

<u>Provision</u>	<u>Section in Franchise Agreement and other agreements</u>	<u>Summary</u>
		selection provision, in any dispute, notwithstanding any state law to the contrary.
v. Choice of forum	Section 17H	Litigation in Utah <u>Tennessee</u> (subject to state law)
w. Choice of law	Section 17G	Utah <u>Tennessee</u> law applies (subject to state law)

Item 18

PUBLIC FIGURES

HRI does not use any public figure to promote HRI's franchise.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

HRI does not currently require all Chem-Dry business franchise owners to provide periodic revenue and other financial reports concerning their franchises. In ~~March 2012~~ February, 2013, HRI conducted a system-wide survey requesting that all franchise owners provide certain financial and other information relating to the operation of their Chem-Dry business franchises during ~~2011~~ 2012. As of December 31, ~~2011~~ 2012, HRI had ~~4,106-1,081~~ franchise owners who operated ~~2,039-2,150~~ Chem-Dry business franchises. Of those, ~~284~~ 211 franchise owners (the "Responding Franchise Owners"), who collectively own ~~475~~ 706 Chem-Dry business franchises, and who have owned their businesses at least 2 years, provided complete ~~2011~~ 2012 financial information in response to the survey and operated those franchises throughout all of ~~2011~~ 2012.

The Responding Franchise Owners as a whole generally reflect the characteristics of all Chem-Dry franchises as of December 31, ~~2011~~ 2012 and the characteristics that HRI expects for new Chem-Dry business franchises. For example:

- All of the Responding Franchises offer the same products and services that HRI authorizes new and existing Chem-Dry business franchises to sell.
- The Responding Franchises operate in a mix of urban, suburban and rural areas, and they are disbursed geographically throughout the U.S.

- 43-12 Covered Franchise Owners have operated for more than 2 years but less than 5 full years, 40-29 Covered Franchise Owners have operated for more than 5 but less than 10 full years, 71-50 Covered Franchise Owners have operated for more than 10 but less than 20 full years, and 460-120 Covered Franchise Owners have operated for more than 20 full years.
- The average age in the system of all 4,4061,081 franchise owners in the Chem-Dry system is 16-215.6 years.

Listed below are the Number of Owners, #Number of Franchises, Number of Franchises per Owner, Annual Revenue per Owner, Revenue per Franchise, and the cost of Cleaning Solution as a %Percent of Revenue as those terms are defined in the notes below, for the Responding Franchise Owners and Responding Franchises during the period from January 1, 2011-2012 until December 31, 2011-2012. Note that the chart is broken down into top 1/3rd, mid 1/3rd, and bottom 1/3rd along with an average for the Responding Franchise Owners and Responding Franchises.

	# of Owners	# Franchises	Franchises/Owner	Years Operating	Annual Revenue/Owner	Annual Revenue/Franchise	Cost of Solution
Top 1/3	<u>9570</u>	<u>224247</u>	<u>2.43.5</u>	<u>21.418.9</u>	<u>\$404,080518,550</u>	<u>\$171,373146,957</u>	<u>4.75.1%</u>
Mid 1/3	<u>9571</u>	<u>255134</u>	<u>2.71.9</u>	<u>16.717.6</u>	<u>\$216,402160,565</u>	<u>\$80,62085,075</u>	<u>5.8%6.3%</u>
Bottom 1/3	<u>9470</u>	<u>22794</u>	<u>2.41.3</u>	<u>16.015.0</u>	<u>\$118,32273,057</u>	<u>\$48,99754,404</u>	<u>6.47.0%</u>
Avg	<u>284211</u>	<u>706475</u>	<u>2.52.3</u>	<u>18.017.1</u>	<u>\$246,718250,297</u>	<u>\$99,246111,184</u>	<u>5.35%</u>

Listed below are the Number of Owners, #Number of Franchises, Number of Franchises per Owner, Annual Revenue per Owner, Revenue per Franchise, and the cost of Cleaning Solution as a %Percent of Revenue as those terms are defined in the notes below, for the Responding Franchise Owners and Responding Franchises during the period from January 1, 2011-2012 until December 31, 2011-2012. Note that the chart is broken down into age categories (between 2 years and 5 years old; older than 5 years but less than 10 years; older than 10 years but less than 20 years; and older than 20 years old) along with an average for the Responding Franchise Owners and Responding Franchises.

	# of Owners	# Franchises	Franchises/Owner	Years Operating	Annual Revenue/Owner	Annual Revenue/Franchise	Cost of Solution
>2<5	<u>1312</u>	<u>2717</u>	<u>2.11.4</u>	<u>3.3</u>	<u>\$163,90374,252</u>	<u>\$78,91652,413</u>	<u>6.28.5%</u>
>5<10	<u>4029</u>	<u>8654</u>	<u>2.21.9</u>	<u>7.47.6</u>	<u>\$174,748173,195</u>	<u>\$81,27893,012</u>	<u>6.47.3%</u>
>10<20	<u>7150</u>	<u>148113</u>	<u>2.12.3</u>	<u>15.115.6</u>	<u>\$244,100243,585</u>	<u>\$117,102107,781</u>	<u>5.14.7%</u>
>20	<u>160120</u>	<u>445291</u>	<u>2.82.4</u>	<u>22.421.5</u>	<u>\$272,604289,331</u>	<u>\$98,014119,312</u>	<u>5.25.4%</u>
Avg	<u>284211</u>	<u>706475</u>	<u>2.52.3</u>	<u>18.017.0</u>	<u>\$246,718250,297</u>	<u>\$99,246111,184</u>	<u>5.35.5%</u>

411-66 out of 284-211 or 3931% of Responding franchise owners met or exceeded the average annual revenue per franchise.

89-70 out of 284-211 or 3433% of Responding franchise owners met or exceeded the average annual revenue per franchise owner.

Notes

1. A number of factors impact franchise owner's revenue, such as the operational capability of the franchise owner, the price that the franchise owner decides to charge, the competition in the market, and the franchise owner's ability to sell ancillary products and higher-margin services. The price you charge and your ability to sell may differ from the Responding Franchise Owners.

2. The figures in these tables reflect the actual results that the Responding Franchise Owners reported in the survey HRI conducted. The figures have not been audited, nor has HRI sought to independently verify their accuracy. Prospective franchisees and sellers of franchises should be advised that no certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form.

3. "# of Owners", reflects the number of individual franchise owners in each measured category out of the total ~~284~~211 Responding Owners.

4. "# of Franchises", reflects the number of individual franchise businesses in each measured category out of the total ~~706~~475 Responding Franchises.

5. "Franchises/Owner" reflects the average number of franchise businesses owned per franchise owner.

6. "Years Operating" reflects the average number of years the group of franchisees represented per category being measured has operated each franchise business.

7. "Average Annual Revenue per Owner" reflects the total revenue that the Responding Franchise Owners reported.

8. "Average Annual Revenue per Franchise" reflects the total revenue that the Responding Franchise Owners reported divided by the total number of Responding Franchises.

9. "Cost of Solution" is the average cost of all cleaning solutions bought from HRI as a ~~%~~percent of revenue as reported by the Responding Franchise Owners for each of their Responding Franchises.

10. In these financial performance representations, HRI considers each franchise agreement to be one "franchise" for purposes of counting the number of Responding Franchises. In the Chem-Dry business franchise network, there sometimes is one individual, group of individuals or entity who has management responsibility for a number of different franchises operating under different franchise agreements. For example, that individual, group or entity may be the franchisee under each of the franchise agreements, or an owner (whether of a majority or minority of the ownership interests) of those franchisees, or have management responsibility (for example, as a managing member or partner) of those franchisees.

11. As described above, the Responding Franchises have operated for long periods of time, many of them for longer than 19 years. These Responding Franchises have had time, in some cases many years, to develop a base of customers that provide a recurring revenue stream. A new franchisee starting a new Chem-Dry business franchise would not start with that base of customers and should expect to realize lower revenue.

12. The Chem-Dry brand is well established in many of the markets in which the Responding Franchises operate. If you operate your Chem-Dry business franchise in a new region or market where the Chem-Dry brand is not yet well developed, your franchise may not benefit as much from an established trade identity in the market or from marketing activities that other Chem-Dry business franchise owners have historically conducted and will continue to conduct. This might result in lower revenue than that reported by Responding Franchise Owners and Covered Franchises.

13. Other than cost of cleaning solutions as a percent of revenue, this financial performance representation does not reflect other variable or fixed operating expenses, or other costs or expenses that must be deducted from the revenue figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Chem-Dry business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

14. Your results are likely to differ from the results described above, and for a number of reasons, these results should not be considered as the actual or probable results that your Chem-Dry business will realize.

15. HRI will provide written substantiation for the data used to prepare this financial performance representation upon your reasonable request.

16. Other than the preceding financial performance representation, HRI does not make any financial performance representations. HRI also does not authorize its employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, HRI may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Dan Tarantin, our President & CEO, at 124 12th Ave., South Suite 300, Nashville, TN 37203 (800) 841-6583, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

SYSTEMWIDE OUTLET SUMMARY FOR THE YEARS ENDING ~~JANUARY 31, 2011~~ December 31, 2012, ~~2012~~ JANUARY 30, 2011, AND ~~JANUARY 31, 2011~~ JANUARY 30, 2011

Outlet Type	Year ¹	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2010 <u>2011</u>	2268 <u>2364</u>	2166 <u>2267</u>	-96 <u>-102</u>
	2011 <u>January 2012</u>	2166 <u>2267</u>	2155 <u>2164</u>	-403 <u>-11</u>
	2012 <u>December 2012</u>	2155 <u>2164</u>	2043 <u>2149</u>	-15 <u>-112</u>
Company-Owned	2010 <u>2011</u>	0	0	0
	2011 <u>January, 2012</u>	0	0	0
	2012 <u>December, 2012</u>	0	0	0
Total Outlets	2011 <u>2010</u>	2268 <u>2364</u>	2166 <u>2267</u>	-102 <u>-96</u>
	January 2012 <u>2011</u>	2166 <u>2267</u>	2155 <u>2164</u>	-11 <u>-403</u>
	December 2012 <u>2012</u>	2155 <u>2164</u>	2043 <u>2149</u>	-112 <u>-15</u>