

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.

TWO YEARS OF PERFORMANCE						
Table A						
Statement of Average Gross Sales and Average Revenue Per Customer for the First 2 Years of Operation for Franchised Businesses Operating in a <u>Single Territory</u>						
	Number of Franchised Businesses	Gross Sales Range	Average Gross Sales	Number and <u>Percentage</u> that Attained or Surpassed the Average	Average Revenue Per Customer	Number and <u>Percentage</u> that Attained or Surpassed the Average
First Full Calendar Year	14	\$30,210 to \$118,862	\$64,368	6 of 14 (43%) had higher gross sales than the average of the group	\$332	7 of 14 (50%) had higher average revenue per customer than the average of the group
Second Full Calendar Year	11	\$46,876 to \$205,036	\$111,358	5 of 11 (45%) had higher gross sales than the average of the group	\$342	5 of 11 (45%) had higher average revenue per customer than the average of the group

Notes to Table A:

(1) Table A includes information regarding the first calendar year of full time operation for 14 Franchised Businesses for which their first full calendar year of operation occurred during or after 2008. 3 additional Franchised Businesses had their first year of full time operations during or after 2008 but were not included because they were no longer in operation as of December 31, 2010. Each of these 14 Franchised Businesses operated in only one Territory during their first year of operation. Due to the Flex Start[®] Program, 12 of the 14 Franchised Businesses included in Table A began operating part-time before their first full calendar year of full-time operation.

(2) Table A also includes information regarding the second calendar year of full time operation for 11 of the 14 Franchised Businesses that had their first year of full time operations during or after 2008. 3 Franchised Businesses who had their first year of full time operations during or after 2008 were not included because they had not completed their second full year of full time operations as of December 31, 2010. Each of the 11 Franchised Businesses operated in only 1 Territory during their second year of operation.

(3) Gross Sales of the Franchised Business means the amount billed by the Franchised Business on the sales of the services and products authorized to be sold by the Franchised Business under the Franchise Agreement, whether or not sold at or from or under the auspices of the Franchised Business, including the fair market value of any services or products received by the Franchised Business in barter or exchange for services or products, but deducting: (1) customer discounts and credits; and (2) the amount of any sales, use, service, excise, or gross receipts taxes leveled directly on such sales, collected from the purchaser billed on such sales, and paid to the appropriate taxing authorities.

(4) To compute the average revenue per customer for the first full year of operation, 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 those same calendar years for a spring lawn care service application, not by the total number of customers served in the entire year.

(5) To compute the average revenue per customer for the second full year of operation, we totaled all invoices for all services for each Franchised Business for the calendar year in which their second year of full-time operations occurred and divided by the number of customers invoiced during those same calendar years 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 B

Statement of the 2010 Annual Gross Sales Results for Independent Franchised Businesses Operating in a Single 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, 2010

	Average	Number <u>and</u> Percentage that Attained or Surpassed the Average:
Average Gross Sales Per Franchised Business	\$261,350	16 of 50 Franchised Businesses (33%)
Average Revenue Per Customer	\$361	22 of 50 Franchises Businesses (45%)

Notes to Table B:

(1) We compiled information contained in Table B from information for 50 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, 2010 and that were in business for 2 full calendar years or more as of December 31, 2010 and operated for the full calendar year in 2010. We included 3 Franchised Businesses who operated a single Territory, but acquired a second Territory after June 30, 2010. The figures above include the revenue for these second 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.

(2) The Gross Sales per Franchised Business for the 50 Franchised Businesses ranged from \$1,054,404 to \$54,732.

(3) The Revenue per Customer per Franchised Business for the 50 Franchised Businesses ranged from \$1,002 to \$213.

(4) Gross Sales of the Franchised Business means the amount billed by the Franchised Business on the sales of the services and products authorized to be sold by the Franchised Business under the Franchise Agreement, whether or not sold at or from or under the auspices of the Franchised Business, including the fair market value of any services or products received by the Franchised Business in barter or exchange for services or products, but deducting: (1) customer discounts and credits; and (2) the amount of any sales, use, service, excise, or gross receipts taxes leveled directly on such sales, collected from the purchaser billed on such sales, and paid to the appropriate taxing authorities.

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

(6) To compute the average revenue per Customer, we totaled all invoices for all services for each Franchised Business in Table B for the 2010 calendar year and divided by the number of Customers invoiced during that same calendar year for a spring lawn care service application, not by the total number of Customers served in the entire year.

**INDEPENDENT FRANCHISE OWNERS –
LARGE SINGLE TERRITORY & MULTIPLE TERRITORIES**

Table C

Statement of the 2010 Annual Gross Sales Results for Independent Franchised Businesses Operating in Multiple Territories or Operating in a Large Single Territory Consisting of More Than 120,000 Single Family Dwelling Units and in Operation for 2 Full Calendar Years or More as of December 31, 2010 with Gross Sales Over \$400,000 for the Calendar Year Ending December 31, 2010

	<u>Average</u>	<u>Number and Percentage that Attained or Surpassed the Average:</u>
Average Gross Sales Per Franchised Business	\$787,460	4 of 11 Franchised Businesses (36%)
Average Gross Sales Per Territory	\$393,730	8 of 22 Franchised Territories (36%)
Average Gross Sales Per Full-Time Production Vehicle	\$122,001	42 of 71 of Full-Time Production Vehicles (59%)

Notes to Table C:

(1) We compiled information contained in Table C from information for 11 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, 2010 with annual gross sales of over \$400,000 for the calendar year ending December 31, 2010. These 11 Franchised Businesses operate in a total of 22 Territories with a total of 71 full-time production vehicles. We included 1 Franchised Business who operated 1 Territory consisting of more than 120,000 single family dwelling units, but sold a portion of his Territory to a new franchise owner in November 2010. 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 11 Franchised Businesses ranged from \$2,031,808 to \$417,899. The Gross Sales per Territory ranged from \$1,015,904 to \$208,949, and the Gross Sales per full-time production vehicle ranged from \$167,586 to \$82,904.

(3) To compute Average Gross Sales per Franchised Business, we totaled the Gross Sales for all 11 Franchised Businesses and divided it by the 11 Franchised Businesses. To calculate the Average Gross Sales by Territory, we totaled the Gross Sales for all 11 Franchised Businesses and divided it by the 22 Territories operated by such businesses. To compute the Average Gross Sales per full-time production vehicle, we totaled the Gross Sales for all 11 Franchised Businesses and divided it by the 71 full-time production vehicles used by such businesses.

(4) There were an additional 6 Franchised Businesses consisting of 12 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, 2010 that had 2010 annual Gross Sales of under \$400,000 as of December 31, 2010 that were not included in this Table C. For these 6 Franchised Businesses, the Gross Sales per Franchised Business ranged from \$342,752 to \$195,086 and the Gross Sales per Territory ranged from \$171,376 to \$97,543. The 6 Franchised Businesses operated a total of 14 full-time production vehicles and the Gross Sales per full-time production vehicle ranged from \$195,086 to \$85,688. The 6 Franchised Businesses had an Average Gross Sales per Franchised Business of \$266,956, an Average Gross per Territory of \$133,478 and an Average Gross Sales per full-time production vehicle of \$114,410. To compute Average Gross Sales per Franchised Business, we totaled the Gross Sales of all 6 Franchised Businesses and divided it by the 6 Franchised Businesses. To calculate the Average Gross Sales by Territory we totaled the Gross Sales for all 6 Franchised Businesses and divided it by the 12 Territories operated by such businesses. To compute the Average Gross Sales per full-time production vehicle we totaled the Gross Sales for all 6 Franchised Businesses and divided it by the 14 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, 2010. These 17 Franchised Businesses operate in a total of 34 Territories with a total of 85 full-time production vehicles. For these 17 Franchised Businesses, the Average Gross Sales per Franchised Business is \$603,753, the Average Gross Sales per Territory is \$301,876 and the Average Gross Sales per full-time production vehicle is \$120,751. 6 of these 17 Franchised Businesses (35%) attained or surpassed the Average Gross Sales per Franchised Business, 10 of the 34 Territories (29%) attained or surpassed the Average Gross Sales per Territory; and 47 of 85 of the full-time production vehicles (55%) 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 Franchised Businesses 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 85 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 Franchised 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 C come from these averages.

(7) Gross Sales of the Franchised Business means the amount billed by the Franchised Business on the sales of the services and products authorized to be sold by the Franchised Business under the Franchise Agreement, whether or not sold at or from or under the auspices of the Franchised Business, including the fair market value of any services or products received by the Franchised Business in barter or exchange for services or products, but deducting: (1) customer discounts and credits; and (2) the amount of any sales, use, service, excise, or gross receipts taxes leveled directly on such sales, collected from the purchaser billed on such sales, and paid to the appropriate taxing authorities.

(8) 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 D		
Statement of 2010 Gross Profit Margin Results as a Percentage of Gross Sales for 55 Franchised Businesses in Operation 1 Full Year or More		
As of December 31, 2010		
Line Item	Average %	Number <u>and</u> Percentage of Franchised Businesses that Attained or Surpassed the Average
Material Costs (See Note3)	15.25%	26 of 55 (47%) had lower than average Material Costs
Direct Labor Costs (See Note 4)	12.66%	22 of 55 (40%) had lower than average Direct Labor Costs
Cost of Sales (See Note 5)	27.91%	28 of 55 (51%) had lower than average Cost of Sales
Gross Profit Margin (See Note 6)	72.09%	28 of 55 (51%) had higher than average Gross Profit Margin

Notes to Table D:

(1) As of December 31, 2010, 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 75 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, 2010, 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 55 Franchised Businesses of the 75 Franchised Businesses in Table D. These 55 Franchised Businesses operated 89 of the 116 Territories that were operational during the 2010 calendar year. Data concerning the remaining 20 Franchised Businesses that were in operation for at least one full year as of December 31, 2010 was not

included in Table D 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 D INCLUDE CERTAIN COST INFORMATION FOR 55 OUT OF 75 FRANCHISED BUSINESSES OPEN FOR AT LEAST ONE FULL CALENDAR YEAR AS OF DECEMBER 31, 2010. THE RESULTS ARE FOR CALENDAR YEAR 2010. 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.

WRITTEN SUBSTANTIATION FOR THE FINANCIAL PERFORMANCE REPRESENTATION WILL BE MADE AVAILABLE TO YOU UPON REASONABLE REQUEST.