certified Nursery Professionals; store environments that are educational and easy to shop; gardening clinics that serve both novice and expert gardeners; displays and instructions to aid gardeners with design and color development in their yards; and a product selection of the best plant varieties available.

B. Date and State (or Jurisdiction) of Incorporation:

03/86 TX

C. the issuer's primary and secondary SIC Codes;

5261-04

D. the issuer's fiscal year end date;

12/31

E. principal products or services, and their markets;

Living plants and garden-related merchandise; retail; Texas.

7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The following table provides information on the company's real properties. For additional information, see Notes to the 2012 Consolidated Financial Statements as referenced.

Type of facility	Location	Owned/Leased	Reference
Retail store	2100 N. Plano Rd., Richardson, TX 75082	Owned	Notes 4, 6
Retail store	4220 N. Galloway, Mesquite, TX 75150	Owned	Notes 12, 15
Retail store	1621 Custer Pkwy., Plano, TX 75075	Owned	Notes 4, 6
Retail store	4940 S. Cooper, Arlington, TX 76017	Owned	Notes 4, 6
Retail store	7410 N. Greenville Ave., Dallas, TX 75231	Leased	Note 12
Retail store	723 S. Cockrell Hill, Duncanville, TX 75137	Leased	Note 12
Retail store	1000 Preston Rd., Plano, TX 75093	Leased	Note 12
Retail store	423 East FM 3040, Lewisville, TX 75067	Leased	Note 12
Retail store	2651 South Hulen, Fort Worth, TX 76109	Owned	Notes 4, 6
Retail store	760 Grapevine Hwy., Hurst, TX 76054	Leased	Note 12
Retail store	1601 Dallas Drive, Denton, TX 76205	Leased	Note 12
Retail store	4050 W. Eldorado Pkwy., McKinney, TX 75070	Owned	Notes 4, 6
Retail store	1424 N. Center St., Arlington, TX 76011	Leased	Note 12
Retail store	2901 Long Prairie, Flower Mound, TX 75022	Leased	Note 12, 15
Retail store	291 E. Southlake Blvd, Southlake, TX 76092	Owned	Notes 4, 6
Land held for sale	Southlake, TX	Owned	Notes 4, 6, 14
Retail store	2460 State Hwy 121, Plano, TX 75025	Leased	Note 12
Land held for sale	Frisco, TX	Owned	Notes 4, 6, 14, 15
Retail store	1801 FM 423, Little Elm, TX 75068	Leased	Note 12
Retail store	2233 South Voss Road, Houston, TX 77057	Owned	Notes 4, 6
Office	4200 Airport Freeway., Fort Worth, TX 76117	Leased	Note 12

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

James Estill, John Cosby, John Peters, Daniel Feehan, Peter Kamin, Alan Howe, Daniel Reynolds, David Straus, Marce Ward

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

   None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

   None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

   None

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

James Estill, 4200 Airport Freeway, Fort Worth, TX 76117-6200 – 1,647,781 shares
Peter Kamin, 40 Briarcliff Road, Longmeadow, MA 01106 – 1,619,095 shares
John Cosby, 1134 Mistletoe Drive, Fort Worth, TX 76110 – 871,628 shares

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel
Name: Margaret Holland
Firm: Holland, Johns & Penny, LLP
Address 1: 306 West 7th Street, Suite 500
Address 2: Fort Worth, TX 76102-4982
Phone: 817.335.1050
Email: meh@hjpllp.com

Accountant or Auditor
Name: Griff Babb
Firm: Whitley Penn LLP
Address 1: 1400 West 7th Street, Suite 400
Address 2: Fort Worth, TX 76102
Phone: 817.258.9100
Email: Griff.Babb@WhitleyPenn.com

Investor Relations Consultant
Name: None

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.
Name: None

10) Issuer Certification

I, Daniel G. Reynolds certify that:

1. I have reviewed this quarterly disclosure statement of Calloway's Nursery, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

CALLOWAY'S NURSERY, INC.



Vice President and Chief Financial Officer

CALLOWAY'S NURSERY, INC.
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Three-Month Period Ended
March 31, 2015
Table of Contents

Condensed consolidated financial statements:

Condensed consolidated balance sheets	1
Condensed consolidated income statements	2
Condensed consolidated statements of cash flows	3
Notes to condensed consolidated financial statements	4

CALLOWAY'S NURSERY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(Amounts in thousands)

ASSETS

	March 31, 2015	March 31, 2014
Cash and cash equivalents	$4,664	$ 2,017
Accounts receivable	1,471	2,258
Inventories	4,796	5,347
Prepaids and other assets	80	114
Deferred income taxes	348	161
Property held for sale	1,240	1,508
Total current assets	12,599	11,405
Property and equipment, net	14,827	15,186
Restricted cash	7,730	--
Deferred income taxes	--	135
Other assets	150	161
Total assets	$35,306	$26,887

LIABILITIES AND SHAREHOLDERS' EQUITY

Accounts payable and accrued expenses	$8,724	$8,818
Current portion of long-term debt	956	905
Total current liabilities	9,680	9,723
Long-term debt, net of current portion	6,606	9,145
Deferred rent payable	78	59
Deferred income taxes	2,817	--
Total liabilities	19,181	18,927
Shareholders' equity:		
Common stock	86	86
Additional paid-in capital	11,082	11,082
Retained earnings (accumulated deficit)	6,365	(1,800)
	17,533	9,368
Less: Treasury stock, at cost	(1,408)	(1,408)
Total shareholders' equity	16,125	7,960
Total liabilities and shareholders' equity	$35,306	$26,887

The accompanying notes are an integral part of these condensed consolidated financial statements.

CALLOWAY'S NURSERY, INC.
CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
(Amounts in thousands, except per share amounts)

	Three-Months Ended March 31,	
	2015	**2014**
Net revenue	$10,218	$10,045
Cost of goods sold	5,282	4,942
Gross profit	4,936	5,103
Operating expense	3,813	3,669
Advertising expense	445	490
Occupancy expense	859	861
Depreciation and amortization	131	138
Net interest expense	117	139
Total expenses	5,365	5,297
Loss before provision for income taxes	(429)	(194)
Income tax (benefit)	(116)	(56)
Net loss	($ 313)	($ 138)
Weighted average number of common shares outstanding – basic and diluted	8,378	8,378
Net loss per common share - basic and diluted	($0.04)	($0.02)

The accompanying notes are an integral part of these condensed consolidated financial statements.

CALLOWAY'S NURSERY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in thousands)

	Three-Months Ended March 31,	
	2015	**2014**
Cash flows from operating activities:		
Net loss	($ 313)	($ 138)
Adjustments to reconcile net loss to net cash (used for) operating activities:		
Depreciation and amortization	131	138
Deferred income tax	(131)	(71)
Net change in operating assets and liabilities	(706)	(1,553)
Net cash (used for) operating activities	(1,019)	(1,624)
Cash flows from investing activities:		
Additions to property and equipment	(208)	(25)
Net cash (used for) investing activities	(208)	(25)
Cash flows from financing activities:		
Repayments of debt	(230)	(221)
Proceeds from issuance of common stock	--	--
Net cash (used for) financing activities	(230)	(221)
Net increase (decrease) in cash and cash equivalents	(1,457)	(1,870)
Cash and cash equivalents at beginning of period	6,121	3,887
Cash and cash equivalents at end of period	$ 4,664	$ 2,017

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Basis of Presentation

We prepared these unaudited interim condensed consolidated financial statements according to accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information. This means that they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited financial statements and related notes for the year ended December 31, 2014.

We have made all material adjustments (consisting of normal recurring accruals and adjustments) we believe are necessary to fairly state our financial condition, results of operations and cash flows for the periods presented.

Because our business is seasonal in nature, the results of operations and the cash flows for the three-month period ended March 31, 2015 are not necessarily indicative of results for the fiscal year ending December 31, 2015.

2. Commitments and Contingencies

In April 2015, the Company extended the lease term of two store leases through May 2025. Combined minimum rent for these two store leases was unchanged at approximately $400,000 per year.

The Company also extended the lease term of its corporate office lease through August 2021. Minimum rent for this office lease was also unchanged at approximately $130,000 per year.