

OTC Pink Basic Disclosure

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: Same as above

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: 05/13/16

Total shares outstanding: 7,345,960 as of: 05/13/16

Additional class of securities (if necessary): None

Transfer Agent:

Name: Computershare

Address 1: PO Box 30170

Address 2: College Station, TX 77842-3170

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:

On February 19, 2016, the Company and 3K Limited Partnership completed a joint tender offer to purchase up to 4,000,000 shares of Calloway's common stock at a purchase price of \$2.52 per share. Based on a final tabulation by Computershare Trust Company, N.A., the depositary for the Offer, 1,032,413 shares of Calloway's common stock were validly tendered and not withdrawn prior to the expiration of the Offer. In accordance with the terms of the Offer, 1,032,413 shares of Calloway's common stock were accepted for purchase, all of which were purchased by Calloway's, for an aggregate purchase price of \$2,601,680.76.

In addition, 3K purchased substantially all of the shares of Calloway's common stock held by James C. Estill, the former Chief Executive Officer, former Chairman of the Board of Directors and co-founder of Calloway's, and John T. Cosby, a former executive officer, former member of the Board of Directors and co-founder of Calloway's, at a purchase price of \$2.52 per share. The Offer and the purchase of these shares by 3K are collectively referred to as the "Recapitalization."

As a result of the Recapitalization, 3K and its affiliates became the largest holder of Calloway's common stock, holding approximately 56.7% of the total number of outstanding shares. In addition, pursuant to the terms of the Recapitalization Agreement, Mr. Estill resigned as the Chief Executive Officer and Chairman of the Board of Directors of Calloway's at the closing of the Recapitalization, and Marce Ward, the President and Chief Operating Officer of Calloway's prior to the Recapitalization, was appointed as President and Chief Executive Officer. Furthermore, pursuant to the Recapitalization Agreement, five members of the Calloway's Board of Directors, consisting of Mr. Estill, Dan Feehan, Alan Howe, Daniel Reynolds and David Straus, resigned from the board. The post-Recapitalization Board of Directors consists of continuing directors Peter Kamin, David Alexander and Mr. Ward, as well as two designees appointed by 3K, David Schneider and Terry Shaver.

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.); None
- B. Any jurisdictions where the offering was registered or qualified; N/A
- C. The number of shares offered; N/A
- D. The number of shares sold; N/A
- E. The price at which the shares were offered, and the amount actually paid to the issuer; N/A
- F. The trading status of the shares; N/A and
- 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. N/A

There were no shares offered or sold during the past two fiscal years and the period through the preparation of this disclosure report. On February 19, 2016 the total number of common shares outstanding was reduced by 1,032,413 pursuant to the Recapitalization described under Item 3.

5) Financial Statements

As disclosed in its 2015 Annual Disclosure Report, the issuer has reduced the level of disclosure beginning with this March 31, 2016 Quarterly Disclosure Report. These Reports are now being provided in this more abbreviated manner, which does not include Financial Statements.

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. Description of the issuer's business operations;
Founded in 1986, Calloway's Nursery, Inc. is a multi-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. Issuer's primary and secondary SIC Codes; 5261-04
- D. 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

As disclosed in its 2015 Annual Disclosure Report, the issuer has reduced the level of disclosure beginning with this March 31, 2016 Quarterly Disclosure Report. These Reports are now being provided in this more abbreviated manner, which does not include details of the issuer's facilities.

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.

David Alexander, Peter Kamin, David Schneider, Terry Shaver, Marce Ward, John Peters, Daniel Reynolds, David Weger.

- 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; 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.

Peter Kamin – 4,164,737 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: Derek D. Bork

Firm: Thompson Hine LLP

Address 1: 3900 Key Center, 127 Public Square

Address 2: Cleveland, OH 44114-1291

Phone: 216-566-5500

Email: Derek.Bork@ThompsonHine.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

CALLOWAY'S NURSERY, INC.

A handwritten signature in black ink, appearing to read 'Daniel G. Reynolds', with a stylized flourish at the end.

Vice President and Chief Financial Officer