

FRANCHISE DISCLOSURE DOCUMENT

ABM Franchising Group, LLC
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TEGG®

An ABM Company

The franchisee will operate a TEGG® Service franchise business engaging in the maintenance, repair, replacement, diagnostics, enhancements and maintenance of electrical systems, telecommunication systems, data communication systems, indoor and outdoor lighting, electrical power conditioning systems, electrical power monitoring systems, electrical motors, motor starters, capacitors (power factor correction systems), uninterruptible power supplies, surge protection devices, harmonic filters, emergency lighting systems, security systems, fire alarm systems, electric generation systems, power substations, oil analysis of transformers and oil circuit breakers, battery single and multi-strap intercell resistance measurements, development of single line diagrams, panel schedules and circuit identification, energy conservation systems, building automation systems, and related activities.

The total investment necessary to begin operation of a TEGG® Service franchise is **\$96,280 to \$225,184** **\$229,384**. This includes **\$65,000 to \$75,000** that must be paid to the franchisor.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least fourteen (14) calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact ABM Franchising Group, LLC at 501 Technology Drive, Suite 3000, Canonsburg, Pennsylvania 15317, Attention: TEGG® Service or call (724) 873-2940.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, such as a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can

help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

The issuance date of this Franchise Disclosure Document is: **January 24, ~~2024~~2025**

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits H and I.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit J includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only TEGG Service business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a TEGG Service franchisee?	Item 20 or Exhibits H and I list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit F.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Pittsburgh, Pennsylvania. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Pennsylvania than in your own state.
2. **Minimum Payments.** The franchise agreement requires you to pay us a minimum royalty fee of \$34,800 in the first year, with annual increases each year thereafter, whether or not you have any revenue.
3. **Liquidated Damages.** The franchise agreement requires you to pay us liquidated damages if the franchise agreement is terminated prior to the end of the term for any reason, other than by you pursuant to section 34(a), 34(b) or 34(c) of the franchise agreement, in the amount of \$65,000 as a reasonable estimate of the actual damages we will sustain due to your termination.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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A. Franchise Agreement B. Guarantee C. Confidentiality Agreement D. TEGGPro License Agreement E. General Release F. State Administrators G. Agents for Service of Process H. List of Franchisees I. Franchisees Who Left the System During Our Last Fiscal Year	J. Financial Statements, Independent Auditors’ Acknowledgement Letter and ABM Guarantee of Performance K. COM Table of Contents L. State Addenda to the Disclosure Document M. Franchise Agreement Riders for Certain Registration States N. Receipt
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ITEM 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor, Its Parents, Predecessor and Affiliates

ABM Franchising Group, LLC is the franchisor of the TEGG® Service franchise program this Disclosure Document describes. For simplicity, we refer to ABM Franchising Group, LLC, as “TEGG” or by a first person plural pronoun (“we”, “us” or “our”). “You” means the individual or business entity (corporation, limited liability company, partnership, etc.) that buys a franchise. Except for sole proprietorships, “you” does not include a business entity’s owners.

We were organized under Delaware law on November 3, 2003 under the name Linc Franchises, LLC and changed our name to Linc Network, LLC on December 17, 2004. We changed our name to ABM Franchising Group, LLC on November 1, 2012. We maintain our principal business addresses at 1005 Windward Ridge Parkway, Alpharetta, Georgia 30005 and 501 Technology Dr., Suite 3000, Canonsburg, Pennsylvania 15317. We conduct the business described in this Disclosure Document under the “TEGG” name. Exhibit G lists our agents for service of process in the states whose franchise laws require us to name an agent for service.

We have offered TEGG franchises since acquiring the brand in 2012. We do not operate any businesses of the type being offered. We also offer Linc Service® franchises and have offered GreenHomes America® and CurrentSAFE® franchises. [As of October 31, 2024, we had 121 total domestic and international Linc Service® franchises.](#)

We are a member of an affiliated group of companies that was organized in November 2003 to acquire the business and assets of The Linc Corporation, a Pennsylvania corporation (“Linc Corporation”) and its affiliates. On December 8, 2003, Linc Corporation transferred the assets of its franchising operations to us and we assumed its obligations as franchisor of the Linc Service® brand. Linc Corporation may be considered our “predecessor”. We have no predecessor within the last 10 years.

Between 1980 and the date we acquired its assets, Linc Corporation offered Linc Service® franchises for service businesses engaged in the maintenance, repair and replacement of heating, ventilating and air conditioning systems, equipment and controls, primarily for commercial, industrial, institutional and multifamily residential buildings (“Linc Businesses”). The Linc Corporation also owned and operated Linc Businesses indirectly through subsidiaries and other affiliates. Linc Corporation did not offer franchises in any other line of business.

On May 1, 2012, we purchased certain assets and liabilities of TEGG Corporation and CurrentSAFE Corporation, including their franchise business operations. From 1993 until we acquired its assets, TEGG Corporation offered TEGG® franchises for service businesses engaged in the maintenance, repair and other related activities of electrical components and systems. From 2008 until we acquired its assets, CurrentSAFE Corporation offered CurrentSAFE® franchises for residential electrical contractors to offer Electrical Hazard Detection Services to homeowners. We offered CurrentSAFE® franchises from May 2012 until September 30, 2015, when we sold the assets of the CurrentSAFE franchise business to CurrentSAFE, LLC, an unaffiliated Ohio limited liability company. As of the date of the asset sale, we had 22 CurrentSAFE® franchises.

On November 1, 2012, GreenHomes America, LP (“GreenHomes America”) merged into ABM Franchising Group, LLC and ABM Franchising Group, LLC became the sole owner of GreenHomes America, LLC. From 2009 until the merger in 2012, GreenHomes America offered GreenHomes America® franchises for the development, operation and improvement of businesses engaged in residential home performance contracting products and services. We offered GreenHomes America® franchises from November 2012 until October 31, 2015. As of October 31, 2015, we had 13 GreenHomes America franchises. On September 8, 2016 we sold the assets of the GreenHomes franchise business to GreenHomes America, LLC, an unaffiliated Connecticut limited liability company.

We have no affiliates or subsidiaries that offer franchises or that provide products or services to our TEGG franchisees.

Our parent company is ABM Industries Incorporated (“ABM”), a Delaware corporation with its principal place of business at One Liberty Plaza, New York, NY 10006.

Description of the Franchise

We own a distinctive system (the “TEGG System”) for the development of additional business for electrical contractors primarily for commercial, industrial, institutional and certain multifamily residential buildings. TEGG Service includes methods and techniques for managing and operating the TEGG Business and for educating and promotion and quality control. TEGG Service is identified by various trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the mark “TEGG” (the “Proprietary Marks”). The Franchise Agreement grants you the right to use the Proprietary Marks and the TEGG System only in connection with your Franchised Business.

We offer franchises primarily to qualified individuals and business entities presently engaged in the electrical contracting business. We may also offer franchises to qualified individuals and entities that are not presently engaged in the electrical business. The franchise entitles you to establish and operate one service establishment that sells, services, maintains, performs diagnostics and repairs electrical systems, telecommunication systems, data communication systems, indoor and outdoor lighting, electrical power conditioning systems, electrical power quality monitoring systems, electrical motors, motor starters, capacitors (power factor correction systems), uninterruptible power supplies, surge protection devices, harmonic filters, emergency lighting systems, security systems, fire alarm systems, electric generation systems, power substations, oil analysis of transformers and oil circuit breakers, battery single and multi-strap intercell resistance measurements, development of single line diagrams, panel schedules and circuit identification, energy conservation systems, building automation systems, and related activities, including quality control standards for these activities under the Proprietary Marks, all of which may be changed, improved and further developed by us (a “Franchised Business”).

Franchisees offer their products and services primarily to owners or managers of commercial, industrial, institutional and multifamily residential buildings. You may establish your Franchised Business at your existing business premises or at another location that you select (the “Franchised Location”) within your defined marketing territory (“Primary Marketing Area” or “Shared Marketing Area”). In a Shared Marketing Area you may face competition from other TEGG

franchisees. You will know prior to execution of your Franchise Agreement whether or not your marketing territory will be a Primary Marketing Area or a Shared Marketing Area.

The TEGG System includes proprietary management information and accounting system software ("Proprietary Software"). To use our software, you must sign the TEGGPro[®] License Agreement ~~in (Exhibit D to this disclosure document.)~~. You also have the option of accessing the Proprietary Software, along with other business software that has been customized but is not proprietary to us, in our hosted environment. Some or all of the software may be available only through the hosted environment.

You may not operate a Franchised Business from a location other than the Franchised Location without our prior written consent. You may engage in other business enterprises simultaneously with the operation of a Franchised Business. If you do, you must establish a separate entity or division and take such further steps as we may consider necessary to insure the separation of the Franchised Business from other businesses you operate.

The TEGG Services are intended for owners and managers of commercial, industrial, institutional, healthcare, government, financial and educational buildings on a contract and/or emergency service basis. TEGG Services may be sold to multi-family residential buildings above three stories, but not to single-family residential structures or in condominiums, townhouses, duplexes, quads and apartments, housed in buildings of three stories or less. The market for TEGG Services is well developed and competitive. You will compete with electrical contractors and other independent businesses performing similar services and with local service offices of electrical equipment manufacturers. You may also compete with our parent companies and affiliates related to the performance of bundled energy solutions, facility management services, and lighting and electrical services in your Primary or Shared Marketing Area.

If you already engage in the electrical business, we expect you to conduct your Franchised Business from your existing facility or from another location selected by you within your Primary Marketing Area or Shared Marketing Area, as applicable. Franchised Locations are typically located in commercial or light industrial areas. Average space requirements are approximately 120 square feet of office space per office person and 100 square feet of warehouse space per \$1,000,000 of annual revenue from offering TEGG Services.

Industry-Specific Regulations

In addition to laws and regulations that apply to businesses generally, you must comply with the following industry-specific regulations and standards:

- The National Electric Code
- OSHA Electrical Safety Standards (Electrical Standards, 29 CFR 1910, Subpart S)
- National Fire Protection Agency 70B and 70E ("Electrical Safety Requirements for Employee Workplaces")

- NETA Maintenance Testing Specifications (a generally accepted industry standard)
- ASNT's Recommended Practice: SNT-TC-1A

There may also be state and local laws in your Primary Marketing Area or Shared Marketing Area, as applicable, pertaining to the operation of businesses such as the Franchised Business. These laws may require you to obtain certain contractor's licenses and/or permits. It is your responsibility to comply with all applicable laws, and you may wish to contact an attorney to inquire about such laws.

ITEM 2: BUSINESS EXPERIENCE

Senior Vice President, Franchising – ~~Bruce Phibbs~~Kelly Pnacek

~~Mr. Phibbs~~Ms. Pnacek, operating from ~~Pittsburgh, Pennsylvania~~Pinckney, Michigan, has served as ~~our~~ Senior Vice President, Franchising since ~~March 2017. From May 2008 until February 2017,~~ he served as Executive 2024. She joined ABM in 2001 and has supported the organization in several positions including Maintenance Sales Representative, General Manager, and Sr. Area Vice President of ABM Building & Energy Solutions LLC.

Senior Vice President, Franchise Operations – Martin Keyser

Mr. Keyser, operating from Pittsburgh, Pennsylvania, has served as our Senior Vice President, Franchise Operations since March 2017. ~~From August 2012 until February 2017, he served as our Vice President, Administration.~~

Vice President of Finance, ABM Technical Solutions – Evan Leigh

Mr. Leigh, operating from Alpharetta, Georgia, has served as Senior Director of Finance, ABM Aviation from November 2018 through October 2023 and currently serves as Vice President of Finance, ABM Technical Solutions.

Vice President, Franchise Development – Todd Greenlee

Mr. Greenlee, operating from Pittsburgh, Pennsylvania has served as our Vice President, Franchise Development since March 2021. From June 2010 to February 2021, he served as our Area Vice President.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

Franchise Fee

You must pay us an Initial Franchise Fee when you sign the Franchise Agreement. The Initial Franchise Fee is \$75,000. The Initial Franchise Fee is nonrefundable.

The Franchise Fee is uniform for all new TEGG Franchisees receiving this Disclosure Document. You have two options for paying the Initial Franchise Fee: (1) pay \$37,500 upon execution of the Franchise Agreement and the remaining \$37,500 in eleven consecutive monthly installments of \$3,409.09 each; or (2) pay a discounted lump sum Initial Franchise Fee of \$65,000 upon execution of the Franchise Agreement.

If you are signing a Franchise Agreement to renew your franchise, you will not be required to pay an Initial Franchise Fee, provided that you comply with the requirements of your expiring Franchise Agreement.

Training Fee

When you execute the Franchise Agreement, we will make initial training available to your employees in our Pittsburgh, PA facility. There is no tuition fee for General Management, Maintenance Sales, or Operations Coordinator initial training, but you will be required to pay the travel and living expenses of your employees attending these training sessions. For Operations Technical initial training, the course fee is ~~\$3,500~~ \$2,350 per participant (which includes the \$2,000 IR 1 certification fee), ~~or \$750 per participant for just the first week of de-energized training (see Item 11 for further details).~~ and examination fee and a PCN exam through third party BINDT based on ISO standards. For additional training conducted on line or at your Franchise Location, you will pay us a training fee equal to ~~\$800~~ \$1,000 per day of training. For training conducted at your Franchise Location, you will also pay us the travel and living expenses of your instructor during on-site training. We provide Infrared Level 1 and Level 2 training with in-house trainers. This training instructs your employees how to set up and operate an infrared camera and how to gather the quantitative and qualitative data necessary to perform TEGG Service. ~~The tuition is \$2,000 per student.~~ There are also fees of up to \$500 per course to access trainings through third party relationships. Details can be found in Items 6 and 11. Additionally, TEGG Technicians have the opportunity to take a De-energized Testing/NICET Level II Prep Course. This training is held at the Eaton Experience Center in Cranberry, PA and in Houston, TX. The training topics consist of inspection and de-energized testing of electrical training equipment, identifying hazards, selecting PPE, Lockout/Tagout, and preparation for the NICET Level II certification. The cost for this course is \$1,100 per participant.

Training fees are uniform for all franchisees and non-refundable.

ITEM 6: OTHER FEES

<u>Type of Fee</u>	<u>Amount</u>	<u>Date Due</u>	<u>Remarks</u>
Royalty Fee	Between 2.5% and 4.5% of Gross Revenues based on your total Gross Revenues (see Schedule in Note 1), subject to Minimum Royalty Fees (see Note 2).	Payable monthly within 30 days following end of month.	During each Agreement Year you will pay not less than the Minimum Royalty Fee stated in the schedule.
Other Training Fees (See Note 3)	\$800 <u>\$1,000</u> per instructor per day, plus travel and living expenses	Upon Completion	We charge you for training conducted by our staff that is requested by you beyond what we initially provide.
Leadership training and other standard training classes conducted at your Franchise Location	\$1,500, plus travel and living expenses of instructor(s)	Upon Completion	Payable for Leadership training or other standard training classes conducted at your Franchise Location. No limit on number of attendees.
TEGGPro View software license fee	\$75 per customer that elects to use the software	Within 30 day after customer pays you	If your customer elects to use TEGGPro View, the customer must pay you a software licensing fee, which is currently \$150. You must pay half of the fee to us, and you retain the balance.
Transfer Fee	\$5,000	Prior to Transfer	Payable when you sell or transfer your TEGG Franchise Agreement. Not applicable to transfers between present officers, directors or any members of their family.
Audit Fee	Our actual audit costs and expenses	As Incurred	Payable if we find understatement of TEGG Service business of 2% or more.

<u>Type of Fee</u>	<u>Amount</u>	<u>Date Due</u>	<u>Remarks</u>
Indemnity	Our actual losses and expenses	Within 30 days after invoice	You must indemnify us in certain situations as described in the Franchise Agreement.
Liquidated Damages	\$65,000	Within 30 days after termination	Payable if the Franchise Agreement is terminated for any reason except for your right to terminate according to Sections 34(a), 34(b) and 34(c) of the Franchise Agreement.
Interest	The lesser of 1.5% per month or the highest rate permissible by law.	On Demand	Payable on any amounts not paid when due.
Renewal Waiver Fee	\$2,500 per month until a Renewal Franchise Agreement has been signed	Monthly after expiration of Term	According to Section 29(f) of the Franchise Agreement, payable if we agree to waive expiration of your Franchise Agreement after the term expires and you continue to operate under the terms of your existing Franchise Agreement. You must also pay us Royalty Fees under our then-current Royalty Fee Schedule.

Notes:

- Monthly royalty fees will be assessed according to the following schedule:

Monthly Royalty

- 4.5% - On \$ 0 to \$ 700,000 of Gross Revenues; plus
- 4.0% - On \$ 700,001 to \$1,400,000 of Gross Revenues; plus
- 3.5% - On \$1,400,001 to \$2,100,000 of Gross Revenues; plus
- 3.0% - On \$2,100,001 to \$2,800,000 of Gross Revenues; plus
- 2.5% - On all Gross Revenues in excess of \$2,800,000.

“Gross Revenues” means the aggregate amount, determined on an accrual accounting basis, of all of your sales of services and products; provided, however, that “Gross Revenues” excludes sales taxes and/or other taxes you collect from customers and actually transmit to the appropriate taxing authorities. However, if you have established a separate division or entity for your TEGG Business, then Gross Revenues excludes sales to your other divisions or entities, but will include amounts for sales and services from your other divisions or entities for any of the following:

- (i) Work sold by any person regularly employed by your TEGG division or entity of your TEGG Business;

- (ii) All business under the supervision of the TEGG division or entity's General Manager;
 - (iii) Design, installation, start-up, warranty, testing (such as harmonics, infrared, power factor, ground resistance, ultrasonic, RMS voltage, RMS current, megger® (megger is a registered trademark of Megger Limited), and voltage disturbances);
 - (iv) Inspecting, cleaning, maintaining records, aligning, tightening, balancing loads, circuit breakers (testing, calibration and upgrading), reviewing code compliance, lubrication, maintaining liquid levels, scheduling, insulating, shutdown, securing, preventive maintenance, corrective maintenance, predictive maintenance, service, calibration, relocating, adjustment, repair, operation, modifications, additions, replacement and sale of parts and supplies;
 - (v) Electrical distribution systems, telecommunication systems, indoor and outdoor lighting, electrical power conditioning systems, surge protection systems, harmonic filters, electrical power quality monitoring systems, electric motors, motor starters, capacitors (power factor correction systems), uninterruptible power supplies, emergency lighting systems, security systems, fire alarm systems, electric generation systems, power substations;
 - (vi) Oil analysis of transformers and oil circuit breakers;
 - (vii) Single battery and multi-strap intercell resistance measurements;
 - (viii) Development of single line diagrams, panel schedules and circuit identification;
 - (ix) Energy conservation systems; and
 - (x) Such related products and services as FRANCHISOR may require or authorize in writing from time to time.
2. Despite the monthly royalty schedule in Note 1 above, you must pay to us, during each year of the Franchise Agreement, not less than the minimum royalty fees as described in the schedule below:

<u>Initial Term Franchise Year</u>	<u>Monthly Minimum</u>	<u>Annual Minimum</u>
First Agreement Year	\$2,900	\$34,800
Second Agreement Year	\$3,500	\$42,000
Third Agreement Year	\$3,900	\$46,800
Fourth Agreement Year	\$4,600	\$55,200
Fifth Agreement Year	\$5,100	\$61,200
Sixth Agreement Year	\$5,600	\$67,200

Renewal Franchises – If you are signing a franchise agreement for the first renewal of your franchise, you must pay to us, during each year of the Franchise Agreement, our then current Royalty Fees, which may or may not contain a minimum or maximum amount. Annual Royalty Fees for renewal terms shall be the greater of (X) the amounts set forth above in Section 11(a)(i) or (Y) the amounts equal to the sum of \$4,000 plus the Annual Royalty Fee during the last year of the prior term or (Z) the amounts equal to the Annual Royalty Fee during the last year of the then-current version of the Franchise Agreement.

3. There is no minimum number of students for training conducted in Pittsburgh, PA, but regional trainings require six (6) participants. We provide the facility and supervise the training. You must pay the wages, travel, living and other expenses of your employees. Travel and living expenses (excluding wages) for employees attending training conducted in centralized locations range from \$200 to \$2,200 per training participant. Detailed training information appears in Item 11 of this disclosure document.

All fees listed above are uniformly imposed on new TEGG Franchisees receiving this Disclosure Document. Unless otherwise noted, all fees are payable to us and non-refundable.

ITEM 7: ESTIMATED INITIAL INVESTMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee	\$65,000-\$75,000 (Note 1)	Lump sum or installments (Note 1)	Upon execution or in installments (Note 1)	Us
Pre-Opening Training Travel & Living	\$0-\$11,000 <u>150</u> (Note 2)	Lump sum	As incurred	Airlines, hotels & restaurant expenses
Insurance	\$0 (Note 3)	As arranged	As incurred	Insurers
Vehicles	\$0- \$3,600 <u>7,650</u> per vehicle (Note 4)	As arranged	As arranged	Supplier
Vehicle Markings	\$30-\$400 per vehicle (Note 5)	As arranged	As incurred	Supplier
Real Property	(Note 6)	(Note 6)	(Note 6)	(Note 6)
Equipment	\$0-\$68,684 (Note 7)	As arranged	As arranged	Suppliers
Salary Requirements	\$31,250-\$62,500 (Note 8)	As arranged	As incurred	Employees
Computer Equipment	\$0-\$4,000 (Note 9)	As arranged	As arranged	Suppliers
Advertising	\$0 (Note 10)	As arranged	Monthly	Suppliers
Additional Funds	\$0 (Note 11)			
Total	\$96,280- \$225,184 <u>\$229,384</u> (Note 12)			

Notes:

- (1) The Initial Franchise Fee and certain other expenses are discussed in Item 5.

- (2) Pre-opening training expenses are discussed in Item 5. There is no minimum number of students for the training conducted in Pittsburgh, PA, but regional trainings require six (6) participants. The training consists of three full days (24 hours) of technical training plus one full day (8 hours) of software training. We provide the facility and supervise the training. You must pay the wages, travel, living and other expenses of your employees during all initial training. Travel and living expenses (excluding wages) for employees attending training conducted in centralized locations range from \$200 to \$2,200~~350~~ per training participant. We require a minimum of five (5) employees, but there is no limit on the number of employees allowed to attend centralized initial training sessions before or after the opening of the TEGG Business. Training schedules and expenses are discussed in Item 11.
- (3) We expect that you will already have insurance coverages in place for your existing business. You must continue to maintain workers' compensation insurance, employer's liability insurance and comprehensive general liability insurance, including contractual liability coverage and automobile liability insurance with a minimum amount of \$2 million. The cost of obtaining and maintaining such insurance varies according to such factors as the size and location of your business, the number of employees and vehicles, and your claims experience. If you already have comparable insurance as part of your existing electrical business, there may be no additional cost.
- (4) We recommend that you make available a sedan or similar vehicle to your General Manager, Service Manager and each TEGG Sales Professional, and a van or pickup truck for each Journeyman Electrician/Technician. When your business requires adding vehicles, the cost of providing such vehicles is approximately \$20~~45~~,000 each. These vehicles can be leased from various sources. In Pittsburgh, the cost for leasing a sedan or similar vehicle of \$20~~45~~,000 purchase price is approximately \$400~~850~~ per month on a four-year lease. The amount reflected in the schedule is the estimated cost of providing up to three (3) leased vehicles for the three (3) month initial phase of the Franchised Business. Instead of providing a vehicle to management or sales employees, you can pay a fee per mile for use of their personal vehicles. If they are existing employees, you may already be providing the required vehicle or mileage reimbursement.
- (5) We offer different formats by which you may incorporate the TEGG identification with your own identification. The cost to incorporate these options ranges from \$30 to \$400 per vehicle.
- (6) We expect that you will operate your TEGG Business from your existing facility. Therefore, we have not included in this estimate any expenses for real estate. If you do not have an existing facility, typical locations are in commercial or light industrial areas. Average space requirements are approximately 120 square feet of office space per office person and 100 square feet of warehouse space per \$1 million annual revenue of your TEGG Business.
- (7) Equipment required to operate your TEGG Business consists primarily of tools, safety equipment, and testing equipment for use by your TEGG Electricians/Technicians. If you do not own sufficient equipment, you must purchase or lease, at a minimum and according to our specifications, the tools, safety equipment and testing equipment listed below. The estimated cost in the table is for each pair of TEGG Electricians/Technicians. You may be able to obtain a third party finance lease for these items for up to the full purchase cost.

a. REQUIRED TEST INSTRUMENTS THAT TYPICALLY MUST BE PURCHASED

<u>MANUFACTURERS</u>	<u>ITEM</u>
i. Ram Meter, Inc.	Power Harmonics Analyzer: AEMC Handscope OX5042-CK or Fluke 123B <u>125B</u> /NA/ S Industrial ScopeMeter®
ii. UE Systems, Inc.	Ultraprobe UE15000 Scanner Kit/Stethoscope
iii. FLIR Systems, Inc.	*T865 High Performance Infrared Camera with FlexView Lens

* FLIR Imaging Systems can be purchased through us, which includes our national agreement discounted prices and shipped directly to your location. This discount is only available through TEGG. The price of a thermal imaging camera does not include the cost of training.

Electricians that register and attend our Infrared Class (Level I or Level II) will be charged ~~\$2000~~2,350 per electrician for IR training. This training is conducted in Pittsburgh, Pennsylvania, or other locations as determined by TEGG, and TEGG will provide the facility, supervision and instructors for the training. Camera prices may vary throughout the year based on manufacturer's price changes. The cost for training additional electricians may vary from ~~\$2000~~2,350 throughout the year.

b. DEENERGIZED TEST EQUIPMENT FOR FUTURE PURCHASE, RENT OR LEASE FROM TEGG'S PREFERRED VENDORS AT DISCOUNTED PRICES (RECOMMENDED FOR FUTURE SHUT DOWN MAINTENANCE ONLY)

<u>MANUFACTURERS</u>	<u>ITEM</u>
i. Ram Meter, Inc.	AEMC 6292 Digital Low Resistance Ohmmeter (Required when performing de-energized) (Rent from vendor or purchase when needed)
ii. Ram Meter, Inc.	AEMC 5050 Insulation Resistance Tester (Required when performing de-energized) (Rent from vendor or purchase when needed)
iii. AEMC Instruments	AEMC Model DTR 8510 Digital Single Phase TTR (Rent from vendor or purchase when needed)
iv. Ram Meter, Inc.	AEMC Clamp-On Ground Resistance Tester, Model 6417 (Memory and Alarm) (Rent from vendor or purchase when needed)

c. REQUIRED SAFETY ITEMS THAT TYPICALLY MUST BE PURCHASED FOR TWO TECHNICIANS

- i. UNIFORMS (UltraSoft)
 - a. Pants (12 Cal) –11 pairs/person
 - b. Long-Sleeved Shirts (8 Cal) –11 shirts/person
- ii. ARC FLASH PPE (Indura UltraSoft)
 - a. FR Coveralls (12 Calorie) – 2 pairs/person
 - b. 65 Calories Arc Flash Hood (with Class E Hard Hat) – 2 pairs/person
 - c. Arc Flash Hip Length Coat (40 Calorie) – 2 pairs/person
 - d. Arc Flash Bib Overalls (40 Calorie) – 2 pairs/person
 - e. 12 Calorie Salisbury Face Shield w/Hardhat – 2 pairs/person
 - f. 12 Calorie Knit Hood – 2 pairs/person
 - g. Face Shield Storage Bag Nylon – 2 pairs/person
 - h. Arc Flash Cooling Vest
 - i. Spare FR Cooling Packs (Pack of 8)
 - j. Hood Fresh Air Cooling System (Hood Pocket Mount)
 - k. Duffel Style Kit Bag – 2 pairs/person
- iii. SHOCK PROTECTION
 - a. Rubber Gloves (**tested**), Protectors & Bag (Class 0, 1000 volt) – 4 pairs/person
 - b. Insulating Sleeves (**tested**) Type 1, Straps, Bag, Class 0 Salisbury) – 2 pairs/person
 - c. Salisbury Glove Inflator Kit (G100) w/ Adapter Bag
 - d. Rubber Insulated Blankets (**tested**) (Class 2, 17,000 VAC) – 2 pairs/person
 - i. Blanket Storage Canister

- ii. Blanket Clamping Pins, Nylon (8)
- e. Switchboard Matting (tested) – 2 pairs/person
- f. Insulated Rescue Hook (6')
- g. Complete Voltage Detector Stick Test (tested) and clamp stick head (Salisbury Cat # 4356)
- h. Ground Cluster (tested)
- i. Telescoping 8' Hot Stick (tested)
 - i. Telescoping Hot Stick Carrying Case
- j. Double Insulated 1,000 Volt Rated Hand Tools w/ Carrying Case (Cementex MRO ITS-60B Super Kit)
(Does not include the insulated torque wrench)
- k. Cementex Basic Electrician's Roll = 9 pc

d. REQUIRED SAFETY ITEMS TYPICALLY IN INVENTORY (NO PURCHASE REQUIRED)

- i. White Hard Hat (ANSI approved Class E)
- ii. Safety Glasses (ANSI approved, UV Rated)
- iii. Ear Protectors/Plugs (ANSI approved)
- iv. Multi-Lock Adapters (6)
- v. Personal Locks
- vi. First Aid Kit (Zee Model #0105 or equal)
- vii. Fire Extinguisher (5 lbs. dry chemicals)
- viii. Accident Reports (vehicle/personal)
- ix. National Electrical Code Book (Recommended Electronic Version for Electrician's Laptop)
- x. 6 Foot Fiberglass Ladder
- xi. Danger Signs and Tape
- xii. Lock-Out Tags

- (8) You must assign an incumbent executive to perform the General Management and Sales Management duties for the TEGG Business and a full-time dedicated Sales Professional. The figures in the chart reflect estimated costs for one full time dedicated Sales Professional and one Field Service Electrician/Technician during the first six months of operation of the franchise.
- (9) Your TEGG Certified Electrician/Technician and your salesperson must have a laptop computer that meets our technical specifications for the application of TEGGPro software. A Windows desktop computer and color printer is required in your office for the TEGGPro software. A Windows server is recommended in your office for TEGGPro software. You may already own some or all of these required computer items. The figures in the chart estimate the cost of two laptop computers, one desktop computer and one color printer. You may be able to obtain a third party finance lease for these items for up to the full purchase cost for a term of up to 36 months.
- (10) We recommend, but do not require you to advertise in local directories, your website, tradeshow, message boards, etc. Typically, your offering of TEGG Service is incorporated into your existing advertising at no additional cost to you.
- (11) We expect that you will conduct TEGG Service from your existing facility in conjunction with your existing business. Therefore, we do not expect you to need additional funds to support ongoing expenses during the initial phase of the Franchised Business, which we estimate to be three (3) months. However, we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors

such as: how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for the products and services; the prevailing wage rate; competition; and the sales level the business reaches during the first three months.

- (12) This estimate does not include real estate, insurance, or off-setting gross profit margins. We relied upon the experience of our active franchisees/licensees when preparing these figures. Overhead costs vary depending upon the amount of Management, Administrative and Sales personnel's time assigned to the TEGG Business.

We do not offer direct or indirect financing for your initial investment. All payments to us are nonrefundable. Refundability of payments to others depends on your arrangement with the vendor.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except for equipment, uniforms, vehicle marking, computer software, software maintenance and support services, and certain advertising, as described below, we do not require you to purchase or lease any goods, services, supplies, equipment or inventory from us, our designee, an approved supplier or under our specifications.

All items bearing the TEGG name or logo must conform to our specifications. Unless you purchase logo items from us or suppliers identified in our Confidential Operating Manual (the "COM"), you must submit two samples of finished items bearing the TEGG name or logo to us for approval prior to production. We grant approval usually within ninety (90) days and will not unreasonably withhold approval. We revoke approvals of alternate suppliers if they ever fail to meet our specifications. Our criteria for approving suppliers are not available to franchisees.

Vehicles, Equipment, Stationery, Business Cards, Forms, Sales Aids

You may (but are not required to) purchase or lease vehicles, equipment, stationery, business cards, forms and certain sales aids from us or an approved third-party vendor. In the fiscal year ending October 31, ~~2024~~~~2023~~, we received \$~~111,093~~~~134,319~~ in revenue from TEGG franchisees' purchases of these items, or 0.~~6~~~~7~~% of our total revenue of \$18,~~521,628~~~~082,511~~ for the fiscal year. This information is derived from internal financial records that our Controller maintains.

Uniforms and Vehicle Marking

You must provide each Journeyman Electrician/Technician qualified to perform TEGG Service with service and testing equipment, uniforms, and a vehicle that displays the TEGG logo. Although we are not obligated by the Franchise Agreement or any other agreement, we identify in our Confidential Operating Manual suppliers of these items who have demonstrated to our continuing reasonable satisfaction their ability to meet our standards and specifications. We will also provide to you the benefits of any national or regional purchasing agreements or manufacturers' service programs we may negotiate. We do not charge a fee for the benefits created through these suppliers.

The cost of equipment, vehicle markings and uniforms purchased in establishing your TEGG Business will vary depending upon your current inventory and the number of Journeymen Electricians/Technicians assigned to provide TEGG Services.

Computer Hardware

You must provide a laptop computer that complies with our specifications for each TEGG Sales Professional and TEGG Electrician/Technician. You will also need a desktop computer or server with color printer in your office for the TEGGPro Software.

Computer Software, Support and Maintenance

You must use our proprietary maintenance tasking and Electrical Systems Analysis reporting application and our proprietary contact management, pricing and proposal-generation software system (collectively, "TEGGPro"). To use ~~our Proprietary Software~~ TEGGPro, you must sign the TEGGPro License Agreement ~~in~~ (Exhibit D), but we own all rights to this Disclosure Document TEGGPro. We do not charge you a fee for licensing or support of this software. However, each of your customers who elects to use TEGGPro View must pay you a software licensing fee of \$150.00 per TEGG maintenance contract. You must pay \$75.00 of each customer's software licensing fee to us, and you retain \$75.00 of each software licensing fee for TEGGPro View.

In the fiscal year ending October 31, ~~2024~~2023, we received \$~~111,053~~116,394 in revenue from TEGG franchisees based on their customers' licensing of TEGGPro View. This was ~~10.6~~% of our total revenue of \$18,~~521,628~~082,511 for the fiscal year.

Supplier Rebates

We have a preferred vendor program pursuant to which certain vendors are obligated to provide us with marketing incentives such as rebates, commissions and similar payments based upon the purchase of products and services by our TEGG Service contractors. Although we are under no obligation to continue to do so in the future, we have, in the past, distributed a portion of the money we receive from the preferred vendor program to our TEGG Service contractors on a pro-rata basis based upon each TEGG Service contractor's share of purchases from our preferred vendors. Prior to each distribution, we have retained approximately fifteen percent (15%) of the overall rebate amount collected to cover our administrative expenses.

Advertising

All advertising, including internet websites, must conform to our requirements and standards as identified in the COM and is subject to our approval. We derive no revenue from your advertising purchases.

We estimate that the cost of all items purchased according to our specifications will represent less than 1% of your total purchases and leases to establish your Franchised Business and less than 1% of your total purchases and leases in connection with the continued operation of your Franchised Business.

Cooperatives

We do not have any purchasing or distribution cooperatives.

None of our officers owns an interest in any unaffiliated supplier. We do not provide any material benefits (e.g., permitting renewal or granting additional franchises) to franchisees solely because of their use of designated or approved suppliers.

ITEM 9: FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

OBLIGATION	SECTION IN AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
A. SITE SELECTION AND ACQUISITION/LEASE	SECTION 2	ITEMS 1, 7, 11, 12
B. PRE-OPENING PURCHASES/LEASES	SECTION 8	ITEMS 5, 6, 7, 8
C. SITE DEVELOPMENT AND OTHER PRE-OPENING REQUIREMENTS	SECTION 3	ITEMS 5, 7, 8, 11, 12
D. INITIAL AND ONGOING TRAINING	SECTIONS 4, 5, 29	ITEMS 5, 6, 7, 11
E. OPENING	SECTION 2	ITEMS 11, 12
F. FEES	SECTIONS 4, 5, 10, 29, 31, 36(F)	ITEMS 5, 6, 7, 11, 17
G. COMPLIANCE WITH STANDARDS AND POLICIES/MANUAL	SECTIONS 1, 7, 8, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25	ITEMS 7, 8, 11, 14, 16
H. TRADEMARKS AND PROPRIETARY INFORMATION	SECTIONS 7, 8, 15, 17, 18	ITEMS 1, 8, 11, 13, 14
I. RESTRICTIONS ON PRODUCTS/SERVICES OFFERED	SECTION 3	ITEM 16
J. WARRANTY AND CUSTOMER REQUIREMENTS	SECTIONS 14, 20	ITEM 11
K. TERRITORIAL DEVELOPMENT AND SALES QUOTAS	SECTIONS 3, 14	ITEMS 1, 12, 16
L. ONGOING PRODUCT/SERVICE PURCHASES	SECTIONS 8, 12, 15, 20	ITEMS 6, 7, 8, 11
M. MAINTENANCE APPEARANCE AND REMODELING REQUIREMENTS	SECTIONS 15, 20	ITEMS 8, 11
N. INSURANCE	SECTION 23	ITEM 7

O. ADVERTISING	SECTION 13	ITEMS 7, 8, 11
P. INDEMNIFICATION	SECTION 26	ITEM 6
Q. OWNER'S PARTICIPATION /MANAGEMENT/ STAFFING	SECTIONS 4, 14, 16, 20, 22	ITEMS 7, 15
R. RECORDS/REPORTS	SECTIONS 19, 21	NOT APPLICABLE
S. INSPECTION/AUDITS	SECTIONS 6, 20, 21	ITEM 11
T. TRANSFER	SECTIONS 30, 31	ITEMS 6, 17
U. RENEWAL	SECTION 29	ITEMS 6, 17
V. POST-TERMINATION OBLIGATIONS	SECTIONS 34, 35, 36; SECTION 4 – EMPLOYEE CONFIDENTIALITY AGREEMENT	ITEM 17
W. NON-COMPETITION COVENANTS	SECTION 22	ITEMS 1, 17
X. DISPUTE RESOLUTION	SECTIONS 40, 41, 42, 43	ITEM 17
Y. FRANCHISOR'S RIGHT OF FIRST OFFER	SECTION 33	ITEM 17

ITEM 10: FINANCING

We do not offer any direct or indirect financing to franchisees, except the option to pay the Initial Franchise Fee in installments. We do not guarantee your note, lease or any other obligations.

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

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

Pre-Opening Obligations

Before you begin providing TEGG Services, we will provide initial training to your personnel, without a tuition fee as stated below, except that ~~your electricians/technicians~~ you will be charged tuition of \$2,000~~per student~~ 350 per each electrician/technician for Infrared Level 1 and Level 2 training. (Franchise Agreement §4)

We will also provide you with password-protected access to the COM for easy online reference by your staff for the Term of your Franchise Agreement. (Franchise Agreement §7)

We are not obligated by the Franchise Agreement or any other agreement to provide to you any supervision, assistance or services, except initial training, before you begin providing TEGG Services.

Continuing Obligations

During the ongoing operation of the TEGG Business, we provide the following assistance and services to you:

1. We make available to your personnel refresher training and other training as we may determine to provide, without a tuition fee, as stated below. Your employees will have access to TEGG University, which is a central repository of training and development materials that we make available to you. The training includes classroom and self-paced learning. (Franchise Agreement §§4, 5)
2. We may provide, from time to time, evaluations of your TEGG Business, including appraisals of the sales performance, cost controls and staffing of your TEGG Business, and provide business consulting and field sales coaching by a TEGG Area Vice President. (Franchise Agreement §6)
3. We provide you with access to all updates to the COM via TEGGNet. (Franchise Agreement §17)
4. We may provide to you the benefits of any national or regional purchasing agreements or manufacturers' service programs we may negotiate.
5. We have the right, but not the obligation, to regulate the types and quality of parts and equipment used by you in performing service and audit the quality of your work with your customers. (Franchise Agreement §20)

Training Programs

When you execute the Franchise Agreement, we make training available to your employees in our Pittsburgh, PA facility, and through online training. We also use training facilities of Eaton Corporation in the Pittsburgh area. We provide Infrared Level 1 and Level 2 training with in-house trainers. This training instructs your employees how to set up and operate an infrared camera and how to gather the quantitative and qualitative data necessary to perform TEGG Service. The tuition is \$2,000~~350~~ per student. There is no minimum number of students for the training conducted in Pittsburgh, PA, but regional training requires at least six (6) participants. The training includes ~~three~~four full days (~~24~~33 hours for Level/Category I and 32 hours for Level/Category II) of ~~technical training plus one full instruction and 2 hours on the fifth day (8 hours) of software training for the PCN exam.~~ We provide the facility and supervise the training.

This training is a part of a nine-day technical course to include Ultrasonic Testing, Fluke Meter and Energized Testing, TEGG Software Training and NFPA 70E Safety Training. We conduct training sessions on an annually published schedule throughout the year at our Pittsburgh, PA facility, ~~as well as at other centralized locations.~~ Additionally, we conduct a De-Energized NICET Level II Prep Course at Eaton Corporation in two locations: Pittsburgh, PA and Houston, TX. This is a 5 day course with cost a of \$1,100 per participant. Your employees with TEGG Service sales

responsibility must complete all sales training to our reasonable satisfaction. All personnel of the TEGG Business must complete all training courses relevant to their TEGG Business functions.

We will make available continuing job-specific refresher training courses and other training as we may determine to provide without a tuition fee. At your request, we will provide training or assistance beyond that normally provided to TEGG Service contractors at your cost, on mutually agreed upon fees, dates, and locations.

You must pay all travel and living expenses and wages of your employees while attending all training sessions. There is no limit on the number of employees allowed to attend centralized initial training sessions before or after the opening of the TEGG Business.

Our training programs are conducted by members of our staff who have responsibility and expertise in the subjects covered in the training program. The members of our staff responsible for training have an average of 20 years of experience in the subject matter taught. The instructional materials include audiovisuals, on-the-job activities, General Manager, Operations Technical, Infrared Level 1, Power Quality, NFPA 70E Safety Training, Sales, DES, and laboratory and role-play situations.

When you execute the Franchise Agreement, we also make training available to your employees through TEGG University. TEGG University is a central repository where all TEGG franchise employees can enroll in education offered by us and third parties. TEGG University offers blended learning solutions to our network utilizing a combination of instructor-led training, eLearning, and self-directed learning paths. Courses are designed, developed, and delivered by experienced professionals in the TEGG Service Network. TEGG University offers course curriculums for all TEGG Service job titles.

License fees for training courses that are available through third party relationships may apply. Online training courses developed by our staff are available to the TEGG franchise employees at no cost. Online courses with license fees are optional courses. Classroom courses conducted by TEGG employees are conducted in Pittsburgh, PA. We conduct an annual Continuing Education Conference at a hotel or convention center for TEGG franchise employees. Unless otherwise noted, there is no tuition fee for this conference, but you will be required to pay the travel, lodging and living expenses of your employees attending the conference.

We also offer recognition of TEGG franchise employees through a TEGG University degree program. This program is optional and the earning of a TEGG University degree in no way corresponds to pay or merit increases.

Online courses available through TEGG University and the training fees for each course are as follows:

Course	Fee	Estimated Length HH:MM	Course	Fee	Estimated Length HH:MM
Basic Electricity	\$0.00	00:25	Financial Selling	\$0.00	00:25
Electrical Distribution System	\$0.00	00:15	General Safety	\$0.00	06:00
The Myth of Infrared Technology	\$0.00	00:25	Proactive Sales Cycle	\$0.00	00:12
The Basics of Infrared	\$0.00	00:20	Bloodborne Pathogens	\$0.00	00:20
Basics of Electrical Safety	\$0.00	00:15	Hearing Conservation	\$0.00	00:20
Electrical Safety and PPE	\$0.00	00:25	Goal Setting	\$0.00	00:25
Ultrasonic Video	\$0.00	00:45	How to Conduct an Effective Meeting	\$0.00	00:25
What is TEGG?	\$0.00	00:10	Lead Generation Tools	\$0.00	00:10
TEGG Tools	\$0.00	00:10	Basics of IR Cameras	\$0.00	00:28
Understanding TEGG Service Agreements	\$0.00	00:15	Conducting a Performance Appraisal	\$0.00	00:30
TEGG Seminars	\$0.00	00:58	C.A.R.E.	\$0.00	00:30
Introduction to TEGGPro	\$0.00	00:15	ProposalBuilder for MSR	\$0.00	00:20
TEGGPro User Accounts	\$0.00	00:30	ProposalBuilder for DES	\$0.00	00:20
A Step-by-Step Guide to Tasking New Agreements	\$0.00	00:12	A Step-by-Step Guide to Tasking Revisits	\$0.00	00:18
TEGG Flipbook	\$0.00	00:12	TEGGPro View	\$0.00	00:10
TEGGPro Bookings and Solutions Matrix	\$0.00	01:00	TEGGPro Activities and Schedules	\$0.00	01:00
TEGGPro Companies	\$0.00	00:20	TEGGPro Proposals	\$0.00	01:00

Course	Fee	Estimated Length HH:MM	Course	Fee	Estimated Length HH:MM
TEGGPro Business Development	\$0.00	00.20	Onboarding New Employees	\$0.00	00.15
Lunch and Learn Program	\$0.00	00.10	TEGGPro Administration	\$0.00	01.00
TEGGPro Sales Builder	\$0.00	00.15	TEGGPro Documentation	\$0.00	00.15
Grow-Perform-Succeed	\$0.00	00.07			

In some cases the completion of online coursework is a requirement of attending classroom training.

The subjects covered in the training programs are as follows:

Operations Technical Training

This ~~two-week~~nine-day Technical Training is designed for Qualified/Licensed Electricians representing authorized TEGG Service Contractors. Successful completion of this training is mandatory for all TEGG Contractor electricians seeking to achieve Certified TEGG Electrician/Technician (CTE/T) status. This status certifies successful completion of advanced technical training necessary to perform energized electrical system predictive and preventive maintenance testing activities, including Electrical Ultrasonic Applications, ~~and de-energized training.~~ During the first week of the nine-day training session, CTE/T's will focus on technical training to include Ultrasonic Testing, Fluke Meter and Energized Testing, Software Training, and NFPA 70E Safety Training. The second week is Infrared Level/Category I Training. It also includes an overview of testing equipment, such as the Energized Testing Test. Agenda: Days 1-8: 8:00 a.m. until 5:00 p.m. Day 9: 8:00 a.m. until 10:00 AM. Course Fee: \$2,350 USD per participant (which includes the \$2,000 Infrared Training and exam fee).

~~During the first week of the two-week training session, CTE/T's will focus on technical training and de-energized training (NICET II). During the second week, trainees will focus on topics essential to the TEGG system, including TEGGPro, infrared and ultrasonic testing and safety. It also includes an overview of testing equipment, such as the Energized Testing Test Equipment and the AEMC Handscope/Fluke 43B/ Fluke 123B/NA/S Industrial ScopeMeter, in practical lab exercises, TEGGPro data entry, TEGG IR Level 1 Training and NFPA 70E Safety Training.~~

Agenda:

Days 1-~~9~~8: 8:00 a.m. until 5:00 p.m.

Day ~~10~~9: 8:00 a.m. until ~~2~~10:00 ~~pa~~a.m.

Course Fee: ~~\$3,500~~\$2,350 USD per participant (which includes the ~~\$2,000~~ IR 1 certification and third party PCN exam fee), ~~or \$750 USD per participant for just the first week of de-energized training.~~

Week 1	
Monday	
Monday — Wk. 1 Tuesday — 8:00am – 8:30am	Introductions • General Introduction
Monday — Wk. 1 Tuesday — 8:30am – 9:00am	Building Walkthrough • Logistics • Short Walkthrough/Week Preview
Monday — Wk. 1 9:00am – 11:30am	Energized Testing PowerPoint Discussion • Class Material
Monday — Wk. 1 11:30am – 12:30pm	Lunch/Team Building
Monday — Wk. 1 12:30pm – 1:30pm	Energized Testing PowerPoint Wrap Up
Monday — Wk. 1 1:30pm – 3:00pm	Energized Testing Hands On • Training Lab Exercise Open Panels
Monday — Wk. 1 3:00pm – 5:00pm	Final Quiz / Wrap Up
Tuesday	
Tuesday — Wk. 1 8:00am – 10:00am	Drawing Recognition • One Line & Three Line Diagrams
Tuesday — Wk. 1 10:00am – 11:30am	Data Collection • Recognize and interpret device numbers, ratings such as those for transformers, circuit breakers, disconnects, switches, etc. as defined by IEEE and NEMA • Nameplate Data
Tuesday — Wk. 1 11:30am – 12:30pm	Lunch/Team Building
Tuesday — Wk. 1 12:30pm – 1:00pm	Data Collection—Continued • Recognize and interpret device numbers, ratings such as those for transformers, circuit breakers, disconnects, switches, etc. as defined by IEEE and NEMA Nameplate Data

Tuesday Wk. 1 1:00pm – 5:00pm	Lockout / Tagout • LOTO Systems Equipment Isolations • Live Dead Live
Wednesday	
Wednesday Wk. 1 8 Tuesday – 9:00am – 11:30am 5:00pm	Behavior of Insulation Material While Under Ultrasonic Testing Training • Foundational Knowledge and Applied Theory • Using UE Probes to Listen for Potential Electrical Stress Anomalies • Constructions Characteristics of Insulation Systems • Insulation Resistance Test Sets and Tests: Operational Principles, Basic Constructions, Applications, and Methods • Evaluating Insulation Resistance Tests • Dielectric Test Sets – AC and DC • Evaluate AC and DC voltage Problem Analysis with Stand Tests UE Spectralizer • Low Resistance Test Sets • Evaluate Primary Circuit Resistance Tests • Evaluate Terminal To Terminal Resistance Tests
Wednesday Wk. 1 11:30am – 12:30pm	Lunch/Team Building

Wednesday – Wk. 1 12:30pm <u>8:00am</u> – 5:00pm	<u>Lab Exercise</u> • Participants are organized into laboratory teams and each team performs an activity at each work station in sequence. • Secondary Current Injection Testing of an RMS Digitrip using an Amptector/Digitrip Tester • Insulation Resistance Tests for a Dry Type Transformer • Insulation Resistance Tests for an Air Magnetic Power Circuit Breaker • Primary Circuit Resistance Measurements for a Medium Voltage Power Circuit Breaker • Vacuum Integrity and Voltage Withstand Tests for a Vacuum Interrupter Circuit Breaker • Transformer Turns Ratio Test <u>Energized Testing and Hands-On Training</u> • <u>Foundational Knowledge and Applied Theory</u> • <u>Open Panels and Safety Procedures</u> • <u>Fluke 125B Meter Setup and Use</u> • <u>Millivolt Drop Testing</u> • <u>Voltage Imbalance</u> • <u>Harmonics</u> • <u>Voltage Drop</u> • <u>TEGG Calculators</u> • <u>Lab Exercises</u>
Thursday	
Thursday – Wk. 1 8:00am – 10:00am <u>5:00pm</u>	<u>Fundamental Operational Principles</u> • Standardized Terminal Markings • Dry Type Transformers: Construction Characteristics • Dry Type Transformers: Inspections and Tests • Liquid Immersed Transformers: Construction Characteristics • Liquid Immersed Transformers: Inspections and Tests • Insulation Resistance Measurements • Power Factor of Insulation Measurements using Doble M4000 • Transformer Winding, Bulk Bashings, Condenser Bushings • Turns Ratio Tests • Inspection of Gas Pressure, Oil Temperature, Winding Temperature, Liquid Level, Primary and Secondary Pressure Relief Devices, Cooling Fans, Oil Boosters Interpreting Gas in Oil Analysis Reports <u>TEGGPro Technician Training</u> • <u>Entering Data and Images</u> • <u>Documenting Problems</u> •

Thursday—Wk. 1 10:00am—11:30am	Current Injection Tests—Trip Unit and Relay Testing • Exercises • Current Injection Tests: Purpose and Applications • Current injection test sets: Operational Principles and Construction Types • Time Overcurrent Characteristics of Circuits Breakers having solid-state trip units • Time Overcurrent Characters of Electro-mechanical Protective Relays • Evaluating Current Injection Tests
Thursday—Wk. 1 11:30am—12:30pm	Lunch/Team Building
Thursday—Wk. 1 12:30pm—1:30pm	Surge Arrestors, Capacitors and Maintenance
Thursday—Wk. 1 1:30pm—2:30pm	Grounding Awareness • Applying Grounds • Sizing and Inspecting Grounds
Thursday—Wk. 1 2:30pm—5:00pm	Grounding Continued / Neutrals
Friday	
Friday—Wk. 1 8:00am—11:30am	Switchgear—Training Room • Classifications for Switchgear and Switchgear Components • Nameplate Ratings for Circuit Breakers and Switchgear Assemblies • Maintenance of Switchgear Enclosures and Enclosure Components • Maintenance of Power Circuit Breakers • Molded-Case Circuit Breaker Maintenance
Friday—Wk. 1 11:30am—12:30pm	Lunch/Team Building

Friday – Wk. 1 12:30pm <u>8:00am</u> – 5:00pm	Switchgear—Laboratory Exercises Classifications for Switchgear <u>NEPA 70E</u> • <u>Electrical Safety in the Workplace</u> • <u>Proper Selection</u> and Switchgear Components participants are organized into laboratory teams and each team performs an activity at each work station in sequence: • Inspection <u>Use</u> of Magnum DS Circuit Breaker and Test of Digitrip 1150+ <u>Personal Protective Equipment (PPE)</u> • <u>Lockout/Tagout</u> • Magnum DS LV Power Circuit Breaker—Measurements of Insulation Resistance and Primary Circuit Resistance • Verifying the Performance of a Zone Interlocking Scheme In a Magnum DS Assembly • Functional Testing of Arc Flash Reduction Maintenance Mode—Digitrip 520MC • Magnum DS Switchgear, Circuit Breaker Racking, Hoisting, Phase-Displacement Checks at the Bus Tie • Interlocks and Controls—VacClad-W Switchgear • Door Interlocks of an Arc-Resistant VC-W Assembly, MR2 Motorized Remote Racking Device, Closure Measurement • Testing and Inspecting Medium Voltage Control Power and Instrument Transformers • Inspection of Ampgard Medium Voltage, FVNR, Type SJA • Inspection of an MSB Switch
Week 2	
Monday	
Monday – Wk. 2 8:00am – 12:5 <u>1:00pm</u> 1:00pm–4:30pm	<u>Infrared Level I: Overview and Equipment</u> • <u>Introduction to Thermal Imaging</u> <u>Certification</u> Ultrasound Training TEGGPro Software Training • <u>Camera Setup, Use, Options</u> • <u>Obtaining Proper Readings</u>
Tuesday through Thursday <u>8:00am – 5:00pm</u>	<u>Infrared Level I: Theory</u> • <u>Fundamentals of Thermal Radiation</u> • <u>Understanding Heat and Temperature</u> • <u>Radiosity</u>

<u>Wednesday – 8:00am – 5:00pm</u>	<u>Infrared Level I: Image Interpretation</u> • <u>Emissivity and Reflectivity</u> • <u>Direct and Indirect Temperature</u>
Tuesday – Thursday – Wk. 2 8:00am – 5:00pm	TEGG/ASNT Infrared Level 1 <u>I: Applications and Reporting Certification</u> Training • <u>ISO Standards for Inspections and Reporting Requirements</u> • <u>Electrical and Mechanical Use Cases and Examples</u> • <u>Severity Criteria</u>
Friday	
Friday – Wk. 2 8:00am – 2:00pm <u>10:00am</u>	NFPA70E Chapter 1 – <u>PCN Exam given by BINDT (British Institute of Non-Destructive Testing) based on ISO standards.</u> Lockout/Tagout 70B Are Flash Labels/Calculations PPE Selection

INSTRUCTOR NOTES:

1. Heather Whirlow has been with TEGG for over 20 years in which time she has supported and trained TEGG's proprietary software applications.
2. UE Systems' instructors are factory trained to ASNT standards SNT-TC-1A and UEQ-TC-1A.
3. Our instructors, Joseph Gierlach with 19 years of experience and Joe Scassera with 14 years of experience, are card carrying journeyman electricians with over 20 years of field experience, Level II and Level III Infrared Certifications, Level I and Level II Airborne Ultrasound Certifications, AEE Power Quality Certifications, involvement with software development and participants of many technical conferences often as sponsors or contributors of technical papers and presentations.
4. Our instructor, Joe DeMonte, is an ASNT PdM/TIR Level III Infrared Instructor, Level II Vibration Analyst, and has nuclear power plant and navy submarine experience.

All on-the-job training is conducted at contractor customer sites and will consist of 32 hours during the start-up support visit from the Operations department encompassing all of the above subject material simultaneously.

General Management Training

Subject	Hours of Virtual/Classroom Training	Hours of On-the Job Training	Location
Developing the TEGG Organization & Financial Planning	4 hours		Pittsburgh, PA
TEGG Management Software Training	4 hours		
TEGG Sales Leadership Training	16 hours		Pittsburgh, PA
TEGGPro Training	4 hours		Pittsburgh, PA

General Management Training is managed by Todd Greenlee, and training is conducted by multiple qualified instructors with an average of 10 years' experience with us, complemented by an average of 10 plus years' of sales and management experience. The Lead instructor is responsible for continually modifying, updating, and improving the General Management Initial & Continuing Education training course agendas.

Maintenance Sales Training

Subject	Hours of Virtual/Classroom Training	Hours of On-the Job Training	Location
Electrical / Technical Sales Training	4 hours		Pittsburgh, PA/Virtual
TEGG Maint. Sales Process Training	15 hours		Pittsburgh, PA/Virtual
TEGG Software	4 hours		Pittsburgh, PA/Virtual
Field Sales Training		24 hours	On-Site at Contractor
Field Electrical /Technical Sales Training		8 hours	On-Site at Contractor

TEGG Maintenance Sales Training is managed by Todd Greenlee, and training is conducted by multiple instructors with an average of 10 years' experience with us, complemented by an average of 10 plus years of field sales and management experience. The TEGG Sales Training Instructors are responsible for continually evaluating, modifying, and updating both classroom and field training course agendas.

Operations Coordinator

Subject	Hours of Virtual Training	Hours of On-the Job Training	Location
Operational Procedures	10 hours		Virtual
TEGG Software	10 hours		Virtual

Leadership Program

Subject	Hours of Classroom Training	Location
Sitkin-Lind Multiple Domain Leadership Pyramid	14	Pittsburgh or at your Location
TOTAL	14	

Advertising and Promotion

We may, in our discretion, but are not obligated to, market and advertise TEGG Service through the Internet on such terms and conditions as we deem appropriate, and you must abide by such reasonable requirements and restrictions as we may impose from time to time. We may require you to participate in any such endeavors, including participation with pages on any of our websites, and to execute such agreements as we deem reasonably appropriate in connection therewith. (Franchise Agreement § 13)

Site Selection/Start-Up

We expect you to conduct your TEGG Business from your existing facility within your Primary or Shared Marketing Area, as applicable. If you purchase a franchise for a yet-to-be-determined location or relocate your site from which you provide TEGG Services, the site must be within your Primary Marketing Area or Shared Marketing Area, as applicable, and is subject to our approval. If you do not find an acceptable location within 1 year, or a longer time as we in our discretion may allow, we may terminate your Franchise Agreement.

TEGG Service contractors typically open their TEGG Business two to four months after signing their Franchise Agreement. The factors that affect this time are the recruitment of staff, time of next scheduled Parallel Training, and the satisfactory completion of our initial sales training by your first employee with sales responsibility for the TEGG Business.

Computer Hardware and Software

You must use our proprietary maintenance tasking and Electrical Systems Analysis reporting application and our proprietary contact management, pricing and proposal-generation software system (collectively, "TEGGPro"). TEGGPro is an internet-based program and is accessed via the internet. TEGGPro must be used with computer equipment that meets our specifications, as described in the COM. ~~You~~To use TEGGPro, you must sign the TEGGPro License Agreement (Exhibit D)~~to use TEGGPro,~~. but we own all rights to TEGGPro. We provide support, upgrades and updates for TEGGPro at no additional cost to you. You must provide us with independent access to each of your computers using TEGGPro via the internet. You must also load, install, and configure PC-to-PC remote access software as specified by us. The TEGGPro software, as revised, upgraded and supplemented periodically, has been in use since 1992. The TEGG Sales software, as revised, upgraded and supplemented periodically, has been in use since 2002.

Each TEGG Certified Electrician/Technician and each of your salespersons must have a laptop computer that meets our technical specifications as described in the COM. As of the date of this

Disclosure Document, laptop computers that meet our system requirements typically cost \$1,100 per laptop. You must also provide a portable combination color printer/copier for each salesperson. Sales Professionals and Technicians who use TEGGPro will require internet access. Therefore, Wi-Fi access will need to be available while out of the office.

You must have access to an Internet account and an internet email account, since we will be distributing TEGGPro software updates, documentation, and technical support via the internet.

Confidential Operating Manual (“COM”)

You must provide TEGG Services in accordance with the mandatory standards, methods, policies and procedures specified in the COM. TEGG will provide you with password protected access to the COM on TEGGNet for the term of the Franchise Agreement and any renewals, unless sooner terminated. We may revise the contents of the COM, and you must comply with each new or revised standard. If a dispute occurs as to the contents of the COM, the terms of the master copy maintained at our home office will be controlling. The COM consists of the following 8 Sections contained in 8 Volumes:

- | | |
|-----------------------------------|-----------------------------|
| 1. General | 6. Purchasing |
| 2. Sales, Advertising & Promotion | 7. Professional Development |
| 3. Operations | 8. TEGGPro® |
| 4. Business Systems | |
| 5. Personnel | |

A copy of the COM Table of Contents is included in this Disclosure Document as Exhibit K.

ITEM 12: TERRITORY

You must operate your TEGG Business from a specific location within your Primary Marketing Area or Shared Marketing Area, as applicable, approved in advance by us. You may not relocate your Franchised Business from this location or establish additional locations without our prior written permission. We will typically approve relocation as long as the new location is within your granted Primary Marketing Area or Shared Marketing Area, as applicable, and will not likely harm your TEGG Business.

When we establish your Primary Marketing Area or Shared Marketing Area, we will take into consideration standard statistical information published by local, state and federal governments regarding metropolitan areas, city and county populations (actual and projected) and economic impact areas, as well as terrain conditions. You will know prior to execution of your Franchise Agreement whether or not your marketing area will be a Primary Marketing Area or Shared Marketing Area. Primary Marketing Areas and Shared Marketing Areas are typically delineated by county boundaries and/or boundary streets or highways. We will provide a written description of your Primary Marketing Area or Shared Marketing Area, as applicable, before you sign your Franchise Agreement.

While you will receive limited territorial protections as described in this Item, you will not receive an exclusive territory. You may face competition from other TEGG franchisees, from outlets that

we and our affiliates own, or from other channels of distribution or competitive brands that we control. In addition, affiliates that we do not control may perform Bundled Energy Solutions projects, Facilities Services and/or Lighting and Electrical Services within your Primary Marketing Area or Shared Marketing Area, as applicable. Neither we nor any affiliate will have any obligation to compensate you in connection with any such activities.

If you have a Primary Marketing Area, we will not perform, nor authorize another TEGG franchisee to perform, any of the services of a TEGG Business using the Proprietary Marks and the TEGG System on any building or system within your Primary Marketing Area, except as permitted under the Franchise Agreement. This restriction does not necessarily apply to the distribution and sale of products you may purchase from us, or our designated suppliers, including any products that may be sold under our Proprietary Marks. If you have a Shared Marketing Area you may face competition from other TEGG franchisees in your marketing area. For both Primary Marketing Areas and Shared Marketing Areas, we reserve the right to develop opportunities with customers that operate in two or more territories (“National Accounts”). If we develop a National Account program for a customer, unless a customer does not want you to perform the services, you will have the option to participate in your Primary Marketing Area or Shared Marketing Area on the same terms and conditions we negotiate with the National Account customer. If you do not elect to service such customer, we or our designee may do so within your Primary Marketing Area or Shared Marketing Area. We will have no obligation to compensate you in connection with any such activities.

Except as otherwise provided in your Franchise Agreement, you must not solicit or perform the TEGG Services outside your Primary Marketing Area or Shared Marketing Area, as applicable.

Your rights to your Primary Marketing Area or Shared Marketing Area, as applicable, do not depend upon the achievement of any certain sales volume, market penetration or other contingency. However, upon renewal of your Franchise Agreement, we will require you to execute a new Franchise Agreement, which at our discretion may contain different terms and conditions, including a reduced, increased or shared marketing area, and no further renewal rights.

If you believe in good faith that another TEGG franchisee has breached any of your territorial rights, you must notify us immediately in writing and include detailed facts supporting the claim for the alleged breach. Upon receipt of your written notice, we will, within a reasonable time, review your complaint and take appropriate action, or if necessary, we will appoint a three-member review committee consisting of two representatives of TEGG franchisees (members of the TEGG Advisory Council, if it is active) and one of our executives to investigate the alleged breach and determine whether they believe the other TEGG franchisee has violated its Franchise Agreement, as well as a recommendation of a remedy, if any, including possible termination of the TEGG franchisee’s Franchise Agreement. We reserve the right to make the final decision in our sole business judgment. No TEGG franchisee’s representative may serve on a review committee if the Primary Marketing Area under the franchisee representative’s Franchise Agreement is contiguous to the Primary Marketing Area or Shared Marketing Area that is in dispute.

ITEM 13: TRADEMARKS

The principal trademark that we will license to you is “TEGG.” The term “principal trademarks” means primary trademarks, service marks, names, logos, and commercial symbols used to identify the franchise. You will operate your franchise under these names and any other name or mark that we designate. You also may use our other current or future marks to identify your Franchised Business, as we designate.

Our parent company, ABM, is the owner of the following marks registered on the Principal Register of the United States Patent and Trademark Office (USPTO):

Service Mark	Registration Date	Registration No.
TEGG	6/8/93	1776044
TEGGPro	10/4/11	4035071
TEGGSentinel	11/8/11	4054169
	11/22/16	5087813

All required affidavits and renewals have been filed for the principal trademarks.

ABM also uses the following marks and claims common law rights in them, but has not applied for federal registration:

Service Mark	Application Date	Serial No.
	TBD	TBD
	TBD	TBD

We do not have federal registrations for the “ProposalBuilder” and “SpotBuilder” marks. Therefore, these trademarks do not have the same legal benefits and rights as federally registered trademarks. If our right to use these trademarks is challenged, you may have to change to alternative trademarks, which may increase your expenses.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, nor is there any pending infringement, opposition or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks that may be relevant to their use in any state. ABM has authorized us to license the principal marks to our TEGG Service franchisees. Other than the license from our parent company, no agreements are currently in effect that limit our right to use or license others to use the Proprietary Marks.

You receive a license under the Franchise Agreement to use the Proprietary Marks, which you must use in full compliance with our rules. You must not use any of our Proprietary Marks as part of your corporate or business name. You may not use any Proprietary Mark in connection with any operation not part of your TEGG Business or in any other manner that we do not authorize in writing.

In the event of any infringement of, or challenge to, your use of any of our Proprietary Marks, you must notify us promptly and cooperate fully with us in defending or settling claims as we, in our sole discretion, determine. We are responsible for the defense and cost of any proceeding arising out of your use of our Proprietary Marks, and for all costs you reasonably incur in the defense of any claim, if you promptly notify us of the claim.

We can modify or discontinue use of any of the Proprietary Marks and/or use one or more additional or substitute marks. You must implement any changes at your own expense.

You may not contest, directly or indirectly, the validity or our ownership of the Proprietary Marks.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Marks.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any right in or to any patents that are material to the TEGG franchise.

We claim copyright protection for the COM, the Proprietary Software, and other written materials and forms such as advertisements, promotional materials, posters, signs, websites, and mobile applications, used in the operation of the TEGG Business, but neither we nor our affiliates have registered the copyrights in any materials.

The following copyrights were issued to our predecessor by the United States Copyright Office for our computer programs, and assigned to ABM and in turn licensed to us:

TEGGTask 5 at TX 7-207-907 with the effective date of registration: March 31, 2008
TEGGTask 5 at TX 6-838-651 with the effective date of registration: April 29, 2008
TEGGTask 5 at TX 6-838-665 with the effective date of registration: April 29, 2008
TEGGTask 5 at TX 6-838-663 with the effective date of registration: April 29, 2008
TEGGTask 5 at TX 6-838-651 with the effective date of registration: April 29, 2008
TEGGTask 6 at TX 6-838-664 with the effective date of registration: April 28, 2008
TEGGTask 6 at TX 6-838-670 with the effective date of registration: April 28, 2008
TEGGTask 6 at TX 6-838-674 with the effective date of registration: April 28, 2008
TEGGTask 3 at TX 6-838-607 with the effective date of registration: April 29, 2009
TEGGTask 3.2 at TX 6-838-623 with the effective date of registration: April 29, 2008
TEGGTask 4 at TX 6-837-576 with the effective date of registration: April 28, 2008
TEGGTask 5 at TX 6-646-038 with the effective date of registration: May 6, 2008
TEGGPro at TX7-377-511 with the effective date of registration: March 8, 2011.

The information contained in the COM, in directives issued by us, and in other materials concerning TEGG Service is confidential and proprietary and you must treat such information as confidential and proprietary. You must use this information only with your TEGG Business and you may not copy or reproduce any portion of the information without our prior written consent. You may divulge this confidential information only to your employees or agents who must have access to it in order to operate the TEGG Business. You must require each of your employees to sign a Confidentiality Agreement when you enter into the Franchise Agreement or when they are hired, whichever is sooner. A copy of the Employee Confidentiality Agreement is included in this Disclosure Document as Exhibit C.

You must not, during the term of the Franchise Agreement or after termination of the Franchise Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information or knowledge concerning the methods of providing TEGG Services or acquiring business for TEGG Services that may be communicated to you or of which you may learn during your operation of the TEGG Business.

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

We recommend but do not require that the Principal(s) of your TEGG Business personally participate in the direct operation of the business of providing TEGG Services. If the Principal(s) do not personally manage the TEGG Business, it must be managed by a General Manager whom we have mutually agreed upon, and who must devote sufficient time to the management and operation of the TEGG Business. The Principal or General Manager must complete the initial training courses to our satisfaction.

The General Manager does not need to have an ownership interest in the company or other person or entity that provides TEGG Services. The General Manager must sign an agreement to maintain confidentiality of proprietary information as described in Item 14 and to conform with the covenants not to compete as described in Item 17 of this Disclosure Document.

Each individual who owns a 5% or greater interest in the Franchisee, the TEGG Business or the company or other person or entity that provides TEGG Services must agree to be individually bound by the terms of Sections 17, 18, 22, and 31 of the Franchise Agreement. We may require each individual owner of the Franchisee or the TEGG Business to sign a Guarantee in the form attached to the Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer to your customers all of the services we prescribe. We do not otherwise limit the goods or services you may offer for sale, the customers to whom you may sell goods or services, or the prices you may charge. You may not solicit or perform the TEGG Service outside your Primary Marketing Area or Shared Marketing Area, except as provided in Section 3(b) of your Franchise Agreement.

We may supplement, improve or modify the TEGG System, and there are no contractual limits on our right to make changes. You must comply with all of our requirements in that regard, including offering new or different products or services we specify.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

	PROVISIONS	SECTION OF FRANCHISE AGREEMENT OR OTHER AGREEMENT	SUMMARY
a.	Length of the franchise term	Section 28	The term is six (6) years.
b.	Renewal or extension of term	Section 29	If you are in good standing you can renew for an additional six (6) year term.
c.	Requirements for franchisee to renew or extend	Section 29	You must not be in default, sign a new then-current franchise agreement and be in compliance with then-current training, test instruments and safety requirements and sign a General Release. The renewal Franchise Agreement may contain terms that are materially different from your expiring Franchise Agreement.
d.	Termination by franchisee	Section 34	You have the right to terminate if we become bankrupt, if we fail to cure a default, or on the third anniversary of the Effective Date of your first term.
e.	Termination by franchisor without cause	Not applicable	
f.	Termination by franchisor with cause	Section 35	See g. and h. below.

	PROVISIONS	SECTION OF FRANCHISE AGREEMENT OR OTHER AGREEMENT	SUMMARY
g.	“Cause” defined – curable defaults	Section 35(c)	Except as described in h. below, you have the right to cure a failure to perform your obligations under the Franchise Agreement, such as nonpayment of fees and failure to maintain the standards and procedures prescribed in the COM.
h.	“Cause” defined – non-curable defaults	Sections 35(a) and 35(b)	Non-curable defaults include abandonment, felony conviction, unapproved transfers, misuse of trademarks or proprietary information, and more than two defaults within a 12-month period even if cured.
i.	Franchisee’s obligations on termination/non-renewal	Section 36	You must de-identify, pay amounts due, return the COM, computer programs, forms and proprietary materials.
j.	Assignment of contract by franchisor	Section 30	No restriction on our right to transfer.
k.	“Transfer” by franchisee – defined	Section 31	Includes transfer of contract or ownership interest.
l.	Franchisor approval of transfer	Section 31	We have the right to approve transfers.
m.	Conditions for franchisor approval of transfer	Section 31	You must pay all money owed to franchisor, not be in default, execute a transfer agreement, and pay a transfer fee in the amount of \$5,000. Franchisor must approve transferee qualifications.

	PROVISIONS	SECTION OF FRANCHISE AGREEMENT OR OTHER AGREEMENT	SUMMARY
n.	Franchisor's right of first offer to acquire franchisee's business	Section 33	If you intend to sell, assign, or transfer any interest in your Franchise Agreement, you must notify us in writing prior to executing an agreement. If you receive an offer to purchase an interest in your Franchise Agreement or ownership interest in your business, you must notify us in writing within 30 days of receiving the offer.
o.	Franchisor's option to purchase franchisee's business	Not applicable	
p.	Death or disability of franchisee	Section 31	Assignment to heirs permitted without transfer fee; heirs must accept conditions imposed on otherwise permitted assignees.
q.	Non-competition covenants during term of the franchise	Section 22	Includes prohibition on engaging in business which sells similar services; no diversion of business.
r.	Non-competition covenants after the franchise is terminated or expires	Confidentiality Agreement	<u>None for the franchisee.</u> For 1 year after termination of employment <u>with you</u> , individuals who have signed an Employee Confidentiality Agreement cannot contact or solicit any business or individual who has been a customer or prospect of your TEGG Service Business during the preceding year.

	PROVISIONS	SECTION OF FRANCHISE AGREEMENT OR OTHER AGREEMENT	SUMMARY
s.	Modification of the agreement	Section 46	All modifications must be in writing and signed by both parties.
t.	Integration/Merger clause	Section 46	Only terms of the Franchise Agreement are binding (subject to state law). Any other promises are not enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document furnished to you.
u.	Dispute resolution by arbitration or mediation	Section 40	Except for certain claims, all disputes must be mediated or arbitrated in Pittsburgh, Pennsylvania
v.	Choice of forum	Sections 40, 41	Pittsburgh, Pennsylvania for mediation or arbitration; subject to state law, any court of competent jurisdiction for injunctive relief.
w.	Choice of law	Section 40	Subject to state law, Pennsylvania law applies.

Please refer to state-specific addenda in Exhibit L for any changes or additional provisions that apply in your state. These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your TEGG franchise.

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we 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 ABM Franchising Group, LLC, 501 Technology Drive, Suite 3000, Canonsburg, Pennsylvania 15317 Attention: Martin Keyser, Senior Vice President, Franchise Operations, and (724) 873-2940, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System wide Outlet Summary
For Years ~~2021~~2022 to ~~2024~~2023*

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2022 2021	44 41	41 38	-3
	2022 2023	41 38	38 47	-3 +9
	2024 2023	38 47	47 49	+9 2
Company Owned	2022 2021	0	0	0
	2023 2022	0	0	0
	2024 2023	0	0	0
Total	2022 2021	44 41	41 38	-3
	2023 2022	41 38	38 47	-3 +9
	2024 2023	38 47	47 49	+9 2

* Based on fiscal year beginning November 1 and ending October 31.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2021~~2022 to ~~2024~~2023

State	Year	Number of Transfers
Maryland <u>All States</u>	2022 2021	1 0
	2023 2022	0
	2024 2023	0
Total	2022 2021	1 0
	2022 2023	0
	2024 2023	0

Table No. 3
Status of Franchised Outlets
For Years ~~2021~~2022 to ~~2024~~2023*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alabama	2022 2021	2	0	0	0	0	0	2
	2023 2022	2	0	0	0	0	0	2
	2024 2023	2	0	0	0	0	0	2
Alaska	2022 2021	1	0	0 1	0	0	0	1 0
	2023 2022	1 0	0 1	1 0	0	0	0	0 1
	2024 2023	0 1	1 0	0	0	0	0	1
Arizona	2022 2021	3	0	0	0 1	0	0	3 2
	2022	3	0	0	1	0	0	2
	2023	2	0	0	0	0	0	2
	2024	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Arkansas	2022 2021	1	0	0	0 1	0	0	1 0
	2022	1	0	0	1	0	0	0
	2023	0	0	0	0	0	0	0
	2024	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
California	2022 2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Colorado	2021 2024	1 2	0	0 1	0	0	0	1
Colorado	2022	1	0	0	0	0	0	1
	2023	1	2	1	0	0	0	2
Florida	2021 2024	1 2	0	0	1 0	0	0	0 2
Connecticut	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Georgia	2021 2024	0	0 1	0	0	0	0	0 1
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Hawaii	2022 2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Illinois	2022 2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Iowa	2021 2024	0 2	0	0	0	0	0	0 2
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Kentucky	2022 2021	2	0 1	0 1	0	0	0	2
	2022	2	1	1	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Louisiana	2022 2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Maryland	2022 2021	2 1	0	1 0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Massachusetts	2022 2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
	<u>2024</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Michigan	2022 021	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Minnesota</u>	2022	1 <u>0</u>	0	0	0	0	0	1 <u>0</u>
	2023	1 <u>0</u>	1 <u>0</u>	0	0	0	0	2 <u>0</u>
	<u>2024</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Missouri	2022 021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Nebraska	2022 021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New Jersey	2022 021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
New York	2022 021	7	0	0	0	0	0	7
	2022 <u>023</u>	7	0	0	0	0	0	7
	2023 <u>024</u>	7	0	0	0	0	0	7
North Carolina	2022 021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Ohio	2021 <u>024</u>	1 <u>2</u>	0	0	0	0	0	1 <u>2</u>
<u>Ohio</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Oklahoma	2022 021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Oregon	2022 2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Pennsylvania	2022 2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Puerto Rico	2022 2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
South Carolina	2022 2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Texas	2022 2021	3 <u>2</u>	0	0	1 <u>0</u>	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Virginia	2022 2021	1	1 <u>0</u>	1 <u>0</u>	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Washington	2022 2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	1	0	1	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Wisconsin	2022 2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	2	0	0	0	0	3
Total	2021 <u>2024</u>	44 <u>3</u>	10 <u>3</u>	20 <u>1</u>	20 <u>0</u>	0	0	41 <u>3</u>
<u>Total</u>	2022	41	1	2	2	0	0	38
	2023	38	11	1	1	0	0	47
	<u>2024</u>	<u>47</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>49</u>

* Based on fiscal year beginning November 1 and ending October 31.

Table No. 4
Status of Company-Owned Outlets
For Years ~~2021~~2022 to ~~2023~~2024*

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
All States	2021 2022	0	0	0	0	0	0
	2023 2022	0	0	0	0	0	0
	2023 2024	0	0	0	0	0	0
Total	2021 2022	0	0	0	0	0	0
	2023 2022	0	0	0	0	0	0
	2023 2024	0	0	0	0	0	0

* Based on fiscal year beginning November 1 and ending October 31.

Table No. 5
Projected Openings as of October 31, ~~2023~~2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company – Owned Outlets In the Next Fiscal Year
California	0	1	0
Florida	0	1	0
Georgia	0	1	0
Indiana	0	1	0
Massachusetts Nevada	0	1	0
Pennsylvania	0	1	0
TOTAL	0	64	0

Exhibit H lists the name, address, and telephone number of all current franchisees for each of their outlets as of October 31, ~~2023~~2024.

Exhibit I lists the name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a TEGG Service outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year or who has not communicated with us within ten (10) weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We have not signed any agreements with current or former franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experiences as a franchisee in our franchise system.

We have not created or sponsored any trademark-specific franchisee organizations associated with the franchise system. No independent franchisee organizations have asked to be included in this Disclosure Document.

ITEM 21: FINANCIAL STATEMENTS

The audited consolidated balance sheets of ABM Industries Incorporated as of October 31, ~~2023~~2024 and October 31, ~~2022~~2023, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended October 31, ~~2023~~2024, and the related notes and financial statement Schedule II (collectively, the "consolidated financial statements"), and management's report on internal control over financial reporting as of October 31, ~~2023~~2024, are included in this Disclosure Document as Exhibit J.

Our fiscal year end is October 31. Our separate financial statements are not included in this Disclosure Document. Should we fail to fulfill our duties and obligations to our TEGG franchisees under their franchise agreements, however, ABM Industries Incorporated absolutely and unconditionally guarantees to assume those duties and obligations. A copy of ABM's Guarantee of Performance is included as Exhibit J.3.

ITEM 22: CONTRACTS

The following contracts are attached to this Disclosure Document in the following order:

Exhibit A	Franchise Agreement
Exhibit B	Guarantee
Exhibit C	Confidentiality Agreement
Exhibit D	TEGGPro [®] Software Agreement
Exhibit E	General Release

If you are a business entity, we may require your individual business owners to execute, simultaneously with you signing the Franchise Agreement, a Guarantee (Exhibit B) whereby your individual business owners guarantee to pay us in accordance with the terms of the Franchise Agreement and be personally liable for the breach of any provisions in the Franchise Agreement.

Please refer to State specific amendment to the Franchise Agreement in Exhibit M. for any additional agreements that apply in your state.

ITEM 23: RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document are located at the end of this Disclosure Document. Please return one signed copy to us and retain the other copy for your records.

EXHIBIT A
FRANCHISE AGREEMENT



An ABM Company

FRANCHISE AGREEMENT

TEGG® FRANCHISE AGREEMENT
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Exhibit A: TEGGPro Software Agreement

Exhibit B: Guarantee

TEGG® FRANCHISE AGREEMENT

THIS AGREEMENT is entered into by and between ABM Franchising Group, LLC, a Delaware limited liability company, with its principal place of business at 501 Technology Drive, Suite 3000, Canonsburg, Pennsylvania 15317, (hereinafter “**FRANCHISOR**”), and

(Company Name)

a _____ organized under the laws of _____, with its principal
(Corporation, Partnership, limited liability company) (State)
place of business at

(hereinafter “**FRANCHISEE**”), as of the ____ day of _____, 20__ (the “Effective Date”).

WHEREAS, **FRANCHISOR**, as a result of the expenditure of time, effort and money has developed and owns a distinctive system for the operation, improvement and development of additional maintenance, repair, replacement and diagnostic businesses for electrical contractors, solely for commercial, institutional, governmental and multi-unit residential structures housed in buildings three (3) stories and above. This system includes methods and techniques for management, marketing, sales, operation, recruiting and training of employees, advertising and promotion, and quality control, among others (hereinafter “**TEGG Service**”); and

WHEREAS, **FRANCHISOR** is the owner of the entire right, title and interest in the trademark and service mark “**TEGG**,” and such other service marks and trademarks as are now designated, or may hereafter be designated by **FRANCHISOR**, as part of **TEGG Service** (hereinafter “**Proprietary Marks**”); and **FRANCHISOR** continues to develop, use and control such Proprietary Marks; and

WHEREAS, **FRANCHISEE** desires to operate a business performing maintenance, repair, replacement and diagnostic services for electrical systems, and related activities under **FRANCHISOR’S TEGG Service** system and under **FRANCHISOR’S Proprietary Marks**, and wishes to obtain a franchise from **FRANCHISOR** for that purpose, as well as to receive the training and other assistance provided by **FRANCHISOR** in connection therewith; and

WHEREAS, **FRANCHISEE** understands the importance of **FRANCHISOR’S** high standards of quality and service and the necessity of operating the business franchised hereunder in conformity with **FRANCHISOR’S** standards and specifications.

NOW, THEREFORE, the parties in consideration of the mutual promises contained herein and intending to be legally bound agree as follows:

I. APPOINTMENT

1. Grant

FRANCHISOR grants to FRANCHISEE during the term of this Agreement and in accordance with the terms and conditions contained herein the right to operate a TEGG Service Business (as defined below), and FRANCHISEE undertakes the obligation to operate a TEGG Service Business under the Proprietary Marks, and in conformity with FRANCHISOR'S standards and TEGG Service, as they may be changed from time to time. The “**TEGG Service Business**” shall consist of:

- i. Design, installation, start-up, warranty, testing (such as harmonics, infrared, power factor, ground resistance, ultrasonic, RMS voltage, RMS current, megger[®] (megger is a registered trademark of Megger Limited), and voltage disturbances);
- ii. Inspecting, cleaning, maintaining records, aligning, tightening, balancing loads, circuit breakers (testing, calibration and upgrading), reviewing code compliance, lubrication, maintaining liquid levels, scheduling, insulating, shutdown, securing, preventive maintenance, corrective maintenance, predictive maintenance, service, calibration, relocating, adjustment, repair, operation, modifications, additions, replacement and sale of parts and supplies;
- iii. Electrical distribution systems, telecommunication systems, indoor and outdoor lighting, electrical power conditioning systems, surge protection systems, harmonic filters, electrical power quality monitoring systems, electric motors, motor starters, capacitors (power factor correction systems), uninterruptible power supplies, emergency lighting systems, security systems, fire alarm systems, electric generation systems, power substations;
- iv. Oil analysis of transformers and oil circuit breakers:
- v. Single battery and multi-strap intercell resistance measurements;
- vi. Development of single line diagrams, panel schedules and circuit identification;
- vii. Energy conservation systems; and
- viii. Such related products and services as FRANCHISOR may require or authorize in writing from time to time.

2. Location

This franchise is granted at the following specific location:

(hereinafter “**Location**”). FRANCHISEE shall not relocate its TEGG Service Business from the Location without giving FRANCHISOR prior written notice and obtaining the approval of FRANCHISOR, and shall not establish or engage in a TEGG Service Business at or operating from any additional location.

3. **Territory**

(a) FRANCHISEE’S Territorial Rights: [check one]

- ☐ (i) Subject to Section 3(c)(ii) below, FRANCHISOR shall not perform, nor authorize another TEGG Service Franchisee to perform, any of the services of a TEGG Service Business using the Proprietary Marks and the TEGG Service system on any building or system located within the following geographical area (hereinafter “**Primary Marketing Area**”):

- ☐ (i) Subject to Section 3(c)(ii) below, FRANCHISOR shall not authorize more than ____ other TEGG Service Franchisees to perform any TEGG Services using the Proprietary Marks and TEGG Service system on any building or system located within the following geographical area (hereinafter “**Shared Marketing Area**”):

(ii) except as follows:

- (1) with the written consent of FRANCHISEE; or
- (2) by another TEGG Service Franchisee under the limitations set forth in Sections 3(b)(i) through 3(b)(vi) hereinafter; or
- (3) when FRANCHISOR, its parent or affiliates and/or another TEGG Franchisee has given FRANCHISEE the opportunity to perform TEGG Services on any building or electrical system located within their Primary Marketing Area or Shared Marketing Area, as applicable, on terms acceptable to the customer and FRANCHISEE

declines to perform TEGG Services on such building or electrical system;

- (4) for services performed on residential properties. For the purposes of this Section 3(a); the term “residential properties” shall mean multi-unit residential structures housed in buildings three (3) stories or less; or
- (5) for services rendered to customers based upon opportunities provided by FRANCHISOR, or its parent or affiliates, FRANCHISOR reserves the right to negotiate agreements on such terms and conditions as it deems appropriate. FRANCHISOR will give FRANCHISEE the option to service the opportunity located in its Territory granted hereunder on the same terms and conditions negotiated by FRANCHISOR, but if FRANCHISEE does not elect to exercise such option, FRANCHISOR (or its designee, which may be another TEGG franchisee) may do so; provided, however, if a customer requires FRANCHISOR to utilize an existing contractor, or another contractor of their choice, to perform the services, then FRANCHISOR will not provide FRANCHISEE the option to perform.

(b) FRANCHISEE’S Territorial Limitations:

FRANCHISEE may not solicit nor perform TEGG Service on any building or system located outside FRANCHISEE’S Primary Marketing Area or Shared Marketing Area, as applicable, except:

- (i) if the building or system is located within the Primary Marketing Area or Shared Marketing Area, as applicable, of another TEGG Service Franchisee (except if the other TEGG Service Franchisee is in the same Shared Marketing Area as FRANCHISEE, in which case FRANCHISEE may solicit or perform TEGG Service), FRANCHISEE shall have obtained the prior written consent of such Franchisee, or if the electrical or other system is not in the Primary Marketing Area or Shared Marketing Area, as applicable, of another TEGG Service Franchisee, FRANCHISEE shall have obtained the prior written consent of FRANCHISOR; or
- (ii) if FRANCHISEE has been providing the particular services on such building or system within twelve (12) months prior to the Effective Date and continues to perform such services uninterrupted; or
- (iii) if FRANCHISEE, without solicitation or other prompting, is requested in writing by any customer to respond to a bid or proposal, and the scope of work is specified in writing by the customer; or
- (iv) if such electrical system is being installed or has been installed ~~within one (1) year~~ by an affiliated division or company of FRANCHISEE (i.e.g., FRANCHISEE

FRANCHISEE'S construction affiliate or division), FRANCHISEE may perform TEGG Service on such electrical system for a period not to exceed one (1) year from completion of construction, (i.e. during the construction warranty period); or

- (v) if FRANCHISOR or FRANCHISEE has given another TEGG Franchisee a referral of a customer interested in TEGG Service at a facility located within the primary marketing area or shared marketing area of such other TEGG Franchisee on terms acceptable to the customer and such other TEGG Franchisee either; (a) declines to perform such service; or (b) fails to accept the project on the proposed terms within a reasonable time period after being notified of the opportunity; or
 - (vi) if FRANCHISEE is responding to a customer's written request to perform a clearly defined scope of work at a specific facility or on a specific component or system within that facility.
- (c) FRANCHISOR'S Reservation of Rights.
- (i) Except as specifically provided in Section 3(a), FRANCHISOR and all of its affiliates (and respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all rights and discretion with respect to the Proprietary Marks and the TEGG System anywhere in the world, and the right to engage in any business, including the right to: (i) operate, and grant to others the right to operate, TEGG Service Businesses at such locations and on such terms and conditions as FRANCHISOR deems appropriate; (ii) sell any products or services under the Proprietary Marks or under any other trademarks, service marks or trade dress, through other channels of distribution; and (iii) operate, and grant to others the right to operate businesses identified by trademarks, service marks or trade dress other than the Proprietary Marks pursuant to such terms and conditions as FRANCHISOR deems appropriate.
 - (ii) Notwithstanding Section 3(a), FRANCHISOR and all of its affiliates (and respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all rights and discretion to engage in, or franchise others to engage in: (i) business facility management services ("Facility Services"), including, without limitation, integrated facility services, including technical operations and maintenance, administrative and office support, and project management and (ii) HVAC and mechanical services ("HVAC and Mechanical Services") including, without limitation, maintenance, repair and replacement of heating, ventilating, and air conditioning systems, equipment and controls and related services, primarily for commercial, industrial, institutional and multi-family residential buildings, each under names, trademarks and services marks which may include some or all of the Proprietary Marks. Facility Services and HVAC and Mechanical Services may include the provision of TEGG Services that are ancillary to the provision of Facility Services.

(d) Resolution of Territorial Disputes:

If FRANCHISEE believes in good faith that another TEGG Service Franchisee has breached any of the FRANCHISEE'S territorial rights under Section 3(a) hereof, FRANCHISEE shall notify FRANCHISOR in writing and include detailed facts supporting the claim for an alleged breach. Upon receipt of such written notice from FRANCHISEE, FRANCHISOR will within a reasonable period of time, appoint a three (3) member "Review Committee" consisting of two (2) representatives of TEGG Service Franchisees (members of the TEGG Service Advisory Council, if it is active) and one (1) executive of FRANCHISOR to investigate the alleged breach and make a recommendation of a remedy, if any, including possible termination of the TEGG Service Franchise Agreement. No TEGG Service Franchise representative may serve on a Review Committee if the Primary Marketing Area or Shared Marketing Area, as applicable, under the Franchise representative's Franchise Agreement is contiguous to a Primary Marketing Area or Shared Marketing Area, as applicable that is in dispute.

The proceeding before the Review Committee will be governed by such rules as FRANCHISOR may from time to time establish. FRANCHISOR shall consider such recommendation, but reserves the right in its sole business judgment to resolve such matter as it deems appropriate. All costs of the investigation and resolution of the dispute shall be paid by the Franchisees involved in the dispute as allocated by the Board of Directors of FRANCHISOR, in its sole discretion. FRANCHISEE agrees that neither FRANCHISEE nor any officer, director, owner, employee or agent of FRANCHISEE, shall bring any legal action or claim whatsoever (including any claim for slander, libel, or tortious interference), whether by a statement of claim, complaint, counterclaim, cross-claim or otherwise, against FRANCHISOR, any member of the Review Committee, or any other person in connection with the proceedings referenced in this Section 3(d), including, by way of example and not limitation, for statements made in the proceedings or in any recommendations to the Board of Directors. Further, FRANCHISEE hereby waives any right of action against any member(s) of the Review Committee and/or FRANCHISOR for any negligence, improper or wrongful conduct while acting in the course of the dispute resolution function(s) set forth in this Section 3(d).

II. OBLIGATIONS OF FRANCHISOR

4. Initial Training

FRANCHISOR shall make available and require all of FRANCHISEE'S personnel, whether incumbent or newly hired, without a separate charge, to attend initial training in providing TEGG Services at times and places as determined by FRANCHISOR for individuals performing the following functions: Principal, TEGG Monitoring and Executive Oversight; General Management; Service Management; Business Systems Management; Sales, Sales Management, Construction Management, Electrical Testing, Electronic Testing, Preventive Maintenance, Predictive Maintenance, Safety, Inspection, Repair, Replacement, Estimating, Pricing, Proposal Writing and Proposal Presentations. FRANCHISEE'S personnel will be required to attend Infrared Level 1 and Level 2 training which instructs your employees how to set up and operate an infrared camera and how to gather the quantitative and qualitative data necessary to perform TEGG Service. The tuition is \$2,000~~350~~ per student. We provide the facility and supervise the training.

5. Other Training

FRANCHISOR may conduct, in its sole discretion, at FRANCHISEE'S Location or at a location chosen by FRANCHISOR, refresher training and such other training as FRANCHISOR may determine to provide from time to time, without a tuition fee. FRANCHISEE will pay the standard daily instructor rates as published in the Confidential Operating Manual, plus travel and living costs, for training conducted at FRANCHISEE'S Location. FRANCHISEE will be charged lab fees for classroom computer-related training and access fees for distance learning. FRANCHISEE shall pay all wages, travel, living and other expenses for its employees in connection with all such training.

If FRANCHISEE requests additional training, FRANCHISOR, may provide such additional training on a mutually agreed upon date and location and at the rates published in the Confidential Operating Manual. FRANCHISEE shall pay all wages, travel, living and other expenses for its employees during such training or assistance.

6. Monitoring and Recommendations

From time to time, FRANCHISOR may, but shall not be obligated to, provide appraisals and remedial recommendations for FRANCHISEE's TEGG Service Business, including its performance in sales, technical performance, operations administration, accounting, personnel administration, training, cost control and staffing. Individual counseling and coaching of employees of FRANCHISEE who manage others who provide, or who themselves provide, TEGG Services may also from time to time be provided recommendations for the purpose of optimizing the growth and profitability of business derived from being an Authorized TEGG Franchisee.

7. Confidential Operating Manual

FRANCHISOR shall permit FRANCHISEE to borrow and use, during the term of this Agreement, the TEGG Service Confidential Operating Manual (hereinafter "**Confidential Operating Manual**"). The Confidential Operating Manual, which may be made available, at FRANCHISOR'S discretion, in hard copy or electronic media, shall set standards of operation for the TEGG Service Business, including, without limitation, suggested practices concerning organization, personnel, customer proposals and contracts, insurance, marketing, operations, accounting, and quality control, as FRANCHISOR shall from time to time deem appropriate. FRANCHISOR may at its discretion, from time to time, revise, add to or delete from the Confidential Operating Manual. Revisions to the Confidential Operating Manual will be furnished to FRANCHISEE without additional cost to FRANCHISEE.

III. OBLIGATIONS OF FRANCHISOR AND FRANCHISEE

8. Computer System and Proprietary Software

FRANCHISOR shall make available to FRANCHISEE one or more computer programs, including but not limited to TEGGPro® ("Proprietary Software"), and/or licenses to operate the Proprietary Software on computers at FRANCHISEE'S Location. FRANCHISEE shall, at its cost, obtain and maintain at its Location computers and programs that conform to technical specifications set forth

in the COM. The Proprietary Software provides FRANCHISEE with required maintenance pricing and tasking; electrical component problem reporting and record keeping; and sales tracking and management reporting.

All computer programs including Proprietary Software provided by FRANCHISOR shall at all times be the sole property of FRANCHISOR, who may make reasonable revisions to such programs in its sole discretion from time to time. FRANCHISOR shall provide FRANCHISEE with a non-exclusive, non-transferable license to use such computer programs at the Location identified in Section 2 of this Agreement in the form of agreement attached hereto as Exhibit "A" and made a part hereof.

FRANCHISEE shall purchase and maintain such computer hardware, software, components, accessories, microprocessors, laptop and/or desk top computers and printers as FRANCHISOR may specify in the Confidential Operating Manual or otherwise in writing, as necessary, to operate the applicable Proprietary Software, as well as to operate the TEGG Service Business under the TEGG Service system (the "Computer System").

FRANCHISEE hereby acknowledges that the Proprietary Software and other computer programs provided by FRANCHISOR in connection therewith are confidential and proprietary in nature and that the entire right, title and interest therein and in all enhancements, modifications and derivatives thereof, regardless of source, shall remain with and become the property of FRANCHISOR and/or its designee. FRANCHISEE agrees not to remove any notices from the Proprietary Software indicating that it is patented, copyrighted, trademarked or otherwise proprietary to FRANCHISOR or others, and FRANCHISEE agrees to reproduce and affix such notice to all copies of the Proprietary Software made by it. Except as specifically permitted by this Agreement, FRANCHISEE agrees not to disclose, transfer, sell, publish, sublicense, display, or otherwise make available the Proprietary Software, or information relating thereto, in any way to any person other than employees of FRANCHISEE required to have such knowledge for use of the Proprietary Software or the Computer System. FRANCHISEE agrees to secure and protect the Proprietary Software in a manner consistent with the maintenance of FRANCHISOR'S rights therein and to take appropriate actions by instruction or agreement with its employees, agents or consultants who are permitted access to the Proprietary Software to satisfy FRANCHISEE'S obligations hereunder. FRANCHISEE shall comply with and implement all security and password protocols implemented by FRANCHISOR for use with the Proprietary Software. FRANCHISEE shall not copy or reproduce, in whole or in part, any portion of the Proprietary Software which is provided in printed form under this Agreement. Additional copies of printed materials may be acquired from the FRANCHISOR. Portions of the Proprietary Software which are provided in electronic form may only be copied, reproduced or printed to the extent required for use by the FRANCHISEE with the Computer System or for archive purposes. FRANCHISEE agrees to maintain appropriate records of the number and location of all such copies of the Proprietary Software. The original and any copies of the Proprietary Software, in whole or in part, which are made by the FRANCHISEE, shall be the property of FRANCHISOR.

FRANCHISOR WARRANTS TO FRANCHISEE THAT IT HAS FULL RIGHT, POWER AND AUTHORITY TO GRANT TO FRANCHISEE THE LICENSE PROVIDED FOR HEREIN. FRANCHISOR MAKES AND FRANCHISEE RECEIVES NO OTHER WARRANTY WHATSOEVER REGARDING THE PROPRIETARY SOFTWARE PROVIDED TO

FRANCHISEE, WHETHER EXPRESS OR IMPLIED. THE ABOVE WARRANTY SHALL BE THE SOLE OBLIGATION OF FRANCHISOR AND/OR ITS DESIGNEE(S) WITH RESPECT TO THE PROPRIETARY SOFTWARE AND FRANCHISOR AND ITS DESIGNEES DISCLAIM ANY AND ALL LIABILITY, INCLUDING LIABILITY FOR INCIDENTAL, SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES ARISING OUT OF THE DELIVERY, USE OR OPERATION OF THE PROPRIETARY SOFTWARE. ALL OTHER WARRANTIES, WHETHER EXPRESSED OR IMPLIED, INCLUDING ANY REGARDING THE CORRECTNESS OR APPLICABILITY OF DATA OR ALGORITHMS CONTAINED IN THE PROPRIETARY SOFTWARE, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF OR IN CONNECTION WITH THE PROPRIETARY SOFTWARE (OR THE DELIVERY, USE OR PERFORMANCE THEREOF) ARE HEREBY EXCLUDED. NO REPRESENTATIONS REGARDING THE PERFORMANCE OF THE PROPRIETARY SOFTWARE SHALL BE BINDING ON FRANCHISOR AND/OR ITS DESIGNEE.

FRANCHISEE AGREES TO INDEMNIFY AND HOLD FRANCHISOR AND/OR ITS DESIGNEE HARMLESS FOR ANY CLAIMS, LOSSES, OR DAMAGES ARISING OUT OF OR CONNECTED WITH FRANCHISEE'S USE OF THE PROPRIETARY SOFTWARE, INCLUDING WITHOUT LIMITATION THIRD PARTY CLAIMS, LOSSES, OR DAMAGES. FRANCHISEE FURTHER AGREES THAT NEITHER FRANCHISOR NOR ITS DESIGNEE WILL BE LIABLE FOR ANY LOST PROFIT OR REVENUE OF FRANCHISEE OR FOR ANY CLAIM OR DEMAND AGAINST FRANCHISEE BY ANY OTHER PARTY, INCLUDING WITHOUT LIMITATION, ANY CLAIM OR DEMAND AGAINST FRANCHISEE BY A CUSTOMER, CLIENT OR EMPLOYEE OF FRANCHISEE.

9. Confidential Use of FRANCHISEE Information

FRANCHISOR shall, during the term of this Agreement and after its termination, hold in confidence financial information relating to FRANCHISEE, although it may use such information, without identification of FRANCHISEE, in statistical analyses of franchise performance or other similar purposes. FRANCHISOR may, in addition, disclose any information required by law or Court Order. FRANCHISOR shall not be liable for any damages to FRANCHISEE which results from the disclosure of such information unless such disclosure occurs as the result of willful misconduct on the part of FRANCHISOR. Any disclosure by FRANCHISOR shall not constitute cause for termination of this Agreement by FRANCHISEE pursuant to Section 34(a) hereof or otherwise.

IV. OBLIGATIONS OF FRANCHISEE

10. Franchise Fee

FRANCHISEE shall pay to FRANCHISOR an initial Franchise Fee of SEVENTY-FIVE THOUSAND DOLLARS (\$75,000) upon execution of this Agreement. FRANCHISEE may, at its option, (a) pay THIRTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$37,500) upon execution of this Agreement and the remaining THIRTY-SEVEN THOUSAND FIVE HUNDRED DOLLARS (\$37,500) of the initial Franchise Fee in eleven (11) consecutive monthly installments of THREE THOUSAND FOUR HUNDRED NINE AND 09/100 DOLLARS

(\$3,409.09) each beginning on the first month following the Effective Date and continuing each month thereafter until paid in full; or (b) pay a discounted lump sum initial franchise fee of SIXTY-FIVE THOUSAND DOLLARS (\$65,000) upon execution of this Agreement. The Franchise Fee shall be deemed fully earned, nonrefundable, and payable upon execution of this Agreement.

FRANCHISEE may renew this Agreement, without payment of an additional Franchise Fee, provided that at the end of the Term of the Agreement, FRANCHISEE complies with the requirements in Section 29 hereof.

11. Royalty Fee

- (a) FRANCHISEE shall pay to FRANCHISOR monthly Royalty Fees during each Agreement Year, as follows:

4.5% - On the first	\$	0 to	\$	700,000 of Gross Revenues
Plus 4.0% - On	\$	700,001 to	\$	1,400,000 of Gross Revenues
Plus 3.5% - On	\$	1,400,001 to	\$	2,100,000 of Gross Revenues
Plus 3.0% - On	\$	2,100,001 to	\$	2,800,000 of Gross Revenues
Plus 2.5% - On all Gross Revenues in excess of \$2,800,000				

Royalty Fees are payable within thirty (30) days following the end of each calendar month during each Agreement Year based on the foregoing schedule of Gross Revenues.

If by the eleventh (11th) month of an Agreement Year the aggregate amount of Royalty Fees payable under Section 11(a) is less than the minimum Royalty Fee for that Agreement Year, then the payment of Royalty Fees for the twelfth (12th) month of such Agreement Year shall be the greater of the amount payable under Section 11(a) or the amount necessary for the aggregate Royalty Fees paid for such Agreement Year to equal the Minimum Royalty Fee.

- (b) Notwithstanding Section 11(a), FRANCHISEE shall pay, on a monthly basis during each Agreement Year, not less than the Minimum Royalty Fee set forth in the following schedule:

(i) Initial Franchise Agreement:

<u>Initial Term Franchise Year</u>	<u>Monthly Minimum</u>	<u>Annual Minimum</u>
First Agreement Year	\$2,900	\$34,800
Second Agreement Year	\$3,500	\$42,000
Third Agreement Year	\$3,900	\$46,800
Fourth Agreement Year	\$4,600	\$55,200
Fifth Agreement Year	\$5,100	\$61,200
Sixth Agreement Year	\$5,600	\$67,200

Minimum Royalty Fees are payable on a monthly basis no later than the fifth (5th) day of each calendar month during each Agreement Year.

(ii) Renewal Franchise Agreements:

Minimum Royalty Fees for renewal terms shall increase by \$4,000 per year.

- (c) “Gross Revenues” means the aggregate amount, determined on an accrual accounting basis, of all of your sales of services and products; provided, however, that “Gross Revenues” excludes sales taxes and/or other taxes you collect from customers and actually transmit to the appropriate taxing authorities. However, if you have established a separate division or entity for your TEGG Business, then Gross Revenues excludes sales to your other divisions or entities, but will include amounts for sales and services from your other divisions or entities for any of the following:

- (i) work sold by any person regularly employed by your TEGG division or entity of your TEGG Business;
- (ii) all business under the supervision of the TEGG division or entity’s General Manager;
- (iii) Design, installation, start-up, warranty, testing (such as harmonics, infrared, power factor, ground resistance, ultrasonic, RMS voltage, RMS current, megger[®] (megger is a registered trademark of Megger Limited), and voltage disturbances);
- (iv) Inspecting, cleaning, maintaining records, aligning, tightening, balancing loads, circuit breakers (testing, calibration and upgrading), reviewing code compliance, lubrication, maintaining liquid levels, scheduling, insulating, shutdown, securing, preventive maintenance, corrective maintenance, predictive maintenance, service, calibration, relocating, adjustment, repair, operation, modifications, additions, replacement and sale of parts and supplies;
- (v) Electrical distribution systems, telecommunication systems, indoor and outdoor lighting, electrical power conditioning systems, surge protection systems, harmonic filters, electrical power quality monitoring systems, electric motors, motor starters, capacitors (power factor correction systems), uninterruptible

power supplies, emergency lighting systems, security systems, fire alarm systems, electric generation systems, power substations;

- (vi) Oil analysis of transformers and oil circuit breakers;
 - (vii) Single battery and multi-strap intercell resistance measurements;
 - (viii) Development of single line diagrams, panel schedules and circuit identification;
 - (ix) Energy conservation systems; and
 - (x) Such related products and services as FRANCHISOR may require or authorize in writing from time to time.
- (d) All amounts which FRANCHISEE owes FRANCHISOR or any of its Affiliates shall bear interest after their due date at the highest contract rate of interest permitted by law, not to exceed 1.5% per month. However, FRANCHISEE'S failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 35.
- (e) FRANCHISOR may request that all fees and any other payments be affected, at FRANCHISEE'S cost, through electronic debit/credit transfer of funds programs that FRANCHISOR specifies from time to time, and FRANCHISEE agrees to sign such documents (including independent transfer authorizations), pay such fees and costs and do such things as FRANCHISOR deems necessary to facilitate electronic transfers of funds. FRANCHISEE agrees to maintain sufficient funds in the appropriate accounts for such transfers and withdrawals.
- (f) FRANCHISOR may in its sole discretion apply payments by FRANCHISEE to any of its past due indebtedness for fees, purchases of products or supplies or any other past due indebtedness to FRANCHISOR or any of its Affiliates, notwithstanding any contrary designation by FRANCHISEE. All payments hereunder shall be made as and when due without any setoff, deduction or prior demand therefore, and that no restrictive endorsement on any check or in any letter or other communication accompanying any payment shall bind FRANCHISOR, and its acceptance of any such payment shall not constitute an accord and satisfaction or waiver of any of FRANCHISOR'S rights hereunder.

12. Additional Products and Services

During the term of this Agreement, FRANCHISOR may develop additional services and products which may be made available at FRANCHISEE'S option at an additional cost to FRANCHISEE.

13. Advertising by FRANCHISEE

FRANCHISEE, in its discretion and at its expense, may, subject to FRANCHISOR'S prior approval, promote TEGG Services and use FRANCHISOR'S Proprietary Marks in the Primary Marketing Area or Shared Marketing Area, as applicable, through any means, including without

limitation placing advertisements in the local Yellow Pages and on their own web page that refer or relate to their grant of a franchise to provide TEGG Services. All local advertising and promotion that refer to or use the TEGG Services or the Proprietary Marks, including without limitation use of the Proprietary Marks on vehicles, all printed materials, uniforms and other identification in any media (except as to prices to be advertised) shall be subject to the prior approval of FRANCHISOR in the manner set forth in the COM.

FRANCHISEE may, in its discretion and at its expense, maintain a webpage or otherwise maintain a presence or advertise on the internet or any other public computer network that uses the Proprietary Marks. In any such advertising, FRANCHISEE agrees to use the Proprietary Marks on its website exclusively as TEGG expressly permits. FRANCHISEE shall submit to FRANCHISOR for its prior approval any domain name, website links and website content that uses or is associated with the Proprietary Marks. FRANCHISEE shall not adopt a domain name that contains any of the Proprietary Marks unless specifically authorized in advance in writing by FRANCHISOR. FRANCHISEE agrees not to post any of FRANCHISOR'S proprietary, confidential or copyrighted material or information on its website. FRANCHISEE agrees to list on its website, any website maintained by TEGG, and any other information FRANCHISOR requires in the manner FRANCHISOR requires.

FRANCHISOR may, at its discretion, market and advertise TEGG Service Businesses and TEGG Services through the internet on such terms and conditions as it deems appropriate. In connection therewith, FRANCHISEE agrees to abide by such reasonable requirements and restrictions as FRANCHISOR may impose from time to time. FRANCHISOR may require FRANCHISEE to participate in any such endeavors, including participation with pages on any of FRANCHISOR'S websites, and to execute such agreements as FRANCHISOR deems reasonably appropriate in connection therewith.

14. Pursuit of TEGG Service Business

FRANCHISEE shall engage in and actively pursue TEGG Service Business and devote its best efforts to the management, operation and promotion of such business. If FRANCHISEE engages materially in businesses in addition to the TEGG Service Business, FRANCHISEE shall establish a separate TEGG Service Division which shall pursue the TEGG Service Business as its principal and predominant activity. FRANCHISEE shall take such further steps as FRANCHISOR may from time to time deem necessary to ensure the separation of the TEGG Service Division from any other business pursued or performed by FRANCHISEE.

FRANCHISEE at all times must proactively promote the sale of TEGG Service Business in accordance with FRANCHISOR'S standards by hiring a sufficient number of sales representatives and assigning TEGG Service Business sales quotas to them within the Primary Marketing Area or Shared Marketing Area, as applicable, in order to fully develop the commercial potential of the TEGG Service Business throughout the Primary Marketing Area or Shared Marketing Area, as applicable.

15. Use of Name and Mark

FRANCHISEE shall use and promote the Proprietary Marks of the FRANCHISOR, at FRANCHISEE'S sole cost and expense, utilizing such Proprietary Marks on stationery, uniforms, service vehicles and other identity media of FRANCHISEE or FRANCHISEE'S TEGG Service Division. All uses of FRANCHISOR'S Proprietary Marks by FRANCHISEE shall be subject to FRANCHISOR'S written approval. FRANCHISEE may, during the initial term of this franchise, continue to utilize its existing service vehicle identification program, provided FRANCHISEE integrates FRANCHISOR'S Proprietary Marks with such existing identification program in a manner approved by FRANCHISOR. FRANCHISOR reserves the right to change or alter any Proprietary Marks at any time and in its sole discretion without incurring any liability to FRANCHISOR. In the event of such change or alteration, FRANCHISEE shall change the marks on its stationery, uniforms, service vehicles and other identity media to match FRANCHISOR'S new proprietary marks at FRANCHISEE'S sole cost.

FRANCHISEE shall not use the Proprietary Marks for any purpose, other than the conduct of its TEGG Service Business, or in any manner not approved in writing by FRANCHISOR. FRANCHISEE shall not use or include any of FRANCHISOR'S Proprietary Marks in or as part of its corporate or other formal business name. FRANCHISEE shall file and maintain any required assumed name or fictitious name registrations and shall execute any documents deemed necessary by FRANCHISOR to obtain protection for FRANCHISOR'S Proprietary Marks or to maintain their continued validity and enforceability.

FRANCHISEE agrees and acknowledges that FRANCHISOR is the owner of all right, title and interest in and to FRANCHISOR'S Proprietary Marks and the goodwill associated with and symbolized by them and that FRANCHISEE'S use of such Proprietary Marks pursuant to this Agreement does not give FRANCHISEE any ownership or other interest in or to FRANCHISOR'S Proprietary Marks, except the nonexclusive license granted herein. FRANCHISEE further agrees and acknowledges that its right to use FRANCHISOR'S Proprietary Marks is limited to such uses as are authorized under this Agreement and that any unauthorized uses thereof shall constitute an infringement of FRANCHISOR'S rights. Any and all goodwill arising from FRANCHISEE'S use of the Proprietary Marks in its operation under TEGG Service shall inure solely and exclusively to FRANCHISOR'S benefit and, upon expiration or termination of this Agreement and the franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with FRANCHISEE'S use of TEGG Service or FRANCHISOR'S Proprietary Marks. FRANCHISEE agrees and acknowledges that FRANCHISOR may itself use and grant licenses to others to use TEGG Service and FRANCHISOR'S Proprietary Marks, and that FRANCHISOR may establish, develop and license other systems, different from the TEGG Service licensed herein, without offering or providing FRANCHISEE with any rights in, to or under such other systems.

FRANCHISEE agrees that FRANCHISOR'S Proprietary Marks are valid and serve to identify TEGG Service and those who are franchised under TEGG Service and FRANCHISEE shall not, during the term of this Agreement or after its expiration or termination, directly or indirectly contest the validity or ownership of FRANCHISOR'S Proprietary Marks.

FRANCHISEE must notify FRANCHISOR immediately of any apparent infringement of or challenge to FRANCHISEE'S use of any Proprietary Mark, or any claim by another person of any rights in any Proprietary Mark. FRANCHISEE may not communicate with any person, other than its legal counsel, FRANCHISOR and its legal counsel, in connection with any such infringement, challenge or claim. FRANCHISOR will have sole discretion to take such action as it deems appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any infringement, challenge or claim or otherwise relating to any Proprietary Mark. FRANCHISEE must sign any and all documents, render such assistance and do such things as maybe advisable in the opinion of FRANCHISOR'S counsel to protect its interests in any litigation or U.S. Patent and Trademark Office proceeding or other administrative proceeding or otherwise to protect its interests in the Proprietary Marks.

FRANCHISOR agrees to indemnify FRANCHISEE against, and to reimburse FRANCHISEE for, all damages for which FRANCHISEE is held liable in any proceeding arising out of its authorized use of any Proprietary Mark pursuant to and in compliance with this Agreement and, except as provided herein, for all costs FRANCHISEE reasonably incurs in defending any such claim brought against it, provided FRANCHISEE has timely notified FRANCHISOR of such claim and provided further that FRANCHISEE is in compliance with this Agreement and all other agreements entered into with FRANCHISOR or any of its Affiliates. FRANCHISOR, at its sole discretion, is entitled to prosecute, defend and/or settle any proceeding arising out of FRANCHISEE'S use of any Proprietary Mark pursuant to this Agreement, and, if FRANCHISOR undertakes at any time to prosecute, defend and/or settle any such matter, FRANCHISOR has no obligation to indemnify or reimburse FRANCHISEE for any fees or disbursements of any legal counsel retained at any time by FRANCHISEE.

16. Staff and Personnel Development

During the term of this Agreement, the provision of TEGG Services by FRANCHISEE shall be under the direction of, and managed by, a General Manager (to be mutually agreed upon by FRANCHISOR and FRANCHISEE), who shall be subject to the approval of FRANCHISOR, which approval shall not be unreasonably withheld or delayed. The General Manager shall devote sufficient time to such management. The General Manager shall complete the initial training courses provided by FRANCHISOR to the reasonable satisfaction of FRANCHISOR.

In the event the designated General Manager shall no longer serve in this management function for any reason, or in the event the designated General Manager shall be unable to perform his/her functions for a period of ninety (90) days or more as a result of illness, disability or other incapacity, FRANCHISEE shall appoint a successor, with the approval of FRANCHISOR. The successor General Manager shall complete the initial training courses to the reasonable satisfaction of FRANCHISOR.

In addition to the designated General Manager, FRANCHISEE'S TEGG Division shall be staffed by personnel responsible and accountable for the promotion, sales and service provided by TEGG Services, including without limitation persons performing the following functions: Sales Management, Operations/Operations Management, Accounting, Job Costing, Service Report Auditing, Material Costing and Invoicing, Purchasing, Financial Reporting, Payables, Clerical Task and Management, TEGG Certified Electricians and Electronic Technicians [the "TEGG

Technical Professionals"], Administrative, and at least one fully dedicated TEGG Sales Professional. These personnel shall be chosen by FRANCHISEE and subject to the approval of FRANCHISOR, which approval shall not be unreasonably withheld or delayed and shall complete the initial training courses to the reasonable satisfaction of FRANCHISOR.

17. Use of Confidential Operating Manual

In order to protect the reputation and goodwill of FRANCHISOR and to maintain uniform standards of operation under FRANCHISOR'S Proprietary Marks, FRANCHISEE agrees to conduct the TEGG Service Business strictly in accordance with the mandatory provisions of the Confidential Operating Manual, which FRANCHISEE acknowledges having received on loan from FRANCHISOR for the term of this Agreement. The term "Confidential Operating Manual" includes all tangible and electronic means of communicating information concerning FRANCHISOR'S standards, specifications and operating procedures relating to the development and operation of a TEGG Service Business to FRANCHISEE that references that the information is part of the Confidential Operating Manual, including without limitation, bulletins, memoranda, correspondence, video tapes, audio tapes, CDs and website. The Confidential Operating Manual shall at all times remain the sole and exclusive property of FRANCHISOR. FRANCHISOR may from time to time revise the contents of the Confidential Operating Manual, and FRANCHISEE expressly agrees to comply promptly with each new or changed standard that FRANCHISOR designates as mandatory. FRANCHISEE shall at all times ensure that its copies of the Confidential Operating Manual are kept current. In the event of any disputes as to the contents thereof, the terms of the master copy maintained by FRANCHISOR at FRANCHISOR'S home office shall be controlling.

18. Confidential Information

FRANCHISEE acknowledges that the information contained in the Confidential Operating Manual, as well as operational directives issued by FRANCHISOR and in other materials concerning TEGG Service and its operation whether or not marked "Confidential," shall be deemed confidential and proprietary ("Confidential Information"), and FRANCHISEE agrees to treat and maintain such Confidential Information as FRANCHISOR'S property, to use such information only for operation of the TEGG Service Division and the TEGG Service Business franchised under this Agreement, and to refrain from copying or reproducing any portion of such information without FRANCHISOR'S prior written consent. FRANCHISEE agrees not to disclose such Confidential Information to others, including its Shareholders or owners, during the term of this Agreement, except to FRANCHISEE'S employees or agents whose job duties require knowledge thereof. FRANCHISEE agrees not to disclose or use Confidential Information that constitutes Trade Secrets (as defined by applicable law) following the expiration or termination of this Agreement and not to disclose or use Confidential Information that does not constitute Trade Secrets for a period of five (5) years following the expiration or termination of this Agreement. FRANCHISEE shall require each of its employees having access to the Confidential Operating Manual or other Confidential Information or Trade Secrets to execute a Confidentiality Agreement in the form prescribed from time to time in the Confidential Operating Manual, or in a form sufficiently modified by FRANCHISEE and approved by FRANCHISOR, to be enforceable in the Primary Marketing Area or Shared Marketing Area, as applicable, requiring them to hold such

information in strictest confidence, upon FRANCHISEE'S execution of this Agreement or their date of hire, whichever is later.

19. Management Information and Accounting System

FRANCHISEE shall keep books and records reflecting or relating to its promotion and sales of its TEGG Service Division, in such manner as to provide the minimum reporting and internal control requirements for management control and accounting of its TEGG Service Division as mutually agreed by FRANCHISEE and FRANCHISOR.

20. Quality of Performance of Services

In order to protect the reputation and goodwill of FRANCHISOR, the "TEGG" name and logo, other Proprietary Marks and the TEGG Services, FRANCHISEE shall provide the highest quality of performance, professionalism and service to its customers for TEGG Services, shall fulfill all of its contractual obligations to its customers, staff with a sufficient number of TEGG Technical Professionals to perform the service and maintenance work, perform all work in accordance with all TEGG Tasking maintenance schedule requirements, perform all work in compliance with the current National Electrical Code and appropriate safety standards, assure the professional appearance of all of its employees and uniformed TEGG Technical Professionals and shall promote, offer, sell and provide TEGG Services in conformity with such reasonable uniform quality standards of performance, techniques and procedures as FRANCHISOR may from time to time set forth in the COM or otherwise in writing. For purposes of this Agreement, TEGG Technical Professionals shall mean those employees of FRANCHISEE that have been trained and certified by FRANCHISOR and assigned to working for FRANCHISEE under this Agreement. To ensure such quality, FRANCHISOR shall have the right, but not the obligation, to review the appearance and qualifications of FRANCHISEE'S personnel, regulate the types and quality of the test instruments, safety items, parts and equipment used in performing TEGG Service, examine the schedule of FRANCHISEE'S work, audit the quality of FRANCHISEE'S work without intention to interfere with its customers' premises, and contact and survey FRANCHISEE'S customers in connection with the quality of the work performed. If any work performed by FRANCHISEE does not meet FRANCHISOR'S quality standards, FRANCHISEE shall take immediate steps to correct such situation. Failure by FRANCHISEE to conform to any of the requirements of this Section may be deemed by FRANCHISOR to be a default under this Agreement.

21. Maintenance and Auditing of Records

FRANCHISEE shall maintain its books and records in accordance with generally accepted accounting principles and state and federal regulations consistently applied. Books and records of the TEGG Service Division, as required or requested by FRANCHISOR, shall be further maintained in the form and manner set forth in the COM. All books and records of FRANCHISEE shall be preserved for at least five (5) years from the date of their preparation. FRANCHISEE shall submit to FRANCHISOR, in a timely manner, reports, records, information and data relating to its TEGG Service Division as FRANCHISOR may designate in the COM.

22. Involvement in Other Business

FRANCHISEE, its General Manager, Directors, Officers and all Partners, Proprietor, or any persons and entities that directly or indirectly owns a five percent (5%) or more legal or beneficial interest in FRANCHISEE shall not, during the Term of this Agreement, engage directly or indirectly in any other business performing activities included within the definition of the TEGG Service Business in Section 1 without the prior written consent of FRANCHISOR, which consent may be withheld for any reason or no reason at all. Nor shall any of them divert or attempt to divert any business or customer of the TEGG Service Business to any other business which is not authorized to be operated under TEGG Service, or to any competitor, by direct or indirect inducement or otherwise. Nor shall any of them permit any person or business to use or have access to all or any part of the TEGG System which is not authorized to utilize the TEGG System or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with FRANCHISOR'S Proprietary Marks and TEGG Service. FRANCHISEE shall require its employees performing managerial or supervisory functions and its employees receiving special training from FRANCHISOR to execute similar covenants in the form set forth in the Confidential Operating Manual, as may be modified to be enforceable with the Primary or Shared Marketing Areas.

23. Insurance

FRANCHISEE shall purchase and maintain during the entire Term of this Agreement from an insurance carrier acceptable to FRANCHISOR, workmen's compensation insurance, employer's liability insurance and such other insurance as may be required and in the statutory amounts required by each state in which it conducts business and Commercial General Liability Insurance, including contractual liability coverage, and automobile liability insurance in a minimum amount of \$2,000,000. If FRANCHISEE insures multiple locations on a single insurance policy, FRANCHISEE must also carry comprehensive umbrella liability coverage approved by FRANCHISOR on all such locations. FRANCHISEE shall name FRANCHISOR, its officers, directors, employees, affiliates and parent companies as additional insureds under such policy. In addition, FRANCHISEE shall maintain such other insurance as is applicable to special risks created by FRANCHISEE'S business. FRANCHISEE shall supply to FRANCHISOR Certificates of Insurance evidencing compliance with these requirements. The Certificates of Insurance shall include a statement by the insurer that the policy or policies will not be canceled or materially altered without at least thirty (30) days' prior written notice to FRANCHISOR.

24. Taxes, Indebtedness and Compliance with Laws

FRANCHISEE shall promptly pay when due all taxes and all accounts and other indebtedness of every kind incurred by FRANCHISEE. FRANCHISEE shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the conduct of the business of the FRANCHISEE. FRANCHISEE shall notify FRANCHISOR in writing within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of the FRANCHISEE.

25. Independent Contractor

It is understood and agreed that this Agreement does not create a fiduciary relationship between FRANCHISOR and FRANCHISEE, that FRANCHISEE is, and shall remain an independent contractor, and nothing contained in this Agreement or otherwise shall constitute either party as an agent, partner, subsidiary, employee, servant or legal representative of the other for any purpose whatsoever.

FRANCHISEE shall not have authority to incur any obligations or responsibilities on behalf of FRANCHISOR or bind FRANCHISOR by any representation, and agrees not to hold itself out as having such authority. FRANCHISEE shall not enter into any contracts or incur any obligations in the name of FRANCHISOR or under the name “TEGG” but shall enter into all contracts in its own corporate or company name and at its own risk and expense. FRANCHISEE shall be solely responsible for the direction, control and management of FRANCHISEE’S business and FRANCHISEE’S agents and employees, including compliance with all applicable employment laws.

FRANCHISEE understands and agrees that FRANCHISOR may operate and change TEGG Service and its business in any manner that is not expressly prohibited by this Agreement. Whenever FRANCHISOR has expressly reserved in this Agreement, or is deemed to have, a right and/or discretion to take or withhold an action, or to grant or decline to grant FRANCHISEE a right to take or withhold an action, except as otherwise expressly provided in this Agreement, FRANCHISOR may make its decision or exercise its right and/or discretion on the basis of its judgment of what is in its best interests, including without limitation its judgment of what is in the best interests of its franchise network, at the time its decision is made or its right or discretion is exercised, without regard to whether: (1) other reasonable alternative decisions or actions could have been made by FRANCHISOR; (2) FRANCHISOR’S decision or the action it takes promotes its financial or other individual interest; (3) FRANCHISOR’S decision or the action it takes applies differently to FRANCHISEE and one or more other franchisees or FRANCHISOR’S company-owned operations; or (4) FRANCHISOR’S decision or the exercise of its right or discretion is adverse to FRANCHISEE’S interests. In the absence of an applicable statute, FRANCHISOR will have no liability to FRANCHISEE for any such decision or action. FRANCHISOR and FRANCHISEE intend that the exercise of their rights or discretions will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, FRANCHISOR and FRANCHISEE agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants FRANCHISOR the right to make decisions, take actions and/or refrain from taking actions not inconsistent with FRANCHISEE’S rights and obligations hereunder.

26. Indemnification

FRANCHISEE agrees to indemnify FRANCHISOR, its Affiliates and their respective directors, officers, employees, shareholders, agents, successors and assigns (collectively “indemnitees”), and to hold the indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as defined below) incurred in connection with any acts or omissions to act or breaches of this Agreement by FRANCHISEE or any litigation claim, or demand (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a

result of, a claim in connection with the development, ownership, operation or closing of FRANCHISEE'S TEGG Service Business, or TEGG Service Division (collectively "event"), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the indemnitees, provided; however, that this indemnity will not apply to any liability arising from a breach of this Agreement by the indemnitees or the gross negligence or willful acts of indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to FRANCHISEE). The term "losses and expenses" includes compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; accountants' or consultants' fees, court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; and all other costs associated with any of the foregoing losses and expenses. FRANCHISOR agrees to give FRANCHISEE reasonable notice of any event of which FRANCHISOR becomes aware for which indemnification may be required, and FRANCHISOR may elect (but is not obligated) to direct the defense thereof, provided that the selection of counsel shall be subject to FRANCHISEE'S consent, which consent shall not be unreasonably withheld or delayed. FRANCHISOR may, in its reasonable discretion, take such actions as FRANCHISOR deems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of indemnitees or the TEGG Service franchise network, provided however, that any settlement shall be subject to FRANCHISEE'S consent, which consent shall not be unreasonably withheld or delayed. Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained by FRANCHISEE in compliance with this Agreement agrees to undertake the defense of an event (an "Insured Event"), FRANCHISOR agrees not to exercise its right to select counsel to defend the event if such would cause FRANCHISEE'S insurer to deny coverage. FRANCHISOR reserves the right to retain counsel to represent it with respect to an Insured Event at its sole cost and expense. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

27. Variance of Standards and Terms

Because complete and detailed uniformity for all Authorized TEGG FRANCHISEES under many varying conditions may not be possible or practical, FRANCHISOR reserves the right, as it may consider in the best interests of all concerned, to vary standards for any Authorized TEGG FRANCHISEE based upon the peculiarities of the particular marketing area or circumstances, density of population, business potential, population of trade area, existing business practices or any other condition which FRANCHISOR considers important to the successful operation of any FRANCHISEE. FRANCHISEE will have no right to require FRANCHISOR to disclose any such variation to FRANCHISEE or to grant FRANCHISEE the same or a similar variation under this Agreement.

FRANCHISEE further agrees that FRANCHISOR will have the right to grant the rights to provide TEGG Services and to use the Proprietary Marks to other Authorized TEGG FRANCHISEES under terms that may differ from the terms of this Agreement, so long as the different provisions are due to the rights being granted at materially different times or other non-arbitrary distinctions. For these reasons, FRANCHISOR'S obligations and rights with respect to its various Authorized TEGG FRANCHISEES may from time to time differ materially from the terms and conditions of this Agreement, without in any way altering or affecting the provisions of this Agreement.

FRANCHISEE will have no right to require FRANCHISOR to grant FRANCHISEE the same or a similar variation under this Agreement.

V. TERM, RENEWAL, TRANSFER AND TERMINATION

28. Term of Agreement

The term of this Agreement shall start on the Effective Date and shall expire at the end of the Sixth (6th) Agreement Year ("Term").

29. Renewal

FRANCHISEE may renew this franchise, without payment of an additional initial franchise fee, for one six-year renewal term, provided that at the end of the term of this Agreement:

- (a) FRANCHISEE and its Affiliates are not in default, or have not been in default at any time during the term hereof, of any provision of this Agreement, any amendment hereto or any other agreement with FRANCHISOR or any of its Affiliates, and have substantially complied with all the terms and conditions of such agreements during the term thereof.
- (b) FRANCHISEE executes, before the expiration date, FRANCHISOR'S then-current form of franchise agreement, which agreement shall supersede in all respects this Agreement, upon its expiration, and the terms of which may differ from the terms of this Agreement including, without limitation, a lower or higher percentage royalty fee, a lower or higher minimum or maximum royalty fee, a shorter or longer or no renewal period, and a reduced, increased or shared Primary Marketing Area (if any) or Shared Marketing Area, as applicable, if any.
- (c) FRANCHISEE executes a general release, in a form prescribed by FRANCHISOR, releasing FRANCHISOR, its parent companies, subsidiaries and affiliates, and their respective officers, directors, agents and employees, from any and all claims relating to this Agreement.
- (d) FRANCHISEE complies with FRANCHISOR'S then-current qualification and training requirements.
- (e) FRANCHISOR continues to operate as a franchisor, offering franchise agreements and renewals for the TEGG Service Business.
- (f) FRANCHISEE complies with FRANCHISOR'S then current requirements for test instruments and safety items.

If this franchise is not renewed in accordance with the provisions set forth above, this Agreement shall expire at the end of its term and FRANCHISEE shall comply with all obligations of FRANCHISEE upon expiration set forth in Section 36 hereof.

FRANCHISOR, in its sole discretion, may elect to waive the expiration of the Term of this Agreement and allow FRANCHISEE to continue to operate under the terms and conditions hereunder until FRANCHISEE and FRANCHISOR agree to renew the Agreement after its expiration. In such event, FRANCHISOR's waiver shall be on a month-to-month basis only, and FRANCHISEE shall pay: (i) the current monthly Royalty Fee for the applicable Agreement Month and Year; plus (ii) a waiver fee of \$2,500 per month; and (iii) any other charges payable hereunder as invoiced by FRANCHISOR. FRANCHISOR may elect to retract its waiver at any time.

30. Transfer by FRANCHISOR

FRANCHISOR shall have the right to transfer or assign all or any part of its rights or obligations herein to any person or legal entity.

31. Transfer by FRANCHISEE

The rights and duties set forth in this Agreement are personal to FRANCHISEE and neither FRANCHISEE nor any person, partnership, corporation, or other entity holding a twenty-five percent (25%) or greater direct or indirect legal or equitable interest in FRANCHISEE shall directly or indirectly sell, assign, transfer, mortgage or otherwise encumber or dispose of all or any part of its interest in the TEGG Business, the Franchise Agreement or in the FRANCHISEE without the prior written consent of FRANCHISOR. Any purported assignment or transfer, by operation of law or otherwise, requiring the consent of FRANCHISOR and not having such consent shall be null and void and shall constitute a material breach of this Agreement. FRANCHISOR shall not unreasonably withhold its consent and shall grant such consent upon:

- (a) FRANCHISEE and such transferor executing a general release, in a form prescribed by FRANCHISOR, of any and all claims against FRANCHISOR and its Affiliates, and their respective officers, directors, agents and employees;
- (b) FRANCHISEE and its Affiliates being in compliance with the provisions of this Agreement and all other agreements with FRANCHISOR or any of its Affiliates;
- (c) the transferee (or its owners) meets FRANCHISOR'S then-applicable standards for TEGG Service Businesses, and if the transferee is an existing TEGG franchisee, such transferee must be in compliance with its agreements with FRANCHISOR and its Affiliates for at least six (6) months prior to the proposed date of transfer;
- (d) FRANCHISOR receiving adequate assurances that all financial obligations to FRANCHISEE relating to the TEGG Service Business will be met and that all other obligations undertaken under this Agreement will be met, and
- (e) that the proposed transfer will not adversely affect the TEGG Service Business franchised hereunder, FRANCHISOR'S Proprietary Marks, TEGG Service, or FRANCHISOR.

FRANCHISOR may require that FRANCHISEE and the transferee execute such agreements or other documents as will provide FRANCHISOR with such assurances, including, but not limited to, FRANCHISOR'S then-current franchise agreement. A transfer fee the amount of \$5,000 shall

be paid to FRANCHISOR at the time of the transfer. Consent shall not be required and the transfer fee shall not apply to any transfer or sale of stock between any of the present owners, officers, directors, or employees of the FRANCHISEE or transfer to any members of their immediate family.

If FRANCHISEE, or an individual owning twenty-five (25%) or greater interest, directly or indirectly, in a FRANCHISEE that is an entity dies, and if under controlling local law the deceased person's interest in the FRANCHISEE and this Agreement is distributable to heirs or legatees who are members of the deceased person's immediate family, then such assignment shall be permitted without the necessity of any transfer fee, provided such heirs or legatees accept the conditions imposed on otherwise permitted assignees.

32. Non-Waiver of Claims Following Transfer

FRANCHISOR'S consent to a transfer of any interest in the TEGG Franchise granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of FRANCHISOR'S right to demand exact compliance with all of the terms of this Agreement by the transferee.

33. FRANCHISOR'S Right of First Offer

If FRANCHISEE or any of FRANCHISEE'S owners at any time intend or decide to sell, assign or transfer for consideration any interest in this Agreement or an ownership interest in FRANCHISEE, FRANCHISEE or such owner agrees to notify FRANCHISOR in writing before executing any agreement expressing an intention or commitment to sell any interest in this Agreement or an ownership interest in FRANCHISEE to any third party other than FRANCHISOR. Further, if FRANCHISEE or any of FRANCHISEE'S owners receives an unsolicited offer to purchase an interest in this Agreement or an ownership interest in FRANCHISEE from any third party other than FRANCHISOR, FRANCHISEE or such owner(s) agrees to notify FRANCHISOR in writing within thirty (30) days of receiving the offer and to submit to FRANCHISOR a true and complete copy of such offer, which shall include details of the price and payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. However, if the offeror proposes to buy any other property or rights from FRANCHISEE or FRANCHISEE'S owners, under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to FRANCHISOR, and the price and terms of the purchase offered to FRANCHISEE, or FRANCHISEE'S owners for the interest in FRANCHISEE or in this Agreement must reflect the bona fide price offered and not reflect any value for any other property or rights.

FRANCHISOR has the right, exercisable by written notice delivered to FRANCHISEE or FRANCHISEE'S selling owner(s) within 30 days from the date of delivery to FRANCHISOR of (1) written notice of FRANCHISEE'S selling owner(s) intent or desire to sell any interest in this Agreement or an ownership interest in FRANCHISEE or (2) an exact copy of any unsolicited offer received by FRANCHISEE and all other information reasonable requested by FRANCHISOR, to submit an offer to purchase such interest for the price and on the terms and conditions acceptable to FRANCHISOR. Upon receipt of FRANCHISOR'S offer, FRANCHISEE'S selling owner(s)

shall have the right to accept or reject FRANCHISOR'S offer or to negotiate a different price and terms of purchase with FRANCHISOR.

FRANCHISOR will have not less than ninety (90) days after submitting an offer to FRANCHISEE'S selling owner(s) to reach an agreement to purchase the interest or interests of any or all of FRANCHISEE'S selling owners. In the event that FRANCHISOR reaches an agreement to purchase the interest(s) of all or any of FRANCHISEE'S selling owner(s), FRANCHISOR will be entitled to receive, and FRANCHISEE and FRANCHISEE'S owners each agree to make all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business or other forms of ownership interest, as applicable, including, without limitation to, representations and warranties as to:

- (i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;
- (ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and
- (iii) validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock or ownership interest is being purchased.

If FRANCHISOR does not submit an offer within thirty (30) days after receiving written notice from FRANCHISEE, or if FRANCHISOR submits an offer but FRANCHISOR and FRANCHISEE and/or FRANCHISEE'S owners are unable to reach a mutually acceptable agreement to purchase the TEGG Business or the interests of FRANCHISEE'S selling owners within ninety (90) days, FRANCHISEE or FRANCHISEE'S owners may complete a sale to a third party purchaser(s) pursuant to and on terms acceptable to FRANCHISEE'S selling owner(s), subject to FRANCHISOR'S approval of the transfer and satisfaction of all other conditions in Section 33 of this Agreement. Closing on the sale to the third party must occur within one hundred eighty (180) days after FRANCHISEE'S original notice to FRANCHISOR of intent to sell or receipt of an unsolicited offer under this Section 33. If closing does not occur within one hundred eighty (180) days, the third party's offer will be treated as a new unsolicited offer subject to FRANCHISOR'S right of first offer under this Section.

34. Termination by FRANCHISEE

- (a) FRANCHISEE shall have the right to terminate this Agreement without any reason at all on the third (3rd) anniversary of the Effective date so long as FRANCHISEE provides written notice to FRANCHISOR of its intent to terminate this Agreement at least ninety (90) days prior to the third (3rd) anniversary of the Effective Date. If FRANCHISEE terminates this Agreement at any other time prior to the expiration of the Term, for any reason or in any manner other than as provided in Sections 34(b) and 34(c) below, or fails to provide the required ninety (90) days advance written notice to FRANCHISOR, then FRANCHISEE shall be required to pay liquidated damages to FRANCHISOR as set forth in Section 36(f) of this Agreement at the time of termination.

- (b) FRANCHISEE shall have the right to terminate this Agreement prior to the expiration hereof and without notice, in the event that FRANCHISOR becomes insolvent, makes a general assignment for the benefit of its creditors, is adjudged bankrupt, or if a receiver of its assets is appointed.
- (c) In the event that FRANCHISOR shall fail to perform any of the material obligations undertaken in this Agreement, FRANCHISEE may give written notice to FRANCHISOR of its intent to terminate this Agreement, promptly after FRANCHISEE first learns of the alleged breach, and which specifies in detail the facts constituting the alleged breach. If FRANCHISOR has not, within thirty (30) days of the receipt by FRANCHISOR of such notice, taken appropriate measures to cure the default in its performance, FRANCHISEE may, upon seven (7) days' additional notice, terminate this Agreement. Without limiting any other material provision herein, the parties specifically agree this provision is a material provision of this Agreement.

35. Termination by FRANCHISOR

- (a) FRANCHISOR may terminate this Agreement, prior to its expiration and upon written notice to FRANCHISEE, in the event FRANCHISEE becomes insolvent, makes a general assignment for the benefit of its creditors, files a petition in bankruptcy or consents to the filing of such a petition against it, is adjudged bankrupt, if a receiver of its assets is appointed, or if its assets, property or interests are 'blocked' under any law, ordinance or regulation relating to terrorist activities or if it is otherwise in violation of any such law, ordinance or regulation.
- (b) FRANCHISEE shall be deemed to be in default and FRANCHISOR may, at its option, terminate this Agreement, without affording FRANCHISEE any opportunity to cure the default, effective immediately upon giving of notice to FRANCHISEE, upon the occurrence of any of the following events:
 - (i) if FRANCHISEE ceases to operate, actively pursue or otherwise abandons the franchised business;
 - (ii) if FRANCHISEE, its General Manager, or a principal officer or person holding a twenty-five percent (25%), or greater interest, directly or indirectly, in FRANCHISEE, is convicted of a felony, or any other crime or offense in connection with the TEGG Service Business or that is reasonably likely, in the sole opinion of FRANCHISOR, to adversely affect TEGG Service, FRANCHISOR'S Proprietary Marks, the goodwill associated therewith, or FRANCHISOR'S interest therein;
 - (iii) if FRANCHISEE, or any of its owners or employees purports to transfer any rights or obligations under this Agreement to any third party without FRANCHISOR'S prior written consent contrary to the terms of Section 31 of this Agreement;

- (iv) if FRANCHISEE, or any of its owners, fails to comply with the provisions of Section 22 hereof;
 - (v) if FRANCHISEE, or any of its owners, discloses or divulges any trade secrets or confidential information contained in the Confidential Operating Manual or other materials provided to FRANCHISEE by FRANCHISOR contrary to Section 18 hereof; and
 - (vi) if FRANCHISEE is in default as provided in Section 35(c) of this Agreement and has received two (2) or more Notices of Termination pursuant to that Section for the same, similar or different defaults during any preceding twelve (12) month period;
- (c) Unless otherwise specifically provided for elsewhere in this Section 35, in the event that FRANCHISEE fails to pay or perform any obligation undertaken in this Agreement or any other written agreement with FRANCHISOR; or fails to maintain any of the mandatory standards or procedures prescribed herein or in the Confidential Operating Manual, FRANCHISOR may give FRANCHISEE notice of termination of this Agreement, such termination to be effective thirty (30) days after the giving of such notice, or at the end of any longer period required by applicable law unless FRANCHISEE shall, during such period, cure the default(s) to FRANCHISOR'S reasonable satisfaction then this Agreement shall not terminate; provided, however, that if FRANCHISOR sends FRANCHISEE two (2) such notices in any twelve (12) month period, then FRANCHISEE shall have no right to cure the default(s) for any subsequent notice of termination provided pursuant to this Section 35(c).

36. Obligations of FRANCHISEE Upon Termination or Expiration

- (a) For purposes of applying the terms of this Section, termination shall mean any termination of this Agreement whether by FRANCHISOR or FRANCHISEE for any reason, including default by FRANCHISOR or FRANCHISEE; and shall also mean any expiration of this Agreement for any reason, whether by its terms, by failure of FRANCHISEE to renew, or by refusal of FRANCHISOR to renew.
- (b) Upon any termination of this Agreement, FRANCHISEE shall immediately pay all Royalty Fees and other charges due FRANCHISOR, shall immediately cease use of FRANCHISOR'S Proprietary Marks and the TEGG System, and shall immediately cease holding itself out as a current or former TEGG Franchisee, and shall notify in writing each of its customers then party to a maintenance agreement that it is no longer a TEGG Franchisee or using TEGG Service. FRANCHISEE shall take such action as may be necessary to cancel any assumed name, fictitious name or equivalent registration which contains any of FRANCHISOR'S Proprietary Marks.
- (c) Upon any termination of this Agreement, FRANCHISEE shall immediately cease use of TEGG Service, of all confidential methods, procedures, techniques and computer programs associated with TEGG Service, and of all forms, stationery, signs, advertising and other materials associated with the TEGG Service System, including removal of

all Proprietary Marks from all vehicles and signage. FRANCHISEE shall immediately return to FRANCHISOR all copies of the Confidential Operating Manual in hard copy or electronic media, all computer programs and all TEGG Service forms and materials and all copies in its possession and that it provided or made available to its officers, employees or other persons.

- (d) Upon any termination of this Agreement, FRANCHISEE shall return the computer programs to FRANCHISOR; together with all copies made by FRANCHISEE. FRANCHISOR shall not be liable for any loss of data or business interruption under any legal or equitable theory resulting from the discontinuance of (1) the computer programs, (2) access to any TEGG Service or FRANCHISOR website, or (3) support, and/or maintenance. Further, an affidavit shall be executed by the Principals, General Manager, Sales Manager, Service Manager, Office Manager, and Controller stating they have conducted a thorough investigation and have taken all necessary steps to assure that all TEGG related Confidential Information and Trade Secrets and other property of FRANCHISOR have been accumulated and returned to FRANCHISOR, and the use of all TEGG Service forms, FRANCHISOR'S Proprietary Marks and confidential information and trade secrets has been discontinued. FRANCHISEE further agrees that the provisions set forth in Sections 8 and 18 hereof shall survive expiration or termination of this Agreement.
- (e) In the event that FRANCHISEE fails or refuses to comply with the requirements of this Section within ten (10) days following the termination of this Agreement, then it is agreed that FRANCHISOR shall be appointed FRANCHISEE'S attorney-in-fact to enable FRANCHISOR to take the actions required hereunder, and it is further agreed that FRANCHISOR or its agents shall have the right to enter the premises where FRANCHISEE conducted the TEGG Service Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required hereunder, at the expense of FRANCHISEE, which expense FRANCHISEE agrees to pay upon demand.
- (f) FRANCHISEE acknowledges and agrees that: (1) by granting FRANCHISEE the rights hereunder, FRANCHISOR has foregone the opportunity to grant a franchise to another party or for FRANCHISOR or its Affiliates to own and operate a TEGG Business in the Primary Marketing Area or Shared Marketing Area, as applicable; and (2) if this Agreement is terminated for any reason, other than a failure to renew under Section 29, FRANCHISOR will suffer substantial damages because of the termination, including lost Royalty Fees, lost market penetration, and lost goodwill in the Primary Marketing Area or Shared Marketing Area, as applicable, lost opportunity costs, and the expense of developing another TEGG Business in the Primary Marketing Area or Shared Marketing Area, as applicable, which damages are extremely difficult to calculate. Accordingly, if this Agreement is terminated for any reason, except in accordance with Section 34 or a failure to renew under Section 29, then, in addition to FRANCHISOR'S other remedies, FRANCHISEE agrees to pay FRANCHISOR, within thirty (30) days after termination, as liquidated damages and not as a penalty, the amount of SIXTY-FIVE THOUSAND DOLLARS (\$65,000), which is a

reasonable estimation of the actual damages sustained by FRANCHISOR due to termination.

- (g) All obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect until they are satisfied in full or by their nature expire.

VI. MISCELLANEOUS

37. Personnel Development

FRANCHISEE acknowledges the value of trained and competent employees and the necessity of having career paths in order to attract such personnel and to provide present employees of TEGG Franchisees opportunities to advance. Therefore, FRANCHISOR may, but is not required to, provide consultation and assistance to FRANCHISEE in personnel planning, recruiting, personnel development, assessments, training, performance appraisal and compensation administration in order to develop and maintain a pool of qualified and upwardly mobile employees to meet the expanding personnel requirements of TEGG Franchisees. The consultations, referral service and other assistance provided by FRANCHISOR shall not be considered an interference with the business or contractual relations of FRANCHISEE. Notwithstanding any advice or services that FRANCHISOR may provide on personnel matters, FRANCHISEE shall be solely responsible for all employment decisions with respect to their employees, including hiring, firing, compensation, training, advancement, demotions, supervision, discipline and all other terms and conditions of employment, and for compliance with all applicable employment laws.

38. Pricing Practice

FRANCHISOR may offer guidance to FRANCHISEE relating to the pricing of TEGG Services that in FRANCHISOR'S judgment constitute good business practice. No such guidance shall be deemed to impose on FRANCHISEE any obligation to charge any fixed or minimum price, except as allowable under applicable law. FRANCHISEE will have the sole right to determine the prices to be charged by its TEGG Service Business. FRANCHISEE agrees not to enter into any agreement or arrangement or to engage in any concerted practice with other TEGG Service Businesses or its competitors relating to the prices at which TEGG Services (or any other products or services) will be sold.

39. Governing Law

This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania, provided the foregoing shall not constitute a waiver of any of FRANCHISEE'S rights under any applicable franchise law of another state. Otherwise, in the event of any conflict of law, Pennsylvania law will prevail, without regard to its conflict of law principles. However, if any provision of this Agreement would not be enforceable under Pennsylvania law, and if the Primary Marketing Area or Shared Marketing Area, as applicable, is located outside of Pennsylvania and such provision would be enforceable under the laws of the state in which the Primary Marketing Area or Shared Marketing Area, as applicable, is predominantly located, then such provision shall be construed under the laws of that state. Nothing in this Section is intended to subject this

Agreement to any franchise or similar law, rule or regulation of the Commonwealth of Pennsylvania to which it otherwise would not be subject.

40. Dispute Resolution

Except as provided below, the parties agree that, should any dispute arise between them under, relating to or in connection with this Agreement, either party may, upon ten (10) days' notice to the other party, designate one or more representatives with authority to resolve the dispute to meet face-to-face (or communicate in such other manner as they may agree) in a good faith effort to amicably resolve the dispute. Each party covenants to devote a minimum of three (3) hours to such discussions. In the event that they remain unable to resolve the dispute(s) through such discussions, or if either party refuses to participate in such discussions, then upon ten (10) days' notice either party may submit the dispute(s) to non-binding mediation in Pittsburgh, Pennsylvania where they will continue their attempts in good faith to amicably resolve the dispute under the then-prevailing commercial mediation rules of a recognized dispute resolution service, or proceed with the dispute resolution process provided below.

Subject to Section 41, all controversies, disputes, or claims between FRANCHISOR, any of its Affiliates, or any of their respective officers, directors, agents, employees and attorneys, and FRANCHISEE, any of its Affiliates or any of their respective officers, directors, agents, employees and attorneys, arising from or relating to this Agreement that have not been resolved through good faith discussions or mediation shall on demand of either party be submitted for arbitration to the offices of the American Arbitration Association ("AAA") or other mutually agreeable arbitration administrative tribunal. The arbitration hearing(s) and all other proceedings shall be held in Pittsburgh, Pennsylvania, unless otherwise required by law. The arbitration shall be governed exclusively by the: United States Arbitration Act (9 U.S.C. § 1, et seq.), without reference to any state arbitration statutes. The parties agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedures) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be barred. The arbitration proceedings shall be conducted in accordance with the then-current commercial arbitration rules of the AAA or other mutually agreeable arbitration administrative tribunal, except as modified by this Agreement. The parties shall be entitled to limited discovery at the discretion of the arbitrator(s) who may, but are not required to, allow depositions. The parties agree that the arbitrators' subpoena power is not subject to geographic limitations. The arbitration proceedings shall be conducted on an individual basis and not on a multi-plaintiff, consolidated or class-wide basis. The arbitrator(s) shall have the right to award the relief which he or she deems proper, consistent with the terms of this Agreement, including compensatory damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, legal fees and costs; provided, however, in no event may the arbitrator(s) modify or change any material provisions of this Agreement. The award and decision of the arbitrator(s) shall be conclusive and binding on all parties, and judgment upon the award may be entered in any court of competent jurisdiction. Any right to contest the validity or enforceability of the award shall be governed exclusively by the United States Arbitration Act. The provisions of this Section 40 shall continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement.

41. Injunctive Relief

Either party may seek to obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause such party irreparable harm. FRANCHISEE agrees that any violation of Section 22 or 36 would result in irreparable injury to FRANCHISOR for which no adequate remedy at law may be available. Accordingly, FRANCHISEE consents to the issuance of an injunction prohibiting any conduct in violation of Section 22 or 36.

42. Costs and Attorneys' Fees

The party who prevails in any judicial or arbitral proceeding will be awarded its costs and expenses incurred in connection therewith, including reasonable attorneys' fees.

43. Severability and Substitution of Provisions

If any applicable law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of "good cause," or the taking of some other action not required hereunder, the prior notice, "good cause" standard and/or other action required by such law shall be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by FRANCHISOR is invalid or unenforceable under applicable law, FRANCHISOR has the right, in its sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable, including the right to delete the provision in its entirety. It is hereby declared the intention of the parties that they would have executed this Agreement as so modified; provided; however, that if FRANCHISOR, in its sole discretion, determines that such modification substantially impairs the value of this Agreement to FRANCHISOR, then FRANCHISOR may terminate this Agreement by written notice to FRANCHISEE.

44. Waiver of Obligations

FRANCHISOR and FRANCHISEE may by written instrument unilaterally waive or reduce any obligation of the other under this Agreement. Any waiver granted by FRANCHISOR shall be without prejudice to any other rights FRANCHISOR may have, will be subject to continuing review by FRANCHISOR and may be revoked, in its sole discretion, at any time and for any reason, effective upon delivery to FRANCHISEE, of ten (10) days' prior notice. FRANCHISEE and FRANCHISOR shall not be deemed to have waived any right reserved by this Agreement by virtue of any custom or practice of the parties at variance with it; any failure, refusal or neglect by FRANCHISEE or FRANCHISOR to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by FRANCHISOR to exercise any right, whether of the same, similar or different nature, with respect to other TEGG Service or ABM Franchising Group, LLC Businesses; or the acceptance by FRANCHISOR of any payments due from FRANCHISEE after any breach of this Agreement.

45. Exercise of Rights

Except as otherwise expressly provided, the rights of FRANCHISOR and FRANCHISEE hereunder are cumulative and no exercise or enforcement by FRANCHISOR or FRANCHISEE of any right or remedy hereunder shall preclude the exercise or enforcement by FRANCHISOR or FRANCHISEE of any other right or remedy hereunder which FRANCHISOR or FRANCHISEE is entitled to enforce by law.

46. Construction

The language of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any party. The introduction, exhibits and riders (if any) to this Agreement are a part of this Agreement, which constitutes the entire agreement of the parties. Except as otherwise expressly provided herein, there are no other oral or written agreements, understandings, representations or statements relating to the subject matter of this Agreement; other than the Franchise Disclosure Document, that either party may or does rely on or that will have any force or effect. Notwithstanding the foregoing, nothing contained herein or in any related agreement is intended to disclaim FRANCHISOR'S representations made to FRANCHISEE in the Franchise Disclosure Document. Nothing in this Agreement shall be deemed to confer any rights or remedies on any person or legal entity not a party hereto. Except as otherwise expressly provided herein, this Agreement may be modified only by a written agreement signed by both parties.

The headings of articles and sections are for convenience only and do not limit or construe their contents. Capitalized words shall have the meanings defined where such terms occur in quotation marks in this Agreement. All words used in any number or gender shall extend to include any other numbers or gender as the context may require. If any provision of this Agreement is capable of more than one construction, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid. The word "including" shall be construed to include the words "without limitation." The term "FRANCHISEE" is applicable to one or more persons, corporation, limited liability company or a partnership and its owners, as the case may be. If two or more persons are at any time FRANCHISEE hereunder, whether as partners, joint venturers or otherwise, their obligations and liabilities to FRANCHISOR shall be joint and several. References to a controlling interest in an entity shall mean the direct or indirect ownership of more than fifty percent (50%) of the equity and voting control of such entity, or the direct or indirect right to control the operation of the TEGG Service Business.

This Agreement may be executed in multiple copies, each of which shall be deemed an original. Time is of the essence in this Agreement. This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

47. Approvals and Consents

In all cases where FRANCHISOR'S prior consent or acceptance is required and no other method or timing for obtaining such consent or acceptance is prescribed, FRANCHISEE must request such consent or acceptance in writing, and FRANCHISOR will notify FRANCHISEE of FRANCHISOR'S decision within 30 days after receiving FRANCHISEE'S written request and

all supporting documentation. Whenever FRANCHISOR'S consent or acceptance is required hereunder, such consent or acceptance must be in writing. If FRANCHISOR does not respond in writing to FRANCHISEE'S request within such thirty-day (30) period, the request shall be deemed denied. FRANCHISOR'S consent to or acceptance of any request by FRANCHISEE shall be effective only to the extent specifically stated and shall not be deemed to waive or render unnecessary FRANCHISOR'S consent or acceptance of any subsequent similar request. Except where this Agreement expressly obligates FRANCHISOR to reasonably accept or consent to (or not to unreasonably withhold our acceptance of or consent to) any action or request by FRANCHISEE, FRANCHISOR has the absolute right for any reason or no reason to withhold FRANCHISOR'S acceptance of or consent to any action by FRANCHISEE.

48. Notices and Payments

All notices, requests and reports permitted or required to be delivered by this Agreement shall be deemed delivered: (a) at the time delivered by hand to the recipient party (or to an officer, General Manager, director or partner of the recipient party); (b) on the same day of the transmission by ~~facsimile, telegraph or other reasonably reliable electronic communication system~~ [email](#); (c) one (1) business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. All payments and reports required by this Agreement shall be sent to FRANCHISOR at the address identified in this Agreement unless and until a different address has been designated by written notice.

49. Independent Investigation

FRANCHISEE has conducted an independent investigation of TEGG Service and the business to be operated hereunder and recognizes that the business venture contemplated by the Agreement involves business risks and its success will be largely dependent upon the ability of FRANCHISEE as an independent businessman. FRANCHISOR expressly disclaims the making of, and FRANCHISEE acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

FRANCHISEE has received, read and understood this Agreement and FRANCHISOR has accorded FRANCHISEE ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

50. Effective Date and Agreement Year

All obligations of either party according to the terms and conditions as set forth in this Agreement, shall become effective on the Effective Date and continue thereafter until this Agreement is terminated in accordance with the terms hereof. The term “**Agreement Year**” shall mean each 12-

month period starting with the Effective Date, or an anniversary thereof, and expiring the day before the next anniversary of the Effective Date.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound, have executed this Agreement this _____ day of _____, _____.

ATTEST:

ABM Franchising Group, LLC

Witness

By: _____
Martin A. Keyser
Senior Vice President
Franchise Operations

[CORPORATE SEAL (if any)]

ATTEST:

Franchisee

Witness

By: _____
(Title)

[CORPORATE SEAL (if any)]

Each of the undersigned owns a five percent (5%) or greater legal or beneficial interest in FRANCHISEE, each has read this Franchise Agreement and each agrees to be individually bound by the terms of Sections 17, 18, 22 and 31.

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

EXHIBIT A TO FRANCHISE AGREEMENT

TEGGPro Software Agreement

(Please see separate Exhibit to Franchise Disclosure Document)

EXHIBIT B
GUARANTEE

GUARANTEE

In consideration of, and as an inducement to, the execution of the TEGG Franchise Agreement dated as of _____, 20 (the “Agreement”) by and between ABM Franchising Group, LLC (“Franchisor”), and _____ (“Franchisee”), each of the undersigned owners of an interest in Franchisee hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns that Franchisee shall, punctually pay and perform each and every undertaking and agreement set forth in the Agreement, and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he/she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he/she may be entitled.

Each of the undersigned consents and agrees that: (i) his/her direct and immediate liability under this guarantee shall be joint and several; (ii) he/she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee onto any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guarantee, which shall be continuing and irrevocable during the term of the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS THEREOF, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

**PERCENTAGE OF OWNERSHIP
INTEREST IN FRANCHISEE**

GUARANTOR(S)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

(Signature)

(Print Name)

DATE: _____, 20__

Subscribed and sworn to before me this _____ day of _____, 20__.

Notary Public

My Commission expires: _____

EXHIBIT C
CONFIDENTIALITY AGREEMENT



EMPLOYEE CONFIDENTIALITY AGREEMENT

This Employee Confidentiality Agreement is executed by _____

(herein the "Employee") for the benefit of _____
(herein the "Company") and ABM Franchising Group, LLC.

PRELIMINARY STATEMENT

The Company is a franchisee of ABM Franchising Group, LLC. Under the franchise, the Company performs maintenance, service, calibration, adjustment, testing and repair of electrical systems; modifications, additions and changes to such systems; the sale of parts and supplies for the maintenance and operation of such systems; and the installation of such systems (herein the "Company's TEGG Business"). Pursuant to the license/franchise, ABM Franchising Group, LLC has and will provide the Company with, or access to, trade secrets, customer agreements, computerized operating systems, pricing manuals, a Confidential Manual (herein collectively the "TEGG Confidential Materials"), and other information and materials, all of which is considered to be of a confidential and proprietary nature. In addition, Company will generate customer and prospect lists and customer information (herein the "Company Confidential Information"), which is also considered to be of a confidential and proprietary nature. The TEGG Confidential Materials and Company Confidential Information are herein collectively referred to as the "Confidential Materials and Information." The Company and ABM Franchising Group, LLC desires to assure that Employee will not use or disclose the Confidential Materials and Information, other than is reasonably required in connection with his/her duties for the Company. For this reason, the Company and ABM Franchising Group, LLC requires execution of this Employee Confidentiality Agreement as a condition of the initial or continued employment of the Employee by the Company.

WHEREFORE, in consideration of the initial or continued employment of the Employee by the Company, the Employee agrees as follows:

1. The Employee will not use or disclose any Confidential Materials and Information during the course of the Employee's employment by the Company, or thereafter, except as specifically authorized by the Company for the benefit of the Company.
2. Except as necessary in connection with the Company's TEGG Business, the Employee will not remove from the business premises of the Company, or otherwise provide any third party with access to, any Confidential Materials and Information. The Employee will hold the Confidential Materials and Information in the strictest confidence, and not utilize or disclose such information, directly or indirectly, to any person or persons without express authorization from the Company, unless such information has otherwise been generally made available to the public and is in the public domain.
3. The Employee agrees that any disclosure or utilization of the Confidential Materials and Information not authorized by TEGG or this Agreement may result in immediate and irreparable harm to ABM Franchising Group, LLC and/or the Company, and that they, independently or jointly, may be entitled to injunctive relief, as well as direct, indirect and consequential damages, including attorneys' fees, resulting from any unauthorized use or disclosure of the Confidential Materials and Information.
4. The Employee agrees that for a period of one (1) year following his/her cessation of employment with or from the Company for any reason whatsoever, the Employee will not, independently or as an employer, employee, partner, consultant, agent or proprietor of any business, contact, or solicit any business or individual who has been a customer of the Company's TEGG Business during the preceding year, for the purpose of offering or providing services in competition with the Company's TEGG Business.

IN WITNESS WHEREOF, the Employee has executed this Employee Confidentiality Agreement.

Dated: _____, 20 _____

Witness

Employee

Copy 1 - ABM Franchising Group, LLC

Copy 2 - Company's Personnel File for Employee

Copy 3 - Employee

EXHIBIT D

TEGGPRO LICENSE AGREEMENT

End User License Agreement

YOU AGREE TO BE BOUND BY THE TERMS AND CONDITIONS OF THIS AGREEMENT. YOU AGREE THAT ANY OF YOUR AGENTS, REPRESENTATIVES, EMPLOYEES, OR ANY PERSON OR ENTITY ACTING ON YOUR BEHALF SHALL BE BOUND BY, AND SHALL ABIDE BY, THESE TERMS AND CONDITIONS. YOU AGREE THAT YOU ARE BOUND BY THE AGREEMENT WHETHER YOU ARE ACTING ON YOUR OWN BEHALF OR ON BEHALF OF A THIRD PARTY. THE SOFTWARE IS NOT INTENDED FOR USE IN THE OPERATION OF NUCLEAR FACILITIES, AIRCRAFT NAVIGATION OR COMMUNICATION SYSTEMS, AIR TRAFFIC CONTROL SYSTEMS, LIFE SUPPORT MACHINES OR OTHER EQUIPMENT IN WHICH THE FAILURE OF THE SOFTWARE COULD LEAD TO DEATH, PERSONAL INJURY, OR SEVERE PHYSICAL OR ENVIRONMENTAL DAMAGE.

ABM Franchising Group, LLC ("ABM" or "LICENSOR") owns all intellectual and other property and rights in the Software. ABM hereby permits _____ ("you" or "LICENSEE") to use the Software only in accordance with the terms of this Agreement.

1. Definitions. "Software" means (a) all of the contents of the files with which this Agreement is provided, including but not limited to (i) TEGGPro (including TEGGPro Remote and TEGGPro View) software; (ii) related explanatory written materials or files ("Documentation"); and (b) all upgrades, modified versions, updates, additions, and copies of the Software, if any, licensed to you by ABM from time to time (collectively, "Updates"). "Use" or "Using" means to access, install, download, copy or otherwise benefit from using the functionality of the Software in accordance with the Documentation. "Computer" means an electronic device that accepts information in digital or similar form and manipulates it for a specific result based on a sequence of instructions.

2. Software License. As long as you are a TEGG Licensee or Franchisee or customer of a TEGG Licensee or Franchisee and comply with the terms of this End User License Agreement and the TEGG License or Franchise Agreement to which you are bound, if applicable (collectively this "Agreement"), ABM grants to you a non-exclusive, non-transferable license to Use the Software for the sole purpose of operating a TEGG Service Business or as a customer of a TEGG Service Business. In addition you may: (i) install and Use a single copy of the Software on your compatible computer; (ii) make one backup copy of the Software, provided your backup copy is not installed or used on any computer and (iii) also make an additional copy of the TEGGPro software for an individual's exclusive use on either a home or portable computer.

3. Restrictions. You shall not (i) copy the Software except as set forth in Section 2 above; (ii) modify, adapt or translate the Software; (iii) reverse engineer, decompile, disassemble or otherwise attempt to discover the source code of the Software; or (iv) rent, lease, sublicense, assign or transfer your rights in the Software (or any copy thereof), or authorize all or any portion of the Software to be copied onto another user's computer. The Software may be used by all of your employees at facilities controlled by you. Licensee will use commercially reasonable efforts to restrict network or any other access to the Software by anyone outside of your facilities who is not authorized to use the Software. Your temporary employees, contractors, and consultants who work on-site at

your facilities may also use the Software in connection with the operation of the TEGG Service Business or as a customer of a TEGG Service Business so long as such temporary employees, contractors and consultants or their computers were included in the Initial Number of Seats activated for your use. Authorized users may also use TEGGPro on Licensee's desktop and portable computers which, on a temporary basis, are away from Licensee's facilities.

4. Intellectual Property Ownership, Copyright Protection. The Software and any authorized copies that you make are the property of and are owned by ABM. The structure, organization and code of the Software are the valuable trade secrets and confidential information of ABM. The Software is protected by law, including without limitation the copyright laws of the United States and other countries, and by international treaty provisions. Except as expressly stated herein, this Agreement does not grant you any intellectual property or other rights in the Software and all rights not expressly granted are reserved by ABM.

5. Communications over the Internet. You acknowledge and agree that, where the Software allows you to access, share and/or communicate information over the Internet, most information shared or communicated over the Internet occurs in an unsecured environment, is not treated as confidential, and may be intercepted and read by others. Although ABM does employ certain security measures in an attempt to protect certain communications, you acknowledge and agree that no data transmission over the Internet can be guaranteed to be 100% secure, and therefore, that all communications undertaken over the Internet are undertaken at your sole risk.

6. Passwords. You acknowledge and agree that the user identification provided to you so that you may access, utilize or otherwise employ the Software and the passwords selected by and used by you in conjunction with the user identifications, are to be kept secret and confidential. You shall not disclose such user identification or password to any other party. In addition, you acknowledge and agree that you shall be responsible for each and every access, use or employment of the Software that occurs in conjunction with such passwords and user identifications, and that ABM is authorized to accept the user identifications and passwords as conclusive evidence that you have accessed, utilized, or otherwise employed the Software.

7. NO WARRANTY. The Software is being delivered to you "AS IS" and ABM makes no warranty as to its use or performance. ABM DOES NOT AND CANNOT WARRANT THE PERFORMANCE OR RESULTS YOU MAY OBTAIN BY USING THE SOFTWARE, EXCEPT FOR ANY WARRANTY, CONDITION, REPRESENTATION OR TERM TO THE EXTENT TO WHICH THE SAME CANNOT OR MAY NOT BE EXCLUDED OR LIMITED BY LAW. ABM MAKES NO WARRANTIES, CONDITIONS, REPRESENTATIONS, OR TERMS (EXPRESS OR IMPLIED WHETHER BY STATUTE, COMMON LAW, CUSTOM, USAGE OR OTHERWISE) AS TO ANY MATTER INCLUDING WITHOUT LIMITATION NONINFRINGEMENT OF THIRD PARTY RIGHTS, MERCHANTABILITY, INTEGRATION, SATISFACTORY QUALITY, OR FITNESS FOR ANY PARTICULAR PURPOSE.

8. LIMITATION OF LIABILITY. ABM AND ABM'S LICENSORS EXPRESSLY DISCLAIM ALL OTHER WARRANTIES, CONDITIONS OR OTHER TERMS, EITHER EXPRESS OR IMPLIED (WHETHER COLLATERALLY, BY STATUTE OR OTHERWISE), INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES, CONDITIONS OR OTHER TERMS OF MERCHANTABILITY, SATISFACTORY QUALITY AND/OR FITNESS FOR A

PARTICULAR PURPOSE WITH REGARD TO THE SOFTWARE AND ACCOMPANYING WRITTEN MATERIALS. FURTHERMORE, THERE IS NO WARRANTY AGAINST INTERFERENCE WITH LICENSEE'S ENJOYMENT OF THE SOFTWARE OR AGAINST INFRINGEMENT OF THIRD PARTY PROPRIETARY RIGHTS BY THE SOFTWARE. ABM DOES NOT WARRANT THAT THE OPERATION OF THE SOFTWARE WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE SOFTWARE WILL BE CORRECTED. NO ORAL OR WRITTEN INFORMATION OR ADVICE GIVEN BY ABM OR AN ABM AUTHORIZED REPRESENTATIVE SHALL CREATE A WARRANTY. BECAUSE SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF IMPLIED WARRANTIES, CONDITIONS OR OTHER TERMS THE ABOVE LIMITATION MAY NOT APPLY TO LICENSEE. THE TERMS OF THIS DISCLAIMER AND THE LIMITED WARRANTY UNDER THIS SECTION 8 DO NOT AFFECT OR PREJUDICE THE STATUTORY RIGHTS OF A CONSUMER ACQUIRING THE SOFTWARE OTHERWISE THAN IN THE COURSE OF A BUSINESS, NEITHER DO THEY LIMIT OR EXCLUDE ANY LIABILITY FOR DEATH OR PERSONAL INJURY CAUSED BY ABM'S NEGLIGENCE.

9. Termination. ABM, may, at its sole discretion terminate this Agreement by notice in writing to you if: (i) you breach any term of this Agreement and do not remedy that breach within fifteen (15) days of receiving written notice requesting rectification; (ii) you commit an act of bankruptcy or become insolvent, or have a receiver or receiver and manager or official manager appointed to your assets, or execution or distress is levied upon your assets; (iii) an order is made or a resolution is passed for your winding-up or liquidation (except where any such event is only for the purpose of reconstruction or amalgamation); (iv) you cease to carry on business; or (v) your franchise or license for the TEGG Service Business has terminated or you are no longer a customer of a TEGG Service Business. You may at any time terminate this Agreement voluntarily by giving notice of termination to ABM. In the event of any termination, you do not have any right to keep or Use the Software or any copy of the Software for any purpose. You shall erase all copies of the Software from all storage devices in your possession and return to ABM all media containing copies of the Software in your possession at the time of termination.

10. Disruption. ABM will notify you as soon as practicable of an impending work stoppage, strike or other interference with the webhosting of TEGGPro or any other software. You understand that the webhosting services for the software may be interrupted from time to time due to unavailability, suspension or termination, or any other performance issues: (a) that result from service suspensions; (b) caused by factors outside of ABM's reasonable control, including, but not limited to: dDoS or other network attacks, upstream or 3rd party network outages, war, fire, flood, sabotage, labor disturbance, acts of government; (c) that result from any actions or inactions by you, your customers or any third party; (d) that result from your equipment, software or other technology and/or third party equipment, software or other technology (other than third party equipment within our direct control) or temporary suspension of the service for technical reasons; (e) that result from failures of individual instances not attributable to your running instances with no external connectivity during a two-hour period and you are unable to launch replacement instances; (f) arising from our suspension and termination of your right to use the software in accordance with this Agreement or (g) scheduled maintenance or the provision of any updates or upgrades to site. ABM SHALL HAVE NO LIABILITY TO YOU FOR ANY DISRUPTIONS IN THE WEBHOSTING SERVICES.

11. Survival. The provisions of Sections 4, 7 and 8 shall survive the termination of this Agreement, howsoever caused, but this shall not imply or create any continued right to Use the Software after termination of this Agreement.

12. Governing Law. This Agreement will be governed by and construed in accordance with the substantive laws for the state of Pennsylvania, USA and any disputes shall be subject to the exclusive jurisdiction of the state courts of Pittsburgh, Pennsylvania or the U.S. District Court for Pennsylvania.

13. Export Restrictions. Use of the Software contained herein may be restricted by laws and regulations of various jurisdictions (by virtue of the location, residence or citizenship of the individual using the Software or for other reasons). You may only Use all or any portion of the Software where it is lawful for you to Use such Software in or from the United States or lawfully in other jurisdictions. By using all or any portion of the Software, you are acknowledging and agreeing that you are permitted by law to Use such Software, that you are seeking such Software on your own initiative and that your Use of such Software is subject to this Agreement.

14. General Provisions. If any part of this Agreement is found void and unenforceable, it will not affect the validity of the balance of this Agreement, which shall remain valid and enforceable according to its terms. This Agreement may only be modified by a writing signed by an authorized officer of ABM. Updates may be licensed to you by ABM with additional or different terms. This is the entire agreement between ABM and you relating to the Software and it supersedes any prior representations, discussions, undertakings or communications relating to the Software. All Software provided to the U.S. Government pursuant to solicitations issued on or after December 1, 1995 is provided with the commercial license rights and restrictions described in this License. All Software provided to the U.S. Government pursuant to solicitations issued prior to December 1, 1995 is provided with RESTRICTED RIGHTS as provided for in FAR, 48 CFR 52.227-14 (JUNE 1987) or DFAR, 48 CFR 252-227-7013 (OCT 1988), as applicable.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their duly authorized representatives.

LICENSEE

LICENSOR

Signature

Signature

Printed Name

Martin A. Keyser

Printed Name

Title

Senior Vice President – Franchise Operations

Title

Date

Date

EXHIBIT E

GENERAL RELEASE

GENERAL RELEASE

WHEREAS, _____ (FRANCHISEE) a _____, organized under the laws of _____ with its principal place of business at _____ has entered into a Franchise Agreement with ABM Franchising Group, LLC (FRANCHISOR), a Delaware corporation, with its principal place of business for franchising at 501 Technology Drive, Suite 3000, Canonsburg, Pennsylvania 15317, dated _____ for a TEGG Service Business at the following location:

WHEREAS, under Paragraph 29(c) of the Franchise Agreement, FRANCHISEE may [renew] [transfer] the Franchise without payment of an additional Initial Franchise Fee if FRANCHISEE executes a general release.

NOW, THEREFORE _____ intending to be legally bound, agrees as follows:

_____ on behalf of itself, its heirs, executors, administrators, agents and assigns, releases and discharges ABM Franchising Group, LLC, its parent companies, subsidiaries and affiliates, and their respective officers, directors, agents and employees from any and all claims, demands, damages, actions or causes of action, of whatsoever kind or nature, whether in contract, tort, equity or otherwise, because of any manner or thing done, or omitted to be done, prior to and including the date of this release arising out of or attributable to its relationship as a TEGG Service Franchisee.

THIS RELEASE IS INTENDED TO BE A COMPLETE AND ALL-INCLUSIVE RELEASE.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be duly executed this _____ day of _____, _____.

WITNESS:

FRANCHISEE

By: _____

Its: _____

EXHIBIT F
STATE ADMINISTRATORS

STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 Toll Free: (866) 275-2677	NEW YORK New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8222
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Securities Department State Capitol Department 414 600 East Boulevard Avenue Fifth Floor Bismarck, North Dakota 58505-0510 (701) 328-4712
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT G

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

National Registered Agents, Inc.
2030 Main Street, Suite 1030
Irvine, California 92614
or
Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West Fourth Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
Toll Free: (866) 275-2677

COLORADO

National Registered Agents, Inc.
1535 Grant Street, Suite 140
Denver, Colorado 80203

DELAWARE

National Registered Agents, Inc.
160 Greentree Drive, Suite 101
Dover, Delaware 19904

GEORGIA

National Registered Agents, Inc.
3761 Venture Drive
Duluth, Georgia 30096

HAWAII

Commissioner of Securities of the State of Hawaii
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

Secretary of State
Franchise Section
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Corporate Oversight Division, Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

or

National Registered Agents, Inc.
875 Avenue of the America, Suite 501
New York, New York 10001

NORTH CAROLINA

National Registered Agents, Inc.
120 Penmarc Drive, Suite 118
Raleigh, North Carolina 27603

NORTH DAKOTA

North Dakota Securities Commissioner
600 East Boulevard Avenue, State Capitol
Fifth Floor
Bismarck, North Dakota 58505-0510
(701) 328-4712

NEVADA

National Registered Agents, Inc.
1000 East William St., Suite 204
Carson City, Nevada 89701

OHIO

National Registered Agents, Inc.
145 Baker Street
Marion, Ohio 43302

PENNSYLVANIA

National Registered Agents, Inc.

RHODE ISLAND

Director of Department of Business Regulation
Department of Business Regulation
Securities Division
Bldg. 69, First Floor
John O. Pastore Center
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH CAROLINA

National Registered Agents, Inc.
2 Office Park Court, Suite 103
Columbia, South Carolina 29223

SOUTH DAKOTA

Division of Insurance
Director of the Securities Regulation
124 South Euclid Avenue, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

TEXAS

National Registered Agents, Inc.
1614 Sidney Baker Street
Kerrville, Texas 78028

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

Director of Department of Financial Institutions
Securities Division ~~—3rd Floor~~
~~150 Israel Road, S.W.~~
~~Tumwater~~ [P.O. Box 41200](#)
[Olympia](#), Washington ~~-98501~~ [98504-1200](#)
(360) 902-8760

WISCONSIN

Division of Securities
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

EXHIBIT H

LIST OF FRANCHISEES

EXHIBIT H
TEGG SERVICE FRANCHISEES
as of October 31, ~~2023~~2024

FRANCHISED OPERATING UNITS

Franchisee	Contact Information
ALABAMA (2)	
Crosby Electric Company, Inc. <i>Al Crosby</i>	6012 E. Shirley Lane Montgomery, AL 36117 Tel: (334) 272-2085
Crosby Electric Company, Inc. (Huntsville Franchise) <i>Al Crosby</i>	6012 E. Shirley Lane Montgomery, AL 36117 Tel: (334) 272-2085
ALASKA (1)	
Haakenson Electric <u>The Superior Group, Inc.</u> <i>Garret Travers</i>	220 E. 88 th Ave. Anchorage, AK 99507 Tel: (907) 267-4838
ARIZONA (2)	
Cannon & Wendt Electric Co., Inc. (East Valley Franchise) <i>Shane Snyder</i>	4020 N. 16th Street Phoenix, AZ 85016 Tel: (602) 279-1681
Sabino Electric, Inc. Louise Jones-Magee <u>Michael Kroon</u>	861 West 18 th Street Tucson, AZ 85719 Tel: (520) 623-6061 <u>(613) 833-0020</u>
CALIFORNIA (21)	
J M Electric, Inc. <i>Chris Jensen</i>	400 Griffin Street Salinas, CA 93901 Tel: (831) 422-7819
<u>CONNECTICUT (1)</u>	
Nazzareno <u>C&H Electric Co., Inc.</u> <u>William Concannon</u> Rick Nazzareno	<u>1999 South Main Street</u> <u>Waterbury, CT 06706</u> 1250 E. Gene Autry Way Anaheim, CA 92805 Tel: (714) 712-4744 <u>(203) 754-3231</u>
COLORADO (2)	
Guarantee Electrical Company <i>Emily Martin</i>	3790 Wheeling Street Denver, CO 80239 Tel: (303) 373-2400
Guarantee Electrical Company <i>Emily Martin</i>	3450 N. Nevada Avenue, #100 Colorado Springs, CO 80907 Tel: (719) 632-7683
HAWAII (1)	
American Electric <i>Ray Hose</i>	799 Kahelu Ave Mililani, HI 96789 Tel: (808) 848-0751
ILLINOIS (2)	
Jamerson & Bauwens Electrical Contractors, Inc. <i>Kenneth Bauwens</i>	3160 MacArthur Blvd. Northbrook, IL 60062 Tel: (847) 291-2000

Franchisee	Contact Information
The Electrician, Inc. (Rockford) <i>Brent Yauchler</i>	429 Venture Court Verona, WI 53593 Tel: (608) 437-4977
KENTUCKY (2)	
Henderson Services, LLC <i>Joe Logan</i>	4502 Poplar Level Road Louisville, KY 40213 Tel: (502) 719-6615
Henderson Services, LLC <i>Joe Logan</i>	1140 Floyd Drive Lexington, KY 40505 Tel: (859) 422-3347
LOUISIANA (1)	
Doyle Electric, Inc. <i>Beau Leitner</i>	15035 Jefferson Highway Baton Rouge, LA 70817 Tel: (225) 752-5112
MARYLAND (1)	
Bopat Electric Co., Inc. <i>Rick Fortmann</i> Michael Kroon	305 East Fourth Street Frederick, MD 21701 Tel: (301) 694-3726 (613) 833-0020
MASSACHUSETTS (42)	
Edward G. Sawyer Co., Inc. <i>Joe McCluskey, Jr.</i>	260 Libbey Industrial Parkway Weymouth, MA 02189 Tel: (781) 340-1400
Comalli Electric, Inc. James Comalli	7 Westview Road #3 Pittsfield, MA 01201 Tel: (413) 499-0024
MICHIGAN (2)	
Turner Electrical Services, LLC <i>Chad Turner</i> (Ann Arbor, MI)	8530 West Central Avenue, Suite 1-B Sylvania, OH 43560 Tel: (419) 841-5446
Turner Electrical Services, LLC <i>Chad Turner</i> (Detroit, Michigan)	8530 West Central Avenue, Suite 1-B Sylvania, OH 43560 Tel: (419) 841-5446
MINNESOTA (1)	
O'Neill Electric Inc. Daniel O'Neill	6143 Osgood Ave. N Stillwater, MN 55082 Tel: (651) 342-0906
MISSOURI (2)	
Guarantee Electrical Company <i>Emily Martin</i>	877 Horan Drive Fenton, MO 63026 Tel: (636) 343-1211
Electrical Corporation of America ("ECA") <i>Don Laffoon</i>	7320 Arlington Avenue Raytown, MO 64133 Tel: (816) 737-3206
NEBRASKA (1)	

Franchisee	Contact Information
Miller Electric Company <i>Jason Tagge</i>	2501 St. Marys Avenue Omaha, NE 68105 Tel: (402) 341-6479
NEW JERSEY (1)	
Lippolis Electric, Inc (Northern New Jersey Franchise) <i>Carmine Lippolis</i>	25 7 th Street Pelham, NY 10803 Tel: (914) 738-3550
NEW YORK (7)	
Bana Electric Corp. Testing <i>Stephen Bender</i>	50 Gazza Boulevard Farmingdale, NY 11735 Tel: (631) 249-6110
Ferguson Electric Service Co., Inc. <i>Kevin Roland</i>	321 Ellicott Street Buffalo, NY 14203 Tel: (716) 853-3321
Lippolis Electric, Inc <i>Carmine Lippolis</i>	25 7 th Street Pelham, NY 10803 Tel: (914) 738-3550
Matco Electric Corporation <i>Mark Freije</i>	3913 Gates Road Vestal, NY 13850 Tel: (607) 729-4921
O'Connell Electric Co. <i>Joe Leggo</i>	7001 Performance Drive Hancock Air Park North Syracuse, NY 13212 Tel: (315) 437-1453
O'Connell Electric Co. <i>Joe Leggo</i>	830 Phillips Road Victor, NY 14564 Tel: (585) 924-2176
O'Connell Electric Co. (Jamestown License) <i>Joe Leggo</i>	20 Lancaster Parkway Lancaster, NY 14086 Tel: (716) 675-9010
NORTH CAROLINA (2)	
Watson Electrical Construction Company <i>Craig Myers</i>	900 Center Park Dr. Suite C Charlotte, NC 28217 Tel: (704) 393-0220
Watson Electrical Construction Company <i>Craig Myers</i>	2012 North Raleigh Blvd. 8801 Midway West Road Raleigh, NC 27604 27617 Tel: (919) 781-4651
OHIO (1)	
Turner Electrical Services, LLC <i>Chad Turner</i>	8530 West Central Avenue, Suite 1-B Sylvania, OH 43560 Tel: (419) 841-5446
OKLAHOMA (1)	

Franchisee	Contact Information
Shawver & Son, Inc. <i>John Shawver, III</i>	144 N.E. 44th Street Oklahoma City, OK 73105 Tel: (405) 525-9451
OREGON (1)	
Cochran, Inc. <i>LeeAnn Cochran</i>	7550 SW Tech Center Dr. Suite 220 Tigard, OR 97223 Tel: (971) 205-4242
PENNSYLVANIA (2)	
Miller Brothers <i>Harry Miller III</i>	301 Alan Wood Road Conshohocken, PA 19428 Tel: (610) 832-1000
Schultheis Electric, T.S.B., Inc. <i>Tim Schultheis</i>	304 Sanford Street Latrobe, PA 15650 Tel: (724) 537-5157
PUERTO RICO (1)	
Bermudez, Longo, Diaz-Masso <i>Francisco Diaz-Masso, Principal</i>	PO Box 191213 San Juan, PR 00919 Tel: (787) 761-3030
SOUTH CAROLINA (2)	
Transworld, Inc. Jim Ritter Michael Kroon	1553 King Street Ext., Suite A Charleston, SC 29405 Tel: (843) 577-3491 (613) 833-0020
Transworld, Inc. Jim Ritter Michael Kroon (Columbia, SC Franchise)	1553 King Street Ext., Suite A Charleston, SC 29405 Tel: (843) 577-3491 (613) 833-0020
TEXAS (2)	
Humphrey & Associates, Inc. <i>Buster Kirkland</i>	2650 Handley Ederville Road Ft. Worth, TX 76118 Tel: (817) 589-9550
KenMor Electric Company, LP Tuan Tran Pete Rosse	8330 Hansen Road Houston, TX 77075 Tel: (713) 869-0171
VIRGINIA (1)	
Watson Electrical Construction Company <i>Craig Myers</i>	1129 Executive Boulevard Chesapeake, VA 23320 Tel: (757) 436-1006
WASHINGTON (1)	
Cochran, Inc. <i>LeeAnn Cochran</i>	12500 Aurora Avenue North Seattle, WA 98133 Tel: (206) 367-1900
WISCONSIN (3)	
The Electrician, Inc. <i>Brent Yauchler</i>	429 Venture Court Verona, WI 53593 Tel: (608) 437-4977

Franchisee	Contact Information
The Electrician, Inc. (Appleton Franchise) <i>Brent Yauchler</i>	429 Venture Court Verona, WI 53593 Tel: (608) 437-4977
The Electrician, Inc. (Milwaukee Franchise) <i>Brent Yauchler</i>	429 Venture Court Verona, WI 53593 Tel: (608) 437-4977

EXHIBIT I

FRANCHISEES WHO LEFT THE SYSTEM DURING OUR LAST FISCAL YEAR

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

Franchisee	Contact Information
COLORADO (1) <u>CALIFORNIA</u> Intermountain <u>Nazzareno</u> Electric <u>Company</u> , Inc. <u>Rick Nazzareno</u> Tom Allen	<u>1250 E. Gene Autry Way</u> <u>Anaheim, CA 92805</u> 5050 Osage Street Suite 500 Denver, CO 80221 Tel: (303) 733-7248 <u>714) 712-4744</u>
WASHINGTON (1)	
Seahurst Electric, Inc. Jack Southwick	2915 Chestnut Street Everett, WA 98201 Tel: (425) 258-1882

EXHIBIT J

**FINANCIAL STATEMENTS, INDEPENDENT AUDITORS' ACKNOWLEDGEMENT
LETTER AND ABM GUARANTEE OF PERFORMANCE**

Exhibit J.1	Independent Auditors' Acknowledgement Letter
Exhibit J.2	Audited Financials
Exhibit J.3	ABM Guarantee of Performance

Exhibit J.1

Independent Auditors' Acknowledgement Letter



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

The Board of Directors
ABM Industries Incorporated:

Independent Auditors' Acknowledgement

We agree to the inclusion in the Franchise Disclosure Document for Tegg Service dated January 24, 2025 issued by ABM Franchising Group, LLC (a wholly-own subsidiary of ABM Industries Incorporated) of our reports, dated December 19, 2024, relating to the consolidated financial statements of ABM Industries Incorporated, as of October 31, 2024 and 2023, and for each of the years in the three-year period ended October 31, 2024.

KPMG LLP

New York, New York
January 24, 2025

EXHIBIT J.2

Audited Financials

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
ABM Industries Incorporated:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of ABM Industries Incorporated and subsidiaries (the Company) as of October 31, 2024 and 2023, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended October 31, 2024, and the related notes and financial statement schedule II (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended October 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of October 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated December 19, 2024, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of self-insurance liabilities

As discussed in Notes 2 and 10 to the consolidated financial statements, the Company uses a combination of insured and self-insurance programs to cover insurable risks. The balance of casualty program insurance reserves as of October 31, 2024, amounted to \$608.4 million, a portion of which related to workers' compensation and general liability self-insurance liabilities. The Company engages actuaries to estimate its self-insurance liabilities at least annually.

We identified the evaluation of certain workers' compensation and general liability self-insurance liabilities as a critical audit matter because it involves a high degree of judgment and actuarial expertise to assess: (1) the application of actuarial models used and (2) estimated incurred but not reported claims based on application of loss development factors to historical claims experience.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's self-insurance liability process, including controls related to (1) evaluation of claims information sent to the actuary, (2) estimation of incurred but not reported claims based on the application of loss development factors to historical claims experience, and (3) evaluation of the actuarial report and the external actuarial specialist's qualifications and competency. We evaluated the Company's historical ability to estimate self-insurance liabilities by comparing the prior year recorded amounts to the subsequent claim development. We tested a sample of the claims data utilized by the Company's actuaries by comparing it to underlying claims details; and involved an actuarial professional with specialized skills and knowledge who assisted in the:

- assessment of the application of the actuarial models used by the Company for consistency with generally accepted actuarial standards and
- development of an actuarial estimate of self-insurance liabilities based on the Company's underlying historical paid and incurred loss data for comparison with the liabilities recorded by the Company.

/s/ KPMG LLP

We have served as the Company's auditor since 1980.

New York, New York
December 19, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
ABM Industries Incorporated:

Opinion on Internal Control Over Financial Reporting

We have audited ABM Industries Incorporated and subsidiaries' (the Company) internal control over financial reporting as of October 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of October 31, 2024 and 2023, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended October 31, 2024, and the related notes and financial statement schedule II (collectively, the consolidated financial statements), and our report dated December 19, 2024, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP
New York, New York
December 19, 2024

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	October 31,	
	2024	2023
<i>(in millions, except share and per share amounts)</i>		
ASSETS		
Current assets		
Cash and cash equivalents	\$ 64.6	\$ 69.5
Trade accounts receivable, net of allowances of \$22.8 and \$25.0 at October 31, 2024 and 2023, respectively	1,384.1	1,365.0
Costs incurred in excess of amounts billed	162.1	139.2
Prepaid expenses	103.2	78.5
Other current assets	74.8	58.6
Total current assets	1,788.7	1,710.7
Other investments	30.8	28.8
Property, plant and equipment, net of accumulated depreciation of \$351.3 and \$326.5 at October 31, 2024 and 2023, respectively	150.7	131.5
Right-of-use assets	101.2	113.4
Other intangible assets, net of accumulated amortization of \$479.3 and \$438.3 at October 31, 2024 and 2023, respectively	282.4	302.9
Goodwill	2,575.9	2,491.3
Other noncurrent assets	167.5	155.0
Total assets	\$ 5,097.2	\$ 4,933.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of debt, net	\$ 31.6	\$ 31.5
Trade accounts payable	324.3	299.1
Accrued compensation	295.6	249.7
Accrued taxes—other than income	56.2	58.9
Deferred revenue	63.7	90.1
Insurance claims	197.5	177.0
Income taxes payable	4.8	17.9
Current portion of lease liabilities	26.6	32.5
Other accrued liabilities	348.2	261.2
Total current liabilities	1,348.4	1,217.9
Long-term debt, net	1,302.2	1,279.8
Long-term lease liabilities	92.0	98.8
Deferred income tax liability, net	60.2	85.0
Noncurrent insurance claims	421.8	387.5
Other noncurrent liabilities	86.8	61.1
Noncurrent income taxes payable	3.8	3.7
Total liabilities	3,315.2	3,133.8
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, \$0.01 par value; 500,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 100,000,000 shares authorized; 62,196,665 and 62,847,387 shares issued and outstanding at October 31, 2024 and 2023, respectively	0.6	0.6
Additional paid-in capital	527.4	558.9
Accumulated other comprehensive loss, net of taxes	(19.1)	(9.2)
Retained earnings	1,272.9	1,249.6
Total stockholders' equity	1,781.9	1,799.9
Total liabilities and stockholders' equity	\$ 5,097.2	\$ 4,933.7

See accompanying notes to consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended October 31,		
	2024	2023	2022
<i>(in millions, except per share amounts)</i>			
Revenues	\$ 8,359.4	\$ 8,096.4	\$ 7,806.6
Operating expenses	7,325.9	7,037.6	6,757.5
Selling, general and administrative expenses	765.3	572.8	628.3
Amortization of intangible assets	56.1	76.5	72.1
Operating profit	212.0	409.5	348.8
Income from unconsolidated affiliates	6.5	3.9	2.4
Interest expense	(85.0)	(82.3)	(41.1)
Income before income taxes	133.6	331.1	310.0
Income tax provision	(52.2)	(79.7)	(79.6)
Net income	81.4	251.3	230.4
Other comprehensive (loss)/income			
Interest rate swaps	(22.9)	(0.5)	36.7
Foreign currency translation and other	6.8	7.3	(19.8)
Income tax provision	6.3	0.1	(10.5)
Comprehensive income	\$ 71.6	\$ 258.1	\$ 236.9
Net income per common share			
Basic	\$ 1.29	\$ 3.81	\$ 3.44
Diluted	1.28	3.79	3.41
Weighted-average common and common equivalent shares outstanding			
Basic	63.2	66.0	67.1
Diluted	63.6	66.3	67.5

See accompanying notes to consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years Ended October 31,

(in millions, except per share amounts)

	2024		2023		2022	
	Shares	Amount	Shares	Amount	Shares	Amount
Common Stock						
Balance, beginning of year	62.8	\$ 0.6	65.5	\$ 0.7	67.3	\$ 0.7
Stock issued under employee stock purchase and share-based compensation plans	0.5	—	0.6	—	0.6	—
Repurchase of common stock, including excise taxes	(1.2)	—	(3.3)	(0.1)	(2.3)	—
Balance, end of year	62.2	0.6	62.8	0.6	65.5	0.7
Additional Paid-in Capital						
Balance, beginning of year		558.9		675.5		750.9
Taxes withheld under employee stock purchase and share-based compensation plans, net		(5.5)		(9.0)		(8.4)
Share-based compensation expense		30.0		30.5		30.5
Repurchase of common stock, including excise taxes		(56.1)		(138.1)		(97.5)
Balance, end of year		527.4		558.9		675.5
Accumulated Other Comprehensive Loss, Net of Taxes						
Balance, beginning of year		(9.2)		(16.2)		(22.5)
Other comprehensive (loss)/income		(9.8)		6.9		6.3
Balance, end of year		(19.1)		(9.2)		(16.2)
Retained Earnings						
Balance, beginning of year		1,249.6		1,057.2		880.2
Net income		81.4		251.3		230.4
Dividends						
Common stock (\$0.90, \$0.88, and \$0.78 per share)		(56.5)		(57.5)		(51.9)
Stock issued under share-based compensation plans		(1.5)		(1.5)		(1.5)
Balance, end of year		1,272.9		1,249.6		1,057.2
Total Stockholders' Equity		<u>\$ 1,781.9</u>		<u>\$ 1,799.9</u>		<u>\$ 1,717.2</u>

See accompanying notes to consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Years Ended October 31,		
	2024	2023	2022
Cash flows from operating activities			
Net income	\$ 81.4	\$ 251.3	\$ 230.4
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	106.6	120.7	112.4
Deferred income taxes	(24.7)	(4.9)	67.7
Share-based compensation expense	30.0	30.5	30.5
Provision for/(Recovery of) bad debt	8.8	3.0	(7.7)
Amortization of accumulated other comprehensive gain on interest rate swaps	—	—	(4.8)
Discount accretion on insurance claims	0.6	0.4	0.1
Gain on sale of assets	(0.6)	(0.1)	(0.8)
Income from unconsolidated affiliates	(6.5)	(3.9)	(2.4)
Distributions from unconsolidated affiliates	4.6	1.9	1.9
Change in fair value of contingent consideration	95.7	(45.6)	—
Changes in operating assets and liabilities, net of effects of acquisitions			
Trade accounts receivable and costs incurred in excess of amounts billed	(32.6)	(152.7)	(143.8)
Prepaid expenses and other current assets	(40.4)	(7.4)	19.7
Right-of-use assets	12.7	1.8	14.7
Other noncurrent assets	(34.0)	33.8	(21.2)
Trade accounts payable and other accrued liabilities	(10.9)	(3.8)	(143.0)
Long-term lease liabilities	(7.3)	(5.7)	(15.2)
Insurance claims	54.3	5.0	(17.4)
Income taxes payable	(6.8)	15.1	(31.8)
Other noncurrent liabilities	(4.2)	3.8	(69.0)
Total adjustments	145.3	(8.0)	(210.0)
Net cash provided by operating activities	226.7	243.3	20.4
Cash flows from investing activities			
Additions to property, plant and equipment	(59.4)	(52.6)	(50.8)
Proceeds from sale of assets	1.8	2.9	6.0
Investments in equity securities	—	(12.4)	(2.1)
Purchase of business, net of cash acquired	(114.3)	—	(194.6)
Net cash used in investing activities	(171.9)	(62.1)	(241.5)
Cash flows from financing activities			
Taxes withheld from issuance of share-based compensation awards, net	(7.0)	(10.5)	(9.9)
Repurchases of common stock, including excise taxes	(56.1)	(138.1)	(97.5)
Dividends paid	(56.5)	(57.5)	(51.9)
Borrowings from debt	1,334.0	1,178.5	1,479.4
Repayment of borrowings from debt	(1,312.5)	(1,136.0)	(1,096.9)
Changes in book cash overdrafts	40.7	(20.3)	4.3
Financing of energy savings performance contracts	—	0.5	9.9
Repayment of finance lease obligations	(4.2)	(3.0)	(1.9)
Net cash (used in) provided by financing activities	(61.5)	(186.3)	235.5
Effect of exchange rate changes on cash and cash equivalents	1.8	1.6	(4.2)
Net (decrease) increase in cash and cash equivalents	(4.9)	(3.5)	10.2
Cash and cash equivalents at beginning of year	69.5	73.0	62.8
Cash and cash equivalents at end of year	\$ 64.6	\$ 69.5	\$ 73.0

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)

<i>(in millions)</i>	Years Ended October 31,		
	2024	2023	2022
Supplemental cash flow information			
Income tax payments, net	\$ 83.2	\$ 69.1	\$ 46.4
Interest paid on credit facility	98.5	89.4	28.9

See accompanying notes to consolidated financial statements.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY AND NATURE OF OPERATIONS

ABM is a leading provider of integrated facility services with a mission to **make a difference, every person, every day**. We are organized into four industry groups and one Technical Solutions segment:



Aviation



Business &
Industry



Education



Manufacturing
& Distribution



Technical
Solutions

Through these groups, we offer janitorial, facilities engineering, parking, and specialized mechanical and electrical technical solutions, on a standalone basis or in combination with other services.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Financial Statements have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP") and with the rules and regulations of the SEC, specifically Regulation S-X and the instructions to Form 10-K. Unless otherwise indicated, all references to years are to our fiscal year, which ends on October 31.

The Financial Statements include the accounts of ABM and all of our consolidated subsidiaries. We account for ABM's investments in unconsolidated affiliates under the equity method of accounting. We include the results of acquired businesses in the Consolidated Statements of Comprehensive Income from their respective acquisition dates. All intercompany accounts and transactions have been eliminated in consolidation.

The preparation of consolidated financial statements in accordance with U.S. GAAP requires our management to make certain estimates that affect reported amounts. We base our estimates on historical experience, known or expected trends, independent valuations, and various other assumptions that we believe to be reasonable under the circumstances. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

We round amounts in the Financial Statements to millions and calculate all percentages and per-share data from the underlying whole-dollar amounts. Thus, certain amounts may not foot, crossfoot, or recalculate based on reported numbers due to rounding.

Cash and Cash Equivalents

We consider all highly liquid securities with an original maturity of three months or less to be cash and cash equivalents. As part of our cash management system, we use "zero balance" accounts to fund our disbursements. Under this system, at the end of each day the bank balance is zero, while the book balance is usually a negative amount due to reconciling items, such as outstanding checks. We report the changes in these book cash overdrafts as cash flows from financing activities.

Trade Accounts Receivable and Costs Incurred in Excess of Amounts Billed

Trade accounts receivable arise from services provided to our clients and are usually due and payable on varying terms from receipt of the invoice to net 60 days, with the exception of certain Technical Solutions project receivables that may have longer collection periods. These receivables are recorded at the invoiced amount and normally do not bear interest. In addition, our trade accounts receivable include unbilled receivables, such as invoices for services that have been provided but are not yet billed.

Costs incurred in excess of amounts billed arise from Technical Solutions project contracts that typically provide for a schedule of billings or invoices to the client based on our performance to date of specific tasks inherent in the fulfillment of our performance obligation(s). The schedules for such billings usually do not precisely match the schedule on which costs are incurred. As a result, revenues generally differ from amounts that can be billed or invoiced to the client at any point during the contract.

Allowance for Doubtful Accounts

We determine the allowance for doubtful accounts based on historical write-offs, known or expected trends, and the identification of specific balances deemed uncollectible. For the specifically identified balances, we establish the reserve upon the earlier of a client's inability to meet its financial obligations or after a period of 12 months, unless our management believes such amounts will ultimately be collectible.

Sales Allowance

In connection with our service contracts, we periodically issue credit memos to our clients that are recorded as a reduction in revenues and an increase to the allowance for billing adjustments. These credits can result from client vacancy discounts, job cancellations, property damage, and other items. We estimate our potential future losses on these client receivables based on an analysis of the historical rate of sales adjustments (credit memos, net of re-bills) and known or expected trends.

Other Current Assets

At October 31, 2024 and 2023, other current assets primarily consisted of other receivables, short-term insurance recoverables, and capitalized commissions.

Other Investments

At October 31, 2024 and 2023, other investments primarily consisted of preferred equity investments and investments in unconsolidated affiliates and were \$30.8 million and \$28.8 million, respectively. We did not recognize any impairment charges on these investments in 2024, 2023, or 2022.

Property, Plant and Equipment

We record property, plant and equipment at cost. Repairs and maintenance expenditures are expensed as incurred. In contrast, we capitalize major renewals or replacements that substantially extend the useful life of an asset. We determine depreciation for financial reporting purposes using the straight-line method over the following estimated useful lives:

Category	Years
Computer equipment and software	3–7
Machinery and other equipment	3–5
Transportation equipment	1.5–10
Buildings	10–40
Furniture and fixtures	5

In addition, we depreciate assets under finance leases and leasehold improvements over the shorter of their estimated useful lives or the remaining lease term. Upon retirement or sale of an asset, we remove the cost and accumulated depreciation from our Consolidated Balance Sheets. When applicable, we record corresponding gains or losses within the accompanying Consolidated Statements of Comprehensive Income.

Leases

We account for our leases in accordance with ASU 2016-02, *Leases* (Topic 842). Topic 842 requires lessees to recognize substantially all leases on their balance sheet as a right-of-use ("ROU") asset and a lease liability. We made the accounting policy election to not recognize leases with an initial term of 12 months or less on

the balance sheet and will expense payments for such leases on a straight-line basis over the lease term. We also elected to not separate lease components from non-lease components.

We enter into various noncancelable lease agreements for office space, parking facilities, warehouses, vehicles, and equipment used in the normal course of business. We determine if an arrangement is a lease at inception and begin recording lease activity at the commencement date. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis. The present value of future lease payments is determined using our incremental borrowing rate ("IBR") unless the implicit rate in the lease is readily determinable. Our IBR is equal to our rate of interest adjusted for term differences. This IBR is applied to the minimum lease payments within each lease agreement to determine the amounts of our ROU assets and lease liabilities.

Our lease terms range from one to 20 years. Some leases include options to renew or extend. We typically include extension options in a lease term when it is reasonably certain that we will exercise that option and when doing so is at our sole discretion. Certain equipment and vehicle leases may also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Typically, if we decide to cancel or terminate a lease before the end of its term, then we would owe the lessor the remaining lease payments under the term of such lease. Our lease agreements generally do not contain any material residual value guarantees or material restrictive covenants. We may rent or sublease certain real estate assets that we no longer use to third parties.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. ROU assets include amounts for scheduled rent increases and are reduced by lease incentive amounts.

Certain of our lease agreements include variable rent payments consisting primarily of rental payments adjusted periodically for inflation, maintenance, and utilities. These costs are expensed as incurred. Certain of our parking arrangements also contain variable rent payments that are a percentage of parking services revenue based on contractual levels. We record contingent rent as it becomes probable that specified targets will be met. Variable rent lease components are not included in the lease liability.

Service concession arrangements within the scope of ASU No. 2017-10, *Service Concession Arrangements (Topic 853): Determining the Customer of the Operation Services*, are excluded from the scope of Topic 842. Rent expenses associated with these arrangements are recorded as a reduction of revenues. See Note 4, "Revenues," for further discussion.

Goodwill and Other Intangible Assets

Goodwill represents the excess purchase price of acquired businesses over the fair value of the assets acquired and liabilities assumed. We have elected to make the first day of our fourth quarter, August 1, the annual impairment assessment date for goodwill. However, we could be required to evaluate the recoverability of goodwill more often if impairment indicators exist. Goodwill is tested for impairment at a "reporting unit" level by performing either a qualitative evaluation or a quantitative test. The qualitative evaluation is an assessment of factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. We may elect not to perform the qualitative assessment for some or all reporting units and instead perform a quantitative test under which we estimate the fair value using a weighting of fair values derived from an income approach and a market approach. The discounted estimates of future cash flows include significant management assumptions, such as revenue growth rates, operating margins, weighted average cost of capital, and future economic and market conditions.

Other intangible assets primarily consist of acquired customer contracts and relationships that are amortized using the sum-of-the-years'-digits method over their useful lives, consistent with the estimated useful life considerations used in the determination of their fair values. This accelerated method of amortization reflects the pattern in which the economic benefits from the intangible assets of customer contracts and relationships are expected to be realized. We amortize other non-customer acquired intangibles using a straight-line method of amortization. We evaluate other intangible assets, as well as our long-lived assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. When this occurs, a recoverability test is performed that compares the projected undiscounted cash flows from the use and eventual disposition of an asset or asset group to its carrying amount. If the projected undiscounted cash flows are

less than the carrying amount, then we calculate an impairment loss. The impairment loss calculation compares the fair value, which is based on projected discounted cash flows, to the carrying value.

See Note 9, "Goodwill and Other Intangible Assets," for further information on goodwill, other intangible assets, and impairment charges.

Other Noncurrent Assets

At October 31, 2024 and 2023, other noncurrent assets primarily consisted of long-term insurance recoverables, cloud computing arrangements, capitalized commissions, interest rate swap assets, prepayments to carriers for future insurance claims, and insurance deposits.

Federal Energy Savings Performance Contract Receivables

As part of our Technical Solutions business, we enter into ESPCs with the federal government pursuant to which we agree to develop, design, engineer, and construct a project and to guarantee that the project will satisfy agreed-upon performance standards. ESPC receivables represent the amount to be paid by various federal government agencies for work we have satisfactorily performed under specific ESPCs. We assign certain of our rights to receive those payments to unaffiliated third parties that provide construction financing, which we record as a liability, for such contracts. This construction financing is recorded as cash flows from financing activities, while the use of the cash received to pay project costs under these arrangements is classified as operating cash flows. The ESPC receivable is recognized as revenue as each project is constructed. Upon completion and acceptance of the project by the government and upon satisfaction of true sale criteria, the assigned ESPC receivable from the government and corresponding ESPC liability are eliminated from our consolidated financial statements.

Fair Value of Financial Instruments

Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1 – Quoted prices for identical instruments in active markets;

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable; and

Level 3 – Significant inputs to the valuation model are unobservable.

We evaluate assets and liabilities subject to fair value measurements on a recurring and non-recurring basis to determine the appropriate level at which to classify them for each reporting period. Some non-financial assets are measured at fair value on a non-recurring basis only in certain circumstances, including the event of impairment. See Note 7, "Fair Value of Financial Instruments," for the fair value hierarchy table and for details on how we measure fair value for our assets and liabilities.

Insurance Reserves

We use a combination of insured and self-insurance programs to cover workers' compensation, general liability, automobile liability, property damage, and other insurable risks. Insurance claim liabilities represent our estimate of retained risks without regard to insurance coverage. We retain a substantial portion of the risk related to certain workers' compensation and medical claims. Liabilities associated with these losses include estimates of both filed claims and IBNR Claims.

With the assistance of third-party actuaries, we review our estimate of ultimate losses for actual and IBNR Claims on a quarterly basis and adjust our required self-insurance reserves as appropriate. See Note 10, "Insurance," for further details on the quarterly review procedures. As part of this evaluation, we review the status of

existing and new claim reserves as established by third-party claims administrators. The third-party claims administrators establish the case reserves based upon known factors related to the type and severity of the claims, demographic factors, legislative matters, and case law, as appropriate. We compare actual trends to expected trends and monitor claims developments. The specific case reserves estimated by the third-party administrators are provided to an actuary who assists us in projecting an actuarial estimate of the overall ultimate losses for our self-insured or high deductible programs, which includes the case reserves plus an actuarial estimate of reserves required for additional developments, such as IBNR Claims. We utilize the results of actuarial studies to estimate our insurance rates and insurance reserves for future periods and to adjust reserves, if appropriate, for prior years.

In general, our insurance reserves are recorded on an undiscounted basis. We allocate current-year insurance expense to our operating segments based upon their underlying exposures, while actuarial adjustments related to prior year claims are recorded within Corporate expenses. We classify claims as current or long-term based on the expected settlement date. Estimated insurance recoveries related to recorded liabilities are reflected as assets in our Consolidated Balance Sheets when we believe the receipt of such amounts is probable.

Other Accrued Liabilities

At October 31, 2024 and 2023, other accrued liabilities primarily consisted of the short-term contingent consideration liability, employee benefits, contract liabilities, ESPC liabilities, unclaimed property, legal fees and settlements, and dividends payable

Other Noncurrent Liabilities

At October 31, 2024 and 2023, other noncurrent liabilities primarily consisted of the long-term contingent consideration liability, deferred compensation, long-term finance leases, and retirement plan liabilities.

Contracts with Customers

We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. Once a contract is identified, we evaluate whether it is a combined or single contract and whether it should be accounted for as more than one performance obligation. Generally, most of our contracts are cancelable by either party without a substantive penalty, and the majority of our contracts have a notification period of 30 to 90 days. If a contract includes a cancellation clause, the remaining contract term is limited to the required termination notice period.

At contract inception, we assess the services promised to our customers and identify a performance obligation for each promise to transfer to the customer a service, or a bundle of services, that is distinct. To identify the performance obligation, we consider all of our services promised in the contract, regardless of whether they are explicitly stated or are implied by customary business practices.

The majority of our contracts contain multiple promises that represent an integrated bundle of services comprised of activities that may vary over time; however, these activities fulfill a single integrated performance obligation since we perform a continuous service that is substantially the same and has the same pattern of transfer to the customer. Our performance obligations are primarily satisfied over time as we provide the related services. We allocate the contract transaction price to this single performance obligation and recognize revenue as the services are performed, as further described in "Contract Types" below.

Certain arrangements involve variable consideration (primarily per transaction fees, reimbursable expenses, and sales-based royalties). We do not estimate the variable consideration for these arrangements; rather, we recognize these variable fees in the period they are earned. Some of our contracts, often related to Airline Services, may also include performance incentives based on variable performance measures that are ascertained exclusively by future performance and therefore cannot be estimated at contract inception and are recognized as revenue once known and mutually agreed upon. We include estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Our estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current, and forecasted) that is reasonably available to us.

We primarily account for our performance obligations under the series guidance, using the as-invoiced practical expedient when applicable. We apply the as-invoiced practical expedient to record revenue as the services

are provided, given the nature of the services provided and the frequency of billing under the customer contracts. Under this practical expedient, we recognize revenue in an amount that corresponds directly with the value to the customer of our performance completed to date and for which we have the right to invoice the customer.

We typically bill customers on a monthly basis and have the right to consideration from customers in an amount that corresponds directly with the performance obligation satisfied to date. The time between completion of the performance obligation and collection of cash is generally 30 to 60 days. Sales-based taxes are excluded from revenue.

Contracts generally can be modified to account for changes in specifications and requirements. We consider contract modifications to exist when the modification either changes the consideration, creates new performance obligations, or changes the existing scope of the contract and related performance obligations. Historically, contract modifications have been for services that are not distinct from the existing contract, since we are providing a bundle of services that are highly interrelated, and are therefore treated as if they were part of that existing contract. Such modifications are generally accounted for retrospectively as part of the existing contract.

Contract Types

We have arrangements under various contract types, as described below.

Monthly Fixed-Price

Monthly fixed-price arrangements are contracts in which the client agrees to pay a fixed fee every month over a specified contract term. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Square-Foot

Square-foot arrangements are contracts in which the client agrees to pay a fixed fee every month based on the actual square footage serviced over a specified contract term. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Cost-Plus

Cost-plus arrangements are contracts in which the clients reimburse us for the agreed-upon amount of wages and benefits, payroll taxes, insurance charges, and other expenses associated with the contracted work, plus a profit margin. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Work Orders

Work orders generally consist of supplemental services requested by clients outside of the standard service specification and include cleanup after tenant moves, construction cleanup, flood cleanup, and snow removal. The nature of these short-term contracts involves performing one-off type services, and revenue is recognized at the agreed-upon contractual amount over time as the services are provided, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Transaction-Price

Transaction-price contracts are arrangements in which customers are billed a fixed price for each transaction performed on a monthly basis (e.g., wheelchair passengers served, airplane cabins cleaned). We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual amount over time, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Hourly

Hourly arrangements are contracts in which the client is billed a fixed hourly rate for each labor hour provided. We measure progress toward satisfaction of the performance obligation as the services are provided, and

revenue is recognized at the agreed-upon contractual amount over time, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Management Reimbursement

Under management reimbursement arrangements, we manage a parking facility for a management fee and pass through the revenue and expenses associated with the facility to the owner. We measure progress toward satisfaction of the performance obligation over time as the services are provided. Under these contracts we recognize both revenues and expenses, in equal amounts, that are directly reimbursed from the property owner for operating expenses, as such expenses are incurred. Such revenues do not include gross customer collections at the managed locations, because they belong to the property owners. We have determined we are the principal in these transactions, because the nature of our performance obligation is for us to provide the services on behalf of the customer and we have control of the promised services before they are transferred to the customer.

Management reimbursement revenue was \$318.2 million, \$302.3 million, and \$280.6 million during 2024, 2023, and 2022, respectively.

Leased Location

Under leased location parking arrangements, we pay a fixed amount of rent, plus a percentage of revenues derived from monthly and transient parkers, to the property owner. We retain all revenues received, and we are responsible for most operating expenses incurred. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized over time, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Rental expense and certain other expenses under contracts that meet the definition of service concession arrangements are recorded as a reduction of revenue.

Allowance

Under allowance parking arrangements, we are paid a fixed amount or hourly rate to provide parking services, and we are responsible for certain operating expenses that are specified in the contract. We measure progress toward satisfaction of the performance obligation as the services are provided, and revenue is recognized at the agreed-upon contractual rate over time, because the customer simultaneously receives and consumes the benefits of the services as they are performed.

Energy Savings Contracts and Fixed-Price Repair and Refurbishment

Under energy savings contracts and fixed-price repair and refurbishment arrangements, we agree to develop, design, engineer, and construct a project. Additionally, as part of bundled energy solutions arrangements, we guarantee the project will satisfy agreed-upon performance standards.

We use the cost-to-cost method, which compares the actual costs incurred to date with the current estimate of total costs to complete, to measure the satisfaction of the performance obligation and recognize revenue as work progresses and we incur costs on our contracts; we believe this method best reflects the transfer of control to the customer. This measurement and comparison process requires updates to the estimate of total costs to complete the contract, and these updates may include subjective assessments and judgments. Equipment purchased for these projects is project-specific and considered a value-added element to our work. Equipment costs are incurred when the title is transferred to us, typically upon delivery to the work site. Revenue for uninstalled equipment is recognized at cost and the associated margin is deferred until installation is substantially complete.

We recognize revenue over time for all of our services as we perform them, because (i) control continuously transfers to the customer as work progresses, or (ii) we have the right to bill the customer as costs are incurred. The customer typically controls the work in process, as evidenced either by contractual termination clauses or by our rights to payment for work performed to date plus a reasonable profit to deliver products or services that do not have an alternative use to us.

Certain project contracts include a schedule of billings or invoices to the customer based on our job-to-date percentage of completion of specific tasks inherent in the fulfillment of our performance obligation(s) or in accordance with a fixed billing schedule. Fixed billing schedules may not precisely match the actual costs incurred. Therefore, revenue recognized may differ from amounts that can be billed or invoiced to the customer at any point during the contract, resulting in balances that are considered revenue recognized in excess of amounts billed or

amounts billed in excess of revenue recognized. Advanced payments from our customers generally do not represent a significant financing component as the payments are used to meet working capital demands that can be higher in the early stages of a contract, as well as to protect us from our customer failing to meet its obligations under the contract.

Certain projects include service maintenance agreements under which existing systems are repaired and maintained for a specific period of time. We generally recognize revenue under these arrangements over time. Our service maintenance agreements are generally one-year renewable agreements.

Franchise

We franchise certain engineering services through individual and area franchises under the Linc Service and TEGG brands, which are part of ABM Technical Solutions. Initial franchise fees result from the sale of a franchise license and include the use of the name, trademarks, and proprietary methods. The franchise license is considered symbolic intellectual property, and revenue related to the sale of this right is recognized at the agreed-upon contractual amount over the term of the initial franchise agreement.

Royalty fee revenue consists of sales-based royalties received as part of the consideration for the franchise right, which is calculated as a percentage of the franchisees' revenue. We recognize royalty fee revenue at the agreed-upon contractual rates over time as the customer revenue is generated by the franchisees. A receivable is recognized for an estimate of the unreported royalty fees, which are reported and remitted to us in arrears.

Microgrid Systems and Uninterrupted Power Supply Systems Installation

We provide electrical contracting services for energy related products such as the installation of solar solutions, battery storage, distributed generation, and other specialized electric trades.

We use the cost-to-cost method, which compares the actual costs incurred to date with the current estimate of total costs to complete, to measure the satisfaction of the performance obligation and recognize revenue as work progresses and we incur costs on our contracts; we believe this method best reflects the transfer of control to the customer. This measurement and comparison process requires updates to the estimate of total costs to complete the contract, and these updates may include subjective assessments and judgments.

Certain projects include service maintenance agreements under which existing systems are repaired and maintained for a specific period of time. We generally recognize revenue under these arrangements over time. Our service maintenance agreements are generally one-year renewable agreements.

Costs to Obtain a Contract with a Customer

We capitalize the incremental costs of obtaining a contract with a customer, primarily commissions, as contract assets and recognize the expense on a straight-line basis over a weighted average expected customer relationship period. Capitalized commissions are classified as current or noncurrent based on the timing of when we expect to recognize the expense.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in contract assets and contract liabilities, as further explained below. The timing of revenue recognition may differ from the timing of invoicing to customers. If a contract includes a cancellation clause that allows for the termination of the contract by either party without a substantive penalty, then the contract term is limited to the termination notice period.

Contract assets primarily consist of billed trade receivables, unbilled trade receivables, and costs incurred in excess of amounts billed. Billed and unbilled trade receivables represent amounts from work completed in which we have an unconditional right to bill our customer. Costs incurred in excess of amounts billed typically arise when the revenue recognized on projects exceeds the amount billed to the customer. These amounts are transferred to billed trade receivables when the rights become unconditional. Contract assets also include the capitalization of incremental costs of obtaining a contract with a customer, primarily commissions.

Contract liabilities consist of deferred revenue and advance payments and billings in excess of revenue recognized. We generally classify contract liabilities as current since the related contracts are generally for a period of one year or less. Contract liabilities decrease as we recognize revenue from the satisfaction of the related performance obligation.

Advertising

Advertising costs are expensed as incurred. During 2024, 2023, and 2022, advertising expense was \$10.9 million, \$8.8 million, and \$6.0 million, respectively.

Share-Based Compensation

Our current share-based awards principally consist of restricted stock units ("RSUs") and performance share awards. We recognize compensation costs associated with these awards in selling, general and administrative expenses. For RSUs and performance share awards, the amount of compensation cost is measured based on the grant-date fair value of the equity instruments issued. Since our total shareholder return ("TSR") performance share awards are performance awards with a market condition, the compensation costs associated with these awards are determined using a Monte Carlo simulation valuation model. For RSUs and TSR performance share awards, compensation cost is recognized over the period that an employee provides service in exchange for the award. We recognize compensation cost associated with other performance share awards over the requisite service period based on the probability of achievement of performance criteria.

Taxes Collected from Clients and Remitted to Governmental Agencies

We record taxes on client transactions due to governmental agencies as receivables and liabilities on the Consolidated Balance Sheets.

Net Income Per Common Share

Basic net income per common share is net income divided by the weighted-average number of common shares outstanding during the period. Diluted net income per common share is based on the weighted-average number of common shares outstanding during the period, adjusted to include the potential dilution from the conversion of RSUs, vesting of performance shares, and exercisable stock options.

Contingencies and Litigation

We are a party to a number of lawsuits, claims, and proceedings incident to the operation of our business, including those pertaining to labor and employment, contracts, personal injury, and other matters, some of which allege substantial monetary damages. Some of these actions may be brought as class actions on behalf of a class or purported class of employees. We accrue for loss contingencies when losses become probable and are reasonably estimable. If the reasonable estimate of the loss is a range and no amount within the range is a better estimate, then the minimum amount of the range is recorded as a liability. We recognize legal costs as an expense in the period incurred.

Income Taxes

We account for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases. We measure deferred tax assets and liabilities using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered. Deferred tax assets are reviewed for recoverability on a quarterly basis. A valuation allowance is recorded to reduce the carrying amount of a deferred tax asset to its realizable value unless it is more likely than not that such asset will be realized. We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense in our Consolidated Statements of Comprehensive Income.

Employee Retention Tax Credit

In 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Security Act (the "CARES Act") to provide certain relief as a result of the COVID-19 Pandemic. The CARES Act provides tax relief, along with other stimulus measures, including a provision for an Employee Retention Credit ("ERC"). ERC is a refundable tax credit for employers who kept employees on their payroll during the COVID-19 Pandemic.

During the year ended October 31, 2023, we received and recorded an employee retention credit totaling \$24.0 million, within the "Selling, general and administrative expenses" on our Consolidated Statements of Comprehensive Income.

Recently Adopted Accounting Standards

In September 2022, the Financial Accounting Standards Board (“FASB”) issued ASU 2022-04, *Liabilities — Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*, designed to enhance transparency around supplier finance programs by requiring new disclosures that would allow a user of the financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. This ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023, with early adoption permitted. We adopted this standard, effective November 1, 2023, on a prospective basis, except for the rollforward requirement, which becomes effective in fiscal year 2025. We do not participate in any material supplier finance programs and, as such, the adoption of this guidance did not have an impact on our disclosures.

Recently Issued Accounting Standards

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This accounting update improves reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This ASU requires disclosure, on an annual and interim basis, of significant segment expenses that are regularly provided to the chief operating decision maker, and an amount for other segment items by reportable segment, with a description of its composition. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of implementing this guidance on our financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosure*. This accounting update enhances the transparency and decision usefulness of income tax disclosure. The amendments in this ASU address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. This ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of implementing this guidance on our financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This accounting update improves financial reporting by requiring public business entities to disclose additional information about specific expense categories in the notes to the financial statements at interim and annual reporting periods. This ASU is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the impact of implementing this guidance on our financial statements.

We do not expect any other recently issued accounting pronouncements to have a material impact on our consolidated financial statements and related disclosures.

3. ACQUISITIONS

Acquisition of Quality Uptime

Effective June 21, 2024, we acquired Quality Uptime Services, Inc. ("Quality Uptime"), an uninterrupted power supply system ("UPS") installation and maintenance company providing customized preventive and emergency service programs for mission-critical data centers and other facilities, for a net cash purchase price of approximately \$118.2 million (subject to customary working capital adjustments). The acquisition was accounted for under the acquisition method. Accordingly, the assets acquired and liabilities assumed were recognized on the date of acquisition at their estimated fair values, with the excess of the purchase price recorded as goodwill. The goodwill is amortizable over 15 years for income tax purposes. As of October 31, 2024, we recorded preliminary goodwill and intangibles of \$80.6 million and \$35.2 million, respectively. The total assets acquired, excluding goodwill and intangibles, and liabilities assumed amounted to \$24.0 million and \$21.6 million, respectively. The acquisition accounting is subject to change as we obtain additional information about the facts and circumstances that existed as of the acquisition date during the measurement period, not to exceed one year from the acquisition date. The final acquisition accounting may include changes to non-current assets, including intangible assets and working capital.

The Consolidated Statements of Comprehensive Income for the year ended October 31, 2024, include revenues attributable to Quality Uptime of \$26.3 million. The operations of Quality Uptime are included in our Technical Solutions segment.

Acquisition of RavenVolt

On September 1, 2022, we completed the acquisition of all of the equity interests of RavenVolt, Inc. ("RavenVolt"), a nationwide provider of advanced turn-key microgrid systems utilized by diversified commercial and industrial customers, national retailers, utilities, and municipalities. RavenVolt's operations are included within our Technical Solutions segment. The transaction met the definition of a business combination. We applied the acquisition method of accounting.

The purchase price for the acquisition was approximately \$170.0 million in cash at closing (subject to customary working capital and net debt adjustments) plus the potential of post-closing contingent consideration of up to \$280.0 million. The post closing contingent consideration would be payable in cash in calendar years 2024, 2025, and 2026 if RavenVolt's earnings before interest, taxes, depreciation, and amortization ("EBITDA"), as defined in the RavenVolt merger agreement, meets or exceeds certain defined targets. The defined EBITDA targets for calendar year 2023 were not achieved, and as a result, no contingent consideration payment was made in 2024. The maximum remaining contingent consideration that is payable in calendar years 2025 and 2026 is \$75.0 million, and \$130.0 million, respectively. If the EBITDA achieved for calendar years 2023 - 2025 cumulatively meets the defined EBITDA targets, the entire \$280.0 million would be paid in calendar year 2026, minus any earn-out payments made in 2024 and 2025.

To estimate the fair value of the contingent consideration on the date of acquisition, we used the Real Options method. The key assumptions used in our valuation were: i) forecast of revenues and EBITDA margins; ii) the volatility associated with the EBITDA; iii) risk-adjusted discount rate applied to forecasted EBITDA; and (iv) the credit-adjusted discount rate related to the payment of the contingent consideration. A simulation of one million scenarios was performed with the assistance of a third-party valuation specialist, resulting in a fair value for the cumulative contingent consideration for calendar years 2023 through 2025 totaling \$59.0 million.

At October 31, 2023, the estimate of the fair value of the contingent consideration was \$13.4 million. Changes in results of operations and management's forecasts during 2024 for calendar years 2024 and 2025 were primarily due to the timing of large microgrid systems' and generators' installation project performing better than anticipated, resulting in a total increase of fair value to \$109.1 million at October 31, 2024, of which \$75.0 million relates to the calendar year 2024 payment to be made in 2025. Given the relatively short period of time until the end of the earn-out period, there is a high level of confidence in the projections for calendar year 2024 that are the basis for the estimated contingent consideration payment. This change in the fair value is recognized within the "Selling, general and administrative expenses" of the Consolidated Statements of Comprehensive Income.

4. REVENUES

Disaggregation of Revenues

We generate revenues under several types of contracts, which are further described in Note 2, “Basis of Presentation and Significant Accounting Policies.” Generally, the type of contract is determined by the nature of the services provided by each of our major service lines throughout our reportable segments; therefore, we disaggregate revenues from contracts with customers into major service lines. We have determined that disaggregating revenues into these categories best depicts how the nature, amount, timing, and uncertainty of revenues and cash flows are affected by economic factors. Our reportable segments are B&I, M&D, Education, Aviation, and Technical Solutions, as described in Note 17,

	Year Ended October 31, 2024					
(in millions)	B&I	M&D	Education	Aviation	Technical Solutions	Total
Major Service Line						
Janitorial ⁽¹⁾	\$ 2,781.4	\$ 1,347.0	\$ 798.7	\$ 189.0	\$ —	\$ 5,116.1
Parking ⁽²⁾	418.9	51.2	0.4	334.5	—	804.9
Facility Services ⁽³⁾	858.9	156.1	105.0	47.3	—	1,167.2
Building & Energy Solutions ⁽⁴⁾	—	—	—	—	809.3	809.3
Airline Services ⁽⁵⁾	—	—	—	461.8	—	461.8
Total	\$ 4,059.1	\$ 1,554.3	\$ 904.0	\$ 1,032.6	\$ 809.3	\$ 8,359.4

	Year Ended October 31, 2023					
(in millions)	B&I	M&D	Education	Aviation	Technical Solutions	Total
Major Service Line						
Janitorial ⁽¹⁾	\$ 2,745.2	\$ 1,330.8	\$ 774.8	\$ 146.9	\$ —	\$ 4,997.7
Parking ⁽²⁾	408.2	42.5	0.8	329.3	—	780.8
Facility Services ⁽³⁾	936.0	153.4	104.8	32.0	—	1,226.2
Building & Energy Solutions ⁽⁴⁾	—	—	—	—	674.2	674.2
Airline Services ⁽⁵⁾	—	—	—	417.5	—	417.5
Total	\$ 4,089.4	\$ 1,526.7	\$ 880.4	\$ 925.7	\$ 674.2	\$ 8,096.4

⁽¹⁾ Janitorial arrangements provide a wide range of essential cleaning services for commercial office buildings, airports and other transportation centers, educational institutions, government buildings, health facilities, industrial buildings, retail stores, and stadiums and arenas. These arrangements are often structured as monthly fixed-price, square-foot, cost-plus, and work order contracts.

⁽²⁾ Parking arrangements provide parking and transportation services for clients at various locations, including airports and other transportation centers, commercial office buildings, educational institutions, health facilities, hotels, and stadiums and arenas. These arrangements are structured as management reimbursement, leased location, and allowance contracts. Certain of these arrangements are considered service concession agreements and are accounted for under the guidance of Topic 853; accordingly, rent expense related to these arrangements is recorded as a reduction of the related parking service revenues.

⁽³⁾ Facility Services arrangements provide onsite mechanical engineering and technical services and solutions relating to a broad range of facilities and infrastructure systems that are designed to extend the useful life of facility fixed assets, improve equipment operating efficiencies, reduce energy consumption, lower overall operational costs for clients, and enhance the sustainability of client locations. These arrangements are generally structured as monthly fixed-price, cost-plus, and work order contracts.

⁽⁴⁾ Building & Energy Solutions arrangements provide custom energy solutions, including microgrid systems installation, electrical, HVAC, lighting, electric vehicle charging station installation, uninterrupted power supply services, and other general maintenance and repair services for clients in the public and private sectors and are generally structured as Energy Savings, Fixed-Price Repair, and Refurbishment contracts. We also franchise certain operations under franchise agreements relating to our Linc Network and TEGG brands pursuant to franchise contracts.

⁽⁵⁾ Airline Services arrangements support airlines and airports with services such as passenger assistance, catering logistics, and airplane cabin maintenance. These arrangements are often structured as monthly fixed-price, cost-plus, transaction price, and hourly contracts.

Remaining Performance Obligations

At October 31, 2024, performance obligations that were unsatisfied or partially unsatisfied for which we expect to recognize revenue totaled \$258.7 million. We expect to recognize revenue on approximately 71% of the remaining performance obligations over the next 12 months, with the remainder recognized thereafter, based on our estimates of project timing.

These amounts exclude variable consideration primarily related to: (i) contracts where we have determined that the contract consists of a series of distinct service periods and revenues are based on future performance that cannot be estimated at contract inception; (ii) parking contracts where we and the customer share the gross revenues or operating profit for the location; and (iii) contracts where transaction prices include performance incentives that are based on future performance and therefore cannot be estimated at contract inception. We apply the practical expedient that permits exclusion of information about the remaining performance obligations with original expected durations of one year or less.

Contract Balances

The following tables present the balances in our contract assets and contract liabilities:

<i>(in millions)</i>	As of October 31,	
	2024	2023
Contract assets		
Billed trade receivables ⁽¹⁾	\$ 1,282.9	\$ 1,219.6
Unbilled trade receivables ⁽¹⁾	124.0	170.4
Costs incurred in excess of amounts billed ⁽²⁾	162.1	139.2
Capitalized commissions ⁽³⁾	30.8	30.2

⁽¹⁾ Included in "Trade accounts receivable, net" on the Consolidated Balance Sheets. The fluctuations correlate directly to the execution of new customer contracts and to invoicing and collections from customers in the normal course of business.

⁽²⁾ Fluctuation is primarily due to the timing of payments on our contracts measured using the cost-to-cost method of revenue recognition.

⁽³⁾ Included in "Other current assets" and "Other noncurrent assets" on the Consolidated Balance Sheets. During the year ended October 31, 2024, we capitalized \$16.1 million of new costs and amortized \$15.5 million of previously capitalized costs. There was no impairment loss recorded on the costs capitalized.

<i>(in millions)</i>	Year Ended October 31, 2024
Contract liabilities⁽¹⁾	
Balance at beginning of year	\$ 141.2
Acquisition additions ⁽²⁾	3.9
Additional contract liabilities	256.7
Recognition of deferred revenue	(283.7)
Balance at end of year	<u>\$ 118.2</u>

⁽¹⁾ Included in other accrued liabilities on the Consolidated Balance Sheets.

⁽²⁾ Represents additions associated with the Quality Uptime Acquisition.

5. LEASES

The components of lease assets and liabilities and their classification on our Consolidated Balance Sheets were as follows:

(in millions)	Classification	As of October 31,	
		2024	2023
Lease assets			
Operating leases	Right-of-use assets	\$ 101.2	\$ 113.4
Finance leases	Property, plant and equipment, net ⁽¹⁾	20.5	15.2
Total lease assets		\$ 121.7	\$ 128.6
Lease liabilities			
Current liabilities			
Operating leases	Current portion of lease liabilities	\$ 26.6	\$ 32.5
Finance leases	Other accrued liabilities	4.5	3.1
Noncurrent liabilities			
Operating leases	Long-term lease liabilities	92.0	98.8
Finance leases	Other noncurrent liabilities	15.0	11.1
Total lease liabilities		\$ 138.1	\$ 145.5

⁽¹⁾ Finance lease assets are recorded net of accumulated amortization of \$23.1 million and \$18.9 million as of October 31, 2024 and October 31, 2023, respectively.

The components of lease costs and classification within the Consolidated Statements of Comprehensive Income were as follows:

(in millions)	Year Ended October 31,	
	2024	2023
Operating lease costs:		
Operating expenses ⁽¹⁾⁽²⁾	\$ 81.6	\$ 70.6
Selling, general and administrative expenses ⁽³⁾	26.4	25.4
Finance lease costs:		
Operating expenses ⁽⁴⁾	4.6	2.4
Interest expense ⁽⁵⁾	1.1	0.5
Total lease costs	\$ 113.8	\$ 99.0

⁽¹⁾ Related to certain parking arrangements.

⁽²⁾ Includes short-term lease costs and variable lease costs.

⁽³⁾ Includes short-term lease costs.

⁽⁴⁾ Represents amortization of leased assets.

⁽⁵⁾ Interest on lease liabilities.

The following table presents information on short-term and variable lease costs:

<i>(in millions)</i>	Year Ended October 31,	
	2024	2023
Short-term lease costs	\$ 64.0	\$ 53.5
Variable lease costs	6.8	6.4
Total short-term and variable lease costs	<u>\$ 70.8</u>	<u>\$ 59.9</u>

Sublease income generated during the year ended October 31, 2024, was immaterial.

The amounts of future undiscounted cash flows related to the lease payments over the lease terms and the reconciliation to the present value of the lease liabilities as recorded on our Consolidated Balance Sheets as of October 31, 2024, are as follows:

<i>(in millions)</i>	Operating Lease Liabilities	Finance Lease Liabilities	Total
Fiscal 2025	\$ 31.9	\$ 5.5	\$
Fiscal 2026	29.7	4.7	
Fiscal 2027	22.8	3.1	
Fiscal 2028	16.2	3.1	
Fiscal 2029	11.6	3.1	
Thereafter	25.1	3.1	
Total lease payments	137.2	22.8	
Less: imputed interest	18.5	3.3	
Present value of lease liabilities	<u>\$ 118.7</u>	<u>\$ 19.5</u>	<u>\$</u>

Future sublease rental income was excluded for the periods shown above as the amounts are immaterial.

We have entered into operating lease arrangements as of October 31, 2024, that are effective for future periods. The total amount of ROU assets and lease liabilities related to these arrangements is immaterial.

The following table includes the weighted-average remaining lease terms, in years, and the weighted-average discount rate used to calculate the present value of operating lease liabilities:

	Year Ended October 31,	
	2024	2023
Weighted-average remaining lease term (years)		
Operating leases	5.5	
Finance leases	5.3	
Weighted-average discount rate		
Operating leases	5.05 %	4
Finance leases	5.88 %	5

The following table includes supplemental cash and non-cash information related to operating leases:

<i>(in millions)</i>	Year Ended October 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 35.3	\$ 37.9
Operating cash flows from finance leases	1.1	0.5
Financing cash flows from finance leases	4.2	3.0
Lease assets obtained in exchange for new operating lease liabilities	20.9	28.7

6. NET INCOME PER COMMON SHARE

Basic and Diluted Net Income Per Common Share Calculations

<i>(in millions, except per share amounts)</i>	Years Ended October 31,		
	2024	2023	2022
Net income	\$ 81.4	\$ 251.3	\$ 230.4
Weighted-average common and common equivalent shares outstanding — Basic	63.2	66.0	67.1
Effect of dilutive securities			
RSUs	0.3	0.2	0.2
Performance shares	0.1	0.2	0.2
Weighted-average common and common equivalent shares outstanding — Diluted	63.6	66.3	67.5
Net income per common share			
Basic	\$ 1.29	\$ 3.81	\$ 3.44
Diluted	\$ 1.28	\$ 3.79	\$ 3.41

Anti-Dilutive Outstanding Stock Awards Issued Under Share-Based Compensation Plans

<i>(in millions)</i>	Years Ended October 31,		
	2024	2023	2022
Anti-dilutive	0.1	0.3	—

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Hierarchy of Our Financial Instruments

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

(in millions)	Fair Value Hierarchy	As of October 31,	
		2024	2023
Cash and cash equivalents ⁽¹⁾	1	\$ 64.6	\$ 69.5
Insurance deposits ⁽²⁾	1	2.3	3.1
Assets held in funded deferred compensation plan ⁽³⁾	1	4.4	4.0
Credit facility ⁽⁴⁾	2	1,335.3	1,313.8
Interest rate swap assets ⁽⁵⁾	2	13.5	36.4
Preferred equity investments ⁽⁶⁾	3	15.4	15.4
Contingent consideration ⁽⁷⁾	3	109.1	13.4

⁽¹⁾ Cash and cash equivalents are stated at nominal value, which equals fair value.

⁽²⁾ Represents restricted deposits that are used to collateralize our insurance obligations and are stated at nominal value, which equals fair value. These insurance deposits are included in "Other noncurrent assets" on the accompanying Consolidated Balance Sheets. See Note 10, "Insurance," for further information.

⁽³⁾ Represents investments held in Rabbi trusts associated with one of our deferred compensation plans, which we include in "Other noncurrent assets" on the accompanying Consolidated Balance Sheets. The fair value of the assets held in the funded deferred compensation plan is based on quoted market prices. See Note 12, "Employee Benefit Plans," for further information.

⁽⁴⁾ Represents gross outstanding borrowings under our Amended Credit Facility. Due to variable interest rates, the carrying value of outstanding borrowings under our line of credit and term loan approximates the fair value. See Note 11, "Credit Facility," for further information.

⁽⁵⁾ Represents interest rate swap derivatives designated as cash flow hedges. The fair values of the interest rate swaps are estimated based on the present value of the difference between expected cash flows calculated at the contracted interest rates and the expected cash flows at current market interest rates using observable benchmarks for the Secured Overnight Financing Rate ("SOFR") forward rates at the end of the period. At October 31, 2024 and 2023, our interest rate swap assets are included in "Other noncurrent assets" on the accompanying Consolidated Balance Sheets. See Note 11, "Credit Facility," for further information.

⁽⁶⁾ Our investments do not have a readily determinable fair value; therefore, we account for the investments using the measurement alternative under Topic 321 and measure the investments at initial cost plus or minus fair value adjustments if there are observable prices minus impairment, if any.

⁽⁷⁾ At October 31, 2024, our contingent consideration payable related to the RavenVolt Acquisition is recorded at fair value as a liability on the acquisition date and is remeasured at each reporting date, based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. After the acquisition date and until the contingency is resolved, the fair value of contingent consideration payable is adjusted each reporting period based primarily on the expected probability of achievement of the contingency targets which are subject to our estimate. These changes in fair value are recognized within "Selling, general and administrative expenses" of the Consolidated Statements of Comprehensive Income. See Note 3, "Acquisitions," for further information.

There were no transfers to or from Level 3 financial assets or liabilities during 2024 and 2023. At October 31, 2024 and 2023, the Company had no financial assets recorded at fair value using Level 3 inputs.

Non-Financial Assets Measured at Fair Value on a Non-Recurring Basis

In addition to assets and liabilities that are measured at fair value on a recurring basis, we are also required to measure certain items at fair value on a non-recurring basis. These assets can include: goodwill; intangible assets; property, plant and equipment; lease-related ROU assets; and long-lived assets that have been reduced to fair value when they are held for sale. If certain triggering events occur or if an annual impairment test is required, we would evaluate these non-financial assets for impairment. If an impairment were to occur, the asset would be recorded at the estimated fair value, using primarily unobservable Level 3 inputs.

8. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment

<i>(in millions)</i>	As of October 31,	
	2024	2023
Machinery and other equipment	\$ 172.9	\$ 170.7
Computer equipment and software	117.2	110.7
Transportation equipment	95.9	79.0
Leasehold improvements	85.5	69.3
Furniture and fixtures	22.1	19.8
Buildings	7.7	7.7
Land	0.7	0.8
	502.0	458.0
Less: Accumulated depreciation ⁽¹⁾	351.3	326.5
Total	\$ 150.7	\$ 131.5

⁽¹⁾ For 2024, 2023, and 2022, depreciation expense was \$50.5 million, \$44.2 million, and \$40.3 million, respectively.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

<i>(in millions)</i>	Business & Industry	Manufacturing & Distribution	Education	Aviation	Technical Solutions	Total
Balance at October 31, 2022	\$ 1,087.8	\$ 502.2	\$ 459.3	\$ 68.7	\$ 367.4	\$ 2,485.6
Acquisitions	1.3	—	—	—	(0.1)	1.1
Foreign currency translation	3.6	—	—	0.3	0.8	4.7
Balance at October 31, 2023	<u>\$ 1,092.7</u>	<u>\$ 502.2</u>	<u>\$ 459.3</u>	<u>\$ 69.0</u>	<u>\$ 368.0</u>	<u>\$ 2,491.3</u>
Acquisitions ⁽¹⁾	—	—	—	—	80.6	80.6
Foreign currency translation	2.6	—	—	0.4	1.1	4.1
Balance at October 31, 2024	<u>\$ 1,095.5</u>	<u>\$ 502.2</u>	<u>\$ 459.3</u>	<u>\$ 69.4</u>	<u>\$ 449.6</u>	<u>\$ 2,575.9</u>

⁽¹⁾ During 2024, goodwill increased primarily as a result of the Quality Uptime Acquisition. See Note 3, "Acquisitions", for additional information.

We did not record goodwill impairment charges during fiscal years 2024 and 2023.

Other Intangible Assets

<i>(in millions)</i>	As of October 31,					
	2024			2023		
	Gross Carrying Amount	Accumulated Amortization	Total	Gross Carrying Amount	Accumulated Amortization	Total
Customer contracts and relationships	\$ 748.2	\$ (467.2)	\$ 281.0	\$ 714.1	\$ (413.2)	\$ 300.9
Trademarks and trade names	12.7	(11.7)	1.0	12.1	(11.1)	1.0
Contract rights and other	0.7	(0.3)	0.5	15.0	(14.0)	1.1
Total⁽¹⁾	<u>\$ 761.7</u>	<u>\$ (479.3)</u>	<u>\$ 282.4</u>	<u>\$ 741.2</u>	<u>\$ (438.3)</u>	<u>\$ 302.9</u>

⁽¹⁾ These intangible assets are being amortized over the expected period of benefit, with a weighted average life of approximately 11 years.

Estimated Annual Amortization Expense for Each of the Next Five Years

<i>(in millions)</i>	2025	2026	2027	2028	2029
Estimated amortization expense ⁽¹⁾	\$ 51.7	\$ 44.8	\$ 39.0	\$ 33.8	\$ 28.5

⁽¹⁾ These amounts could vary as acquisitions of additional intangible assets occur in the future and as acquisition accounting is finalized for existing acquisitions.

The estimates of future cash flows used in determining the fair value of goodwill and other intangible assets involve significant management judgment and are based upon assumptions about expected future operating performance, economic conditions, market conditions, and cost of capital. Inherent in estimating the future cash flows are uncertainties beyond our control, such as changes in capital markets. The actual cash flows could differ materially from management's estimates due to changes in business conditions, operating performance, and economic conditions.

10. INSURANCE

We use a combination of insured and self-insurance programs to cover workers' compensation, general liability, automobile liability, property damage, and other insurable risks. For the majority of these insurance programs, we retain the initial \$1.0 million to \$1.5 million of exposure on a per-occurrence basis, either through deductibles or self-insured retentions. Beginning November 1, 2023, retentions range between \$1.0 million and \$5.0 million of exposure on a per-occurrence basis. Beyond the retained exposures, we have varying primary policy limits ranging between \$1.0 million and \$5.0 million per occurrence. To cover general liability and automobile liability losses above these primary limits, we maintain commercial umbrella insurance policies that provide aggregate limits of \$200.0 million. Our insurance policies generally cover workers' compensation losses to the full extent of statutory requirements. Additionally, to cover property damage risks above our retained limits, we maintain policies that provide per occurrence limits of \$75.0 million. We are also self-insured for certain employee medical and dental plans. We maintain stop-loss insurance for our self-insured medical plan under which we retain up to \$0.5 million of exposure on a per-participant, per-year basis with respect to claims.

We maintain our reserves for workers' compensation, general liability, automobile liability, and property damage insurance claims based upon known trends and events and the actuarial estimates of required reserves considering the most recently completed actuarial reports. We use all available information to develop our best estimate of insurance claims reserves as information is obtained. The results of actuarial reviews are used to estimate our insurance rates and insurance reserves for future periods and to adjust reserves, if appropriate, for prior years.

Insurance Reserve Adjustments

Actuarial Reviews and Updates Performed During 2024

We review our self-insurance liabilities on a quarterly basis and adjust our accruals accordingly. Actual claims activity or development may vary from our assumptions and estimates, which may result in material losses or gains. As we obtain additional information that affects the assumptions and estimates used in our reserve liability calculations, we adjust our self-insurance rates and reserves for future periods and, if appropriate, adjust our reserves for claims incurred in prior accounting periods.

During the first and third quarters of 2024, we performed comprehensive actuarial reviews of the majority of our casualty insurance programs to evaluate changes made to claims reserves and claims payment activity for the periods of May 1, 2023, through October 31, 2023, and November 1, 2023, through April 30, 2024, respectively (the "Actuarial Reviews"). The Actuarial Reviews were comprehensive in nature and were based on loss development patterns, trend assumptions, and underlying expected loss costs during the periods analyzed.

During the second and fourth quarters of 2024, we performed interim actuarial updates of the majority of our casualty insurance programs that considered changes in claims development and claims payment activity for the respective periods analyzed (the "Interim Updates"). These Interim Updates were abbreviated in nature based on actual versus expected development during the periods analyzed and relied on the key assumptions in the Actuarial Reviews (most notably loss development patterns, trend assumptions, and underlying expected loss costs).

Based on the results of the Actuarial Reviews and Interim Updates, we increased our total reserves related to prior years for known claims as well as our estimate of the loss amounts associated with IBNR Claims during 2024 by \$20.3 million. The adverse development was offset by improvements in other legacy programs. In 2023, we decreased our total reserves related to prior year claims by \$14.8 million.

Insurance-Related Balances and Activity

(in millions)	As of October 31,	
	2024	2023
Insurance claim reserves, excluding medical and dental	\$ 608.4	\$ 555.0
Medical and dental claim reserves and other	11.0	9.5
Insurance recoverables	91.0	67.1

At October 31, 2024 and 2023, insurance recoverables are included in both “Other current assets” and “Other noncurrent assets” on the accompanying Consolidated Balance Sheets.

Casualty Program Insurance Reserves Rollforward

<i>(in millions)</i>	Years Ended October 31,		
	2024	2023	2022
Net balance at beginning of year	\$ 487.9	\$ 479.9	\$ 508.3
Change in case reserves plus IBNR Claims — current year	166.2	154.2	145.7
Change in case reserves plus IBNR Claims — prior years	20.3	(14.8)	(36.8)
Claims paid	(157.3)	(131.4)	(129.1)
Acquisition	—	—	(8.2)
Net balance, October 31⁽¹⁾	517.3	487.9	479.9
Recoverables	91.0	67.1	71.0
Gross balance, October 31	\$ 608.4	\$ 555.0	\$ 551.0

⁽¹⁾ Includes reserves related to discontinued operations of approximately \$0.7 million for 2024, \$0.1 million for 2023, and \$0.2 million for 2022.

Instruments Used to Collateralize Our Insurance Obligations

<i>(in millions)</i>	As of October 31,	
	2024	2023
Standby letters of credit	\$ 53.1	\$ 53.5
Surety bonds and surety-backed letters of credit	175.3	178.0
Restricted insurance deposits	2.3	3.1
Total	\$ 230.7	\$ 234.7

11. CREDIT FACILITY

(in millions)	As of October 31,	
	2024	2023
Current portion of long-term debt ⁽¹⁾⁽²⁾		
Gross term loan	\$ 32.5	\$ 32.5
Unamortized deferred financing costs	(0.9)	(1.0)
Current portion of term loan	\$ 31.6	\$ 31.5
Long-term debt ⁽¹⁾⁽²⁾		
Gross term loan	\$ 503.8	\$ 536.3
Unamortized deferred financing costs	(0.6)	(1.5)
Total noncurrent portion of term loan	503.2	534.8
Revolving line of credit ⁽³⁾	799.0	745.0
Long-term debt	\$ 1,302.2	\$ 1,279.8

⁽¹⁾ At October 31, 2024, and October 31, 2023, the weighted average interest rate on our outstanding borrowings, not including letters of credit and swaps, was 6.68% and 7.17%, respectively.

⁽²⁾ At October 31, 2024, we had borrowing capacity of up to \$423.6 million

⁽³⁾ At October 31, 2024 standby letters of credit amounted to \$57.9 million

On September 1, 2017, we refinanced and replaced our then-existing \$800.0 million credit facility with a new senior, secured five-year syndicated credit facility, consisting of a \$900.0 million revolving line of credit and an \$800.0 million amortizing term loan, both of which were scheduled to mature on September 1, 2022. In accordance with the terms of the Credit Facility, the revolving line of credit was reduced to \$800.0 million on September 1, 2018.

On June 28, 2021, the Company amended and restated the Credit Facility with the Second Amendment, extending the maturity date to June 28, 2026, and increasing the capacity of the revolving credit facility from \$800.0 million to \$1.3 billion and the then remaining term loan outstanding from \$620.0 million to \$650.0 million. The Amended Credit Facility provides for the issuance of up to \$350.0 million for standby letters of credit and the issuance of up to \$75.0 million in swingline advances. The obligations under the Amended Credit Facility are secured on a first-priority basis by a lien on substantially all of our assets and properties, subject to certain exceptions. Additionally, we may repay amounts borrowed under the Amended Credit Facility at any time without penalty.

At November 1, 2022, we amended our Amended Credit Facility pursuant to the LIBOR Transition Amendment and the Fifth Amendment to replace the benchmark rate at which U.S.-dollar-denominated borrowings bear interest from LIBOR to the forward-looking Secured Overnight Financing Rate ("SOFR") term rate administered by CME Group Benchmark Administration Limited. As a result of these amendments, we can borrow at Term SOFR plus a credit spread adjustment of 0.10% subject to a floor of zero.

The Amended Credit Facility contains certain covenants, including a maximum total net leverage ratio of 5.00 to 1.00, a maximum secured net leverage ratio of 4.00 to 1.00, and a minimum interest coverage ratio of 1.50 to 1.00, as well as other financial and non-financial covenants. In the event of a material acquisition, as defined in the Amended Credit Facility, we may elect to increase the maximum total net leverage ratio to 5.50 to 1.00 for a total of four fiscal quarters and increase the maximum secured net leverage ratio to 4.50 to 1.00 for a total of four fiscal quarters. Our borrowing capacity is subject to, and limited by, compliance with the covenants described above. At October 31, 2024, we were in compliance with these covenants.

The Amended Credit Facility also includes customary events of default, including: failure to pay principal, interest, or fees when due; failure to comply with covenants; the occurrence of certain material judgments; and a change in control of the Company. If certain events of default occur, including certain cross-defaults, insolvency, change in control, or violation of specific covenants, then the lenders can terminate or suspend our access to the Amended Credit Facility, declare all amounts outstanding (including all accrued interest and unpaid fees) to be immediately due and payable, and require that we cash collateralize the outstanding standby letters of credit.

We incurred deferred financing costs of \$6.4 million in conjunction with the Second Amendment and carried over \$6.2 million of unamortized deferred financing from the initial execution, First Amendment, and previous amendments of the Credit Facility. Total deferred financing costs of \$12.6 million, consisting of \$4.9 million related to the term loan and \$7.7 million related to the revolver, are being amortized to interest expense over the term of the Amended Credit Facility.

Long-Term Loan Maturities

During 2024, we made principal payments under the term loan of \$32.5 million. As of October 31, 2024, the following principal payments are required under the Amended Credit Facility.

<i>(in millions)</i>	2025	2026	2027	2028	2029
Debt maturities	\$ 32.5	\$ 1,302.8	\$ —	\$ —	\$ —

Interest Rate Swaps

We enter into interest rate swaps to manage the interest rate risk associated with our floating-rate, SOFR-based borrowings. Under these arrangements, we typically pay a fixed interest rate in exchange for SOFR-based variable interest throughout the life of the agreement. We initially report the mark-to-market gain or loss on a derivative as a component of AOCL and subsequently reclassify the gain or loss into earnings when the hedged transactions occur and affect earnings. Interest payables and receivables under the swap agreements are accrued and recorded as adjustments to interest expense. All of our interest rate swaps have been designated and accounted for as cash flow hedges from inception. See Note 7, "Fair Value of Financial Instruments," regarding the valuation of our interest rate swaps.

Notional Amount	Fixed Interest Rate	Effective Date	Maturity Date
\$ 100.0 million	1.72%	February 9, 2022	June 28, 2026
\$ 150.0 million	1.85%	February 25, 2022	June 28, 2026
\$ 100.0 million	2.88%	May 4, 2022	June 28, 2026
\$161.9 million ⁽¹⁾	2.83%	July 7, 2022	June 28, 2026
\$13.1 million ⁽¹⁾	2.79%	July 18, 2022	June 28, 2026
\$ 170.0 million	3.81%	November 1, 2022	June 28, 2026

⁽¹⁾ In July 2022, we entered into amortizing interest rate swap agreements with notional values totaling \$300.0 million at inception. The notional amount reduces to \$100.0 million in October 2025 before maturing on June 28, 2026.

At October 31, 2024 and 2023, amounts recorded in AOCL for interest rate swaps were a gain of \$9.2 million, net of taxes of \$4.3 million, and a gain of \$26.0 million, net of taxes of \$10.5 million, respectively. At October 31, 2024, the total amount expected to be reclassified from AOCL to earnings during the next 12 months was \$5.9 million, net of taxes of \$2.2 million.

12. EMPLOYEE BENEFIT PLANS

Defined Benefit Plans

We provide benefits to certain employees under various defined benefit and postretirement benefit plans (collectively, the “Plans”). The Plans were previously amended to preclude new participants. All of the Plans are unfunded with the exception of one, which is underfunded.

Information for the Plans

(in millions)	As of October 31,	
	2024	2023
Net obligations	\$ 6.9	\$ 6.1
Projected benefit obligations ⁽¹⁾	12.5	11.9
Fair value of assets	5.6	5.8

⁽¹⁾ At October 31, 2024 and 2023, total projected benefit obligations related to unfunded and underfunded plans were \$12.5 million and \$11.9 million, respectively.

At October 31, 2024, assets of the Plans were fully invested in fixed income. The expected return on assets was \$0.0 million in 2024, \$0.2 million in 2023, and \$0.4 million in 2022. The aggregate net periodic benefit cost for all Plans was \$0.8 million, \$0.6 million, and \$0.1 million for 2024, 2023, and 2022, respectively. Future benefit payments in the aggregate are expected to be \$11.2 million.

Deferred Compensation Plans

We maintain deferred compensation plans that permit eligible employees and directors to defer a portion of their compensation. At October 31, 2024 and 2023, the total liability of all deferred compensation was \$26.7 million and \$27.0 million, respectively, and these amounts are included in “Other accrued liabilities” and “Other noncurrent liabilities” on the accompanying Consolidated Balance Sheets. Under one of our deferred compensation plans, a Rabbi trust was created to fund the obligations, and we are required to contribute a portion of the deferred compensation contributions for eligible participants. The assets held in the Rabbi trust are not available for general corporate purposes. At October 31, 2024 and 2023, the fair value of these assets was \$4.4 million and \$4.0 million, respectively, and these amounts are included in “Other noncurrent assets” on the accompanying Consolidated Balance Sheets. Aggregate expense recognized under these deferred compensation plans was \$0.6 million, \$0.5 million, and \$0.3 million for 2024, 2023, and 2022, respectively.

Defined Contribution Plans

We sponsor two defined contribution plans covering certain employees that are subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code (“IRC”). Certain plans permit a company match of a portion of the participant’s contributions or a discretionary contribution after the participant has met the eligibility requirements set forth in the plan. During 2024, 2023, and 2022, we made matching contributions required by the plans of \$30.6 million, \$29.8 million, and \$27.7 million, respectively.

Multiemployer Pension and Postretirement Plans

We participate in various multiemployer pension plans under union and industry-wide agreements that provide defined pension benefits to employees covered by collective bargaining agreements. Because of the nature of multiemployer plans, there are risks associated with participation in these plans that differ from single-employer plans. Assets contributed by an employer to a multiemployer plan are not segregated into a separate account and are not restricted to provide benefits only to employees of that contributing employer. In the event another participating employer in a multiemployer plan no longer contributes to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers, including us. In the event of the termination of a multiemployer pension plan or a withdrawal from a multiemployer pension plan, we could incur material liabilities under applicable law.

Key Information for Individually Significant Multiemployer Defined Benefit Pension Plans⁽¹⁾

(\$ in millions)

Pension Fund	EIN/PN ⁽²⁾	Pension Protection Act Zone Status ⁽³⁾		FIP/RP Status ⁽⁴⁾	Contributions by ABM			Surcharge Imposed ⁽⁵⁾	Expiration Dates of Collective Bargaining Agreements
		2024	2023		2024	2023	2022		
Building Service 32BJ Pension Fund	13-1879376 / 001	Yellow 6/30/2024	Yellow 6/30/2023	Implemented	\$ 22.1	\$ 21.4	\$ 22.7	No	10/15/2027 - 12/31/2027
S.E.I.U National Industry Pension Fund	52-6148540 / 001	Red 12/31/2023	Red 12/31/2022	Implemented	19.4	19.3	17.6	Yes	6/30/2025 - 7/31/2028
Central Pension Fund of the IUOE & Participating Employers	36-6052390 / 001	Green 1/31/2024	Green 1/31/2023	N/A*	12.4	13.0	12.8	N/A*	12/31/2024 - 6/30/2029
SEIU Local 1 & Participating Employers Pension Trust	36-6486542 / 001	Green 9/30/2023	Green 9/30/2022	N/A*	4.3	4.8	5.8	N/A*	5/31/2026 - 4/4/2027
Western Conference of Teamsters Pension Plan	91-6145047 / 001	Green 12/31/2023	Green 12/31/2022	N/A*	2.7	2.4	2.2	N/A*	11/30/2026 - 12/31/2029
IUOE Stationary Engineers Local 39 Pension Plan	94-6118939 / 001	Green 12/31/2023	Green 12/31/2022	N/A*	2.5	4.6	4.4	N/A*	8/31/2029
All Other Plans:					13.9	8.0	8.2		
Total Contributions					\$ 77.3	\$ 73.6	\$ 73.8		

*Not applicable

⁽¹⁾ To determine individually significant plans, we evaluated several factors, including our total contributions to the plan, our significance to the plan in terms of participating employees and contributions, and the funded status of the plan.

⁽²⁾ The "EIN/PN" column provides the Employer Identification Number and the three-digit plan number assigned to the plan by the IRS.

⁽³⁾ The Pension Protection Act Zone Status columns provide the two most recently available Pension Protection Act zone status reports from each plan. The zone status is based on information provided to us and other participating employers and is certified by each plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded.

⁽⁴⁾ Indicates whether a Financial Improvement Plan ("FIP") for yellow zone plans or a Rehabilitation Plan ("RP") for red zone plans is pending or implemented.

⁽⁵⁾ Indicates whether our contribution in 2024 included an amount as imposed by a plan in the red zone in addition to the contribution rate specified in the applicable collective bargaining agreement.

Multiemployer Pension Plans for which ABM Is a Significant Contributor

Pension Fund	Contributions to the plan exceeded more than 5% of total contributions per most currently available Forms 5500 (as of the plan's year end)
Apartment Employees Trust Fund*	12/31/2022 and 12/31/2021
Arizona Sheet Metal Pension Trust Fund*	6/30/2023, 6/30/2022, and 6/30/2021
Building Service 32BJ Pension Fund	6/30/2023, 6/30/2022, and 6/30/2021
Building Service Pension Plan*	4/30/2023, 4/30/2022, and 4/30/2021
Central Pennsylvania Teamsters Defined Benefit Plan*	12/31/2023
Central Pension Fund of the IUOE & Participating Employers	1/31/2024 and 1/31/2023
Contract Cleaners Service Employees' Pension Plan*	12/31/2022 and 12/31/2021
IUOE Local 30 Pension Fund*	12/31/2023 and 12/31/2022
IUOE Stationary Engineers Local 39 Pension Plan	12/31/2023, 12/31/2022, and 12/31/2021
Local 210's Pension Plan*	12/31/2023, 12/31/2022, and 12/31/2021
Local 670 Pension Plan*	12/31/2023, 12/31/2022
Local 68 Engineers Union Pension Plan*	6/30/2023
Local 808 IBT Pension Fund*	9/30/2023
Massachusetts Service Employees Pension Plan*	12/31/2023, 12/31/2022, and 12/31/2021
S.E.I.U National Industry Pension Fund	12/31/2023, 12/31/2022, and 12/31/2021
SEIU Local 1 & Participating Employers Pension Trust	9/30/2023, 9/30/2022, and 9/30/2021
Service Employees International Union Local 1 Cleveland Pension Plan*	12/31/2023, 12/31/2022, and 12/31/2021
Service Employees International Union Local 32BJ, District 36 Building Operators Pension Trust Fund*	12/31/2023, 12/31/2022, and 12/31/2021
Teamsters Local 617 Pension Fund*	2/28/2023, 2/28/2022, and 2/28/2021
Teamsters Local Union No. 727 Pension Plan*	2/28/2023
U.S.W.U. Local 74 Welfare Fund*	12/31/2023, 12/31/2022, and 12/31/2021

* These plans are not separately listed in our multiemployer table as they represent an insignificant portion of our total multiemployer pension plan contributions.

Multiemployer Defined Contribution Plans

In addition to contributions noted above, we also make contributions to multiemployer defined contribution plans. During 2024, 2023, and 2022, our contributions to the defined contribution plans were \$54.5 million, \$59.2 million, and \$54.7 million, respectively.

Other Multiemployer Benefit Plans

We also contribute to several multiemployer postretirement health and welfare plans based on obligations arising under collective bargaining agreements covering union-represented employees. These plans may provide medical, pharmacy, dental, vision, mental health, and other benefits to employees as determined by the trustees of each plan. The majority of our contributions benefit active employees and, as such, may not constitute contributions to a postretirement benefit plan. However, since we are unable to separate contribution amounts to postretirement benefit plans from contribution amounts paid to benefit active employees, we categorize all such amounts as contributions to postretirement benefit plans. During 2024, 2023, and 2022, our contributions to such plans were \$434.1 million, \$441.8 million, and \$426.6 million, respectively. There have been no significant changes that affect the comparability of total contributions for any of the periods presented.

13. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Surety Bonds

We use letters of credit and surety bonds to secure certain commitments related to insurance programs and for other purposes. As of October 31, 2024, these letters of credit totaled \$57.9 million, and surety bonds and surety-backed letters of credit totaled \$854.7 million.

Guarantees

In some instances, we offer clients guaranteed energy savings under certain energy savings contracts. At October 31, 2024 and 2023, total guarantees were \$224.2 million and \$218.0 million, respectively, and these guarantees extend through 2044 and 2043, respectively. We accrue for the estimated cost of guarantees when it is probable that a liability has been incurred and the amount can be reasonably estimated. Historically, we have not incurred any material losses in connection with these guarantees.

Indemnifications

We are party to a variety of agreements under which we may be obligated to indemnify the other party for certain matters. These agreements are primarily standard indemnification arrangements entered into in our ordinary course of business. Pursuant to these arrangements, we may agree to indemnify, hold harmless, and reimburse the indemnified parties for losses suffered or incurred by the indemnified party, generally our clients, in connection with any claims arising out of the services that we provide. We also incur costs to defend lawsuits or settle claims related to these indemnification arrangements, and in most cases these costs are paid from our insurance program. Although we attempt to place limits on such indemnification arrangements related to the size of the contract, the maximum obligation may not be explicitly stated and, as a result, we are unable to determine the maximum potential amount of future payments we could be required to make under these arrangements.

Our certificate of incorporation and bylaws may require us to indemnify our directors and officers for certain liabilities that were incurred as a result of their status or service to ABM as a director or officer. The amount of these obligations cannot be reasonably estimated.

Unclaimed Property Audits

We routinely remit escheat payments to states in compliance with applicable escheat laws, and we are subject to unclaimed property audits by states in the ordinary course of business. The property subject to review in the audit process may include unclaimed wages, vendor payments, or customer refunds. State escheat laws generally require entities to report and remit abandoned or unclaimed property to the state, and failure to do so can result in assessments that could include interest and penalties in addition to the payment of the escheat liability.

Legal Matters

We are a party to a number of lawsuits, claims, and proceedings incident to the operation of our business, including those pertaining to labor and employment, contracts, personal injury, and other matters, some of which allege substantial monetary damages. Some of these actions may be brought as class actions on behalf of a class or purported class of employees.

At October 31, 2024, the total amount accrued for probable litigation losses where a reasonable estimate of the loss could be made was \$12.2 million. We do not accrue for contingent losses that, in our judgment, are considered to be reasonably possible but not probable. The estimation of reasonably possible losses also requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. Our management currently estimates the range of loss for all reasonably possible losses for which a reasonable estimate of the loss can be made is between zero and \$13.1 million. Factors underlying this estimated range of loss may change from time to time, and actual results may vary significantly from this estimate.

Litigation outcomes are difficult to predict and the estimation of probable losses requires the analysis of multiple possible outcomes that often depend on judgments about potential actions by third parties. If one or more matters are resolved in a particular period in an amount in excess of, or in a manner different than, what we anticipated, this could have a material adverse effect on our financial position, results of operations, or cash flows.

In some cases, although a loss is probable or reasonably possible, we cannot reasonably estimate the maximum potential losses for probable matters or the range of losses for reasonably possible matters. Therefore, our accrual for probable losses and our estimated range of loss for reasonably possible losses do not represent our maximum possible exposure.

14. PREFERRED AND COMMON STOCK

Preferred Stock

We are authorized to issue 500,000 shares of preferred stock. None of these preferred shares are issued.

Common Stock

Effective December 13, 2023, our Board of Directors expanded our existing share repurchase program by an additional \$150.0 million of our common stock. Share repurchases may take place on the open market or otherwise, and all or part of the repurchases may be made pursuant to Rule 10b5-1 plans or in privately negotiated transactions. The timing of repurchases is at our discretion and will depend upon several factors, including market and business conditions, future cash flows, share price, share availability, and other factors. Repurchased shares are retired and returned to an authorized but unissued status. The repurchase program may be suspended or discontinued at any time without prior notice.

Repurchase Activity

We repurchased shares under the share repurchase program during the year ended October 31, 2024, as summarized below. At October 31, 2024, authorization for \$154.5 million of repurchases remained under the Share Repurchase Program.

<i>(in millions, except per share amounts)</i>	Years Ended October 31,	
	2024	2023
Total number of shares purchased	1.17	
Average price paid per share ⁽¹⁾	\$ 47.86	\$
Total cash paid for share repurchases ⁽¹⁾	\$ 55.8	\$

⁽¹⁾ Average price paid per share and total cash paid for share repurchases does not include any excise tax for stock repurchases as part of the Inflation Reduction Act of 2022.

15. SHARE-BASED COMPENSATION PLANS

We use various share-based compensation plans to provide incentives for our key employees and non-employee members of our Board of Directors. Currently, these incentives primarily consist of RSUs and performance shares.

On May 2, 2006, our stockholders approved the 2006 Equity Incentive Plan, which was last amended and restated on March 7, 2018 (as amended and restated, the "2006 Equity Plan"). The 2006 Equity Plan is an omnibus plan that provides for a variety of equity and equity-based award vehicles, including stock options, stock appreciation rights, RSUs, performance shares, and other share-based awards. Shares subject to awards that terminate without vesting or exercise are available for future awards under the 2006 Equity Plan. Certain of the awards under the 2006 Equity Plan may qualify as "performance-based" compensation under the IRC.

On March 24, 2021, our stockholders approved the 2021 Equity and Incentive Compensation Plan (the "2021 Equity Plan"). The 2021 Equity Plan is an omnibus plan that provides for a variety of equity and equity-based award vehicles, including stock options, stock appreciation rights, RSUs, performance shares, and other share-based awards. Shares subject to awards that terminate without vesting or exercise are available for future awards under the 2021 Equity Plan. Certain of the awards under the 2021 Equity Plan may qualify as "performance-based" compensation under the IRC.

No further shares are authorized for issuance under the 2006 Equity Plan. There are 3,975,000 total shares of common stock authorized for issuance under the 2021 Equity Plan, and at October 31, 2024, there were 1,308,462 shares of common stock available for grant for future equity-based compensation awards. In addition,

there are certain plans under which we can no longer issue awards, such as the 2006 Equity Plan, although awards outstanding under such plans may still vest and be exercised.

We also maintain an employee stock purchase plan, which our stockholders approved on March 9, 2004 (the "2004 Employee Stock Purchase Plan"). As amended, there are 4,000,000 total shares of common stock authorized for issuance under the 2004 Employee Stock Purchase Plan. Effective May 1, 2006, the 2004 Employee Stock Purchase Plan is no longer considered compensatory and the values of the awards are no longer treated as share-based compensation expense. Additionally, as of that date, the purchase price became 95% of the fair value of our common stock price on the last trading day of the month. Employees may designate up to 10% of their compensation for the purchase of stock, subject to a \$25,000 annual limit. Employees are required to hold their shares for a minimum of six months from the date of purchase. At October 31, 2024, there were 274,465 remaining unissued shares under the 2004 Employee Stock Purchase Plan.

Compensation Expense by Type of Award and Related Income Tax Benefit

(in millions)	Years Ended October 31,		
	2024	2023	2022
RSUs	\$ 19.9	\$ 17.7	\$ 18.5
Performance shares	10.1	12.7	12.0
Share-based compensation expense before income taxes	30.0	30.5	30.5
Income tax benefit	(8.4)	(8.6)	(8.6)
Share-based compensation expense, net of taxes	\$ 21.6	\$ 21.8	\$ 21.9

RSUs and Dividend Equivalent Rights

We award RSUs to eligible employees and non-employee members of our Board of Directors (each, a "Grantee") that entitle the Grantee to receive shares of our common stock as the units vest. RSUs granted to eligible employees after 2020 generally vest ratably over three years. RSUs granted to eligible employees prior to 2020 generally vest with respect to 50% of the underlying award on the second and fourth anniversary of the award. Upon the retirement of certain executive employees at age 60 with a minimum of 10 years of service to the Company, pursuant to the terms of their respective employment agreements, RSUs granted to such executive employees that were granted at least one year prior to termination by reason of retirement will continue to be eligible for vesting, exercise, and settlement, as applicable, on the originally scheduled vesting date. RSUs granted to non-employee directors vest on the first anniversary date of the grant date. In general, the receipt of RSUs is subject to the grantee's continuing employment or service as a non-employee director.

RSUs are credited with dividend equivalent rights that are converted to RSUs at the fair market value of our common stock on the dates the dividend payments are made and are subject to the same terms and conditions as the underlying award.

RSU Activity

	Number of Shares (in millions)	Weighted-Average Grant Date Fair Value per Share
Outstanding at October 31, 2023	1.0	\$ 41.09
Granted	0.8	41.32
Vested (including 0.1 shares withheld for income taxes)	(0.4)	42.09
Forfeited	(0.1)	42.40
Outstanding at October 31, 2024	1.2	\$ 40.82

At October 31, 2024, total unrecognized compensation cost, net of estimated forfeitures, related to RSUs was \$25.7 million, which is expected to be recognized ratably over a weighted-average vesting period of 1.9 years. In 2024, 2023, and 2022, the weighted-average grant date fair value per share of awards granted was \$41.32, \$44.37, and \$41.63, respectively. In 2024, 2023, and 2022, the total grant date fair value of RSUs vested and converted to shares of ABM common stock was \$15.7 million, \$17.1 million, and \$16.4 million, respectively.

Performance Shares, Including TSR Performance Shares

Performance shares consist of a contingent right to receive shares of our common stock based on performance targets adopted by our Compensation Committee. Performance shares are credited with dividend equivalent rights that will be converted to performance shares at the fair market value of our common stock beginning after the performance targets have been satisfied and are subject to the same terms and conditions as the underlying award.

For certain performance share awards, the number of performance shares that will vest is based on pre-established internal financial performance targets and typically a three-year service and performance period. The number of TSR-modified awards that will vest over the respective three-year performance period is based on our total shareholder return relative to the S&P 1500 Composite Commercial Services & Supplies Index. Vesting of 0% to 150% of the awards originally granted may occur depending on the respective performance metrics.

Performance Share Activity

	Number of Shares (in millions)	Weighted-Average Grant Date Fair Value per Share
Outstanding at October 31, 2023	0.9	\$ 44.43
Granted	0.4	41.62
Vested (including 0.1 shares withheld for income taxes)	(0.3)	40.35
Performance adjustments	(0.1)	48.36
Forfeited	(0.1)	44.20
Outstanding at October 31, 2024	0.9	\$ 44.06

At October 31, 2024, total unrecognized compensation cost related to performance share awards was \$17.0 million, which is expected to be recognized ratably over a weighted-average vesting period of 1.9 years. Except for TSR performance shares, these costs are based on estimated achievement of performance targets and estimated costs are periodically reevaluated. For our TSR performance shares, these costs are based on the fair value of awards at the grant date and are recognized on a straight-line basis over the service period of three years.

In 2024, 2023, and 2022, the weighted-average grant date fair value per share of awards granted was \$41.62, \$46.47, and \$43.06, respectively. In 2024, 2023, and 2022, the total grant date fair value of performance shares vested and converted to shares of ABM common stock was \$12.3 million, \$14.6 million, and \$13.6 million, respectively.

In 2024, 2023, and 2022, we used the Monte Carlo simulation valuation technique to estimate the fair value of TSR performance share grants, which used the assumptions in the table below.

Monte Carlo Assumptions

	2024	2023	2022
Expected life ⁽¹⁾	2.81 years	2.81 years	2.81 years
Expected stock price volatility ⁽²⁾	33.0 %	39.9 %	41.8 %
Risk-free interest rate ⁽³⁾	4.1 %	4.0 %	1.1 %
Stock price ⁽⁴⁾	\$ 42.13	\$ 46.19	\$ 42.88

⁽¹⁾ The expected life represents the remaining performance period of the awards.

⁽²⁾ The expected volatility for each grant is determined based on the historical volatility of our common stock over a period equal to the remaining term of the performance period from the date of grant for all awards.

⁽³⁾ The risk-free interest rate is based on the continuous compounded yield on U.S. Treasury Constant Maturity Rates with varying remaining terms; the yield is determined over a time period commensurate with the performance period from the grant date.

⁽⁴⁾ The stock price is the closing price of our common stock on the valuation date.

Employee Stock Purchase Plan

	Years Ended October 31,		
	2024	2023	2022
<i>(in millions, except per share amounts)</i>			
Weighted-average fair value of granted purchase rights per share	\$ 2.31	\$ 2.23	\$ 2.19
Common stock issued	0.1	0.1	0.1
Fair value of common stock issued per share	\$ 43.93	\$ 42.40	\$ 41.68
Aggregate purchases	\$ 3.7	\$ 3.4	\$ 3.4

16. INCOME TAXES

Geographic Sources of Income Before Income Taxes

(in millions)	Year Ended October 31,		
	2024	2023	2022
United States	\$ 88.8	\$ 294.3	\$ 278.5
Foreign	44.8	36.8	31.5
Income before income taxes	\$ 133.6	\$ 331.1	\$ 310.0

Components of Income Tax Provision

(in millions)	Year Ended October 31,		
	2024	2023	2022
Current:			
Federal	\$ (53.7)	\$ (50.6)	\$ 3.5
State	(22.8)	(25.0)	(6.0)
Foreign	(0.4)	(9.0)	(9.4)
Deferred:			
Federal	19.3	(0.5)	(46.1)
State	6.7	5.3	(22.1)
Foreign	(1.3)	0.1	0.5
Income tax provision	\$ (52.2)	\$ (79.7)	\$ (79.6)

Reconciliation of the U.S. Statutory Tax Rate to Annual Effective Tax Rate

	Year Ended October 31,		
	2024	2023	2022
U.S. statutory rate	21.0 %	21.0 %	21.0 %
State and local income taxes, net of federal tax benefit	8.0	6.9	7.7
Federal and state tax credits	(2.6)	(1.0)	(1.5)
Impact of foreign operations	(6.4)	0.8	(0.1)
Changes in uncertain tax positions	(2.2)	0.1	(2.5)
Incremental tax benefit from share-based compensation awards	(1.6)	(0.7)	(0.5)
Energy efficiency incentives	(4.1)	(0.1)	(0.3)
Nondeductible executive compensation	3.4	1.4	1.4
Nontaxable RavenVolt contingent consideration	20.1	(3.9)	—
Other nondeductible expenses	2.1	0.6	0.3
Other, net	1.4	(1.0)	0.2
Effective tax rate	39.1 %	24.1 %	25.7 %

During 2024 and 2023, we had effective tax rates of 39.1% and 24.1%, respectively, resulting in a provision for tax of \$52.2 million and \$79.7 million, respectively. Our effective tax rate for 2024 was negatively impacted by a \$95.7 million non-taxable change to increase the fair value of the contingent consideration related to the RavenVolt Acquisition, partially offset by a \$7.3 million tax benefit for return to provision adjustments related to our non-U.S. operations, and a \$5.5 million benefit related to energy efficiency incentives. Our effective tax rate for 2023 was positively impacted by a \$45.6 million non-taxable change to decrease the fair value of the contingent consideration related to the RavenVolt Acquisition.

Components of Deferred Tax Assets and Liabilities

(in millions)	As of October 31,	
	2024	2023
Deferred tax assets attributable to:		
Self-insurance claims (net of recoverables)	\$ 106.3	\$ 95.2
Deferred and other compensation	29.0	31.4
Accounts receivable allowances	5.6	7.8
Settlement liabilities	3.4	4.5
Other accruals	4.0	4.3
State taxes	1.5	1.5
State net operating loss carryforwards	2.5	2.6
Tax credits	3.4	2.3
Unrecognized tax benefits	3.5	3.6
Operating lease liabilities	23.5	27.3
Gross deferred tax assets	182.7	180.5
Valuation allowance	(1.1)	(1.2)
Total deferred tax assets	181.6	179.3
Deferred tax liabilities attributable to:		
Property, plant and equipment	(1.0)	(4.3)
Goodwill and other acquired intangibles	(194.8)	(200.0)
Right-of-use assets	(25.1)	(28.6)
Tax accounting method change	(6.3)	(11.7)
Other comprehensive income	(2.3)	(8.4)
Other	(12.3)	(11.3)
Total deferred tax liabilities	(241.8)	(264.3)
Net deferred tax liabilities	\$ (60.2)	\$ (85.0)

Net Operating Loss Carryforwards and Credits

State net operating loss carryforwards totaling \$46.5 million at October 31, 2024, are being carried forward in several state jurisdictions where we are permitted to use net operating losses from prior periods to reduce future taxable income. These losses will expire between 2025 and 2044. Federal net operating loss carryforwards were fully utilized during 2023. Federal and state tax credit carryforwards totaling \$4.1 million are available to reduce future cash taxes and will expire between 2025 and 2044.

The valuation allowance represents the amount of tax benefits related to state net operating loss carryforwards that are not likely to be realized. We believe the remaining deferred tax assets are more likely than not to be realizable based on estimates of future taxable income.

Changes to the Valuation Allowance

(in millions)	Years Ended October 31,		
	2024	2023	2022
Valuation allowance at beginning of year	\$ 1.2	\$ 1.6	\$ 2.2
Other, net	(0.1)	(0.4)	(0.6)
Valuation allowance at end of year	\$ 1.1	\$ 1.2	\$ 1.6

Unrecognized Tax Benefits

At October 31, 2024, 2023, and 2022, there were \$15.5 million, \$20.7 million, and \$22.0 million, respectively, of unrecognized tax benefits that if recognized in the future would impact our effective tax rate. We estimate that a decrease in unrecognized tax benefits of up to approximately \$0.1 million is reasonably possible over the next 12 months due to lapses of applicable statutes of limitations. At October 31, 2024 and 2023, accrued interest and penalties were \$1.3 million and \$1.4 million, respectively. For interest and penalties, we recognized a \$0.1 million benefit, a \$0.7 million expense, and a \$0.9 million benefit in 2024, 2023, and 2022, respectively.

Reconciliation of Total Unrecognized Tax Benefits

(in millions)	Years Ended October 31,		
	2024	2023	2022
Balance at beginning of year	\$ 20.7	\$ 22.0	\$ 30.4
Additions for tax positions related to prior years	—	2.1	0.3
Reductions for tax positions related to prior years	(1.5)	(1.5)	(1.5)
Reductions for lapse of statute of limitations	(0.1)	(1.9)	(7.2)
Settlements	(3.6)	—	—
Balance at end of year	\$ 15.5	\$ 20.7	\$ 22.0

Jurisdictions

We conduct business in all 50 states, significantly in California, Texas, and New York, as well as in various foreign jurisdictions. Our most significant income tax jurisdiction is the United States. Due to expired statutes and closed audits, our federal income tax returns for years prior to fiscal 2020 are no longer subject to examination by the U.S. Internal Revenue Service. Generally, for the majority of state and foreign jurisdictions where we do business, periods prior to fiscal 2020 are no longer subject to examination. We are currently being examined by the City of New York City.

17. SEGMENT AND GEOGRAPHIC INFORMATION

Segment Information

Our current reportable segments consist of B&I, M&D, Education, Aviation, and Technical Solutions, as further described below.

REPORTABLE SEGMENTS AND DESCRIPTIONS	
B&I	B&I, our largest reportable segment, encompasses janitorial, facilities engineering, and parking services for commercial real estate properties (including corporate offices for high-tech clients), sports and entertainment venues, and traditional hospitals and non-acute healthcare facilities. B&I also provides vehicle maintenance and other services to rental car providers.
M&D	M&D provides integrated facility services, engineering, janitorial, and other specialized services for different types of manufacturing, distribution, and data center facilities. Manufacturing facilities include traditional motor vehicles, electric vehicles, batteries, pharmaceuticals, steel, semiconductors, chemicals, and many others. Distribution facilities include e-commerce, cold storage, logistics, and warehousing, and others.
Education	Education delivers janitorial, custodial, landscaping and grounds, facilities engineering, and parking services for public school districts, private schools, colleges, and universities.
Aviation	Aviation supports airlines and airports with services ranging from parking and janitorial to passenger assistance, catering logistics, air cabin maintenance, and transportation.
Technical Solutions	Technical Solutions specializes in facility infrastructure, mechanical and electrical services, including power design, installation and maintenance, as well as microgrid systems installations and uninterrupted power supply services. These services can also be leveraged for cross-selling across our industry groups, both domestically and internationally.

The accounting policies for our segments are the same as those disclosed within our significant accounting policies in Note 2, "Basis of Presentation and Significant Accounting Policies." Our management evaluates the performance of each reportable segment based on its respective operating profit results, which include the allocation of certain centrally incurred costs. Corporate expenses not allocated to segments include certain CEO and other finance and human resource departmental expenses, certain information technology costs, share-based compensation, certain legal costs and settlements, restructuring and related costs, certain actuarial adjustments to self-insurance reserves, and direct acquisition costs. Management does not review asset information by segment, therefore we do not present assets in this note.

Financial Information by Reportable Segment

(in millions)	Year Ended October 31,		
	2024	2023	2022
Revenues			
Business & Industry	\$ 4,059.1	\$ 4,089.4	\$ 4,095.9
Manufacturing & Distribution	1,554.3	1,526.7	1,445.2
Aviation	1,032.6	925.7	804.0
Education	904.0	880.4	834.7
Technical Solutions	809.3	674.2	626.8
	<u>\$ 8,359.4</u>	<u>\$ 8,096.4</u>	<u>\$ 7,806.6</u>
Operating profit (loss)			
Business & Industry	\$ 307.0	\$ 315.6	\$ 334.9
Manufacturing & Distribution	166.3	161.7	161.8
Aviation	59.1	60.0	29.3
Education	55.3	49.7	47.1
Technical Solutions ⁽¹⁾	69.4	53.2	63.8
Government Services	—	—	(0.3)
Corporate ^{(2) (3)}	(433.1)	(226.6)	(284.5)
Adjustment for income from unconsolidated affiliates, included in Aviation and Technical Solutions	(6.5)	(3.9)	(2.4)
Adjustment for tax deductions for energy efficient government buildings, included in Technical Solutions	(5.5)	(0.3)	(0.9)
	<u>212.0</u>	<u>409.5</u>	<u>348.8</u>
Income from unconsolidated affiliates	6.5	3.9	2.4
Interest expense	(85.0)	(82.3)	(41.1)
Income before income taxes	<u>\$ 133.6</u>	<u>\$ 331.1</u>	<u>\$ 310.0</u>
Depreciation and amortization			
Business & Industry	\$ 37.3	\$ 44.9	\$ 47.1
Manufacturing & Distribution	12.2	13.1	13.4
Aviation	12.6	9.6	8.2
Education	21.8	22.5	25.4
Technical Solutions	7.7	17.5	7.0
Corporate	15.0	13.1	11.4
	<u>\$ 106.6</u>	<u>\$ 120.7</u>	<u>\$ 112.4</u>

⁽¹⁾ Reflects a \$7.6 million gain on the sale of assets during the year ended October 31, 2022.

⁽²⁾ Reflects adjustments to the fair value of the contingent consideration payable related to the RavenVolt Acquisition of \$95.7 million during the year ended October 31, 2024.

⁽³⁾ Reflects adjustments to the fair value of the contingent consideration payable related to the RavenVolt Acquisition of \$45.6 million and an employee retention credit totaling \$24.0 million during the year ended October 31, 2023.

Geographic Information Based on the Country in Which the Sale Originated⁽¹⁾

(in millions)	Year Ended October 31,		
	2024	2023	2022
Revenues			
United States	\$ 7,760.9	\$ 7,565.6	\$ 7,335.3
All other countries	598.4	530.8	471.3
	<u>\$ 8,359.4</u>	<u>\$ 8,096.4</u>	<u>\$ 7,806.6</u>

⁽¹⁾ Substantially all of our long-lived assets are related to U.S. operations.

ABM INDUSTRIES INCORPORATED AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

<i>(in millions)</i>	<u>Balance Beginning of Year</u>	<u>Additions from Acquisitions</u>	<u>Charges to Costs and Expenses⁽¹⁾</u>	<u>Write-offs⁽²⁾/ Allowance Taken</u>	<u>Balance End of Year</u>
Accounts receivable and sales allowances					
2024	\$ 25.0	0.3	88.7	(91.3)	\$ 22.8
2023	22.6	—	76.0	(73.6)	25.0
2022	32.7	1.4	60.6	(72.1)	22.6

⁽¹⁾ Majority of charges to costs and expenses relates to sales allowance.

⁽²⁾ Write-offs are net of recoveries.

EXHIBIT J.3

ABM Guarantee of Performance

GUARANTEE OF PERFORMANCE

For value received, ABM Industries Incorporated, a Delaware corporation (the "Guarantor"), located at One Liberty Plaza, 7th Floor, New York, New York 10006, absolutely and unconditionally guarantees to assume the duties and obligations of ABM Franchising Group, LLC, located at 501 Technology Dr., Suite 3000, Canonsburg, Pennsylvania 15317 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its **TEGG** Franchise Disclosure Document issued January 24, 2025, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever occurs first. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor executes this guarantee at Washington, Pennsylvania, on the 9th day of January, 2025.

Guarantor: ABM Industries Incorporated

By: Dean A. Chin

Print Name: Dean A. Chin

Print Title: SVP, CAO, Corporate Controller & Treasurer

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Title 32	General Manager/Vice President of Service Onboarding Plan	07/13/20	5
Title 33	Operations Onboarding Plan	02/19/20	10
Title 34	Sales Onboarding Plan	02/19/20	5
Title 35	Maintenance Sales Rep Fast Start Training Program	06/22/20	2
Title 36	Performance Improvement Plan (PIP) – TGE-079	02/08/21	7
	TOTAL		360



CONFIDENTIAL OPERATING MANUAL

Section 6: PURCHASING

Title TOC: Table of Contents

Effective: 07/13/23

Supersedes: 04/03/23

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<u>SECTION 6</u>	<u>PURCHASING</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 1	Infrared Thermal Imaging Camera	10/14/22	2
Title 2	UE 15000 Ultrasonic Probe	10/14/22	3
Title 3	5 kV Digital Megaohmmeter	02/03/23	2
Title 4	Digital Low Resistance Ohmmeter	02/03/23	2
Title 5	Clamp-On Ground Resistance Tester	02/03/23	3
Title 6	Required and Recommended Test Instruments and Safety Items	06/27/23	4
Title 7	Digital Camera	07/13/23	2
Title 8	Power Quality Analyzer	02/03/23	3
Title 9	AEMC Handscope OX5042-CK Power Quality Analyzer	04/03/23	2
Title 10	Fluke 123B/NA/S Industrial ScopeMeter® Hand-held Oscilloscope	03/02/23	2
Title 11	Transformer Ratio Tester	02/03/23	2
Title 12	Arc Rated Uniforms	12/13/21	6
Title 13	Additional Tools and Supplies	12/07/18	1
Title 14	Tool Calibration and Testing	04/29/20	2
Title 15	Recommended Laboratory – Fluid Screening	12/07/18	2
	TOTAL		38



CONFIDENTIAL OPERATING MANUAL

Section 7: PROFESSIONAL DEVELOPMENT

Title TOC: Table of Contents

Effective: 01/09/23

Supersedes: 11/05/21

Page 1 of 1

<u>SECTION 7</u>	<u>PROFESSIONAL DEVELOPMENT</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 1	Training Overview	04/19/17	3
Title 2	How to Register for Classroom Training	02/19/20	4
Title 3	Additional Training/Support	02/19/20	2
Title 4	TEGG University	01/29/20	3
Title 7	Leadership Training	10/31/18	2
Title 8	Maintenance Sales Rep Career Path	11/05/21	5
Title 9	TEGG University Degree Program	07/13/20	3
Title 10	Operations Team Soft Skills Training	03/12/20	3
TOTAL			25



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Section 8: TEGGPro

Title TOC: Table of Contents

Effective: 09/21/23

Supersedes: 02/24/23

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<u>SECTION 8</u>	<u>TEGGPro</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 7	TEGGPro2 Help File GM/Admin and Sales	02/24/23	125
Title 8	TEGGPro Remote 2.0	09/21/23	92
Title 9	TEGGPro Computer Requirements	10/14/22	1
Title 10	TEGGPro View Fee	07/25/22	1
Title 12	TEGGPro Remote – Sync	05/07/19	3
Title 14	How to Generate an Electrical Systems Analysis (ESA) Report	07/18/22	3
Title 18	TEGG Service Workflow	04/14/20	26
Title 19	TEGGPro Mobile PSE Application	04/17/17	6
Title 21	TEGGPro View	05/01/18	1
TOTAL			258



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Section 1: GENERAL

Title TOC: Table of Contents

Effective: 10/16/24

Supersedes: 03/13/24

Page 1 of 1

<u>SECTION 1</u>	<u>GENERAL</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 1	Standards of Performance	04/08/19	6
Title 2	TEGG PlanBuilder	11/09/20	23
Title 3	TEGG Approval	02/19/20	1
Title 5	Monthly Business Activity Report	07/13/23	2
Title 6	Contractor of the Year	03/05/18	7
Title 7	Big Mac Index	11/13/23	2
Title 8	TEGG Sales Program	02/08/24	5
Title 9	HSB Electrical Loss Prevention Program	08/23/23	7
Title 10	TEGG Operations Coordinator (TOC) Award	02/19/20	2
Title 11	TEGG Electrical Safety Policy	01/14/19	19
Title 12	Sales Recognition Program	03/13/24	7
Title 13	Delta Team Award	10/04/19	3
Title 14	Technician of the Year Award	10/04/19	3
Title 15	Network Support Discussion Board Posts	12/01/17	3
Title 16	TEGG Preferred Guaranteed Maintenance Programs	09/25/23	23
Title 17	Principals Meeting Eligibility Requirements	07/13/23	1
Title 18	TEGG Safety Champion Award	10/16/24	6
Title 19	TEGG Sales Leader of the Year	10/09/23	2
	TOTAL		122



CONFIDENTIAL OPERATING MANUAL

Section 2: SALES, ADVERTISING & PROMOTION

Title TOC: Table of Contents

Effective: 6/04/24

Supersedes: 4/16/24

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<u>SECTION 2</u>	<u>SALES, ADVERTISING & PROMOTION</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 1	Onsite Technical Seminar Program	11/13/23	13
Title 2	TEGG Service Contractor Customer Letters of Reference and Referrals	05/06/19	2
Title 3	Client Opportunity Analysis (TGS-246)	03/04/19	2
Title 4	Obtaining the Exploratory Meeting Flak Pak	11/13/23	2
Title 5	Client Information Sheet and PSE Inventory	03/04/19	3
Title 6	TEGG Service DES Project Client Profile & Call Strategy (TGS-121)	03/12/19	5
Title 7	Preliminary System Evaluation (TGS-101)	05/11/20	7
Title 9	Sales Activity Report (TGS-155)	05/11/20	6
Title 10	TEGG Annualized Sales Plan (TGS-241)	05/11/20	3
Title 11	Proposal Activity Log (TGS-033)	05/11/20	3
Title 12	Site Profile	04/08/19	3
Title 13	TEGG Service Suspect List (TGS-028)	03/12/19	2
Title 14	Maintenance Program Verification Sheet (TGS-112)	12/01/17	2
Title 15	Developing the TEGG Service Solution Binder	05/11/20	4
Title 16	Conducting an Effective Sales PAR Meeting	12/07/18	8
Title 17	Sales Representative Incentive Program	06/04/24	12
Title 18	Booking Credit Allocation	01/10/19	2
Title 19	TEGG Leads and Electronic Postcard Program	04/16/24	5
Title 21	Case Study Development	07/13/23	3
Title 22	Social Media Content	08/23/23	2
Title 23	Competitive Service Bid Specifications	08/10/20	10
Title 24	Sales and Marketing Collateral – theSHELF	06/12/23	2



CONFIDENTIAL OPERATING MANUAL

Section 2: SALES, ADVERTISING & PROMOTION

Title TOC: Table of Contents

Effective: 6/04/24

Supersedes: 4/16/24

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Title 26	Lunch & Learn Program	06/12/23	1
Title 27	Website Content	02/19/20	6
Title 28	Maintenance Sales Plan Development Form (TGS-509)	04/08/19	3
Title 29	Introduction Letter	06/12/23	2
Title 30	TEGG Service Identity Program and Design Standards (formerly COM 1, Title 2)	06/12/23	87
Title 31	AppointmentBuilder	01/22/19	15
Title 32	ProposalBuilder User Guide	03/13/19	18
Title 33	Prospecting Absolutes	05/25/21	2
Title 34	Strategic Marketing Roadmap	01/11/21	5
Title 35.1	Wall-Mounted Sales Boards	08/14/24	5
Title 35.2	Digital Sales Boards	08/14/24	6
TOTAL			251



CONFIDENTIAL OPERATING MANUAL

Section 3: OPERATIONS

Title TOC: Table of Contents

Effective: 04/11/24

Supersedes: 06/13/22

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<u>SECTION 3</u>	<u>OPERATIONS</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 1	Agreement Status Board (TGO-107)	02/19/20	3
Title 2	Maintenance Agreement Start-Up Checklist (TGO-095)	02/19/20	7
Title 3	Maintenance Agreement First Visit Checklist (TGO-005)	05/06/19	3
Title 4	Electrical Systems Analysis	05/06/19	5
Title 5	Customer Assurance Review and Evaluation	09/02/14	12
Title 6	Electrical Walk-Through	10/26/18	2
Title 7	Designed Electrical Services Status Board (TGO-108)	10/26/18	2
Title 8	Designed Electrical Services Start-Up Checklist	06/08/17	4
Title 9	Confirmation of Facility E.P.M. Program	03/10/06	3
Title 10	Maintenance Agreement Spend Plan	02/19/20	7
Title 11	Maintenance Agreement Annual Escalation	11/28/06	3
Title 12	Subcontractor/Supplier Confidentiality Agreement (TGO-102)	03/10/06	2
Title 13	Tenant Notification for De-Energized Maintenance	03/08/21	2
Title 14	Establishing an Operations Training Program	11/09/20	5
Title 15	Guidelines for Managing TEGG Service Electricians	11/02/20	2
Title 17	Infrared Seminars	02/19/20	2
Title 18	Infrared Certification Written Practice	04/11/24	10
Title 19	TEGG Safety Program and Requirements	02/19/20	4
	TOTAL		78



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Section 4: BUSINESS SYSTEMS

Title TOC: Table of Contents

Effective: 01/10/19

Supersedes: 05/22/18

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<u>SECTION 4</u>	<u>BUSINESS SYSTEMS</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 01	Introduction	05/22/18	1
Title 02	Recommended Chart of Accounts	05/22/18	7
Title 04	Calculating Burden Cost	05/22/18	3
Title 05	Calculating Vehicle Cost	05/22/18	1
Title 06	Defining Sales and Use Tax	05/22/18	3
Title 07	Calculating the TEGG Billing Rate for Urgent Work	05/22/18	2
Title 08	Calculating Equipment and Material Mark-Up	05/22/18	2
Title 09	Dispatching and Identification of TEGG Service Calls	05/22/18	14
Title 14	Service Report	05/22/18	6
Title 15	New Agreement Set-Up	01/10/19	7
Title 17	Creating Customer Files	05/22/18	1
Title 18	Creating Agreement Files	05/22/18	1
Title 19	Tracking Extra Work Generated by an Agreement	01/10/19	2
Title 20	Field Purchase Orders	05/22/18	4
Title 21	Office Purchase Orders	05/22/18	5
Title 22	Defining Additional Vendors	05/22/18	2
Title 23	Accounts Payable Invoice Approval	05/22/18	2
Title 25	Establishing Profitability Reporting for Maintenance and DES Agreements	05/22/18	5
Title 26	Urgent Invoicing	01/10/19	6
Title 27	Credit Invoices	05/22/18	2
Title 28	CTE/T Expense Reimbursement	05/22/18	4
Title 29	Inventory Control Systems	05/22/18	8
Title 30	Collections Management Program	05/22/18	12
	TOTAL		100



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Section 5: PERSONNEL

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Effective: 09/26/24

Supersedes: 09/11/24

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<u>SECTION 5</u>	<u>PERSONNEL</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 1	Organizational Administration	04/09/24	6
Title 2	Principal	04/01/24	2
Title 3	Vice President, Service	04/01/24	6
Title 4	General Manager	04/01/24	6
Title 5	Selling General Manager	04/01/24	7
Title 6	Sales Manager	04/01/24	5
Title 7	D.E.S. (Designed Electrical Services) Sales Representative	04/01/24	6
Title 8	Maintenance Sales Representative	04/01/24	6
Title 9	Administrative Assistant	04/01/24	3
Title 10	Service Manager	04/01/24	8
Title 11	Service Supervisor	04/01/24	8
Title 12	D.E.S. (Designed Electrical Services) Supervisor	04/01/24	7
Title 13	Dispatcher	04/01/24	4
Title 14	Certified TEGG Electrician (CTE)	04/01/24	5
Title 15	Certified TEGG Electrician/Technician (CTE/T)	04/01/24	5
Title 16	Installer	04/01/24	4
Title 17	Operations Coordinator	04/01/24	7
Title 18	Circle of Excellence	12/11/23	4
Title 19	Candidate Specifications	01/14/19	15
Title 20	General Manager Incentive Program	04/27/20	3



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Section 5: PERSONNEL

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<u>SECTION 5</u>	<u>PERSONNEL – CONTINUED</u>	<u>EFFECTIVE DATE</u>	<u>PAGES</u>
Title 21	Selling General Manager Incentive Program	06/03/20	1
Title 22	Sales Manager Incentive Program	05/11/20	3
Title 23	Service Manager Incentive Program	05/01/02	2
Title 24	Staffing Services	07/13/20	1
Title 25	Hiring Practices – American Disabilities ACT (ADA 1990)	04/11/24	2
Title 26	TEGG Employment Application	10/12/20	5
Title 27	Employee Confidentiality Agreement – TGE-001	07/13/23	2
Title 28	Termination Evaluation – Exit Interview	03/13/24	8
Title 29	Ten Steps to a Successful Sales Hire	04/23/24	5
Title 30	Grow. Perform. Succeed! (GPS)	04/09/24	12
Title 32	General Manager/Vice President of Service Onboarding Plan	07/13/20	5
Title 33	Operations Onboarding Plan	02/19/20	10
Title 34	Sales Onboarding Plan	02/19/20	5
Title 35	Maintenance Sales Rep Fast Start Training Program	06/22/20	2
Title 36	Performance Improvement Plan (PIP) – TGE-079	02/08/21	7
Title 47	Team Engagement and Team Building	09/26/24	3
Title 50	Salary Administration	09/11/24	3
	TOTAL		193



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Section 6: PURCHASING

Title TOC: Table of Contents

Effective: 05/23/24

Supersedes: 03/13/24

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<u>SECTION 6</u>	<u>PURCHASING</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 1	Infrared Thermal Imaging Camera	10/14/22	2
Title 2	UE 15000 Ultrasonic Probe	10/14/22	3
Title 3	5 kV Digital Megaohmmeter	02/03/23	2
Title 4	Digital Low Resistance Ohmmeter	02/03/23	2
Title 5	Clamp-On Ground Resistance Tester	02/03/23	3
Title 6	Required and Recommended Test Instruments and Safety Items	05/23/24	4
Title 7	Digital Camera	07/13/23	2
Title 8	Power Quality Analyzer	02/03/23	3
Title 10	Fluke 123B/NA/S Industrial ScopeMeter® Hand-held Oscilloscope	03/02/23	2
Title 11	Transformer Ratio Tester	02/03/23	2
Title 12	Arc Rated Uniforms	12/13/21	6
Title 13	Additional Tools and Supplies	12/07/18	1
Title 14	Tool Calibration and Testing	04/29/20	2
Title 15	Recommended Laboratory – Fluid Screening	12/07/18	2
	TOTAL		36



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Section 7: PROFESSIONAL DEVELOPMENT

Title TOC: Table of Contents

Effective: 09/11/24

Supersedes: 04/11/24

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<u>SECTION 7</u>	<u>PROFESSIONAL DEVELOPMENT</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 1	Training Overview	04/19/17	3
Title 2	How to Register for Classroom Training	04/11/24	3
Title 3	Additional Training/Support	02/19/20	2
Title 4	TEGG University	01/29/20	3
Title 7	Leadership Training	09/11/24	3
Title 8	Maintenance Sales Rep Career Path	11/05/21	5
Title 9	TEGG University Degree Program	07/13/20	3
Title 10	Operations Team Soft Skills Training	03/12/20	3
	TOTAL		25



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Section 8: TEGGPro

Title TOC: Table of Contents

Effective: 04/17/24

Supersedes: 04/01/24

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<u>SECTION 8</u>	<u>TEGGPro</u>	<u>EFFECTIVE</u>	<u>PAGES</u>
Title 7	TEGGPro2 Help File GM/Admin and Sales	04/17/24	125
Title 8	TEGGPro Remote 2.0	04/01/24	94
Title 9	TEGGPro Computer Requirements	10/14/22	1
Title 10	TEGGPro View Fee	07/25/22	1
Title 12	TEGGPro Remote – Sync	05/07/19	3
Title 14	How to Generate an Electrical Systems Analysis (ESA) Report	07/18/22	3
Title 18	TEGG Service Workflow	04/14/20	26
Title 19	TEGGPro Mobile PSE Application	04/17/17	6
Title 21	TEGGPro View	05/01/18	1
	TOTAL		260

EXHIBIT L

STATE ADDENDA TO THE DISCLOSURE DOCUMENT

STATE ADDENDA

Exhibit L.1	California
Exhibit L.2	Hawaii
Exhibit L.3	Illinois
Exhibit L.4	Maryland
Exhibit L.5	Michigan
Exhibit L.6	Minnesota
Exhibit L.7	New York
Exhibit L.8	North Dakota
Exhibit L.9	Rhode Island
Exhibit L.10	Virginia
Exhibit L.11	Washington

EXHIBIT L. 1
ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT FOR THE
STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, the Franchise Disclosure Document for ABM Franchising Group, LLC in connection with the offer and sale of TEGG franchises in the State of California is amended to include the following:

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR OUR WEBSITE ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

Item 3, Additional Disclosure.

Neither we nor any person in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such parties from membership in such association or exchange.

Item 17, Additional Disclosures.

California Business and Professions Code Sections 20000 through 20043 provide rights to California franchisees concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.

The Franchise Agreement requires the application of the laws of Pennsylvania. This provision may not be enforceable under California Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code § 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur at our principal place of business for franchising, currently Pittsburgh, Pennsylvania. This provision may not be enforceable under California law.

You must sign a general release if you renew or transfer the franchise. This provision may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).

Item 22, Additional Disclosures.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

California Corporations Code, Section 31125 requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

EXHIBIT L. 2
ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT FOR THE
STATE OF HAWAII

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND FRANCHISEE.

NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

The name and address of the Franchisor's agent in this state authorized to receive service of process is: Commissioner of Securities of the State of Hawaii, Department of Commerce & Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, HI 96813, (808) 586-2722.

EXHIBIT L. 3
ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT FOR THE
STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp: Stat. §§ 705/1 to 705/44 the TEGG Service Franchise Disclosure Document for use in the State of Illinois is amended as follows:

Cover Page, Additional Disclosures.

THE GOVERNING LAW, VENUE AND JURISDICTION REQUIREMENTS IN THE DISCLOSURE DOCUMENT AND IN THE FRANCHISE AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, AND NOTHING IN THESE DOCUMENTS SHALL BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE ILLINOIS FRANCHISE DISCLOSURE ACT.

Item 17, Additional Disclosures.

The conditions under which the Franchise Agreement can be terminated and your rights upon non-renewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void.

The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern Franchise Agreements entered into in Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Item 22, Additional Disclosure.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT L. 4
ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT FOR THE STATE OF MARYLAND

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the TEGG Service Franchise Disclosure Document for use in the State of Maryland is amended as follows:

Item 17, Additional Disclosures.

The Franchise Agreement requires you to sign a general release as a condition of renewal or transfer of the franchise. This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under the U.S. Bankruptcy Code (11 U.S.C. Section 101, et seq.).

Item 22, Additional Disclosure.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT L. 5
ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT PURSUANT TO THE
STATE OF MICHIGAN

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

- A. A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.
- B. A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.
- C. A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.
- D. A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS, PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISED BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR

THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS' ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

- E. A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.
- F. A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE. **[Note: TEGG reserves the right to challenge the restriction on the location of arbitration under the Federal Arbitration Act.]**
- G. A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:
 - a. THE FAILURE OF THE PROPOSED FRANCHISEE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.
 - b. THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.
 - c. THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.
 - d. THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.
- H. A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR: THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO

PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

- I. A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.
- J. NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

* * * *

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

**MICHIGAN ATTORNEY GENERAL'S OFFICE
CONSUMER PROTECTION DIVISION
ATTENTION: FRANCHISE SECTION
525 W. OTTAWA STREET
G. MENNEN WILLIAMS BUILDING, 1ST FLOOR
LANSING, MICHIGAN 48933
(517) 373-7117**

EXHIBIT L. 6
ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT FOR THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the TEGG Service Franchise Disclosure Document for use in the State of Minnesota is amended to include the following:

Item 13, Additional Disclosure.

We will indemnify you against liability to a third party resulting from claims that your use of the Marks infringes trademark rights of the third party, provided that your use of the Marks is in accordance with the requirements of the Franchise Agreement and the System.

Item 17, Additional Disclosures.

We will comply with Minnesota Statutes Section 80C.14, subdivisions 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Minnesota Statutes § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring you to waive your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes §§ 80C.01 - 80C.22.

Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes. This rule does not bar a voluntary arbitration of any matter.

Item 22, Additional Disclosure.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT L. 7
ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT FOR THE STATE OF
NEW YORK

Cover page, Additional Disclosures.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosures.

Other than as disclosed in Item 3, neither Franchisor nor any person listed in Item 2:1. Has any administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations. There are no pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of Franchisor franchises and the size, nature or financial condition of the System or its business operations.

2. Has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the date of this disclosure document, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

3. Is subject to a currently effective injunctive or restrictive order or decree relating to the TEGG franchise or under any Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange (as defined in the

Securities and Exchange Act of 1934) suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, Additional Disclosure.

Except as described in this Item, neither the franchisor, its affiliates, its predecessors, officers, nor general partners, during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws; or (c) was a principal officer of a company or a general partner of a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws, or that obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws, during or within 1 year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5, Additional Disclosure.

We use the initial franchise fee to defray our costs of offering franchises and assisting franchisees to start business. A portion of the initial franchise fee may be profit to us.

Item 17, Revised Disclosures.

1. *In the Item 17 Table, the following sentence is added to item "d":*

You may also terminate the Franchise Agreement on any grounds available by law.

2. *In the Item 17 Table, the following sentence is added to item "j":*

However, no assignment will be made by Franchisor except to an assignee who, in Franchisor's good faith judgment, is willing and able to assume Franchisor's obligations under the Franchise Agreement.

3. *In the Item 17 Table, the following sentence is added to item "w":*

The foregoing choice of law should not be considered a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33.

Item 17, Additional Disclosures.

The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.

You must sign a general release when you renew or transfer a franchise. This provision may not be enforceable under New York law.

Item 22, Additional Disclosure.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT L. 8
ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT FOR THE STATE OF
NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the TEGG Service Franchise Disclosure Document is amended by the addition of the following language:

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Requiring that North Dakota franchisees consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Requiring that North Dakota franchisees pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

EXHIBIT L. 9
ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT FOR THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34 the TEGG Service Franchise Disclosure Document for use in the State of Rhode Island is amended to include the following:

Item 17, Additional Disclosure.

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a provision in a franchise agreement restricting jurisdiction or venue to a forum outside the state or requiring the application of the laws of another state is void respecting a claim otherwise enforceable under the Act.

Item 22, Additional Disclosure.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT ~~N~~-L10
**ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT FOR THE
COMMONWEALTH OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the TEGG Service Franchise Disclosure Document for use in the Commonwealth of Virginia is amended to add the following:

According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Item 22, Additional Disclosure.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT L. 11
ADDENDUM TO TEGG SERVICE® DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON

Item 17, Additional Disclosures. The following statements are added to Item 17:

1. You have the right to terminate the Franchise Agreement upon any grounds permitted by law.
2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
3. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
5. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Item 22, Additional Disclosure.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

EXHIBIT M

FRANCHISE AGREEMENT RIDERS FOR CERTAIN REGISTRATION STATES

AGREEMENT RIDERS

Exhibit M. 1	California
Exhibit M. 2	Illinois
Exhibit M. 3	Indiana
Exhibit M. 4	Maryland
Exhibit M. 5	Minnesota
Exhibit M. 6	New York
Exhibit M. 7	North Dakota
Exhibit M. 8	Rhode Island
Exhibit M. 9	Washington

EXHIBIT M. 1
CALIFORNIA AMENDMENT TO THE TEGG SERVICE®
FRANCHISE AGREEMENT

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached TEGG Service Franchise Agreement (the “Agreement”) agree as follows:

1. Section 49 of the Agreement, under the heading “Independent Investigation,” is deleted in its entirety.
2. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ATTEST:

ABM Franchising Group, LLC

Witness

By: _____
Martin A. Keyser
Senior Vice President
Franchise Operations

[CORPORATE SEAL]

ATTEST:

Franchisee

Witness

By: _____
(Title)

[CORPORATE SEAL]

Each of the undersigned owns a five percent (5%) or greater beneficial interest in FRANCHISEE, each has read this Franchise Agreement and each agrees to be individually bound by the terms of Sections 17, 18, 22 and 31.

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

EXHIBIT M. 2
ILLINOIS AMENDMENT TO THE TEGG SERVICE®
FRANCHISE AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44 (the “Act”), the parties to the attached TEGG Service Franchise Agreement (the “Agreement”) agree as follows:

1. Section 29 of the Agreement, under the heading “Renewal,” is amended by adding the following:

If anything in this Section 29 concerning non-renewal is inconsistent with Section 20 of the Illinois Franchise Disclosure Act of 1987, then the Act shall apply.

2. Section 35 of the Agreement; under the heading “Termination by FRANCHISOR,” is amended by adding the following:

If anything in this Section 35 concerning termination is inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then the Act shall apply.

3. The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern Franchise Agreements entered into in Illinois. Accordingly, Section 39 of the Franchise Agreement is deleted and replaced with the following:

“This Agreement is governed by and will be construed in accordance with the law of the State of Illinois.”

4. Section 49 of the Agreement, under the heading “Independent Investigation,” is deleted in its entirety.
5. Section 4 of the Act states that any provision in a franchise agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois.
6. Any claims arising under the Act shall be commenced within the period of limitation established in Section 27 of the Act.
7. Section 41 of the Illinois Franchise Disclosure Act of 1987 states that any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Section 41 will control over any inconsistent provisions in the Franchise Agreement.

8. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirement of the Illinois Franchise Disclosure Act are met independently without reference to this amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Illinois amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ATTEST:

ABM Franchising Group, LLC

Witness

By: _____
Martin A. Keyser
Senior Vice President
Franchise Operations

[CORPORATE SEAL]

ATTEST:

Franchisee

Witness

By: _____
(Title)

[CORPORATE SEAL]

Each of the undersigned owns a five percent (5%) or greater beneficial interest in FRANCHISEE, each has read this Franchise Agreement and each agrees to be individually bound by the terms of Sections 17, 18, 22 and 31.

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

EXHIBIT M. 3
INDIANA AMENDMENT TO TEGG SERVICE®
FRANCHISE AGREEMENT

This Addendum relates to franchises sold in Indiana and is intended to comply with the Indiana statutes and regulations. The parties agree to supplement the Franchise Agreement as follows:

1. Pursuant to Section 23.2-2.7-1 of the Indiana Code, it is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subdivision does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer

shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subdivision includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any:

(A) advertising campaign or contest;

(B) promotional campaign;

(C) promotional materials; or

(D) display decorations or materials;

at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

2. If the Franchise Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Indiana Code will supersede the Franchise Agreement.

3. This Addendum will have effect only if the Franchise Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of the Indiana Code, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Indiana amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ATTEST:

ABM Franchising Group, LLC

Witness

By:_____
Martin A. Keyser
Senior Vice President
Franchise Operations

[CORPORATE SEAL]

ATTEST:

Franchisee

Witness

By:_____
(Title)

[CORPORATE SEAL]

Each of the undersigned owns a five percent (5%) or greater beneficial interest in FRANCHISEE, each has read this Franchise Agreement and each agrees to be individually bound by the terms of Sections 17, 18, 22 and 31.

Witness

By:_____

Witness

By:_____

Witness

By:_____

Witness

By:_____

Witness

By:_____

EXHIBIT M. 4
MARYLAND AMENDMENT TO TEGG SERVICE®
FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg., §§ 14-201 through 14-233, the parties to the attached TEGG Service Franchise Agreement (the “Agreement”) agree as follows:

1. Section 29(c) of the Agreement; under the heading “Renewal,” is amended to add the following:

This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 31(a) of the Agreement, under the heading “Transfer by Franchisee,” is amended to add the following:

This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 39 of the Agreement, under the heading “Governing Law,” is amended to add the following:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

4. Section 40 of the Agreement, under the heading “Dispute Resolution,” is amended to add the following:

Any choice of forum for litigation is subject to Your right to bring an action under the Maryland Franchise Registration and Disclosure Law in Maryland.

Any limitation on the period of time arbitration and/or litigation of claims must be brought shall not act to reduce the three year statute of limitations of afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Section 46 of the Agreement, under the heading “Construction,” ~~is~~ and Section 49 of the Agreement, under the heading “Independent Investigation,” are each amended to add the following:

The foregoing acknowledgments and representations are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

~~6. Section 49 of the Agreement, under the heading “Independent Investigation,” shall be deleted in its entirety.~~

~~7.~~6. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg. §§ 14-201 through 14-233) are met independently without reference to this amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ATTEST:

ABM Franchising Group, LLC

Witness

By: _____
Martin A. Keyser
Senior Vice President
Franchise Operations

[CORPORATE SEAL]

ATTEST:

Franchisee

Witness

By: _____
(Title)

[CORPORATE SEAL]

Each of the undersigned owns a five percent (5%) or greater beneficial interest in FRANCHISEE, each has read this Franchise Agreement and each agrees to be individually bound by the terms of Sections 17, 18, 22 and 31.

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

EXHIBIT M. 5
MINNESOTA AMENDMENT TO TEGG SERVICE®
FRANCHISE AGREEMENT

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the parties to the attached TEGG Service Franchise Agreement (the “Agreement”) agree as follows:

1. Section 15 of the Agreement, under the heading “Use of Name and Mark,” is amended to add the following:

Franchisor will indemnify you against liability to a third party resulting from claims that your use of the Marks or the Works infringes trademark rights of the third party, provided that your use is in accordance with the requirements of the Franchise Agreement and the System.

2. Section 29 of the Agreement, under the heading “Renewal,” is amended to add the following:

Notwithstanding anything to the contrary in Section 29, Franchisor will comply with Minnesota Statutes Clause 80C.14, Subdivision 3, 4, and 5, which require, except in certain cases, that Minnesota franchisees be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

3. Section 29(c) of the Agreement, under the heading “Renewal,” is amended to add the following:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

4. Section 31(a) of the Agreement, under the heading “Transfer by Franchisee,” is amended to add the following:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

5. Section 35 of the Agreement, under the heading “Termination by FRANCHISOR,” is amended to add the following:

Notwithstanding anything to the contrary in Section 35, Franchisor will comply with Minnesota Statutes Clause 80C.14, Subdivision 3, 4, and 5, which require, except in certain cases, that Minnesota franchisees be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

6. Section 40 of the Agreement, under the heading “Dispute Resolution,” is amended by adding the following:

Under Minnesota Statutes Section 80C.21, this section will not in any way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts in Minnesota. Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota.

Notwithstanding anything to the contrary in this Section, any claim or action arising out of or relating to the Minnesota Franchises Law must be commenced within three (3) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

7. Section 46 of the Agreement, under the heading “Construction,” and Section 49 of the Agreement, under the heading “Independent Investigation,” are each amended to add the following:

Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, nothing in the Agreement shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

Each provision of this Agreement shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce are met independently without reference to this addendum to the Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ATTEST:

ABM Franchising Group, LLC

Witness

By: _____
Martin A. Keyser
Senior Vice President
Franchise Operations

[CORPORATE SEAL]

ATTEST:

Franchisee

Witness

By: _____
(Title)

[CORPORATE SEAL]

Each of the undersigned owns a five percent (5%) or greater beneficial interest in FRANCHISEE, each has read this Franchise Agreement and each agrees to be individually bound by the terms of Sections 17, 18, 22 and 31.

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

EXHIBIT M. 6
NEW YORK AMENDMENT TO TEGG SERVICE®
FRANCHISE AGREEMENT

In recognition of the requirements of the New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989), the parties to the attached TEGG Service Franchise Agreement (the “Agreement”) agree as follows:

1. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.
2. Section 29(c) of the Agreement, under the heading “Renewal,” is amended to add the following:

The foregoing release of claims against Franchisor does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.

3. Section 30 of the Agreement, under the heading “Transfer by FRANCHISOR,” is amended by adding the following:

Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor’s good faith judgment is willing and able to assume Franchisor’s obligations under the Franchise Agreement.

4. Section 31(a) of the Agreement, under the heading “Transfer by FRANCHISEE,” is amended by adding the following:

The foregoing release of claims against Franchisor does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.

5. Section 34 of the Agreement, under the heading “Termination by FRANCHISEE,” is amended by adding the following:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

6. Section 39 of the Agreement, under the heading “Governing Law,” is amended to add the following:

Notwithstanding the foregoing, the New York General Business Law shall govern any claim arising under that law.

7. Section 49 of the Agreement, under the heading “Independent Investigation,” is deleted in its entirety.

8. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of New York General Business Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ATTEST:

ABM Franchising Group, LLC

Witness

By: _____
Martin A. Keyser
Senior Vice President
Franchise Operations

[CORPORATE SEAL]

ATTEST:

Franchisee

Witness

By: _____
(Title)

[CORPORATE SEAL]

Each of the undersigned owns a five percent (5%) or greater beneficial interest in FRANCHISEE, each has read this Franchise Agreement and each agrees to be individually bound by the terms of Sections 17, 18, 22 and 31.

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

Witness

By: _____

EXHIBIT M. 7
NORTH DAKOTA AMENDMENT TO TEGG SERVICE®
FRANCHISE AGREEMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the TEGG Service Franchise Agreement shall be amended by the addition of the following:

The parties agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:

- A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Requiring that North Dakota franchisees consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Requiring that North Dakota franchisees pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this North Dakota amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ATTEST:

ABM Franchising Group, LLC

Witness

By:_____
Martin A. Keyser
Senior Vice President
Franchise Operations

[CORPORATE SEAL]

ATTEST:

Franchisee

Witness

By:_____
(Title)

[CORPORATE SEAL]

Each of the undersigned owns a five percent (5%) or greater beneficial interest in FRANCHISEE, each has read this Franchise Agreement and each agrees to be individually bound by the terms of Sections 17, 18, 22 and 31.

Witness

By:_____

Witness

By:_____

Witness

By:_____

Witness

By:_____

Witness

By:_____

EXHIBIT M. 8
RHODE ISLAND AMENDMENT TO TEGG SERVICE®
FRANCHISE AGREEMENT

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties to the attached TEGG Service Franchise Agreement (the “Agreement”) agree as follows:

1. Section 39 of the Agreement, under the heading “Governing Law,” is amended to add the following:

Notwithstanding the foregoing, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.

2. Section 40 of the Agreement, under the heading “Dispute Resolution,” is amended to add the following:

Notwithstanding the foregoing, you have the right to file any litigation under the Rhode Island Franchise Investment Act in Rhode Island.

3. Section 49 of the Agreement, under the heading “Independent Investigation,” is deleted in its entirety.

4. This amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, are met independently without reference to this amendment.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rhode Island Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ATTEST:

ABM Franchising Group, LLC

Witness

By:_____
Martin A. Keyser
Senior Vice President
Franchise Operations

[CORPORATE SEAL]

ATTEST:

Franchisee

Witness

By:_____
(Title)

[CORPORATE SEAL]

Each of the undersigned owns a five percent (5%) or greater beneficial interest in FRANCHISEE, each has read this Franchise Agreement and each agrees to be individually bound by the terms of Sections 17, 18, 22 and 31.

Witness

By:_____

Witness

By:_____

Witness

By:_____

Witness

By:_____

Witness

By:_____

EXHIBIT M. 9
WASHINGTON AMENDMENT TO TEGG SERVICE®
FRANCHISE AGREEMENT

In recognition of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 to 19.100.940 (the “Act”), the parties agree to modify the Franchise Agreement as follows:

1. RCW 19.100.180 may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise. There also may be court decisions that may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise.
2. In the event of a conflict of laws, the provisions of the Act shall prevail.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.
4. A release or waiver of rights executed by you may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of yours, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of yours under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits us from restricting, restraining, or prohibiting you from (i) soliciting or hiring any employee of a franchisee of ours or (ii) soliciting or

hiring any employee of ours. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

8. Section 49 of the Agreement, under the heading “Independent Investigation,” is deleted in its entirety.
9. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Franchisor and Franchisee satisfy all of the jurisdictional requirements of the Washington Franchise Investment Protection Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Washington Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

ATTEST:

ABM Franchising Group, LLC

Witness

By:_____
Martin A. Keyser
Senior Vice President
Franchise Operations

[CORPORATE SEAL]

ATTEST:

Franchisee

Witness

By:_____
(Title)

[CORPORATE SEAL]

Each of the undersigned owns a five percent (5%) or greater beneficial interest in FRANCHISEE, each has read this Franchise Agreement and each agrees to be individually bound by the terms of Sections 17, 18, 22 and 31.

Witness

By:_____

Witness

By:_____

Witness

By:_____

Witness

By:_____

Witness

By:_____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATES	EFFECTIVE DATE
California	January 24, 2024 2025
Hawaii	January 31, 2024 Pending
Illinois	January 24, 2024 2025
Indiana	January 24, 2024 2025
Maryland	February 1, Pending 2024
Michigan	January 29, Pending 2024
Minnesota	February 5, Pending 2024
New York	January 24, 2024 2025
North Dakota	January 25, Pending 2024
Rhode Island	January 24, Pending 2024
South Dakota	January 24, 2024 Pending
Virginia	January 24, Pending 2024
Washington	January 24, Pending 2024
Wisconsin	January 24, Pending 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT N

ACKNOWLEDGEMENT OF RECEIPT

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If ABM Franchising Group, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If ABM Franchising Group, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit F.

The franchisor is ABM Franchising Group, LLC, located at 501 Technology Drive, Suite 3000, Canonsburg, Pennsylvania 15317. Its telephone number is (724) 873-2940.

FDD Issuance date: January 24, ~~2025~~2024

The franchise sellers for this TEGG® Service franchise offering are ~~Bruce Phibbs~~Kelly Pnacek, **Martin Keyser**, **Jason Huber**, **Jason Monaghan**, and ~~Loren Smith~~Kim Fisher at ABM Franchising Group, LLC, 501 Technology Dr., Suite 3000, Canonsburg, Pennsylvania 15317, Phone: 724.873.2940.

ABM Franchising Group, LLC authorizes the respective agencies identified on Exhibit G to receive service of process for it in the particular state.

I received a Disclosure Document dated January 24, ~~2025~~2024, that included the following Exhibits:

- | | |
|----------------------------------|--|
| A. Franchise Agreement | I. Franchisees Who Left the System |
| B. Guarantee | During Our Last Fiscal Year |
| C. Confidentiality Agreement | J. Financial Statements, Independent Auditors' |
| D. TEGGPro Software Agreement | Acknowledgement Letter and |
| E. General Release | Guarantee of Performance |
| F. State Administrators | K. COM Table of Contents |
| G. Agents for Service of Process | L. State Addenda to the Disclosure Document |
| H. List of Franchises | M. Franchise Agreement Riders for Certain |
| | Registration States |
| | N. Receipt |

Signature

Print Name

Company Name

Home Address

Date

Control No.

PLEASE SIGN THIS RECEIPT IN DUPLICATE, RETAIN ONE FOR YOUR RECORDS, AND RETURN ONE SIGNED COPY TO: Martin Keyser, Senior Vice President, Franchise Operations, ABM Franchising Group, LLC, 501 Technology Drive, Suite 3000, Canonsburg, Pennsylvania 15317.

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If ABM Franchising Group, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever comes first. Iowa requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If ABM Franchising Group, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agencies listed in Exhibit F.

The franchisor is ABM Franchising Group, LLC, located at 501 Technology Drive, Suite 3000, Canonsburg, Pennsylvania 15317. Its telephone number is (724) 873-2940.

FDD Issuance date: January 24, ~~2025~~2024

The franchise sellers for this TEGG® Service franchise offering are ~~Bruce Phibbs~~Kelly Pnacek, **Martin Keyser**, **Jason Huber**, **Jason Monaghan**, and ~~Loren Smith~~Kim Fisher at ABM Franchising Group, LLC, 501 Technology Dr., Suite 3000, Canonsburg, Pennsylvania 15317, Phone: 724.873.2940.

ABM Franchising Group, LLC authorizes the respective agencies identified on Exhibit G to receive service of process for it in the particular state.

I received a Disclosure Document dated January 24, ~~2025~~2024, that included the following Exhibits:

- | | |
|----------------------------------|--|
| A. Franchise Agreement | I. Franchisees Who Left the System |
| B. Guarantee | During Our Last Fiscal Year |
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| F. State Administrators | K. COM Table of Contents |
| G. Agents for Service of Process | L. State Addenda to the Disclosure Document |
| H. List of Franchises | M. Franchise Agreement Riders for Certain Registration |
| | States |
| | N. Receipt |

Signature

Print Name

Company Name

Home Address

Date

Control No.

PLEASE SIGN THIS RECEIPT IN DUPLICATE, RETAIN ONE FOR YOUR RECORDS, AND RETURN ONE SIGNED COPY: Martin Keyser, Senior Vice President, Franchise Operations, ABM Franchising Group, LLC, 501 Technology Drive, Suite 3000, Canonsburg, Pennsylvania 15317.