



## FRANCHISE DISCLOSURE DOCUMENT

### JAN-PRO FRANCHISING INTERNATIONAL, INC.

(A Massachusetts corporation)

2520 Northwinds Parkway, Suite 375

Alpharetta, Georgia 30009

1-866-355-1064 or 1-678-336-1780

[www.jan-pro.com](http://www.jan-pro.com)

[scott.thompson@premiumfranchisebrands.com](mailto:scott.thompson@premiumfranchisebrands.com)

We offer a regional master franchise for the right to sell and support unit franchises that willte operate janitorial and building maintenance service businesses under the name "JAN-PRO".

The total investment necessary to begin operation of a Jan-Pro regional master franchise is \$172,750 to \$757,000. This includes the initial franchise fee ranging from \$75,000 to \$600,000 that must be paid to us.

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 or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental 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 Kathryn Rookes at 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, 1-866-355-1064 or 1-678-336-1780, [kathryn.rookes@premiumfranchisebrands.com](mailto:kathryn.rookes@premiumfranchisebrands.com) ~~[fdd@jan-pro.com](mailto:fdd@jan-pro.com)~~.

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

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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: January 31, ~~2014~~2013, as amended March 11, 2013.

Jan-Pro Master FDD-0131201401342013-03112013

## **STATE COVER PAGE**

Your state may have a franchise law that requires us 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 A** for information about us 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 A NEW AGREEMENT WITH DIFFERENT TERMS 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 TO RENEW.

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

1. THE FRANCHISE AGREEMENT REQUIRES THAT CERTAIN DISPUTES BE RESOLVED BY ARBITRATION IN THE COUNTY AND STATE OF OUR PRINCIPAL PLACE OF BUSINESS (CURRENTLY, FULTON COUNTY, GEORGIA). OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT ALSO MAY COST MORE TO ARBITRATE IN GEORGIA THAN IN YOUR HOME STATE.
2. OUR NATIONAL ACCOUNTS PROGRAM MAY REQUIRE THAT YOUR UNIT FRANCHISEES PROVIDE SERVICES TO NATIONAL ACCOUNT CUSTOMERS ON TERMS AND PRICING THAT WE ESTABLISH.
3. THE CLASSIFICATION OF UNIT FRANCHISEES AS INDEPENDENT CONTRACTORS AS OPPOSED TO EMPLOYEES IS IN A STATE OF UNCERTAINTY.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Certain states require the superseding provisions to appear in an addendum to this disclosure document (see Exhibit I).

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date: See next page for state effective dates.

### STATE EFFECTIVE DATES RIDER

The following states require that this disclosure document be registered or filed with the state or be exempt from registration:

<b>State</b>	<b>Effective Date</b>
California	<del>Annual exemption effective 12/31/2012</del>
Connecticut	Exempt, no filing required
Florida	<del>Annual exemption effective 11/23/2012</del>
Hawaii	<u>Pending</u>
Illinois	Exempt, no filing required
Indiana	6/6/2012
Kentucky	Perpetual exemption effective 11/3/2005
Maryland	<del>Annual exemption effective 6/6/2012</del>
Michigan	2/18/2012
Minnesota	4/12/2012
Nebraska	Perpetual exemption effective 1/4/2006
New York	Exempt, no filing required
North Dakota	<del>Annual exemption effective 4/2/2012</del>
Rhode Island	<del>Annual exemption effective 4/2/2012</del>
South Dakota	4/23/2012
Texas	Perpetual exemption effective 4/2/2012
Utah	<del>Annual exemption effective 5/5/2012</del>
Virginia	<del>Annual exemption effective 3/28/2012</del>
Washington	<del>Annual exemption effective 4/2/2012</del>
Wisconsin	5/1/2012

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

**Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:**

**(a) A prohibition on the right of a franchisee to join an association of franchisees.**

**(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.**

**(c) A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.**

**(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.**

**(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.**

**(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.**

**(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:**

**(i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.**

**(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.**

(iii)The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv)The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
Consumer Protection Division  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 W. Ottawa Street  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

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## **EXHIBITS**

- A. List Of State Agents For Service Of Process And State Administrators
- B. Regional Master Franchise Agreement And Attachments
- C. Software License Agreement
- D. Tables Of Contents Of Manuals
- E. List Of Current Master Franchisees
- F. List Of Franchisees Who Left The System
- G. Financial Statements
- H. Master Franchisee Disclosure Questionnaire
- I. State Specific Addenda
- J. Confidentiality Agreement

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

To simplify the language in this disclosure document, "us", "we", "our" or "the Company" means Jan-Pro Franchising International, Inc., the franchisor of this business. "You" means the person who buys the franchise.

Us

We are a Massachusetts corporation that was incorporated in April 1995. We do business as JAN-PRO CLEANING SYSTEMS and JAN-PRO. Our principal business address is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. Our agents for service of process are listed on Exhibit A.

We have offered Franchises since 1995. We have never operated a business similar to the Franchise; however, in the past, we have owned subsidiaries that have operated businesses similar to the Franchise. We have not offered franchises in any other line of business and do not have any other business activities.

Our Parents, Predecessors and Affiliates

Our parent company is Premium Franchise Brands, LLC (formerly known as Jan-Pro Holdings, LLC), which, in turn, is owned by Jan-Pro Holdings, Inc. The principal business address of both of these entities is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. On January 28, 2005, Premium Franchise Brands, LLC acquired a majority interest in us. On September 18, 2008, Jan-Pro Holdings, Inc. acquired a majority interest in Premium Franchise Brands, LLC.

Our affiliate is Jan-Pro Enterprises, LLC ("JPE"). JPE's principal business address is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. JPE has sold JAN-PRO franchises outside of the United States since February 2005 and operates a National Accounts program for the benefit of our franchisees. As of September 30, 2013, JPE had 8 operating country master franchises. JPE has never operated a business similar to the Franchise and has not sold franchises in any other line of business.

Our affiliate is Maid Right Franchising, LLC ("MRF"). MRF's principal business address is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. MRF is in the business of selling and supporting master franchises that operate in the residential cleaning industry. MRF has sold MAID RIGHT franchises since March 2013. As of September 30, 2013, MRF had 6 master franchises in the process of opening. MRF has never operated a business similar to the Franchise and has not sold franchises in any other line of business.

We have no predecessors that must be disclosed in this Item.



## The Regional Master Franchise

Under our Regional Master Franchise Agreement (the "Franchise Agreement"), we grant regional master franchises (each, a "Franchise") to qualified parties to operate under the service mark *JAN-PRO* and certain other trademarks, trade names, service marks, slogans and logos (the "Proprietary Marks"). Your Franchise must be operated within the geographic area stated in your Franchise Agreement ("Territory"). As a regional master franchisee ("Master Franchisee"), you will offer and grant unit franchises ("Unit Franchises") to qualified parties that will own and operate businesses that provide commercial, industrial and institutional cleaning and maintenance services and related services ("Services") for janitorial customers ("Customers"). You also will solicit and establish Customers for Services within your Territory that your Unit Franchisees' businesses Franchisees will service. You also will provide certain support services for your Unit Franchisees.

## Industry Specific Laws and Regulations

The Federal Trade Commission and various states regulate the offer and sale of franchises (or business opportunities) and the relationship between franchisors (or master franchisees) and franchisees. You must comply with these laws when you solicit Unit Franchisees and during your relationship with your Unit Franchisees.

Since you will be selling Unit Franchises, you must comply with the Federal Trade Commission's "Franchise Rule" and also with any state law applicable to your franchise sales activities. These laws require you to prepare and use a Franchise Disclosure Document (a "Unit FDD") and a Unit Franchise Agreement ("Unit Franchise Agreement") to grant Unit Franchisees the right to use the Proprietary Marks, and the JAN-PRO programs, materials, and procedures (the "System") in the operation of their businesses' performance of the Services on a daily, weekly, or monthly basis.

To assist you in this, we provide you with our template for a Unit FDD. You may use this standard form Unit FDD and the standard form Unit Franchise Agreement to prepare your Unit FDD. These documents are only templates and have not been customized for your business and/or your state's laws, so you must carefully review and add information on you and your Franchise and include all disclosures required by applicable law.

In some states, you also may have to comply with franchise registration or business opportunity registration laws that require that you register or file an exemption with the state and/or provide state specific disclosures to prospects.

You are exclusively responsible for complying with all federal and state franchise and business opportunity registration and disclosure laws and the payment of all registration and filing fees, and all associated attorney fees. To prepare your Unit FDD and comply with applicable franchise and business opportunity registration and disclosure laws, we recommend that you obtain the services of a franchise attorney.

If you accept credit cards as a method of payment at your Franchise, you must comply with payment card infrastructure ("PCI") industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Your credit card processing provider should assist you with this compliance.

You will have to comply with laws and regulations that are applicable to business generally (such as workers' compensation, OSHA, and Americans with Disabilities Act requirements). Federal, state and local governmental laws, ordinances and regulations periodically change. You are responsible for ascertaining and complying with all federal, state and local governmental requirements. We do not assume any responsibility for advising you on these regulatory matters. You should consult with your attorney about laws and regulations that may affect your Franchise.

### General Market and Competition

The market for commercial janitorial service franchises is well developed. You will compete with brokers, franchisors, sub-franchisors, independent businesses and other individuals, corporations or entities offering and selling franchises or other business opportunities in similar businesses with similar capital investment requirements. Unit Franchisees also must compete with national and local businesses offering the services that are the same as or similar to the Services.

## **ITEM 2 BUSINESS EXPERIENCE**

### Director, President and Chief Executive Officer: Richard Kissane

Rich has been a Director and our President and Chief Executive Officer since August 2005. He is based in Alpharetta, Georgia.

### Vice President and Chief Financial Officer: Eddie Curry

Eddie has been our Vice President and Chief Financial Officer since August 2005. He is based in Alpharetta, Georgia.

### Chief Operating Officer: Dennis Thompson

Dennis has been our Chief Operating Officer since February 2013. Dennis was our Vice President from 2001 to February 2013. He is based in Alpharetta, Georgia.

### Vice President, Franchise Development: Scott Thompson

Scott has been ~~our~~ the Vice President, Franchise Development of ~~PFB~~ since July 2013. From February 2013 to July 2013, Scott was a Vice President for Franconnect in Reston, Virginia. From July 2010 to February 2013, Scott was the Executive Vice President for Desjoyaux Pools in Roswell, Georgia. From September 2005 to June 2010, Scott was a Regional Director for Fitness Together in New York, New York. He is based in Alpharetta, Georgia.

### Director of Training and Operations: Charlotte Bentley

Charlotte has been our Director of Training and Operations since March 2013. ~~From March 2006 to March 2013, Charlotte was our Director of Training and Operations.~~ She is based in Montgomery, Alabama.

Vice President of Field Services: Anita Claringbole

Anita has been our Vice President of Field Services since 2008 and has been with us since 2002. ~~Anita was our Senior Director of Master Development from 2002 to 2008.~~ She has held these positions from Liberty Township, Ohio.

Director of Master Franchise Development: Cathy Kreuzberg

Cathy has been our Director of Master Franchise Development since August 2010. From May 2010 to August 2010, Cathy was Regional Director of JP Orlando, LLC, in Orlando, Florida. From January 2008 to April 2010, Cathy served as Regional Director of Jan-Pro of Charlotte, LLC, in Charlotte, North Carolina. ~~Cathy~~Anita is currently based in Durham, North Carolina.

Director, ~~Vice President~~ National Accounts: Michael Shane ConnellBob Cole

~~Shane has been our Director, National Accounts since July 2008 and has been with us since August 2007. Shane~~Bob has been our Vice President National Accounts since July 2012. From January 2011 to June 2012, Bob was a Vice President with SepSensor, based in Marlborough, Massachusetts. From March 2008 to December 2012, Bob was a Vice President for FM Facility Maintenance, based in Hartford, Connecticut. From October 2000 to March 2008, Bob was the President of Solutions Center, based in Coral Springs, Florida. Bob is based in Alpharetta, Georgia.

Director of Information Technology: Jeffrey Dalton

Jeff has been our Director of Information Technology since October 2008. From ~~September 2011 to October 2008,~~ Jeff was a Corporate Trainer/Project Manager for First American Corporation, based in Santa Ana, California. Jeff is based in Alpharetta, Georgia.

Vice President and General Counsel: Kathryn Rookes

Kathryn has been our Vice President and General Counsel since March 2012. From August 2008 to March 2012, Kathryn was a partner in the law firm of FSB FisherBroyles, LLP and the owner of Kathryn A. Rookes, P.C. ~~From August 2002 to August 2008, Kathryn was the Vice President, Legal and then the Senior Vice President, Legal with FOCUS Brands Inc.~~ Kathryn is based in Alpharetta, Georgia.

Founder and Chairman: Jacques J. Lapointe

Jack founded JAN-PRO Cleaning Systems, Inc. in 1991 and us in 1995. Jack's high level of expertise is based on 31 years of experience in developing, operating, and franchising businesses on an international level. Jack holds this position from Waxhaw, North Carolina.

Vice Chairperson: Carol Goodcuff

Before joining us in 1995, Carol managed the company-owned offices of JAN-PRO Cleaning Systems, Inc., in Massachusetts and Rhode Island from 1992 to 1995. Carol's extensive industry experience includes 13 years' operating company owned and franchised offices. Her current responsibilities include supporting Jan-Pro Master Franchisees throughout the United States and

Canada, new program development and the oversight of acquisitions of related businesses. She holds this position from Boston, Massachusetts.

### ITEM 3 LITIGATION

#### Pending Depianti Case in Federal Court in Massachusetts Litigation

Depianti, Dos Santos, Kim, Roh, Vazquez, Roman, Aguilar, Rhodes, Garduno, Harris and Sinapov, and all others similarly situated. v. Jan-Pro Franchising International, Inc. (Case No. 1:08-cv-10663, United States District Court, District Court of Massachusetts). On April 18, 2008, Depianti, Kim and Roh, filed an action in federal court on behalf of themselves and others alleged to be similarly situated. On December 12, 2008, an amended complaint was filed to include the other named parties as additional plaintiffs. The plaintiffs are unit franchisees of certain of our Master Franchisees. We have no contracts or relationship with them and have never dealt with them in their franchise purchases or their business operations. The plaintiffs alleged ~~allege~~ that we are liable for the actions of a few of our Master Franchisees, who are alleged to have engaged in misrepresentations, unfair and deceptive business practices, and contract breaches alleged to have occurred because they did not receive the level of income or accounts that they purchased. ~~allege were promised.~~ They also allege that they were our direct employees and were therefore denied wages and/or other employee benefits. Their claims are based on theories of quantum meruit and unjust enrichment. The plaintiffs seek certification as a class action, certification of subclasses in certain states, damages attributable to our alleged statutory and common law violations, statutory enhancement of damages, declaratory and injunctive relief against us, and any other relief to which they may be entitled.

On January 6, 2009, the discovery phase of the action began. Discovery closed on July 31, 2009. During discovery, the claims of Dos Santos were voluntarily dismissed. On October 16, 2009, we filed a motion for summary judgment seeking dismissal of all claims of all remaining plaintiffs. Also on October 16, 2009, Depianti moved for summary judgment that he be declared our ~~an~~ employee of his Master Franchisee under Massachusetts law. The court heard oral argument on these motions on April 15, 2010. While these motions are pending, the court agreed to stay any briefing on whether any part of the case should be litigated as a class action. On August 31, 2012, the federal court certified questions to the Supreme Judicial Court of Massachusetts ("SJC") on questions relevant to our claimed liability to Massachusetts's plaintiff Depianti. Oral argument before the SJC was held on ~~is scheduled for~~ February 5, 2013 and the SJC issued its opinion on June 17, 2013. ~~The federal.~~ ~~The court will use the answers to these questions to help resolve the pending summary judgment motions.~~ In November 2013, Sinapov's claims were dismissed, as he was no longer interested in pursuing his case. In December 2013, Kim's claims were dismissed under the settlement described below under the Georgia case. In January 2014, Roh's claims were dismissed, as his attorney is unable to find him.

### Pending Depianti Georgia State Court Case

On June 11, 2007, recognizing threat of litigation from Depianti and Kim, we brought an action against Depianti and Kim in Georgia (Jan-Pro Franchising International, Inc. v. Depianti and Kim, Superior Court of Fulton County, Georgia (Case No. 2007-cv-135416)) seeking a declaratory finding that we were not their employer and had no relationship making us liable to them, and enjoining them from taking further action against us. We moved for summary judgment, which was denied on August 2, 2010. When denying our motion for summary judgment, the court granted Depianti's cross-motion for summary judgment in which he argued that he should be deemed our employee under Massachusetts law. We appealed the decision, and the Georgia Court of Appeals ruled on June 23, 2011 that Depianti's motion for summary judgment should not have been granted, and that our motion should have been granted and Depianti is not our employee under Massachusetts law. On July 13, 2011, Depianti's counsel filed a petition for further review of the issue at the Georgia Supreme Court. On August 2, 2011, we filed an opposition to the petition. Initially, the Georgia Supreme Court decided to "stay" ruling on whether it will review the issue. This "stay" was entered because on September 9, 2011, the federal court in the above case issued an order proposing to certify questions to the Massachusetts Supreme Judicial Court that would help resolve whether the Massachusetts plaintiff, Depianti, had a viable cause of action against us -- the same issue already decided in our favor by the Georgia Court of Appeals. After the Massachusetts SJC issued its opinion on June 19, 2013, the Georgia Supreme Court denied Depianti's petition for further review. This means that the Georgia case as to Depianti has concluded in our favor. As to Kim, the case was then referred back to the Superior Court of Fulton County, Georgia for further proceedings. Right before a November 19, 2013 hearing in the Georgia case, Kim's attorney then requested that we settle Kim's case in Georgia and in Massachusetts for a nominal amount, which we did for our payment of \$7,500 to Kim. On December 18, 2013, Depianti filed an appeal in the Superior Court claiming that the Court never had personal jurisdiction over him. We believe that this appeal was filed too late and that Depianti waived his right to appeal in the Stipulation of Dismissal. This appeal is pending.

### Pending Massachusetts State Court Action

Claudio Brandao and Rommel Lima, et al. v. Jan-Pro Franchising International, Inc. (Case number 13-4439B, Superior Court of Suffolk County, Massachusetts). The attorney in the Depianti federal case attempted to add 2 additional plaintiffs to the federal case in 2012. After receiving a preliminary indication in December 2013 from the judge that he would not allow additional plaintiffs to be added after almost 6 years of litigation, the attorney then filed this action in the Massachusetts state court on December 18, 2013. The plaintiffs are Massachusetts unit franchisees of certain of our Master Franchisees. We have no contracts or relationship with them and have never dealt with them in their franchise purchases or their business operations. The plaintiffs allege that they were our direct employees and were therefore denied wages and/or other employee benefits. Their claims are based on theories of misclassification as independent contractors and wage act violations. The plaintiffs seek certification as a class action, damages attributable to our alleged statutory law violations, statutory enhancement of damages, injunctive relief against us, and any other relief to which they may be entitled. We were served with this action on January 14, 2014 and will have to file a response within 20 days.

### Concluded Depianti Arbitration

~~In~~Before that, in August 2006, the same Depianti and Kim in the above action had brought an arbitration action (AAA Case No. 11 114 00838 07) in Massachusetts against us and several Master Franchisees on behalf of themselves and all others similarly situated. Depianti and Kim had attempted to join us as a respondent in the arbitration proceeding in which they alleged that their Master Franchisees had wronged them in several ways, including by misclassifying them as employees and making misrepresentations to them. We denied any obligation to arbitrate with them on the basis that we had no contractual or other relationship with Depianti, Kim and all others similarly situated. They refused to remove us from the arbitration. As a result, on August 22, 2007, we brought suit in Massachusetts Superior Court (Middlesex County, 07-03250) for improperly joining us in the arbitration. In response to this suit, on August 24, 2007, Depianti and Kim voluntarily removed us from the arbitration without any liability to us and on August 24, 2007, we voluntarily dismissed our case in Massachusetts against them without prejudice.

~~On June 11, 2007, recognizing the continued threat of litigation from Depianti and Kim, we brought an action against Depianti and Kim in Georgia (Jan Pro Franchising International, Inc. v. Depianti and Kim, Superior Court of Fulton County, Georgia (Case No. 2007 cv 135416)) seeking a declaratory finding that we were not their employer and have no relationship making us liable to them, and enjoining them from taking further action against us. We moved for summary judgment, which was denied on August 2, 2010. When denying the motion for summary judgment, the court also granted Depianti's cross-motion for summary judgment in which he argued that he should be deemed an employee of ours under Massachusetts law. We appealed the decision, and the Court of Appeals ruled on June 23, 2011 that Depianti's motion for summary judgment should not have been granted, but that our motion should be granted and Depianti is not our employee under Massachusetts law. On July 13, 2011 Depianti's counsel filed a petition for further review of the issue at the Georgia Supreme Court. On August 2, 2011, we filed an opposition to the petition. We await a ruling as to whether the Georgia Supreme Court will decide to take review of the matter. For now, however, the Georgia Supreme Court has decided to "stay" ruling on whether it will review the issue. This "stay" was entered because on September 9, 2011, the Massachusetts federal court in the above case issued an order proposing to certify questions to the Massachusetts Supreme Judicial Court that would help resolve whether the Massachusetts plaintiff, Depianti, had a viable cause of action against us—the same issue already decided in our favor by the Georgia Court of Appeals.~~

~~We filed briefs with the Massachusetts court asking it to reconsider its order of September 9, 2011, but the court refused to do so and instead on August 31, 2012, certified questions to the SJC on questions relevant to our alleged liability to Massachusetts plaintiff Depianti. We are scheduled for oral argument on these certified questions on February 5, 2013. The outcome of the Georgia litigation also may now depend on the SJC's answers on the certified questions.~~

### Concluded Guzman Case Litigation

Climaco Guzman and Cielo Guzman vs. Jan-Pro Cleaning Systems, Inc. and Carol McLennan (Case No. C. A. P96-4703, Superior Court of the State of Rhode Island, and Providence Plantations) was filed on September 4, 1996. Mr. Guzman, a JAN-PRO Unit Franchisee, brought this suit against Jan-Pro Cleaning Systems, Inc., a Rhode Island Master Franchisee, and Carol McLennan (now Goodcuff), who at that time was the Master Franchisee's Vice President, alleging breach of contract and fraud because of the defendants' alleged failure to provide Mr. Guzman with the customer accounts provided in Mr. Guzman's Unit Franchise Agreement. The Court ruled in favor of Mr. Guzman and awarded Mr. Guzman damages of \$120,000 and attorneys' fees of

\$7,500. On May 14, 2004, following defendants' successful appeal of the Court's decision, the damage award was reduced to \$12,967.46 and \$7,500 of attorneys' fees.

Other than the-2 actions described above, no litigation must be disclosed in this Item.

#### **ITEM 4 BANKRUPTCY**

No bankruptcies must be disclosed in this Item.

#### **ITEM 5 INITIAL FEES**

##### Initial Franchise Fee

The amount of the initial franchise fee for a Franchise is based primarily on the population of the Territory granted, and must be paid when you sign the Franchise Agreement. All Master Franchisees do not pay the same initial franchise fee. The formula will vary according to the density of the population related to the total area, or for other demographic considerations. The initial franchise fee generally ranges from a minimum of \$75,000 to \$600,000, but may be more depending on the population in your Territory. In the fiscal year ending September 30, ~~2013~~2012, we sold ~~2 Franchises~~one Franchise and the initial franchise fee ranged from \$140,000 to \$600was \$230,000. The initial franchise fee is not refundable.

We may, in our discretion, elect to finance a portion of the initial franchise fee in excess of our minimum of \$75,000. If we do provide financing, the amount financed is payable in equal monthly installments over a period of time that will generally range from 24 to 48 months depending on your financial circumstances and your aptitude for the Franchise. You must sign a Promissory Note that will provide for payment of the amount due with interest at 10% per annum.

##### Additional Attendees at Initial Training

We do not charge any fees for our initial training program for up to 2 trainees. We may charge you \$1,000 for each additional trainee. This fee is uniform for all franchisees and is not refundable.

##### Class Action Waiver

~~The Franchise Agreement provides that you may not bring class action mediations or arbitrations against us. If you want us to waive this restriction, you must pay us the greater of 15% of the Initial Franchise Fee or \$5,000 when you sign your Franchise Agreement. This fee is uniform for all franchisees and is not refundable.~~

**ITEM 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Contract Services Fees <sup>1</sup>	4.0% of Gross Monthly Revenue	By the 10th day of each month	Payable on Gross Monthly Revenue collected in the previous calendar month.
Sales Royalty Fee	10% of the total initial franchise fees for Unit Franchises, upgrade fees for additional Customer accounts, and transfer fees for the transfer of a Unit Franchise and 10% of all principal and interest collected during the previous calendar month	By the 10th day of each month	
Advertising Fee	Currently \$150 per month	By the 10th day of each month	We have the right to increase this fee to up to 2.0% of Gross Monthly Revenue
Promissory Note Payments	As determined when you purchase your Franchise	By the 10th day of each month	If we agree to finance a portion of your initial franchise fee, you must make monthly payments under your Promissory Note. See Items 5 and 10.
Software License Fees and Computer-Related Service Fees	A reasonable monthly license fee as we determine and a reasonable monthly fee for Web-hosting and e-mail services. <i>Currently, the license fee is \$125 per month and \$50 per month for Web-hosting and e-mail services.</i>	By the 10th day of each month	We license our proprietary software to you. See Item 11 and Exhibit C for more information. We also may charge a reasonable fee for periodic maintenance, repairs, upgrades, and updates relating to the software.



Type of Fee	Amount	Due Date	Remarks
National Accounts Support Fees	25% of all National Account Revenue (excluding Special Services) during the <u>first</u> full month that Services are performed; and 2.0% of National Account Revenue (excluding Special Services) thereafter; and 4.0% of National Account Revenue earned from the performance of Special Services thereafter	Within 30 days after our receipt of the National Accounts Revenue	We retain National Accounts Support Fees, and pay you the difference. <u>We will not charge the 2% fee for any of your existing Customers that convert to a National Account.</u>
Initial Training Fees	\$1,000 per person for each person over 2 trainees	On invoice	We train up to 2 trainees at no cost. If you want to train additional people, you must pay us this training fee.
Additional Training Fees	A reasonable fee (currently, \$1,000 per person)	On invoice	We may offer additional courses, seminars, or other training programs.
Consultation Fee	A reasonable fee (currently \$300 per day), plus actual and reasonable expenses for lodging, meals and airfare (if travel is required, currently not to exceed \$350 per day).	On invoice	We will provide you with consulting services on the operation of your Franchise on your reasonable request and subject to the availability of our personnel.
Insurance Fee	Cost of insurance, plus interest	On invoice	If you fail to procure insurance and we do so on your behalf.
Business Protection Program Fees	Cost of the insurance, plus an administrative fee	As incurred	We may allow you to participate in a group insurance plan that may provide general liability insurance, worker's compensation and/or bonding.
Reimbursement	Our actual cost	On invoice	You must reimburse us for any money that we have paid, or have become obligated to pay, for you.

Type of Fee	Amount	Due Date	Remarks
Audit	Our actual cost	On invoice	If an audit discloses an underpayment of 5% more or is the result of your failure to timely submit any reports, records, or financial statements, you must pay us our expenses and related costs for the audit.
Late Fees	\$25 per day for late reports; 5% of amount due for late payment of fees plus interest at 18% per annum or maximum interest rate permitted by law	On invoice	Monthly reports must be received by 10 <sup>th</sup> day of each month; payments must be made when due.
Transfer Fee	10% of the purchase price	Before completing the transfer	Payable if you sell your Franchise.
Renewal Fee	The greater of \$20,000 or 10% of the Initial Franchise Fee that you paid for your Franchise	Before renewal	Payable if you renew your Franchise. Other conditions apply to the renewal of your Franchise.
Surrender Fee	\$500 per day for each day that you don't comply	On invoice	Payable if you fail to surrender all keys to all clients' buildings, contracts between you and your Customers and/or Unit Franchisees on termination or non-renewal of your Franchise Agreement.
Computerized or Manual Billing and Accounting Services Fee	Actual costs incurred	On invoice	We reserve the right to assume responsibility for your computerized or manual billing and accounting services if you fail to make prompt or timely payments of any monies due us or our affiliates.
Manual Replacement Fee	\$200	On invoice	If any of the Manuals are stolen or lost, you must pay us a fee to replace it.
Interim Management Fee	Currently, we charge \$5,000 to \$8,000 monthly for accounting and other clerical services.	As billed	If you die or become permanently disabled, we may elect to operate your Franchise for up to 6 months and will charge you a reasonable monthly support fee for our services.

Type of Fee	Amount	Due Date	Remarks
Indemnification	Varies according to the amount of our losses and expenses	As incurred	You must indemnify us for all losses and expenses we incur in any litigation, claim, or demand involving your operation of your Franchise.
Equipment, supply or supplier testing or inspection	Out-of-pocket expenses, plus the then-current per diem charges for our personnel; amount varies, but will generally range from \$1,000 to \$2,000	On invoice	This fee covers the cost of testing or inspecting new equipment, supplies or suppliers you propose.
Appraisal Fee	½ of actual costs incurred	On invoice	On termination or expiration, we have an option to purchase any items you used to operate the Franchised Business (other than Customer Agreements and Unit Franchise Agreements). If we cannot agree on the fair market value of the items, we may designate an independent appraiser to do so.
Enforcement Costs	Actual costs incurred	On invoice	Payable if <del>you</del> you default under your Franchise Agreement results in us incurring legal expenses.

All fees are imposed by and are payable to us, unless otherwise noted. Any fees paid to us are non-refundable. All fees are uniformly imposed on new Master Franchisees. These fees may have been waived or modified for a particular Master Franchisee in the past based on the particular circumstances, and we may do so in the future if we deem appropriate.

**NOTE 1:**

"Gross Monthly Revenue" means all revenue collected or otherwise received by you or any of your Unit Franchisees in exchange for performing Services (including Special Services) for Customers, whether evidenced by cash, credit, check, script, or other property or services, and all revenue from National Accounts without deduction of the National Accounts Support Fee. Gross Monthly Revenue does not include (a) any sales or other taxes that you collect from Customers and pay directly to the appropriate taxing authority; or (b) revenue that you collect from any supplies and/or equipment sold, leased or that you otherwise distribute to your Unit Franchisees and Customers.

"Special Services" include special or isolated cleaning services performed under one-time nonrecurring contracts such as floor buffing and waxing, stripping and refinishing, carpet cleaning, extraction, wall cleaning and other services that are in addition to routine commercial cleaning services as we designate in the Manual.

Cooperatives

There are currently no cooperatives in which you must or may participate; however, we may negotiate with some suppliers for you, at your request.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>					
<b>Type Of Expenditure</b>	<b>Amount of Expenditure</b>		<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment Made</b>
	<b>Low Amount</b>	<b>High Amount</b>			
Initial Franchise Fee	\$75,000	\$600,000	Lump Sum	At Signing	Us
Real Estate (Note 1)	\$1,500	\$5,000	As Arranged	As Arranged	Lessor
Initial Supplies	\$1,500	\$2,000	As Incurred	As Incurred	Suppliers
Equipment and Office Furniture (Note 2)	\$7,500	\$19,000	As Arranged	Before Opening	SuppliersSupplier
Business Licenses & Permits, Deposits and Other Prepaid Expenses (Note 3)	\$1,000	\$3,000	As Incurred	As Incurred	Government Agencies and Suppliers
Insurance (Note 4)	\$1,000	\$3,000	As Arranged Installment	Before Opening	Insurance Carrier
Training (Note 5)	\$3,000	\$5,000	As Incurred	As Incurred	Transportation Lines, Hotels and Restaurants
Legal Fees and Registration Expenses (Note 6)	\$1,500	\$10,000	As Incurred	As Incurred	Attorneys and State Regulators
Computer Hardware and Software	\$2,750	\$5,000	As Incurred	As Incurred	Suppliers
Initial Advertising Expenses	\$3,000	\$5,000	As Incurred	As Incurred	Suppliers
Additional Funds – 3 months (Note 7)	\$75,000	\$100,000	As Incurred	As Incurred	Vendors and Employees
<b>TOTAL</b>	<b>\$172,750</b>	<b>\$757,000</b>			

Note 1: You must maintain an appropriate business office of about 1,500 to 2,000 square feet, which we must approve as to location and décor. You can generally expect to pay 3 months' rent when you sign a lease: 1<sup>st</sup> month, last month and one month security. You may not operate the Franchise from your home. Initial deposits and the costs for the build-out of office space will vary, depending on the office space leased.

Note 2: You must purchase, lease or otherwise acquire a commercial carpet extraction machine, commercial floor polisher and a commercial wet/dry vacuum and complete starter kit, and provide us proof that you have done so on our request. If you purchase these items, the cost of these items ranges from \$2,000 to \$3,500, and are not included in the opening package we furnish. This equipment is used as back-up equipment for your Unit Franchisees and you will rent this equipment to your Unit Franchisees if necessary. See Item 11. You also must furnish your office space. We estimate that you will spend between \$5,000 and \$10,000 in furniture, decor and equipment for your office.

Note 3: You must obtain all proper business licenses and permits from various state and local agencies before engaging in business. These filing and application fees may range up to \$500 each, depending on the location of your Franchise. Security deposits and other expenses that must be prepaid also will vary.

Note 4: See Item 8 for information on required insurance.

Note 5: You must pay all your expenses to attend your initial training at our corporate training center in Alpharetta, Georgia and/or at one of our Master Franchisee's offices. Actual costs will depend on the distance traveled, the lodging secured, meals and the type of transportation used.

Note 6: You must obtain our approval for your form Unit FDD and the standard form Unit Franchise Agreement (which is included in the Unit FDD) for your sale of Unit Franchises. Because these documents are only templates, and have not been customized for your business and/or your state's laws, you must carefully review, prepare and add information to these documents regarding you and your Franchise, at your expense, to include all disclosures required by applicable law and conform its provisions to applicable law. You are exclusively responsible for complying with all federal and state franchise and business opportunities registration and disclosure laws and the payment of all registration and filing fees. To prepare your Unit FDD and comply with applicable franchise and business opportunities registration and disclosure laws, you may require the services of an attorney.

Note 7: Additional Funds is an estimate of certain funds needed to cover business (not personal) expenses during the first 3 months of operation of your business. You will need capital to support on-going costs of your business, such as payroll, utilities, taxes, loan payments and other expenses, if revenues do not cover business costs. This is only an estimate and we cannot guarantee that the amounts stated will be adequate. You may need additional funds during the first 3 months of initial operation or afterwards. The 3-month period from beginning your business does not necessarily mean that you will have reached "break-even," "positive cash flow," or any other financial position. In addition, Additional Funds relate only to costs associated with the Franchise and do not cover any owners' draw or personal, "living," unrelated business or other expenses you may have.

The payments made to third parties may be refundable depending on the terms offered by each third party. These estimates do not include any finance charges, interest or debt service obligations. See Items 5 and 10 for information on our possible financing of the initial franchise fee. In preparing the figures in this table, we relied on our 1746 years of experience in franchising these Master Franchises. The amounts shown are estimates only and may vary for many reasons including the capabilities of your management team, where you locate your Franchise and your business experience and acumen. You should review these estimates carefully with a business advisor or accountant before making any decision to buy a Franchise.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### Purchases From Us Or Our Affiliates

You are not required to purchase any goods, supplies, fixtures, equipment, inventory or real estate for your Franchise from us or from our affiliates, except for the software license described below. We reserve the right to require you at any time in the future to purchase any items for your Franchise from us or from our affiliates.

You must use all proprietary software programs that we develop for the operation of the Franchise. You must purchase, lease or license all proprietary software programs we designate, either from us or from an approved distributor. We require you to enter into the Software License Agreement attached as Exhibit C that grants you a sublicense to use our proprietary Masterview software. See Items 6 and 11 for additional information.

### Purchases From Approved Suppliers

You must purchase or lease certain equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate the Franchise only from manufacturers and suppliers that we approve in writing. We will provide you with a list of approved and designated suppliers for supplies and equipment. We have the right to require you at any time to purchase other products and/or services only from suppliers that we approve.

We are not currently an approved supplier of any goods, services, supplies, materials or other products, other than the software and the Web-hosting and e-mail services we supply. Our affiliate, Jan-Pro Enterprises, LLC, administers our National Accounts program and our insurance program and is therefore an approved supplier for these items. None of our officers owns any interest in any third party approved supplier.

You may recommend suppliers to us at any time. We evaluate recommended suppliers at your expense and approve or disapprove the suppliers with reasonable promptness, not to exceed 90 days, based on our tests and evaluations of their products or services. Any supplier not approved within that time period is deemed disapproved. A supplier must demonstrate to our reasonable satisfaction that it can supply a product meeting our standards and specifications, that it can provide the supplies or equipment in a prompt, reliable manner, that it is in good financial standing in the business community, and that its supplies or equipment are reliable. We will notify you if and when we no longer approve a previously approved supplier. A supplier must continually adhere to our standards to maintain its approval. On your request, we will disclose our specifications and standards and criteria for supplier approval to you.

### Purchases In Accordance With Our Specifications

You must purchase or lease certain equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate the Franchise only in accordance with our specifications. For example, you must purchase or lease certain equipment, insurance and computer hardware and software for your Franchise in accordance with our specifications.

Specifications that we have formulated for these items are in our Manual. We may modify these specifications on reasonable written notice to you. We will consider your written request for a modification of a specification, if you explain the reason for the requested modification (or for the approval of any product or service we have not previously approved) and provide us with sufficient technical data to enable us to evaluate your request. We will provide you with notification of approval or disapproval within 30 days after receipt of your request. We will approve a request if we determine that a modified specification is appropriate or that any product or service meets our specifications then in effect. We may perform tests to determine if any equipment or products meet our specifications. We will charge you a fee to cover our out-of-pocket expenses, plus our then-current per diem charges for our personnel, for any required testing or inspection.

#### Equipment and Supplies

You must purchase or lease certain equipment and supplies meeting our specifications and in amounts that we recommend, to use our experience in the business and to provide proper initial planning, training and record-keeping. You must purchase, lease or otherwise acquire a commercial carpet extraction machine, commercial floor polisher and a commercial wet/dry vacuum. This equipment is used as back-up equipment for your Unit Franchisees and you will rent this equipment to your Unit Franchisees if necessary.

#### Insurance

Before beginning operations, you must purchase comprehensive liability insurance, including property, bodily injury, product and automotive coverage. The cost of this coverage varies, depending on the factors that include the charges the carrier establishes, terms of payment, and your prior history. You also must secure a commercial cleaning service bond for yourself and your employees. You must obtain insurance in the following minimum amounts and provide proof of coverage on demand:

Type	Minimum Limits
Commercial Cleaning Service Bond	\$50,000
Comprehensive General Liability	\$2,000,000
Auto, including hired and non-owned	\$1,000,000
Worker's Compensation	As your state requires

These coverages must include completed operations and products coverage with an extended property damage endorsement for building services contractors. We may increase or add new types of coverage at our discretion when circumstances so dictate, or when your state's laws require.

### Computer Hardware and Software

You must purchase, lease or license all the computer hardware and software, network connections, computer-related accessories and peripheral equipment that we designate and in accordance with our specifications.

### Revenue from Required Purchases

In the fiscal year ending September 30, ~~2013~~<sup>2012</sup>, we received ~~\$81,24378,742~~ for the licensing of the software, and ~~\$45,49147,230~~ for Web-hosting and e-mail services. We also receive rebates from a number of suppliers who provide you with marketing materials, paper products, ~~and cleaning equipment and uniforms.~~ In the fiscal year ending September 30, ~~2013~~<sup>2012</sup>, these rebates totaled ~~\$33,33232,171~~ for marketing materials; ~~\$55,30652,417~~ for cleaning equipment; ~~\$1,383~~ for uniforms; and ~~\$17,81516,186~~ for sales kits and Systino. These amounts total ~~\$233,187228,129~~ or ~~2.133%~~ of our total revenue of ~~\$11,077,8839,780,517~~.

In the fiscal year ending September 30, ~~2013~~<sup>2012</sup>, our affiliate, Jan-Pro Enterprises, LLC, received revenues from our Franchisees' purchases of services and/or products. These amounts total ~~\$402,481336,387~~ or ~~2.34%~~ of our affiliate's total revenues of ~~\$17,151,40414,085,847~~.

### Magnitude of Required Purchases or Leases

We anticipate that your required purchases will range from 80% to 90% of your initial investment and that your required purchases will be 85% to 95% of all purchases you will make in operating your Franchise. If you purchase any goods, services, supplies, materials or other products from a supplier who has established a business relationship with us, or purchase these items directly from us, we may derive revenue from any purchases you make.

We do not discriminate against you or provide you with material benefits such as renewal of your franchise or grant you additional franchises based on your use of any particular approved supplier.

### Cooperatives

As of the date of this Disclosure Statement, there are no purchasing or distribution cooperatives in existence.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement 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.

FRANCHISEE'S OBLIGATIONS		
Obligation	Section In Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 8.6 and 8.16	Items 7 and 11
b. Pre-Opening purchases/leases	Article 8	Items 5, 7 and 8



<b>FRANCHISEE'S OBLIGATIONS</b>		
<b>Obligation</b>	<b>Section In Franchise Agreement</b>	<b>Disclosure Document Item</b>
c. Site development and other pre-opening requirements	Sections 8.6, 8.7, 8.10, 8.13, 8.14, 8.16. 9.2 and 9.4	Items 5, 7, 8 and 11
d. Initial and ongoing training	Sections 8.10 and 8.11	Items 5, 6 and 11
e. Opening	Section 8.2	Item 11
f. Fees	Article 3 and Sections 2.2.6, 3.4, 3.5, 4.5, 7.2, 8.10, 8.11, 11.3, 15.3, 15.4, 20.4.7, 20.5, 20.7.2 and 22.7	Items 5 and 6
g. Compliance with standards and policies, operating manuals	Articles 5 through 10, 12, 14 and 15	Items 8 and 11 through 17
h. Trademarks and proprietary information	Articles 5 and 8	Items 13 and 14
i. Restrictions on products, services offered	Section 5.2	Item 16
j. Warranty and customer service requirements	N/A	Item 11
k. Territorial development and sales quotas	Sections 1.2 and 8.3	Item 12
l. Ongoing product/service purchases	Section 8.13	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	Section 8.16	Item 11
n. Insurance	Article 15	Items 6, 7 and 8
o. Advertising	Article 14	Items 6 and 11
p. Indemnification	Section 21.3	Item 6
q. Owner's participation, management and staffing	Section 5.2	Items 11 and 15
r. Records/reports	Article 11	Item 17
s. Inspections/audits	Article 13	Items 6 and 11
t. Transfer	Article 20	Items 6 and 17
u. Renewal	Article 2	Items 6 and 17
v. Post-termination obligations	Article 18	Item 17
w. Non-competition covenants	Article 19	Items 15 and 17
x. Dispute resolution	Articles 22 and 24	Items 6 and 17
y. Other (describe)	N/A	N/A

## **ITEM 10 FINANCING**

The initial franchise fee is paid in full when you sign the Franchise Agreement; however, we may, at our option, finance a portion of the initial franchise fee in excess of the minimum initial franchise fee of \$75,000 to assist in the purchase of a Franchise. We do not provide financing for the payment of the minimum initial franchise fee of \$75,000. If we do provide financing, the amount financed will be payable in equal installments over a period of time that will generally range from 24 to 48 months depending on your financial circumstances and your aptitude for the Franchise. You must sign a Promissory Note in our favor that will provide for payment of the amount due with interest at 10% per annum. Our Promissory Note is attached to the Franchise Agreement as Exhibit A.

If you are a partnership, limited liability company or corporation, all of your partners, members or shareholders must personally guarantee payment of the Promissory Note. Our Guarantee is attached to the Franchise Agreement as Exhibit B. The Promissory Note (and all of your other obligations to us under the Franchise Agreement and other agreements) is secured by all of the assets you own and use in your Franchise. We do not offer financing for any other purpose. You may prepay the Promissory Note with no prepayment penalty.

If you default under the Promissory Note or the Guarantee, or if you are in default under your Franchise Agreement, we may demand immediate payment of all principal and interest due under the Promissory Note. In addition, the interest rate on the Promissory Note will increase to the highest legal rate. You also may be liable for our attorney fees incurred in collecting under the Promissory Note. You will not waive any defenses or other legal rights under the Promissory Note.

We do not receive direct or indirect payments for arranging financing. Commercial paper from franchisees has not been sold or assigned to anyone and we have no plans to do so; however, we reserve the right to do so in the future. We do not arrange financing from other sources. We do not receive direct or indirect payments for placing financing. We do not guarantee your obligations to third parties.

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

All section references below refer to the Franchise Agreement.

**Except as listed below, we are not required to provide you with any assistance.**

### Pre-Opening Obligations

1. Allow you to use the Proprietary Marks and the System. (Section 1.2)
2. Provide our standard opening package, which may include for example, office forms, business cards and promotional items and marketing materials. (Section 4.1)
3. Furnish or provide access to the Manuals, training aids, and other pertinent information concerning our methods and practices. (Sections 4.2 and 7.1)

4. Conduct the initial training program and train up to 2 individuals at no charge to you. (Sections 4.3 and 8.10).

5. Furnish you with a template form of Unit Franchise Agreement and Unit FDD for you to modify to use in your Territory (including all exhibits, ancillary documents and guarantees). You are exclusively responsible for compliance with all laws applicable to your Franchise. (Sections 9.2 and 9.4)

#### Our Obligations During the Operation of the Franchise:

During the operation of your Franchise, we will:

1. Provide you with additional consulting services on the operation of the Franchise on your reasonable request and subject to the availability of our personnel. We may provide additional consulting services through printed or filmed material, an Intranet or other electronic forum, meetings or seminars, teleconferences, or in person. We may charge a reasonable fee for these services plus our personnel's actual travel, lodging, and meal expenses. (Section 4.5)

2. Grant you a sub-license to use our proprietary Extraview Corporation MasterView Software under our Software License Agreement attached to this disclosure document as Exhibit C. (Section 8.7)

3. We will maintain and administer an advertising fund to promote the System. (Section 14.4)

4. We may periodically conduct advanced or additional training programs at our office or another location that we designate, and we may charge you a reasonable fee for these programs. (Sections 4.4 and 8.11)

5. We also periodically inspect your Franchise, and will provide you with the results of any inspection. (Section 4.6)

#### Advertising

During the term of your Franchise Agreement, we will maintain and administer an advertising fund (the "Fund") to solicit Unit Franchisees and Customers for the benefit of the System. The Fund is for the benefit of all Master Franchisees (including our affiliates and any franchises that we own). We have the exclusive right to maintain, operate, and administer the Fund. All Master Franchisees contribute the Fund. We will determine the amount of the Advertising Fee, but it will not be more than the greater of \$150 per month or 2% of Gross Monthly Revenue. Each Master Franchisee's contributions are generally the same, but we have the right to make temporary or permanent changes based on a particular Master Franchisee's unique situation.

We will use the Fund for national, regional and local advertising programs that may include the use and production of print, on-line Internet advertising and electronic media. We can direct the activities of the Fund directly, and can use the services of advertising and public relations agencies to assist us in these activities.

We may use the contributions to the Fund to meet the costs of conducting local, regional, or national advertising and promotional activities (including advertising campaigns, test marketing, marketing surveys, public-relations activities, developing and producing advertising and marketing materials, in any media, including print and electronic, and developing and operating Web sites) that we consider beneficial to the System. We may charge the Fund fees at reasonable market rates for advertising, marketing, and promotional services that we actually provide.

We have no obligation to make expenditures for you that are equivalent or proportionate to your contributions or to insure that any particular franchisee benefits directly or pro rata from advertising or promotion conducted with the contributions. If any money is left in the Fund at the end of the year, the money is spent in the next year.

During our fiscal year ending September 30, ~~2013~~2012, the Fund was used for production of advertising and promotional materials (10093.8%), media placement (~~(-0%), -%~~), administrative expenses (06.2%), and other items including publicity efforts (~~(-0%), -%~~). No amount of the Fund was spent to solicit Master Franchisees.

We will provide you with a summary of the expenditures of the Fund during the previous fiscal year on an annual basis on your reasonable request. The Fund's financial statements are not audited.

We do not have the power to require any advertising cooperatives or advertising councils to be formed, changed, dissolved or merged and there is no provision in the Franchise Agreement for advertising cooperatives or advertising councils. There are no other marketing funds to which you must contribute under the Franchise Agreement.

You may use your own advertising materials to solicit prospective Unit Franchisees and Customers. We must approve all of your advertising before you may use it. To obtain approval, you must submit samples of the proposed advertising materials to us at least 15 days before any use. If we do not respond within 15 days of receipt, the materials are deemed disapproved.

#### Typical Length of Time Before Operation

The typical length of time between the signing of the Franchise Agreement or the first payment of any consideration for the Franchise and the opening of the Franchise is 8 weeks and may vary for each Master Franchisee. The factors that may affect this time are your ability to find a site for your office and to negotiate a lease and the availability and installation of your computer hardware and software systems. You will generally begin the operation of your Franchise within 2 weeks after you complete our initial training program.

#### Computer Hardware and Software

Before beginning to operate the Franchise, you must purchase, and install at your premises, the computer hardware, software, network connections, computer-related accessories and peripheral equipment that we specify. The specifications for these items are currently not in the Manual. The current specifications for software and hardware are listed below.

You must use our proprietary Extraview Corporation MasterView Software, which we will sub-license to you under our Software License Agreement attached to this disclosure document as Exhibit C.

You may purchase any computer that supports the MasterView software, such as Intel-based computers running Windows XP, Vista or Windows 7. You also must purchase Intuit QuickBooks and Microsoft Excel and Word software. You may purchase your computer hardware and software, other than the MasterView Software, from any reputable supplier. We are not obligated to provide on-going maintenance, repairs, upgrades or updates for any of your hardware or software. However, we may charge a reasonable fee for periodic maintenance, repairs, upgrades, and updates relating to the MasterView software under the Software License Agreement. Other than the Software License Agreement, we do not currently require you to enter into an agreement to maintain, repair, upgrade or update any of your hardware or software, but we may do so in the future.

The MasterView Software is licensed to us by Extraview Corporation 269, Mount Hermon Road, Suite 100, Scotts Valley, CA 95066 and has been in continuous use by our Master Franchisees since February 2004. You must use the MasterView Software and Intuit QuickBooks and Microsoft Excel and Word software for accounting functions, bidding, billing, credit and collections and data management.

You must update, upgrade and/or replace your computer hardware and software during the term of the Franchise Agreement as we direct. There is no limitation on the frequency or cost of this obligation. Software upgrade fees generally include upgrade fees to acquire new versions of the various software programs you will use. We will currently not have access to your computer hardware or software, but we may require access in the future. There are no limitations on our right to access information stored in your computer system. We may specify different hardware and software in the future and you will have to acquire the different hardware and software if we do. There are no contractual limitations in the frequency or cost of upgrades or changes in the computer hardware and software systems we may impose.

We estimate that the initial cost of purchasing the computer hardware and software described above will be \$2,750 to \$5,000. You must pay us \$125 a month to license the MasterView software. We estimate that you may need to spend about \$1,000 a year for third-party computer-related support.

### Operating Manuals

The Table of Contents to the Manuals is attached as Exhibit D. There are currently about 268 pages in the Manuals.

Initial Training Program

**TRAINING PROGRAM**

<b>Subject</b>	<b>Hours Of Classroom Training</b>	<b>Hours Of On The Job Training</b>	<b>Location</b>
Regional office start-up, franchise sales training, office management and procedures and contract sales training	75	20	Alpharetta, Georgia
Methods and procedures cleaning, franchise sales review, contract sales training, operational and management aspects of the Regional Master Franchise office	20	60	Alpharetta, Georgia

Training sessions are not necessarily consecutive weeks.

We may require that your Manager and one additional employee that we designate complete the initial training program. If you wish to send additional people to training and we agree, we may charge a fee of \$1,000 per additional person. You must pay for all your attendees' expenses for the initial training program, including transportation, lodging, meals and wages, if any.

Your instructional materials for the initial training program include the Manuals. Charlotte Bentley is in charge of our initial training program. Charlotte has over 25 years of experience in franchising, and teaches classes in leadership, basic technical cleaning, and operations, sales management, human resources, and customer service. Charlotte has been with us since 2006. The length of time between signing the Franchise Agreement and the start of training is about 4 weeks.

All training takes place at our corporate headquarters unless stated otherwise. The initial training program is conducted quarterly or as we otherwise schedule. You and your attendees must successfully complete our initial training program, as we determine.

You must attend additional training programs and refresher courses that we provide. We may charge a reasonable fee for those attending these additional courses, seminars, or other training programs. You must pay for all your and your employees' expenses, including transportation, lodging, meals and wages, if any, in attending these additional training programs and refresher courses. As of the date of this disclosure document, all additional training programs and refresher training courses are optional, but we may require up to an average of 40 hours of additional training per year.

In addition, we may arrange franchisee conventions, meetings, and teleconferences that we will require you to attend. We are responsible for all costs associated with arranging meetings and providing meeting materials, but you are responsible for all other expenses incurred in attending and sending your representatives to conference, including the costs of transportation, lodging, meals, training materials and any wages.

### Methods Used to Select Location

You are responsible for finding the site for your office for the operation of your Franchise. We may, in our discretion, review and approve the site for your office, the lease for the office and the office's furniture and décor. You may not operate a Franchise from your home. You must acquire and take occupancy of an office within your Territory that is suitable for your use as a central business office from which you can perform activities for the promotion, sale, establishment, development, training, supervision and administration of Unit Franchises.

The factors we take into account when making a discretionary review of a site for your office are the general location and neighborhood, the quality of the building, access, adequate free parking, the lease terms and the willingness of the building owner to allow a Unit Franchisee to provide Services for the building. If you fail to obtain an approved office, we will continue to assist you until you do so. There are no adverse consequences that will directly result from our failure to agree on a site, however, you must have an approved site to begin operations by the "Start Date" which is stated in your Franchise Agreement. We specify the Start Date before you sign the Franchise Agreement, at our discretion, but it is generally 3 months from the date that you sign the Franchise Agreement. Your failure to begin operations by the Start Date is a default that could result in the termination of your Franchise Agreement.

### **ITEM 12 TERRITORY**

You will operate your Franchise in the exclusive Territory stated in your Franchise Agreement. The Territory is typically noted by the boundaries of the designated Standard Metropolitan Statistical Area, or specific county or city borders sufficient to encompass a stated population. The population for your Territory will typically contain a minimum of 350,000 people.

You and we will agree on your Territory, and you will be provided with the specific boundaries of the Territory before you sign your Franchise Agreement. We will insert a description of your Territory on the Summary Page or will attach a map or description of your Territory to your Franchise Agreement. You do not have any options, rights of first refusal or similar rights to acquire additional Franchises within contiguous territories. You may not solicit business outside your Territory.

You must operate the Franchise at or from a location of your choice within the Territory. You may relocate your Franchise at your discretion.

Under your Franchise Agreement, we grant you the right to operate a Franchise in the Territory. As long as you are in full compliance with your Franchise Agreement, we and our affiliates will not establish, or grant to any other person the right to establish, a Franchise within your Territory. However, we retain the right to (a) establish, or grant to any person the right or license to establish, a business that performs the Services under the Proprietary Marks anywhere outside the Territory; (b) establish, develop, and license or franchise other systems, different from the System, within or outside the Territory, without offering or providing you any rights in, to, or under the other systems; (c) solicit or advertise, or authorize others to solicit or advertise anywhere, including within the Territory, using the Proprietary Marks; and (d) sell, within or outside the Territory, through dissimilar channels of distribution such as the e-commerce, catalogue or at retail, under any terms that we deem appropriate, products, supplies and equipment bearing the Proprietary Marks or similar marks; provided, however, we and our affiliates may not perform the Services for Customers located within your Territory. Neither we nor our affiliates have established other channels of distribution using the Proprietary Marks or selling similar services and products. We and our affiliates currently do not operate or franchise, and do not have any plans to operate or franchise, businesses under different trademarks, where the businesses sell services or products similar to those primarily offered by Jan-Pro Franchises. As disclosed in Item 1, our affiliate, MRF, sells and supports master franchises that operate in the residential cleaning industry.

We also have certain rights with respect to National Accounts (as further described below), and have the right to designate a third party or another Master Franchisee's Unit Franchisee to provide Services within your Territory if a Customer requests that its account be transferred or terminated.

#### Performance Standard

Beginning on the 3<sup>rd</sup> anniversary of your Start Date and for the remaining term of your Franchise Agreement, you may not, for any consecutive 3 month period (a "Measurement Period"), have Monthly Billings that are in the bottom 10% of the Covered Master Franchisees (the "Performance Standard"). If you fail to meet the Performance Standard, we may terminate the Franchise Agreement or terminate or reduce your protected rights in the Territory.

"Covered Master Franchisees" include only those Master Franchisees that have been in operation for (a) the entire Measurement Period; and (b) a minimum of 3 years at the 3<sup>rd</sup> anniversary of your Start Date. "Monthly Billings" means all amounts invoiced or billed to Customers by you or your Unit Franchisees on a monthly basis for performing Services (including Special Services and Services provided for National Accounts).

There are no other circumstances in which we can modify your Territory without your consent.

#### National Accounts

We have the exclusive right to solicit, negotiate and establish the terms and pricing for, and enter into agreements with, National Account Customers. We have delegated this right to our affiliate, JPE. If a National Account Customer has a facility in your Territory, we may require, at our option, that you arrange for one of your Unit Franchisees perform Services for the facility located in your Territory, or we or JPE may subcontract these Services directly or we may designate another Master Franchisee to arrange for the Services. If we require you to arrange for the Services, the Services must be provided on the terms and pricing that JPE establishes. Only JPE may invoice and collect fees from National Account Customers.



JPE charges a National Accounts Support Fee that is detailed in Item 6 and Section 6.4 of the Franchise Agreement. The National Accounts are JPE's exclusive property.

**ITEM 13  
TRADEMARKS**

We grant you the right to operate your Franchise under the names "JAN-PRO", "JAN-PRO CLEANING SYSTEMS" and "JAN-PRO CLEANING SYSTEMS MEASURABLE CLEANING. GUARANTEED RESULTS."

We have registered the following Proprietary Marks on the USPTO principal register:

Mark	Registration Number	Registration Date
JAN-PRO	1,791,912	September 7, 1993
JAN-PRO CLEANING SYSTEMS MEASURABLE CLEANING. GUARANTEED RESULTS.	3529952	November 11, 2008

All required affidavits and renewals have been filed. There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; nor any pending interference, opposition or cancellation, proceedings, nor any pending material litigation involving the Proprietary Marks. There are no infringing or prior superior uses actually known to us that could materially affect your use of the Proprietary Marks in the state in which you will operate. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of a trademark to protect the Proprietary Marks. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks in a manner material to the Franchise.

You are granted the right and license to use the Proprietary Marks and associated logos and other Proprietary Marks connected to the Franchise in the manner and as provided in the Franchise Agreement. You must notify us immediately if you learn about an infringement of or challenge to your use or our ownership of our Proprietary Marks. We make no warranty, expressed or implied as to the use, validity or enforceability of the Proprietary Marks. We will defend you against any third party claim, suit or demand arising out of your use of the Proprietary Marks, if we determine in our discretion that you have used the Proprietary Marks in accordance with the Franchise Agreement. However, if we determine in our discretion that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must pay the cost of your defense and any judgment or settlement.

We have the right, but not the obligation, to initiate, direct, and control any litigation or administrative proceeding involving the Proprietary Marks, including, but not limited to, any settlement. You must modify or discontinue the use of a Proprietary Mark at your cost if we modify or discontinue its use. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are a part of our business.

You may not register any Internet domain name containing the words Jan-Pro, or any variation of those words, or establish, operate, or participate in a Web site on which these words appear. We

retain the sole right to advertise on the Internet, create or operate a Web site or sites, and use *Jan-Pro* as part of any domain name.

#### **ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

You will use our confidential information in the operation of your Franchise. We will disclose confidential information to you in the Manuals and other communications. We claim a copyright protection covering our confidential information and the Manuals. We have not registered these materials with the U.S. Registrar of Copyrights, but we need not do so to protect them.

Except as described above, no patents or copyrights are material to the Franchise. You must promptly notify us when you learn of an unauthorized use of the confidential information or the Manuals. We are not obligated to take any action against any unauthorized user of the confidential information or the Manuals, but will respond to this information as we think appropriate. We will control any litigation involving the confidential information and the Manuals. We are not obligated to participate in your defense or to indemnify you for losses you incur in a proceeding brought by a third party involving your use of the confidential information.

There is no infringing use known to us that would materially affect your use of any proprietary or copyrighted materials.

The Manuals belong to us and you must return them to us on the expiration or termination of your Franchise Agreement. You must not make any disclosure, duplication or other unauthorized use of any portion of the Manuals. You must keep the Manuals updated and at your Franchise office. You must keep the Manuals in a secure area in your office. If there is a dispute regarding the contents of the Manuals, the terms of our master copy will control.

You may use our proprietary Extraview Corporation MasterView Software, which we will sublicense to you under our Software License Agreement attached to this disclosure document as Exhibit C, only in accordance with the terms of the Software License Agreement, only for the operation of your Franchise and only during the term of your Franchise Agreement.

We have developed and maintain an Internet web site, and we may establish other sites from time to time, that may be used to provide information about the System and the services that are offered by us and our Master Franchisees and their unit franchisees. We require you to participate in activities conducted on the web site(s). As part of your participation, we may charge a reasonable fee. We currently charge a \$50 a month fee for Web-hosting and e-mail services. You must comply with all provisions in the Manuals concerning our site.

At all times, you must treat and maintain our confidential information as confidential and our trade secrets. Confidential information includes any knowledge, know-how, technologies, processes, techniques, and any other information that is not generally known by, or readily available to the general public, or that we designate as confidential or a trade secret. Confidential Information includes information relating to Customers, Customer Accounts, National Account Customers, National Accounts, your Unit Franchisees and the Manuals.

You must strictly limit access to the confidential information to your employees, to the extent they have a "need to know" to perform their jobs, and Unit Franchisees to the extent contemplated in the Franchise Agreement. All persons to whom you grant access to the Manuals or any other confidential information, any person who attends any training program we conduct, and all of your employees must sign our form of confidentiality agreement. If you are a partnership, limited liability company or corporation, all of your owners, officers, or directors and any of these individuals' spouses are bound by the confidentiality provisions in the Franchise Agreement.

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

Unless we otherwise agree, if you are an individual, you must serve as manager of the Franchise (the "Manager") and if you are a partnership, limited liability company or corporation, then the individual who owns the largest share of voting and ownership interests in the entity must serve as the Manager. At all times it is open for business, the Franchise requires the Manager's day-to-day supervision. The Franchise Agreement requires the Manager to devote his or her full time and attention and best efforts to the Franchise. The Manager and any other employees we designate must complete our initial training program; however, the Manager need not have any equity interest in the Franchise. Your Manager and other employees cannot have any interest or business relationship with any of our business competitors.

All managerial employees of the Franchise and all other employees we designate must sign our standard form of noncompetition and confidentiality agreement before beginning employment or receiving training. We will be entitled to equitable remedies, including injunctive relief, to enforce the noncompetition and confidentiality agreement.

If you are a partnership, limited liability company or corporation, all of your owners must personally guarantee payment and performance of your obligations under the Franchise Agreement and are bound by all provisions of the Franchise Agreement, including the noncompetition and confidentiality covenants. You, your owners, officers, directors and any spouses of any of these individuals also are bound by the noncompetition and confidentiality covenants of the Franchise Agreement.

#### **ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You are limited in the operation of your Franchise to offering and granting Unit Franchises, soliciting and establishing accounts for Services for Customers within your Territory that will be serviced by your Unit Franchisees and providing certain support services for your Unit Franchisees as described in the Franchise Agreement. You may not perform Services directly for Customers. However, an affiliated entity may become a Unit Franchisee and perform Services for Customers similar to any other Unit Franchisee; provided, the affiliated entity must first sign a Unit Franchise Agreement with you.

You must offer for sale all approved services and products; must refrain from deviating from our specifications for the approved services and products without our written consent; and must discontinue offering any services or products that we disapprove in writing. We have the right to change the types of services and products that we approve or authorize. There are no limits on our right to make these changes.

You must cause all sales efforts made by you or under your direction to be courteous, dignified and in keeping with a professional, ethical and responsible company. You cannot advertise for, or sell, Unit Franchises outside your Territory, or advertise for, or solicit, Customers outside your Territory, unless we approve in writing. However, you may advertise outside of your Territory in a trade journal, magazine, newspaper or other similar publication if at least 50% of the circulation of the publication is within your Territory.

You must not violate any federal, state or local laws related to the sale of Unit Franchises, and must specifically abide by all applicable valid and enforceable laws, rules and regulations.

**ITEM 17  
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

Provision	Section In Franchise Agreement	Summary
a. Length of the franchise term	Section 2.1	15 years
b. Renewal or extension of the term	Section 2.2	If you are in good standing you may renew the franchise for 2 additional terms of 15 years each.
c. Requirements for you to renew or extend	Section 2.2	Provide us with notice 6 to 12 months before the end of term, have complied with the Franchise Agreement; pay all amounts owed; sign then-current Franchise Agreement that may contain materially different terms than your original contract; comply with training requirements; pay us a renewal fee and sign a general release
d. Termination by you	N/A	You have no right to terminate the Franchise Agreement.
e. Termination by us without cause	N/A	We can terminate only for cause.
f. Termination by us with cause	Sections 17.1, 17.2 and 17.3	We can terminate only if you default.

Provision	Section In Franchise Agreement	Summary
g. "Cause" defined - curable defaults	Sections 17.2 and 17.3	You have 10 days after notice to pay amounts that are overdue to us, our affiliate or a third party supplier; 48 hours after notice to remedy a serious or imminent threat or danger to public health or safety; 30 days after notice to comply with any rule relating to safety, sanitation, environment, or health. A curable default also includes if you, your Manager or any of your officers, directors or owners commits, is convicted of, or pleads <i>nolo contendere</i> to, a felony, a crime of moral turpitude or any other crime or offense that we believe is likely to have a material adverse effect, unless you immediately and legally terminate the individual. You have 30 days to cure any default not specifically stated in the Franchise Agreement.

Provision	Section In Franchise Agreement	Summary
h. "Cause" defined - non-curable defaults	Section 17.2	Your insolvency or bankruptcy; you fail to complete the training program after 2 attempts, or fail to complete the initial training program within 30 days after the Start Date; you fail to satisfy the Performance Standard; you default under any Unit Franchise Agreement (subject to notice and cure under that agreement); you violate a law applicable to franchises or business opportunities; you, your Manager or any of your officers, directors or owners makes a misrepresentation on the application; you abandon the business for more than 7 straight days or 14 days in any calendar year; you lose or forfeit any required license or permit; you deny us the right to inspect or access your computer system; you, your Manager or any of your officers, directors or owners engages in conduct that reflects negatively on the System; you or an owner makes a transfer in violation of the Franchise Agreement or a transfer is not made in accordance with the Franchise Agreement on the death or disability of an owner; you or any owner breaches confidentiality or noncompetition covenants; you knowingly maintain or knowingly submit any false report to us; you misuse the Proprietary Marks; you fail to maintain the required insurance; you receive 2 or more notices of default from us or we receive 3 or more written complaints in a consecutive 12 month period; you understate amounts due to us by 5% or more or understate amounts due to us 2 times in a 24 month period; you fail to enforce your Unit Franchise Agreements or comply with their terms; you are terminated due to a default under any other agreement between you and us or our affiliates
i. Your obligations on termination/non-renewal	Article 18	Stop operating the Franchise and using the Proprietary Marks and the System; deliver all Customer keys, security passes; pay amounts due; deliver all Confidential Information; cancel assumed name registrations; and assign Customer Agreements and Unit Franchise Agreements. We have the option to purchase certain other assets of the Franchise. See also subsections (o), (q) and (r) below.
j. Assignment of contract by us	Section 20.1	No restriction on our right to assign.

Provision	Section In Franchise Agreement	Summary
k. "Transfer" by you – defined	Section 20.3	To sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in the Franchise Agreement, the Franchise, substantially all the assets of the Franchise or in the ownership of the franchisee (if you are an entity)
l. Our approval of transfer by you	Section 20.4	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for our approval of transfer	Section 20.4	All accrued monetary obligations are satisfied; you are not then in default under the Franchise Agreement or any other agreement; you have signed a general release; buyer assumes obligations under Franchise Agreement and if so requested, a master franchise agreement on the form that we then offer (for a term equal to the then remaining term of the Franchise Agreement); all Unit Franchise Agreements are transferred; owners of transferee sign personal guaranty; transferor pays transfer fee and royalties on accounts receivable and notes receivable to be collected before closing; sign acknowledgement regarding future receivables; buyer has been interviewed and demonstrates that it is capable of operating the Franchise and has completed required training; we believe that the sale terms do not materially impair or interfere with the buyer's ability to operate the Franchise; you and transferee satisfy any other obligations we require
n. Our right of first refusal to acquire your business	Section 20.8	We have the right to match any offer for your Franchise.
o. Our option to purchase your business	Section 18.6	On expiration or termination, we may purchase certain assets of your business at the lower of your cost or fair market value.
p. Your death or disability	Section 20.7	Franchise must be assigned by estate or representative to approved buyer within 6 months.
q. Non-competition covenants during the term of the franchise	Section 19.1	No participation in competing business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Section 19.2	No competing business within your Territory for 2 years after termination, expiration or transfer.

Provision	Section In Franchise Agreement	Summary
s. Modification of the agreement	Section 24.6	Your Franchise Agreement may not be modified without your and our consent, except: 1. We may change the contents of the Manuals; 2. We may modify the System; and 3. A court may modify a provision of the Franchise Agreement under applicable law.
t. Integration/merger clause	Section 24.7	Only the terms of the Franchise Agreement and other related written agreements are binding <del>(subject, however, this provision is not intended to applicable state law)</del> . Any <del>representations</del> disclaim or <del>promises outside of the</del> require you to waive reliance any anything in this disclosure document and, <del>except specific contract terms that you have waived during franchise agreement</del> may not be enforceable <del>sale negotiations</del> .
u. Dispute resolution by mediation or arbitration	Article 22	With certain exceptions, all disputes must be mediated and then arbitrated.
v. Choice of Forum	Article 22 and Section 24.11	Mediation and arbitration in the county and state in which our principal office is located; litigation in the county and state in which your principal office is located.
w. Choice of Law	Section 24.1	State in which your principal place of business is located.

Some states may have laws or court decisions that may supersede the Franchise Agreement concerning your relationship with us including the areas of termination and renewal.

**ITEM 18  
PUBLIC FIGURES**

We do not use any public figure to promote the Franchise, although you are not restricted from doing so.

**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 Statement. Financial performance information that differs from that included in Item 19 may be given only if: (1) we provide the actual records of an existing outlet you are considering buying; or (2) we supplement the information in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.



The below data is historical data for specific master franchises and should not be considered as the actual or potential revenues, costs of services and goods sold or gross profit that may be achieved by any other master franchise. Actual results vary from master franchise to master franchise and we cannot estimate the result of any specific master franchise. Your financial results may differ from the revenue volumes stated in this Item 19. **A new master franchisee's results are likely to be lower than the results shown below.** You should conduct an independent investigation of the expenses you will incur in operating your master franchise. Master franchisees or former master franchisees, listed in this disclosure document, may be a source of this information.

Revenues, costs and profits can vary considerably due to a variety of other factors, such as demographics and population of the master franchisee's territory; competition from other commercial janitorial service providers in or near the master franchisee's territory; economic conditions in the master franchisee's territory; advertising and promotional activities; and the master franchisee's business abilities and efforts.

On your written request, we will make available to you written substantiation of the data used in preparing these financial performance representations.

**Data From Master Franchisees' Audited Financial Statements**

The below information is presented for our United States master franchisees that had been open and operating for all of ~~2010, 2011 and the first 5 months of 2012~~ and 2013 under the same ownership. There are ~~5857~~ master franchises in the below sample. Of the ~~8093~~ Master Franchises identified in Item 20, ~~79~~ were excluded because they are based outside of the United States, ~~15~~ were excluded because they had not been in continuous operation under the same ownership during all of ~~2012~~2010, 2011 and 2013, ~~11~~the first 5 months of 2012, and ~~12~~ were excluded because they had not submitted their audited financial statements to us, and ~~4~~ were excluded because we were unable to identify the below information based on the presentation format of the audited financial statements.

The below table provides certain results for the ~~5857~~ master franchises included in the sample.

Category	Annual Average	Percentage Of Total Revenues	Percentage Of Master Franchises In Sample That Achieved This Result	Lowest	Highest	Median
Total Revenues	\$ <u>3,908,831</u> 629,756	100%	<u>41</u> 46%	\$ <u>1,097,624</u> 936,738	\$ <u>11,468,44</u> 99,732,862	\$ <u>3,594,001</u> 164,479
Cost of Services and Goods Sold	\$ <u>3,004,853</u> 2,787,084	77%	N/A	N/A	N/A	\$ <u>2,636,178</u> 438,923
Gross Profit	\$ <u>903,9788</u> 51,074	23%	<u>45</u> 44%	\$ <u>284,3992</u> 34,474	\$ <u>2,811,180</u> 341,620	\$ <u>872,4967</u> 61,709

- ❖ The data used in this financial performance representation was taken from the audited financial statements that Master Franchisees submit to us and as are included in the Master Franchisees' FDDs. Each Master Franchisee determines its own fiscal year end so the audited financial statements are for FDDs with effective dates after September 30~~fiscal years ending between March 31, 2011 and March 31, 2012.~~
- ❖ Total Revenues includes Gross Revenues and revenues that are not included in Gross Revenues for purposes of calculating royalties due to us, such as product sales to Unit Franchisees and Customers. Gross Revenues typically include cleaning revenues from customers, initial franchise fees, royalties, and management fees from Unit Franchisees, the Business Protection Plan provided for Unit Franchisees, interest on financing provided to Unit Franchisees, and product sales to Unit Franchisees and Customers.
- ❖ Per the Master Franchise Agreement, Gross Revenue means all revenue collected or otherwise received by Master Franchisee and any of its Unit Franchisees (if the Unit Franchisee performs billing services in conjunction with the Services) in exchange for performing Services (including Special Services for Customers), whether evidenced by cash, credit, check, script, or other property or services, and all National Account Revenue without deduction of the National Accounts Support Fee. Gross Revenue does not include (a) any sales or other taxes that Master Franchisee collects from Customers and pays directly to the appropriate taxing authority; and (b) revenue collected by Master Franchisee in connection with any supplies and/or equipment sold, leased or otherwise distributed by Master Franchisee to its Unit Franchisees and Customers. Master Franchisee may not deduct collection fees and costs and payment provider fees (i.e., bank or credit card company fees) from its Gross Revenue calculation.
- ❖ Cost of Services and Goods Sold includes payments made to Unit Franchisees for cleaning services provided to customers and the cost of supplies purchased for resale to Unit Franchisees and customers.
- ❖ Gross Profit is Total Revenues less Cost of Services and Goods Sold. Gross Profit does not factor in items categorized as general and administrative expenses and does not factor in fees payable to us as described in Item 6.
- ❖ The median is the middle value in the sorted list of all reported results. Unlike averages, medians are not influenced by extreme values and therefore best represent a "typical" participant.

### **Data From 2011 Benchmarking Study**

In 2011, we began a benchmarking study of the results of operations for all master franchisees that elected to participate in the study. This study was administered by an independent third party provider, Business Resource Services, Inc., based in Seattle, Washington. The master franchisees' participation in this study was completely voluntary and the data that each master provided (but not the fact of the master franchisee's participation) was anonymous. There were 51 master franchisees that participated in this study. These 51 master franchisees are located in the United States and Canada. The data that each master franchisee reported was for fiscal year 2010.

The benchmarking study, called the Profit Mastery Financial Benchmarking Study, presents certain data as either "Typical" or "High Profit." The data presented under "Typical" represents the median number for that item, taken from the entire sample. The data presented under "High Profit" is the median number taken from a sample of the highest 13 master franchisees (top 25%) based on Owners' Discretionary Profit Percentage. Please note that the High Profit category is not based on the highest Total Revenue.

The below data for the benchmarking study has been taken from financial information submitted by master franchisees. We have not audited or verified these financial reports nor have we asked questions of the submitting master franchisees to determine whether they are in fact accurate and complete, although we have no information or other reason to believe that they are unreliable.

<b>Item</b>	<b>Median of Master Franchises</b>	<b>High Profit Master Franchise</b>	<b>Sales Under \$3 Million</b>	<b>Sales Over \$3 Million</b>	<b>Under 5 Years in Business</b>	<b>5 or More Years in Business</b>
Study Participants	51	13	27	24	12	39
Years in Business	7.5	7.2	6.0	8.7	3.1	8.0
Active Unit Franchisees	73	70	48	103	38	86
Customer Accounts	333	321	254	511	249	351
Gross Margin	22.7	24.1	24.0	21.2	26.4	21.9
Total Number of FTE Employees	7.0	6.8	6.1	8.2	6.3	7.0

❖ Gross Margin is the gross profit expressed as a percent of revenue.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

Our fiscal year ends on September 30; information in the below charts is as of September 30.

**Table No. 1**

<b>Systemwide Outlet Summary Master Franchisees For Years <u>20112010</u> To <u>20132012</u></b>				
<b>Outlet Type</b>	<b>Year</b>	<b>Outlets At The Start Of The Year</b>	<b>Outlets At The End Of The Year</b>	<b>Net Change</b>
Franchised	<u>20112010</u>	<u>8779</u>	<u>8487</u>	<u>-3+8</u>
	<u>20122011</u>	<u>8487</u>	<u>8184</u>	<u>-3</u>
	<u>20132012</u>	<u>8184</u>	<u>8083</u>	<u>-1</u>
Company- Owned	<u>20112010</u>	<u>0</u> <sup>*</sup>	<u>0</u>	<u>0-3</u>
	<u>20122011</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>20132012</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Outlets</b>	<u>20112010</u>	<u>8782</u>	<u>8487</u>	<u>-3+5</u>
	<u>20122011</u>	<u>8487</u>	<u>8184</u>	<u>-3</u>
	<u>20132012</u>	<u>8184</u>	<u>8083</u>	<u>-1</u>

\* These outlets were operated by our subsidiaries.

**Table No. 2**

<b>Transfer Of Outlets From Master Franchisees To New Owners For The Years <u>20112010</u> To <u>20132012</u></b>		
<b>State</b>	<b>Year</b>	<b>Number Of Transfers</b>
Arizona	<u>2010</u>	<u>4</u>
	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
California	<u>20112010</u>	<u>0</u>
	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>1</u>
Colorado	<u>20132010</u>	<u>0</u>
	<u>2011</u>	<u>0</u>
	<u>2012</u>	<u>0</u>
Florida	<u>20112010</u>	<u>3</u>
	<u>2011</u>	<u>3</u>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>1</u>

Transfer Of Outlets From Master Franchisees To New Owners For The Years <u>2011</u> <del>2010</del> To <u>2013</u> <del>2012</del>		
State	Year	Number Of Transfers
Georgia	<u>2011</u> <del>2010</del>	<u>0</u> <del>1</del>
	2011	0
	2012	1
	<u>2013</u>	<u>0</u>
Indiana	<u>2011</u> <del>2010</del>	<u>1</u> <del>0</del>
	<u>2012</u>	<u>0</u>
	<u>2013</u>	<u>0</u>
Kansas	2011	<u>0</u> <del>1</del>
	2012	0
	<u>2013</u>	<u>1</u>
Maryland	<u>2011</u> <del>2010</del>	<u>0</u>
	2011	0
	2012	1
	<u>2013</u>	<u>0</u>
Massachusetts	<u>2011</u> <del>2010</del>	<u>1</u> <del>0</del>
	<del>2011</del>	<del>4</del>
	2012	0
<del>Ohio</del>	<u>2013</u> <del>2010</del>	<u>1</u> <del>0</del>
<u>Ohio</u>	2011	0
	2012	1
	<u>2013</u> <del>2010</del>	<u>1</u>
<u>Pennsylvania</u>	2011	0
	2012	0
	<u>2013</u>	<u>1</u>

Transfer Of Outlets From Master Franchisees To New Owners For The Years <u>2011</u> <del>2010</del> To <u>2013</u> <del>2012</del>		
State	Year	Number Of Transfers
Rhode Island	<u>2011</u> <del>2010</del>	<u>1</u> <del>0</del>
	2011	4
	2012	0
	2013	0
South Carolina	<u>2011</u> <del>2010</del>	0
	2011	0
	2012	1
	2013	0
Tennessee	<u>2011</u> <del>2010</del>	<u>0</u> <del>1</del>
	2011	0
	2012	3
	2013	0
<b>Total Outlets</b>	<u>2011</u> <del>2010</del>	<b>6</b>
	2011	<b>6</b>
	2012	<b>8</b>
	2013	<b>5</b>

This chart does not include transfers from JAN-PRO company-owned units located in Arizona, North Carolina and Texas to Master Franchisees in 2010.

Table No. 3

Status Of Regional Master Franchise Outlets For The Years <u>2011</u> <del>2010</del> To <u>2013</u> <del>2012</del>								
State	Year	Outlets At Start Of Year	Outlets Opened	Termin- ations	Non- Renewals	Reacquired By Franchisor	Ceased Operations- Other Reasons	Outlets At End Of The Year
AL	<u>2011</u> <del>2010</del>	2	0	0	0	0	0	2
	<u>2012</u> <del>2011</del>	2	0	0	0	0	0	2
	<u>2013</u> <del>2012</del>	2	0	0	0	0	0	2
AZ	<u>2011</u> <del>2010</del>	<u>3</u> <del>2</del>	<u>0</u> <del>1</del> <sup>1</sup>	0	0	0	0	3

<sup>1</sup> Reflects new franchised outlet from the sale of our affiliate-owned unit in Arizona to franchisee in 2010.

Status Of Regional Master Franchise Outlets For The Years 20102011 To 20132012								
State	Year	Outlets At Start Of Year	Outlets Opened	Termin- ations	Non- Renewals	Reacquired By Franchisor	Ceased Operations- Other Reasons	Outlets At End Of The Year
	<u>2012</u> <u>011</u>	3	0	0	0	0	0	<u>2</u> <sup>3</sup>
	<u>2013</u> <u>012</u>	<u>2</u> <sup>3</sup>	0	0	0	0	0	2 <sup>3</sup>
AR	<u>2011</u> <u>010</u>	1	0	0	0	0	0	1
	<u>2012</u> <u>011</u>	1	0	0	0	0	0	1
	<u>2013</u> <u>012</u>	1	0	0	0	0	0	1
CA	<u>2011</u> <u>010</u>	10	0	0	0	0	0	10
	<u>2012</u> <u>011</u>	10	0	0	0	0	0	10
	<u>2013</u> <u>012</u>	10	0	0	0	0	0	10
CO	<u>2011</u> <u>010</u>	2	0	0	0	0	0	2
	<u>2012</u> <u>011</u>	2	0	0	0	0	0	2
	<u>2013</u> <u>012</u>	2	0	0	0	0	0	2
CT	<u>2011</u> <u>010</u>	2	0	0	0	0	0	2
	<u>2012</u> <u>011</u>	2	0	0	0	0	0	2
	<u>2013</u> <u>012</u>	2	0	0	0	0	0	2
FL	<u>2011</u> <u>010</u>	<u>9</u> <sup>7</sup>	<u>0</u> <sup>2</sup>	0	0	0	<u>2</u> <sup>0</sup>	<u>7</u> <sup>4</sup> <sup>9</sup>
	<u>2012</u> <u>011</u>	<u>7</u> <sup>9</sup>	<u>1</u> <sup>0</sup>	<u>2</u> <sup>0</sup>	0	0	<u>0</u> <sup>2</sup>	<u>6</u> <sup>7</sup> <sup>5</sup>
	<u>2013</u> <u>012</u>	<u>6</u> <sup>7</sup>	<u>0</u> <sup>4</sup>	<u>0</u> <sup>2</sup>	0	0	0	6

<sup>2</sup> Arizona outlets decreased by 1 during 2012 due to combining 2 markets into 1; both markets remain in active operation.

<sup>3</sup> Arizona outlets decreased by 1 during 2012 due to combining 2 markets into 1; both markets remain in active operation.

<sup>4</sup> Florida outlets decreased by 2 during 2011 due to market consolidation for 3 Florida transfers that took place in 2011; all 3 markets remain in active operation.

<sup>5</sup> Florida outlets decreased by 2 during 2011 due to market consolidation for 3 Florida transfers that took place in 2011; all 3 markets remain in active operation.

Status Of Regional Master Franchise Outlets For The Years 20102011 To 20132012								
State	Year	Outlets At Start Of Year	Outlets Opened	Termin- ations	Non- Renewals	Reacquired By Franchisor	Ceased Operations- Other Reasons	Outlets At End Of The Year
GA	<u>2011</u> <u>040</u>	2	0	0	0	0	0	2
	<u>2012</u> <u>041</u>	2	0	0	0	0	0	2
	<u>2013</u> <u>042</u>	2	0	0	0	0	0	2
IL	<u>2011</u> <u>040</u>	1	0	0	0	0	0	1
	<u>2012</u> <u>041</u>	1	0	0	0	0	0	1
	<u>2013</u> <u>042</u>	1	0	0	0	0	0	1
IN	<u>2011</u> <u>040</u>	2	0	<u>1</u> 0	0	0	0	<u>1</u> 2
	<u>2012</u> <u>041</u>	<u>1</u> 2	0	<u>0</u> 4	0	0	0	1
	<u>2013</u> <u>042</u>	1	0	0	0	0	0	1
KS	<u>2011</u> <u>040</u>	1	0	0	0	0	0	1
	<u>2012</u> <u>041</u>	1	0	0	0	0	0	1
	<u>2013</u> <u>042</u>	1	0	0	0	0	0	1
KY	<u>2011</u> <u>040</u>	1	0	0	0	0	0	1
	<u>2012</u> <u>041</u>	1	0	0	0	0	0	1
	<u>2013</u> <u>042</u>	1	0	0	0	0	0	1
MA	<u>2011</u> <u>040</u>	2	0	0	0	0	0	2
	<u>2012</u> <u>041</u>	2	0	0	0	0	0	2
	<u>2013</u> <u>042</u>	2	0	0	0	0	0	<u>1</u> 62
MI	<u>2011</u> <u>040</u>	1	0	<u>1</u> 0	0	0	0	<u>0</u> 4

<sup>6</sup> Our Boston Massachusetts Master Franchisee acquired the regional franchise belonging to the other Massachusetts Master Franchisee and incorporated the acquired territory into his existing territory. Both markets remain in active operation.



**Status Of Regional Master Franchise Outlets  
For The Years 20102011 To 20132012**

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
	<u>2012</u> <u>011</u>	<u>0</u> <sup>4</sup>	0	<u>0</u> <sup>4</sup>	0	0	0	0
	<u>2013</u> <u>012</u>	0	0	0	0	0	0	0
MD	<u>2011</u> <u>010</u>	1	0	0	0	0	0	1
	<u>2012</u> <u>011</u>	1	0	0	0	0	0	1
	<u>2013</u> <u>012</u>	1	0	0	0	0	0	1
MN	<u>2011</u> <u>010</u>	2	0	0	0	0	0	2
	<u>2012</u> <u>011</u>	2	0	0	0	0	0	2
	<u>2012</u> <u>013</u>	2	0	0	0	0	0	2
MO	<u>2011</u> <u>010</u>	1	0	0	0	0	0	1
	<u>2012</u> <u>011</u>	1	0	0	0	0	0	1
	<u>2013</u> <u>012</u>	1	0	0	0	0	0	1
MS	<u>2011</u> <u>010</u>	<u>1</u> <sup>0</sup>	<u>0</u> <sup>4</sup>	0	0	0	0	1
	<u>2012</u> <u>011</u>	1	0	0	0	0	0	1
	<u>2013</u> <u>012</u>	1	0	0	0	0	0	1
NC	<u>2011</u> <u>010</u>	<u>3</u> <sup>2</sup>	<u>0</u> <sup>4</sup> <sup>7</sup>	0	0	0	0	3
	<u>2012</u> <u>011</u>	3	0	0	0	0	0	3
	<u>2013</u> <u>012</u>	3	0	0	0	0	0	3

<sup>7</sup> Reflects new franchised outlet from the sale of our affiliate owned unit in North Carolina to franchisee in 2010.

**Status Of Regional Master Franchise Outlets  
For The Years 20102011 To 20132012**

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
NE	<del>2011</del> 040	1	<u>10</u>	0	0	0	0	<u>24</u>
	<del>2012</del> 011	<u>24</u>	<u>04</u>	0	0	0	0	<u>18</u> <sup>2</sup>
	<del>2013</del> 012	<u>12</u>	0	0	0	0	0	1 <sup>9</sup>
NH	<del>2011</del> 040	1	0	0	0	0	0	1
	<del>2012</del> 011	1	0	0	0	0	0	1
	<del>2013</del> 012	1	0	0	0	0	0	1
NJ	<del>2011</del> 040	3	0	0	0	0	0	3
	<del>2012</del> 011	3	0	0	0	0	0	3
	<del>2013</del> 012	3	0	0	0	0	0	3
NM	<del>2011</del> 040	1	0	0	0	0	0	1
	<del>2012</del> 011	1	0	0	0	0	0	1
	<del>2013</del> 012	1	0	0	0	0	0	1
NV	<del>2011</del> 040	1	0	0	0	0	0	1
	<del>2012</del> 011	1	<u>10</u>	0	0	0	<u>10</u>	1
	<del>2013</del> 012	1	<u>04</u>	0	0	0	<u>04</u>	1
NY	<del>2011</del> 040	2	0	0	0	0	0	2
	<del>2012</del> 011	2	0	0	0	0	0	2
	<del>2013</del> 012	2	<u>10</u>	0	0	0	0	<u>32</u>

<sup>8</sup> Nebraska outlets decreased by 1 during 2012 due to combining 2 markets into 1; both markets remain in active operation.

<sup>9</sup> Nebraska outlets decreased by 1 during 2012 due to combining 2 markets into 1; both markets remain in active operation.

Status Of Regional Master Franchise Outlets For The Years 20102011 To 20132012								
State	Year	Outlets At Start Of Year	Outlets Opened	Termin- ations	Non- Renewals	Reacquired By Franchisor	Ceased Operations- Other Reasons	Outlets At End Of The Year
OH	<u>20112</u> <u>010</u>	5	0	0	0	0	0	5
	<u>20122</u> <u>011</u>	5	0	0	0	0	0	5
	<u>20132</u> <u>012</u>	5	0	<u>10</u>	0	0	0	<u>3105</u>
OK	<u>20112</u> <u>010</u>	2	0	0	0	0	0	2
	<u>20122</u> <u>011</u>	2	0	0	0	0	0	2
	<u>20132</u> <u>012</u>	2	0	0	0	0	0	2
OR	<u>20112</u> <u>010</u>	1	0	0	0	0	0	1
	<u>20122</u> <u>011</u>	1	0	0	0	0	0	1
	<u>20132</u> <u>012</u>	1	0	0	0	0	0	1
PA	<u>20112</u> <u>010</u>	<u>43</u>	<u>04</u>	0	0	0	0	4
	<u>20122</u> <u>011</u>	4	0	0	0	0	0	4
	<u>20132</u> <u>012</u>	4	<u>10</u>	0	0	0	0	<u>54</u>
PR	<u>20112</u> <u>010</u>	1	0	0	0	0	0	1
	<u>20122</u> <u>011</u>	1	0	0	0	0	0	1
	<u>20132</u> <u>012</u>	1	0	0	0	0	0	1

<sup>10</sup> In the fiscal year ending September 30, 2013, we terminated one of our Ohio Regional Master Franchisees and the terminated territory was later purchased by an existing Regional Master Franchisee and the acquired territory was incorporated into the existing Regional Master Franchise Agreement. The acquired territory remains in active operation.

In addition, another Ohio Regional Master Franchisee transferred his Regional Master Franchise to another existing Regional Master Franchisee, and the acquired territory was incorporated in the existing Regional Master Franchise Agreement. The acquired territory remains in active operation.

**Status Of Regional Master Franchise Outlets  
For The Years 20102011 To 20132012**

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
RI	<del>2011</del> 2010	1	0	0	0	0	0	1
	<del>2012</del> 2011	1	0	0	0	0	0	1
	<del>2013</del> 2012	1	0	0	0	0	0	1
SC	<del>2011</del> 2010	3	0	0	0	0	0	3
	<del>2012</del> 2011	3	0	0	0	0	0	3
	<del>2013</del> 2012	3	0	0	0	0	0	3
TN	<del>2011</del> 2010	<u>3</u> <del>2</del>	<u>0</u> <del>1</del>	0	0	0	0	3
	<del>2012</del> 2011	3	0	0	0	0	0	3
	<del>2013</del> 2012	3	0	0	0	0	0	3
TX	<del>2011</del> 2010	<u>4</u> <del>3</del>	<u>0</u> <del>1</del> <sup>11</sup>	0	0	0	0	4
	<del>2012</del> 2011	4	0	0	0	0	0	4
	<del>2013</del> 2012	4	0	0	0	0	0	4
UT	<del>2011</del> 2010	1	0	0	0	0	0	1
	<del>2012</del> 2011	1	0	0	0	0	0	1
	<del>2013</del> 2012	1	0	0	0	0	0	1
VA	<del>2011</del> 2010	2	0	0	0	0	0	2
	<del>2012</del> 2011	2	0	0	0	0	0	2
	<del>2013</del> 2012	2	0	0	0	0	0	2
WA	<del>2011</del> 2010	2	0	0	0	0	0	2
	<del>2012</del> 2011	2	0	0	0	0	0	2

<sup>11</sup> Reflects new franchised outlet from the sale of our affiliate-owned unit in Texas to franchisee in 2010.

Status Of Regional Master Franchise Outlets For The Years 20102011 To 20132012								
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
	<u>20132</u> <u>012</u>	2	0	0	0	0	0	2
WI	<u>20112</u> <u>010</u>	1	0	0	0	0	0	1
	<u>20112</u> <u>012</u>	1	0	0	0	0	0	1
	<u>20132</u> <u>012</u>	1	0	0	0	0	0	1
D.C.	<u>20112</u> <u>010</u>	1	0	0	0	0	0	1
	<u>20122</u> <u>011</u>	1	0	0	0	0	0	1
	<u>20132</u> <u>012</u>	1	0	0	0	0	0	1
Total	<u>20112</u> <u>010</u>	<u>8779</u>	<u>18</u>	<u>20</u>	0	0	<u>20</u>	<u>8487</u>
	<u>20122</u> <u>011</u>	<u>8487</u>	<u>24</u>	2	0	0	<u>12</u>	<u>811284</u>
	<u>20132</u> <u>012</u>	<u>8184</u>	2	<u>12</u>	0	0	<u>04</u>	<u>80<sup>6</sup>83<sup>13</sup></u>

Table No. 4

Status Of Company Owned Outlets For The Years 20102011 To 20132012							
State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets At End Of The Year
AZ	2010	4	0	0	0	4	0
Total	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
	<u>2013</u> <u>2010</u>	<u>04</u>	0	0	0	<u>04</u>	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0
TX	2010	4	0	0	0	4	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0

<sup>12</sup> See above footnotes explaining the consolidation of several markets.

<sup>13</sup> See above footnotes explaining the consolidation of several markets.

Status Of Company Owned Outlets For The Years 2010 To 2012							
State	Year	Outlets At Start Of Year	Outlets Opened	Outlets Reacquire d From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets At End Of The Year
Total	2010	3	0	0	0	3	0
	2011	0	0	0	0	0	0
	2012	0	0	0	0	0	0

Table No. 5

Projected Regional Master Franchise Openings As Of September 30, 2012			
State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
FloridaFL	04	1	0
LouisianaLA	0	1	0
MichiganMI	0	1	0
New JerseyNJ	0	1	0
WisconsinTX	0	1	0
<b>Totals</b>	<b>04</b>	<b>5</b>	<b>0</b>

#### Current and Former Franchisees

Exhibit E contains the names of all current Master Franchisees and the address and telephone number of each of their Franchises. Exhibit F contains the names, city and state, and the current business telephone number, or, if unknown, the last known home telephone number of every Master Franchisee who had an Franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of this disclosure document's issuance date.

If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

#### Confidentiality Agreements

As a standard practice, when we enter into a Termination and Release Agreement with a former Master Franchisee, we require the former Master Franchisee to agree to maintain all information that the former Master Franchisee has about us confidential. We have entered into these Termination and Release Agreements (including the confidentiality clause) within the past 3 years.

In some instances, current and former Master Franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former Master Franchisees, but be aware that not all Master Franchisees will be able to communicate with you.

#### Trademark-Specific Franchisee Organizations

We have formed the Jan-Pro Franchise Advisory Council. The Jan-Pro Franchise Advisory Council's chairman is Robert Woods, currently Richard Johnson. His contact information is: Suite 102, 1321 Chuck Dawley Boulevard, Mount Pleasant, 1126 South Carolina 2946470<sup>th</sup> Street, Suite N605A, West Allie, Wisconsin 53214, telephone 843-388-6535. The Council is for Regional Master Franchisees only. (414) 475-4010, email richard.johnson@jan-pro.com.

As of the date of this disclosure document, there are no other trademark-specific franchisee organizations associated with our franchise system.

### **ITEM 21 FINANCIAL STATEMENTS**

Attached as Exhibit G are our audited financial statements for our fiscal years ending September 30, ~~2010~~2011, September 30, ~~2011~~2012 and September 30, ~~2012~~2013.

### **ITEM 22 CONTRACTS**

The Franchise Agreement (with Attachments) is attached to this disclosure document as Exhibit B, the Software License Agreement is attached to this disclosure document as Exhibit C and the Confidentiality Agreement is attached to this disclosure document as Exhibit J.

### **ITEM 23 RECEIPTS**

Our and your copies of the franchise disclosure document Receipt are located as the last 2 pages of this disclosure document.