

FRANCHISE DISCLOSURE DOCUMENT



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U.S. Lawns, Inc. franchisees will operate a business to provide landscape maintenance services to commercial and residential customers for landscaping, lawns, flowers, shrubs and trees. Services include mowing, edging, fertilizing, pruning and bed care.

The total investment necessary to begin operation of a U.S. Lawns Standard Franchise is \$48,500 - \$75,300. This includes \$29,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a U.S. Lawns Conversion Franchise is \$24,800-61,300. This includes \$15,000 that must be paid to the franchisor or affiliate. For veterans honorably discharged within 18 months of purchasing the franchise, the total is \$38,500- \$68,300, including \$19,000 that must be paid to the franchisor or affiliate.

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.**

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 for additional information on franchising.

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

Issuance Date: April 30, 2012

STATE COVER PAGE

YOUR STATE MAY HAVE A FRANCHISE LAW THAT REQUIRES A FRANCHISOR TO REGISTER OR FILE WITH A STATE FRANCHISE ADMINISTRATOR BEFORE OFFERING OR SELLING IN YOUR STATE. REGISTRATION OF THIS FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit D for information about the franchisor, about other franchisors, 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 AND CONDITIONS IN ORDER 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 IN ORDER TO RENEW.

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

1. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN FLORIDA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN FLORIDA THAN IN YOUR HOME STATE. YOUR STATE LAW MAY SUPERSEDE THIS PROVISION AND IT MAY NOT BE ENFORCEABLE IN YOUR STATE. SEE SPECIAL STATE DISCLOSURES IN EXHIBIT E.
2. THE FRANCHISE AGREEMENT STATES THAT FLORIDA LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS. YOUR STATE LAW MAY SUPERSEDE THIS PROVISION AND IT MAY NOT BE ENFORCEABLE IN YOUR STATE. SEE SPECIAL STATE DISCLOSURES IN EXHIBIT E.
3. YOUR SPOUSE MUST SIGN THE GUARANTEE OF THE FRANCHISE AGREEMENT, MAKING SUCH SPOUSE JOINTLY AND SEVERALLY LIABLE FOR THE OBLIGATIONS UNDER THE AGREEMENT, WHICH ALSO PLACES THE SPOUSE'S PERSONAL ASSETS AT RISK.
4. U.S. LAWNS' PARENT COMPANY AND ITS AFFILIATES RETAIN THE RIGHT WITHIN YOUR TERRITORY TO ESTABLISH BUSINESSES OFFERING COMPETING SERVICES AND PRODUCTS UNDER TRADEMARKS AND SERVICE MARKS DISTINCT FROM THOSE OF U.S. LAWNS.
5. FAILURE TO GENERATE MINIMUM LEVELS OF GROSS CONTRACT BILLINGS OF \$50,000 DURING THE FIRST YEAR, \$100,000 DURING THE SECOND YEAR AND \$200,000 DURING EVERY OTHER YEAR WILL BE CAUSE FOR TERMINATION OF THE FRANCHISE.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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 Dates:

Non-registration states	6/1/12	Rhode Island	8/3/12
California	8/28/12	New York	9/10/12
Hawaii	7/30/12	South Dakota	8/2/12
Illinois	7/16/12	Virginia	2/9/12
Indiana	11/2/12	Washington	11/15/12
Maryland	7/25/12	Wisconsin	10/4/12
Michigan	2/22/12	North Dakota	10/31/12
Minnesota	8/28/12		

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Following is a list of Exhibits and Schedules to this U.S. LAWNS, Inc. Franchise Disclosure Document:

Exhibit **A.** Financial Statements

Exhibit **B.** Franchise Agreement - Including:

Schedule **One.** Novation Program

Schedule **Two** List of Existing Contracts

Schedule **Three** Business Entity Information

Schedule **Four** Business Note and Security Agreement

Schedule **Five** Guarantee

Schedule **Six** General Release

Schedule **Seven** Restrictions On Use Of Confidential
Information/Covenant Not To Compete

Schedule **Eight** Additional Territory Option Agreement

Schedule **Nine** Small Business Administration Addendum

Exhibit **C.** List Of Franchisees (Including Resales And Terminations Of Franchises
During Last Fiscal Year)

Exhibit **D.** List of State Administrators/Agents For Service Of Process

Exhibit **E.** State Specific Regulations

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

To simplify the language in this Disclosure Document, "U.S. Lawns" or "we" mean U.S. Lawns, Inc., the franchisor. "You" means the franchisee or the person or business entity that buys the franchise. U.S. Lawns is a Florida corporation that was originally incorporated in 1986. U.S. Lawns does business under the name U.S. Lawns and maintains its principal address at 4407 Vineland Road, Suite D 15, Orlando, Florida 32811. There are no predecessors to U.S. Lawns. U.S. Lawns agents for service of process are identified in Exhibit **D**.

U.S. Lawns was incorporated in the state of Florida on August 26, 1986 and has been offering franchises for landscape maintenance since 1986. The franchisor has not in the past and does not plan in the future to sell franchises in any other lines of business. We have not operated any other type of business.

Our parent is ValleyCrest Companies, Inc. In May 1996, Environmental Care, Inc., a subsidiary of Environmental Industries, Inc., acquired U.S. Lawns. In 1998 U.S. Lawns became a subsidiary of Environmental Industries, Inc. In October 2002, Environmental Industries, Inc. changed its name to the ValleyCrest Companies. In October 2002, Environmental Care, Inc. changed its name to ValleyCrest Landscape Maintenance. ValleyCrest Landscape Maintenance and ValleyCrest Companies are headquartered at 24151 Ventura Boulevard, Calabasas, California 91302.

We have no affiliates.

The acquisition of U.S. Lawns by the ValleyCrest Companies ("VCC") was undertaken to achieve a greater market penetration into the landscape maintenance services industry through franchise (U.S. Lawns) affiliates. A large segment of the landscape maintenance services market is serviced by owner-operator type contractors. This is the segment U.S. Lawns franchisees can penetrate that has been difficult for VCC to service efficiently.

We franchise the right to operate a business (a "U.S. Lawns Landscape Business") which provides, within a territory (the "Territory"), certain landscape maintenance services identified in the Franchise Agreement (collectively, "Landscape Maintenance Services"). Such services can include irrigation maintenance, weed and pest control and remedial landscape construction services although most states require additional licensing to perform this work. You will sign a Franchise Agreement in the form attached as Exhibit **B**. We may also offer an existing franchisee the opportunity, called the Novation Program, to replace your existing franchise agreement with our current form of Franchise Agreement if you prefer the terms of the current form of Franchise Agreement to those of your existing agreement. If you participate in the Novation Program, you will also sign the Schedule One Addendum to Franchise Agreement, attached as part of Exhibit **B**.

We may also offer you an option on an additional franchise, for which you must pay an option fee and sign an Additional Territory Option Agreement.

In addition to our Standard Franchise, we offer a Conversion Franchise to owners (if not a sole owner, and if any co-owners will not be partners in the franchise, then any co-owners must sign a release) of existing active, landscape businesses that produce at least \$75,000 of gross income per year.

The general market for and competition providing landscape maintenance services is widespread and includes national, regional and local, owner-operator firms as well as in-house operators. U.S. Lawns franchises are regulated by federal, state and local laws regarding pesticide usage and storage, the

Occupational Safety and Health Act, various state and local licensing requirements for contractors. You must operate your franchise in compliance with all of these laws.

U.S. Lawns has sold franchises since 1986. Subsidiaries of the ValleyCrest Companies (VCC) have operated in the landscape construction and maintenance industry since 1949 and have never sold franchises. VCC is a full service landscape company providing horticultural services through its subsidiaries including ValleyCrest Landscape Development, Valley Crest Tree Company, ValleyCrest Landscape Maintenance, and ValleyCrest Golf Course Maintenance. Through these subsidiaries VCC offers landscape maintenance services, arborist services, irrigation and water management services, golf course maintenance and management, landscape engineering and construction, wholesale nursery and tree moving, and remedial landscape construction services. VCC operates in some of the same markets as U.S. Lawns franchisees and offers competing services under a different name.

ITEM 2. BUSINESS EXPERIENCE

Kenneth L. Hutcheson, President

Ken Hutcheson has held the position of President since 2002.

Paul C. Wolbert, Vice President

Paul Wolbert has been Vice President of U.S. Lawns since 2005.

Michael Fitzpatrick – Vice President

Michael Fitzpatrick was the Director of National Accounts for U.S. Lawns from 2004-2010 and was promoted to Vice President in 2010.

Richard A. Sperber, Director

Richard Sperber has served as Director for U.S. Lawns since 2007. He has been President and CEO of ValleyCrest Companies in Calabasas, California since 2008. From 1995 to 2008 Richard was the President and Chief Operating Office of ValleyCrest Companies.

Andrew Mandell, Director

Andy Mandell has been the Vice President, Secretary and Treasurer of U.S. Lawns since 2001. In 2011 he became a Director of U.S. Lawns. From 2004 to 2011 Andy held the position of Executive Vice President and Chief Financial Officer with ValleyCrest Companies in Calabasas, California.

Anthony Garruto, Vice President, Assistant Secretary and Assistant Treasurer

Tony Garruto has served as Vice President, Assistant Secretary and Assistant Treasurer of U.S. Lawns since 2001. He has also been Senior Vice President of ValleyCrest Companies since 2009, and was Vice President and Corporate Controller with ValleyCrest Companies from 1996 to 2009.

Richard S. Wolff, Vice President, Assistant Secretary and Assistant Treasurer

Richard Wolff has served as Vice President, Assistant Secretary and Assistant Treasurer of U.S. Lawns since 2011.

Eric J. Rosen, Vice President, Assistant Secretary and Assistant Treasurer

Eric Rosen has served as Vice President, Assistant Secretary and Assistant Treasurer of U.S. Lawns since 2006. Since March 2005, Mr. Rosen has also been a partner of MSD Capital, L.P., a private investment firm in New York, NY, that exclusively manages the capital of Michael S. Dell and his family.

Marc R. Lisker, Vice President, Assistant Secretary and Assistant Treasurer

Marc Lisker has served as Vice President, Assistant Secretary and Assistant Treasurer of U.S. Lawns since 2006. Since 1999, Mr. Lisker has also been General Counsel of MSD Capital, L.P., a private investment firm in New York, NY, that exclusively manages the capital of Michael S. Dell and his family.

Marcello Liguori, Vice President, Assistant Secretary and Assistant Treasurer

Marcello Liguori has served as Vice President, Assistant Secretary and Assistant Treasurer of U.S. Lawns since 2006. Since June 2005, Mr. Liguori has been assistant General Counsel of MSD Capital, in New York.

Brandon Moxam, Director of Franchise Recruiting

Brandon Moxam has been Director of Franchise Recruiting since 2010. From 2007 to 2010 he was a U.S. Lawns, Inc. Franchise Recruiter.

ITEM 3. LITIGATION

Other than below, neither the franchisor nor any person identified in Items 1 and 2 above has any administrative, criminal or material civil action (nor has the franchisor or any person identified in Items 1 and 2 above settled out of court any civil actions or is a party to any civil actions irrespective of materiality) pending against him, including present and former U.S. Lawns franchisee/investors, alleging a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Other than below, neither the franchisor nor any person identified in Item 2 above has been convicted of a felony or pleaded nolo contendere to a felony charge or within the Ten (10) year period immediately preceding the application for registration has been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations.

Other than below, neither the franchisor nor any person identified in Item 2 above is subject to any injunctive or restrictive order or decree relating to franchises or under any federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency.

The U.S. Lawns Franchise Agreement between the franchisor and the franchisee does contain a binding arbitration provision, excepting any disputes involving matters of public policy. No arbitration proceedings involving the franchisor are pending or in process,

Other than the 3 cases below, there is no litigation that must be disclosed in this Disclosure Document:

U.S. Lawns, Inc. v. Rollins Landscape Enterprises, Inc. (American Arbitration Association Case No. 33 114 03311 06). On August 9, 2006, we filed an arbitration demand related to two Franchise Agreements between us and a former franchisee, Rollins Landscape Enterprises, Inc. (“Rollins

Landscape”). Our demand alleged that Rollins Landscape breached its two Franchise Agreements by failing to pay royalties and continuing to operate competing landscape businesses after the termination of the Franchise Agreements. The arbitration demand sought relief including: (1) an order declaring that the post-termination covenants not to compete contained in the two Franchise Agreements were valid and enforceable and ordering Rollins Landscape to comply with those provisions for a period of two years; (2) a preliminary and permanent injunction prohibiting Rollins Landscape from breaching the terms of the covenants not to compete contained in the two Franchise Agreements; (3) damages, including unpaid royalties and lost profits in the amount to be proved in arbitration, which resulted from Rollins Landscape’s breach of its two Franchise Agreements; (4) our costs and attorneys’ fees incurred in prosecuting the arbitration; and (5) such further relief as the arbitrator should find just and equitable.

On December 18, 2006, Rollins Landscape filed a counter-demand in the arbitration against us and our corporate parent, ValleyCrest Landscape Maintenance, Inc. (“ValleyCrest”). In its counter-demand, Rollins Landscape asserted claims against us for breach of contract, breach of the implied covenant of good faith and fair dealing, promissory estoppel, and tortious interference with business relationships. All of Rollins Landscape’s claims were based on the allegation that we violated the Franchise Agreements by permitting ValleyCrest to compete with Rollins Landscape in the geographic areas covered by the Franchise Agreements.

On January 23, 2007, prior to the arbitration hearing, the parties participated in mediation and settled their dispute (the “Settlement”), the terms of which were memorialized in a memorandum of agreement (the “Settlement Memorandum”). The Settlement Memorandum fully and forever resolved the claims asserted by all parties in the arbitration action and in the underlying State Court Action (described in the following paragraph), the essential terms of which included: (1) Rollins Landscape paying to us \$65,000 in full satisfaction of our damages alleged in the arbitration; (2) our agreement to allow Rollins Landscape to remain in the US LAWNS franchise system provided that it sign our then-current form of franchise agreement (“New Franchise Agreement”), and (3) the parties’ would execute a final agreement re-confirming all terms of the Settlement Memorandum and modifying certain key provisions of the New Franchise Agreement (the “Final Agreement”). The Final Agreement was prepared, however, not fully executed by Rollins Landscape.

In an earlier related case, Rollins Landscape Enterprises, Inc. v. U.S. Lawns, Inc. (Circuit Court for the Seventeenth Judicial District for Broward County, Florida; Case Number CACE 06-1490, filed February 3, 2006), a Florida state court stayed the state court case on November 29, 2006, pending the arbitration described above. Rollins Landscape earlier had filed this breach of contract lawsuit in Florida state court (the “State Court Action”) alleging that we had breached provisions of the two Franchise Agreements and seeking a declaratory judgment to be released from certain contractual obligations, in particular the post-term covenants not to compete. As noted above, claims asserted in the State Court Action were resolved by way of the executed Settlement Memorandum. In 2008, after Rollins Landscape failed to fully comply with all terms of the Settlement, U.S. Lawns filed a motion to lift stay and enforce the Settlement Memorandum resulting from the January 23, 2007 mediation. On April 8, 2008, the court granted our motion and enforced the terms of the Settlement Memorandum.

On January 30, 2009, Rollins Landscape filed for bankruptcy. We sought and received permission from the bankruptcy court to terminate Rollins' Landscape's franchise agreement.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

There are no bankruptcy proceedings which must be disclosed in this Item.

ITEM 5. INITIAL FEES

You must pay an initial franchise fee of \$29,000 (the "Initial Franchise Fee") when you sign the Franchise Agreement. We may finance up to 70% of this fee. Until April 30, 2013, if you are a veteran who was honorably discharged within 18 months of purchasing this franchise, your initial franchise fee is \$19,000, and we may finance 100% of this fee. You must pay an initial franchise fee of \$15,000 for a Conversion Franchise. We may finance up to 100% of this fee, with no payments due for 90 days after signing the Agreement. See Item 10 for the details of the various financing options. We will refund the entire amount paid if we do not accept your Franchise Agreement within 60 days. The Initial Franchise Fee does not include the cost of certain computer equipment you are required to use in your Business.

If you are executing an Additional Territory Option Agreement (the "Option Agreement"), at the time you sign your original franchise agreement, for the right to purchase a franchise for an additional territory, you will pay a lump sum \$5,000 Option Fee which will grant you an option for a specified time period determined by us based on the characteristics and demographics of the proposed Option Territory (typically 12 months, but may range from 6 to 18 months, and is extendable on a month to month basis for an additional option fee of \$400 per month for up to an additional 12 months) to purchase a second franchise for the option territory (see Item 12). The Option Fee is non-refundable but \$2,500 of it will be applied to the franchise fee described as follows:

If you are an existing franchisee and you are approved as a purchaser of an additional franchise, you pay a \$15,000 lump sum franchise fee (for license only) when you sign the Franchise Agreement. We will refund the entire amount paid if we do not accept your Franchise Agreement within 60 days. Franchise fees are not refundable under any other circumstances.

If you are an existing franchisee participating in the Novation Program, there is no additional franchise fee.

ITEM 6. OTHER FEES

Standard Franchise

FEES¹	AMOUNT	DUE DATE	REMARKS
Royalty ²	<p>4% of all gross billings if owner's gross billings in the calendar month are \$41,500 or less</p> <p>3.75% of all gross billings if owner's gross billings in the calendar month are over \$41,500 but equal to or less than \$62,500</p> <p>3.5% of all gross billings if owner's gross billings in the calendar month are over \$62,500 but equal to or less than \$83,250</p> <p>3% of all gross billings if owner's gross billings in the calendar month are over \$83,250.</p> <p>If Owner's Gross Billings in the calendar month are over \$104,166, Owner will pay 3% of all Gross Billings up to and including \$104,166, plus 1.5% of the Gross Billings in excess of \$104,166.</p>	15th of the next month	Gross billings are defined as all amounts billed, whether or not payment is received, for Landscape Maintenance Services and all other goods and services by your franchise ³ ; "conversion sales" are all amounts received from existing customers under contract with owner on the date the franchise agreement is signed, which customers were customers of the owner's prior landscape maintenance operations that were converted into a U.S. Lawns franchise ²
Advertising	2% of gross contract billings up to a maximum of \$275 per month	15th of the next month	The Advertising Fee may be increased to no greater than 3%.
Transfer	Up to \$14,500 ⁴	Upon transfer	Paid at closing of the transfer
Audit ⁵	Cost of audit plus the greater of 1-1/2% per month or the highest legal rate for open account business credit	15 days after invoiced	Payable only if audit shows understatement of at least 2% of gross contract billings for any month
Option Fees	\$5,000 for the initial option period from 6 to 18 months; \$400 per month for each additional month the option period is extended up to 12 additional months.	On execution of the Option Agreement	Payable only if you request, and we grant you, an option to acquire an additional franchise in a specified geographic territory.

FEES¹	AMOUNT	DUE DATE	REMARKS
Indemnification	Will vary under circumstances	As incurred	You have to indemnify us, our affiliates, officers, agents and employees against all losses resulting from a violation of the Franchise Agreement by you and against all claims made by third parties resulting from the operation of your Business
Interest and late fee	\$25.00 plus the greater of 1-1/2% per month and the highest legal rate for open account business credit.	When billed	Payable on all overdue amounts
Report Penalty	\$5.00 for each day the information is not provided	When billed	This penalty may be assessed for each day required information is not provided; this penalty is in addition to the interest and late fee described above
Costs and Attorneys Fees	Will vary under circumstances	As incurred	You must reimburse us for fees and costs we incur from your failure to make payments, submit reports or failure to comply with the Franchise Agreement
Management Fee	Reasonable fee plus expenses incurred	As agreed	Upon death or incapacity of franchisee, if requested or if no competent manager is available
Term Renewal Service Fees	Will vary under circumstances	Upon presentment	Minimal fees incurred upon the renewal of your Franchise Agreement

Conversion Franchise

FEES ¹	AMOUNT	DUE DATE	REMARKS
Royalty ²	<p>4% of all gross billings if owner's gross billings in the calendar month are \$41,500 or less</p> <p>3.75% of all gross billings if owner's gross billings in the calendar month are over \$41,500 but equal to or less than \$62,500</p> <p>3.5% of all gross billings if owner's gross billings in the calendar month are over \$62,500 but equal to or less than \$83,250</p> <p>3% of all gross billings if owner's gross billings in the calendar month are over \$83,250.</p> <p>If Owner's Gross Billings in the calendar month are over \$104,166, Owner will pay 3% of all Gross Billings up to and including \$104,166, plus 1.5% of the Gross Billings in excess of \$104,166.</p> <p>For gross billings which are "conversion sales,"² 0% of gross billings during the first 90 days, and, after the first 90 days, royalties will be paid on conversion sales on the same basis as other sales.</p>	15th of the next month	Gross billings are defined as all amounts billed, whether or not payment is received, for Landscape Maintenance Services and all other goods and services by your franchise ³ ; "conversion sales" are all amounts received from existing customers under contract with owner on the date the franchise agreement is signed, which customers were customers of the owner's prior landscape maintenance operations that were converted into a U.S. Lawns franchise ²
Advertising	2% of gross contract billings up to a maximum of \$275 per month	15th of the next month	The Advertising Fee may be increased to no greater than 3%.
Transfer	Up to \$14,500 ⁴	Upon transfer	Paid at closing of the transfer
Audit ⁵	Cost of audit plus the greater of 1-1/2% per month or the highest legal rate for open account business credit	15 days after invoiced	Payable only if audit shows understatement of at least 2% of gross contract billings for any month
Option Fees	\$5,000 for the initial option period from 6 to 18 months; \$400 per month for each additional month the option period is extended up to 12 additional months.	On execution of the Option Agreement	Payable only if you request, and we grant you, an option to acquire an additional franchise in a specified geographic territory.

FEES¹	AMOUNT	DUE DATE	REMARKS
Indemnification	Will vary under circumstances	As incurred	You have to indemnify us, our affiliates, officers, agents and employees against all losses resulting from a violation of the Franchise Agreement by you and against all claims made by third parties resulting from the operation of your Business
Interest and late fee	\$25.00 plus the greater of 1-1/2% per month and the highest legal rate for open account business credit.	When billed	Payable on all overdue amounts
Report Penalty	\$5.00 for each day the information is not provided	When billed	This penalty may be assessed for each day required information is not provided; this penalty is in addition to the interest and late fee described above
Costs and Attorneys Fees	Will vary under circumstances	As incurred	You must reimburse us for fees and costs we incur from your failure to make payments, submit reports or failure to comply with the Franchise Agreement
Management Fee	Reasonable fee plus expenses incurred	As agreed	Upon death or incapacity of franchisee, if requested or if no competent manager is available
Term Renewal Service Fees	Will vary under circumstances	Upon presentment	None has ever been charged. Minimal fees incurred upon the renewal of your Franchise Agreement

¹ All fees are imposed by and payable to us. All fees are non-refundable.
² If you are a conversion franchise, your existing book of business is subject to reduced royalties during your first year. See "Remarks" column above.
³ Gross billings include all sales, contract, extra work and subcontracts.
⁴ Depends on amount of training required of new owner.
⁵ Interest begins the date of underpayment.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – Standard Franchise

FEES	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$29,000 (\$19,000 for veterans) (Note 1)	Lump sum or Financed (Note 1)	At signing of Franchise Agreement	U.S. Lawns
Training Expenses (Travel, Lodging, Meals, Incidentals) (Note 2)	\$2,000 to \$4,000 (Note 2)	As arranged (Note 2)	As incurred (Note 2)	Hotels, Airlines, Restaurants (Note 2)
Real Estate (Note 3)	\$3,000 to \$6,000 (Note 3)	As arranged	As agreed	Third Parties
Service Vehicle and Trailer (Note 4)	\$3,600 to \$5,600 (Note 4)	Initial payment and monthly lease payments (Note 4)	As Agreed	Third Parties
Equipment (Note 5)	\$1,100 to \$14,000 (Note 5)	Lump sum or leased	As agreed	Third Parties
Tools, Supplies, Office Equipment (Note 6)	\$1,000 to 5,000 (Note 6)	Lump sum	Before opening	Vendors
Operating Expenses (Three Months) (Note 7)	\$5,800 to \$6,700 (Note 7)	As incurred	As incurred	Employees, suppliers, utilities
Additional Funds (Three Months)	\$3,000 to \$6,000	As incurred	As incurred	Miscellaneous
Total Estimated Initial Investment	\$48,500 to \$76,300 (\$38,500 to \$66,300 for veterans) (Notes 1 and 8)			

YOUR ESTIMATED INITIAL INVESTMENT – Conversion Franchise

FEES	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$15,000 (Note 1)	Lump sum or Financed (Note 1)	At signing of Franchise Agreement	U.S. Lawns
Training Expenses (Travel, Lodging, Meals, Incidentals) (Note 2)	\$2,000 to \$4,000 (Note 2)	As arranged	As incurred	Hotels, Airlines, Restaurants (Note 2)

Real Estate (Note 3)	\$0 to \$6,000 (Note 3)	As arranged	As agreed	Third Parties
Service Vehicle and Trailer (Note 4)	\$0 to \$5,600 (Note 4)	Initial payment and monthly lease payments (Note 4)	As Agreed	Third Parties
Equipment (Note 5)	\$0 to \$14,000 (Note 5)	Lump sum or leased	As agreed	Third Parties
Tools, Supplies, Office Equipment (Note 6)	\$0 to 5,000 (Note 6)	Lump sum	Before opening	Vendors
Operating Expenses (Three Months) (Note 7)	\$5,800 to \$6,700 (Note 7)	As incurred	As incurred	Employees, suppliers, utilities
Additional Funds (Three Months)	\$3,000 to \$6,000	As incurred	As incurred	Miscellaneous
Total Estimated Initial Investment	\$25,800 to \$62,300 (Note 8)			

¹ For a Standard Franchise, up to 70% of this fee may be financed through U.S. Lawns. For a Conversion Franchise, or for a Franchisee who was a veteran honorably discharged within 18 months of a franchise purchased prior to April 30, 2013, 100% of the fee may be financed through U.S. Lawns. See Item 10. The Initial Franchise Fee is not payable if you are renewing an existing Franchise Agreement or if you are signing the Franchise Agreement to replace your existing Franchise Agreement under our “Novation Program.” All fees are non-refundable. If you are purchasing an additional franchise territory the Franchise Fee is reduced to \$15,000. If you are purchasing a Conversion Franchise the Franchise Fee is reduced to \$15,000. See Item 5.

² The training fees listed are for travel, lodging, meals, and incidental expenses incurred by you and your designees who attend training, for 6 days. (Air travel approximately \$300 per person, hotel approximate \$100 per night per person, meals \$50 per person per day, car rental \$300 for 6 days) There is no cost for the initial training which consists of approximately 50 hours of training for up to 3 individuals in accordance with the following schedule: (a) Initial training at U.S. Lawns’ home office or such other place designated by U.S. Lawns, which shall consist of approximately 15 hours of operational training and 10 hours of administrative training, during the 4 weeks following the Effective Date of the Franchise Agreement unless otherwise mutually agreed by the parties (initial training must be completed by you to U.S. Lawns’ satisfaction prior to your opening of the Business); (b) Approximately 15 hours of operational training in your Territory within 4 weeks after initial training or such later date as may be mutually agreed between the parties; and (c) Approximately 10 hours of training in your Territory in subject areas determined by U.S. Lawns to be needing additional training, during or within 60 days following the operational training and during the operation of the Business. See Item 11.

³ You will need an office and shop/storage area for your business. Some existing businesses (conversion franchises) choose to operate out of their current facilities therefore incur no additional cost for real estate. If this is not an option, you should budget \$500 to \$1,000 per month to rent a facility. The amount listed in the above chart assumes a security deposit and 3 months’ rent. These are only estimates. You will need about 100 to 150 square feet of office and 200 square feet of shop/storage area. The amount of rent will vary depending upon the size, location and condition of the space as well as regional variations in rental values. Included in the estimate are the first and last month’s rent and a deposit in an equal amount that you may be required to pay prior to occupying the space. This amount also includes business and occupational licenses. These expenses are variable depending on the size of the contract sold and the type and size of equipment required. If you obtain a contract for a large property, you may need additional equipment, supplies, and labor.

- 4 You are required to have a Service Vehicle(s) to operate your business. This shall mean and include a pick-up truck, trailer, and any vehicles used by Owner to make sales calls on, and provide services to, customers and prospective customers of the Business, which Service Vehicle(s) shall conform to the standards, specifications and policies established from time to time by U.S. Lawns. An existing vehicle may be converted to use in the business if it conforms to the U.S. Lawns standards. The estimated initial investment is based on the expenses incurred to lease a ¾ ton pickup truck, an eighteen foot enclosed trailer and any additional customization, such as graphics or snow plowing equipment necessary to begin operating the business. The estimated expenses include the first and last months lease payments and lease payments for the initial three month operating period. This amount includes the cost of 1 month security deposit and 3 monthly payments on a fully capitalized 4-year lease of a used service vehicle and trailer valued at \$38,000. (At 8% interest, the monthly payments on \$11,000 would be \$927.69 per month.) These numbers will vary based on the credit-worthiness of the Owner, whether the vehicle is new or used, term of the lease, down payment; options installed, and market conditions.
- 5 You will need landscape industry equipment such as mowers, string trimmers, edgers, and blowers to operate your business. This equipment can be purchased outright, financed, or leased from third parties. In the event you have an existing business (conversion franchises) and your equipment meets the U.S. Lawns standards, you will not incur any additional cost for equipment. The estimated initial investment is based on the lease cost for this equipment over a three month period for the low range and the outright purchase of the equipment for the high range. The amount includes 1 month security deposit and 3 monthly payments on a fully capitalized 4-year lease at 8% interest for a commercial quality mower, string trimmer, edger, and blower, at a total value of \$9,500
- 6 To properly operate your business you must have a computer and software (See Item 11), office supplies and equipment such as a desk, chair, file cabinet, maps, shelves, and miscellaneous tools and equipment, including uniforms.
- 7 These are operating expenses, excluding your salary, required to be paid to third parties during the three month initial operating period. This includes insurance, telephone and communication expenses, utilities, fuel, and marketing/ advertising expenses. These are estimates.
- 8 This table estimates your initial start up expenses. If you are buying a Conversion Franchise, you must make purchases of any equipment and tools that you do not already have, within 90 days of signing the Agreement. Signage is provided by us at no cost to you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow our procedures; your management experience; local economic conditions; the local market for our services; competition; and the sales level reached during the initial period. There are no additional costs associated with the Novation Program

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase for use in your business (the "Business") the following categories of goods, services, supplies, equipment and inventory according to specifications (including brand specifications) issued by us. These purchases include a vehicle, lawn mowers, string trimmers, blowers, hand tools. Items such as herbicides, insecticides, fertilizers, and other landscape related products may be used only if you provide extra services to your customers. We may, in our sole subjective discretion, require you to use, offer and/or promote, and maintain in stock in such quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary products, materials or equipment ("Proprietary Products"). You may buy Proprietary Products only from us (if we sell them) or our designated manufacturer or supplier. Currently, there are no Proprietary Products that you must use. You are not required to purchase products which are not Proprietary Products from us or any other supplier, but the items you purchase must satisfy our specifications. These specifications are as follows: The truck must

be capable of pulling a landscape trailer, white, no body or glass damage, the equipment must be commercial grade lawn equipment. Current requirements for equipment are as follows:

(1) F-250 or equivalent truck, (1) dual axle open or enclosed trailer, (1) mid mount commercial mower, (1) walk behind commercial mower, (1) string trimmer, (1) stick edger, (1) back pack blower, (1) back pack sprayer, miscellaneous hand tools such as rakes and shovels, gas cans, safety equipment. You do not need approval to purchase from alternative suppliers.

You may purchase promotional items such as stationery, marketing materials, uniforms, and other products from us but you are not required to make any purchases from us or our affiliates. For our fiscal year ending April 30, 2011 franchise owner purchases from us, or our affiliates on an on-going basis was approximately \$1,655,953.00 or 5% of our total sales of \$35,752,250.00. There were no individual initial franchise owner purchases from us, or our affiliates for our fiscal year ending April 30, 2011.

. Required purchases and leases from us or an approved supplier is 0% of all your purchases and leases needed to open and operate the business

Trucks, Equipment and Computer Systems.

You must have a personal computer. All trucks, equipment and computer systems used in the operation of the Business must meet our specifications. We may offer to you standard equipment packages that meet our specifications. Currently, we do not offer any packages. You may purchase equipment meeting our specifications from us or any other supplier. We are not required to sell any equipment.

Miscellaneous.

All products utilized by the Business in providing Landscape Maintenance Services must meet our specifications. You may purchase approved brands of inventory from us or from any other supplier.

The other items used in the operation of the Business also may be subject to our specifications. These items may be purchased from us or from any other supplier.

In addition, the operation of the Business requires compliance with laws relating to licensing of Business personnel. This may require that you maintain in force licenses. Compliance with these laws is your responsibility and may require expenditures by you.

The required purchases and leases represent about 40% of all purchases and leases to be made by you in establishing and operating your business.

Issuance of Specifications.

Specifications are included in the Franchise Agreement and the Operations Manual and may be provided to you in other written communications from us.

Approval of Previously Unauthorized Products and Equipment.

You may wish to use products or equipment of a brand that is not currently approved by us. Before using a currently unapproved brand, you must first notify us of your intent to do so, submit to us information about the unapproved brand and obtain our written approval. We will let you know within 30 days if we do not approve. We will determine whether the brand is substantially the same as the brands then approved by us. In the future, we may require different procedures to be followed for requests for approval of brands.

We may charge you reasonable fees for evaluating proposed brands and may impose reasonable limits on the number of approved brands of any product or piece of equipment.

U.S. Lawns as a Supplier.

Before September 30, 1996, U.S. Lawns had not acted as a supplier to its franchisees. Currently, U.S. Lawns, through its parent company and its affiliates, has established purchasing arrangements to provide better service and cost savings to its franchisees.

Franchisees may purchase on a voluntary basis items such as stationery, marketing materials, uniforms, and other products through U.S. Lawns, Inc. and ValleyCrest Companies national accounts. Some of these accounts are run through SilverStar Solutions of U.S. Lawns. A mark-up ranging from 0 to 20% is applied to products and equipment purchased by franchisees through U.S. Lawns. The amount of the mark-up is based upon amounts necessary to cover overhead, billing and stocking costs.

In order to anticipate the needs of our franchisees, if you purchase from us, we may request that you give notice of intent and a commitment to purchase through us. This notice and commitment must be given by you if requested by us.

Except as described in this Item 8, neither we nor our affiliates receive any payments from any suppliers because of their transactions with our franchisees. We may negotiate other purchase arrangements with suppliers for your benefit for uniforms, forms and marketing services. We do not provide any material benefits to you based on your use of designated or approved sources. There are no purchasing or distribution cooperatives. In certain instances, purchases made by our franchisees will be aggregated with purchases made by the ValleyCrest Companies and may contribute to the achievement by the ValleyCrest Companies of rebate levels that typically range from 0% to 3% of aggregate purchases. In addition to offering a preferred service and/or price to the franchisee suppliers may offer a rebate or other consideration to U.S. Lawns ranging from 0% to 10%. No officer of ours owns any interest in any of our approved suppliers.

Approval of Advertising.

You may not use any promotional materials and advertising until it has been submitted to and approved by us. If we have not notified you of disapproval within 10 days after your submission for approval, the materials will be considered approved. You may not, without our express written consent, directly or indirectly create or maintain any internet site, or publish or display any advertising or other materials on or in connection with the internet.

Any communication from us with regard to our approval or any supplier required above will be given within 30 days.

ITEM 9. FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the franchise 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.

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	Section 2(c), Section 6(a)(1) (i)	Items 7 and 11

OBLIGATION	SECTION IN FRANCHISE AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
b. Pre-opening purchases/leases	Section 6(a)(b)	Item 7
c. Site development and other pre-opening requirements	Section 6	Item 11
d. Initial and ongoing training	Sections 4 and 5	Item 7 and 11
e. Opening	Section 4 and 6	Item 11
f. Fees	Section 3	Items 5, 6, and 7
g. Compliance with standards and policies/Operations Manual	Section 6	Item 11
h. Trademarks and proprietary information	Section 6	Items 11 and 13
i. Restrictions on products/services offered	Section 6	Item 16
j. Warranty and customer service requirements	Section 6	None
k. Territorial development and sales quotas	Section 12	Item 12
l. Ongoing product/service purchases	Section 6	Item 8
m. Maintenance, appearance and remodeling requirements	Section 6	Item 11
n. Insurance	Section 7	Item 7
o. Advertising	Section 3(c)	Items 6 and 11
p. Indemnification	Section 14	Item 6
q. Owner's participation/management/staffing	Sections 6(a) and 15	Items 11 and 15
r. Records/reports	Sections 3(a) and 6(a)(7)	Items 6 and 11
s. Inspections/audits	Section 8	Items 6 and 11
t. Transfer	Section 10	Item 17
u. Renewal	Section 11	Item 17
v. Post-termination obligations	Section 13 and 14	Item 17
w. Non-competition covenants	Sections 6(a)(9), 6(c), 6(d), 10(b)(8) and 13(b)	Item 17
x. Dispute resolution	Section 20 through 25	Item 17

Item 10. FINANCING

Summary of Financing Offered

Item Financed [Source]	Amount Financed (70%)	Down Payment (30%)	Term (Yrs.)	Apr %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss Of Legal Right On Default
Initial Franchise Fee	\$20,300	\$8,700	5	Prime plus 5%	441.37 (See Note 1)	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2
Item Financed [Source]	Amount Financed (60%)	Down Payment (40%)	Term (Yrs.)	Apr %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss Of Legal Right On Default
Initial Franchise Fee	\$17,400	\$11,600	5	Prime plus 4%	\$369.70	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2
Item Financed [Source]	Amount Financed (50%)	Down Payment (50%)	Term (Yrs.)	Apr %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss Of Legal Right On Default
Initial Franchise Fee	\$14,500	\$14,500	5	Prime plus 3%	\$301.00	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2

Summary of Financing Offered- Conversion Franchise

Item Financed [Source]	Amount Financed (100%)	Down Payment (0%)	Term (Yrs.)	Apr %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss Of Legal Right On Default
Initial Franchise Fee	\$15,000	0	5	Prime plus 5%	\$305.94 (See Note 1)	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2

Summary of Financing Offered- Veterans Initiative Franchise

Item Financed [Source]	Amount Financed (100%)	Down Payment (0%)	Term (Yrs.)	Apr %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss Of Legal Right On Default
Initial Franchise Fee	\$19,000	0	5	Prime plus 5%	\$387.53 (See Note 1)	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2

Note 1 - Equal monthly payments are based on prime rate plus 3-5% per annum fixed at the time of sale for five years with the adjustments for prime rate quarterly. Illustration: On April 20, 2012, prime rate = 3.25%; finance rate = 8.25%. Monthly payment on \$20,300 = \$441.37. Monthly payment on \$15,000 = \$305.94. Monthly payment on \$19,000 = \$387.53.

Note 2 - With your approved credit, U.S. Lawns may finance up to 70% of the Initial Franchise Fee for a Standard Franchise or 100% of the fee for a Conversion Franchise or a Veterans Initiative Franchise. The loan will be fully amortized over a five-year period. If you are purchasing a Conversion Franchise, your first payment would not be due until 90 days after you begin operations as a U.S. Lawns franchisee. If you are purchasing a Veterans Initiative Franchise, your first payment would not be due until 90 days after you begin operations as a U.S. Lawns franchisee. U.S. Lawns charges annual interest on the outstanding principal balance at the prime interest rate, plus 3-5% per annum, with the prime rate adjusted quarterly. You would be required to execute a Business Note and Security Agreement substantially in the form of **Schedule Four** of

the Franchise Agreement ("Business Note") in favor of U.S. Lawns. The required security for the loan is all of the assets of the franchise business and a personal guarantee of the Business Note (substantially in the form attached to the Business Note) by you and your spouse or by all of the shareholders of your corporation. The Business Note can be prepaid at any time without penalty. If you do not pay on time, U.S. Lawns can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys' fees if a collection action is necessary. We also have the right to terminate your Franchise if you do not make your note payments on time. You waive your rights to notice of a collection action and to assert any defenses to collection against U.S. Lawns. U.S. Lawns may discount the Business Note to a third party who may be immune under the law to any defenses to payment you may have against U.S. Lawns. All franchisees approved for financing agree to the same financing terms for the portion of the Initial Franchise Fee that is financed.

We presently do not guarantee any notes, leases or other obligations of our franchisees.

Currently, U.S. Lawns has no practice or intent of selling, assigning or discounting to a third party any note, contract or other instrument that you execute. U.S. Lawns and its affiliates do not receive any direct or indirect payments from any person for the placement of financing.

Franchisees of U.S. Lawns are eligible for expedited and streamlined SBA loan processing through the SBA's franchise registry program, www.franchiseregistry.com.

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

Except as listed below, U.S. Lawns need not provide any assistance to you. Before you open the business, U.S. Lawns will provide:

(1) Approximately 50 hours of training for up to 3 individuals (You (or if you are not a sole proprietorship, your CEO or your managing partner, depending on entity type) must attend the training and up to 2 others may attend) in accordance with the following schedule (Agreement Sections 4,5):

(a) Initial training at U.S. Lawns' corporate headquarters or such other place designated by U.S. Lawns, which shall consist of approximately 15 hours of operational training and 10 hours of administrative training, during the 4 weeks following the Effective Date unless otherwise mutually agreed by the parties (initial training must be completed by you to U.S. Lawns' satisfaction prior to your opening of the Business) (Agreement Section 4);

(b) Approximately 15 hours of operational training in your Territory within 4 weeks after initial training or such later date as may be mutually agreed between the parties (Agreement Section 4); and

(c) Approximately 10 hours of training in your Territory in subject areas determined by U.S. Lawns to be needing additional training, during or within 60 days following the operational training and during the operation of the Business. (Agreement Section 4(a)).

You are responsible for all wages, travel and living expenses of your staff during training.

You must complete the training to our satisfaction.

You are not required to attend any additional training.

(d) An initial sales portfolio for use in sales and promotion(Agreement Section 4).

(e) Assistance in selecting, buying, maintaining and installing maintenance equipment and supplies(Agreement Section 4).

(f) Sample maintenance contracts for you to adapt to conform to local legal issues and other concerns specific to the Territory(Agreement Section 4).

(g) Provide initial operating materials as follows: marketing letters; 250 business cards; 250 sheets of letterhead; 250 envelopes; 100 U.S. Lawns brochures; 100 landscape management reports; 100 presentation folders; and one set of truck decals(Agreement Section 4).

(h) Assist you to develop a customized business plan for the Business(Agreement Section 4).

(2) In addition to the above:

(a) if you own another existing franchised U.S. Lawns Landscape Maintenance Business and are signing the Franchise Agreement to purchase an existing U.S. Lawns Landscape Maintenance Business from another franchisee, none of Sections 4(a)-(f) apply;

(b) if you own another existing franchised U.S. Lawns Landscape Maintenance Business and is signing this Agreement to purchase an additional U.S. Lawns Landscape Maintenance Business franchise (i.e. a new business) from U.S. Lawns, only [^] Sections 4(c) and 4(g) apply; and

(c) If you do not own another franchised U.S. Lawns Landscape Maintenance Business, and are signing the Franchise Agreement to purchase an existing U.S. Lawns Landscape Maintenance Business from a franchisee, only Sections 4(a) and 4(f) apply.

(3) U.S. Lawns Obligations; Continuing Services. Except to the extent the following shall have been provided to you pursuant to another franchise agreement between you and U.S. Lawns, U.S. Lawns will(See Agreement Section 5):

(a) Provide training materials for purchase for use in training employees.

(b) Provide advertising copy for purchase for use in recruiting employees.

(c) Lend to you a copy of the U.S. Lawns Operations Manual, which contains mandatory and suggested standards and procedures, and each update thereto.

(d) Assist you in pricing work by helping evaluate production rates, pricing models and estimating procedures.

(e) Provide periodic support during each year.

(f) Upon your request, assist you to update its customized business plan for the Business from time to time during the Term.

(g) Be available to you during normal business hours by telephone to help answer business questions.

(h) Hold periodic training and informational conferences covering various business topics in the area of sales techniques, personnel, operational and technical issues as well as general business management (there are no fees for the conference, but you must pay your and your employees' travel, hotel and meal expenses).

(i) Make available other training sessions for you and your employees in which participants share the expense but costs are at group rates rather than individual rates.

(j) Develop advertising and marketing materials and provide assistance in selecting and buying sales materials. U.S. Lawns reserves the right to impose a reasonable charge for copies of the advertising and marketing material so developed by U.S. Lawns. We are not required to advertise in your territory.

(k) Provide a source from whom to purchase landscape maintenance tools, equipment and supplies.

(l) Provide additional individualized training at your reasonable request within the Territory; you must reimburse U.S. Lawns for reasonable expenses plus U.S. Lawns' then standard daily consulting fee for each training session in the Territory.

(m) The location, frequency and costs of the above services shall be at U.S. Lawns' sole discretion.

Note: You and we will determine when vehicles and equipment must be updated based on increases in business and the need for uninterrupted service.

(4) You must purchase, use and maintain a personal computer system (the "Computer System") as specified in the Manuals or otherwise by U.S. Lawns in writing for use in connection with its Business. U.S. Lawns shall designate, and you must acquire, certain computer software used. We estimate the cost to be \$1,000-\$2,000. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as U.S. Lawns may require, for which we estimate the annualized cost to be \$100-\$200. On request, you must permit U.S. Lawns to access the Computer System and the files stored there via any means specified, including electronic polling communications. At your cost and expense, you must subscribe to the U.S. Lawns Development Center internet web site, or successor system established by U.S. Lawns (There are currently no fees for access to this system). You must also maintain membership in a third party internet service provider and/or network ("ISP"), such as CompuServe, AOL, MSN, and Prodigy, which may be designated by U.S. Lawns for the purpose of implementing, transmitting, collecting and maintaining any information or data exchange system. U.S. Lawns shall not provide maintenance or support services for your office

equipment; provided, however, U.S. Lawns shall format your chart of accounts and load U.S. Lawns' proposal documents onto your computer and provide minor assistance in setting up and using your software programs. U.S. Lawns will not provide you with any computer or software training or other related services, including, accounting or bookkeeping services, or formatting your depreciation schedule, except as provided above. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software as U.S. Lawns may require. Upon request, you must permit U.S. Lawns to access the Computer System and the files stored in them via any means specified, including electronic polling communications. At this time, no particular brand of computer or software is required, so long as it has spreadsheet functions and allows you to keep track of orders and appointments.

(5) We have established and administer an advertising program (the "Advertising Program") in-house. The Advertising Program pays for the costs of advertising materials and activities to benefit all U.S. Lawns Landscape Businesses. Advertising may be national, regional, or local but we are not required to conduct advertising in your area. All U.S. Lawns Landscape Businesses owned by us will contribute to the Advertising program on the same basis as you. We must account for the Advertising Program separately from our other funds. We may not use the Advertising Program to pay any of our general operating expenses, except for reasonable costs related to the Advertising Program. At your request, we will furnish to you within 120 days after the end of each calendar years, an unaudited report certified as correct by a U.S. Lawns officer showing the Advertising Program balance at the beginning of the year, the total amount actually expended for the year, and remaining balance in the Advertising Program at the end of the fiscal year end, which will be carried over for use during the following year(s).

You are not required to participate in local or regional advertising cooperatives, and there is no advertising council. If the Advertising Program is established, we will not be required to spend any particular amounts on advertising in your Territory. We may spend in any fiscal year more or less than the total contributions to the Advertising Program in that year and the Advertising Program may borrow from us or others to cover deficits or invest any surplus for future use. We will not spend any Advertising Program monies for the solicitation and sale of franchises. (Section 3(b)). Last fiscal year, we spent approximately 20% on production, 65% on media, and 15% on administration and miscellaneous expenses

Any local advertising you do for your Business may only be done using materials which have been approved by us. We will furnish you with approved advertising materials on the same basis that materials are furnished to other U.S. Lawns Landscape Businesses. (Section 3(b)). You may not advertise on the internet without our written approval.(Section 3(c) and Section 9).

(6) A copy of our Operations Manual that we provide to franchisees will be made available to you for viewing before your purchase of this franchise.

You will select the site for your Business, subject to our reasonable approval. The factors in our approval process are central location, appropriate zoning, amount of competition, and accessibility for employees. A site must be identified before you pay any fees and before an Agreement is signed. We generally decide on proposed sites within ten business days. Failure to agree on a site will prevent the signing of the Franchise Agreement. (Section 2 and Section 6).

The typical length of time between the signing of the Franchise Agreement or the first payment for the franchise and the opening of the franchise business is 30 days. You must complete the initial training before opening your Business. (Section 4(a)). However, if you opt for the Novation program, you are not required to attend training. The training will be provided either at our headquarters or a site designated by U.S. Lawns and will be conducted monthly or as needed. You must complete this training to our satisfaction. Although there are no additional fees for this training, you will be responsible for all travel expenses, salaries which you incur for training, and your room, meals and living expenses.

Our trainers are officers and key employees of U.S. Lawns, as well as outside consultants. These trainers are used interchangeably depending on the subjects covered, and each has at least four years of experience in the topic covered. Outside consultants also conduct various training programs available to the franchisees at national conferences. These are held on an extra fee basis if the franchisees wish to use them. As of our most recent fiscal year end, we provided the training in the next table.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Franchise System	1	*	Orlando, FL and your location
Support Programs	4	*	Orlando, FL and your location
Products/ Services	4	*	Orlando, FL and your location
Marketing and Sales	8	*	Orlando, FL and your location
Customer Service	6	*	Orlando, FL and your location
Personnel	2	*	Orlando, FL and your location
Financial Management	2	*	Orlando, FL and your location
Office Administration	3	*	Orlando, FL and your location
Computer Operations	3	*	Orlando, FL and your location
Safety	2	*	Orlando, FL and your location
Equipment Operations	6	*	Orlando, FL and your location

*In addition to 40 hours of classroom training in our headquarter and at your location, we conduct on-the-job training of at least 10 hours as follow-up, in the above subjects in which we determine it is most needed.

Instructors are Ken Hutcheson Paul Wolbert, and David Reist ,who have 10-30 years' experience in the subjects taught .

ITEM 12. TERRITORY

A geographic territory (the "Territory") will be identified in Section 2(b) of the Franchise Agreement when you sign it. The location of your Territory will be decided on by discussions between you and us. The size of your Territory will be based upon the opportunities within the Territory to provide landscape maintenance services. The minimum territory will be a 10-mile radius from the center point. You will have the exclusive right within your Territory to provide "Landscape Maintenance Services" (as defined in the Franchise Agreement) using our service mark. During the term of the Franchise Agreement, U.S. Lawns will not, without your consent, itself offer or provide Landscape Maintenance Services using the "U.S. LAWNS" service mark within your Territory, nor will it license others to do so. We do retain the right to use other channels of distribution (e.g. the Internet, catalog, telemarketing, direct marketing) inside your territory using our principal trademarks or other trademarks. We do not have to pay you for exercising this right.

We expressly reserve the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly, ourselves (including VCLM and VCC) and through licenses and franchisees: (i) to solicit and provide Landscape Maintenance Services under the U.S. Lawns' service mark at any location outside of your Territory; and (ii) to provide Landscape Maintenance Services under service marks, trade names and other commercial symbols other than the U.S. Lawns' service mark, at any location, within or outside your Territory, and to solicit prospective customers for such services wherever they may be located;(iii) to use alternative marketing media including the internet within your territory. You may not solicit or accept orders from outside your territory without our consent, or use other channels of distribution such as the Internet, catalog sales, telemarketing, or direct marketing to make sales outside your territory with our consent or without adherence to our policies and procedures.

Regional Accounts. U.S. Lawns expressly reserves the right to solicit Regional Accounts wherever located. In order to enable us to negotiate special arrangements involving Regional Accounts, including responding to requests for proposals ("RFP") involving locations which are both within and outside your Territory, at our request, you must promptly evaluate the applicable Regional Account location(s) located within your Territory and prepare a bid package for each such location in accordance with such formats, procedures and specifications as we may establish, including any supplemental or modified bid package which we may require in order to satisfy the requirements of the Regional Account (each a "Bid Package"). If your Bid Package is accepted by the Regional Account, you must honor your proposal and sign all agreements and other documents and instruments as we and the Regional Account may require to fulfill the agreed on contract terms ("Regional Account Agreement"). We will give you the first opportunity to submit a Bid Package on each proposed Regional Account location which is within your Territory and to perform Landscape Maintenance Services to Regional Account locations located in your Territory; provided, however, that we may, as applicable, submit Bid Packages and perform such Landscape Maintenance Services itself or cause other owners or contractors to do so, if: (a) you fail to timely submit a Bid Package in accordance with our request, or if we determine that the Bid Package submitted by you is likely to be rejected by the Regional Account; (b) the Regional Account rejects your Bid Package or notifies you or us that it does not wish to be served by you; (c) you for any reason fail or refuse to perform in accordance with the Bid Package and Regional Account Agreement; (d) you, at the time of the issuance of the RFP or submission of the Bid Package, are in default of your obligations or under any other agreement with us, or under any other Regional Account Agreement to which you are party; or (e) you are, in our judgment exercised in good faith, not qualified, equipped or otherwise capable to satisfy the RFP or Regional Account Agreement requirements or to perform the

services as required. U.S. Lawns may charge a management fee to offset the sales and administrative expenses of processing and managing regional accounts.

As long as you have performed all of your obligations under the Franchise Agreement, your Territory may only be altered with your consent. There are no other circumstances that permit us to modify your territory. You may lose your franchise and your Territory if you fail to perform those obligations. Those obligations include a requirement that you generate royalty eligible gross contract billings of at least the following to maintain your franchise:

- (i) annual volume of \$50,000 during the first year of operation,
- (ii) annual volume of \$100,000 during the second year of operation, and annual volume of \$200,000 during every other year of operation.

By setting these required volumes, we do not represent that you will necessarily attain such sales volumes.

At your request, we may grant you an option to acquire an additional franchise to operate a U.S. Lawns Landscape Business in a specific geographic area (the "Option Territory"). You must sign an Option Agreement in the form attached as **Schedule Eight** of the Franchise Agreement which contains the terms of the option, including a description of the Option Territory, the time within which you must exercise the option (the "Option Period"), and your rights during the Option Period. You must pay a \$5,000 option fee when you sign the Option Agreement. The initial Option Period will be for a period determined by us based on the characteristics and demographics of the proposed Option Territory, ranging from 6 to 18 months. If you are current in all payments to U.S. Lawns under your Franchise Agreement, you may extend the Option Period on a month to month basis for up to 12 additional months. The fee to extend the Option Period is \$400 per month. During the Option Period, you may, on a non-exclusive basis, solicit and service clients within your Option Territory. If you elect to exercise your option by signing a new Franchise Agreement, you must pay U.S. Lawns an initial franchise fee of \$15,000 (\$12,500 if you sign your Franchise Agreement during the first 6 months of the initial Option Period) when you sign the Franchise Agreement. If you do not sign a new Franchise Agreement for the Option Territory within the Option Period including any extensions, at our request, you must at the expiration of the Option Period assign to U.S. Lawns or our designee all customer accounts relating to property located within the Option Territory.

You may purchase additional franchises if your currently owned franchises are in good standing. It is not your right to purchase additional franchises.

ITEM 13. TRADEMARKS

The service mark design for U.S. Lawns is registered with the United States Patent and Trademark Office (USPTO), Principal Register, (Registration Number 1,596,756, dated May 15, 1990). We also own all right, title and interest in U.S. Trademark Nos. 1,476,402 (registered on the Supplemental Register on February 9, 1988), 1,980,654 (registered on the Principal Register on June 18, 1996), 2,904,609 (registered on the Principal Register on November 23, 2004), 2,937,423 (registered on the Principal Register on April 5, 2005), 3,047,863 (registered on the Principal Register on January 24, 2006) and 3,152,508 (registered on the Principal Register on October 10, 2006), providing federal trademark protection for the US LAWNS, US LAWN, and US LAWNS & Star Design marks. In addition, U.S. Lawns own federal trademark

protection for the marks NATIONAL STRENGTH, LOCAL COMMITMENT (registered on the Principal Register on March 20, 2007) and YOUR IMAGE IS EVERYTHING TO US (registered on the Principal Register on February 23, 2010), as well as state trademark registrations for the mark U.S. LAWNS & Design in Florida, Texas, Maryland, Pennsylvania and Massachusetts.

U.S. Lawns grants our franchisees the right to operate a landscape maintenance business under the name, logo and mark "U.S. Lawns". We also claim common law trademark rights in the name "U.S. Lawns." Franchisees must follow our rules when using our marks. They cannot use our name or mark as part of a corporate name or with modifying words, designs or symbols except for those which U.S. Lawns licenses to you. You may not use U.S. Lawns' name in connection with the sale of an unauthorized product or service or in a manner not previously authorized in writing by U.S. Lawns.

There are presently no determinations of the U.S. Patent and Trademark Office, the trade mark administrator of any state or any court, nor are there any pending interference, opposition or cancellation proceedings or any pending litigation involving our marks. There are no agreements currently in effect which significantly limit the rights of U.S. Lawns to use or license the use of its marks or the name U.S. LAWNS in any manner material to its franchisees. We do not know of any prior rights or infringing uses of our service mark that we believe could materially affect our franchisees use our service marks.

Our franchisees must immediately notify U.S. Lawns of any apparent infringement of, or challenge to, use of our marks. Although not obligated to do so, U.S. Lawns will take any action it may deem appropriate and will control any litigation or proceeding. We do not have to protect your right to use the trademarks or protect you against claims of infringement or unfair competition arising out of your use of trademarks. However, we do not know of any superior rights that could materially affect your use of the principal trademarks in this state.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The franchisor does not own any patents or copyrights which are material to the franchise.

Franchisees do not receive the right to reproduce or distribute an item covered by a patent or copyright, but you can use the proprietary information provided in U.S. Lawns' Operations Manual to conduct your business. The Operations Manual is described in Item 11. U.S. Lawns claims copyright protection in its Operations Manual, as well as trade secret and other intellectual property rights in the proprietary information provided to its franchisees. Item 11 describes limitations on the use of this manual by franchisees and their employees. Franchisees must also promptly tell us when they learn about unauthorized use of this proprietary information. U.S. Lawns is not obligated to take any action but will respond to this information as we think appropriate. The Agreement does not provide any particular rights to you if you have to stop using any proprietary information.

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

You do not have to participate personally in the direct operation of the franchise, even though U.S. Lawns recommends the participation by you. you or one or more of your employees must receive training in the operation of a franchised business. A limit of three individuals can receive initial training. You must keep the Business under the direct full-time supervision of you or of a trained and competent manager who has completed our training program or equivalent training to our satisfaction. You must keep us informed at all times of the identity of any supervisory employee acting as regular manager of the Business. Certain of your employees will be required by us to sign our confidentiality/non-competition agreement (**Schedule Seven** to the Franchise Agreement). You and your spouse must sign the Guaranty.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may provide Landscape Maintenance Services to any customer in your territory. You must meet our requirements when operating your business. You may not sell any product or service which we have not approved in advance. You may not use the Business office or warehouse for any purpose other than the operation of the U.S. Lawns business. During each season of the year, you must offer all products and services which we have authorized. We may change the types of authorized products and services, and there is no limit on our ability to make these changes. You do not have to offer services which we have classified as "optional services." You must purchase only materials and supplies which meet our requirements.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists important provisions of the franchise 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 1	10 years
b. Renewal or extension	Section 11	One or more renewal terms of 10 years each. Your term begins anew if you opt for the Novation program. (however, the aggregate term of all predecessor agreements and Renewal Franchise Agreements may not exceed 30 years) on new terms and conditions is permitted if you meet certain requirements.
c. Requirements for you to renew or extend	Section 11	You are substantially in compliance, not then in default, made necessary modifications, executed release and sign then current form of Franchise Agreement. Payment of \$100 to \$500 upon the renewal of your Franchise Agreement for our services. This fee does not apply to those who opt for the Novation Program.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
d. Termination by you	Section 12(a)	If we have materially failed to comply and 90 day notice.
e. Termination by U.S. Lawns without cause	None	
f. Termination by U.S. Lawns with cause	Section 12(b)	We can terminate only if you default.
g. "Cause" defined-curable defaults	Section 12(b)	You have 5 days to cure non-payment of fees, 10 days to cure defaults not listed in Sections 12(b)
h. "Cause" defined-non-curable defaults	Section 12(b)	Non curable defaults: bankruptcy, foreclosure, insolvency, a judgment of \$5,000 or more remaining unsatisfied for more than 30 days, a levy of execution of attachment on your license or any property used in your U.S. Lawns Business which is not discharged within 5 days, a mechanics lien against your premises or equipment, condemnation or transfer in lieu of condemnation, casualty damage to your Business which is not repaired within 30 days, abandonment, unapproved transfers, conviction of a felony, failure to commence business, failure to complete training, failure to maintain insurance, failure to meet minimum Gross Billings (See Item 12).
i. Your obligations on termination/nonrenewal	Section 13	Cease operating Business, cease use of system and Marks, cancel assumed or similar name registrations, return materials, change telephone number or de-identify, pay outstanding amounts.
j. Assignment of contract by U.S. Lawns	Section 26	No restriction on our right to assign.
k. "Transfer" by you-defined	Section 10(a)	Includes transfer of any right or interest in the Agreement or you.
l. U.S. Lawns' approval of transfer by franchisee	Sections 10(b) and (c)	We have the right to approve all transfers.
m. U.S. Lawns approval of transfer by you	Section 10	You are not in default, transferee qualifies and provides required documents, assumes all your obligations, signs new franchise agreement, training fee paid, you execute and deliver release, training completed, monetary obligations subordinated, pay our legal fees in connection with your transfer, transferee's owners sign guaranty. You may not solicit any of your customers after your franchise is transferred to transferee. See also "r" below.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
n. U.S. Lawns' right of first refusal to acquire your business	Section 10(d) and 13(c)	We have right to match offer.
o. U.S. Lawns' option to purchase your business	Section 13(c)	Right to purchase for predetermined amount in certain cases.
p. Your death or disability	Section 10(c)	Franchise must be transferred to an approved buyer within 12 months.
q. Non-competition covenants during the term of the franchise	Sections 6(a)(9)	No involvement in any lawn care business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Sections 10(b)(8) and 13(b)	No interest for 2 years in lawn care business within the Territory.
s. Modification of the agreement	Sections 6(f)	No modifications without writing, but the Operations Manual, specifications and procedures can be changed.
t. Integration/merger clause	Section 15 and 27	Only terms of Franchise Agreement are binding (subject to state law).
u. Dispute resolution by arbitration or mediation	Section 20	Arbitration of most disputes in Orlando, Florida.
v. Choice of forum	Section 22	Florida
w. Choice of law	Section 21	Florida

See Exhibit **E** for special state disclosures.

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing about possible performance at a particular location or under particular circumstances.

STATEMENT OF AVERAGE GROSS SALES BY QUARTILE

The following chart presents unaudited information about the average Gross Sales of the 193 Franchised Territories that were open and continuously operating from January 1, 2011, through December 31, 2011 (the "Accounting Period"). As used in this Item 19, the term "Gross Sales" means all revenue and income from any source derived or received by the Franchised Territories from, through, by

or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes. We obtained this Gross Sales information from unaudited franchisee reports submitted to us consistent with our reporting requirements. We have not audited or otherwise reviewed the Gross Sales information submitted to us.

**GROSS SALES⁽¹⁾, BY QUARTILE, OF THE 193 FRANCHISED TERRITORIES
OPEN THE ENTIRE ACCOUNTING PERIOD**

Quartile ⁽²⁾	Average Gross Sales ⁽³⁾	Number Ter. Above Average ⁽⁴⁾	Number Ter. Below Average ⁽⁵⁾	% Above Average ⁽⁶⁾	% Below Average ⁽⁷⁾
First	\$1,392,619	19	29	40%	60%
Second	\$468,037	24	24	50%	50%
Third	\$224,373	22	26	46%	54%
Fourth	\$76,661	24	25	49%	51%

- (1) Gross Sales. As referenced above, “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes.
- (2) Quartile. The term “Quartile” refers to the relative performance of the Franchised Territories included in this Item 19. Specifically, the “1st Quartile” refers to the top 25% performing Franchised Territories based on Gross Sales, the “2nd Quartile” refers to the next highest 25% performing Franchised Territories based on Gross Sales, and so on.
- (3) Average Gross Sales. The above chart combines the Gross Sales of all 193 Franchised Territories during the Accounting Period, and lists the average Gross Sales for each Quartile. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.
- (4) Number Ter. Above Average. Refers to the number of Franchised Territories for each Quartile whose Gross Sales exceeded the Average Gross Sales.
- (5) Number Ter. Below Average. Refers to the number of Franchised Territories for each Quartile whose Gross Sales were less than the Average Gross Sales.
- (6) % Above Average. Refers to the percentage of Franchised Territories for each Quartile whose Gross Sales exceeded Average Gross Sales.
- (7) % Below Average. Refers to the percentage of Franchised Territories for each Quartile whose Gross Sales were less than the Average Gross Sales.

STATEMENT OF AVERAGE GROSS PROFITS
BY QUARTILE

The following chart presents unaudited information about the average Gross Profit of the 193 Franchised Territories that were open and continuously operating from January 1, 2011, through December 31, 2011 (the “Accounting Period”). As used in this Item 19, the term “Gross Profit” means all revenue and income from any source derived or received by the Franchised Territories from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the cost of providing the service, including; direct costs (labor, materials, supplies, royalties), equipment overheads (payments, insurance, repairs & maintenance, gas & oil) and indirect costs (supervisory salaries, waste disposal, uniforms). We obtained this Gross Profit information from unaudited franchisee reports submitted to us consistent with our reporting requirements. We have not audited or otherwise reviewed the Gross Profit information submitted to us.

**GROSS PROFITS ⁽¹⁾, BY QUARTILE, OF THE 193 FRANCHISED TERRITORIES
OPEN THE ENTIRE ACCOUNTING PERIOD**

Quartile ⁽²⁾	Average Gross Profit ⁽³⁾	Number Ter. Above Average ⁽⁴⁾	Number Ter. Below Average ⁽⁵⁾	% Above Average ⁽⁶⁾	% Below Average ⁽⁷⁾
First	\$474,708	16	32	33%	67%
Second	\$151,601	21	27	44%	56%
Third	\$68,344	25	23	52%	48%
Fourth	\$15,414	32	17	65%	35%

- (1) Gross Profits. As referenced above, “Gross Profit” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the cost of providing the service, including; direct costs (labor, materials, supplies, royalties), equipment overheads (payments, insurance, repairs & maintenance, gas & oil) and indirect costs (supervisory salaries, waste disposal, uniforms).
- (2) Quartile. The term “Quartile” refers to the relative performance of the Franchised Territories included in this Item 19. Specifically, the “1st Quartile” refers to the top 25% performing Franchised Territories based on Gross Profit, the “2nd Quartile” refers to the next highest 25% performing Franchised Territories based on Gross Profit, and so on.
- (3) Average Gross Profit. The above chart combines the Gross Profit of all 193 Franchised Territories during the Accounting Period, and lists the average Gross Profit for each Quartile. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.

- (4) Number Ter. Above Average. Refers to the number of Franchised Territories for each Quartile whose Gross Profit exceeded the Average Gross Profit.
- (5) Number Ter. Below Average. Refers to the number of Franchised Territories for each Quartile whose Gross Profit was less than the Average Gross Profit.
- (6) % Above Average. Refers to the percentage of Franchised Territories for each Quartile whose Gross Profit exceeded Average Gross Profit.
- (7) % Below Average. Refers to the percentage of Franchised Territories for each Quartile whose Gross Profit was less than the Average Gross Profit.

Notes to Item 19:

1. The Gross Sales and Gross Profit information included in this Item 19 relates only to the 193 Franchised Territories that were continuously open and operating during the entire Accounting Period (i.e., January 1, 2011, through December 31, 2011). It does not include Gross Sales information for franchised territories open less than the entire Accounting Period. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised U.S. Lawns Territory. Current and former franchisees listed in this Disclosure Document may be one source of this information.
2. **Some territories have earned or sold these amounts. Your individual results may differ. There is no assurance you will sell or earn as much.**
3. The information provided in this Item 19, including statements of Average Gross Sales and Average Gross Profit, is based on historical results. The information is based on economic conditions as they existed during the Accounting Period (January 1, 2011, through December 31, 2011). No consideration has been made in any category for inflation-related adjustments or weakness in general conditions.
4. The revenues and expenses of a franchised U.S. Lawns Territory will be directly affected by many factors, such as: (a) the region and market area in which the territory is located; (b) the competitive environment; (c) population density of the market; (d) whether the franchisee assumes the position of manager or hires a manager; (e) product prices and general market conditions; (f) Employee personnel benefits (life and health insurance, and so on); (g) individual skills and business acumen of the franchisees; (h) employment conditions in the market; and (i) other factors. Certain markets have substantially higher labor costs than others and you are urged to investigate local labor costs prior to making any assumptions about what your costs will be.
5. We recommend that you make your own independent investigation to determine whether the franchise may be profitable to you. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income

taxes and any other applicable taxes that you may incur in operating a U.S. Lawns franchise territory.

6. You are responsible for developing your own business plan for your business. We encourage you to consult with your own accounting, business, and legal advisors in doing so. In developing the business plan, you are cautioned to make necessary allowance for changes in financial results to income, expenses, or both, that may result from operation of your business in different geographic areas or new market areas, or during any periods of, or in areas suffering from, economic downturns, inflation, unemployment, or other negative economic influences.

Written substantiation of all data presented in this Item 19 will be made available to you on reasonable request.

Other than the preceding financial performance representation, U.S Lawns, Inc. does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing franchise territory, however, we may provide you with the actual records of that territory. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Brandon Moxam, our Franchise Recruiting Director at U.S. Lawns (4407 Vineland Rd. Ste D-15 , Orlando, FL 32811, 407-246-1630), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

**Table #1 Systemwide Outlet Summary
For Years 2010 to
2012**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2010	206	219	13
	2011	219	239	20
	2012	239	251	12
Company-Owned	2010	0		0
	2011	0		0
	2012	0		0
Total Outlets	2010	206	219	13
	2011	219	239	20
	2012	239	251	12

**Table #2 Transfers of
Outlets from
Franchisees to New
Owners
(other than the Franchisor)
For years 2010 to
2012**

State	Year	Number of Transfers
AL	2010	0
	2011	0
	2012	0
AR	2010	0
	2011	0
	2012	0
AZ	2010	0
	2011	0
	2012	0
CA	2010	0
	2011	0
	2012	0
CO	2010	0
	2011	0
	2012	0
CT	2010	0
	2011	0
	2012	0
FL	2010	2
	2011	0
	2012	0
GA	2010	1
	2011	0
	2012	1
ID	2010	0
	2011	0

	2012	0
IL	2010	0
	2011	0
	2012	0
IN	2010	0
	2011	0
	2012	0
KS	2010	0
	2011	0
	2012	0
KY	2010	0
	2011	0
	2012	0
LA	2010	0
	2011	0
	2012	0
MA	2010	0
	2011	0
	2012	0
MD	2010	0
	2011	0
	2012	0
ME	2010	0
	2011	0
	2012	0
MI	2010	0
	2011	0
	2012	0
MN	2010	0
	2011	0
	2012	0
MO	2010	0
	2011	0
	2012	0
MS	2010	0

	2011	0
	2012	0
NC	2010	1
	2011	0
	2012	0
NH	2010	0
	2011	0
	2012	0
NJ	2010	0
	2011	0
	2012	0
NY	2010	0
	2011	0
	2012	0
OH	2010	1
	2011	0
	2012	0
OK	2010	0
	2011	1
	2012	0
PA	2010	0
	2011	0
	2012	0
SC	2010	0
	2011	0
	2012	1
TN	2010	1
	2011	0
	2012	0
TX	2010	1
	2011	0
	2012	2
VA	2010	1
	2011	2
	2012	0

WA	2010	0
	2011	0
	2012	0
WI	2010	0
	2011	0
	2012	0
Total	2010	00008
Total	2011	00003
Total	2012	00004

**Table #3 Status of
Franchised Outlets
For years 2010 to 2012**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of Year
AL	2010	9		1				8
	2011	8						8
	2012	8	1			1		8
AR	2010	2						2
	2011	2	1					3
	2012	3						3
AZ	2010	4						4
	2011	4						4
	2012	4						4
CA	2010	2						2
	2011	2	1					3
	2012	3	2	1				4
CO	2010	4					1	3
	2011	3						3
	2012	3	2					5
CT	2010	2						2
	2011	2						2
	2012	2						2
DE	2010	0						0
	2011	0	1					1

	2012	1	1					2
FL	2010	50	5	3				52
	2011	52	1					53
	2012	53		2		3		48
GA	2010	15	1				2	14
	2011	14						14
	2012	14	1	2				13
IA	2010	0						0
	2011	0	2					2
	2012	2	1	1				2
ID	2010	1						1
	2011	1						1
	2012	1						1
IL	2010	5	2					7
	2011	7		1				6
	2012	6						6
IN	2010	4	1					5
	2011	5		1				4
	2012	4	2					6
KS	2010	1					1	0
	2011	0	1					1
	2012	1	1					2
KY	2010	3						3
	2011	3	1					4
	2012	4	2					6
LA	2010	5	3					8
	2011	8						8
	2012	8						8
MA	2010	2						2
	2011	2						2
	2012	2	2					4
MD	2010	7						7
	2011	7						7
	2012	7						7
ME	2010	1						1

	2011	1		1				0
	2012	0						0
MI	2010	2	1					3
	2011	3	1					4
	2012	4						4
MN	2010	0						0
	2011	0	1					1
	2012	1						1
MO	2010	6						6
	2011	6						6
	2012	6	1					7
MS	2010	6	4			2		8
	2011	8						8
	2012	8						8
NC	2010	14						14
	2011	14						14
	2012	14	3					17
ND	2010	0						0
	2011	0	1					1
	2012	1						1
NE	2010	0						0
	2011	0	1					1
	2012	1						1
NH	2010	0	1					1
	2011	1						1
	2012	1						1
NJ	2010	5						5
	2011	5	1					6
	2012	6						6
NY	2010	1						1
	2011	1	1					2
	2012	2	2					4
OH	2010	5						5
	2011	5						5
	2012	5	3					8

OK	2010	1	2					3
	2011	3						3
	2012	3						3
OR	2010	0						0
	2011	0	1					1
	2012	1						1
PA	2010	9						9
	2011	9	1					10
	2012	10		2				8
SC	2010	7	1					8
	2011	8	2					10
	2012	10						10
TN	2010	10		1				9
	2011	9						9
	2012	9						9
TX	2010	11	3					14
	2011	14	3					17
	2012	17	1	3				15
UT	2010	3						3
	2011	3						3
	2012	3	1	1				3
VA	2010	6	1					7
	2011	7	2					9
	2012	9	1					10
WA	2010	1						1
	2011	1						1
	2012	1	1					2
WI	2010	2		1				1
	2011	1						1
	2012	1						1
WV	2010	0						0
	2011	0	1	1				0
	2012	0						0

Total	2010	206	25	6	0	0	6	219
Total	2011	219	24	4	0	0	0	239
Total	2012	239	28	12	0	4	0	251

**Table #4 Status of Company-Owned Outlets
For years 2010 To 2012**

There are no company-owned outlets.

**Table #5 Projected Openings
As of April 30, 2012**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
AL	0	1	0
AK	0	1	0
AR	0	1	0
AZ	0	1	0
CA	0	1	0
CO	0	2	0
CT	0	1	0
DE	0	1	0
FL	0	1	0
GA	0	1	0
HI	0	1	0
IA	0	1	0
ID	0	1	0
IL	0	1	0
IN	0	1	0
KS	0	1	0
KY	0	1	0
LA	0	1	0
MA	0	1	0
MD	0	1	0
ME	0	1	0
MI	0	1	0

MN	0	1	0
MO	0	1	0
MS	0	1	0
MT	0	1	0
NC	0	1	0
ND	0	1	0
NE	0	1	0
NH	0	1	0
NJ	0	2	0
NM	0	1	0
NV	0	1	0
NY	0	1	0
OH	0	1	0
OK	0	1	0
OR	0	1	0
PA	0	2	0
RI	0	0	0
SC	0	1	0
SD	0	1	0
TN	0	1	0
TX	0	1	0
UT	0	1	0
VA	0	1	0
VT	0	1	0
WA	0	1	0
WI	0	1	0
WY	0	1	0
WV	0	1	0
Total	0	52	0

A list of the name of all franchisees and the addresses and telephone number of their Businesses is attached as Exhibit C to this Disclosure Document. No franchisee has had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during U.S. Lawns' last fiscal year or who has not communicated with U.S. Lawns within the ten weeks of the application. None has signed confidentiality agreements in the past three years. There are no trademark-specific organizations associated with this franchise. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21. FINANCIAL STATEMENTS

Attached hereto as Exhibit A are audited financial statements for fiscal years ending 2011, 2010 and 2009.

ITEM 22. CONTRACTS

The following agreements are attached as Exhibits and Schedules to this disclosure document:

Franchise Agreement - Including:

- Schedule One. Novation Program
- Schedule Four Business Note and Security Agreement
- Schedule Five Guarantee
- Schedule Six General Release
- Schedule Seven Restrictions On Use Of Confidential Information/Covenant Not To Compete
- Schedule Eight Additional Territory Option Agreement

ITEM 23. RECEIPT

At the end of this Disclosure Document are the Receipt pages which are prepared in duplicate. You must sign both copies of the Receipt. Please keep one copy for your records and return the other copy to us.