



Financial Performance Representations

We use financial information submitted by our franchisees to compile the information contained in Item 19 of our Franchise Disclosure Document. This information is not intended as an offer to sell, or the solicitation of an offer to buy, a franchise. It is for information purposes only.

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 use historical financial information submitted by our franchisees to compile the information contained in these Tables. The financial information submitted by our franchisees is also used for calculating the Royalty described in Item 6. We did not independently verify the accuracy of the information. Franchised Businesses did not typically submit copies of all of the invoices for each customer or list each customer in their period reports to us. The information contained in these Tables is based upon the financial information and other data entered by each Franchised Business into the software system described in Item 11.

FIRST YEAR OF OPERATION		
Table A		
Statement of Average Gross Sales for the First Year of Operation for 6 Franchised Businesses Each Operating in a <u>Single</u> Territory		
Gross Sales Range	Average	Number and <u>Percentage</u> That Attained or Surpassed the Average
\$43,182 to \$89,955	\$68,855	3 of 6 (50%) had higher gross sales than the average of the group

FIRST YEAR OF OPERATION	
Table B	
Statement of Average Revenue Per Customer for the First Year of Operation for 6 Franchised Businesses Each Operating in a <u>Single</u> Territory	
Average	<u>Number and Percentage</u> That Attained or Surpassed the Average
\$347	4 of 6 (67%) had higher avg. rev. per customer than the average of the group

Notes to Table A and B:

(1) Table A and B contain information regarding the first year of full time operation for 6 Franchised Businesses that had 1 full calendar year of full time operations during 2009. Each of these 6 Franchised Businesses operates in only 1 Territory. Due to the Flex Start® Program 4 of the 6 Franchised Businesses included in Table A and B began operating part time before their first full calendar year of full time operation.

(2) To compute the average per customer we totaled all invoices for all services for each Franchised Business for the calendar year in which their first year of full time operations occurred and divided by the number of customers invoiced during the 2009 calendar year for a spring lawn care service application, not by the total number of customers served in the entire year.

INDEPENDENT FRANCHISE OWNERS – SINGLE TERRITORY		
Table C		
Statement of the 2009 Annual Gross Sales Results for Independent Franchised Businesses Operating in a <u>Single</u> Territory Consisting of Less Than 120,000 Single Family Dwelling Units and in Operation for 2 Full Calendar Years or More as of December 31, 2009		
	Average	Number <u>and Percentage</u> That Attained or Surpassed the Average:
Average Gross Sales Per Franchised Business	\$241,245	16 of 49 Franchised Businesses (33%)

Notes to Table C:

(1) We compiled information contained in Table C from information for 49 Franchised Businesses that operate in only 1 Territory consisting of less than 120,000 single family dwelling units for the calendar year ending December 31, 2009 and that were in business for 2 full calendar years or more as of December 31, 2009. We did not include 1 Franchised Business who transferred its business to a new owner after June 30, 2009. Due to various demographic factors such as population changes, differences in climate, and the need for the services in the Territory, the Gross Sales among Territories will vary.

(2) The Gross Sales per Franchised Business for the 49 Franchised Businesses ranged from \$998,108 to \$32,850. The lowest Gross Sales number was a Franchisee who entered into a mutual termination of the franchise with us in early 2010.

(3) To compute Average Gross Sales per Franchised Business, we totaled the Gross Sales and divided by the number of Franchised Businesses.

INDEPENDENT FRANCHISE OWNERS –		
LARGE SINGLE TERRITORY & MULTIPLE TERRITORIES		
Table D		
Statement of the 2009 Annual Gross Sales Results for Independent Franchised Businesses Operating in <u>Multiple Territories</u> or Operating in a <u>Large Single Territory</u> Consisting of <u>More Than 120,000 Single Family Dwelling Units</u> and in Operation for 2 Full Calendar Years or More as of December 31, 2009 with Gross Sales Over \$400,000 for the Calendar Year Ending December 31, 2009		
	Average	Number <u>and Percentage</u> That Attained or Surpassed the Average:
Average Gross Sales Per Franchised Business	\$787,363	3 of 10 Franchised Businesses (30%)
Average Gross Sales Per Territory	\$393,681	6 of 20 Franchised Territories (30%)
Average Gross Sales Per Full Time Production Vehicle	\$126,994	41 of 62 Full Time Production Vehicles (66%)

Notes to Table D:

(1) We compiled information contained in Table D from information for 10 Franchised Businesses that operate a Franchised Business in more than 1 Territory or operate a Franchised Business in only 1 Territory consisting of more than 120,000 single family dwelling units and that were in business for 2 full calendar years or more as of December 31, 2009 with annual gross sales of over \$400,000 for the calendar year ending December 31, 2009. These 10 Franchised Businesses operate in a total of 20 Territories with a total of 62 full time production vehicles. Each Franchised Business reports annual Gross Sales on an aggregate basis for all Territories. Due to various demographic factors such as population changes, differences in climate, and the need for the services in the Territory, the Gross Sales among Territories will vary. Further, the number of Territories within a Franchised Business does not necessarily correlate with the Gross Sales of that Franchised Business.

(2) The Gross Sales per Franchised Business for the 10 Franchised Businesses ranged from \$2,038,611 to \$408,918. The Gross Sales per Territory ranged from \$1,019,305 to \$408,918, and the Gross Sales per Full Time Production Vehicle ranged from \$83,013 to \$244,344.

(3) To compute Average Gross Sales per Franchised Business, we totaled the Gross Sales and divided by the number of Franchised Businesses. To calculate the Average Gross Sales by Territory we totaled the Gross Sales for all 10 Franchised Businesses and divided it by the 20 Territories operated by such businesses. To compute the Average Gross Sales per Full Time Production Vehicle we totaled the Gross Sales for all 10 Franchised Businesses and divided it by the 62 full time production vehicles used by such businesses.

(4) There were an additional 7 Franchised Businesses consisting of 14 Territories that operated in more than 1 Territory or operated in only 1 Territory consisting of more than 120,000 single family dwelling units and that were in business for 2 full calendar years as of December 31, 2009 that had 2009 annual Gross Sales of under \$400,000 as of December 31, 2009 that were not included in this Table D. For these 7 Franchised Businesses, the Gross Sales per Franchised Business ranged from \$193,409 to \$397,589 and the Gross Sales per Territory ranged from \$96,704 to \$198,794. The 7 Franchised Businesses operated a total of 21 full time production vehicles and the Gross Sales per full time production vehicle ranged from \$70,624 to \$193,409. The 7 Franchised Businesses had an Average Gross Sales per Franchised Business of \$288,438, an Average Gross per Territory of \$144,219 and an Average Gross Sales per Full Time Production Vehicle of \$96,146. To compute Average Gross Sales per Franchised Business, we totaled the Gross Sales for all 7 Territories and divided it by the 7 Franchised Businesses. To calculate the Average Gross Sales by Territory we totaled the Gross Sales for all 7 Franchised Businesses and divided it by the 14 Territories operated by such businesses. To compute the Average Gross Sales per Full Time Production Vehicle we totaled the Gross Sales for all 7 Franchised Businesses and divided it by the 21 full time production vehicles used by such businesses.

(5) In total, 17 Franchised Businesses operate a Franchised Business in more than 1 Territory or operate a Franchised Business in only 1 Territory consisting of more than 120,000 single family dwelling units and that were in business for 2 full calendar years or more as of December 31, 2009. These 17 Franchised Businesses operate in a total of 34 Territories with a total of 83 full time production vehicles. For these 17 Franchised Businesses, the Average Gross Sales per Franchised Business is \$581,923, the Average Gross Sales per Territory is \$290,961 and the Average Gross Sales per Full Time Production Vehicle is \$119,189. 5 of these 17 Franchised Businesses (29%) attained or surpassed the Average Gross Sales per Franchised Business, 8 of the 34 Territories (24%) attained or surpassed the Average Gross Sales per Territory; and 42 of 83 of the full time production vehicles (51%) attained or surpassed the Average Gross Sales per Full Time Production Vehicle. To compute Average Gross Sales per Franchised Business, we totaled the Gross Sales for all 17 Territories and divided it by the 17 Franchised Businesses. To calculate the Average Gross Sales by Territory we totaled the Gross Sales for all 17 Franchised Businesses and divided it by the 34 Territories operated by such businesses. To compute the Average Gross Sales by Full Time Production Vehicle we totaled the Gross Sales for all 17 Franchised Businesses and divided it by the 83 full time production vehicles used by such businesses.

(6) Because each Franchised Business reports its annual Gross Sales on an aggregate basis for all Territories covered by the Franchise Business, each Franchised Business' Gross Sales per Territory was calculated by dividing the Gross Sales of the Franchised Business by the number of Territories covered by the Franchised Business. Similarly, because each Franchised Business reports its annual Gross Sales on an aggregate basis for all full time production vehicles used by the Franchised Business, each Franchised Business' Gross Sales per Full Time Production Vehicle was calculated by dividing the Gross Sales of the Franchised Business by the number of full time production vehicles used by the Franchised Business. Consequently, the high and low ranges for the Gross Sales per Territory and Gross Sales per Full Time Production Vehicle provided for in the footnotes to this Table D come from these averages.

(7) Our affiliate Superior Lawns, Incorporated, operated 5 Franchised Businesses consisting of 26 Territories that were not included in this table.

INDEPENDENT FRANCHISE OWNERS AND AFFILIATE OWNED –COST AND GROSS PROFIT MARGIN

Table E

**Statement of 2009 Gross Profit Margin Results as a Percentage of Gross Sales for 58 Franchised Businesses in Operation 1 Full Year or More
As of December 31, 2009**

Line Item	Average %	Number and Percentage of Franchised Businesses That Attained or Surpassed the Average
Material Costs (See Note 3)	16.28%	31 of 58 (53%) had lower than average Material Costs
Direct Labor Costs (See Note 4)	10.81%	24 of 58 (41%) had lower than average Direct Labor Costs
Cost of Sales (See Note 5)	27.20%	23 of 58 (40%) had lower than average Cost of Sales
Gross Profit Margin (See Note 6)	71.08%	32 of 58 (55%) had higher than average Gross Profit Margin

Notes to Table E:

(1) As of December 31, 2009, 119 Territories were in operation, 116 of which had been in operation for at least the full calendar year. These 116 Territories were owned by 78 Franchised Businesses (including 5 Franchised Businesses operated by Superior Lawns, Incorporated, our affiliate) which for reporting purposes, consolidated their financial information for all Territories operated by such Franchised Business. As of December 31, 2009, Superior Lawns, Incorporated operated 5 Franchised Businesses, and there were 26 Territories covered by those 5 Franchised Businesses. Certain franchisees also own multiple Territories, but aggregate the reporting of their financial information as one Franchised Business.

(2) We included data from 58 Franchised Businesses of the 78 Franchised Businesses in Table E. These 58 Franchised Businesses operated 92 of the 116 Territories that were operational during the 2009 calendar year. Data concerning the remaining 20 Franchised Businesses that were in operation for at least one full year as of December 31, 2009 was not included in Table E due to insufficient information from the franchisees that owned them. We do not know whether the inclusion of such data, if available, would have a material effect on the gross profit margin percentages.

(3) We attribute variances in material costs to franchisee variances in pricing of lawn and tree care applications. Additionally, we believe that inconsistency in the manner in which franchisees account for their inventory purchases may contribute to the variances. Some franchisees use the “last in first out” method of accounting for inventory, and others use the “first in first out” method.

(4) Direct Labor includes compensation (excluding payroll taxes, medical insurance, and fringe benefits) for employees who perform lawn and tree care services and excludes compensation for franchisee and other administrative and office personnel. We attribute the variance in Direct Labor primarily to the extent to which franchisees employed others to perform application services. Franchisees who performed all application services themselves incurred no direct labor costs and franchisees that employ others to perform some or all of the application services incurred higher Direct Labor cost. We also believe that some franchisees may have employees who perform administrative functions as well as application functions, but charged those employees’ entire payroll to Direct Labor rather than splitting out that portion more appropriately charged to administration.

(5) Cost of Sales is the Sum of Material Costs and Direct Labor Costs. However, in the High Percentage column, the Material Costs percentage added to the Direct Labor Costs percentage will not equal the Cost of Sales because the franchisee who reported the highest Material Costs is different than the franchisee who reported the highest Direct Labor Cost. The stated High Percentage Cost of Sales is based on the number reported by the franchisee with the highest combined Material Costs and Direct Labor Costs.

(6) We obtained the stated Gross Profit Margin percentages by subtracting the Cost of Sales from the 100% Gross Sales.

(7) **THE RESULTS DESCRIBED IN TABLE E INCLUDE CERTAIN COST INFORMATION FOR 58 OUT OF 78 FRANCHISED BUSINESSES OPEN FOR AT LEAST ONE FULL CALENDAR YEAR AS OF DECEMBER 31, 2009. THE RESULTS ARE FOR CALENDAR YEAR 2009. FRANCHISED BUSINESSES TYPICALLY USE THE ACCRUAL METHOD OF ACCOUNTING.**

A NEW FRANCHISEE’S FINANCIAL RESULTS MAY DIFFER FROM THE RESULTS STATED IN THE FINANCIAL PERFORMANCE REPRESENTATION.

UPON REASONABLE REQUEST, WE WILL PROVIDE YOU WITH WRITTEN SUBSTANTIATION FORM THE FINANCIAL PERFORMANCE REPRESENTATION CONTAINED IN THIS ITEM 19.