SERVICEMASTER CO
Form S-4
March 27, 2012

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**As filed with the Securities and Exchange Commission on March 26, 2012**

**Registration No. 333-**

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# Form S-4
**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

## The ServiceMaster Company*
(Exact Name of Registrant as Specified in its Charter)

| | | |
|---|---|---|
| **Delaware** | **8741** | **36-3858106** |
| (State or other jurisdiction of incorporation) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification No.) |

**860 Ridge Lake Boulevard,**
**Memphis, Tennessee 38120**
**(901) 597-1400**
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

**Greerson G. McMullen, Esq.**
**Senior Vice President, General Counsel, Government Affairs & Secretary**
**The ServiceMaster Company**
**860 Ridge Lake Boulevard,**
**Memphis, Tennessee 38120**
**(901) 597-1400**
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

**With a copy to:**
**Peter J. Loughran, Esq.**

Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
(212) 909-6000

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Information regarding additional registrants is contained in the Table of Additional Registrants on the following page.

**Approximate date of commencement of proposed sale of the securities to the public:**
**As soon as practicable after this Registration Statement becomes effective.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer o | Accelerated filer o | Non-accelerated filer ý (Do not check if a smaller reporting company) | Smaller reporting company o |

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to be Registered | Proposed Maximum Offering Price Per Unit(1) | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee(2) |
|---|---|---|---|---|
| | $600,000,000 | 100% | $600,000,000 | $68,760(2) |

| | | | | |
|---|---|---|---|---|
| 8% Senior Notes due 2020 of The ServiceMaster Company | | | | |
| Guarantees of 8% Senior Notes due 2020(3) | | | | None(4) |
| Total | $600,000,000 | 100% | $600,000,000 | $68,760 |

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) promulgated under the Securities Act of 1933, as amended.

(2) The registration fee has been calculated under Rule 457(f) of the Securities Act.

(3) See the following page for a table of guarantor registrants.

(4) Each of the guarantors will fully and unconditionally guarantee the senior notes being registered hereby. Pursuant to Rule 457(n) under the Securities Act, no separate fee for the guarantee is payable.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this registration statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.**

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**Table of Additional Registrants**

| **Exact Name of Registrant as Specified in its Charter** | | **State or Other Jurisdiction of Incorporation or Organization** | **I.R.S. Employer Identification Number** |
|---|---|---|---|
| Merry Maids Limited Partnership* | Subsidiary Guarantor | Delaware | 47-0718233 |
| MM Maids L.L.C.* | Subsidiary Guarantor | Delaware | 06-1668989 |
| ServiceMaster Consumer Services, Inc.** | Subsidiary Guarantor | Delaware | 36-3729225 |
| ServiceMaster Consumer Services Limited Partnership** | Subsidiary Guarantor | Delaware | 36-3729226 |
| ServiceMaster Holding Corporation** | Subsidiary Guarantor | Delaware | 36-4245384 |
| ServiceMaster Management Corporation** | Subsidiary Guarantor | Delaware | 36-3837079 |
| ServiceMaster Residential/Commercial Services Limited Partnership* | Subsidiary Guarantor | Delaware | 36-3747477 |
| SM Clean L.L.C.* | Subsidiary Guarantor | Delaware | 06-1668984 |
| Terminix International, Inc.** | Subsidiary Guarantor | Delaware | 36-3478839 |
| The Terminix International Company Limited Partnership** | Subsidiary Guarantor | Delaware | 36-3478837 |
| TruGreen Companies L.L.C.** | Subsidiary Guarantor | Delaware | 36-4313320 |
| TruGreen, Inc.** | Subsidiary Guarantor | Delaware | 36-3734601 |
| TruGreen Limited Partnership** | Subsidiary Guarantor | Delaware | 36-3734669 |

* The address including zip code and telephone number including area code for this registrant is 3839 Forest Hill-Irene Road, Memphis, Tennessee, 38125; (901) 597-7500.

** The address including zip code and telephone number including area code for this registrant is 860 Ridge Lake Boulevard, Memphis, Tennessee, 38120; (901) 597-1400.

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**The information in this prospectus is not complete and may be changed. We may not complete this exchange offer or issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED MARCH 26, 2012**

**PROSPECTUS**

# The ServiceMaster Company

## Offer to Exchange
## $600,000,000 Outstanding 8% Senior Notes due 2020
## for
## $600,000,000 Registered 8% Senior Notes due 2020

The ServiceMaster Company is offering to exchange $600,000,000 aggregate principal amount of its outstanding unregistered 8% Senior Notes due 2020 (the "Old Notes") for a like principal amount of its registered 8% Senior Notes due 2020 (the "New Notes").

The terms of the New Notes are identical in all material respects to the terms of the Old Notes, except that the New Notes are registered under the Securities Act of 1933, as amended (the "Securities Act"), and will not contain restrictions on transfer or provisions relating to additional interest, will bear a different CUSIP number from the Old Notes and will not entitle their holders to registration rights.

No public market currently exists for the Old Notes or the New Notes.

The exchange offer will expire at 5:00 p.m., New York City time, on            , 2012 (the "Expiration Date") unless we extend the Expiration Date. You should read the section called "The Exchange Offer" for further information on how to exchange your Old Notes for New Notes.

**See "Risk Factors" beginning on page 19 for a discussion of risk factors that you should consider prior to tendering your Old Notes in the exchange offer and risk factors related to ownership of the New Notes.**

Each broker-dealer that receives New Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of up to 90 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

**Neither the Securities and Exchange Commission ("SEC") nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is            , 2012

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**You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus is accurate as of any date other than the date of this prospectus. Also, you should not assume that there has been no change in the affairs of The ServiceMaster Company and its subsidiaries since the date of this prospectus.**

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## SUMMARY

*This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider in making your investment decision. You should read the following summary together with the entire prospectus, including the more detailed information regarding our company, the New Notes being issued in the exchange offer and our consolidated financial statements and the related notes included in this prospectus. In this prospectus, unless noted or indicated by context, the terms the "Company," "ServiceMaster," "we," "us" and "our" refer to The ServiceMaster Company, a Delaware corporation, and its subsidiaries, and the term "Holdings" refers to ServiceMaster Global Holdings, Inc., a Delaware corporation.*

### Our Company

ServiceMaster is a national company serving both residential and commercial customers. Our services include lawn care, termite and pest control, home service contracts, cleaning and disaster restoration, house cleaning, furniture repair and home inspection. As of December 31, 2011, we provided these services through a network of approximately 6,900 company owned, franchised and licensed locations operating primarily under the following leading brands: TruGreen, Terminix, American Home Shield, ServiceMaster Clean, Merry Maids, Furniture Medic and AmeriSpec. Approximately 98 percent of our 2011 operating revenue was generated by sales in the United States. Incorporated in Delaware in 1991, ServiceMaster is the successor to various entities dating back to 1947.

ServiceMaster is organized into five principal reportable segments: TruGreen, Terminix, American Home Shield, ServiceMaster Clean, and Other Operations and Headquarters. During 2011, we employed an average of approximately 21,000 company associates, and our franchise network independently employed over 31,000 additional people.

In the first quarter of 2011, we concluded that TruGreen LandCare, a commercial landscape maintenance business, did not fit within our long-term strategic plans and committed to a plan to sell the business. On April 21, 2011, we entered into a purchase agreement to sell the TruGreen LandCare business, and the disposition was effective as of April 30, 2011. The financial results, as well as the assets and liabilities, of the TruGreen LandCare business are reported in discontinued operations for all periods presented in this prospectus.

### Our Services

The following table shows the percentage of ServiceMaster's consolidated revenue from continuing operations derived from each of ServiceMaster's reportable segments in the years indicated:

| Segment | 2011 | 2010 | 2009 |
|---|---|---|---|
| TruGreen | 34% | 35% | 35% |
| Terminix | 37% | 37% | 37% |
| American Home Shield | 22% | 21% | 21% |
| ServiceMaster Clean | 4% | 4% | 4% |
| Other Operations and Headquarters | 3% | 3% | 3% |

#### ***TruGreen Segment***

The TruGreen segment provides lawn, tree and shrub care services primarily under the TruGreen brand name. TruGreen is a leading provider of lawn, tree and shrub care services in the United States, serving both residential and commercial customers. Of the TruGreen segment's 2011 operating revenue, 55 percent was generated from residential weed control and fertilization

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services, while expanded lawn services (such as aeration and grub control) (19 percent), commercial weed control and fertilization services (15 percent), and tree and shrub services (11 percent) accounted for the remainder.

As of December 31, 2011, TruGreen provided these services in 48 states and the District of Columbia through approximately 200 company owned locations and 35 franchised outlets. As of December 31, 2011, TruGreen also provided lawn care services through a subsidiary in Canada and had licensing arrangements whereby licensees provided these services in Japan and the United Kingdom.

***Terminix Segment***

The Terminix segment provides termite and pest control services and distributes pest control products primarily under the Terminix brand name. Terminix is a leading provider of termite and pest control services in the United States, serving both residential and commercial customers. Of the Terminix segment's 2011 operating revenue, 38 percent and 17 percent were generated from residential and commercial pest control services, respectively, and 37 percent and 3 percent were generated from residential and commercial termite control services, respectively (with the remainder from other services).

As of December 31, 2011, Terminix provided these services in 47 states and the District of Columbia through approximately 300 company owned locations and 100 franchised outlets. As of December 31, 2011, Terminix also provided termite and pest control services through subsidiaries in Mexico and Honduras and had licensing arrangements whereby licensees provided these services in Japan, China, South Korea, Southeast Asia, Central America, the Caribbean and the Middle East. Terminix has formed a joint venture to enter the Indian pest market.

***American Home Shield Segment***

The American Home Shield segment provides home service contracts for household systems and appliances primarily under the American Home Shield brand name. American Home Shield is a leading provider of home service contracts for household systems and appliances in the United States. It provides residential customers with contracts to repair or replace electrical, plumbing, central heating and central air conditioning systems, water heaters and other covered household systems and appliances and services those contracts through independent repair contractors. In 2011, 68 percent of the home service contracts written by American Home Shield were derived from existing contract renewals, while 18 percent and 14 percent were derived from sales made in conjunction with existing home resale transactions and direct-to-consumer sales, respectively. As of December 31, 2011, American Home Shield issued and administered home service contracts in 49 states and the District of Columbia and had no international operations.

***ServiceMaster Clean Segment***

The ServiceMaster Clean segment provides residential and commercial disaster restoration and cleaning services primarily under the ServiceMaster and ServiceMaster Clean brand names, on-site furniture repair and restoration services primarily under the Furniture Medic brand name and home inspection services primarily under the AmeriSpec brand name. Of the ServiceMaster Clean segment's 2011 operating revenue, 52 percent was generated from domestic royalty fees, while international (19 percent), product sales (12 percent), janitorial national accounts (9 percent), lead generation fees (3 percent), AmeriSpec (2 percent), Furniture Medic (2 percent) and new license sales (1 percent) accounted for the remainder.

**ServiceMaster Clean.** ServiceMaster Clean is a leading franchisor in the residential and commercial disaster restoration and cleaning field in the United States. As of December 31, 2011,

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ServiceMaster Clean provided these services in all 50 states and the District of Columbia through approximately 2,975 franchised outlets. ServiceMaster Clean also has operations in Canada and Honduras. As of December 31, 2011, ServiceMaster Clean, through franchises, provided disaster restoration and cleaning services in Canada, the United Kingdom and Spain and had licensing arrangements whereby licensees provided these services in India, Lebanon, Turkey, Saudi Arabia, Japan and Southeast Asia.

**Furniture Medic.** Furniture Medic is a leading provider of on-site furniture repair and restoration services in the United States serving residential customers. As of December 31, 2011, Furniture Medic provided these services in 42 states and the District of Columbia through approximately 215 franchised outlets. As of December 31, 2011, Furniture Medic also provided on-site furniture repair and restoration services through franchisees in Canada and the United Kingdom and had licensing arrangements to provide these services in Turkey and Saudi Arabia.

**AmeriSpec.** AmeriSpec is a leading provider of home inspection services in the United States serving residential customers. As of December 31, 2011, AmeriSpec provided these services in 44 states and the District of Columbia through approximately 220 franchised outlets. AmeriSpec also provided home inspection services through franchisees in Canada.

***Other Operations and Headquarters Segment***

The Other Operations and Headquarters segment includes the Merry Maids business unit, The ServiceMaster Acceptance Company Limited Partnership ("SMAC") and ServiceMaster's corporate headquarters functions.

**Merry Maids.** Merry Maids is a leading provider of home cleaning services in the United States. As of December 31, 2011, these services were provided in 49 states and the District of Columbia through approximately 70 company owned locations and 400 franchised outlets. As of December 31, 2011, Merry Maids, through franchises, also provided home cleaning services in Canada, Ireland and the United Kingdom and had licensing arrangements whereby licensees provided these services in Hong Kong, Japan, South Korea and Southeast Asia.

**SMAC.** SMAC provides financing to franchisees of the Company through commercial loans for franchise fees and royalties, equipment and vehicle purchases and working capital needs and to consumer customers of Terminix through retail installment sales contracts. Commercial loans are typically for a term of one to seven years and are generally secured by the assets of the franchisee and other collateral. On December 31, 2011, the outstanding balance of commercial loans was $35.8 million with a bad debt reserve for commercial loans of $2.5 million. SMAC wrote off $0.6 million in commercial loans in 2011. Retail installment sales contracts are typically for a term of 12 months and are unsecured. On December 31, 2011, the outstanding balance of retail installment sales contracts was $19.1 million. In the event a customer fails to make payments under a retail installment sales contract for 120 days after the due date, Terminix purchases the installment contract from SMAC.

**Headquarters functions.** The Business Support Center, headquartered in Memphis, Tennessee, administers payroll, benefits, risk management, travel and certain procurement services for our internal operations. Various administrative support departments also provide personnel, communications, marketing, government and public relations, administrative, accounting, financial, tax, human resources and legal services.

Our corporate headquarters are located at 860 Ridge Lake Boulevard, Memphis, Tennessee, 38120. Our telephone number is (901) 597-1400.

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**Ownership and Organizational Structure**

On July 24, 2007 (the "Closing Date"), ServiceMaster was acquired pursuant to a merger transaction (the "Merger"), and, immediately following the completion of the Merger, all of the outstanding common stock of Holdings, the ultimate parent company of ServiceMaster, was owned by investment funds sponsored by, or affiliated with, Clayton, Dubilier & Rice, Inc. (now operated as Clayton, Dubilier & Rice, LLC, "CD&R"), Citigroup Private Equity LP (together with its affiliate, Citigroup Alternative Investments LLC, "Citigroup"), BAS Capital Funding Corporation ("BAS") and J.P. Morgan Ventures Corporation (now known as JPMorgan Chase Funding Inc., "JPMorgan"). On September 30, 2010, Citigroup transferred the management responsibility for certain investment funds that own shares of common stock of Holdings to StepStone Group LLC ("StepStone" and collectively with CD&R, Citigroup, BAS and JPMorgan, the "Equity Sponsors") and its proprietary interests in such investment funds to Lexington Partners Advisors LP. As of December 22, 2011, Holdings purchased from BAS 7.5 million shares of capital stock of Holdings. Affiliates of BAS continue to hold 10 million shares of Holdings. See "Security Ownership of Certain Beneficial Owners and Management."

The following chart illustrates our current ownership and organizational structure:

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(1) Borrower under Credit Facilities (as defined below) and issuer of the Old Notes, New Notes, the 10.75% senior notes due 2015 (the "2015 Notes") and the Continuing Notes (as defined in "Description of Other Indebtedness"). The 2015 Notes and the Continuing Notes are described under "Description of Other Indebtedness."

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(2)

Certain domestic subsidiaries of ServiceMaster are borrowers under a senior secured revolving credit facility entered into by ServiceMaster on July 24, 2007, as amended (the "Revolving Credit Facility" and, together with the Term Facilities, as defined under "Description of Other Indebtedness Term Facilities," the "Credit Facilities"). Each direct and indirect domestic subsidiary of ServiceMaster (other than any subsidiary that is a subsidiary of a foreign subsidiary, foreign subsidiary holding company, an unrestricted subsidiary, a subsidiary below a materiality threshold specified under the Credit Facilities, a receivables financing subsidiary or a subsidiary subject to regulation as an insurance, home warranty, service contract or similar company (or any subsidiary thereof)) currently guarantees ServiceMaster's obligations under the Credit Facilities and certain related interest rate protection or other hedging arrangements with lenders or their affiliates. The Credit Facilities and guarantees thereof are secured as described under "Description of Other Indebtedness Credit Facilities." CDRSVM Holding, Inc., ServiceMaster's direct parent, also currently guarantees ServiceMaster's obligations under the Credit Facilities.

(3)

The New Notes will be guaranteed by each domestic subsidiary of ServiceMaster that guarantees ServiceMaster's indebtedness under the Credit Facilities and that is a Wholly Owned Domestic Subsidiary or that guarantees Capital Markets Securities (each as defined under "Description of Notes"). See "Description of Notes." These subsidiaries also guarantee the Old Notes and the 2015 Notes. See "Description of Other Indebtedness 2015 Notes."

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**Summary of the Terms of the Exchange Offer**

| | |
|---|---|
| The Notes | In February 2012, the Company sold in transactions exempt from registration under the Securities Act, $600 million aggregate principal amount of its 8% senior notes due 2020. The initial purchasers for the Old Notes were J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC, Barclays Capital Inc., Deutsche Bank Securities Inc., Goldman, Sachs & Co., Citigroup Global Markets Inc. and Natixis Securities America LLC (collectively, the "Initial Purchasers"). When we use the term "Old Notes" in this prospectus, we mean the 8% Senior Notes due 2020 that were privately placed with the Initial Purchasers in February 2012, and were not registered with the SEC.<br>When we use the term "New Notes" in this prospectus, we mean the 8% Senior Notes due 2020 registered with the SEC and offered hereby in exchange for the Old Notes. When we use the term "Notes" in this prospectus, the related discussion applies to both the Old Notes and the New Notes.<br>The terms of the New Notes are identical in all material respects to the terms of the Old Notes, except that the New Notes are registered under the Securities Act and will not be subject to restrictions on transfer, will bear a different CUSIP and ISIN number than the Old Notes, will not entitle their holders to registration rights and will be subject to terms relating to book-entry procedures and administrative terms relating to transfers that differ from those of the Old Notes.<br>The CUSIP numbers for the Old Notes are 81760N AL3 (Rule 144A) and U8151C AC4 (Regulation S). The ISIN numbers for the Old Notes are US81760NAL38 (Rule 144A), and USU8151CAC48 (Regulation S). The CUSIP number for the New Notes is 81760N AN9 and the ISIN number for the New Notes is US81760NAN93. |
| The Exchange Offer | You may exchange Old Notes for a like principal amount of New Notes. The consummation of the exchange offer is not conditioned upon any minimum or maximum aggregate principal amount of Old Notes being tendered for exchange. |
| Resale of New Notes | We believe the New Notes that will be issued in the exchange offer may be resold by most investors without compliance with the registration and prospectus delivery provisions of the Securities Act, subject to certain conditions. You should read the discussions under the headings "The Exchange Offer" for further information regarding the exchange offer and resale of the New Notes. |

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| Registration Rights Agreement | We have undertaken the exchange offer pursuant to the terms of the exchange and registration rights agreements we entered into with the Initial Purchasers on February 13, 2012 and February 16, 2012 (together, the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, we agreed to use our commercially reasonable efforts to consummate an exchange offer for the Old Notes pursuant to an effective registration statement or to cause resales of the Old Notes to be registered. We have filed this registration statement to meet our obligations under the Registration Rights Agreement. If we fail to satisfy our obligations under the Registration Rights Agreement and a Registration Default occurs, the interest rate on the Registrable Securities will be increased by (i) 0.25 percent per annum for the first 90-day period beginning on the day immediately following such Registration Default and (ii) an additional 0.25 percent per annum with respect to each subsequent 90-day period, in each case until and including the date such Registration Default ends, up to a maximum increase of 0.50 percent per annum. See "Exchange Offer; Registration Rights." |
| Consequences of Failure to Exchange the Old Notes | You will continue to hold Old Notes that remain subject to their existing transfer restrictions if:<br><br>you do not tender your Old Notes; or<br><br>you tender your Old Notes and they are not accepted for exchange.<br>We will have no obligation to register the Old Notes after we consummate the exchange offer. See "The Exchange Offer Terms of the Exchange Offer; Period for Tendering Old Notes." |
| Expiration Date | The exchange offer will expire at 5:00 p.m., New York City time, on , 2012 (the "Expiration Date"), unless we extend it, in which case Expiration Date means the latest date and time to which the exchange offer is extended. |
| Interest on the New Notes | The New Notes will accrue interest from the most recent date to which interest has been paid or provided for on the Old Notes or, if no interest has been paid on the Old Notes, from February 13, 2012. |

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| Conditions to the Exchange Offer | The exchange offer is subject to several customary conditions. We will not be required to accept for exchange, or to issue New Notes in exchange for, any Old Notes, and we may terminate or amend the exchange offer if we determine in our reasonable judgment at any time before the Expiration Date that the exchange offer would violate applicable law or any applicable interpretation of the staff of the SEC. The foregoing conditions are for our sole benefit and may be waived by us at any time. In addition, we will not accept for exchange any Old Notes tendered, and no New Notes will be issued in exchange for any such Old Notes, if at any time any stop order is threatened or in effect with respect to:<br><br>the registration statement of which this prospectus constitutes a part; or<br><br>the qualification of the indenture, dated as of February 13, 2012, governing the Notes under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act").<br>See "The Exchange Offer  Conditions to the Exchange Offer." We reserve the right to terminate or amend the exchange offer at any time prior to the Expiration Date upon the occurrence of any of the foregoing events. |
| Procedures for Tendering Old Notes | If you wish to accept the exchange offer, you must tender your Old Notes and do the following on or prior to the Expiration Date, unless you follow the procedures described under "The Exchange Offer  Guaranteed Delivery Procedures."<br><br>if Old Notes are tendered in accordance with the book-entry procedures described under "The Exchange Offer  Book-Entry Transfer," transmit an Agent's Message to the Exchange Agent through the Automated Tender Offer Program ("ATOP") of The Depository Trust Company ("DTC"), or<br><br>transmit a properly completed and duly executed letter of transmittal, or a facsimile copy thereof, to the Exchange Agent, including all other documents required by the letter of transmittal.<br>See "The Exchange Offer  Procedures for Tendering Old Notes." |
| Guaranteed Delivery Procedures | If you wish to tender your Old Notes, but cannot properly do so prior to the Expiration Date, you may tender your Old Notes according to the guaranteed delivery procedures set forth under "The Exchange Offer  Guaranteed Delivery Procedures." |

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| Withdrawal Rights | Tenders of Old Notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. To withdraw a tender of Old Notes, a notice of withdrawal must be actually received by the Exchange Agent at its address set forth in "The Exchange Offer Exchange Agent" prior to 5:00 p.m., New York City time, on the Expiration Date. See "The Exchange Offer Withdrawal Rights." |
| Acceptance of Old Notes and Delivery of New Notes | Except in some circumstances, any and all Old Notes that are validly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the Expiration Date will be accepted for exchange. The New Notes issued pursuant to the exchange offer will be delivered promptly after the Expiration Date. See "The Exchange Offer Acceptance of Old Notes for Exchange; Delivery of New Notes." |
| Certain U.S. Federal Tax Considerations | We believe that the exchange of the Old Notes for the New Notes will not constitute a taxable exchange for U.S. federal income tax purposes. See "Certain United States Federal Income Tax Considerations." |
| Exchange Agent | Wilmington Trust, National Association is serving as the Exchange Agent (the "Exchange Agent"). |

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**Summary of the Terms of the Notes**

The terms of the New Notes offered in the exchange offer are identical in all material respects to the Old Notes, except that the New Notes:

- are registered under the Securities Act and therefore will not be subject to restrictions on transfer;
- will not be subject to provisions relating to additional interest;
- will bear a different CUSIP and ISIN number;
- will not entitle their holders to registration rights; and
- will be subject to terms relating to book-entry procedures and administrative terms relating to transfers that differ from those of the Old Notes.

The following summary contains basic information about the New Notes and the guarantees thereof and is not intended to be complete. For a more complete understanding of the New Notes and the guarantees, please refer to the section entitled "Description of Notes" in this prospectus.

| | |
|---|---|
| Issuer | The ServiceMaster Company. |
| Notes offered | $600 million aggregate principal amount of 8% Senior Notes due 2020. |
| Maturity | The Notes will mature on February 15, 2020. |
| Interest payment dates | February 15 and August 15, commencing August 15, 2012. Interest on the Notes accrues from February 13, 2012. |
| Optional redemption | We may redeem some or all of the Notes at any time on or after February 15, 2015 at the redemption prices set forth in this prospectus, plus accrued and unpaid interest, if any, to the redemption date. On or prior to February 15, 2015, we may also apply funds equal to the proceeds from one or more equity offerings to redeem up to 35 percent of the Notes at the redemption price set forth in this prospectus, plus accrued and unpaid interest, if any, to the redemption date. In addition, at any time prior to February 15, 2015, we may redeem some or all of the Notes at a price equal to 100 percent of the principal amount plus the applicable "make-whole" premium set forth in this prospectus and unpaid interest, if any, to the redemption date. See "Description of Notes Redemption Optional Redemption." |
| Offer to repurchase | If we experience a change of control (as defined in "Description of Notes"), we must offer to repurchase all of the Notes (unless otherwise redeemed) at a price equal to 101 percent of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date. See "Description of Notes Change of Control." |

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| | If we sell assets under certain circumstances, we must use the proceeds to make an offer to purchase Notes at a price equal to 100 percent of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. See "Description of Notes Certain Covenants Limitation on Sales of Assets and Subsidiary Stock." |
| Guarantees | The Notes will be guaranteed, jointly and severally, irrevocably and fully and unconditionally, on a senior unsecured basis, by each domestic subsidiary of ServiceMaster that guarantees our indebtedness under the Credit Facilities and that is a Wholly Owned Domestic Subsidiary (each as defined under "Description of Notes") or that guarantees capital markets securities with an outstanding principal amount over $150.0 million. These entities also guarantee our outstanding 2015 Notes. These guarantees are subject to termination and release under specified circumstances without the consent of holders of the Notes. See "Description of Notes Subsidiary Guarantees." |
| | For the year ended December 31, 2011, our subsidiaries that guarantee the Notes represented approximately 77 percent of our operating revenue and 96 percent of our operating income. Our subsidiaries that do not guarantee the Notes, including our non-U.S. subsidiaries and our subsidiaries subject to regulation as insurance, home warranty or service contract companies (including the American Home Shield companies), represent a significant portion of our operations. These non-guarantor subsidiaries currently do not guarantee borrowings under the Credit Facilities or the 2015 Notes. See Note 20 to our audited consolidated financial statements included in this prospectus, for condensed consolidating statements of operations, financial position and cash flows that present separately the financial information for our subsidiaries that do not guarantee our indebtedness. |
| Ranking | The Notes are our unsecured senior indebtedness and rank: |
| | equal in right of payment with all existing and future senior indebtedness of ServiceMaster; |
| | senior in right of payment to all existing and future subordinated obligations of ServiceMaster; and |
| | effectively subordinated to all secured indebtedness of that guarantor to the extent of the value of the assets securing such indebtedness and to all indebtedness and other liabilities of our non-guarantor subsidiaries. |

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The guarantee of each guarantor is a senior unsecured obligation of that guarantor and ranks:

- equal in right of payment to all existing and future senior indebtedness of that guarantor;
- senior in right of payment to all existing and future guarantor subordinated obligations; and
- effectively subordinated to all secured indebtedness of that guarantor to the extent of the value of the assets securing such indebtedness and to all indebtedness and other liabilities of our non-guarantor subsidiaries.

As of December 31, 2011:

- we had $3.876 billion of total long-term debt outstanding, substantially all of which would have ranked equal in right of payment with the Notes;
- of our total long-term debt outstanding, $2.531 billion was represented by secured indebtedness outstanding under our Credit Facilities, to which the Notes are effectively subordinated, and we had $442.5 million of additional commitments under the Revolving Credit Facility available to us, all of which would be secured if borrowed; and
- our non-guarantor subsidiaries had approximately $147.6 million of total debt and capital leases, excluding trade payables and other obligations, all of which are structurally senior to the Notes.

Covenants

The indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness or issue certain preferred shares;
- pay dividends, redeem stock or make other distributions, or make investments;
- create restrictions on the ability of our restricted subsidiaries to make payments to us;
- enter into certain transactions with our affiliates;
- transfer or sell assets;
- create certain liens;
- merge, consolidate, or sell all or substantially all of our assets; and
- designate our subsidiaries as unrestricted subsidiaries.

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Most of these covenants will cease to apply for so long as the Notes have investment grade ratings from both Moody's Investment Service, Inc. ("Moody's") and Standard & Poor's ("S&P"). These covenants are subject to important exceptions and qualifications, which are described under "Description of Notes Certain Covenants" and "Description of Notes Merger and Consolidation."

**Risk Factors**

In evaluating an investment in the Notes, prospective investors should carefully consider, along with the other information included in this prospectus, the specific factors set forth under "Risk Factors."

**Ratios of Earnings to Fixed Charges**

Our consolidated ratios of earnings to fixed charges for the years ended December 31, 2011, 2010, 2009 and 2008, the Successor period from July 25, 2007 to December 31, 2007 and the Predecessor period from January 1, 2007 to July 24, 2007 are as follows:

| | Successor(a) | | | | | Predecessor(a) |
|---|---|---|---|---|---|---|
| | Year ended December 31, | | | | Period from Jul. 25, 2007 to Dec. 31, 2007 | Period from Jan. 1, 2007 to Jul. 24, 2007 |
| | 2011 | 2010 | 2009 | 2008 | | |
| **Ratio of earnings to fixed charges** | 1.41 | 1.10 | (b) | (c) | (d) | 5.41 |

(a) Although ServiceMaster continued as the same legal entity after the Merger, the accompanying ratio calculation is presented for two periods: Predecessor and Successor, which relate to the period preceding the Merger and the period succeeding the Merger, respectively.

(b) For purposes of the ratio calculation, the deficiency in our earnings to achieve a one-to-one ratio of earnings to fixed charges for the year ended December 31, 2009 was $3.1 million. For purposes of calculating our ratio of earnings to fixed charges for the year ended December 31, 2009, fixed charges were $299.3 million.

(c) For purposes of the ratio calculation, the deficiency in our earnings to achieve a one-to-one ratio of earnings to fixed charges for the year ended December 31, 2008 was $170.2 million. For purposes of calculating our ratio of earnings to fixed charges for the year ended December 31, 2008, fixed charges were $347.1 million.

(d) For purposes of the ratio calculation, the deficiency in our earnings to achieve a one-to-one ratio of earnings to fixed charges for the Successor period from July 25, 2007 to December 31, 2007 was $145.1 million. For purposes of calculating our ratio of earnings to fixed charges for the period from July 25, 2007 to December 31, 2007, fixed charges were $177.8 million.

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**Summary Consolidated Financial and Operating Data**

The summary historical financial and operating data as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 set forth below are derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The summary historical financial and operating data as of December 31, 2009 are derived from our audited consolidated financial statements and related notes not included in this prospectus. The summary historical financial and operating data are qualified in their entirety by, and should be read in conjunction with, our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

In the first quarter of 2011, we concluded that the TruGreen LandCare business did not fit within our long-term strategic plans and committed to a plan to sell the business. On April 21, 2011, we entered into a purchase agreement to sell the TruGreen LandCare business, and the disposition was effective as of April 30, 2011. The financial results, as well as the assets and liabilities, of the TruGreen LandCare business are reported in discontinued operations in our consolidated financial statements included elsewhere in this prospectus.

| | Year ended December 31, | | |
|---|---|---|---|
| **(In thousands)** | **2011** | **2010** | **2009** |
| **Operating results:** | | | |
| Operating revenue | $ 3,205,872 | $ 3,127,394 | $ 2,977,885 |
| Operating income(1) | 375,460 | 306,692 | 243,834 |
| *Percentage of operating revenue* | *11.7%* | *9.8%* | *8.2%* |
| Non-operating expense(2) | 263,711 | 278,308 | 246,896 |
| Provision (benefit) for income taxes(1)(3) | 43,912 | 10,945 | (9,204) |
| Income (Loss) from continuing operations(1)(2)(3) | 67,837 | 17,439 | 6,142 |
| (Loss) income from discontinued operations, net of income taxes(4) | (27,016) | (31,998) | 7,353 |
| Net income (loss)(1)(2)(3)(4) | $ 40,821 | $ (14,559) | $ 13,495 |
| **Other financial data:** | | | |
| Capital expenditures | $ 96,540 | $ 134,234 | $ 56,004 |
| Adjusted EBITDA(5) | 586,482 | 523,124 | 497,766 |
| Comparable Operating Performance(5) | 594,813 | 532,104 | 505,315 |
| Ratio of total debt to Adjusted EBITDA(5) | 6.61x | 7.55x | 7.99x |
| Ratio of Adjusted EBITDA to interest expense(5) | 2.15x | 1.82x | 1.66x |
| **Financial position (as of period end):** | | | |
| Total assets | $ 7,146,823 | $ 7,098,090 | $ 7,146,389 |
| Total liabilities | 5,898,904 | 5,910,563 | 5,960,058 |
| Total long-term debt outstanding | 3,875,870 | 3,948,487 | 3,974,944 |
| Total shareholder's equity(1)(2)(3)(4) | 1,247,919 | 1,187,527 | 1,186,331 |

(1) The 2011, 2010 and 2009 results include restructuring charges of $8.2 million, $11.4 million and $26.7 million, respectively, as described in Note 8 to our consolidated financial statements included elsewhere in this prospectus.

In 2011 and 2009, the Company recorded pre-tax non-cash impairment charges of $36.7 million and $26.6 million, respectively, to reduce the carrying value of trade names as a result of the Company's annual impairment testing of goodwill and indefinite lived intangible assets. These charges are included in the results of continuing operations. There were no

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similar impairment charges included in continuing operations in 2010. See Note 1 to our consolidated financial statements included elsewhere in this prospectus for further details.

(2) The 2009 results include a $46.1 million ($29.6 million, net of tax) gain on extinguishment of debt related to the completion of open market purchases of $89.0 million in face value of the Company's 2015 Notes.

(3) In the third and fourth quarters of 2009, the Company recorded a reduction in income tax expense of $12.1 million and $3.1 million, respectively, related to changes in state tax rates used to measure deferred taxes.

(4) In 2011, in conjunction with the decision to dispose of TruGreen LandCare, a pre-tax non-cash impairment charge of $34.2 million was recorded to reduce the carrying value of TruGreen LandCare's assets to their estimated fair value less cost to sell in accordance with applicable accounting standards. Upon completion of the sale of TruGreen LandCare in 2011, the Company recorded a pre-tax loss on sale of $6.2 million. In 2010 and 2009, the Company recorded pre-tax non-cash impairment charges associated with the goodwill and trade name at its TruGreen LandCare business in the amount of $46.9 million and $1.4 million, respectively. These charges are classified within the financial statement caption "(loss) income from discontinued operations, net of income taxes."

(5) The Company uses Adjusted EBITDA and Comparable Operating Performance to facilitate operating performance comparisons from period to period. Adjusted EBITDA and Comparable Operating Performance are supplemental measures of the Company's performance that are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America ("GAAP"). Adjusted EBITDA and Comparable Operating Performance are not measurements of the Company's financial performance under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP or as alternatives to net cash provided by operating activities or any other measures of the Company's cash flow or liquidity. "Adjusted EBITDA" means net income (loss) before: income (loss) from discontinued operations; provision (benefit) for income taxes; other expense; gain (loss) on extinguishment of debt; interest expense; interest and net investment income; and depreciation and amortization expense; as well as adding back interest and net investment income, residual value guarantee charge and non-cash trade name impairment. "Comparable Operating Performance" is calculated by adding back to Adjusted EBITDA an amount equal to the non-cash stock based compensation expense and non-cash effects on Adjusted EBITDA attributable to the application of purchase accounting in connection with the Merger.

The Company believes Adjusted EBITDA facilitates company-to-company operating performance comparisons by backing out potential differences caused by variations in capital structures (affecting net interest income and expense), taxation and the age and book depreciation of facilities and equipment (affecting relative depreciation expense), which may vary for different companies for reasons unrelated to operating performance. In addition, the Company excludes residual value guarantee charges that do not result in additional cash payments to exit the facility at the end of the lease term. The Company uses Comparable Operating Performance as a supplemental measure to assess the Company's performance because it excludes non-cash stock based compensation expense and non-cash effects on Adjusted EBITDA attributable to the application of purchase accounting in connection with the Merger. The Company presents Comparable Operating Performance because it believes that it is useful for investors, analysts and other interested parties in their analysis of the Company's operating results.

Charges relating to stock based compensation expense and the impact of purchase accounting are non-cash and the exclusion of the impact of these items from Comparable

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Operating Performance allows investors to understand the current period results of operations of the business on a comparable basis with previous periods and, secondarily, gives the investors added insight into cash earnings available to service the Company's debt. We believe this to be of particular importance to the Company's public investors, which are debt holders. The Company also believes that the exclusion of the purchase accounting and non-cash stock based compensation expense may provide an additional means for comparing the Company's performance to the performance of other companies by eliminating the impact of differently structured equity-based, long-term incentive plans (although care must be taken in making any such comparison, as there may be inconsistencies among companies in the manner of computing similarly titled financial measures).

Adjusted EBITDA and Comparable Operating Performance are not necessarily comparable to other similarly titled financial measures of other companies due to the potential inconsistencies in the methods of calculation.

Adjusted EBITDA and Comparable Operating Performance have limitations as analytical tools, and should not be considered in isolation or as substitutes for analyzing the Company's results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA and Comparable Operating Performance do not reflect changes in, or cash requirements for, the Company's working capital needs;
- Adjusted EBITDA and Comparable Operating Performance do not reflect the Company's interest expense, or the cash requirements necessary to service interest or principal payments on the Company's debt;
- Adjusted EBITDA and Comparable Operating Performance do not reflect the Company's tax expense or the cash requirements to pay the Company's taxes;
- Adjusted EBITDA and Comparable Operating Performance do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA and Comparable Operating Performance do not reflect any cash requirements for such replacements;
- Other companies in the Company's industries may calculate Adjusted EBITDA and Comparable Operating Performance differently, limiting their usefulness as comparative measures; and
- Comparable Operating Performance does not include the impact of purchase accounting and non-cash stock based compensation expense; the latter exclusion may cause the overall compensation cost of the business to be understated.

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The following table presents a reconciliation of operating income to Adjusted EBITDA and Comparable Operating Performance for the periods presented.

| (Dollars in thousands) | For the year ended December 31, 2011 | 2010 | 2009 |
|---|---|---|---|
| Operating income(a) | $ 375,460 | $ 306,692 | $ 243,834 |
| Depreciation and amortization expense | 163,436 | 196,625 | 214,792 |
| EBITDA | 538,896 | 503,317 | 458,626 |
| Interest and net investment income(b) | 10,886 | 9,358 | 7,079 |
| Residual value guarantee charge(c) | | 10,449 | 5,461 |
| Non-cash trade name impairment(d) | 36,700 | | 26,600 |
| Adjusted EBITDA | 586,482 | 523,124 | 497,766 |
| Non-cash stock based compensation expense | 8,412 | 9,352 | 8,097 |
| Non-cash credits attributable to purchase accounting(e) | (81) | (372) | (548) |
| Comparable Operating Performance | $ 594,813 | $ 532,104 | $ 505,315 |
| Memo: Items included in Comparable Operating Performance: | | | |
| Restructuring and Merger-related charges(f) | $ 8,162 | $ 11,448 | $ 26,682 |
| Management and consulting fees(g) | $ 7,500 | $ 7,500 | $ 7,500 |
| Memo: Items excluded from Comparable Operating Performance | | | |
| Comparable operating performance of discontinued operations (h) | $ (3,064) | $ 7,862 | $ 23,747 |

(a)

Presented below is a reconciliation of operating income to net (loss) income.

| (Dollars in thousands) | For the year ended December 31, 2011 | 2010 | 2009 |
|---|---|---|---|
| Operating income | $ 375,460 | $ 306,692 | $ 243,834 |
| Non-operating expense (Income): | | | |
| Interest expense | 273,123 | 286,933 | 299,333 |
| Interest and net investment income | (10,886) | (9,358) | (7,079) |
| Loss (Gain) on extinguishment of debt | 774 | | (46,106) |
| Other expense | 700 | 733 | 748 |
| Income (Loss) from continuing operations before income taxes | 111,749 | 28,384 | (3,062) |
| Provision (benefit) for income taxes | 43,912 | 10,945 | (9,204) |
| Income from continuing operations | 67,837 | 17,439 | 6,142 |
| (Loss) income from discontinued operations, net of income taxes | (27,016) | (31,998) | 7,353 |
| Net Income (Loss) | $ 40,821 | $ (14,559) | $ 13,495 |

(b)

Interest and net investment income is primarily comprised of investment income and realized gain (loss) on our American Home Shield segment investment portfolio. Cash, short-term and long-term marketable securities associated with regulatory requirements in connection with American Home Shield and for other purposes totaled $226.2 million as of December 31, 2011. American Home Shield interest and net investment income was $9.8 million, $6.2 million and $2.0 million for the years ended December 31, 2011, 2010 and 2009, respectively. The balance of interest and net investment income primarily relates to (i) investment income (loss) from our employee deferred compensation trust (for which there is a corresponding and offsetting

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change in compensation expense within (loss) income from continuing operations before income taxes) and (ii) interest income on other cash balances.

(c)
Represents non-cash residual value guarantee charges recorded in 2010 and 2009 related to a synthetic lease for operating properties, which expired in July 2010. There were no similar charges in 2011.

(d)
Represents pre-tax non-cash impairment charges of $36.7 million and $26.6 million recorded in the years ended December 31, 2011 and 2009, respectively, to reduce the carrying value of trade names as a result of the Company's annual impairment testing of goodwill and indefinite lived intangible assets. There were no similar impairment charges included in continuing operations in 2010. See Note 1 to our consolidated financial statements included elsewhere in this prospectus for further information.

(e)
The Merger was accounted for using purchase accounting. This adjustment represents the aggregate, non-cash adjustments (other than amortization and depreciation) attributable to the application of purchase accounting.

(f)
Represents restructuring charges related to a reorganization of field leadership and a restructuring of branch operations at TruGreen, a branch optimization project at Terminix, information technology outsourcing and an initiative to enhance capabilities and reduce costs in our centers of excellence at Other Operations and Headquarters, Merger related charges and other restructuring costs.

(g)
Represents management and consulting fees payable to certain related parties. See Note 10 to our consolidated financial statements included elsewhere in this prospectus for further information on management and consulting fees.

(h)
The table included in "Management's Discussion and Analysis of Financial Condition and Results of Operations Segment Review Discontinued Operations" presents reconciliations of operating (loss) income to EBITDA and Comparable Operating Performance for the periods presented.

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## RISK FACTORS

*Investing in the Notes involves a high degree of risk. Before you make your investment decision, you should carefully consider the risks described below and the other information contained in this prospectus, including the consolidated financial statements and the related notes. If any of the following risks actually occurs, our business, financial position, results of operations or cash flows could be materially adversely affected.*

### Risk Related to Our Business and Our Industry

***Adverse credit and financial market events and conditions could, among other things, impede access to or increase the cost of financing or cause our commercial customers to incur liquidity issues that could lead to some of our services being cancelled or result in reduced revenues and lower operating income, which could have an adverse impact on our business, financial position, results of operations and cash flows.***

Adverse developments in the credit and financial markets, including due to the recent downgrade of the U.S. long-term sovereign credit rating and the European debt crisis, as well as unstable consumer sentiment and high unemployment, continue to challenge the U.S. and global financial and credit markets and overall economies. These developments have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. Disruptions in credit or financial markets could, among other things, lead to impairment charges, make it more difficult for us to obtain, or increase our cost of obtaining, financing for our operations or investments or to refinance our debt, cause our lenders to depart from prior credit industry practice and not give technical or other waivers under Term Facilities and the Revolving Credit Facility, to the extent we may seek them in the future, thereby causing us to be in default under one or more of the Credit Facilities. These disruptions also could cause our commercial customers to encounter liquidity issues that could lead to some of our services being cancelled or reduced, or that could result in an increase in the time it takes our customers to pay us, or that could lead to a decrease in pricing for our services and products, any of which could adversely affect our accounts receivable, among other things, and, in turn, increase our working capital needs. Volatile swings in the commercial real estate segment could also impact the demand for our services as landlords cut back on services provided to their tenants.

Although we are not currently experiencing any limitation of access to the Credit Facilities and are not aware of any issues currently impacting the ability of the lenders under them to honor their commitments to extend credit, there is no assurance that the U.S. and global credit crisis will not adversely affect our ability to borrow under the Credit Facilities in the future. Liquidity or capital problems at one or more of the lenders on the Revolving Credit Facility could reduce or eliminate the amount available for us to draw under such facility. Our access to additional capital may not be available on terms acceptable to us or at all.

There can be no assurance that adverse developments in the credit and financial markets, along with other economic uncertainties, will not get worse over time. Adverse developments in the credit and financial markets and economic uncertainties make it difficult for us to accurately forecast and plan future business activities. The continuance of the current uncertain economic conditions or further deterioration of such conditions could have a material adverse impact on our business, financial position, results of operations and cash flows.

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***Further weakening in general economic conditions, especially as they may affect home sales, unemployment or consumer confidence or spending levels, may adversely impact our business, financial position, results of operations and cash flows.***

A substantial portion of our results of operations is dependent upon spending by consumers. Deterioration in general economic conditions and consumer confidence could affect the demand for our services. Consumer spending and confidence tend to decline during times of declining economic conditions, and there can be no assurance that consumer spending or confidence will materially improve. A worsening of macroeconomic indicators, including weak home sales, higher home foreclosures, declining consumer confidence or rising unemployment rates, could adversely affect consumer spending levels, reduce the demand for our services and adversely impact our business, financial position, results of operations and cash flows. These factors could also negatively impact the timing or the ultimate collection of accounts receivable, which would adversely impact our business, financial position, results of operations and cash flows.

***Weather conditions and seasonality affect the demand for our services and our results of operations and cash flows.***

The demand for our services and our results of operations are affected by weather conditions, including, without limitation, potential impacts, if any, from climate change, known and unknown, and by the seasonal nature of our lawn care services, termite and pest control services, home inspection services and disaster restoration services. For example, in geographies that do not have a year-round growing season, the demand for our lawn care services decreases during the winter months. Adverse weather conditions (e.g., droughts, severe storms and significant rain or snow fall), whether created by climate change factors or otherwise, can adversely impact the timing of product or service delivery and/or demand for lawn care services, and cooler temperatures can impede the development of the termite swarm and lead to lower demand for our termite control services. Severe winter storms can also impact our home cleaning business if we cannot travel to service locations due to hazardous road conditions. In addition, extreme temperatures can lead to an increase in service requests related to household systems and appliances in our American Home Shield business, resulting in higher claim frequency and costs and lower profitability thereby adversely impacting our results of operations and cash flows.

***Availability of our raw materials and increases in raw material prices, fuel prices and other operating costs could adversely impact our business, financial position, results of operations and cash flows.***

Our financial performance is affected by the level of our operating expenses, such as fuel, fertilizer, chemicals, raw materials, wages and salaries, employee benefits, health care, vehicle, self-insurance costs and other insurance premiums as well as various regulatory compliance costs, all of which may be subject to inflationary pressures. In particular, our financial performance is adversely affected by increases in these operating costs. In recent years, fuel prices have fluctuated widely, and previous increases in fuel prices increased our costs of operating vehicles and equipment. We cannot predict what effect the recent global events could have on fuel prices, but it is possible that such events could lead to reduced fuel supplies, resulting in higher fuel prices. With respect to fuel, our fleet, which consumes approximately 21 million gallons annually, has been negatively impacted by significant increases in fuel prices in the past and could be negatively impacted in the future. Although we hedge a significant portion of our fuel costs, we do not hedge all of those costs. A 10 percent change in fuel prices would result in a change of approximately $6.5 million in the Company's annual fuel cost before considering the impact of fuel swap contracts. Based upon current Department of Energy fuel price forecasts, as well as the hedges the Company has executed to date for 2012, the Company has projected that fuel prices will increase our fuel costs by $10 million to $15 million for 2012 compared to 2011. Fuel price increases can also result in increases in the cost of fertilizer, chemicals and other materials used in our business. We cannot predict the extent to which we may experience future increases in costs of fuel, fertilizer, chemicals, raw materials, wages, employee benefits, healthcare, vehicles, insurance and other operating costs. To the extent such costs increase, we may be prevented, in whole or in part, from passing these cost increases through to our existing and prospective customers, and the rates we pay to our subcontractors and suppliers may increase, any of which could have a material adverse impact on our business, financial position, results of operations and cash flows.

***We may not successfully implement our business strategies, including achieving our growth objectives.***

We may not be able to fully implement our business strategies or realize, in whole or in part within the time frames anticipated, the anticipated benefits of our various growth initiatives. Our various business strategies and initiatives, including our productivity and customer retention initiatives, are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, we may incur certain costs to achieve efficiency improvements in our business. Even if these efficiency improvement initiatives are undertaken, we may not fully achieve our expected cost savings and efficiency improvements or these initiatives could adversely impact our customer retention and/or our operations. In addition, our strategies to enhance talent management and transfer best practices across our businesses may not produce the efficiencies and productivity levels we seek and may present unforeseen challenges. Also, our business strategy may change from time to time. As a result, we may not be able to achieve our expected results of operations and cash flows.

***Our market segments are highly competitive. Competition could reduce our share of the market segments served by us and adversely impact our reputation, business, financial position, results of operations and cash flows.***

We operate in highly competitive market segments. Changes in the source and intensity of competition in the market segments served by us impact the demand for our services and may also result in additional pricing pressures. The relatively low capital cost of entry to certain of our business categories has led to strong competitive market segments, including competition from regional and local owner operated companies. Regional and local competitors operating in a limited geographic area may have lower labor, benefits and overhead costs. The principal methods of competition in our businesses include name recognition, quality and speed of service, pricing, customer satisfaction and reputation. No assurance can be given that we will be able to compete successfully against current or future competitors and that the competitive pressures that we face will not result in reduced market segment share, reduced pricing or adversely impact our reputation, business, financial position, results of operations and cash flows.

***We may not be able to attract and retain qualified key executives or transition smoothly to new leadership, which could hurt the Company and its businesses and inhibit our ability to operate and grow successfully.***

The execution of our business strategy and our financial performance will continue to depend in significant part on our executive management team and other key management personnel and the smooth transition of new senior leadership. As a result of a more aggressive strategic plan, we have decided to enhance many of our senior management positions, including the hiring of Thomas J. Coba as President, ServiceMaster Clean, Merry Maids, Furniture Medic & AmeriSpec, Roger A. Cregg as Senior Vice President & Chief Financial Officer and Charles M. Fallon as President, Terminix, as well as moving Thomas G. Brackett to a new position as President,

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TruGreen. Our future success depends in large part on our success in utilizing current, experienced senior leadership and transitioning responsibilities to, and implementing the goals and objectives of, our new business unit executives. In addition, any inability to attract in a timely manner qualified key executives, retain our leadership team and recruit other important personnel could have a material adverse impact on our business, financial position, results of operations and cash flows.

***Public perceptions that our products and services are not environmentally friendly or safe may adversely impact the demand for our services.***

In providing our services, we use, among other things, fertilizers, herbicides and pesticides. Public perception that our products and services are not environmentally friendly or safe or are harmful to humans or animals, whether justified or not, or our improper application of these chemicals, could reduce demand for our services, increase regulation or government restrictions or actions, result in fines or penalties, impair our reputation, involve us in litigation, damage our brand names and otherwise have a material adverse impact on our business, financial position, results of operations and cash flows.

***Changes in our services or products could impact our reputation, business, financial position, results of operations and cash flows.***

Our financial performance is affected by changes in the services and products we offer our customers. For example, when Terminix transitioned from offering primarily bait termite services to providing both liquid and bait termite services, this transition required the purchase of additional equipment and additional training. The bait and termite service lines also have different price points (for both the initial treatment and for renewals), different ongoing service obligations and different revenue recognition policies. An unsuccessful rollout or adjustment of our new services or products could have a material adverse impact on our reputation, business, financial position, results of operations and cash flows.

***Laws and government regulations applicable to our businesses could increase our legal and regulatory expenses, risks and impact our business, financial position, results of operations and cash flows.***

Our businesses are subject to significant international, federal, state, provincial and local laws and regulations. These laws and regulations include laws relating to consumer protection, wage and hour requirements, franchising, the employment of immigrants, labor relations, permitting and licensing, workers' safety, the environment, insurance and home service contracts, employee benefits, marketing (including, without limitation, telemarketing or green marketing) and advertising, the application of fertilizers, herbicides, pesticides and other chemicals, noise and air pollution from power equipment and water management techniques. In particular, we anticipate that various international, federal, state, provincial and local governing bodies may propose additional legislation and regulation that may be detrimental to our business or may substantially increase our operating costs, including legislation relating to the Employee Free Choice Act; environmental regulations related to water quality, water use, chemical use, climate change, equipment efficiency standards, refrigerant use and other environmental matters; other consumer protection laws or regulations; or "do-not-knock," "do-not-mail," "do-not-leave" or other marketing regulations. It is difficult to predict the future impact of the broad and expanding legislative and regulatory requirements affecting our businesses and changes to such requirements may adversely affect our business, financial position, results of operations and cash flows. In addition, if we were to fail to comply with any applicable law or regulation, we could be subject to substantial fines or damages, be involved in litigation, suffer losses to our reputation or suffer the loss of licenses or incur penalties that may affect how

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our business is operated, which, in turn, could have a material adverse impact on our business, financial position, results of operations and cash flows.

The enactment of new federal or state legislation or the promulgation of new regulations or interpretations at any level of government may also expose the Company to potential new liabilities or costs, or may require the Company to modify its business model or business practices. At this time, the Company does not expect any such changes in law or regulation to have a material effect on its reputation, business, financial position, results of operations or cash flows; however, in March 2010, comprehensive health care reform legislation was enacted in the U.S. which, among other things, includes guaranteed coverage requirements, including for dependents up to age 26; eliminates pre-existing condition exclusions and annual and lifetime maximum limits; restricts the extent to which policies can be rescinded; and requires employers to provide employees with insurance coverage that meets minimum eligibility and coverage requirements. The legislation imposes implementation effective dates that began in 2010. Due to the breadth and complexity of the health reform legislation, the current lack of implementing regulations and interpretive guidance, the phased-in nature of the implementation and pending court challenges, it is difficult to predict the overall impact of the health reform legislation on our business over the coming years. However, new requirements to provide additional health insurance benefits to our employees would likely increase our expenses, and any such increases could be significant enough to materially impact our business, financial position, results of operations and cash flows. Additional or new regulations promulgated by the U.S. Consumer Financial Protection Bureau may also require the Company to modify its business model or business practices.

***Compliance with environmental, health and safety laws and regulations, including laws pertaining to the use of pesticides, herbicides and fertilizers, could result in significant costs that adversely impact our reputation, business, financial position, results of operations and cash flows.***

International, federal, state, provincial and local laws and regulations relating to environmental, health and safety matters affect us in several ways. In the United States, products containing pesticides generally must be registered with the U.S. Environmental Protection Agency ("EPA") and similar state agencies before they can be sold or applied. The failure to obtain or the cancellation of any such registration, or the withdrawal from the market place of such pesticides, could have an adverse effect on our business, the severity of which would depend on the products involved, whether other products could be substituted and whether our competitors were similarly affected. The pesticides we use are manufactured by independent third parties and are evaluated by the EPA as part of its ongoing exposure risk assessment. The EPA may decide that a pesticide we use will be limited or will not be re-registered for use in the United States. We cannot predict the outcome or the severity of the effect of the EPA's continuing evaluations.

In addition, the use of certain pesticides, herbicides and fertilizer products is regulated by various international, federal, state, provincial and local environmental and public health agencies. These regulations may require that only certified or professional users apply the product or that certain products only be used on certain types of locations. These laws may also require users to post notices on properties at which products have been or will be applied, may require notification to individuals in the vicinity that products will be applied in the future or may restrict or ban the use of certain products. Although we strive to comply with such regulations and have processes in place designed to achieve compliance, given our dispersed locations, distributed operations and numerous employees, we can give no assurance that we can prevent violations of these or other regulations from occurring. Even if we are able to comply with all such regulations and obtain all necessary registrations and licenses, we cannot assure you that the pesticides, herbicides, fertilizers or other products we apply, or the manner in which we apply them, will not be alleged to cause

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injury to the environment, to people or to animals, or that such products will not be banned in certain circumstances. The costs of compliance, non-compliance, remediation, combating unfavorable public perceptions or defending products liability lawsuits could have a material adverse impact on our reputation, business, financial position, results of operations and cash flows.

International, federal, state, provincial and local agencies regulate the disposal, handling and storage of waste, discharges from our facilities and the investigation and clean-up of contaminated sites. We could incur significant costs, including investigation and clean-up costs, fines, penalties and civil or criminal sanctions and claims by third parties for property damage and personal injury, as a result of violations of, or liabilities under, these laws and regulations. If there is a significant change in the facts or circumstances surrounding the assumptions upon which we operate, or if we are found to violate applicable environmental and public health laws and regulations, it could have a material adverse impact on future environmental capital expenditures and other environmental expenses and on our reputation, financial position, results of operations and cash flows. In addition, potentially significant expenditures could be required to comply with environmental laws and regulations, including requirements that may be adopted or imposed in the future.

International, federal, state, provincial and local agencies that regulate environmental matters may change environmental laws, regulations or standards, including imposing new regulations with respect to climate change matters. Changes in any of these or other laws, regulations or standards could materially adversely impact our business, financial position, results of operations and cash flows.

***If we fail to protect the security of personal information about our customers, we could be subject to interruption of our business operations, private litigation, reputational damage and costly penalties.***

We rely on, among other things, commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as payment card and personal information. The systems currently used for transmission and approval of payment card transactions, and the technology utilized in payment cards themselves, all of which can put payment card data at risk, are central to meeting standards set by the payment card industry ("PCI"). The Company is evaluating and updating its systems and protocols to establish compliance with these industry standards as they currently exist, and going forward will continue to evaluate its systems and protocols in a continued effort to comply with industry standards, as such standards may change from time to time in the future. Activities by third parties, advances in computer and software capabilities and encryption technology, new tools and discoveries and other events or developments may facilitate or result in a compromise or breach of our systems. Any compromises, breaches or errors in application related to our systems or failures to comply with standards set by the PCI could cause damage to our reputation and interruptions in our operations, including our customers' ability to pay for our services and products by credit card or their willingness to purchase our services and products and could result in a violation of applicable laws, regulations, orders, industry standards or agreements and subject us to costs, penalties and liabilities which could have a material adverse impact on our reputation, business, financial position, results of operations and cash flows.

***Our business process outsourcing initiatives have increased our reliance on third party contractors and may expose our business to harm upon the termination or disruption of our third party contractor relationships.***

Our strategy to increase profitability, in part, by reducing our costs of operations includes the implementation of certain business process outsourcing initiatives. As a result, our future operations are expected to significantly rely on third party vendors to provide certain services that we previously performed internally. Any disruption, termination or substandard performance of these outsourced services, including possible breaches by third party vendors of their agreements with us, could adversely affect our brands, customer relationships, financial position, results of operations and cash flows. Also, to the extent a third party outsourcing provider relationship is terminated, there is a risk that we may not be able to enter into a similar agreement with an alternate provider in a timely manner or on terms that we consider favorable, and even if we find an alternate provider, or choose to insource such services, there are significant risks associated with any transitioning activities. We expect to phase out a significant portion of our use of information technology services provided by International Business Machines Corporation by the end of 2013. In the event a third party outsourcing relationship is terminated and we are unable to replace it, there is a risk that we may not have the capabilities to perform these services internally, resulting in a disruption to our business, which could adversely impact our reputation, business, financial position, results of operations and cash flows.

***We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business.***

Our ability to compete effectively depends in part on our rights to service marks, trademarks, trade names and other intellectual property rights we own or license, particularly our registered brand names, ServiceMaster, Terminix, TruGreen, Merry Maids, ServiceMaster Clean, American Home Shield, AmeriSpec and Furniture Medic. We have not sought to register or protect every one of our marks either in the United States or in every country in which they are or may be used. Furthermore, because of the differences in foreign trademark, patent and other intellectual property or proprietary rights laws, we may not receive the same protection in other countries as we would in the United States. If we are unable to protect our proprietary information and brand names, we could suffer a material adverse impact on our reputation, business, financial position, results of operations and cash flows.

Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our products, services or activities infringe their intellectual property rights. Any litigation or claims brought by or against us could result in substantial costs and diversion of our resources. A successful claim of trademark, patent or other intellectual property infringement against us, or any other successful challenge to the use of our intellectual property, could subject us to damages or prevent us from operating our business in the manner in which we have in the past, including preventing us from providing certain services under our recognized brand names, all of which could have a material adverse impact on our reputation, business, financial position, results of operations and cash flows.

***Disruptions or security failures in our information technology systems could create liability for us and/or limit our ability to effectively monitor, operate and control our operations and adversely impact our reputation, business, financial position, results of operations and cash flows.***

Our information technology systems facilitate our ability to monitor, operate and control our operations. Changes or modifications to our information technology systems could cause disruption to our operations or cause challenges with respect to our compliance with laws, regulations or other applicable standards. For example, delays, higher than expected costs or unsuccessful implementation of new information technology systems could adversely impact our operations. In addition, any disruption in or failure of our information technology systems to operate as expected could, depending on the magnitude of the problem, adversely impact our business, financial position, results of operations and cash flows, including by limiting our capacity to monitor, operate and control our operations effectively. Failures of our information technology systems could also

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lead to violations of privacy laws, regulations, trade guidelines or practices related to our customers and employees. If our disaster recovery plans do not work as anticipated, or if the third party vendors to which we have outsourced certain information technology, contact center or other services fail to fulfill their obligations to us, our operations may be adversely impacted and any of these circumstances could adversely impact our reputation, business, financial position, results of operations and cash flows.

***Future acquisitions could impact our reputation, business, financial position, results of operations and cash flows.***

We plan to continue to pursue opportunities to expand through selective acquisitions. Our ability to make acquisitions at reasonable prices and to integrate acquired businesses is an important factor in our future growth. We cannot ensure that we will be able to manage or integrate acquired businesses successfully and/or retain customers of the acquired businesses. Any inability on our part to consolidate and manage growth from acquired businesses could have an adverse impact on our reputation, business, financial position, results of operations and cash flows and there can be no assurance that any acquisition that we make will provide us with the benefits that were anticipated when entering into such acquisition. The process of integrating an acquired business may create unforeseen difficulties and expenses, including the diversion of resources needed to integrate new businesses, technologies, products, personnel or systems; the inability to retain employees, customers and suppliers; the assumption of actual or contingent liabilities (including those relating to the environment); failure to effectively and timely adopt and adhere to our internal control processes and other policies; write-offs or impairment charges relating to goodwill and other intangible assets; unanticipated liabilities relating to acquired businesses; and potential expense associated with litigation with sellers of such businesses.

***We are subject to various restrictive covenants that could adversely impact our business, financial position, results of operations and cash flows.***

From time to time, we enter into noncompetition agreements or other restrictive covenants (e.g., exclusivity, take or pay and non-solicitation), including in connection with business dispositions or strategic contracts, that restrict us from entering into lines of business or operating in certain geographic areas into which we may desire to expand our business. We also are subject to various non-solicitation and no-hire covenants that may restrict our ability to solicit potential customers or employees. To the extent that such restrictive covenants prevent us from taking advantage of business opportunities, or if we fail to comply with them, our business, financial position, results of operations and cash flows may be adversely impacted.

***Our future success depends on our ability to attract and retain trained workers and third party contractors.***

Our future success and financial performance depend substantially on our ability to attract, retain and train workers and attract and retain third party contractors and ensure third party contractor compliance with our policies and standards. Our ability to conduct our operations is in part impacted by our ability to increase our labor force, including on a seasonal basis, which may be adversely impacted by a number of factors, including immigration reform or lack thereof, which may negatively impact the number of foreign nationals available to engage in seasonal employment. In the event of a labor shortage, we could experience difficulty in delivering our services in a high-quality or timely manner and could be forced to increase wages in order to attract and retain employees, which would result in higher operating costs and reduced profitability.

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***We may be required to recognize additional impairment charges.***

We have significant amounts of goodwill and intangible assets, such as trade names, and have incurred impairment charges in the past with respect to goodwill and intangible assets, as well as in connection with our disposition activities. In accordance with applicable accounting standards, goodwill and intangible assets that are not amortized are subject to assessment for impairment by applying a fair-value based test annually, or more frequently if there are indicators of impairment, including:

- significant adverse changes in the business climate, including economic or financial conditions;
- significant adverse changes in expected operating results;
- adverse actions or assessments by regulators;
- unanticipated competition;
- loss of key personnel; and
- a current expectation that more-likely-than-not (e.g., a likelihood that is more than 50 percent) a reporting unit or intangible asset will be sold or otherwise disposed of.

For example, in 2011 we recorded pre-tax non-cash impairment charges of $36.7 million to reduce the carrying value of TruGreen's trade name as a result of our annual impairment testing of goodwill and intangible assets. Additionally, as a result of the decision to sell TruGreen LandCare, we recorded a $34.2 million impairment charge ($21.0 million, net of tax) in the first quarter of 2011 to reduce the carrying value of TruGreen LandCare's assets to their estimated fair value less cost to sell in accordance with applicable accounting standards. Upon completion of the sale, a $6.2 million loss on sale ($1.9 million, net of tax) was recorded in loss from discontinued operations, net of tax. In the second quarter of 2010, we recorded a pre-tax non-cash impairment charge of $46.9 million, of which $43.0 million was related to the remaining goodwill at TruGreen LandCare and $3.9 million related to TruGreen LandCare's trade name. In 2009, we recorded pre-tax non-cash impairment charges of $28.0 million (of which $1.4 million was related to the trade name of TruGreen LandCare) to reduce the carrying value of trade names as a result of our annual impairment testing of goodwill and intangible assets. Based upon future economic and financial market conditions, the operating performance of our reporting units and other factors, including those listed above, future impairment charges could be incurred. All impairments related to TruGreen LandCare are recorded in (loss) income from discontinued operations, net of income taxes.

***Our franchisees could take actions that could harm our business.***

Our franchisees are contractually obligated to operate their businesses in accordance with the standards set forth in our agreements with them. Each franchising brand also provides training and support to franchisees. However, franchisees are independent third parties that we do not control, and the franchisees own, operate and oversee the daily operations of their businesses. As a result, the ultimate success of any franchise operation rests with the franchisee. If franchisees do not successfully operate their businesses in a manner consistent with required standards, royalty payments to us will be adversely affected and a brand's image and reputation could be harmed, which in turn could adversely impact our business, financial position, results of operations and cash flows. In addition, our relationship with our franchisees could become strained if we impose new standards or assert more rigorous enforcement practices of the required standards. It is also possible that creditors, or other claimants, of a franchisee, could, in the event such creditors and claimants cannot collect from our franchisee or otherwise, attempt to make claims against us under

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various legal theories. These claims could have a material adverse impact on our reputation, business, financial position, results of operations and cash flows.

***Changes in accounting, securities and other rules or interpretations could adversely impact our financial position and results of operations.***

Changes in accounting, securities and other rules applicable to our business, including proposed revisions to the rules related to accounting for leases and reserves for, and disclosures relating to, legal contingencies, could (i) affect our reported results of operations and financial position, (ii) potentially decrease the comparability of our financial statements to others within our industry and (iii) increase our liability exposure.

**Risk Factors Related to the Notes**

***We have substantial indebtedness and may incur substantial additional indebtedness, which could adversely affect our financial health and our ability to obtain financing in the future, react to changes in our business and satisfy our obligations.***

As of December 31, 2011, we had $3.876 billion of consolidated indebtedness, and, after effectiveness on February 13, 2012 of the Extension Amendment dated as of January 30, 2012 (the "Extension Amendment") and the Increase Supplement dated as of January 30, 2012 (the "Increase Supplement"), we have available borrowing capacity under the Revolving Credit Facility of $447.7 million through July 24, 2013, $324.2 million from July 25, 2013 through July 24, 2014 and $265.2 million from July 25, 2014 through January 31, 2017. Our substantial debt could have important consequences to holders of our debt and other stakeholders in the Company. Because of our substantial debt:

- our ability to engage in acquisitions without raising additional equity or obtaining additional debt financing could become impaired;

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions, debt service requirements or general corporate purposes and our ability to satisfy our obligations with respect to our debt may be impaired in the future;

- a large portion of our cash flow from operations must be dedicated to the payment of principal and interest on our debt, thereby reducing the funds available to us for other purposes;

- we are exposed to the risk of increased interest rates because a portion of our borrowings, including under the Credit Facilities, and certain floating rate operating and capital leases are at variable rates of interest;

- it may be more difficult for us to satisfy our obligations to our creditors, resulting in possible defaults on, and acceleration of, such debt;

- we may be more vulnerable to general adverse economic and industry conditions;

- we may be at a competitive disadvantage compared to our competitors with proportionately less debt or with comparable debt on more favorable terms and, as a result, they may be better positioned to withstand economic downturns;

- our ability to refinance debt may be limited or the associated costs may increase;

- our flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited; and we may be prevented from carrying out capital spending that is necessary or important to our growth strategy and efforts to improve operating margins of our businesses.

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***Despite our indebtedness levels, we and our subsidiaries may be able to incur substantially more debt, including secured debt. This could further exacerbate the risks associated with our substantial indebtedness.***

We and our subsidiaries may be able to incur substantial additional debt in the future. The terms of the indentures governing our debt securities do not prohibit us or our subsidiaries from doing so. After effectiveness on February 13, 2012 of the Extension Amendment and the Increase Supplement, we have available borrowing capacity under the Revolving Credit Facility of $447.7 million through July 24, 2013, $324.2 million from July 25, 2013 through July 24, 2014 and $265.2 million from July 25, 2014 through January 31, 2017. The Credit Facilities permit additional borrowings beyond those commitments under certain circumstances. If new debt is added to our current debt levels, the related risks we face would increase, and we may not be able to meet all of our debt obligations.

***Our ability to generate the significant amount of cash needed to pay interest and principal on our debt, including the Notes, and our ability to refinance all or a portion of our debt or obtain additional financing depends on many factors beyond our control.***

As a holding company, we have no independent operations or material assets other than our ownership of equity interests in our subsidiaries, and we depend on our subsidiaries to distribute funds to us so that we may pay our obligations and expenses, including satisfying our obligations under our debt, including the Notes. Our ability to make scheduled payments on, or to refinance our obligations under, our debt, including the Notes, depends on the ability of our subsidiaries to make distributions and dividends to us, which, in turn, depends on their results of operations, cash flows, cash requirements and financial position, general business conditions and any legal and regulatory restrictions on the payment of dividends to which they may be subject, many of which may be beyond our control, and as described under " Risks Related to Our Business and Our Industry" above.

The payment of ordinary and extraordinary dividends by our subsidiaries that are regulated as insurance, home service, or similar companies is subject to applicable state law limitations. If we cannot receive sufficient distributions from our subsidiaries, we may not be able to meet our obligations to fund general corporate expenses or service our debt obligations. Our insurance subsidiaries and home services and similar subsidiaries (through which we conduct our American Home Shield business) are subject to significant regulatory restrictions under the laws and regulations of the states in which they operate. Among other things, such laws and regulations require certain such subsidiaries to maintain minimum capital and net worth requirements and may limit the amount of ordinary and extraordinary dividends and other payments that these subsidiaries can pay to us. For example, certain states prohibit payment by these subsidiaries to the Company of dividends in excess of 10 percent of their capital as of the most recent year end, as determined in accordance with prescribed insurance accounting practices in those states. Of the $226.2 million as of December 31, 2011, which we identify as being potentially unavailable to be paid to the Company by its subsidiaries, approximately $183.3 million is held by our home services and insurance subsidiaries and is subject to these regulatory limitations on the payment of funds to us. Such limitations will be in effect through the end of 2012, at which time new limitations will be calculated based on regulatory capital levels as of December 31, 2012. The remainder of the $226.2 million, or $42.9 million, is related to amounts that the Company's management does not consider readily available to be used to service the Company's indebtedness due, among other reasons, to the Company's cash management practices and working capital needs at various subsidiaries.

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If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek to obtain additional equity capital or restructure our debt. In the future, our cash flow and capital resources may not be sufficient for payments of interest on and principal of our debt, and such alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

The Revolving Credit Facility is scheduled to mature on January 31, 2017, and the Term Facilities will mature on July 24, 2014. The 2015 Notes will mature on July 15, 2015, and the Notes will mature on February 15, 2020. We cannot provide assurance that we will be able to refinance any of our debt or obtain additional financing, particularly because of our high levels of debt. It is our understanding that a significant amount of global indebtedness related to the leveraged buy-out boom will mature between 2012 and 2015, when significant portions of our debt are scheduled to mature. There is no assurance that the debt markets will be able to absorb all of the potential refinancing during that time period. Moreover, in 2008 and 2009, the global credit markets suffered a significant contraction, including the failure of some large financial institutions. This resulted in a significant decline in the credit markets and the overall availability of credit. Market disruptions, such as those experienced in 2008 and 2009, as well as our significant debt levels, may increase our cost of borrowing or adversely affect our ability to refinance our obligations as they become due. If we are unable to refinance our indebtedness or access additional credit, or if short-term or long-term borrowing costs dramatically increase, our ability to finance current operations and meet our short-term and long-term obligations could be adversely affected. If we cannot refinance our debt, we could face substantial liquidity problems, causing us to become bankrupt or insolvent, and we might be required to dispose of material assets or operations to meet our debt service and other obligations. We cannot assure you we will be able to consummate those sales, or if we do, what the timing of the sales will be, whether the proceeds that we realize will be adequate to meet our debt service obligations when due or whether we would receive fair value for such assets.

If we cannot make scheduled payments on our debt, we will be in default and holders of the 2015 Notes and the Notes could declare all outstanding principal and interest to be due and payable, the lenders under the Credit Facilities could terminate their commitments to loan money, our secured lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. All of these events could result in your losing your investment in the Notes.

***Increases in interest rates would increase the cost of servicing our debt and could reduce our profitability.***

A significant portion of our outstanding debt, including debt under the Credit Facilities, bears interest at variable rates. As a result, increases in interest rates would increase the cost of servicing our debt and could materially reduce our profitability and cash flows. As of December 31, 2011, each one percentage point change in interest rates would result in approximately an $11.0 million change in the annual interest expense on our Term Facilities after considering the impact of the interest rate swaps into which we have entered. Assuming all revolving loans were fully drawn as of December 31, 2011, each one percentage point change in interest rates would result in approximately a $4.4 million change in annual interest expense on our Revolving Credit Facility. Our Term Facilities are scheduled to mature in July 2014, and we will need to refinance such debt prior to such date. Refinancing the Term Facilities at current market interest rates would result in an increase to the current rate, and therefore lead to higher interest expense.

We are also exposed to increases in interest rates with respect to our arrangement enabling us to transfer an interest in certain receivables to unrelated third parties. Assuming all available amounts were transferred under this arrangement, each one percentage point change in interest rates would result in approximately a $0.5 million change in annual interest expense with respect to

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this arrangement. We are also exposed to increases in interest rates with respect to our floating rate operating leases, and a one percentage point change in interest rates would result in approximately a $0.3 million change in annual rent expense with respect to such operating leases. The impact of increases in interest rates could be more significant for us than it would be for some other companies because of our substantial debt and floating rate operating leases.

***The agreements and instruments governing our debt contain restrictions and limitations that could significantly impact our ability to operate our business and adversely affect the holders of the Notes.***

The Credit Facilities contain covenants that, among other things, restrict our ability to:

- incur additional debt (including guarantees of other debt);
- pay dividends or make other restricted payments, including investments;
- prepay or amend the terms of certain outstanding debt;
- enter into certain types of transactions with affiliates;
- sell certain assets, or, in the case of any borrower under the Credit Facilities, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets;
- create liens;
- in the case of the Term Loan Facility, enter into agreements restricting dividends or other distributions by subsidiaries to ServiceMaster; and
- in the case of the Revolving Credit Facility, make acquisitions, enter into agreements restricting our ability to incur liens securing the Revolving Credit Facility and change our business.

The indentures governing the 2015 Notes and the Notes also contain restrictive covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional debt;
- repurchase certain debt;
- pay dividends, redeem stock or make other distributions;
- make investments;
- create certain liens;

- transfer or sell assets;
- merge, consolidate or sell all or substantially all of our assets;
- create restrictions on the ability of our restricted subsidiaries to make payments to us;
- designate our subsidiaries as unrestricted subsidiaries; and
- enter into certain transactions with our affiliates.

The restrictions in the indentures governing the 2015 Notes and the Notes, the Credit Facilities and the instruments governing our other debt may prevent us from taking actions that we believe would be in the best interest of our business and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. We may also incur future debt obligations that might subject us to additional restrictive

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covenants that could affect our financial and operational flexibility. We cannot assure you that we will be able to refinance our debt, at maturity or otherwise, on terms acceptable to us, or at all.

Our ability to comply with the covenants and restrictions contained in the Credit Facilities, the indentures governing the 2015 Notes and the Notes and the instruments governing our other debt may be affected by economic, financial and industry conditions beyond our control including credit or capital market disruptions. The breach of any of these covenants or restrictions could result in a default that would permit the applicable lenders or noteholders, as the case may be, to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. If we are unable to repay debt, lenders having secured obligations, such as the lenders under the Credit Facilities, could proceed against the collateral securing the debt. In any such case, we may be unable to borrow under the Credit Facilities and may not be able to repay the amounts due under the Credit Facilities or our other outstanding indebtedness, including the Notes. This could have serious consequences to our financial position and results of operations and could cause us to become bankrupt or insolvent.

***The Notes are unsecured and effectively subordinated to the rights of our and the guarantors' existing and future secured creditors to the extent of the value of our and our guarantors' assets.***

The indenture governing the Notes permits us to incur a significant amount of secured indebtedness, including indebtedness under the Credit Facilities. Indebtedness under the Credit Facilities is secured by substantially all of the tangible and intangible assets of ServiceMaster and the guarantors under the Credit Facilities, subject to certain exceptions. The Notes are unsecured and therefore do not have the benefit of such collateral. Accordingly, the Notes are effectively subordinated to all such secured indebtedness. If an event of default occurs under the Credit Facilities, the senior secured lenders will have a prior right to our assets securing the Credit Facilities, to the exclusion of the holders of the Notes, even if we are in default under the Notes. In that event, our assets would first be used to repay indebtedness and other obligations secured by them (including amounts outstanding under the Credit Facilities), resulting in all or a portion of our assets being unavailable to satisfy the claims of the holders of the Notes and other unsecured indebtedness, including, without limitation, the 2015 Notes. Therefore, in the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of Notes will participate in our remaining assets ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as such Notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor. Further, if the lenders foreclose and sell the pledged interests in any subsidiary guarantor under the Notes, then that guarantor will be released from its guarantee of the Notes automatically and immediately upon the sale. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the Notes. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness.

As of December 31, 2011, approximately $2.531 billion of our indebtedness was secured. We also have commitments for additional borrowings under the Revolving Credit Facility of $447.7 million through July 24, 2013, $324.2 million from July 25, 2013 through July 24, 2014 and $265.2 million from July 25, 2014 through January 31, 2017, all of which would be secured if borrowed.

***The Notes are structurally subordinated to the debt of our non-guarantor subsidiaries.***

The Notes are not guaranteed by any of our non-U.S. subsidiaries, any subsidiary subject to regulation as an insurance, home warranty, service contract or similar company, or certain other subsidiaries. Payments on the Notes are required to be made only by us and the subsidiary guarantors. Accordingly, claims of holders of the Notes will be structurally subordinated to the claims of creditors of these non-guarantor subsidiaries, including trade creditors. All obligations of our non-guarantor subsidiaries, including trade payables, will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon liquidation or otherwise, to us or a guarantor of the Notes. Our subsidiaries that do not guarantee the Notes, including our non-U.S. subsidiaries and our subsidiaries subject to regulation as insurance, home warranty and service contract companies (including the American Home Shield companies), represent a significant portion of our operations and assets. As of December 31, 2011, our non-guarantor subsidiaries had approximately $147.6 million of total debt and capital leases, excluding trade payables and other obligations, all of which would have been structurally senior to the Notes.

***If the lenders under the Credit Facilities release the guarantors under the credit agreement, those guarantors will be released from their guarantees of the Notes.***

The lenders under the Credit Facilities have the discretion to release the guarantees under the credit agreements. If a subsidiary guarantor is released from all of its obligations under the Credit Facilities or any other successor credit facility that may be then outstanding, then such subsidiary guarantor will automatically and unconditionally be released from its obligation under its guarantee of the Notes. See "Description of Notes Subsidiary Guarantees." You will not have a claim as a creditor against any subsidiary that is no longer a guarantor of the Notes, and the indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will effectively be senior to claims of noteholders.

***If we or our subsidiaries default on our and their obligations to pay our and their indebtedness, we may not be able to make payments on the Notes.***

Any default under the agreements governing our or our subsidiaries' indebtedness, including a default under the Credit Facilities that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness could make us unable to pay principal, premium, if any, and interest on the Notes when due and substantially decrease the market value of the Notes.

If we or our subsidiaries are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we or they otherwise fail to comply with the various covenants in the instruments governing our or their indebtedness (including covenants in the Credit Facilities, the indenture governing the 2015 Notes and the indenture governing the Notes), we or they could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under the Credit Facilities could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets, which could further result in a cross default or cross acceleration of our debt issued under other instruments, and we could be forced into bankruptcy or liquidation. If amounts outstanding under the Credit Facilities, the 2015 Notes, our other outstanding debt securities or other debt of our subsidiaries are accelerated, all our subsidiaries' debt and liabilities would be payable from our subsidiaries' assets, prior to any distributions of our subsidiaries' assets to pay interest and principal on the Notes, and we might not be able to repay or make any payments on the Notes.

***We may be unable to raise funds necessary to finance the change of control repurchase offers required by the indenture governing the Notes.***

If we experience specified changes of control, we are required to make an offer to purchase all of the outstanding Notes (unless otherwise redeemed) at a price equal to 101 percent of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. The occurrence of specified events that would constitute a change of control will constitute a default under the Credit Facilities and would trigger an obligation to repay the 2015 Notes. In addition, agreements governing our other indebtedness may limit or prohibit the purchase of the Notes by us in the event of a change of control, unless and until such time as the indebtedness under such agreements is repaid in full or we have made an offer to repay all such indebtedness and repaid in full all lenders who accept such an offer. As a result, following a change of control event, we may not be able to repurchase Notes unless we first repay all indebtedness outstanding under such agreements (or make an offer to do so and repay all lenders who accept such an offer), or obtain a waiver from the holders of such indebtedness to permit us to repurchase the Notes. We may be unable to repay all of that indebtedness or obtain a waiver of that type. Any requirement to offer to repurchase outstanding Notes may therefore require us to refinance our other outstanding debt, which we may not be able to do on commercially reasonable terms, if at all. In addition, our failure to purchase the Notes after a change of control in accordance with the terms of the indenture governing the Notes would constitute an event of default under the indenture governing the Notes, which in turn would result in a default under the Credit Facilities.

Our inability to repay the indebtedness under the Credit Facilities would also constitute an event of default under the indenture governing the Notes, which could have materially adverse consequences to us and to the holders of the Notes. In the event of a change of control, we cannot assure you that we would have sufficient assets to satisfy all of our obligations under the Credit Facilities and our other outstanding indebtedness. Our future indebtedness may also require such indebtedness to be repurchased upon a change of control.

***Certain corporate events may not trigger a change of control event, in which case we will not be required to redeem the Notes.***

The indenture governing the Notes permits us to engage in certain important corporate events, such as leveraged recapitalizations, that would increase indebtedness but would not constitute a "change of control." If we effected a leveraged recapitalization or other such non-change of control transaction that resulted in an increase in indebtedness, our ability to make payments on the Notes would be adversely affected. However, we would not be required to redeem the Notes, and you might be required to continue to hold your Notes, despite our decreased ability to meet our obligations under the Notes.

The definition of "change of control" contained in the indenture includes a disposition of all or substantially all of our assets. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of our assets. As a result, it may be unclear as to whether a change of control has occurred and whether we are required to make an offer to repurchase the Notes.

***Federal and state fraudulent transfer laws may permit a court to void the Notes and/or the guarantees, and if that occurs, you may not receive any payments on the Notes.***

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the Notes and the incurrence of the guarantees of the Notes. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the Notes or the guarantees thereof could be voided as a fraudulent transfer or conveyance if the Company or any of the guarantors, as applicable, (a) issued the Notes or incurred the guarantee with the intent of hindering, delaying or defrauding creditors or (b) received less than reasonably equivalent value or fair consideration in return for either issuing the Notes or

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incurring the guarantee and, in the case of (b) only, one of the following is also true at the time thereof:

- the Company or any of the guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the Notes or the incurrence of the guarantee;

- the issuance of the Notes or the incurrence of the guarantee left the Company or any of the guarantors, as applicable, with an unreasonably small amount of capital or assets to carry on its business; or

- the Company or any of the guarantors intended to, or believed that the Company or such guarantor would, incur debts beyond the Company's or such guarantor's ability to pay as they mature.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is satisfied. A court would likely find that a guarantor did not receive reasonably equivalent value or fair consideration for its guarantee to the extent such guarantor did not obtain a reasonably equivalent benefit from the issuance of the Notes.

We cannot be certain as to the standards a court would use to determine whether or not the Company or any of the guarantors were insolvent at the relevant time or, regardless of the standard that a court uses, whether the Notes or the guarantees would be subordinated to the Company's or any of the guarantors' other debt. In general, however, a court would deem an entity insolvent if:

- the sum of its debts, including contingent and unliquidated liabilities, was greater than the fair saleable value of all of its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they became due.

If a court were to find that the issuance of the Notes or the incurrence of a guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the Notes or that guarantee, could subordinate the Notes or that guarantee to presently existing and future indebtedness of the Company or of the related guarantor or could require the holders of the Notes to repay any amounts received with respect to that guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the Notes.

The indenture governing the Notes contains a "savings clause" intended to limit each subsidiary guarantor's liability under its guarantee to the maximum amount that it could incur without causing the guarantee to be a fraudulent transfer under applicable law. There can be no assurance that this provision will be upheld as intended.

***Certain restrictive covenants in the indenture governing the Notes will not apply during any time that such Notes achieve investment grade ratings.***

Most of the restrictive covenants in the indenture governing the Notes will not apply during any time that the Notes achieve investment grade ratings from Moody's and S&P and no default or event of default has occurred. If these restrictive covenants cease to apply, we may take actions, such as incur additional debt or make certain dividends or distributions, which would otherwise be prohibited under the indenture. Ratings are given by these rating agencies based upon analyses that include many subjective factors. The Notes may not achieve investment grade ratings, and the

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investment grade ratings, if granted, may not reflect all of the factors that would be important to holders of the Notes.

***We cannot assure you that an active trading market will develop for the Notes.***

We cannot give you any assurance as to the development or liquidity of any market for the Notes. We do not intend to apply for listing of the Notes on any securities exchange or for quotation of the Notes through any national securities association. Even if an active trading market for the Notes does develop, you may not be able to sell your Notes at a particular time, if at all, or you may not be able to obtain the price you desire for your Notes. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial fluctuations in the price of securities. The trading price of the Notes will depend on many factors, including prevailing interest rates, the market for similar securities, our credit rating, the interest of securities dealers in making a market for the Notes, the price of any other securities we issue, and our performance, prospects, results of operations and financial position, as well as the performance of other companies in our industry. The liquidity of, and trading market for, the Notes may also be adversely affected by general declines in the market or by declines in the market for similar securities. Such declines may adversely affect such liquidity and trading markets independent of our financial performance and prospects.

***A lowering or withdrawal of the ratings or outlook assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.***

Our debt currently has a non-investment grade rating, and any rating or outlook assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating or outlook, such as adverse changes to our business, so warrant. Consequently, real or anticipated changes in our credit ratings or outlook will generally affect the market value of the Notes. Credit ratings are not recommendations to purchase, hold or sell the Notes. Additionally, credit ratings may not reflect the potential effect of risks relating to the structure or marketing of the Notes. Any future lowering of our ratings or outlook likely would make it more difficult or more expensive for us to obtain additional debt financing. If any credit rating or outlook initially assigned to the Notes is subsequently lowered or withdrawn for any reason, you may not be able to resell your Notes without a substantial discount.

**Risks Related to Not Participating in the Exchange Offer**

***You may have difficulty selling the Old Notes that you do not exchange.***

If you do not exchange your Old Notes for the New Notes offered in the exchange offer, your Old Notes will continue to be subject to significant restrictions on transfer. Those transfer restrictions are described in the Indenture and arose because the Old Notes were originally issued under exemptions from the registration requirements of the Securities Act.

The Old Notes may not be offered, sold or otherwise transferred, except in compliance with the registration requirements of the Securities Act, pursuant to an exemption from registration under the Securities Act or in a transaction not subject to the registration requirements of the Securities Act, and in compliance with applicable state securities laws. The Company did not register the Old Notes under the Securities Act, and it does not intend to do so. If you do not exchange your Old Notes, your ability to sell those Notes will be significantly limited.

If a large number of outstanding Old Notes are exchanged for New Notes issued in the exchange offer, it may be more difficult for you to sell your unexchanged Old Notes due to the limited amounts of Old Notes that would remain outstanding following the exchange offer.

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**Risks Related to Our Relationship with the Equity Sponsors**

***We are indirectly owned and controlled by the Equity Sponsors, and their interests as equity holders may conflict with the interests of holders of our debt.***

We are indirectly owned and controlled by the Equity Sponsors, who have the ability to control our policies and operations. The directors appointed by affiliates of the Equity Sponsors are able to make decisions affecting our capital structure, including decisions to issue or repurchase capital stock, pay dividends and incur or repurchase debt. The interests of the Equity Sponsors may not in all cases be aligned with the interests of the holders of our debt. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of our Equity Sponsors might conflict with the interests of holders of our debt. In addition, our Equity Sponsors may have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might involve risks to our business or the holders of our debt. Furthermore, the Equity Sponsors may in the future own businesses that directly or indirectly compete with us. One or more of the Equity Sponsors also may pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us.

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## FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements and cautionary statements. Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "shall," "should," "would," "could," "seeks," "aims," "projects," "is optimistic," "intends," "plans," "estimates," "anticipates" or other comparable terms. Forward-looking statements include, without limitation, all matters that are not historical facts. They appear in a number of places throughout this prospectus and include, without limitation, statements regarding our intentions, beliefs, assumptions or current expectations concerning, among other things, financial position; results of operations; cash flows; prospects; the sharing of best practices and talent across our businesses; growth strategies and/or expectations; expanding our commercial services; expansion opportunities in domestic and international territories; our estimates of market segment size and segment share; expectations for enhancing American Home Shield's ability to interact with customers through its new CRM system; projections for increases in existing home re-sales in 2012; capital expenditures and requirements; estimates for phasing out certain IT Services from IBM and projections for expenditures to IBM in 2012 and 2013; customer retention; the continuation of acquisitions; fuel prices; impairment charges related to goodwill and intangible assets; estimates of future amortization expense for intangible assets; attraction and retention of key personnel; the impact of interest rate hedges and fuel swaps; the cost savings from restructurings and reorganizations and expected charges related to such restructurings and reorganizations; the impact on the amount of unrecognized tax benefits resulting from pending tax settlements and expiration of statutes of limitations; the valuation of marketable securities; estimates of accruals for self-insured claims related to workers' compensation, auto and general liability risks; estimates of accruals for home service contract claims; estimates of future payments under operating and capital leases; estimates for increases in healthcare costs; the outcome (by judgment or settlement) and costs of legal or administrative proceedings, including, without limitation, collective, representative or class action litigation; post-closing purchase price adjustments, including, without limitation, items related to working capital and potential indemnification claims associated with the TruGreen LandCare disposition; our ability to renegotiate or extend our $50.0 million receivable securitization arrangement; and the impact of prevailing economic conditions.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes, including, without limitation, our actual results of operations, financial condition and liquidity, and the development of the market segments in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus. In addition, even if our results of operations, financial condition and cash flows, and the development of the market segments in which we operate, are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of important factors, including, without limitation, the risks and uncertainties discussed in "Risk Factors" in this prospectus, could cause actual results and outcomes to differ materially from those reflected in the forward-looking statements. Additional factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation:

- the effects of our substantial indebtedness and the limitations contained in the agreements governing such indebtedness;
- our ability to generate the significant amount of cash needed to fund our operations and service our debt obligations and debt repurchases;
- changes in interest rates, because a significant portion of our indebtedness bears interest at variable rates;

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our ability to secure sources of financing or other funding to allow for direct purchases or leasing of commercial vehicles, primarily for TruGreen and Terminix;

changes in the source and intensity of competition in our market segments;

our ability to attract and retain key personnel;

weather conditions, including, without limitation, potential impacts, if any, from climate change, known and unknown, and seasonality factors that affect the demand for, or our ability to provide, our services and the cost of our claims and services;

higher commodity prices and lack of availability thereof, including, without limitation, fuel and chemicals (primarily at TruGreen and Terminix), which could impact our ability to provide our services and the profitability of our brands;

increases in operating costs, such as higher insurance premiums, self-insurance costs and compensation and benefits costs, including, without limitation, costs related to the comprehensive health care reform law enacted in the first quarter of 2010;

employee retention and labor shortages;

epidemics, pandemics or other public health concerns or crises that could affect the demand for, or our ability to provide our services, resulting in a reduction in revenues;

a continuation or change in general economic, financial and credit conditions in the United States and elsewhere (for example, any adverse developments in the global credit and financial markets due to the recent downgrade of the U.S. long-term sovereign credit rating or the European debt crisis), especially as such may affect home sales, consumer or business liquidity, bank failures, consumer or commercial confidence or spending levels including as a result of inflation or deflation, unemployment, interest rate fluctuations, changes in discount rates, mortgage foreclosures and subprime credit dislocations;

adverse economic conditions or other factors that would result in significant impairment charges to our goodwill and/or intangible assets;

a failure of any insurance company that provides insurance or reinsurance to us or of third party contract partners, including counterparties to our fuel and interest rate swaps;

changes in our services or products;

existing and future governmental regulation and the enforcement thereof, including, without limitation, regulation relating to the environment; restricting or banning of telemarketing; door-to-door solicitation; direct mail or other marketing activities; Terminix's termite inspection and protection plan; chemicals used in our businesses; or other legislation, regulation or interpretations impacting our business;

laws and regulations relating to financial reform and the use of derivative instruments and any new regulations promulgated by the U.S. Consumer Financial Protection Bureau;

the success of, and costs associated with, restructuring initiatives;

the number, type, outcomes (by judgment or settlement) and costs of legal or administrative proceedings, including, without limitation, collective, representative or class action litigation;

labor organizing activities at the Company or its franchisees;

risk of liabilities being passed through from our franchisees;

risks associated with acquisitions, including, without limitation, acquired liabilities, retaining customers from businesses acquired, difficulties in integrating acquired businesses and achieving expected synergies therefrom;

- risks associated with dispositions, for example, post-closing claims being made against us, post-closing purchase price adjustments (including, without limitation, items related to working capital), disruption to our other businesses during the sale process or thereafter; credit risks associated with any buyer of such disposed businesses and our ability to collect funds due from any such buyer related to seller financings, licensing arrangements or transition services arrangements;

- constraints associated with non-compete agreements or other restrictive covenants entered into by the Company, including, without limitation, in connection with business dispositions or strategic contracts and which may restrict our ability to conduct business in particular market segments or compete in particular geographic regions;

- risks associated with budget deficits at federal, state and local levels resulting from economic conditions, which could result in federal, state and local governments decreasing their purchasing of our products or services and/or increasing taxes or other fees on businesses to generate more tax revenues;

- regulations imposed by several states related to our home service and insurance subsidiaries, including those limiting the amount of funds that can be paid to the Company by its subsidiaries;

- changes in claims trends in our medical plan and our automobile, general liability and workers' compensation program;

- significant disruptions, terminations or substandard performance of our outsourced services, including possible breaches by third party vendors of their agreements with us;

- the cost, timing, structuring or results of our business process outsourcing, including, without limitation, any current or future outsourcing (or insourcing) or restructuring of all or portions of our information technology, call center, certain human resource functions and other corporate functions, and risks associated with such outsourcing (or insourcing) or restructuring or transitioning from outsourcing providers to insourcing;

- successful implementation of upgrades to our information technology systems that are being undertaken, among other reasons, to enhance customer service; protect against theft of customer and corporate sensitive information; compliance with industry standards; and minimize disruptions in the Company's operations; and

- other factors described from time to time in documents that we file with the SEC.

Other risks, uncertainties and factors, including those discussed under "Risk Factors," could cause our actual results to differ materially from those projected in any forward-looking statements we make. You should read carefully the factors described in the "Risk Factors" section of this prospectus to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements.

We assume no obligation to update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

## THE EXCHANGE OFFER

Pursuant to the Registration Rights Agreement, we agreed to prepare and file with the SEC a registration statement on an appropriate form under the Securities Act with respect to a proposed offer to the holders of the Old Notes to issue and deliver to such holders of Old Notes, in exchange for their Old Notes, a like aggregate principal amount of New Notes that are identical in all material respects to the Old Notes, except for provisions relating to registration rights and the transfer restrictions relating to the Old Notes, and except for certain related differences described below. See "Exchange Offer; Registration Rights."

**Terms of the Exchange Offer; Period for Tendering Old Notes**

This prospectus and the accompanying letter of transmittal contain the terms and conditions of the exchange offer. Upon the terms and subject to the conditions included in this prospectus and in the accompanying letter of transmittal, which together constitute the exchange offer, we will accept for exchange Old Notes which are properly tendered on or prior to the Expiration Date, unless you have previously withdrawn them.

When you tender Old Notes as provided below, our acceptance of the Old Notes will constitute a binding agreement between you and us upon the terms and subject to the conditions in this prospectus and in the accompanying letter of transmittal. In tendering Old Notes, you should also note the following important information:

- You may only tender Old Notes in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof.

- We will keep the exchange offer open for not less than 20 business days, or longer if required by applicable law, after the date on which notice of the exchange offer is mailed to holders of the Old Notes. We are sending this prospectus, together with the letter of transmittal, on or about the date of this prospectus, to all of the registered holders of Old Notes at their addresses listed in the Trustee's security register with respect to the Old Notes.

- The exchange offer expires at 5:00 p.m., New York City time, on            , 2012; provided, however, that we, in our sole discretion, may extend the period of time for which the exchange offer is open.

- As of the date of this prospectus, $600.0 million aggregate principal amount of Old Notes was outstanding. The exchange offer is not conditioned upon any minimum principal amount of Old Notes being tendered.

- Our obligation to accept Old Notes for exchange in the exchange offer is subject to the conditions described under "  Conditions to the Exchange Offer."

- We expressly reserve the right, at any time, to extend the period of time during which the exchange offer is open, and thereby delay acceptance of any Old Notes, by giving oral or written notice of an extension to the Exchange Agent and notice of that extension to the holders of Notes as described below. During any extension, all Old Notes previously tendered will remain subject to the exchange offer unless withdrawal rights are exercised as described under "  Withdrawal Rights." Any Old Notes not accepted for exchange for any reason will be returned without expense to the tendering holder of Notes promptly after the expiration or termination of the exchange offer.

- We expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any Old Notes that we have not yet accepted for exchange, at any time prior to the Expiration Date. If we make a material change to the terms of the exchange offer, including the waiver of a material condition, we will, to the extent required by law, disseminate additional offer materials and extend the period of time for which the exchange offer is open so that at least five business days remain in the exchange offer following notice of a material change.

We will give oral or written notice of any extension, amendment, termination or non-acceptance described above to holders of the Old Notes as promptly as practicable. If we extend the Expiration Date, we will give notice by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the business day after the previously scheduled Expiration Date. Without limiting the manner in which we may choose to make any public announcement and subject to applicable law, we will have no obligation to publish, advertise or otherwise communicate any public announcement other than by issuing a release to an appropriate news agency. Such announcement may state that we are extending the exchange offer for a specified period of time.

Holders of Old Notes do not have any appraisal or dissenters' rights in connection with the exchange offer.

Old Notes which are not tendered for exchange, or are tendered but not accepted, in connection with the exchange offer will remain outstanding and be entitled to the benefits of the Indenture, but will not be entitled to any further registration rights under the Registration Rights Agreement.

We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC thereunder.

By executing, or otherwise becoming bound by, the letter of transmittal, you will be making to us the representations described under "  Resale of the New Notes."

***Important rules concerning the exchange offer***

You should note the following important rules concerning the exchange offer:

All questions as to the validity, form, eligibility, time of receipt and acceptance of Old Notes tendered for exchange will be determined by us in our sole discretion, which determination shall be final and binding.

We reserve the absolute right to reject any and all tenders of any particular Old Notes not properly tendered or to not accept any particular Old Notes if such acceptance might, in our judgment or the judgment of our counsel, be unlawful.

We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular Old Notes either before or after the Expiration Date, including the right to waive the ineligibility of any holder who seeks to tender Old Notes in the exchange offer. Unless we agree to waive any defect or irregularity in connection with the tender of Old Notes for exchange, you must cure any defect or irregularity within any reasonable period of time as we shall determine.

Our interpretation of the terms and conditions of the exchange offer as to any particular Old Notes either before or after the Expiration Date shall be final and binding on all parties. Neither we, the Exchange Agent nor any other person shall be under any duty to notify you of any defect or irregularity with respect to any tender of Old Notes for exchange, nor shall any of them incur any liability for failing to so notify you.

**Procedures for Tendering Old Notes**

***What to submit and how***

If you, as a holder of any Old Notes, wish to tender your Old Notes for exchange in the exchange offer, you must, except as described under " Guaranteed Delivery Procedures," transmit the following on or prior to the Expiration Date to the Exchange Agent:

(1) if Old Notes are tendered in accordance with the book-entry procedures described under " Book-Entry Transfer," an Agent's Message, as defined below, transmitted through DTC's ATOP, or (2) a properly completed and duly executed letter of transmittal, or a facsimile copy thereof, to the Exchange Agent at the address set forth below under " Exchange Agent," including all other documents required by the letter of transmittal.

In addition,

(1) a timely confirmation of a book-entry transfer of Old Notes into the Exchange Agent's account at DTC using the procedure for book-entry transfer described under " Book-Entry Transfer" (a "Book- Entry Confirmation"), along with an Agent's Message, must be actually received by the Exchange Agent prior to the Expiration Date, or

(2) certificates for Old Notes must be actually received by the Exchange Agent along with the letter of transmittal on or prior to the Expiration Date, or

(3) you must comply with the guaranteed delivery procedures described below.

The term "Agent's Message" means a message, transmitted through ATOP by DTC to, and received by, the Exchange Agent and forming a part of a Book-Entry Confirmation, that states that DTC has received an express acknowledgement that the tendering holder has received and agrees to be bound by the letter of transmittal or, in the case of an Agent's Message relating to guaranteed delivery, that such holder has received and further agrees to be bound by the notice of guaranteed delivery, and that we may enforce the letter of transmittal, and the notice of guaranteed delivery, as the case may be, against such holder.

The method of delivery of Old Notes, letters of transmittal, notices of guaranteed delivery and all other required documentation, including delivery of Old Notes through DTC and transmission of Agent's Messages through DTC's ATOP, is at your election and risk. Delivery will be deemed made only when all required documentation is actually received by the Exchange Agent. Delivery of documents or instructions to DTC does not constitute delivery to the Exchange Agent. If delivery is by mail, we recommend that registered mail, properly insured, with return receipt requested, be used. In all cases, sufficient time should be allowed to assure timely delivery to the Exchange Agent. Holders tendering Old Notes or transmitting Agent's Messages through DTC's ATOP must allow sufficient time for completion of ATOP procedures during DTC's normal business hours. No Old Notes, Agent's Messages, letters of transmittal, notices of guaranteed delivery or any other required documentation should be sent to us.

***How to sign your letter of transmittal and other documents***

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the Old Notes being surrendered for exchange are tendered:

(1) by a registered holder of the Old Notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal, or

(2) for the account of an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Exchange Act, or a commercial bank or trust company having an office or correspondent in the United States that is a member in good standing of a medallion program recognized by the Securities Transfer Association Inc., including the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchanges Medallion Program ("SEMP") and the New York Stock Exchange Medallion Signature Program ("MSP") (each, an "Eligible Institution").

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If signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantees must be by an Eligible Institution.

If the letter of transmittal is signed by a person or persons other than the registered holder or holders of Old Notes, the Old Notes must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the name or names of the registered holder or holders appear on the Old Notes and with the signatures guaranteed.

If the letter of transmittal or any Old Notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers or corporations or others acting in a fiduciary or representative capacity, the person should so indicate when signing and, unless waived by us, proper evidence satisfactory to us of such person's authority to so act must be submitted.

**Acceptance of Old Notes for Exchange; Delivery of New Notes**

Once all of the conditions to the exchange offer are satisfied or waived, we will accept all Old Notes properly tendered and not properly withdrawn, and will issue the New Notes promptly after The Expiration Date. See "  Conditions to the Exchange Offer" below. For purposes of the exchange offer, our giving of oral or written notice of acceptance to the Exchange Agent will be considered our acceptance of the tendered Old Notes.

In all cases, we will issue New Notes in exchange for Old Notes that are accepted for exchange only after timely receipt by the Exchange Agent of:

- a Book-Entry Confirmation or Old Notes in proper form for transfer,
- a properly transmitted Agent's Message or a properly completed and duly executed letter of transmittal, and
- all other required documentation.

If we do not accept any tendered Old Notes for any reason included in the terms and conditions of the exchange offer, if you submit certificates representing Old Notes in a greater principal amount than you wish to exchange or if you properly withdraw tendered Old Notes in accordance with the procedures described under "  Withdrawal Rights," we will return any unaccepted, non-exchanged or properly withdrawn Old Notes, as the case may be, without expense to the tendering holder. In the case of Old Notes tendered by book-entry transfer into the Exchange Agent's account at DTC using the book-entry transfer procedures described below, unaccepted, non-exchanged or properly withdrawn Old Notes will be credited to an account maintained with DTC. We will return the Old Notes or have them credited to the DTC account, as applicable, promptly after the expiration or termination of the exchange offer.

**Book-Entry Transfer**

The Exchange Agent will make a request to establish an account with respect to the Old Notes at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution that is a participant in DTC's systems, including Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("Euroclear"), or Clearstream Banking, société anonyme ("Clearstream") may make book-entry delivery of Old Notes by causing DTC to transfer Old Notes into the Exchange Agent's account at DTC in accordance with DTC's ATOP procedures for transfer. However, the exchange for the Old Notes so tendered will only be made after timely confirmation of book-entry transfer of Old Notes into the Exchange Agent's account, and timely receipt by the Exchange Agent of an Agent's Message and all other documents required by the letter of transmittal. Only participants in DTC may deliver Old Notes by book-entry transfer.

Although delivery of Old Notes may be effected through book-entry transfer into the Exchange Agent's account at DTC, the letter of transmittal, or a facsimile copy thereof, properly completed

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and duly executed, with any required signature guarantees, or an Agent's Message, with all other required documentation, must in any case be transmitted to and received by the Exchange Agent at its address listed under " Exchange Agent" on or prior to the Expiration Date, or you must comply with the guaranteed delivery procedures described below under " Guaranteed Delivery Procedures."

If your Old Notes are held through DTC, you must complete the accompanying form called "Instructions to Registered Holder and/or Book-Entry Participant," which will instruct the DTC participant through whom you hold your Old Notes of your intention to tender your Old Notes or not tender your Old Notes. Please note that delivery of documents or instructions to DTC does not constitute delivery to the Exchange Agent and we will not be able to accept your tender of Old Notes until the Exchange Agent actually receives from DTC the information and documentation described under " Acceptance of Old Notes for Exchange; Delivery of New Notes."

**Guaranteed Delivery Procedures**

If you are a registered holder of Old Notes and you want to tender your Old Notes but the procedure for book-entry transfer cannot be completed prior to the Expiration Date, your Old Notes are not immediately available or time will not permit your Old Notes to reach the Exchange Agent before the Expiration Date, a tender may be effected if:

- the tender is made through an Eligible Institution, as defined above,
- prior to the Expiration Date, the Exchange Agent receives from such Eligible Institution, by facsimile transmission, mail or hand delivery, a properly completed and duly executed notice of guaranteed delivery, substantially in the form provided by us, or an Agent's Message with respect to guaranteed delivery in lieu thereof, in either case stating:
  - the name and address of the holder of Old Notes,
  - the amount of Old Notes tendered,
  - that the tender is being made by delivering such notice and guaranteeing that, within three New York Stock Exchange trading days after the Expiration Date, a Book-Entry Confirmation or the certificates for all physically tendered Old Notes, in proper form for transfer, together with either an appropriate Agent's Message or a properly completed and duly executed letter of transmittal in lieu thereof, and all other required documentation, will be deposited by that Eligible Institution with the Exchange Agent, and
  - a Book-Entry Confirmation or the certificates for all physically tendered Old Notes, in proper form for transfer, together with either an appropriate Agent's Message or a properly completed and duly executed letter of transmittal in lieu thereof, and all other required documentation, are received by the Exchange Agent within three New York Stock Exchange trading days after the Expiration Date.

**Withdrawal Rights**

You can withdraw your tender of Old Notes at any time on or prior to 5:00 p.m., New York City time, on the Expiration Date.

For a withdrawal to be effective, a written notice of withdrawal must be actually received by the Exchange Agent prior to such time, properly transmitted either through DTC's ATOP or to the Exchange Agent at the address listed below under " Exchange Agent." Any notice of withdrawal must:

- specify the name of the person having tendered the Old Notes to be withdrawn;

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- identify the Old Notes to be withdrawn;
- specify the principal amount of the Old Notes to be withdrawn;
- contain a statement that the tendering holder is withdrawing its election to have such Notes exchanged for New Notes;
- except in the case of a notice of withdrawal transmitted through DTC's ATOP system, be signed by the holder in the same manner as the original signature on the letter of transmittal by which the Old Notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the Trustee with respect to the Old Notes register the transfer of the Old Notes in the name of the person withdrawing the tender;
- if certificates for Old Notes have been delivered to the Exchange Agent, specify the name in which the Old Notes are registered, if different from that of the withdrawing holder;
- if certificates for Old Notes have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of those certificates, specify the serial numbers of the particular certificates to be withdrawn, and, except in the case of a notice of withdrawal transmitted through DTC's ATOP system, include a notice of withdrawal signed in the same manner as the letter of transmittal by which the Old Notes were tendered, including any required signature guarantees; and
- if Old Notes have been tendered using the procedure for book-entry transfer described above, specify the name and number of the account at DTC from which the Old Notes were tendered and the name and number of the account at DTC to be credited with the withdrawn Old Notes, and otherwise comply with the procedures of DTC.

Please note that all questions as to the validity, form, eligibility and time of receipt of notices of withdrawal will be determined by us, and our determination shall be final and binding on all parties. Any Old Notes so withdrawn will be considered not to have been validly tendered for exchange for purposes of the exchange offer. New Notes will not be issued in exchange for such withdrawn Old Notes unless the Old Notes so withdrawn are validly re-tendered.

If you have properly withdrawn Old Notes and wish to re-tender them, you may do so by following one of the procedures described under " Procedures for Tendering Old Notes" above at any time on or prior to the Expiration Date.

**Conditions to the Exchange Offer**

Notwithstanding any other provisions of the exchange offer, we will not be required to accept for exchange, or to issue New Notes in exchange for, any Old Notes and may terminate or amend the exchange offer, if we determine in our reasonable judgment at any time before the Expiration Date that the exchange offer would violate applicable law or any applicable interpretation of the staff of the SEC.

The foregoing conditions are for our sole benefit and may be waived by us regardless of the circumstances giving rise to that condition. Our failure at any time to exercise the foregoing rights shall not be considered a waiver by us of that right. The rights described in the prior paragraph are ongoing rights which we may assert at any time and from time to time.

In addition, we will not accept for exchange any Old Notes tendered, and no New Notes will be issued in exchange for any such Old Notes, if at any time any stop order is threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the Indenture under the Trust Indenture Act.

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We reserve the right to terminate or amend the exchange offer at any time prior to the Expiration Date upon the occurrence of any of the foregoing events.

**Exchange Agent**

Wilmington Trust, National Association has been appointed as the Exchange Agent for the exchange offer. All executed letters of transmittal, notices of guaranteed delivery, notices of withdrawal and any other required documentation should be directed to the Exchange Agent at the address set forth below. Requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the Exchange Agent, addressed as follows:

**Deliver To:**

| *By mail, hand or overnight courier:* | *By facsimile:* | *For information or confirmation by telephone:* |
| --- | --- | --- |
| Wilmington Trust, National Association<br>c/o Wilmington Trust Company<br>Corporate Capital Markets<br>Rodney Square North<br>1100 North Market Street<br>Wilmington, Delaware 19890-1626 | (302) 636-4139 | Sam Hamed<br>(302) 636-6181 |

Delivery to an address other than the address of the Exchange Agent as listed above or transmission of instructions via facsimile other than as listed above does not constitute a valid delivery.

**Fees and Expenses**

The principal solicitation is being made by mail; however, additional solicitation may be made by telephone or in person by our officers, regular employees and affiliates. We will not pay any additional compensation to any of our officers and employees who engage in soliciting tenders. We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offer. However, we will pay the Exchange Agent reasonable and customary fees (including attorney fees and expenses) for its services and will reimburse it for its reasonable out-of-pocket expenses in connection with the exchange offer.

The estimated cash expenses to be incurred in connection with the exchange offer, including legal, accounting, SEC filing, printing and Exchange Agent expenses, will be paid by us and are estimated in the aggregate to be approximately $500,000.

**Transfer Taxes**

Holders who tender their Old Notes for exchange will not be obligated to pay any transfer taxes in connection therewith, except that holders who instruct us to register New Notes in the name of, or request that Old Notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer tax.

**Resale of the New Notes**

Under existing interpretations of the staff of the SEC contained in several no-action letters to third parties, the New Notes would in general be freely transferable by holders thereof (other than affiliates of us) after the exchange offer without further registration under the Securities Act (subject

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to certain representations required to be made by each holder of Old Notes participating in the exchange offer, as set forth below). The relevant no-action letters include the Exxon Capital Holdings Corporation letter, which was made available by the SEC on May 13, 1988, the Morgan Stanley & Co. Incorporated letter, which was made available by the SEC on June 5, 1991, the K-111 Communications Corporation letter, which was made available by the SEC on May 14, 1993, and the Shearman & Sterling letter, which was made available by the SEC on July 2, 1993.

However, any purchaser of Old Notes who is an "affiliate" of ours or who intends to participate in the exchange offer for the purpose of distributing the New Notes:

- will not be able to rely on such SEC interpretation;
- will not be able to tender its Old Notes in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of Old Notes unless such sale or transfer is made pursuant to an exemption from those requirements.

By executing, or otherwise becoming bound by, the letter of transmittal, you will represent to us that:

- any New Notes to be received by you will be acquired in the ordinary course of business;
- you have no arrangements or understandings with any person to participate in the distribution of the Old Notes or New Notes within the meaning of the Securities Act; and
- you are not our "affiliate" within the meaning of Rule 405 under the Securities Act;
- if you are a broker-dealer, you will receive the New Notes for your own account in exchange for the Old Notes acquired as a result of market-making activities or other trading activities and that you will deliver a prospectus in connection with any resale of New Notes (see "Plan of Distribution");
- if you are not a broker-dealer, you are not engaged in and do not intend to engage in the distribution of the New Notes; and
- you are not acting on behalf of any person that could not truthfully make any of the foregoing representations contained in this paragraph.

We have not sought, and do not intend to seek, a no-action letter from the SEC with respect to the effects of the exchange offer, and there can be no assurance that the SEC staff would make a similar determination with respect to the New Notes as it has made in previous no-action letters.

In addition, in connection with any resales of those Old Notes, each participating broker-dealer receiving New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such exchanging dealer as a result of market-making activities or other trading activities, must represent that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes. We have agreed that for a period of up to 90 days after the exchange offer is consummated, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

The SEC has taken the position in the Shearman & Sterling no-action letter, which it made available on July 2, 1993, that broker-dealers may fulfill their prospectus delivery requirements with respect to the New Notes, other than a resale of an unsold allotment from the original sale of the Old Notes, by delivery of the prospectus contained in the exchange offer registration statement.

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## USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the Registration Rights Agreements we entered into in connection with the private offering of the Old Notes. We will not receive any cash proceeds from the issuance of the New Notes under the exchange offer. In consideration for issuing the New Notes as contemplated by this prospectus, we will receive Old Notes in like principal amounts, the terms of which are identical in all material respects to the New Notes, subject to limited exceptions. Old Notes surrendered in exchange for New Notes will be retired and canceled and cannot be reissued. Accordingly, the issuance of the New Notes will not result in any increase in our indebtedness.

We used the net proceeds from the offering of the Old Notes, together with the available cash, to redeem $600 million in aggregate principal amount of the 2015 Notes at a redemption price equal to 105.375 percent of the principal amount of the 2015 Notes redeemed, and to pay related fees and expenses. The 2015 Notes mature on July 15, 2015 and bear interest at a rate of 10.75 percent per annum.

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## SELECTED HISTORICAL FINANCIAL DATA

The selected historical financial data as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 set forth below are derived from our audited consolidated financial statements and related notes included elsewhere in this prospectus. The selected historical data as of December 31, 2009, as of and for the year ended December 31, 2008, as of December 31, 2007 and for the period from July 25, 2007 through December 31, 2007 (Successor) and the period from January 1, 2007 through July 24, 2007 (Predecessor) are derived from our audited consolidated financial statements and related notes not included in this prospectus. The selected historical financial data are qualified in their entirety by, and should be read in conjunction with, our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

In the first quarter of 2011, we concluded that the TruGreen LandCare business did not fit within our long-term strategic plans and committed to a plan to sell the business. On April 21, 2011, we entered into a purchase agreement to sell the TruGreen LandCare business, and the disposition was effective as of April 30, 2011. The financial results, as well as the assets and liabilities, of the TruGreen LandCare business are reported in discontinued operations in our consolidated financial statements included elsewhere in this prospectus.

| | Successor(1) | | | | | Predecessor(1) |
|---|---|---|---|---|---|---|
| | Year Ended Dec. 31, | | | | Jul. 25, 2007 to | Jan. 1, 2007 to |
| **(In thousands, except per share data)** | **2011** | **2010** | **2009** | **2008** | **Dec. 31, 2007** | **Jul. 24, 2007** |
| **Operating results:** | | | | | | |
| Operating revenue | $3,205,872 | $3,127,394 | $2,977,885 | $2,995,126 | $1,252,617 | $1,692,236 |
| Operating income(2) | 375,460 | 306,692 | 243,834 | 187,562 | 36,529 | 141,851 |
| *Percentage of operating revenue* | *11.7%* | *9.8%* | *8.2%* | *6.3%* | *2.9%* | *8.4%* |
| Non-operating expense(3) | 263,711 | 278,308 | 246,896 | 357,796 | 181,602 | 2,983 |
| Provision (benefit) for income taxes(2)(4) | 43,912 | 10,945 | (9,204) | (50,753) | (50,995) | 50,734 |
| Income (Loss) from continuing operations(2)(3)(4) | 67,837 | 17,439 | 6,142 | (119,481) | (94,078) | 88,134 |
| (Loss) income from discontinued operations, net of income taxes(5) | (27,016) | (31,998) | 7,353 | (6,918) | (29,442) | (3,610) |
| Net income (loss)(2)(3)(4)(5) | 40,821 | (14,559) | 13,495 | (126,399) | (123,520) | 84,524 |
| Net income attributable to noncontrolling interests | | | | | | 3,423 |
| Net income (loss) attributable to ServiceMaster(2)(3)(4)(5) | $ 40,821 | $ (14,559) | $ 13,495 | $ (126,399) | $ (123,520) | $ 81,101 |
| Cash dividends per share | $ | $ | $ | $ | $ | $ 0.24 |
| **Financial position (as of period end):** | | | | | | |
| Total assets | $7,146,823 | $7,098,090 | $7,146,389 | $7,493,627 | $7,591,060 | |
| Total liabilities | 5,898,904 | 5,910,563 | 5,960,058 | 6,361,268 | 6,287,526 | |
| Total long-term debt outstanding | 3,875,870 | 3,948,487 | 3,974,944 | 4,266,092 | 4,130,811 | |
| Total shareholder's equity(2)(3)(4)(5) | 1,247,919 | 1,187,527 | 1,186,331 | 1,132,359 | 1,303,534 | |

(1) Although ServiceMaster continued as the same legal entity after the Merger, the accompanying selected financial data for 2007 is presented for two periods: Predecessor and Successor, which relate to the period

preceding the Merger and the period succeeding the Merger, respectively.

(2) The 2011, 2010 and 2009 results include restructuring charges of $8.2 million, $11.4 million and $26.7 million, respectively, as described in Note 8 to the Consolidated Financial Statements.

The 2008 results include restructuring charges of $12.2 million. These charges included transition fees, employee severance and retention costs, consulting and other costs related to the information technology outsourcing initiative; adjustments to lease termination reserves, employee retention and severance costs, consulting and other costs related to prior restructuring initiatives; and severance, retention, legal fees and other costs associated with the Merger.

The 2007 results include restructuring charges of $18.9 million for the Successor period from July 25, 2007 to December 31, 2007 and $58.4 million for the Predecessor period from January 1, 2007 to July 24, 2007. These charges include lease termination and other costs related to the closing of the Santa Rosa call center; employee retention, severance and other costs related to the Company's consolidation of its corporate headquarters into its operations support center in Memphis, Tennessee and the closing of its headquarters in Downers Grove, Illinois; consulting, severance and other costs related to prior initiatives; and Merger charges related to the purchase of ServiceMaster by a group of investors led by CD&R.

In 2011, 2009 and 2008, the Company recorded pre-tax non-cash impairment charges of $36.7 million, $26.6 million and $58.7 million, respectively, to reduce the carrying value of trade names as a result of the Company's annual impairment testing of goodwill and indefinite lived intangible assets. These charges are included in the results of continuing operations. There were no similar impairment charges included in continuing operations in 2010. See Note 1 to the Consolidated Financial Statements for further details.

(3)

The 2009 results include a $46.1 million ($29.6 million, net of tax) gain on extinguishment of debt related to the completion of open market purchases of $89.0 million in face value of the Company's 2015 Notes.

(4)

In the third and fourth quarters of 2009, the Company recorded a reduction in income tax expense of $12.1 million and $3.1 million, respectively, related to changes in state tax rates used to measure deferred taxes. In the fourth quarter of 2008, the Company recorded a reduction in income tax benefit of $8.3 million resulting from the establishment of a valuation allowance related to certain deferred tax assets for which the realization in future years is not more likely than not.

(5)

In 2011, in conjunction with the decision to dispose of TruGreen LandCare, a pre-tax non-cash impairment charge of $34.2 million was recorded to reduce the carrying value of TruGreen LandCare's assets to their estimated fair value less cost to sell in accordance with applicable accounting standards. Upon completion of the sale of TruGreen LandCare in 2011, the Company recorded a pre-tax loss on sale of $6.2 million. In 2010, 2009 and 2008, the Company recorded pre-tax non-cash impairment charges associated with the goodwill and trade name at its TruGreen LandCare business in the amount of $46.9 million, $1.4 million and $1.4 million, respectively. These charges are classified within the financial statement caption "(loss) income from discontinued operations, net of income taxes."

The Company recorded pre-tax non-cash impairment charges of $6.3 million and $18.1 million for the year ended December 31, 2008 and the Successor period from July 25, 2007 to December 31, 2007, respectively, related to the long-lived assets (other than goodwill) at its InStar business in connection with the decision to sell the InStar business. In the fourth quarter of 2007, the Company also recorded a pre-tax non-cash impairment charge associated with the goodwill at its InStar business in the amount of $12.9 million. These charges are classified within the financial statement caption "(loss) income from discontinued operations, net of income taxes."

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information should be read in conjunction with "Selected Historical Financial Data" and our consolidated financial statements and related notes included elsewhere in this prospectus. The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this prospectus, particularly in "Risk Factors" and "Forward-Looking Statements."

**Results of Operations**

In the first quarter of 2011, ServiceMaster concluded that TruGreen LandCare did not fit within the long-term strategic plans of the Company and committed to a plan to sell the business. On April 21, 2011, the Company entered into a purchase agreement to sell the TruGreen LandCare business, and the disposition was effective as of April 30, 2011. As a result of the decision to sell this business, a $34.2 million impairment charge ($21.0 million, net of tax) was recorded in loss from discontinued operations, net of income taxes, in the first quarter of 2011 to reduce the carrying value of TruGreen LandCare's assets to their estimated fair value less cost to sell in accordance with applicable accounting standards. Upon completion of the sale, a $6.2 million loss on sale ($1.9 million, net of tax) was recorded. The loss on the disposition of the TruGreen LandCare business continues to be subject to certain post-closing adjustments and disputes, and such adjustments could be significant to the sale price. The financial results, as well as the assets and liabilities, of the TruGreen LandCare business are reported in discontinued operations for all periods presented in this prospectus.

The Company reported operating revenue of $3.206 billion for the year ended December 31, 2011, $3.127 billion for the year ended December 31, 2010 and $2.978 billion for the year ended December 31, 2009. The operating revenue changes from year to year were driven by the results of our business units as described under " Segment Review."

Operating income was $375.5 million for the year ended December 31, 2011, $306.7 million for the year ended December 31, 2010 and $243.8 million for the year ended December 31, 2009. Income from continuing operations before income taxes was $111.7 million for the year ended December 31, 2011 and $28.4 million for the year ended December 31, 2010. Loss from continuing operations before income taxes was $3.1 million for the year ended December 31, 2009. The increase in income from continuing operations before income taxes for 2011 compared to 2010 and

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2010 compared to 2009 of $83.4 million and $31.4 million, respectively, primarily reflect the net effect of year over year changes in the following items:

| (In thousands) | 2011 Compared to 2010 | 2010 Compared to 2009 |
|---|---|---|
| Segment results(1) | $ 59,423 | $ 11,555 |
| Depreciation and amortization expense(2) | 33,189 | 18,167 |
| Interest expense(3) | 13,810 | 12,400 |
| Residual value guarantee charges(4) | 10,449 | (4,988) |
| Restructuring and Merger related charges(5) | 3,286 | 15,234 |
| Non-cash trade name impairments(6) | (36,700) | 26,600 |
| Loss/gain on extinguishment of debt(7) | (774) | (46,106) |
| Other | 682 | (1,416) |
| | $ 83,365 | $ 31,446 |

(1) Represents an improvement in income from continuing operations before income taxes, as adjusted for the specific items included in the table above. Includes an increase in key executive transition charges, reflecting the net effect of (i) $6.6 million recorded in the year ended December 31, 2011, which include recruiting costs and signing bonuses related to the hiring in 2011 of our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and President of ServiceMaster Clean and Merry Maids and separation charges related to the resignations of our former CFO and the former Presidents of Merry Maids and TruGreen and (ii) $5.5 million recorded in the year ended December 31, 2010, which include separation charges related to the retirement of our former CEO. Also includes the reversal, in 2009, of a reserve of $4.4 million for cash awards related to a long-term incentive plan as certain performance measures under the plan were not achieved. There was no similar reversal in 2010 or 2011.

(2) Consists primarily of decreased amortization of intangible assets as a result of certain finite lived intangible assets recorded in connection with the Merger being fully amortized, offset, in part, by increased depreciation of property and equipment as a result of property additions.

(3) For 2011 compared to 2010, represents a decrease in interest expense as a result of decreases in our weighted average interest rate. For 2010 compared to 2009, represents a decrease in interest expense as a result of decreases in our weighted average interest rate and average long-term debt balances.

(4) Represents non-cash residual value guarantee charges of $10.4 million and $5.5 million recorded in the years ended December 31, 2010 and 2009, respectively, related to a synthetic lease for operating properties, which expired in July 2010. There was no similar charge in the year ended December 31, 2011.

(5) Represents the net decrease in restructuring charges related to a reorganization of field leadership and a restructuring of branch operations at TruGreen, a branch optimization project at Terminix, information technology outsourcing and an initiative to enhance capabilities and reduce costs in our centers of excellence at Other Operations and Headquarters, Merger related charges and other restructuring costs.

(6) Represents pre-tax non-cash impairment charges of $36.7 million and $26.6 million recorded in the years ended December 31, 2011 and 2009, respectively, to reduce the carrying value of trade names as a result of the Company's annual impairment testing

of goodwill and indefinite lived intangible assets. There were no similar impairment charges included in continuing operations in 2010. See Note 1 to our consolidated financial statements included elsewhere in this prospectus for further details.

(7) For 2011 compared to 2010, represents the loss on extinguishment of debt recorded in the year ended December 31, 2011 related to the purchase of $65.0 million in face value of the 2015 Notes from Holdings. For 2010 compared to 2009, represents the gain on extinguishment of debt recorded in the year ended December 31, 2009 related to the completion of open market purchases of $89.0 million in face value of the 2015 Notes. There were no open market or other purchases of 2015 Notes by the Company in the year ended December 31, 2010.

The Company has historically hedged a significant portion of its annual fuel consumption of approximately 21 million gallons. Fuel costs, after the impacts of the hedges and after adjusting for the impact of year over year changes in the number of gallons used, increased $11.6 million for the year ended December 31, 2011 compared to 2010 and decreased $18.4 million for the year ended December 31, 2010 compared to 2009. Based upon current Department of Energy fuel price forecasts, as well as the hedges the Company has executed to date for 2012, the Company projects that fuel prices will increase our fuel costs by $10 million to $15 million for 2012 compared to 2011.

After adjusting for the impact of year over year changes in the number of covered employees, health care and related costs increased $2.5 million for the year ended December 31, 2011 compared to 2010 and decreased $13.0 million for the year ended December 31, 2010 compared to 2009. We expect to incur incremental aggregate health care costs in 2012 as compared to 2011 as a result of continued inflation in the cost of health care services and due to certain provisions of the Patient Protection and Affordable Care Act.

The Company has entered into multiple interest rate swap agreements as further discussed in Note 12 to our consolidated financial statements included elsewhere in this prospectus. Changes in interest rates, after the impact of the interest rate swap agreements, improved the Company's non-operating expenses by approximately $13.7 million for the year ended December 31, 2011 compared to 2010 and $3.3 million for the year ended December 31, 2010 compared to 2009 by virtue of the effect on floating rate debt, offset, in part, by the negative effect on investment income.

***Operating and Non-Operating Expenses***

The Company reported cost of services rendered and products sold of $1.814 billion for the year ended December 31, 2011 compared to $1.777 billion for the year ended December 31, 2010. As a percentage of revenue, these costs decreased to 56.6 percent for the year ended December 31, 2011 from 56.8 percent for the year ended December 31, 2010. Residual value guarantee charges of $9.2 million related to synthetic leases were recorded in 2010 at TruGreen for which there was no similar charge in 2011 and contributed 29 basis points ("bps") to the improvement in cost of services rendered and products sold as a percentage of revenue. The remaining 9 bps increase as a percentage of revenue primarily reflects an increase in fuel and fertilizer prices and contract claims costs, offset, in part, by a reduction in termite damage claims expense, the favorable impact of acquiring assets in connection with exiting certain fleet leases and cost reductions realized through ongoing initiatives.

The Company reported cost of services rendered and products sold of $1.777 billion for the year ended December 31, 2010 compared to $1.691 billion for the year ended December 31, 2009. As a percentage of revenue, these costs for the year ended December 31, 2010 were comparable to the year ended December 31, 2009 at 56.8 percent. Residual value guarantee charges of $9.2 million and $4.7 million related to synthetic leases were recorded in 2010 and 2009, respectively, at TruGreen and negatively impacted the change in cost of services rendered and products sold as a percentage of revenue by 14 bps. The remaining change as a percentage of revenue primarily reflects an increase in incentive compensation expense, contract claims costs at American Home Shield and product distribution revenue at Terminix, which has lower margins than termite or pest revenue, offset, in part, by the favorable impact of acquiring assets in connection with exiting certain fleet leases and a reduction in fuel and fertilizer prices and health care costs.

The Company reported selling and administrative expenses of $880.5 million for the year ended December 31, 2011 compared to $896.0 million for the year ended December 31, 2010. As a percentage of revenue, these costs decreased to 27.5 percent for the year ended December 31, 2011 from 28.6 percent for the year ended December 31, 2010. Key executive transition charges of $6.6 million and $5.5 million were incurred in 2011 and 2010, respectively, which negatively impacted the change in selling and administrative expenses as a percentage of revenue by 4 bps. The remaining 114 bps improvement as a percentage of revenue primarily reflects a reduction in sales and marketing expense, legal related expense and spending in the Company's centers of excellence, offset, in part, by an increase in technology related costs driven by our new CRM system at American Home Shield and for PCI standards compliance purposes.

The Company reported selling and administrative expenses of $896.0 million for the year ended December 31, 2010 compared to $830.7 million for the year ended December 31, 2009. As a percentage of revenue, these costs increased to 28.6 percent for the year ended December 31, 2010 from 27.9 percent for the year ended December 31, 2009. Key executive transition charges of $5.5 million were incurred in 2010, which negatively impacted the change in selling and administrative expenses as of percentage of revenue by 18 bps. The remaining 52 bps decline as a percentage of revenue primarily reflects an increase in spending in the Company's headquarters functions to enhance capabilities in our centers of excellence and on initiatives designed to improve the performance of our operating segments and incentive compensation expense.

Amortization expense was $91.4 million for the year ended December 31, 2011, $136.0 million for the year ended December 31, 2010 and $158.8 million for the year ended December 31, 2009. The decrease in 2011 and 2010 is a result of certain finite lived intangible assets recorded in connection with the Merger being fully amortized.

Non-operating expense totaled $263.7 million for the year ended December 31, 2011, $278.3 million for the year ended December 31, 2010 and $246.9 million for the year ended December 31, 2009. The decrease in 2011 compared to 2010 is primarily due to a $13.8 million decrease in interest expense as a result of a decrease in our weighted average interest rate. The increase in 2010 compared to 2009 includes the impact of a $46.1 million gain on extinguishment of debt recorded in the year ended December 31, 2009, which did not recur in 2010, offset, in part, by a $12.4 million decrease in interest expense, primarily resulting from decreases in our weighted average interest rate and average long-term debt balances, and a $2.3 million increase in interest

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and net investment income. Interest and net investment income was comprised of the following for the years ended December 31, 2011, 2010 and 2009:

| | Year Ended Dec. 31, | | |
|---|---|---|---|
| (In thousands) | 2011 | 2010 | 2009 |
| Realized gains(1) | $ 9,972 | $ 6,418 | $ 7,830 |
| Impairments of securities(2) | (195) | (174) | (5,854) |
| Deferred compensation trust(3) | (49) | 1,200 | 1,964 |
| Other(4) | 1,158 | 1,914 | 3,139 |
| Interest and net investment income | $ 10,886 | $ 9,358 | $ 7,079 |

(1) Represents the net investment gains and the interest and dividend income realized on the American Home Shield investment portfolio.

(2) Represents other than temporary declines in the value of certain investments in the American Home Shield investment portfolio.

(3) Represents investment (loss) income resulting from a change in the market value of investments within an employee deferred compensation trust (for which there is a corresponding and offsetting change in compensation expense within income from continuing operations before income taxes).

(4) Represents interest income on other cash balances.

The effective tax rate on income from continuing operations was a provision of 39.3 percent for the year ended December 31, 2011 compared to a provision of 38.6 percent for the year ended December 31, 2010 and a benefit of 300.6 percent for the year ended December 31, 2009. The effective tax rate for the year ended December 31, 2010 includes a reduction to income tax expense resulting from the resolution of examinations by taxing authorities and the lapsing of statutes of limitations. The effective tax rate for the year ended December 31, 2009 includes a tax benefit resulting from a change in the state tax rates used to measure deferred taxes which more than offset state and foreign tax expense.

***Restructuring Charges***

The Company incurred restructuring charges of $8.2 million, $11.4 million and $26.7 million for the years ended December 31, 2011, 2010 and 2009, respectively. Restructuring charges were comprised of the following:

| | Year Ended Dec. 31, | | |
|---|---|---|---|
| (In thousands) | 2011 | 2010 | 2009 |
| TruGreen reorganization and restructuring(1) | $ 1,115 | $ 6,922 | $ 8,717 |
| Information technology outsourcing(2) | | | 9,861 |
| Terminix branch optimization(3) | 3,560 | 2,352 | 3,219 |
| Centers of excellence initiative(4) | 3,416 | | |
| Merger related charges(5) | | 1,208 | 2,321 |
| Other(6) | 71 | 966 | 2,564 |
| Total restructuring charges | $ 8,162 | $ 11,448 | $ 26,682 |

(1) Represents restructuring charges related to a reorganization of field leadership and a restructuring of branch operations. For the year ended December 31, 2011 these charges included severance and lease termination costs of $0.8 million and

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$0.3 million, respectively. For the years ended December 31, 2010 and 2009, these charges included consulting fees of $4.7 million and $6.3 million, respectively and severance, lease termination and other costs of $2.2 million and $2.4 million, respectively.

(2) On December 11, 2008, the Company entered into an agreement with International Business Machines Corporation ("IBM") pursuant to which IBM provides information technology operations and applications development services to the Company. These services were phased in during the first half of 2009. For the year ended December 31, 2009, these charges included transition fees paid to IBM of $7.6 million, employee retention and severance costs of $1.3 million and consulting and other costs of $1.0 million.

(3) Represents restructuring charges related to a branch optimization project. For the year ended December 31, 2011, these charges included severance and lease termination costs of $0.1 million and $3.5 million, respectively. For the year ended December 31, 2010, these charges were comprised of lease termination costs. For the year ended December 31, 2009, these charges included lease termination costs of $2.9 million and severance costs of $0.3 million.

(4) Represents restructuring charges related to an initiative to enhance capabilities and reduce costs in our centers of excellence. For the year ended December 31, 2011, these charges included consulting and severance costs of $1.5 million and $1.9 million, respectively.

(5) Included severance, retention, legal fees and other costs associated with the Merger.

(6) For the year ended December 31, 2011, these charges included reserve adjustments. For the year ended December 31, 2010, these charges included reserve adjustments of $0.6 million and severance and retention of $0.4 million. For the year ended December 31, 2009 these charges related to previous restructuring initiatives and included adjustments to lease termination reserves of $0.3 million, employee retention and severance costs of $0.6 million and consulting and other costs of $1.7 million.

***Impairment of Trade Names***

During the years ended December 31, 2011 and 2009, the Company recorded pre-tax non-cash impairment charges of $36.7 million and $26.6 million, respectively, to reduce the carrying value of its trade names as a result of its annual impairment testing of indefinite lived intangible assets. There were no similar impairment charges recorded in continuing operations in 2010. See Note 1 to our consolidated financial statements included elsewhere in this prospectus for further details.

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**Key Performance Indicators**

The table below presents selected operating metrics related to customer counts and customer retention for the three largest profit businesses in the Company. These measures are presented on a rolling, twelve month basis in order to avoid seasonal anomalies.

| | Key Performance Indicators as of December 31, | | |
|---|---|---|---|
| | 2011 | 2010 | 2009 |
| **TruGreen** | | | |
| (Reduction) Growth in Full Program Accounts | (5.3)% | (1.7)% | 0.7% |
| Customer Retention Rate | 66.7% | 66.0% | 68.1% |
| **Terminix** | | | |
| Growth (Reduction) in Pest Control Customers | 6.4% | 3.6% | (0.9)% |
| Pest Control Customer Retention Rate | 80.6% | 79.9% | 78.5% |
| (Reduction) Growth in Termite Customers | (1.0)% | 0.3% | (1.5)% |
| Termite Customer Retention Rate | 86.1% | 86.0% | 85.7% |
| **American Home Shield** | | | |
| Growth in Home Service Contracts | 1.6% | 0.1% | 0.1% |
| Customer Retention Rate(1) | 75.1% | 73.0% | 72.2% |

(1) During the fourth quarter of 2011, the Company changed its calculation methodology of Customer Retention Rate for American Home Shield to be consistent with the calculation methodology for TruGreen and Terminix. The Customer Retention Rate for American Home Shield has been adjusted to reflect the 2011 calculation methodology for all periods presented.

**Segment Review**

The following business segment reviews should be read in conjunction with the required footnote disclosures presented in the Notes to our consolidated financial statements included elsewhere in this prospectus. This disclosure provides a reconciliation of segment operating income to income from continuing operations before income taxes, with net non-operating expenses as the only reconciling item.

The Company uses Adjusted EBITDA and Comparable Operating Performance to facilitate operating performance comparisons from period to period. Adjusted EBITDA and Comparable Operating Performance are supplemental measures of the Company's performance that are not required by, or presented in accordance with GAAP. Adjusted EBITDA and Comparable Operating Performance are not measurements of the Company's financial performance under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP or as alternatives to net cash provided by operating activities or any other measures of the Company's cash flow or liquidity. "Adjusted EBITDA" means net income (loss) before: income (loss) from discontinued operations; provision (benefit) for income taxes; other expense; gain (loss) on extinguishment of debt; interest expense; interest and net investment income; and depreciation and amortization expense; as well as adding back interest and net investment income, residual value guarantee charge and non-cash trade name impairment. "Comparable Operating Performance" is calculated by adding back to Adjusted EBITDA an amount equal to the non-cash stock based compensation expense and non-cash effects on Adjusted EBITDA attributable to the application of purchase accounting in connection with the Merger.

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The Company believes Adjusted EBITDA facilitates company-to-company operating performance comparisons by backing out potential differences caused by variations in capital structures (affecting net interest income and expense), taxation and the age and book depreciation of facilities and equipment (affecting relative depreciation expense), which may vary for different companies for reasons unrelated to operating performance. In addition, the Company excludes residual value guarantee charges that do not result in additional cash payments to exit the facility at the end of the lease term. The Company uses Comparable Operating Performance as a supplemental measure to assess the Company's performance because it excludes non-cash stock based compensation expense and non-cash effects on Adjusted EBITDA attributable to the application of purchase accounting in connection with the Merger. The Company presents Comparable Operating Performance because it believes that it is useful for investors, analysts and other interested parties in their analysis of the Company's operating results.

Charges relating to stock based compensation expense and the impact of purchase accounting are non-cash and the exclusion of the impact of these items from Comparable Operating Performance allows investors to understand the current period results of operations of the business on a comparable basis with previous periods and, secondarily, gives the investors added insight into cash earnings available to service the Company's debt. We believe this to be of particular importance to the Company's public investors, which are debt holders. The Company also believes that the exclusion of the purchase accounting and non-cash stock based compensation expense may provide an additional means for comparing the Company's performance to the performance of other companies by eliminating the impact of differently structured equity based, long-term incentive plans (although care must be taken in making any such comparison, as there may be inconsistencies among companies in the manner of computing similarly titled financial measures).

Adjusted EBITDA and Comparable Operating Performance are not necessarily comparable to other similarly titled financial measures of other companies due to the potential inconsistencies in the methods of calculation.

Adjusted EBITDA and Comparable Operating Performance have limitations as analytical tools, and should not be considered in isolation or as substitutes for analyzing the Company's results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA and Comparable Operating Performance do not reflect changes in, or cash requirements for, the Company's working capital needs;
- Adjusted EBITDA and Comparable Operating Performance do not reflect the Company's interest expense, or the cash requirements necessary to service interest or principal payments on the Company's debt;
- Adjusted EBITDA and Comparable Operating Performance do not reflect the Company's tax expense or the cash requirements to pay the Company's taxes;
- Adjusted EBITDA and Comparable Operating Performance do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA and Comparable Operating Performance do not reflect any cash requirements for such replacements;
- Other companies in the Company's industries may calculate Adjusted EBITDA and Comparable Operating Performance differently, limiting their usefulness as comparative measures; and

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Comparable Operating Performance does not include the impact of purchase accounting and non-cash stock based compensation expense; the latter exclusion may cause the overall compensation cost of the business to be understated.

Operating Revenues and Comparable Operating Performance by operating segment are as follows:

| | Year Ended Dec. 31, | | |
|---|---|---|---|
| **(In thousands)** | **2011** | **2010** | **2009** |
| Operating Revenue: | | | |
| TruGreen | $ 1,100,741 | $ 1,096,667 | $ 1,048,936 |
| Terminix | 1,193,075 | 1,157,346 | 1,089,072 |
| American Home Shield | 686,737 | 656,572 | 630,251 |
| ServiceMaster Clean | 138,691 | 132,132 | 125,614 |
| Other Operations and Headquarters | 86,628 | 84,677 | 84,012 |
| Total Operating Revenue | $ 3,205,872 | $ 3,127,394 | $ 2,977,885 |
| Comparable Operating Performance: | | | |
| TruGreen | $ 207,916 | $ 187,550 | $ 178,646 |
| Terminix | 295,925 | 267,338 | 247,182 |
| American Home Shield | 131,977 | 116,736 | 113,738 |
| ServiceMaster Clean | 63,982 | 63,691 | 59,431 |
| Other Operations and Headquarters | (104,987) | (103,211) | (93,682) |
| Total Comparable Operating Performance | $ 594,813 | $ 532,104 | $ 505,315 |
| Memo: Items included in Comparable Operating Performance | | | |
| Restructuring charges(1) | $ 8,162 | $ 11,448 | $ 26,682 |
| Management and consulting fees(2) | $ 7,500 | $ 7,500 | $ 7,500 |
| Memo: Items excluded from Comparable Operating Performance | | | |
| Comparable Operating Performance of discontinued operations | $ (3,064) | $ 7,862 | $ 23,747 |

(1) Represents restructuring charges related to a reorganization of field leadership and a restructuring of branch operations at TruGreen, a branch optimization project at Terminix, information technology outsourcing and initiatives to enhance capabilities and reduce costs in our centers of excellence at Other Operations and Headquarters, Merger related charges and other restructuring costs.

(2) Represents management and consulting fees payable to certain related parties. See Note 10 to our consolidated financial statements included elsewhere in this prospectus for further information on management and consulting fees.

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The following table presents reconciliations of operating income (loss) to Adjusted EBITDA and Comparable Operating Performance for the periods presented.

| (in thousands) | TruGreen | Terminix | American Home Shield | ServiceMaster Clean | Other Operations and Headquarters | Total |
|---|---|---|---|---|---|---|
| **Year Ended Dec. 31, 2011** | | | | | | |
| Operating income (loss)(1) | $ 129,324 | $ 220,622 | $ 94,869 | $ 57,674 | $ (127,029) | $ 375,460 |
| Depreciation and amortization expense | 41,929 | 75,347 | 27,331 | 6,150 | 12,679 | 163,436 |
| EBITDA | 171,253 | 295,969 | 122,200 | 63,824 | (114,350) | 538,896 |
| Interest and net investment income(2) | | | 9,777 | 158 | 951 | 10,886 |
| Non-cash trade name impairment(3) | 36,700 | | | | | 36,700 |
| Adjusted EBITDA | 207,953 | 295,969 | 131,977 | 63,982 | (113,399) | 586,482 |
| Non-cash stock-based compensation expense | | | | | 8,412 | 8,412 |
| Non-cash credits attributable to purchase accounting(4) | (37) | (44) | | | | (81) |
| Comparable Operating Performance | $ 207,916 | $ 295,925 | $ 131,977 | $ 63,982 | $ (104,987) | $ 594,813 |
| Memo: Items included in Comparable Operating Performance | | | | | | |
| Restructuring charges(5) | $ 1,115 | $ 3,560 | $ | $ 36 | $ 3,451 | $ 8,162 |
| Management and consulting fees(6) | $ | $ | $ | $ | $ 7,500 | $ 7,500 |
| Memo: Items excluded from Comparable Operating Performance | | | | | | |
| Comparable Operating Performance of discontinued operations(7) | $ | $ | $ | $ | $ (3,064) | $ (3,064) |
| **Year Ended Dec. 31, 2010** | | | | | | |
| Operating income (loss)(1) | $ 112,312 | $ 199,750 | $ 68,380 | $ 55,450 | $ (129,200) | $ 306,692 |
| Depreciation and amortization expense | 66,069 | 67,761 | 42,259 | 7,106 | 13,430 | 196,625 |
| EBITDA | 178,381 | 267,511 | 110,639 | 62,556 | (115,770) | 503,317 |
| Interest and net investment income(2) | | | 6,243 | 153 | 2,962 | 9,358 |
| Residual value guarantee charge(8) | 9,222 | | | 982 | 245 | 10,449 |
| Adjusted EBITDA | 187,603 | 267,511 | 116,882 | 63,691 | (112,563) | 523,124 |
| Non-cash stock-based compensation expense | | | | | 9,352 | 9,352 |
| Non-cash credits attributable to purchase accounting(4) | (53) | (173) | (146) | | | (372) |
| Comparable Operating Performance | $ 187,550 | $ 267,338 | $ 116,736 | $ 63,691 | $ (103,211) | $ 532,104 |
| Memo: Items included in Comparable Operating Performance | | | | | | |
| Restructuring charges (credits)(5) | $ 6,922 | $ 3,491 | $ (127) | $ 71 | $ 1,091 | $ 11,448 |
| Management and consulting fees(6) | $ | $ | $ | $ | $ 7,500 | $ 7,500 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Memo: Items excluded from Comparable Operating Performance | | | | | | | | | | | | |
| Comparable Operating Performance of discontinued operations(7) | $ | | $ | | $ | | $ | | $ | 7,862 | $ | 7,862 |

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| (in thousands) | TruGreen | Terminix | American Home Shield | ServiceMaster Clean | Other Operations and Headquarters | Total |
|---|---|---|---|---|---|---|
| **Year Ended Dec. 31, 2009** | | | | | | |
| Operating income (loss)(1) | $ 64,897 | $ 184,131 | $ 70,253 | $ 50,456 | $ (125,903) | $ 243,834 |
| Depreciation and amortization expense | 87,726 | 63,277 | 41,728 | 8,243 | 13,818 | 214,792 |
| EBITDA | 152,623 | 247,408 | 111,981 | 58,699 | (112,085) | 458,626 |
| Interest and net investment income(2) | | | 1,976 | 144 | 4,959 | 7,079 |
| Residual value guarantee charge(8) | 4,726 | | | 588 | 147 | 5,461 |
| Non-cash trade name impairment(3) | 21,400 | | | | 5,200 | 26,600 |
| Adjusted EBITDA | 178,749 | 247,408 | 113,957 | 59,431 | (101,779) | 497,766 |
| Non-cash stock-based compensation expense | | | | | 8,097 | 8,097 |
| Non-cash credits attributable to purchase accounting(4) | (103) | (226) | (219) | | | (548) |
| Comparable Operating Performance | $ 178,646 | $ 247,182 | $ 113,738 | $ 59,431 | $ (93,682) | 505,315 |
| Memo: Items included in Comparable Operating Performance | | | | | | |
| Restructuring charges(5) | $ 8,717 | $ 3,390 | $ 147 | $ | $ 14,428 | $ 26,682 |
| Management and consulting fees(6) | $ | $ | $ | $ | $ 7,500 | $ 7,500 |
| Memo: Items excluded from Comparable Operating Performance | | | | | | |
| Comparable Operating Performance of discontinued operations(7) | $ | $ | $ | $ | $ 23,747 | $ 23,747 |

(1) Presented below is a reconciliation of total segment operating income to net income (loss).

| (In thousands) | Year Ended December 31, 2011 | 2010 | 2009 |
|---|---|---|---|
| Total Segment Operating Income | $ 375,460 | $ 306,692 | $ 243,834 |
| Non-operating Expense (Income): | | | |
| Interest expense | 273,123 | 286,933 | 299,333 |
| Interest and net investment income | (10,886) | (9,358) | (7,079) |
| Loss (Gain) on extinguishment of debt | 774 | | (46,106) |
| Other expense | 700 | 733 | 748 |
| Income (Loss) from Continuing Operations before Income Taxes | 111,749 | 28,384 | (3,062) |
| Provision (benefit) for income taxes | 43,912 | 10,945 | (9,204) |
| Income from Continuing Operations | 67,837 | 17,439 | 6,142 |
| (Loss) income from discontinued operations, net of income taxes | (27,016) | (31,998) | 7,353 |
| Net Income (Loss) | $ 40,821 | $ (14,559) | $ 13,495 |

(2)

Interest and net investment income is primarily comprised of investment income and realized gain (loss) on our American Home Shield segment investment portfolio. Cash, short-term and long-term marketable securities associated with regulatory requirements in connection with American Home Shield and for other purposes totaled $226.2 million as of December 31, 2011. American Home Shield interest and net investment income was $9.8 million, $6.2 million and $2.0 million for the years ended December 31, 2011, 2010 and 2009, respectively. The balance of interest and net investment income primarily relates to (i) investment income (loss) from our employee deferred compensation trust (for which there is a corresponding and offsetting change in compensation expense within (loss) income from continuing operations before income taxes) and (ii) interest income on other cash balances.

(3)

Represents pre-tax non-cash impairment charges of $36.7 million and $26.6 million recorded in the years ended December 31, 2011 and 2009, respectively, to reduce the carrying value of trade names as a result of the Company's annual impairment testing of goodwill and indefinite lived intangible assets. There were no similar

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impairment charges included in continuing operations in 2010. See Note 1 to our consolidated financial statements included elsewhere in this prospectus for further information.

(4) The Merger was accounted for using purchase accounting. This adjustment represents the aggregate, non-cash adjustments (other than amortization and depreciation) attributable to the application of purchase accounting.

(5) Represents restructuring charges related to a reorganization of field leadership and a restructuring of branch operations at TruGreen, a branch optimization project at Terminix, information technology outsourcing and an initiative to enhance capabilities and reduce costs in our centers of excellence at Other Operations and Headquarters, Merger related charges and other restructuring costs.

(6) Represents management and consulting fees payable to certain related parties. See Note 10 to our consolidated financial statements included elsewhere in this prospectus for further information on management and consulting fees.

(7) The table included in "Discontinued Operations" below presents reconciliations of operating (loss) income, the most directly comparable financial measure under GAAP, to EBITDA and Comparable Operating Performance for the periods presented.

(8) Represents non-cash residual value guarantee charges recorded in 2010 and 2009 related to a synthetic lease for operating properties, which expired in July 2010. There were no similar charges in 2011.

***TruGreen Segment***

The TruGreen segment, which provides lawn, tree and shrub care services, reported a 0.4 percent increase in operating revenue, a 15.1 percent increase in operating income and a 10.9 percent increase in Comparable Operating Performance for the year ended December 31, 2011 compared to 2010. Revenue from core lawn service customers, which was 55 percent of the segment's operating revenue in 2011, was comparable to 2010, reflecting a 4.3 percent increase in the average application price, offset, by a 4.8 percent decline in average customer counts. Absolute customer counts as of December 31, 2011 compared to 2010 declined 5.3 percent, which was driven by a decrease in new unit sales, primarily in our neighborhood selling channel, offset, in part, by a 70 bps increase in the customer retention rate. TruGreen is redefining its sales channel mix by shifting focus away from the neighborhood sales channel. The segment's operating revenue results also reflect a $5.7 million increase in other expanded services. TruGreen is continuing its efforts to reduce customer cancellations by focusing on the overall quality of service delivery, including more consistent application of service standards, an improved recovery program for problem lawns, the reduction of lawn specialist turnover and the continued improvement of overall communication with customers.

TruGreen's operating income for the year ended December 31, 2011 included a pre-tax non-cash impairment charge of $36.7 million to reduce the carrying value of trade names to their estimated fair value as further discussed in Note 1 to our consolidated financial statements included elsewhere in this prospectus. There were no similar charges in 2010. TruGreen's Comparable Operating Performance as a percentage of revenue increased to 18.9 percent for the year ended December 31, 2011 compared to 17.1 percent for the year ended December 31, 2010. TruGreen's Comparable Operating Performance included restructuring charges of $1.1 million and $6.9 million in 2011 and 2010, respectively. Additionally, key executive transition charges of $1.0 million were incurred in 2011, which included separation charges related to the resignation of the former President of TruGreen in the second quarter of 2011. The net reduction in these charges contributed 44 bps to the increase in the segment's Comparable Operating Performance as a percentage of revenue. The remaining 136 bps increase primarily reflects a reduction in sales and marketing expense driven by the reduced focus on the neighborhood sales channel and cost reductions realized through ongoing initiatives, offset, in part, by an increase in fuel and fertilizer prices.

The TruGreen segment reported a 4.6 percent increase in revenue, a 73.1 percent increase in operating income and a 5.0 percent increase in Comparable Operating Performance for the year ended December 31, 2010 compared to 2009. Revenue from core lawn service customers, which was 55 percent of the segment's operating revenue in 2010 increased 3.5 percent compared to 2010, reflecting a 1.8 percent increase in the average application price and a 1.6 percent increase in average customer counts. Absolute customer counts as of December 31, 2010 compared to 2009 declined 1.7 percent, which was driven by a 210 bps reduction in the customer retention rate, offset, in part, by an increase in new unit sales generated in the neighborhood selling channel. The segment's revenue results also reflect a $27.5 million increase in other expanded services.

TruGreen's operating income for the year ended December 31, 2009 included a pre-tax non-cash impairment charge of $21.4 million to reduce the carrying value of trade names to their estimated fair value as further discussed in Note 1 to our consolidated financial statements included elsewhere in this prospectus. There were no similar charges in 2010. TruGreen's Comparable Operating Performance as a percentage of revenue increased to 17.1 percent for the year ended December 31, 2010 compared to 17.0 percent for the year ended December 31, 2009. TruGreen's Comparable Operating Performance included restructuring charges of $6.9 million and $8.7 million in 2010 and 2009, respectively. The net reduction in these charges contributed 20 bps to the increase in the segment's Comparable Operating Performance as a percentage of revenue. The remaining 10 bps decline primarily reflects an increase in sales and marketing expense, incentive compensation expense and costs related to our ongoing initiatives to transform our branch operations and to improve customer service, offset, in part, by a reduction in fuel and fertilizer prices and health care costs.

***Terminix Segment***

The Terminix segment, which provides termite and pest control services and distributes pest control products, reported a 3.1 percent increase in operating revenue, a 10.4 percent increase in operating income and a 10.7 percent increase in Comparable Operating Performance for the year ended December 31, 2011 compared to 2010. Pest control revenue, which was 55 percent of the segment's operating revenue in 2011, increased 5.3 percent in 2011 compared to 2010, reflecting a 6.4 percent increase in customer counts, a 1.1 percent increase in the average annual account value, and a $6.0 million increase in other services, including bed bug and other pest services. The increase in pest control customer counts was driven by an increase in new unit sales and acquisitions and a 70 bps increase in the customer retention rate. Termite revenue, including new unit sales and renewals, was 40.5 percent of the segment's operating revenue in 2011 and increased 0.5 percent in 2011 compared to 2010, primarily reflecting a 2.2 percent increase in average price of new units and renewals, offset, in part, by a 2.6 percent decline in new unit sales and a 1.0 percent decline in renewal customer counts. For 2011, termite renewal revenue comprised 55 percent of total termite revenue, while the remainder consisted of termite completion new unit sales. The decline in termite renewal customer counts was driven by a decrease in new units, offset, in part, by a 10 bps increase in the customer retention rate.

Terminix's Comparable Operating Performance as a percentage of revenue increased to 24.8 percent for the year ended December 31, 2011 compared to 23.1 percent for the year ended December 31, 2010. Terminix's Comparable Operating Performance included restructuring charges of $3.6 million and $3.5 million in 2011 and 2010, respectively. The 170 basis point increase in Comparable Operating Performance as a percentage of revenue primarily reflects a reduction in incentive compensation expense, legal related expense, termite damage claims expense, the favorable impact of acquiring assets in connection with exiting certain fleet leases and other cost reductions realized through ongoing initiatives, offset, in part by an increase in sales and marketing expense and fuel prices.

The Terminix segment reported a 6.3 percent increase in operating revenue, an 8.5 percent increase in operating income and an 8.2 percent increase in Comparable Operating Performance

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for the year ended December 31, 2010 compared to 2009. Pest control revenue, which was 54 percent of the segment's operating revenue in 2010, increased 5.2 percent in 2010 compared to 2009, reflecting a 3.6 percent increase in customer counts, a 0.3 percent increase in the average annual account value and a $10.4 million increase in other services, including bed bug and other pest services. The increase in pest control customer counts was driven by an increase in new unit sales and acquisitions and a 140 bps improvement in the customer retention rate. Termite revenue, including new unit sales and renewals, was 41.5 percent of the segment's operating revenue in 2010 and increased 3.1 percent in 2010 compared to 2009, primarily reflecting a 2.0 percent increase in average price of new units and renewals, a 7.9 percent increase in new unit sales and a 0.3 percent increase in renewal customer counts. For 2010, termite renewal revenue comprised 55 percent of total termite revenue, while the remainder consisted of termite completion new unit sales. The increase in termite renewal customer counts was driven by an increase in new units and acquisitions and a 30 bps improvement in the customer retention rate. Product distribution revenue, which has lower margins than termite or pest revenue and accounted for less than five percent of total segment operating revenue, increased $23.2 million. In August 2010, Terminix acquired the assets of Antimite Termite and Pest Control, a company with annual revenues of approximately $30 million.

Terminix's Comparable Operating Performance as a percentage of revenue increased to 23.1 percent for the year ended December 31, 2010 compared to 22.7 percent for the year ended December 31, 2009. Terminix's Comparable Operating performance included restructuring charges of $3.5 million and $3.4 million in 2010 and 2009, respectively. The 40 bps increase in Comparable Operating Performance as a percentage of revenue primarily reflects a reduction in fuel prices, health care costs, termite damage claims expense and sales and marketing expense, the favorable impact of acquiring assets in connection with exiting certain fleet leases and other cost reductions realized through ongoing initiatives, offset, in part, by an increase in incentive compensation expense, legal related expense and increases in product distribution revenue, which has lower margins than pest or termite revenue.

***American Home Shield Segment***

The American Home Shield segment, which provides home service contracts to consumers that cover heating, ventilation, air conditioning, plumbing and other systems and appliances, reported a 4.6 percent increase in operating revenue, a 38.7 percent increase in operating income and a 13.1 percent increase in Comparable Operating Performance for the year ended December 31, 2011 compared to 2010. The revenue results reflect a 4.0 percent increase in average price on home service contracts written and a 1.6 percent increase in customer counts. The increase in average price was driven, in part, by the introduction of new product options in our direct-to-consumer channel. The increase in customer counts was driven by a 210 bps increase in the customer retention rate, offset, in part, by a decrease in new unit sales. American Home Shield's sales in the real estate channel were negatively impacted by softness in the home resale market and elimination of the government housing incentive program, which was extended through the first quarter of 2011. This decline was offset, in part, by growth in consumer sales.

American Home Shield's Comparable Operating Performance as a percentage of revenue increased to 19.2 percent for the year ended December 31, 2011 compared to 17.8 percent for the year ended December 31, 2010. American Home Shield's Comparable Operating performance included interest and net investment income from the American Home Shield investment portfolio of $9.8 million and $6.2 million in 2011 and 2010, respectively, which contributed 47 bps to the increase in the segment's Comparable Operating Performance as a percentage of revenue. The remaining 93 basis point increase primarily reflects a reduction in legal related expense and cost

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reductions realized through ongoing initiatives, offset, in part, by an increase in contract claims costs and technology related costs driven by our new CRM system and other ongoing initiatives.

The American Home Shield segment reported a 4.2 percent increase in operating revenue, a 2.7 percent decrease in operating income and a 2.6 percent increase in Comparable Operating Performance for the year ended December 31, 2010 compared to 2009. The revenue results reflect a 2.9 percent increase in average price on home service contracts written and a 2.8 percent increase in average customer counts. Absolute customer counts as of December 31, 2010 were comparable to 2009, reflecting a 3.8 percent decline in new unit sales, offset by an 80 bps improvement in the customer retention rate. American Home Shield's sales in the real estate channel were negatively impacted by softness in the home resale market, offset, in part, by growth in consumer sales.

American Home Shield's Comparable Operating Performance as a percentage of revenue decreased to 17.8 percent for the year ended December 31, 2010 compared to 18.0 percent for the year ended December 31, 2009. American Home Shield's Comparable Operating performance included interest and net investment income from the American Home Shield investment portfolio of $6.2 million and $2.0 million in 2010 and 2009, respectively, which contributed 64 bps to the increase in the segment's Comparable Operating Performance as a percentage of revenue. The remaining 84 bps decrease primarily reflects an increase in contract claims costs, offset, in part, by cost reductions realized through ongoing initiatives.

***ServiceMaster Clean Segment***

The ServiceMaster Clean segment, which provides residential and commercial disaster restoration and cleaning services through franchises primarily under the ServiceMaster and ServiceMaster Clean brand names, on-site furniture repair and restoration services primarily under the Furniture Medic brand name and home inspection services primarily under the AmeriSpec brand name, reported a 5.0 percent increase in operating revenue, a 4.0 percent increase in operating income and a 0.5 percent increase in Comparable Operating Performance for the year ended December 31, 2011 compared to 2010. Domestic royalty fees, which were 54 percent of the segment's operating revenue in 2011, increased 6.4 percent in 2011 compared to 2010, driven by increases in disaster restoration services. Revenue from janitorial national accounts, which was 9 percent of the segment's revenue in 2011, increased 32.4 percent in 2011 compared to 2010, driven by strong sales activity. Sales of products to franchisees, which were 12 percent of the segment's revenue in 2011, decreased 8.4 percent in 2011 compared to 2010.

ServiceMaster Clean's Comparable Operating Performance as a percentage of revenue decreased to 46.1 percent for the year ended December 31, 2011 compared to 48.2 percent for the year ended December 31, 2010. Key executive transition charges of $0.4 million were incurred in 2011, which represented a signing bonus related to the hiring of the new President of ServiceMaster Clean and Merry Maids. These charges negatively impacted the change in the segment's Comparable Operating Performance as a percentage of revenue by 30 bps. The remaining 180 basis point reduction primarily reflects an increase in support services, sales and marketing expense, technology and other costs, all driven by ongoing initiatives to increase share primarily in the commercial, fire remediation and janitorial market segments.

The ServiceMaster Clean segment reported a 5.2 percent increase in operating revenue, a 9.9 percent increase in operating income and a 7.2 percent increase in Comparable Operating Performance for the year ended December 31, 2010 compared to 2009. Domestic royalty fees, which were 53 percent of the segment's operating revenue in 2010, decreased 0.3 percent in 2010 compared to 2009, driven by reductions in disaster restoration services. Revenue from janitorial national accounts, which was 7 percent of the segment's operating revenue in 2010, increased

46.8 percent in 2010 compared to 2009, driven by strong sales activity. Sales of products to franchisees, which were 14 percent of the segment's operating revenue in 2010, increased 8.3 percent in 2010 compared to 2009.

ServiceMaster Clean's Comparable Operating Performance as a percentage of revenue increased to 48.2 percent for the year ended December 31, 2010 compared to 47.3 percent for the year ended December 31, 2009. The 90 bps increase in Comparable Operating Performance as a percentage of revenue primarily reflects cost reductions realized through ongoing initiatives.

***Other Operations and Headquarters Segment***

This segment includes the operations of Merry Maids, SMAC and the Company's headquarters functions. The segment reported a 2.3 percent increase in operating revenue, a 1.7 percent improvement in operating loss and a 1.7 percent improvement in Comparable Operating Performance for the year ended December 31, 2011 compared to 2010.

Merry Maids, which accounted for 93.5 percent of the segment's operating revenue for 2011, reported a 3.0 percent increase in operating revenue, a 7.0 percent increase in operating income and a 1.9 percent increase in Comparable Operating Performance for the year ended December 31, 2011 compared to 2010. Revenue from company owned branches, which was 75 percent of Merry Maids' revenue in 2011, increased 0.7 percent in 2011 compared to 2010, driven by a 1.7 percent increase in the average service price, offset, in part, by a 0.3 percent decline in average customer counts. Absolute customer counts as of December 31, 2011 compared to 2010 declined 3.6 percent driven by the sale of certain company owned branches to existing and new franchisees in the fourth quarter of 2011, offset, in part, by a 630 bps increase in the customer retention rate. Royalty fees, which were 19 percent of Merry Maids' revenue in 2011, increased 6.3 percent in 2011 compared to 2010, primarily driven by market expansion.

Merry Maids' Comparable Operating Performance as a percentage of revenue decreased to 25.9 percent for the year ended December 31, 2011 compared to 26.2 percent for the year ended December 31, 2010. Key executive transition charges of $0.6 million were incurred in 2011, which included separation charges related to the resignation of the former President of Merry Maids in the first quarter of 2011. These charges negatively impacted the change in Comparable Operating Performance as a percentage of revenue by 72 bps. The remaining 42 bps increase reflects the gain resulting from the sale of certain branches, offset, in part, by an increase in sales and marketing expense, fuel costs and incentive compensation expense.

The Comparable Operating Performance of SMAC and the Company's headquarters functions declined $2.2 million for the year ended December 31, 2011 compared to the year ended December 31, 2010. The segment's Comparable Operating Performance included restructuring charges of $3.5 million and $1.1 million in 2011 and 2010, respectively, and interest and net investment income of $1.0 million and $1.8 million in 2011 and 2010, respectively. Additionally, key executive transition charges of (i) $4.7 million were incurred in 2011, which included recruiting costs and signing bonuses related to the hiring of our new CEO and CFO and separation charges related to the resignation or our former CFO and (ii) $5.0 million were incurred in 2010, which included separation charges related to the retirement of our former CEO on March 31, 2011. The remaining $0.7 million increase in Comparable Operating Performance primarily reflects a reduction in spending in the Company's centers of excellence, as well as favorable claims trends in our automobile, general liability and workers' compensation program, which may or may not continue, ($1.8 million), offset, in part, by an increase in technology related costs for PCI standards compliance purposes ($5.1 million) and incentive compensation expense ($3.7 million).

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The segment reported comparable operating revenue, a 2.6 percent increase in operating loss and a 10.2 percent decrease in Comparable Operating Performance for the year ended December 31, 2010 compared to 2009.

Merry Maids, which accounted for 92.9 percent of the segment's operating revenue for 2010, reported a 0.8 percent increase in operating revenue, a 100.3 percent increase in operating income and a 15.2 percent increase in Comparable Operating Performance for the year ended December 31, 2010 compared to 2009. Revenue from company owned branches, which was 77 percent of Merry Maids' revenue in 2010, was comparable to 2009, reflecting a 1.3 percent increase in average customer counts, offset, in part, by a reduction in service frequency. Absolute customer counts as of December 31, 2010 compared to 2009 declined 2.9 percent driven by a decrease in new unit sales, offset, in part, by a 150 bps increase in the customer retention rate. The average service price in 2010 was comparable to 2009. Royalty fees, which were 18 percent of Merry Maids' revenue in 2010, increased 1.7 percent in 2010 compared to 2009, primarily driven by market expansion.

Merry Maid's operating income for the year ended December 31, 2009 included a pre-tax non-cash impairment charge of $5.2 million to reduce the carrying value of trade names to their estimated fair value as further discussed in Note 1 to our consolidated financial statements included elsewhere in this prospectus. There were no similar charges in 2010. Merry Maids' Comparable Operating Performance as a percentage of revenue increased to 26.2 percent for the year ended December 31, 2010 compared to 23.0 percent for the year ended December 31, 2009. The 320 bps increase in Comparable Operating Performance as a percentage of revenue reflects production labor efficiencies, a reduction in legal related expense, sales and marketing expense, incentive compensation expense and healthcare costs, offset, in part, by an increase in other overhead and support costs.

The Comparable Operating Performance of SMAC and the Company's headquarters functions declined $12.3 million for the year ended December 31, 2010 compared to the year ended December 31, 2009. The segment's Comparable Operating Performance included restructuring charges of $1.1 million and $14.4 million in 2010 and 2009, respectively, and interest and net investment income of $1.8 million and $3.0 million in 2010 and 2009, respectively. Additionally, key executive transition charges of $5.0 million were incurred in 2010, which included separation charges related to the retirement of our former CEO on March 31, 2011. The remaining $19.4 million decrease in Comparable Operating Performance primarily reflects increased provisions for incentive compensation ($5.1 million), due primarily to the reversal, in 2009, of a $4.4 million reserve for cash awards related to a long-term incentive plan as certain performance measures under the plan were not achieved, and increases in spending in the Company's headquarters functions to enhance capabilities in our centers of excellence and on initiatives designed to improve the performance of our operating segments.

***Discontinued Operations***

In the first quarter of 2011, ServiceMaster concluded that TruGreen LandCare did not fit within the long-term strategic plans of the Company and committed to a plan to sell the business. On April 21, 2011, the Company entered into a purchase agreement to sell TruGreen LandCare, and the disposition was effective as of April 30, 2011. As a result of the decision to sell this business, a $34.2 million impairment charge ($21.0 million, net of tax) was recorded in loss from discontinued operations, net of income taxes, in the first quarter of 2011 to reduce the carrying value of TruGreen LandCare's assets to their estimated fair value less cost to sell in accordance with applicable accounting standards. Upon completion of the sale, a $6.2 million loss on sale ($1.9 million, net of tax) was recorded. The loss on the disposition of the TruGreen LandCare business continues to be subject to certain post-closing adjustments and disputes, and such adjustments could be significant to the sale price.

In 2010 and 2009, the Company recorded pre-tax non-cash impairment charges of $46.9 million ($28.7 million, net of tax) and $1.4 million ($0.9 million, net of tax), respectively, associated with the goodwill and trade name at TruGreen LandCare in (loss) income from discontinued operations, net of income taxes.

The components of (loss) income from discontinued operations, net of income taxes, for the years ended December 31, 2011, 2010 and 2009 are as follows:

| | Year Ended Dec. 31, | | |
|---|---|---|---|
| **(In thousands)** | **2011** | **2010** | **2009** |
| Operating (loss) income(1) | $ (40,620) | $ (49,971) | $ 11,468 |
| (Benefit) provision for income taxes(1) | (15,461) | (17,973) | 4,115 |
| Operating (loss) income, net of income taxes(1) | (25,159) | (31,998) | 7,353 |
| Loss on sale, net of income taxes | (1,857) | | |
| (Loss) income from discontinued operations, net of income taxes(1) | $ (27,016) | $ (31,998) | $ 7,353 |
| Operating (loss) income(1) | $ (40,620) | $ (49,971) | $ 11,468 |
| Interest expense | 16 | 46 | 44 |
| Depreciation and amortization expense | 3,509 | 11,524 | 11,486 |
| EBITDA | (37,095) | (38,401) | 22,998 |
| Non-cash goodwill and trade name impairment | 34,185 | 46,884 | 1,400 |
| Adjusted EBITDA | (2,910) | 8,483 | 24,398 |
| Non-cash credits attributable to purchase accounting | (154) | (621) | (651) |
| Comparable Operating Performance | $ (3,064) | $ 7,862 | $ 23,747 |

(1) During 2011, a pre-tax non-cash impairment charge of $34.2 million ($21.0 million, net of tax) was recorded to reduce the carrying value of TruGreen LandCare's assets to their estimated fair value less cost to sell in accordance with applicable accounting standards. Also includes goodwill and trade name impairments of $46.9 million ($28.7 million, net of tax) and $1.4 million ($0.9 million, net of tax) in 2010 and 2009, respectively.

**Financial Position and Liquidity**

***Cash Flows from Operating Activities from Continuing Operations***

Net cash provided from operating activities from continuing operations increased $72.5 million to $295.0 million for the year ended December 31, 2011 compared to $222.5 million for the year ended December 31, 2010.

Net cash provided from operating activities in 2011 was comprised of $334.4 million in earnings adjusted for non-cash charges, offset, in part, by $7.5 million in cash payments related to restructuring charges and a $31.9 million increase in cash required for working capital. For the year ended December 31, 2011 working capital requirements were adversely impacted by a reduction in reserve levels under certain self-insurance programs and unrecognized tax benefits.

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Net cash provided from operating activities in 2010 was comprised of $253.8 million in earnings adjusted for non-cash charges, offset, in part, by $10.8 in cash payments related to restructuring charges and a $20.5 million increase in cash required for working capital. For the year ended December 31, 2010 working capital requirements were adversely impacted by growth in accounts receivable balances, due in part to unfavorable collection trends partially attributable to increases in revenue in service lines with longer than average collection terms. Also adversely impacting working capital requirements was a reduction in reserve levels under certain self-insurance programs. Working capital requirements were favorably impacted by a change in the timing of payments to our vendors and increased accruals for incentive compensation.

***Cash Flows from Investing Activities from Continuing Operations***

Net cash used for investing activities from continuing operations was $135.2 million for the year ended December 31, 2011 compared to $175.1 million for the year ended December 31, 2010.

Capital expenditures decreased to $96.5 million for the year ended December 31, 2011 from $134.2 million for the year ended December 31, 2010 and included vehicle purchases of $48.5 million, recurring capital needs and information technology projects. The Company anticipates that capital expenditures, excluding vehicle fleet purchases, for the full year 2012 will range from $85.0 million to $95.0 million, reflecting recurring needs and the continuation of investments in information systems and productivity enhancing operating systems. Although the Company has been purchasing vehicles in recent years, we expect to fulfill our ongoing vehicle fleet needs through vehicle capital leases; therefore, the Company's capital requirement for fleet vehicles for the full year 2012 is not expected to exceed $5.0 million. The Company has no additional material capital commitments at this time.

Proceeds from sales of equipment and other assets increased to $4.6 million for the year ended December 31, 2011 from $1.4 million for the year ended December 31, 2010 and included $2.2 million of proceeds from the sale of Merry Maids company owned branches to existing and new franchisees. The Company may sell additional Merry Maids company owned branches to existing or new franchisees in the future.

Cash payments for acquisitions for the year ended December 31, 2011 totaled $44.4 million, compared with $57.9 million for the year ended December 31, 2010. Consideration paid for tuck-in acquisitions consisted of cash payments and debt payable to sellers. The Company expects to continue its tuck-in acquisition program at Terminix, TruGreen and Merry Maids.

Cash flows from notes receivable, financial investments and securities decreased to $3.0 million for the year ended December 31, 2011 from $20.4 million for the year ended December 31, 2010. The cash flows from notes receivable, financial investments and securities for the year ended December 31, 2010 included the return of the Company's investment in previously leased real estate facilities of $22.0 million.

***Cash Flows from Financing Activities from Continuing Operations***

Net cash used for financing activities from continuing operations was $102.2 million for the year ended December 31, 2011 compared to $46.4 million for the year ended December 31, 2010. During the year ended December 31, 2011, the Company borrowed $4.0 million under other financing arrangements, purchased from Holdings $65.0 million face value of 2015 Notes, as further discussed in "Liquidity," and made scheduled principal payments of long-term debt of $40.9 million. During the year ended December 31, 2010, the Company borrowed and repaid $5.0 million under the Revolving Credit Facility, borrowed $10.0 million under other financing arrangements, made scheduled principal payments of long-term debt of $43.8 million and made repayments of $12.5 million in connection with purchases of properties previously under lease.

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***Liquidity***

The Company is highly leveraged, and a substantial portion of the Company's liquidity needs is due to service requirements on indebtedness incurred in connection with the Merger, some of which has been refinanced, and from funding the Company's operations, working capital and capital expenditures. The agreements governing the Term Facilities, the 2015 Notes, the Notes, and the Revolving Credit Facility contain certain covenants that limit or restrict the incurrence of additional indebtedness, debt repurchases, liens, sales of assets, certain payments (including dividends) and transactions with affiliates, subject to certain exceptions. At December 31, 2011, the Company was in compliance with the covenants under these agreements that were in effect on such date.

Cash and short and long-term marketable securities totaled $471.4 million as of December 31, 2011, compared with $393.3 million as of December 31, 2010. As of December 31, 2011 and 2010, $226.2 million and $242.2 million, respectively, of the cash and short and long-term marketable securities balances are associated with regulatory requirements at American Home Shield and for other purposes. Such amounts are identified as being potentially unavailable to be paid to the Company by its subsidiaries. American Home Shield's investment portfolio has been invested in a combination of high quality, short duration fixed income securities and equities. The Company closely monitors the performance of the investments. From time to time, the Company reviews the statutory reserve requirements to which its regulated entities are subject and any changes to such requirements. These reviews may result in identifying current reserve levels above or below minimum statutory reserve requirements, in which case the Company may adjust its reserves. The reviews may also identify opportunities to satisfy certain regulatory reserve requirements through alternate financial vehicles.

A portion of the Company's vehicle fleet and some equipment are leased through month-to-month operating leases, cancelable at the Company's option. There are residual value guarantees by the Company (ranging from 70 percent to 84 percent of the estimated terminal value at the inception of the lease depending on the agreement) relative to these vehicles and equipment, which historically have not resulted in significant net payments to the lessors. The fair value of the assets under all of the fleet and equipment leases is expected to substantially mitigate the Company's guarantee obligations under the agreements. As of December 31, 2011, the Company's residual value guarantees related to the leased assets totaled $32.2 million for which the Company has recorded as a liability the estimated fair value of these guarantees of $0.7 million in the Consolidated Statements of Financial Position.

Under the terms of its fuel swap contracts, the Company is required to post collateral in the event that the fair value of the contracts exceeds a certain agreed upon liability level and in other circumstances required by the counterparty. As of December 31, 2011, the estimated fair value of the Company's fuel swap contracts was a net liability of $0.7 million, and the Company had posted $3.8 million in letters of credit as collateral under its fuel hedging program, none of which were issued under the Company's Revolving Credit Facility. The continued use of letters of credit for this purpose could limit the Company's ability to post letters of credit for other purposes and could limit the Company's borrowing availability under the Revolving Credit Facility. However, the Company does not expect the fair value of its outstanding fuel swap contracts to materially impact its financial position or liquidity.

The Company's ongoing liquidity needs are expected to be funded by cash on hand, net cash provided by operating activities and, as required, borrowings under the Revolving Credit Facility. We expect that cash provided from operations and available capacity under the Revolving Credit Facility will provide sufficient funds to operate our business, make expected capital expenditures and meet our liquidity requirements for the following 12 months, including payment of interest and principal

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on our debt. As of December 31, 2011, the Company had $442.5 million of remaining capacity available under the Revolving Credit Facility.

On February 2, 2011, ServiceMaster entered into an amendment to its Revolving Credit Facility, which provides for senior secured revolving loans and stand-by and other letters of credit. Prior to the amendment, the facility was scheduled to mature on July 24, 2013 and provided for maximum borrowing capacity of $500.0 million with outstanding letters of credit limited to $75.0 million. The Company desired to extend the maturity date of the facility by one year, and as an inducement for such extension, offered to allow any lenders in the syndicate group that were willing to extend the maturity date by one year a 20 percent reduction of such lender's loan commitment. As a result of the amendment, the Company had available borrowing capacity under its amended Revolving Credit Facility of $442.5 million through July 24, 2013 and $229.6 million from July 25, 2013 through July 24, 2014.

On January 30, 2012, ServiceMaster entered into the Extension Amendment and the Increase Supplement to its Revolving Credit Facility. After effectiveness on February 13, 2012 of the Extension Amendment and the Increase Supplement, we have available borrowing capacity under the Revolving Credit Facility of $447.7 million through July 24, 2013, $324.2 million from July 25, 2013 through July 24, 2014 and $265.2 million from July 25, 2014 through January 31, 2017. The Company will continue to have access to letters of credit up to $75.0 million through January 31, 2017.

During the first quarter of 2009, the Company completed open market purchases of $89.0 million in face value of the 2015 Notes for a cost of $41.0 million. The debt acquired by the Company has been retired, and the Company has discontinued the payment of interest. The Company recorded a gain on extinguishment of debt of $46.1 million in its Consolidated Statements of Operations for the year ended December 31, 2009 related to these retirements.

During the fourth quarter of 2011, the Company purchased $65.0 million in face value of the 2015 Notes from Holdings for a cost of $68.0 million, which included payment of accrued interest of $3.0 million. The debt acquired by the Company has been retired, and the Company has discontinued the payment of interest. The Company recorded a loss on extinguishment of debt of $0.8 million in its Consolidated Statements of Operations for the year ended December 31, 2011 for write-offs of unamortized debt issuance costs related to the extinguished debt.

In February 2012, the Company sold in transactions exempt from registration under the Securities Act of 1933, as amended, $600 million aggregate principal amount of the Old Notes. The Old Notes will mature on February 15, 2020 and bear interest at a rate of 8 percent per annum. The Old Notes are guaranteed on a senior unsecured basis by certain domestic subsidiaries of the Company. The Company used $600 million of the proceeds of the sale of the Old Notes, together with available cash, to redeem $600 million in aggregate principal amount of its outstanding 2015 Notes.

After giving effect to the 2009 open market purchases and retirement of 2015 Notes by the Company, the 2011 purchase and retirement of 2015 Notes from Holdings and the redemption of $600 million aggregate principal amount of 2015 Notes with proceeds from the Old Notes offering, $396 million aggregate principal amount of the 2015 Notes remains outstanding.

The Company has an accounts receivable securitization arrangement under which TruGreen and Terminix may sell certain eligible trade accounts receivable to ServiceMaster Funding Company LLC ("Funding"), the Company's wholly owned, bankruptcy remote subsidiary, which is consolidated for financial reporting purposes. Funding, in turn, may transfer, on a revolving basis, an undivided percentage ownership interest of up to $50.0 million in the pool of accounts receivable to one or both of the unrelated purchasers who are parties to the accounts receivable securitization arrangement ("Purchasers"). The amount of the eligible receivables varies during the year based on seasonality of the businesses and could, at times, limit the amount available to the Company from the sale of these interests. As of December 31, 2011, the amount of eligible receivables was approximately $31.1 million.

During the years ended December 31, 2011 and 2010, there were no transfers of interests in the pool of trade accounts receivable to Purchasers under this arrangement. As of December 31, 2011 and 2010, the Company had $10.0 million outstanding under the arrangement and, as of December 31, 2011 had $21.1 million of remaining capacity available under the accounts receivable securitization arrangement.

The accounts receivable securitization arrangement is a 364-day facility that is renewable annually at the option of Funding, with a final termination date of July 17, 2012. Only one of the Purchasers is required to purchase interests under the arrangement. As part of the annual renewal of the facility, which occurred on July 26, 2011, this Purchaser agreed to continue its participation in the arrangement through July 17, 2012. Unless the arrangement is renegotiated or extended prior to its expiration, all obligations under the accounts receivable securitization arrangement must be repaid by July 17, 2012.

As a holding company, we depend on our subsidiaries to distribute funds to us so that we may pay our obligations and expenses, including our debt service obligations. The ability of our subsidiaries to make distributions and dividends to us depends on their operating results, cash requirements and financial condition and general business conditions. Our insurance subsidiaries and home services and similar subsidiaries (through which we conduct our American Home Shield business) are subject to significant regulatory restrictions under the laws and regulations of the states in which they operate. Among other things, such laws and regulations require certain such subsidiaries to maintain minimum capital and net worth requirements and may limit the amount of ordinary and extraordinary dividends and other payments that these subsidiaries can pay to us. For example, certain states prohibit payment by these subsidiaries to the Company of dividends in excess of 10 percent of their capital as of the most recent year end, as determined in accordance with prescribed insurance accounting practices in those states. Of the $226.2 million as of December 31, 2011, which we identify as being potentially unavailable to be paid to the Company by its subsidiaries, approximately $183.3 million is held by our home services and insurance subsidiaries and is subject to these regulatory limitations on the payment of funds to us. Such limitations were in effect throughout 2011, and similar limitations are expected to be in effect through 2012. The remainder of the $226.2 million, or $42.9 million, is related to amounts that the Company's management does not consider readily available to be used to service the Company's indebtedness due, among other reasons, to the Company's cash management practices and working capital needs at various subsidiaries.

We consider undistributed earnings of our foreign subsidiaries as of December 31, 2011, to be indefinitely reinvested and, accordingly, no U.S. income taxes have been provided thereon. As of December 31, 2011, the amount of cash associated with indefinitely reinvested foreign earnings was approximately $24.1 million. We have not, nor do we anticipate the need to, repatriate funds to the United States to satisfy domestic liquidity needs arising in the ordinary course of business, including liquidity needs associated with our domestic debt service requirements.

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The following table presents the Company's contractual obligations and commitments as of December 31, 2011. See discussion above in this "Liquidity" section for information on our issuance of the Notes and redemption of the 2015 Notes, which is not reflected in the table below.

| (In millions) | Total | Less than 1 Yr | 1 - 3 Yrs | 3 - 5 Yrs | More than 5 Yrs |
|---|---|---|---|---|---|
| Principal repayments* | $ 3,938.7 | $ 47.7 | $ 2,532.0 | $ 1,001.9 | $ 357.1 |
| Capital leases | 12.2 | 4.1 | 5.4 | 2.6 | 0.1 |
| Estimated interest payments(1) | 1,080.2 | 227.4 | 385.9 | 169.7 | 297.2 |
| Non-cancelable operating leases(2) | 143.8 | 42.6 | 56.0 | 24.4 | 20.8 |
| Purchase obligations: | | | | | |
| Supply agreements and other(3) | 115.3 | 76.7 | 24.6 | 14.0 | |
| Outsourcing agreements(4) | 133.6 | 52.1 | 39.0 | 20.7 | 21.8 |
| Other long-term liabilities:* | | | | | |
| Insurance claims | 154.8 | 73.1 | 28.8 | 10.7 | 42.2 |
| Discontinued Operations | 2.6 | 0.6 | 0.7 | 0.2 | 1.1 |
| Other, including deferred compensation trust(2) | 10.8 | 0.2 | 1.5 | 1.5 | 7.6 |
| Total Amount | $ 5,592.0 | $ 524.5 | $ 3,073.9 | $ 1,245.7 | $ 747.9 |

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* These items are reported in our consolidated statements of financial position.

(1) These amounts represent future interest payments related to the Company's existing debt obligations based on fixed and variable interest rates and principal maturities specified in the associated debt agreements. Payments related to variable debt are based on applicable rates at December 31, 2011 plus the specified margin in the associated debt agreements for each period presented as of December 31, 2011. The estimated debt balance (including capital leases) as of each fiscal year end from 2012 through 2016 is $3.899 billion, $3.849 billion, $1.362 billion, $359.3 million, and $357.2 million, respectively. The weighted average interest rate (including interest rate swaps) on the estimated debt balances at each fiscal year end from 2012 through 2016 is expected to be 6.0 percent, 6.0 percent, 9.8 percent, 7.3 percent, and 7.3 percent, respectively. See Note 12 of our consolidated financial statements included elsewhere in this prospectus for the terms and maturities of existing debt obligations.

(2) A portion of the Company's vehicle fleet and some equipment are leased through operating leases. The lease terms are non-cancelable for the first twelve month term, and then are month-to-month, cancelable at the Company's option. The amounts in non-cancelable operating leases exclude all prospective cancelable payments under these agreements. There are residual value guarantees by the Company (ranging from 70 percent to 84 percent of the estimated terminal value at the inception of the lease depending on the agreement) relative to these vehicles and equipment, which historically have not resulted in significant net payments to the lessors. The fair value of the assets under all of the fleet and equipment leases is expected to substantially mitigate the Company's guarantee obligations under the agreements. As of December 31, 2011, the Company's residual value guarantees related to the leased assets totaled $32.2 million for which the Company has recorded as a liability the estimated fair value of these guarantees of $0.7 million in its consolidated statements of financial position. This liability has been included in Other long-term liabilities above.

(3) These obligations include commitments for various products and services including, among other things, inventory purchases, telecommunications services, marketing and advertising services and other professional services. Arrangements are considered purchase obligations if a contract specifies all significant terms, including fixed or minimum quantities to be purchased,

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a pricing structure and approximate timing of the transactions. Most arrangements are cancelable without a significant penalty and with short notice (usually 30-120 days) and amounts reflected above include the minimum contractual obligation of the Company (inclusive of applicable cancellation penalties). For obligations with significant penalties associated with termination, the minimum required expenditures over the term of the agreement have been included in the table above.

(4)

Outsourcing agreements include commitments for the purchase of certain outsourced services from third party vendors (see further discussion of the Company's agreement with IBM below). Because the services provided through these agreements are integral to the operations of the Company and due to termination provisions contained in these agreements, the Company has concluded that it is appropriate to include the total anticipated costs over the expected term of the agreements in the table above.

On December 11, 2008, the Company entered into an agreement with IBM pursuant to which IBM provides information technology operations and applications development services (collectively, the "IT Services") to the Company. ServiceMaster pays IBM for the IT Services under the agreement through a combination of fixed and variable charges, with variable charges fluctuating based on the Company's actual need for IT Services. For the year ended December 31, 2011, the Company paid IBM $37.2 million for the IT Services. The Company expects to phase out a significant portion of its use of IT Services from IBM by the end of 2013, but does not expect its costs for IT Services to increase materially. The figures in the table above reflect expected spend with IBM of $32.5 million for 2012 and $14.5 million for 2013 as the IT Services are reduced.

ServiceMaster has the right to terminate the agreement both for cause and for its convenience. Upon termination of the agreement for convenience and in the case of certain other termination events, ServiceMaster would be required to pay a termination charge to IBM of approximately $12.7 million. The Company does not expect to incur a termination charge in connection with the phase out of the IT Services from IBM discussed above. IBM has the right to terminate the agreement only in the event of a failure by the Company to make timely payment of any fees due and payable. In the event of termination by either party and upon the Company's request, IBM is obligated to provide termination assistance services at agreed-upon pricing for up to 24 months.

Due to the uncertainty with respect to the timing of future cash flows associated with unrecognized tax benefits at December 31, 2011, the Company is unable to reasonably estimate the period of cash settlement with the respective taxing authority. Accordingly, $9.0 million of unrecognized tax benefits have been excluded from the contractual obligations table above. See the discussion of income taxes in Note 5 of our consolidated financial statements included elsewhere in this prospectus.

As further described above in this "Liquidity" section, the Company sold $600 million aggregate principal amount of the Old Notes in February 2012. The Company used $600 million of the proceeds of the sale of the Old Notes, together with available cash, to redeem $600 million in aggregate principal amount of its outstanding 2015 Notes. The following table presents the Company's contractual obligations and commitments as of December 31, 2011 as if the sale of the Notes and the redemption of the 2015 Notes had occurred on December 31, 2011, and includes the payment, as scheduled, of the regular interest payment due in January 2012 for the redeemed 2015 Notes. This pro forma presentation impacts the Principal repayments, Estimated interest

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payments and Total Amount rows only. No other changes have been made from the information presented in the contractual obligations table above.

| (In millions) | Total | Less than 1 Yr | 1 - 3 Yrs | 3 - 5 Yrs | More than 5 Yrs |
|---|---|---|---|---|---|
| Principal repayments | $ 3,938.7 | $ 47.7 | $ 2,532.0 | $ 401.9 | $ 957.1 |
| Capital leases | 12.2 | 4.1 | 5.4 | 2.6 | 0.1 |
| Estimated interest payments | 1,238.5 | 219.2 | 352.9 | 201.2 | 465.2 |
| Non-cancelable operating leases | 143.8 | 42.6 | 56.0 | 24.4 | 20.8 |
| Purchase obligations: | | | | | |
| Supply agreements and other | 115.3 | 76.7 | 24.6 | 14.0 | |
| Outsourcing agreements | 133.6 | 52.1 | 39.0 | 20.7 | 21.8 |
| Other long-term liabilities: | | | | | |
| Insurance claims | 154.8 | 73.1 | 28.8 | 10.7 | 42.2 |
| Discontinued Operations | 2.6 | 0.6 | 0.7 | 0.2 | 1.1 |
| Other, including deferred compensation trust | 10.8 | 0.2 | 1.5 | 1.5 | 7.6 |
| Total Amount | $ 5,750.3 | $ 516.3 | $ 3,040.9 | $ 677.2 | $ 1,515.9 |

***Financial Position Continuing Operations***

Receivables increased from prior year levels, reflecting an increase in home service contracts written at American Home Shield.

There is seasonality in the lawn care operations. In the winter and spring, this business sells a series of lawn applications to customers, which are rendered primarily in March through October. On an ongoing basis, these direct and incremental selling expenses which relate to successful sales will be deferred and recognized over the production season and are not deferred beyond the calendar year-end. In addition, the Company will continue to capitalize sales commissions and other direct contract acquisition costs relating to termite baiting, termite inspection and protection contracts and pest contracts, as well as home service contracts. These costs vary with and are directly related to a new sale, and will be amortized over the life of the related contract.

Current deferred tax assets increased from prior year levels, reflecting the reclassification of certain net operating losses from long-term to current, a decrease in the amount of prepaid items deductible for income tax purposes and an increase to the amount of accrued expenses not deductible for income tax purposes.

Property and equipment increased from prior year levels, reflecting vehicle purchases, recurring capital needs and information technology projects.

Goodwill increased from prior year levels as a result of tuck-in acquisitions at TruGreen and Terminix.

Intangibles decreased from prior year levels due to amortization expense and a recorded trade name impairment.

Debt issue costs decreased from prior year levels due to amortization expense being recorded.

The increase in accounts payable reflects a change in the timing of payments to vendors.

Accrued self-insurance claims and related expenses decreased from prior year levels, reflecting a reduction in required reserve levels under certain of our self-insurance programs and a decrease in accruals for home service contract claims in the American Home Shield business.

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Other accrued liabilities decreased from prior year levels, reflecting a reduction in reserve levels for unrecognized tax benefits.

Deferred revenue increased from prior year levels, reflecting an increase in home service contracts written at American Home Shield.

Long-term debt decreased from prior year levels, reflecting the purchase from Holdings of $65.0 million face value of 2015 Notes, as discussed in "Liquidity", and scheduled principal payments.

Non-current deferred tax liabilities increased from prior year levels, reflecting the reclassification of certain net operating losses from long-term to current, the loss for tax purposes on the sale of TruGreen LandCare exceeding the loss on the sale and impairment for financial reporting purposes and tax deductible depreciation and amortization exceeding depreciation and amortization expense for financial reporting purposes, offset, in part, by the nondeductible trade name impairment.

Other long-term obligations, primarily self-insured claims, decreased from prior year levels, reflecting decreases in the fair value liability recorded for interest rate swap contracts and reductions in required reserve levels under certain of our self-insurance programs.

Total shareholder's equity was $1.248 billion as of December 31, 2011 compared to $1.188 billion as of December 31, 2010.

***Financial Position  Discontinued Operations***

The assets and liabilities related to discontinued operations have been classified in a separate caption on our consolidated statements of financial position.

As part of the TruGreen LandCare sale agreement, the Company guaranteed obligations to third parties with respect to bonds (primarily performance type). At the present time, the Company does not believe it is probable that the buyers will default on their obligations subject to guarantee. The fair value of the Company's obligations related to these guarantees is not significant and no liability has been recorded. See Note 10 of our consolidated financial statements included elsewhere in this prospectus for more information on the Company's guarantees.

***Off-Balance Sheet Arrangements***

The Company has off-balance sheet arrangements in the form of guarantees as discussed in Note 9 of our consolidated financial statements included elsewhere in this prospectus.

**Critical Accounting Policies and Estimates**

The preparation of the Consolidated Financial Statements requires management to make certain estimates and assumptions required under GAAP which may differ from actual results. The more significant areas requiring the use of management estimates relate to revenue recognition; the allowance for uncollectible receivables; accruals for self-insured retention limits related to medical, workers' compensation, auto and general liability insurance claims; accruals for home service contracts and termite damage claims; the possible outcome of outstanding litigation and other disputes; accruals for income tax liabilities as well as deferred tax accounts; the deferral and amortization of customer acquisition costs; useful lives for depreciation and amortization expense; the valuation of marketable securities; and the valuation of tangible and intangible assets. In 2011, there have been no changes in the significant areas that require estimates or in the underlying methodologies used in determining the amounts of these associated estimates.

The allowance for receivables is developed based on several factors including overall customer credit quality, historical write-off experience and specific account analyses that project the ultimate collectability of the outstanding balances. As such, these factors may change over time causing the reserve level to vary.

The Company carries insurance policies on insurable risks at levels which it believes to be appropriate, including workers' compensation, auto and general liability risks. The Company purchases insurance from third party insurance carriers. These policies typically incorporate significant deductibles or self-insured retentions. The Company is responsible for all claims that fall within the retention limits. In determining the Company's accrual for self-insured claims, the Company uses historical claims experience to establish both the current year accrual and the underlying provision for future losses. This actuarially determined provision and related accrual include both known claims, as well as incurred but not reported claims. The Company adjusts its estimate of accrued self-insured claims when required to reflect changes based on factors such as changes in health care costs, accident frequency and claim severity.

Accruals for home service contract claims in the American Home Shield business are made based on the Company's claims experience and actuarial projections. Termite damage claim accruals are recorded based on both the historical rates of claims incurred within a contract year and the cost per claim. Current activity could differ causing a change in estimates. The Company has certain liabilities with respect to existing or potential claims, lawsuits, and other proceedings. The Company accrues for these liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Any resulting adjustments, which could be material, are recorded in the period identified.

The Company records deferred income tax balances based on the net tax effects of temporary differences between the carrying value of assets and liabilities for financial reporting purposes and income tax purposes. The Company records its deferred tax items based on the estimated value of the tax basis. The Company adjusts tax estimates when required to reflect changes based on factors such as changes in tax laws, relevant court decisions, results of tax authority reviews and statutes of limitations. The Company records a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The Company recognizes potential interest and penalties related to its uncertain tax positions in income tax expense.

Revenues from lawn care and pest control services, as well as liquid and fumigation termite applications, are recognized as the services are provided. The Company eradicates termites through the use of non-baiting methods (e.g., fumigation or liquid treatments) and baiting systems. Termite services using baiting systems, termite inspection and protection contracts, as well as home service contracts, are frequently sold through annual contracts for a one-time, upfront payment. Direct costs of these contracts (service costs for termite contracts and claim costs for home service contracts) are expensed as incurred. The Company recognizes revenue over the life of these contracts in proportion to the expected direct costs. Those costs bear a direct relationship to the fulfillment of the Company's obligations under the contracts and are representative of the relative value provided to the customer (proportional performance method). The Company regularly reviews its estimates of direct costs for its termite bait and home service contracts and adjusts the estimates when appropriate.

The Company has franchise agreements in its TruGreen, Terminix, ServiceMaster Clean, AmeriSpec, Furniture Medic and Merry Maids businesses. Franchise revenue (which in the aggregate represents approximately 4 percent of annual consolidated revenue from continuing operations) consists principally of continuing monthly fees based upon the franchisee's customer level revenue. Monthly fee revenue is recognized when the related customer level revenue is earned by the franchisee and collectability is reasonably assured. Franchise revenue also includes initial fees resulting from the sale of a franchise. These fees are fixed and are recognized as revenue

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when collectability is reasonably assured and all material services or conditions relating to the sale have been substantially performed.

Customer acquisition costs, which are incremental and direct costs of obtaining a customer, are deferred and amortized over the life of the related contract in proportion to revenue recognized. These costs include sales commissions and direct selling costs which can be shown to have resulted in a successful sale.

Fixed assets and intangible assets with finite lives are depreciated and amortized on a straight-line basis over their estimated useful lives. These lives are based on the Company's previous experience for similar assets, potential market obsolescence and other industry and business data. As required by accounting standards for the impairment or disposal of long- lived assets, the Company's long-lived assets, including fixed assets and intangible assets (other than goodwill), are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. If the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset, an impairment loss would be recognized equal to the difference between the carrying amount and the fair value of the asset. Changes in the estimated useful lives or in the asset values could cause the Company to adjust its book value or future expense accordingly.

As required under accounting standards for goodwill and other intangibles, goodwill is not subject to amortization, and intangible assets with indefinite useful lives are not amortized until their useful lives are determined to no longer be indefinite. Goodwill and intangible assets that are not subject to amortization are subject to assessment for impairment by applying a fair-value based test on an annual basis or more frequently if circumstances indicate a potential impairment. The Company adopted the provisions of Accounting Standards Update ("ASU") 2011-8, "Testing Goodwill for Impairment," in the fourth quarter of 2011. This ASU gives entities the option of performing a qualitative assessment before calculating the fair value of a reporting unit in Step 1 of the goodwill impairment test. If entities determine, on the basis of qualitative factors, that the fair value of a reporting unit is more likely than not greater than its carrying amount, the two-step impairment test would not be required. For the 2011 annual goodwill impairment review performed as of October 1, 2011, the Company performed qualitative assessments on the Terminix, American Home Shield and ServiceMaster Clean reporting units. Based on these assessments, the Company determined that, more likely than not, the fair values of Terminix, American Home Shield and ServiceMaster Clean were greater than their respective carrying amounts. As a result, the two-step goodwill impairment test was not performed for Terminix, American Home Shield and ServiceMaster Clean in 2011.

As permitted under accounting standards for goodwill and other intangibles prior to the adoption of ASU 2011-08, the Company carried forward a reporting unit's valuation from the most recent valuation under the following conditions: the assets and liabilities of the reporting unit have not changed significantly since the most recent fair value calculation, the most recent fair value calculation resulted in an amount that exceeded the carrying amount of the reporting unit by a substantial margin and, based on the facts and circumstances of events that have occurred since the last fair value determination, the likelihood that a current fair value calculation would result in an impairment would be remote. For the 2010 annual goodwill impairment review performed as of October 1, 2010, the Company carried forward the valuations of the Terminix and ServiceMaster Clean reporting units completed as of October 1, 2009. The Company did not carry forward the valuations for any trade names for the 2011 or 2010 annual trade name impairment reviews. For the 2009 annual goodwill and trade name impairment reviews performed as of October 1, 2009, the Company did not carry forward the valuations of any reporting units or trade names.

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Goodwill impairment is determined using a two-step process. The first step involves a comparison of the estimated fair value of each of the Company's reporting units to its carrying amount, including goodwill. In performing the first step, the Company determines the fair value of a reporting unit using a combination of a discounted cash flow ("DCF") analysis, a market based comparable approach and a market based transaction approach. Determining fair value requires the exercise of significant judgment, including judgment about appropriate discount rates, terminal growth rates, the amount and timing of expected future cash flows, as well as relevant comparable company earnings multiples for the market based comparable approach and relevant transaction multiples for the market based transaction approach. The cash flows employed in the DCF analyses are based on the Company's most recent budget and, for years beyond the budget, the Company's estimates, which are based on assumed growth rates. The discount rates used in the DCF analyses are intended to reflect the risks inherent in the future cash flows of the respective reporting units. In addition, the market based comparable and transaction approaches utilize comparable company public trading values, comparable company historical results, research analyst estimates and, where available, values observed in private market transactions. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with its goodwill carrying amount to measure the amount of impairment, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. In other words, the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment is recognized in an amount equal to that excess.

The impairment test for other intangible assets not subject to amortization involves a comparison of the estimated fair value of the intangible asset with its carrying value. If the carrying value of the intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The estimates of fair value of intangible assets not subject to amortization are determined using a DCF valuation analysis. The DCF methodology used to value trade names is known as the relief from royalty method and entails identifying the hypothetical cash flows generated by an assumed royalty rate that a third party would pay to license the trade names and discounting them back to the valuation date. Significant judgments inherent in this analysis include the selection of appropriate discount rates and hypothetical royalty rates, estimating the amount and timing of estimated future cash flows attributable to the hypothetical royalty rates and identification of appropriate terminal growth rate assumptions. The discount rates used in the DCF analyses are intended to reflect the risk inherent in the projected future cash flows generated by the respective intangible assets.

Goodwill and indefinite lived intangible assets, primarily the Company's trade names, are assessed annually for impairment during the fourth quarter or earlier upon the occurrence of certain events or substantive changes in circumstances. The Company's 2011, 2010 and 2009 annual impairment analyses, which were performed as of October 1 of each year, did not result in any goodwill impairments. However, as of the 2011 annual impairment analysis, the following reporting

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unit had an estimated fair value that the Company has determined, from both a quantitative and a qualitative perspective, was not significantly in excess of its carrying value:

| (In millions) | Goodwill Balance | Fair Value as a Percent of Carrying Value |
|---|---|---|
| TruGreen | $ 1,202.0 | 110% |

For the TruGreen reporting unit, the revenue growth assumption and the margin expansion assumption had the most significant influence on the estimation of fair value. The revenue growth assumption was based primarily on expected sales growth to commercial customers along with improved retention of existing commercial and residential customers. The key uncertainties in the revenue growth assumption include the impact of the various marketing and selling initiatives being undertaken by TruGreen to increase its presence in the commercial lawn care sector. The margin expansion assumption was based primarily on the achievement of improved operational efficiencies through standardization and centralization of selected operating activities and cost efficiencies as a result of projected revenue growth. The key uncertainty in the margin expansion assumption is TruGreen's ability to achieve the forecasted revenue growth while also improving operational efficiencies around costs and expenses.

The Company's annual trade name impairment analyses, which were performed as of October 1 of each year, resulted in pre-tax non-cash impairments of $36.7 million and $26.6 million in 2011 and 2009, respectively. The Company's 2010 trade name impairment analysis did not result in any impairment. The impairment charges by business segment for the years ended December 31, 2011, 2010 and 2009, as well as the remaining value of the trade names not subject to amortization by business segment as of December 31, 2011 and 2010 are as follows:

| (In thousands) | TruGreen | Terminix | American Home Shield | ServiceMaster Clean | Other Operations & Headquarters(1) | Total |
|---|---|---|---|---|---|---|
| Balance at Dec. 31, 2008 | $ 783,600 | $ 875,100 | $ 140,400 | $ 152,600 | $ 445,100 | $ 2,396,800 |
| 2009 Impairment | (21,400) | | | | (5,200) | (26,600) |
| Balance at Dec. 31, 2009 and 2010 | 762,200 | 875,100 | 140,400 | 152,600 | 439,900 | 2,370,200 |
| 2011 Impairment | (36,700) | | | | | (36,700) |
| Balance at Dec. 31, 2011 | $ 725,500 | $ 875,100 | $ 140,400 | $ 152,600 | $ 439,900 | $ 2,333,500 |

(1) The Other Operations and Headquarters segment includes Merry Maids.

The impairment charge in 2011 was primarily attributable to the use of higher discount rates in the DCF valuation analyses as compared to the discount rates used in the 2010 impairment analyses. Although the projected future growth in cash flows in 2011 were slightly higher than in the 2010 valuation, the increase in the discount rates more than offset the improved cash flows. The increase in the discount rates is primarily attributable to changes in market conditions which indicated a lower risk tolerance in 2011 as compared to 2010. This lower risk tolerance is exhibited through the marketplace's desire for higher returns in order to accept market risk. The aggregate impairment charge in 2009 was primarily attributable to the use of lower projected future cash flows related to the hypothetical royalty rates utilized in the DCF valuation analyses as compared to the projected future cash flows used in the 2008 impairment analysis. Although the Company projected future growth in cash flows, such growth was lower than that estimated at the time the trade names were tested for impairment in 2008. The terminal growth rates used in the analyses for the October 1, 2011, 2010 and 2009 impairment tests were the same and in line with historical U.S. gross domestic product growth rates. Had the Company used a discount rate in assessing the impairment of its trade names that was 1 percent higher across all business segments (holding all other assumptions unchanged), the Company would have recorded an additional impairment charge of approximately $114.8 million in 2011.

As a result of the trade name impairment taken in 2011, the carrying value of the TruGreen trade name was adjusted to its estimated fair value as of October 1, 2011. Further, the October 1, 2011 estimated fair value of the trade name at the ServiceMaster Clean business segment was not significantly in excess of its carrying value. Consequently, any further decline in the estimated fair values of these trade names will result in additional trade name impairments. It is possible that such impairments, if required, could be material and may need to be recorded prior to the fourth quarter of 2012 (i.e., during an interim period) if the Company's results of operations or other factors require such assets to be tested for impairment at an interim date.

The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company has entered into specific financial arrangements in the normal course of business to manage certain market risks, with a policy of matching positions and limiting the terms of contracts to relatively short durations.

The Company has historically hedged a significant portion of its annual fuel consumption of approximately 21 million gallons. The Company has also hedged the interest payments on a portion of its variable rate debt through the use of interest rate swap agreements. All of the Company's fuel swap contracts and interest rate swap contracts are classified as cash flow hedges, and, as such, the hedging instruments are recorded on the Consolidated Statements of Financial Position as either an asset or liability at fair value, with the effective portion of changes in the fair value attributable to the hedged risks recorded in accumulated other comprehensive loss.

See Note 1 of our consolidated financial statements included elsewhere in this prospectus for a summary of newly issued accounting statements and positions applicable to the Company.

**Quantitative and Qualitative Disclosures about Market Risk**

***Interest Rate Risk***

The economy and its impact on discretionary consumer spending, labor wages, fuel prices, fertilizer and other material costs, home re-sales, unemployment rates, insurance costs and medical costs could have a material adverse impact on future results of operations.

The Company does not hold or issue derivative financial instruments for trading or speculative purposes. The Company has entered into specific financial arrangements, primarily interest rate swaps and fuel hedges, in the normal course of business to manage certain market risks, with a policy of matching positions and limiting the terms of contracts to relatively short durations. The effect of derivative financial instrument transactions could have a material impact on the Company's financial statements.

The Company has entered into various interest rate swap agreements. Under the terms of these agreements, the Company pays a fixed rate of interest on the stated notional amount and the Company receives a floating rate of interest (based on one month or three month LIBOR) on the stated notional amount. Therefore, during the term of the swap agreements, the effective interest rate on the portion of the term loans under the Term Facilities equal to the stated notional amount is fixed at the stated rate in the interest rate swap agreements plus the incremental borrowing margin (2.50 percent as of December 31, 2011). The changes in interest rate swap agreements in effect for

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the years ended December 31, 2011, 2010 and 2009, as well as the cumulative interest rate swaps outstanding as of December 31, 2011 and 2010 are as follows:

| (In thousands) | Notional Amount | Weighted Average Fixed Rate(1) |
|---|---|---|
| Interest rate swap agreements in effect as of December 31, 2008 | $ 1,430,000 | 3.89% |
| Entered into effect | | |
| Expired | | |
| Interest rate swap agreements in effect as of December 31, 2009 | 1,430,000 | 3.89% |
| Entered into effect | 530,000 | |
| Expired | (530,000) | |
| Interest rate swap agreements in effect as of December 31, 2010 | 1,430,000 | 3.68% |
| Entered into effect | 450,000 | |
| Expired | (450,000) | |
| Interest rate swap agreements in effect as of December 31, 2011 | $ 1,430,000 | 2.84% |

(1) Before the application of the incremental borrowing margin (2.50 percent as of December 31, 2011).

Interest rate swap agreements in effect as of December 31, 2011 are as follows:

| Trade Date | Effective Date | Expiration Date | Notional Amount | Weighted Average Fixed Rate(1) | Floating Rate |
|---|---|---|---|---|---|
| February 15, 2008 | March 3, 2008 | March 3, 2012 | $ 250,000 | 3.48% | Three month LIBOR |
| September 15, 2008 | October 1, 2008 | October 1, 2012 | 200,000 | 3.53% | One month LIBOR |
| April 20, 2009 | September 1, 2011(2) | August 1, 2013 | 530,000 | 1.51% | One month LIBOR |
| June 10, 2010 | March, 3, 2011 | March 1 ,2013 | 100,000 | 1.77% | One month LIBOR |
| June 10, 2010 | September 1, 2011 | September 1, 2013 | 50,000 | 2.25% | One month LIBOR |
| June 15, 2010 | March 3, 2011 | March 1, 2013 | 150,000 | 1.66% | One month LIBOR |
| June 15, 2010 | September 1, 2011 | September 1, 2013 | 150,000 | 2.21% | One month LIBOR |

(1) Before the application of the incremental borrowing margin (2.50 percent as of December 31, 2011).

(2) In August 2011, the Company amended the terms of a $530.0 million interest rate swap agreement entered into in April 2009. In connection with the amendment, which became effective as of September 1, 2011, the expiration date of the agreement was extended from August 2012 to August 2013 and the fixed rate on the agreement was lowered from 2.55 percent to 1.51 percent.

In accordance with accounting standards for derivative instruments and hedging activities, these interest rate swap agreements are classified as cash flow hedges, and, as such, the hedging instruments are recorded on the Consolidated Statements of Financial Position as either an asset or liability at fair value, with the effective portion of the changes in fair value attributable to the hedged risks recorded in other comprehensive loss.

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The Company believes its exposure to interest rate fluctuations, when viewed on both a gross and net basis, is material to its overall results of operations. A significant portion of our outstanding debt, including debt under the Credit Facilities, bears interest at variable rates. As a result, increases in interest rates, whether because of an increase in market interest rates or a decrease in our creditworthiness, would increase the cost of servicing our debt and could adversely impact our results of operations and cash flows. As of December 31, 2011, each one percentage point change in interest rates would result in approximately an $11.0 million change in the annual interest expense on our Term Facilities after considering the impact of the interest rate swaps into which we had entered. Assuming all revolving loans were fully drawn, each one percentage point change in interest rates would result in approximately a $4.4 million change in annual interest expense on our Revolving Credit Facility as of December 31, 2011. We are also exposed to increases in interest rates with respect to our arrangement enabling us to transfer an interest in certain receivables to unrelated third parties. Assuming all available amounts were transferred under this arrangement, each one percentage point change in interest rates would result in approximately a $0.5 million change in annual interest expense with respect to this arrangement as of December 31, 2011. Additionally, we are exposed to increases in interest rates with respect to our floating rate operating leases, and a one percentage point change in interest rates would result in approximately a $0.3 million change in annual rent expense with respect to such operating leases as of December 31, 2011. The Company's exposure to interest rate fluctuations has not changed significantly since December 31, 2010. The impact of increases in interest rates could be more significant for us than it would be for some other companies because of our substantial debt and floating rate operating leases.

The following table summarizes information about the Company's debt as of December 31, 2011 (after considering the effect of the interest rate swap agreements), including the principal cash payments and related weighted-average interest rates by expected maturity dates based on applicable rates at December 31, 2011.

| | Expected Year of Maturity | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| As of December 31, 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Thereafter | Total | Fair Value |
| | ($ in millions) | | | | | | | |
| **Debt:** | | | | | | | | |