

## FRANCHISE DISCLOSURE DOCUMENT



**SPHERION STAFFING, LLC**  
(A Delaware Limited Liability Company)  
One Overton Park  
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Atlanta, GA 30339  
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[www.spherion.com](http://www.spherion.com)

Spherion Staffing, LLC offers franchises in the business of providing clients with high quality staffing services. The total investment necessary to begin operation of a Spherion franchise is \$110,500 to \$177,900. This includes the initial franchise fee of \$35,000 that must be paid to Spherion.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make 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 Sandra K. Mazur at One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339 and (770) 303-6770.

The terms of your contract will govern your franchise relationship. Don't 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, like a lawyer or an accountant.

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

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

Issue Date: April 25, 2018

## STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit K for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

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

1. THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO SUE FRANCHISOR ONLY IN THE COURT(S) COVERING THE LOCATION AT WHICH FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS AT THE TIME OF THE ACTION OR WHERE FRANCHISOR HAS ITS PRINCIPAL PLACE OF BUSINESS AT THE TIME THE ACTION IS COMMENCED, SUBJECT TO STATE LAW. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE FRANCHISOR IN THIS LOCATION THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT STATES THAT GEORGIA LAW GOVERNS THE AGREEMENT, SUBJECT TO STATE LAW, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Even though the franchise agreement provides that "home state" law applies, local law may supersede it in your state. Please refer to any state specific addendum that may be attached to the disclosure document for details.

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

Effective Date: See the next page for state effective dates

### **STATE EFFECTIVE DATES**

The following states 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.

The effective dates of this disclosure document or of our exemption in the states listed below are:

<b>STATE</b>	<b>EFFECTIVE DATE</b>
California*	
Hawaii*	
Illinois*	
Indiana*	
Maryland*	
Michigan	
Minnesota*	
New York*	
North Dakota*	
Rhode Island*	
South Dakota*	
Virginia*	
Washington*	
Wisconsin	

\* These states require that additional disclosure be provided in an Addendum which is contained in Exhibit O to this disclosure document.

Additional disclosures required by Illinois and Michigan are included in the pages that immediately follow.

## **NOTICE**

### **Addendum required by the State of Illinois**

**The State of Illinois 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.**

1. Item 17.f is supplemented with the following language:

The conditions under which your Franchise Agreement may be terminated and your rights upon non-renewal may be affected by Illinois Law, 815 ILCS 705/19 and 705/20.

2. The Summary in Item 17.v is deleted and replaced by the following Summary:

Illinois law provides that jurisdiction and venue for all litigation claims brought under Section 27 will be in the State of Illinois.

3. The Summary in Item 17.w is deleted and replaced by the following Summary:

Illinois law provides that Illinois law will govern the Agreement.

4. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void."

## **NOTICE**

**The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.**

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

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and 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 provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

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

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

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

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

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

- (ii) The fact that the proposed transferee is competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchise unless provision has been made for providing the required contractual services.

**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 the notice should be directed to the Michigan Department of Attorney General, Franchise Unit, P.O. Box 30213, Lansing, MI 48909, (517) 373-7117.

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

**Franchisor**

The franchisor is Spherion Staffing, LLC ("Spherion"). To simplify the language of this disclosure document, the terms "we," "us," "our," "ours" and "the Company" refer to Spherion. "You," "your" and "yours" refer to the individual awarded the franchise, the entity formed by that individual for the operation of the business described in this disclosure document, the shareholders or members of that entity if it is a corporation or limited liability company and the partners of that entity if it is a partnership. We will be your franchisor.

We are Spherion Staffing, LLC, a successor-in-interest to SFN Professional Services, LLC, which was previously known as Spherion Atlantic Enterprises, LLC. We are a Delaware limited liability company incorporated October 22, 2008. Our principal business address is One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339.

**Parents**

We are a single-member LLC, and our sole member is SFN Group, LLC. SFN Group, LLC's sole member is Randstad North America, Inc. ("Randstad North America"). The sole shareholder of Randstad North America is Randstad Luxembourg UK Limited, which in turn is wholly owned by Randstad Group UK. Randstad Group UK is wholly owned by Randstad Luxembourg North America S.a.r.l., which in turn is wholly owned by Randstad Group Luxembourg S.a.r.l.

Randstad Group Luxembourg S.a.r.l. is wholly owned by our ultimate parent entity, Randstad N.V. ("Randstad Holding").

The formation date, jurisdiction of formation, and principal business address of each of our parent entities are as follows:

<b><u>Parent</u></b>	<b><u>Formation Date</u></b>	<b><u>Jurisdiction of Formation</u></b>	<b><u>Principal Business Address</u></b>
SFN Group, LLC	09/15/1987	Delaware	One Overton Park, 3625 Cumberland Blvd., Ste 600, Atlanta, GA 30339
Randstad North America, Inc.	08/24/1998	Delaware	One Overton Park, 3625 Cumberland Blvd., Ste 600, Atlanta, GA 30339
Randstad Luxembourg UK Limited	12/20/2013	United Kingdom	1 <sup>ST</sup> Floor Randstad Court, Laporte Way, Luton, Bedfordshire,. LU4 8SB, United Kingdom
Randstad Group UK	08/20/1999	United Kingdom	1 <sup>ST</sup> Floor Randstad Court, Laporte Way, Luton, Bedfordshire,. LU4 8SB, United Kingdom

Randstad Luxembourg North America, S.a.r.l.	07/21/2008	Luxembourg	145 rue du Kiem, L-8030, Strassen, Luxembourg
Randstad Group Luxembourg S.a.r.l.	05/29/2008	Luxembourg	145 rue du Kiem, L-8030, Strassen, Luxembourg
Randstad N.V.	12/29/1989	Netherlands	Diemermere 25, NL-1112 TC Diemen, Netherlands

### Predecessors

Our predecessors within the last ten years are Spherion Atlantic Enterprises, LLC (the former name of SFN Professional Services, LLC) and Spherion Corporation (the former name of SFN Group, Inc.). The principal business address for both of these entities was 2050 Spectrum Boulevard, Ft. Lauderdale, Florida 33309.

### Affiliates

Our affiliate Randstad Professionals US, LLC, a Delaware limited liability company, was formed December 3, 2002, and its principal business address is One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339. Our affiliate Temp Force, LLC, a Delaware limited liability company, was formed October 30, 1998, and its principal business address is One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339. Employees of Randstad North America and related companies perform administrative services and other services for and on behalf of Spherion and other affiliates pursuant to agreements between these companies. Our affiliates also include SFN's wholly owned subsidiary Spherion Financial Corporation ("SFC"), a Delaware corporation incorporated July 11, 1990. SFC has its principal business offices at One Overton Park, 3625 Cumberland Blvd, Suite 600, Atlanta, GA 30339.

### Name Franchisor Uses to Conduct Business

We offer the franchise described in this disclosure document under the name Spherion®.

### Agents for Service of Process

Our agents for service of process are listed in Exhibit L.

### Type of Business Organization Used by Franchisor

We are a Delaware limited liability company.

### Franchisor's Business and Franchises Offered

*Our Businesses.* Our principal business is staffing through identifying, recruiting, assessing and deploying talent for a wide variety of businesses. We provide a range of workforce solutions including temporary staffing, managed services, and permanent placement. We provide temporary staffing and permanent placement services of office, clerical, secretarial, and marketing personnel, and semi-skilled and unskilled industrial personnel, such as assembly,

food service, materials handling, warehouse and distribution logistic personnel, primarily to commercial establishments ("Franchised Services").

We provide staffing services to our customers solely through franchised offices. Offices may be free standing or located at a client location (client location offices variously referred to as "on-site", "on-premise" or "in-house"). Company-owned Spherion® branded offices formerly operated by an affiliate of SFN Group, Inc. were transitioned to the Randstad® brand during 2012, and are now operated by an affiliate of Randstad North America.

*Franchise Agreements.* Under our Franchise Program (to which this disclosure document applies), the franchisee will provide the Franchised Services within a specified area (the "Area"). The franchisee will develop and support customers, applicants for permanent placement and temporary employees on our behalf using our trademarks, service marks, trade names, procedures, techniques, and the goodwill associated with them. The customers, applicants for permanent services, and temporary employees belong to us. We will pay the franchisee a commission calculated as a percentage of gross profit from the franchisee's sales.

*Professional Services Addendum.* For certain franchisees, we may elect to offer an addendum to their agreements that expands the services that the franchisee can provide to include the following professional services: temporary and employer paid direct hire placement services of legal, paralegal, accounting, engineering, technical and management personnel. To be offered the addendum, the factors that we will discretionarily consider, among other things, are that the franchisees must be in a market where there is no Professional Services segment office; satisfy us that they have the management skills and financial wherewithal to successfully operate this additional business; designate or hire a full time professional services person for their staff; attend the necessary training; provide the necessary office space and telephone for their professional services person; and strictly adhere to all policies and procedures applicable to the professional services business. The Professional Services Addendum, which is available to you only if we elect to offer the Addendum and you meet the criteria above, is attached as Exhibit B to this disclosure document.

*Area-Based Franchise Program.* We no longer offer the Area-Based Franchise Program, but we still have some franchisees operating under this program and under the Spherion® trademark in association with this program. Under our Area-Based Franchise Program, the franchisee provides the Franchised Services within a specified area. The area-based franchisee develops and supports customers, applicants for direct hire placement and temporary employees using our trademarks, service marks, trade names, procedures, techniques, and the goodwill associated with them. Upon termination or non-renewal of the area-based franchise agreement, all temporary employees, applicants, customers and goodwill belong to us. All obligations the area-based franchisee incurs during the term of the area-based franchise agreement are exclusively the area-based franchisee's obligation. During the term of the area-based franchise agreement, the area-based franchisee pays us a royalty calculated as a percentage of its sales of the franchised services. Our area-based franchisees made a substantially larger working capital investment than our franchisees because the area-based franchisee must cover temporary employee wages and direct costs until the corresponding account receivables are collected. This disclosure document applies to the Franchise Program and not the Area-Based Franchise Program.

*The Market and the Competition.* The market for the services you provide is developed and continues to evolve. You will compete with local and national companies that provide staffing services and permanent placement services for office, clerical, secretarial, marketing and light industrial personnel (and the professional occupations if you are offered the Professional Services Addendum). And, you may compete with the offices of Randstad North America or its affiliates.

*Industry-Specific Regulations.* You must comply with all local, state and federal laws that apply to your operations, including health, sanitation, insurance, no smoking, EEOC, OSHA, discrimination, employment, sexual harassment laws, the Affordable Care Act (the "ACA"), and the Fair Labor Standards Act. Some states require you to obtain a license to provide employment services. You should consult with your attorney concerning these and other laws and ordinances that may affect your operations.

#### Prior Business Experience of Franchisor, Predecessors and Affiliates.

We or our predecessors have been in the staffing business since 1946. We or our predecessors have been franchising and operating in the staffing business since 1956.

Our affiliate Randstad Professionals US, LLC ("RPUS") has a single franchised office in the Professional Services staffing business, but is not offering new franchises. This RPUS franchise formerly operated under the Accountants International name, but now operates under the Randstad Professionals name. RPUS or a predecessor has been in the staffing business since 1986 and first franchised in 1994.

Our affiliate Temp Force, LLC, whose 99.9% member is Randstad North America, Inc., has franchised offices in the Staffing Services business under the TempForce®, Accustaff® and e-Staff® names, but is not offering new franchises. It or a predecessor has been in the staffing business since the 1970's and first franchised in 1986.

SFC is a Delaware corporation which formerly offered financing to our franchisees, except in California. It does not franchise.

We, our predecessors and affiliates have not offered franchises in any lines of business other than the staffing business.

## **ITEM 2** **BUSINESS EXPERIENCE**

#### Chief Executive Officer of Randstad North America, Inc.; President, Spherion Staffing, LLC; Member of the Executive Board, Randstad Holding, nv: Linda Galipeau

Ms. Galipeau has been a member of the Executive Board of Randstad Holding, nv since 2012 and is currently the Chief Executive Officer of Randstad North America, Inc. and our President. She was previously the President of Randstad General Staffing in Atlanta, Georgia from 2008 to 2012.

Division President: Sandra K. Mazur

Ms. Mazur became our Division President in April 2012. She was promoted from Executive Vice President, the position she held from October 2008 through April 2012 and has been located in the Company's Atlanta area offices that entire time. She has worked with the Company and its predecessors for more than nineteen (19) years.

Regional Vice President, Franchise Sales and Operations: Bill Tasillo

Mr. Tasillo became our Franchise Sales and Region Vice President in June of 2012. Before that, he was Senior Manager of Franchise Sales and Operations of Randstad USA from June 2006 until June 2012. Mr. Tasillo is located in Destin, FL, and prior to joining us, Mr. Tasillo had worked with Randstad for more than twenty (20) years.

Senior Vice President: Patti Dunning

Ms. Dunning became our Regional Vice President in February 2007 and our Senior Vice President in December 2014 and has been located in Greensboro, NC and more recently Wilmington, NC that entire time. She has worked with the Company and its predecessors for more than twenty-four (24) years.

Senior Vice President: Lynn Billing

Ms. Billing became our Regional Vice President in May 2010 and our Senior Vice President in December 2014. From November 2006 to May 2010 Ms. Billing was Regional Vice President, Atlanta Market, for SFN and has been located in the Company's Atlanta area offices that entire time. She has worked with the Company and its predecessors for more than fifteen (15) years.

Senior Vice President: Kathryn George

Ms. George became our Regional Vice President in July of 2012 and our Senior Vice President in December 2014. Before that, she worked as Director of Operations, Franchise/License Division at SFN from January 2010 to June 2012. Ms. George was the Area Manager, Temporary Staffing at Career Blazers in New York City from April 2009 to December 2009. Before that, she worked at SFN as Director of Operations for the Northeast/North Atlantic Region from March 2005 to February 2008, and was then Director of Operations and Training at Todays Office Professionals (a division of SFN), from March 2008 to November 2008. Ms. George has been located in North Brunswick, NJ the entire time. Her work with the Company and its predecessors totals more than twelve (12) years.

Senior Director, Owner Relations: Nanci Schulman

Ms. Schulman became our Director, Owner Relations in January 2008. From September 2004 to January 2008 Ms. Schulman was our Senior Manager, Owner Relations. Ms. Schulman has worked out of our Ft. Lauderdale, Florida office that entire time. She has worked with the Company and its predecessors for more than twenty (20) years.

Director, Franchise Business: Brandon Neurohr

Mr. Neurohr became our Director of Franchise Business in 2017. Mr. Neurohr has worked for Randstad for twelve (12) years and has supported the Company since 2012.

Chief Legal Officer, Randstad North America, Inc.; Secretary, Spherion Staffing, LLC: Jay Ferguson

Mr. Ferguson became Chief Legal Officer of Randstad North America in 2012 and became our Secretary in 2013. Before that, he served as General Counsel of Randstad General Staffing in Atlanta, GA from 2009 to 2012, and was a Partner at Duane Morris, LLP in Atlanta, Georgia, where he was employed between 2003 and 2009.

CFO US Randstad North America; Vice President & Treasurer, Spherion Staffing, LLC: Ben Elliott

Mr. Elliott became Managing Director of Finance & Administration of Randstad General Staffing in Atlanta, Georgia in 2001 and CFO US Randstad North America in March of 2015.

**ITEM 3  
LITIGATION**

**Pending Litigation**

None.

**Concluded Litigation**

William Norton, on behalf of himself and a class of others similarly situated, v. Boghosian Raisin Packing Co., Inc., a California Corporation, and Does 1 through 25, inclusive, filed May 5, 2015 in the Superior Court, Fresno County, CA, Case Number 15CECG01220. This is a class action wage-hour case filed by a former temporary employee of Spherion in California, alleging violations of the California Labor Code and the Unfair Competition Law, California Business & Professions Code Sections 17200 et seq. The class seeks damages and penalties for alleged violations of the Labor Code and restitution and disgorgement of all sums wrongfully obtained by the alleged violations of the Labor Code. Norton did not initially name Spherion Staffing, LLC as a defendant in this lawsuit. However, on March 29, 2016, Norton amended his complaint to include Spherion as a named defendant. The lawsuit was served on Spherion on April 7, 2016. Co-defendant Boghosian Raising Packaging moved to strike Norton's amendment to the complaint, which motion was granted on May 24, 2016, and the case was dismissed against Spherion.

Kimberly McClellan and Laura Loveless, individually and on behalf of all others similarly situated, v. SFN Group, Inc., SFN Professional Services, LLC and Spherion Atlantic Enterprises, LLC, all doing business as Spherion, and Spherion, a business entity form unknown, and Does 1 through 100, inclusive, filed November 21, 2010 in the Superior Court, Alameda County, CA, Case Number RG10548293. This was a class action wage-hour case filed by branch employees of Spherion in California, alleging violations of the California Labor Code and Industrial Wage Commission Orders and violations of the Unfair Competition Law ("UCL"), California Business &

Professions Code Sections 17200 et seq. The class sought injunctive relief ordering proper record keeping and payment of overtime wages. It also sought damages and penalties for alleged violations of the Labor Code and restitution and/or disgorgement of all sums wrongfully obtained by the alleged violation of the UCL. McClellan and Loveless alleged that overtime wages were not paid or provided to the classes during a four year period prior to the filing of the Complaint. They also alleged that Spherion did not provide itemized wage statements and failed to provide final wages in a timely manner. McClellan and the class sought an unspecified amount of overtime wages, interest and penalties, as well as reasonable costs of suit and attorneys' fees. The matter has been settled by the parties as follows: (1) without admitting any liability, Spherion paid a total of \$550,000 in settlement funds and attorneys' fees to the class of Customer Service Specialists ("CSSs") in California; and (2) the class claims of the Spherion Branch Managers were dismissed. The settlement agreement was entered into on June 1, 2012.

*Brittany Jones, individually, and on behalf of all other members of the general public similarly situated, and as an aggrieved employee under the Private Attorneys General Act ("PAGA") v Spherion Staffing, LLC, a Delaware limited liability company; SFN Group, Inc., a Delaware corporation; and Does 1 to 10, inclusive,* filed June 20, 2011 in the Superior Court, Los Angeles County, CA. This was a class action wage-hour case filed by temporary employees of Spherion and UPS in Los Angeles, CA, alleging violations of the California Labor Code and Industrial Wage Commission Orders and violations of the Unfair Competition Law ("UCL"), California Business & Professions Code Sections 17200 et seq. Jones and the others alleged that overtime wages, meal breaks and rest periods were not paid or provided to the classes during a four year period prior to filing the Complaint. They also alleged that Spherion did not provide itemized wage statements and failed to provide final wages in a timely manner. Jones and the others were seeking damages, restitution, penalties, and attorney's fees in excess of \$25,000 but not to exceed \$5,000,000. Spherion filed a motion for judgment on the pleadings on May 18, 2012, and on August 7, 2012, the court granted the motion in part. The plaintiff filed an amended complaint on August 17, 2012. Spherion filed a motion to dismiss the amended complaint on August 31, 2012. The matter was settled by the parties as follows: (1) without admitting any liability, Spherion paid a total of \$18,000 in settlement funds and attorneys' fees to Jones as an individual, and (2) plaintiff voluntarily dismissed any remaining claims.

*Monica Morrow, Lisa Schaffer, Brenda Silvas, Maxima Minjares, and Maria Lourdes Perez, individuals, on their own behalf, and on behalf of others similarly situated, v. Avon Products, Inc.; Spherion Staffing, LLC; and Does 1-100, inclusive,* filed August 12, 2011 in the Superior Court, Los Angeles County, CA, Case Number BC467304. This was a class action wage hour case filed by temporary employees of Spherion alleging violations of the California Labor Code and Industrial Wage Commission Orders and violations of the Unfair Competition Law ("UCL"), California Business & Professions Code Sections 17200 el seq. The employees worked as non-exempt assemblers for Avon in Pasadena, CA, where they alleged that Spherion did not allow or pay for overtime wages, meal breaks and rest periods provided to the classes during a four year period prior to filing the Complaint. They also alleged that Spherion did not provide itemized wage statements, failed to provide final wages in a timely manner and did forfeit vacation pay. Morrow and the others sought damages in the amount of \$5,829,785. A mediation was held on May 15, 2012 where the matter was settled with Spherion agreeing to pay \$425,000 in total damages and attorney fees without admitting liability. The settlement

agreement was entered into on October 23, 2012.

Cross & Associates of Gainesville, Inc. v. SFN Professional Services, LLC f/k/a Spherion Atlantic Enterprises, LLC, filed May 8, 2012, and as amended on September 4, 2012, in the Circuit Court of the 17<sup>th</sup> Judicial Circuit in and for Broward County, FL, Case No. 12-13271 (25). Cross & Associates sued SFN Professional Services for breach of agreement. Plaintiff is a former franchisee which sold its business to us in May 2007 and entered into an Agreement to Terminate License. Plaintiff contended that its sole owner, director and officer was, at the time of the sale and as a result of developments in his personal life, so mentally deficient, unsound in mind, and of such diminished intellectual capacity that he was incapable of managing the ordinary affairs of his life, including the business. Plaintiff claimed that it was damaged in the sale of the business in the amount of \$381,036.23. We answered as the franchisor and denied the allegations. On November 5, 2012, based upon language contained in the License Agreement and common law indemnification, we filed a third-party complaint against Trenchard M. Cross, the sole director and officer of Cross & Associates. We alleged that Trenchard M. Cross's acts, errors, or omissions were the cause of any damages that may have been suffered by the plaintiff. The case was settled in September of 2014 with the payment by Spherion of \$26,000 to Cross & Associates of Gainesville, Inc.

Glidepath Holding B.V. and Jeimon Holdings N.V. v. Spherion Corporation, filed December 13, 2004, and as amended on January 13, 2005 and October 31, 2005, in the U.S. District Court of the Southern District of New York, Case No. 04 CV 9758. Glidepath and Jeimon Holdings, investors in the entity that purchased the Cyber Center business of Spherion Technology (UK) Limited, a subsidiary of Spherion, in late June/early July 2002, sued Spherion for fraud, negligent misrepresentation, aiding and abetting breach of fiduciary duty and unjust enrichment and sought \$32 million in damages, and trebling for punitive damages, attorney fees, expert fees and costs. Glidepath and Jeimon Holdings allege that an individual who was an officer of Spherion Technology (UK), induced them to invest in a corporation, formed to purchase the Cyber Center business, while he remained in the employ of Spherion Technology (UK), and was to be paid an incentive bonus for the sale. They allege that he misled them as to his employment status at the time, as to the prospects for Cyber Center, and as to whether the newly formed corporation was assuming the indebtedness of Spherion Technology (UK) associated with the Cyber Center business. They alleged that in doing so, he was acting as SFN's agent. SFN denied the allegations. On November 14, 2008, based upon information obtained through discovery, SFN filed counterclaims against Glidepath and Jeimon under theories of contract interference and unjust enrichment. SFN alleged that Glidepath and Jeimon interfered with SFN's employment relationship with its Spherion Technology (UK) Limited officer, and recovered and retained damages in a U.K. arbitration proceeding against such officer, which damages belonged to SFN. Cross-motions for summary judgment were filed by the parties and fully briefed before the Court on May 1, 2009. On March 30, 2010, the U.S. District Court for the Southern District of New York granted SFN Group's motion for summary judgment in the action filed against SFN Group by Glidepath Holding B.V. and Jeimon Holdings N.V., and dismissed plaintiffs' claims against SFN Group. The court also granted the plaintiffs' motion for summary judgment on counterclaims asserted by the SFN Group against the plaintiffs and dismissed SFN Group's counterclaims against the plaintiffs. The plaintiffs appealed the judgment granting SFN Group's motion for summary judgment, and SFN Group cross-appealed the judgment granting the plaintiffs' motion for summary judgment. On August 3, 2011, the United States Court of Appeals for the Second Circuit affirmed the district court's

decisions.

Cynthia Flud, Twyla Watkins, Precious Woods, and Shelly Sprouse (on behalf of themselves and a class of others similarly situated) v. Spherion Pacific Workforce LLC, Interim Personnel of Fresno, Inc., ACS Education Services, Inc. and Does I through 100, inclusive, filed October 13, 2006 in the Superior Court, Kern County, CA, Case Number S-1500-CV-259321. This was a class action filed by former temporary employees of Spherion working through a franchised office in Bakersfield, California operated by Interim Personnel of Fresno, Inc. Flud and the others alleged fraud, breach of contract, failure to pay wages and/or overtime according to California Labor Code Sections 204, 212 and 221; failure to allow meal and rest breaks according to California Labor Code Section 226.7 and California IWC Wage Order 4 Sections 11 and 12; failure to keep accurate information according to California Labor Codes 226 and 226.3 and California IWC Wage Order 4 Section 7; waiting time penalties under California Labor Codes 201 and 203; and violation of California Business and Professions Code Section 17200. Flud and the others sought an unspecified amount of compensatory and liquidated damages, interest and penalties as well as reasonable costs of suit and attorney's fees. On March of 2010 the parties agreed to a settlement. On September 8, 2010, the Court issued an Order of Final Approval of the Settlement in the amount of \$1.3 million.

The District Attorney for Kern County California filed a Civil Action against Spherion Corporation on October 7, 2005, The People of the State of California v Spherion Corporation; and Does 1 through 30, inclusive, in the Superior Court of California, County of Kern-Metropolitan Division, CF-5095, alleging we engaged in Unlawful and Unfair Business Practices by wrongfully and willfully failing to pay wages in violation of California Law, and requesting civil penalties in excess of \$50,000, restitution in the form of wages for certain of our employees, and injunctive relief to prevent further instances of alleged unfair conduct, including a permanent injunction to prevent violations of California Labor Code section 203 et seq. The District Attorney later amended the Complaint to include an additional allegation that we made misrepresentations in connection with our use of pay cards for the employees in violation of California Business and Professions Code Section 17500. They changed their request for civil penalties to \$2500 per violation, but in no event less than \$2,000,000. The allegations arose out of our staffing of a call center in Bakersfield, CA for our client ACS, and their client, the Red Cross, which handled Hurricane Katrina relief calls. In a Notice of Entry of Final Decision and Judgment (the "Final Decision and Judgment") entered February 25, 2008, the Court found that Spherion engaged in unfair business practices in violation of the California Labor Code based on multiple failures to timely (within 6 days of payday) pay its employees at the site. It attributed this to "Spherion being unable to manage and control its business operation rather than an unwillingness to do so." The Court found we did not violate California Business and Professions Code Section 17500 and found that the use of pay cards did not violate the California Labor Code. In its Final Decision and Judgment, the Court levied a fine for only \$242,650 and entered a permanent injunction against Spherion, and any officer, director, agent, representative or employee acting on its behalf, from future violation of Sections 204 and 212 of the Labor Code within the State of California. The Court found that the restitution as to wages had already been made. The Final Decision and Judgment is final. In a ruling made on May 27, 2008, the Court also awarded Kern County a portion of the costs requested by its District Attorney--\$68,915 of \$184,423 requested. A Cost Order in the amount of \$68,915 was entered.

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

**ITEM 4  
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

You must pay us an initial franchise fee when you sign the Franchise Agreement. We will not refund any portion of the initial franchise fee after we sign the Franchise Agreement. The initial franchise fee varies as described in the following paragraphs.

A purchaser of an undeveloped market will pay us a franchise fee of \$35,000. The owner of an existing business that provides services similar to those the Franchise Agreement authorizes and that wishes to convert to our franchise will pay a franchise fee of \$5,000 when we sign the Franchise Agreement. If you are of a minority ethnic group under the US Small Business Administration rules, we offer a 25% discount on the franchise fee—so you would pay us \$26,250. As a member of the International Franchise Association, we participate in the IFA's VetFran program, offering a 25% discount on our initial franchise fee to veterans of the US armed forces who otherwise meet the requirements of the VetFran program—so if you meet those requirements, you would pay us \$26,250. If you have a minimum of 5 years' experience working within the staffing industry, we offer a discounted franchise fee of \$26,250.

A purchaser of an existing franchisee's business must deliver to us a signed copy of the purchase agreement, along with a certified or cashier's check for \$10,000 as a deposit. If we approve the purchase, we will keep the \$10,000 deposit as a nonrefundable transfer fee, in lieu of the initial franchise fee described above. If we do not approve the purchase, or if we timely exercise our right of first refusal, we will immediately return the \$10,000 deposit.

A number of franchisees elect to engage in Yellow Pages® advertising. If this is your choice, then under an arrangement with Directory Systems Group, Inc. ("DSG"), DSG will provide you with national rates at the same cost as local published rates. You are free to deal directly with DSG or with another agency of your choice. If you choose DSG, we will advance DSG your annual fee, which you will then be obligated to reimburse us over 12 monthly payments. During the last fiscal year, the pre-opening cost for one year of national yellow pages advertising ranged from \$150 to \$500 per office. The actual cost will depend on size, number, and location of the advertising you choose. The actual cost will depend on directory, size of ad and the number of ads you purchase.

Except as noted above, initial franchise fees are payable in lump sum.

**ITEM 6**  
**OTHER FEES**

Name of Fee <sup>(1)</sup>	Amount	Date Due <sup>(2)</sup>	Remarks
Temporary Sales Fee	See Note 3.	Within 30 days after the end of each Accounting Period (as defined in Note 2).	See Note 4 for the definition of Temporary Gross Profits.
Full-Time Placement Fee	See Note 5.	Within 30 days after the end of each Accounting Period.	
Computer System Support Fee	\$200 per site (subject to change on 30 days' notice)	We deduct this monthly from your commission.	This fee for your "front office" system covers software upgrades and telephone support from our Call Center.
Management Information Services and Technology Enhancement Fee (MISTEF)	See Note 6.	We deduct this monthly from your commission.	This fee for your "back office" system covers the payroll and billing services we perform.
Prove It! maintenance fee	Not currently passed on, but at this time the license fee is \$440 per site plus any applicable sales tax; and is subject to vendor increases	If we change our policy, we will deduct this from your commission annually.	We currently pay this license fee once a year to IBM Kenexa for Prove It!, for the computer software we provide to you for applicant testing. We may change this policy in the future, and charge it back to you.
Gross Profit Quota Fee	Will vary under circumstances (see note 7)	Within 30 days after billing	Payable in each Fiscal Year in which you fail to attain the Gross Profit Quota contained in Schedule 2 of Franchise Agreement (See note 7).

<b>Name of Fee<sup>(1)</sup></b>	<b>Amount</b>	<b>Date Due<sup>(2)</sup></b>	<b>Remarks</b>
Brand Awareness	0.25% of Sales	We deduct this from your commission or we may bill you monthly.	We match your contributions by spending an equal amount on name awareness.
Reimbursement For Direct Mailings	Our costs for production and postage	We bill you as we incur this expense and deduct the amount you owe from your commission.	You must reimburse us for our production and postage expenses if we send direct mailings to current or prospective customers, full-time placement applicants and temporary employees.
Accounts Receivable Funding Fee on Accounts Receivable over 60 days old	See Note 8.	We deduct this from your monthly commission.	
Uncollectible Customer Billings	Will vary under circumstances	We deduct this from your monthly commission.	See Note 9.
Temporary Employee Wages	Will vary under circumstances	We deduct this from your commission.	We deduct from your commission any temporary employees' wages we paid which we determine were based on forged, fraudulent, erroneous or improper time slips.
Area Expansion	\$6,000 per county or parish	Upon signing addendum to Franchise Agreement	You must pay this fee if we allow you to expand your Area.
Purchases from us or our affiliates	Will vary under circumstances	We deduct this from your commission.	We deduct from your commission all amounts you owe us or our affiliates for materials and services.

Name of Fee <sup>(1)</sup>	Amount	Date Due <sup>(2)</sup>	Remarks
Release from non-competition covenants	See Note 10.	See Note 10.	
Indemnification	Will vary under circumstances	Upon demand	You must reimburse us for any Losses and Expenses (as defined in § 19(d) of the Franchise Agreement) resulting from certain of your acts or omissions.
Materials or courses for additional (post initial) training	Will vary depending on what is provided	We deduct from your commission after you attend training.	To cover the cost of courses or materials we may purchase from a third party vendor. (See Note 11).
National Recruiting Center Assistance Fee	25% to 75% of Gross Profit for Temporary Employee Recruited by NRC	Deducted from Monthly commission	Percentage depends on assistance requested by you. (See Note 12).

Notes:

1. We impose and collect all fees. All fees are non-refundable. If you operate more than one office under the Franchise Agreement, all commissions will be consolidated and calculated as one office.

2. Except as otherwise noted, we will deduct fees from your commission within 30 days after the end of each Accounting Period or bill you directly for the amount you owe us. "Accounting Period" means one of twelve four, five, or six week periods, approximately coinciding with the calendar months, as we specifically determine.

3. We pay you your commission on (and we retain the balance of) the Temporary Gross Profits for the Accounting Period. We pay you 75% and retain 25% of the Temporary Gross Profits.

If the net commission for any Accounting Period is less than zero, you must pay us the amount within 30 days after receiving notice of the amount due. If the amount remains unpaid we may deduct it from subsequent commission payments or collect it directly from you.

In certain instances, we may adjust the commission for a specific franchisee for a temporary period of time to achieve specific objectives.

4. "Gross Profits" means the difference between Sales and Direct Costs during any Accounting Period or Fiscal Year. "Sales" means the U.S. Dollar equivalent of all billings (whether collected or not) to customers for goods sold or services rendered by you, including Temporary Sales and Full-Time Placement Sales, and excluding only sales taxes or other taxes which applicable law may require you to collect from customers in connection with the provision of the services, and adjustments or refunds which we have authorized. "Direct Costs" means the sum of: (i) the temporary employee gross payroll and other direct labor costs (including payroll taxes, local, county or state headcount taxes and taxes based on sales or gross receipts which are not separately collected from customers); (ii) our accrued expenses (as we determine) relating to workers' compensation, liability, bonding or other insurance and related allocations and deductibles, transportation, vacation, holiday or sick pay, profit sharing, health insurance or other fringe benefit costs, and any other tax or cost which is levied on or directly measured by headcount, sales, hours, temporary employee wages which we pay or incur (including gross receipts tax) with respect to any Accounting Period or Fiscal Year; and (iii) the costs of any services, non-standard benefits, materials, equipment, products or other consumables which customers have agreed to pay and for which there is a separate charge on the invoice. "Temporary Sales" means the U.S. Dollar equivalent of all billings (whether collected or not) to customers for goods sold or services rendered by temporary employees you provide on our behalf, including any liquidated damages and buy-outs relating to those Temporary Employees, and excluding only sales taxes or other taxes which you are required by law to collect from customers for the services you provide and adjustments or refunds which we have authorized. "Temporary Gross Profit" means the difference between Temporary Sales and Direct Costs associated with Temporary Sales during any Accounting Period or Fiscal Year.

#### Workers' Compensation Insurance

We allocate back to you the costs we incur for providing workers' compensation for the Temporary Employees as part of our Direct Costs (see above). Workers' compensation is a significant cost, and can be a significant factor in determining your commission. The current Worker's Compensation allocation system (in place since FY 2003) is described in the following five paragraphs:

The basic premise of our workers' compensation allocation system is that we allocate among our franchisees our Franchise Division's workers' compensation costs annually. We have determined it to be cost effective to have a \$2 million retention per claim. We buy insurance to cover claims over that. So the cost to be allocated is the premium for that insurance, plus the accrual for estimated costs of claims occurring during the year under \$2 million, plus other costs to administer the program such as the cost of outside administration of the claims. That cost is allocated back to individual offices.

Here is how we arrive at that cost to be allocated. There is a modifier (currently 1.0) which is multiplied times a composite state base rate for the type of position being filled by a Temporary Employee. Then there is the deductible per claim that is charged back to an individual office, plus the lost time surcharge that is also charged back to the office. The modifier is designed to allocate all program costs over and above the deductible and lost time surcharges. Each year, our Risk Management and Accounting Departments perform a financial analysis, estimate what the cost of the entire program will be for the coming year with the help of our outside actuaries, and using that cost estimate then calculate what the base modifier

plus the estimated amounts for the deductible and surcharges will need to be in order to cover the costs, and sets the base modifier accordingly. At the end of the year, they do another analysis with the actuaries to determine an updated cost for the year (which includes, among other items, amounts paid on claims occurring during the year and estimates of the future costs of any of those claims which remain unresolved at year end) and compares that to what was charged during the year based on the initial estimates. In that end of year analysis, we determine whether we are over or under in the amounts allocated on your commission statements during the year for the workers' compensation costs for the Division (see the next paragraph for more detail)—if the division allocation is over or under we will calculate a rebate or charge respectively for each owner based on the premiums paid during the year. Deficits will be charged out on your commission statements equally over the subsequent 12 month period. Once we have established the cost for a year, we do not adjust it in subsequent years up or down, even if subsequent actuarial reviews of prior years' unresolved claims go up or down.

On an Accounting Period basis, the allocation system is comprised of premium, deductible, and lost time charges. In each Accounting Period your commission statement will reflect premium amounts based on the job classifications in which the Temporary Employees are working. These classifications are grouped together in segments to reduce the number of classifications. Each classification corresponds with your state's rates (based on the most recent data available at budgeting time each year). Administrative and premium costs incurred by our insurer are added to the rates, which are then multiplied by the payroll and a modifier (presently at 1.0) to determine your premium charges. Deductible charges are presently \$27,500 per claim of the incurred loss amount as determined by our third party adjustor. Lost Time surcharges are \$2,500 per 30 days an employee is out of work, up to 150 days. The net result is that if you have serious claims, you can be charged up to \$40,000 per claim, including lost time charges. The deductible amount can be substantially higher (up to \$50,000 of the incurred loss amount, rather than \$27,500) if an employee is injured while performing a "Restricted Task" without our express written consent. A "Restricted Task" is a particular job we have determined presents an inordinate risk of injury to our employees (see Schedule 2 to Exhibit A of this disclosure document, the Franchise Agreement) and cannot be filled without our approval. Additionally, for claims associated with Temporary Employees who have been placed or assigned by you to light industrial positions, \$1500 will be added to your deductible for each claim where Company safety requirements related to such light industrial assignments have not been followed.

The monthly workers' compensation charges under this allocation system can result in cash flow problems if you do not plan accordingly. We offer two different financing options if you wish us to assist in smoothing cash flow problems which result from significant workers' compensation claims out of your office.

We may change this workers' compensation allocation system from time to time. If you are in a state where there is a state mandated workers' compensation program (such as Washington, North Dakota, Wyoming or West Virginia) our allocation system will not apply, and your premiums will be calculated in accordance with applicable state laws and regulations.

## Business Insurance

We also deduct from payroll and thus allocate back to you as part of our Direct Costs those amounts needed to acquire insurance and to cover the costs, legal fees and expenses which are incurred before the insurance coverage is available (i.e. the "deductible") and, in some cases, to also cover largely uninsurable risks such as claims under the Fair Labor Standards Act (FLSA). The insurance acquired is General Liability, Professional Liability, Auto, Fidelity and Employment Practices Liability insurance.

General Liability and Professional Liability insurance coverage provides protection for the company against third party claims associated with Customers or the Temporary Employees. General Liability insurance covers the Company if someone were injured on a franchisee's property (i.e., slip and fall), or if a Spherion Temporary Employee causes injury to someone else or damages the Customer's property due to a negligent act. Professional Liability insurance covers the Company against third party claims for financial loss arising out of a negligent error or omission committed by a Temporary Employee in the course of their employment. Fidelity bond insurance protects the Company against Temporary Employee theft claims. Automobile insurance protects the Company against claims from automobile accidents involving owned and non-owned vehicles and automobile claims arise due to accidents that involve, not only our owned vehicles, but also uninsured or underinsured vehicles being driven by the Temporary Employees. Employment Practices Liability insurance coverage protects the Company against gender, race, ethnicity or age discrimination claims and discrimination in hiring, termination or benefits of employment claims and in some instances may protect the Company against certain large-scale wage and hour claims.

The Direct Costs which are charged to franchisees in association with this are 0.06% of payroll for 2018 and we may, from time to time on a year to year basis, change this amount. As noted above, the payroll amounts charged to franchisees are used (i) to purchase the above-described insurance and (ii) to cover the costs, legal fees and expenses (including settlements, judgments and penalties and so forth) which are incurred as part of the "retainage", that is, the amount which must be paid before the insurance coverage becomes available and (iii) to also cover largely uninsurable risks such as claims under the Fair Labor Standards Act (FLSA).

With respect to non-workers' compensation claims associated with Temporary Employees who have been placed or assigned by you, a separate "deductible" is applied which you are first required to pay before payment from the collected funds and insurance coverage is invoked. Your general liability "deductible" is \$25,000 per claim and is charged quarterly based on the incurred amounts of the claims. Your Professional/Fidelity Liability deductible is \$25,000 per claim (\$50,000 if the Temporary Employee was assigned to a Restricted Task) and is charged monthly based on incurred claim cost. The monthly rate charged for Automobile insurance has been incorporated into the General Liability/Professional Liability/Fidelity rate and the deductible is \$25,000 per claim. Your Employment Practices Liability and FLSA-type claims deductible is \$25,000 per claim (\$50,000 if the employee was assigned to a Restricted Task) and is charged quarterly based on the incurred amounts of the claims.

## Healthcare and Benefits Coverage

We allocate back to all franchisees, as a Direct Cost, the costs incurred in offering and providing healthcare and related benefits coverage (including, but not limited to, mandatory ACA coverage) to the Temporary Employees. We have worked with our franchisees to try to assist them in achieving such price increases from Customers as are necessary to cover the additional costs associated with providing healthcare and related benefits coverage, including the costs associated with ACA compliance. The suggested price increases were determined by estimating the total number of temporary employees who would enroll in benefits coverage against our estimated costs of providing coverage plus giving due consideration for increases in enrollments due to the ACA's individual mandate, increases in our employer contributions due to the ACA's affordability requirements for "full-time employees" (as that term is defined by the ACA) and anticipated annual cost increases for medical care and healthcare benefits generally. We also have additional administrative, reporting and communication costs with respect to the provision of healthcare and benefits coverage which are on top of these benefit costs and which also result in an increase in the Direct Cost allocation, and these were also built into the suggested price increases. It is our intention to continue to provide timely information to our franchisees regarding healthcare and related benefits costs so that efforts may be made to try to ensure that these amounts may be fully recovered by pricing to the Customers.

5. We pay you an 88% commission on (and we retain the 12% balance of) the Full-Time Placement Sales in each Fiscal Year. "Full-Time Placement Sales" means the U.S. Dollar equivalent of all billings (whether collected or not) during an Accounting Period for all fees due from Full-Time Placements and retainer searches, including any liquidated damages and buy-outs relating to those Temporary Employees and excluding only sales taxes or other taxes which you are required by law to collect from customers in connection with the services you provide, and less any refund(s) or adjustment(s) given during that same Accounting Period. "Fiscal Year" means the 12 Accounting Periods currently beginning on or about January 1 of any year and ending on or about December 31 of such year, or any other period consisting of 12 Accounting Periods which we establish as our fiscal year.

6. We will begin providing on-line electronic data processing services at the time you open your office. You will pay us the Management Information Services and Technology Enhancement Fee (MISTEF) at the rate of 1.5% of the total gross payroll for Temporary Employees plus 1.5% of Full-Time Placement Sales in each Accounting Period. This fee covers full access and use of Spherion's software for payroll processing and customer billing, back-up and data maintenance services, payroll checks, direct deposit and debit card transactions, time and payroll data entry and all accounts receivable. We have the right to deduct the MISTEF from your monthly commission, but this right will not limit your liability for the fee if we do not make this deduction, or if the fee exceeds the amount of your monthly commission. Currently, we pay the Monthly Communication and Connectivity Charges for the on-line electronic data processing. This practice may change in the future.

7. We will establish Gross Profit Quotas based on temporary help payroll in your area. You must attain or surpass these Gross Profit Quotas during each full calendar year. Gross Profit Quotas for franchisees opening a new office, rather than buying an existing office are:

GP	Market Size			
	Tier 4	Tier 3	Tier 2	Tier 1
Year 1	28,829	28,829	28,829	28,829
Year 2	57,658	57,658	57,658	57,658
Year 3	115,315	115,315	115,315	115,315
Year 4	172,973	172,973	172,973	172,973
Year 5	230,630	230,630	230,630	230,630
Year 6	237,549	253,693	276,756	288,288
Year 7	244,676	272,720	318,270	345,946
Year 8	249,569	286,356	350,097	397,837
Year 9	254,561	294,947	367,602	437,621
Year 10	259,652	303,796	378,630	459,502

The Gross Profit Quota Fee you pay, if you do not attain the Gross Profit Quota, is an amount equal to our percentage of the Gross Profit Quota established for the particular Fiscal Year for which it would be due, calculated per Section 12(a) of the Franchise Agreement (and included in Note 3 above), less our percentage of the actual Gross Profit for such year, calculated in the same way. The four tiers are the largest markets to the smallest (largest being Tier 1) in temporary help payroll. The quotas will be set for each Fiscal Year, but will be determined using the above chart depending on the month you sign the Franchise Agreement. If you sign the Franchise Agreement in the November or December Accounting Period and you are opening a new office rather than buying an existing office, your quota for the first Fiscal Year will be waived, since there would be only one or two Accounting Periods for you in that Fiscal Year. If you are buying an existing office, the quota will be established using the above chart, factoring in the number of years the office has been open and factoring in the current gross profit levels of the office.

8. We will reduce your commission by an Accounts Receivable Funding Fee, based on accounts receivable which are more than 60 days old at the end of each Accounting Period. The rate is calculated by multiplying the variable annual rate (which is the Prime Rate of interest quoted on the first business day of each Accounting Period in the Southeastern Edition of the Wall Street Journal plus one-and-a-half percentage points) by 30/365, with the result multiplied by the amount over 60 days ([Prime Rate + 1.5%] x 30/365 x AR over 60 days).

9. We also will deduct from your commission: (i) the amount of previous billings to a customer that both you and we determine are uncollectible within 270 days from the date we billed the customer (except that a Customer's bankruptcy or equivalent proceeding will automatically cause all previous billings to be considered uncollectible); and (ii) the amount of previous billings to a customer which remain uncollected 270 days from the date we billed the customer, regardless of any agreement between you and us, or evidence as to the ultimate collectability. We also will deduct from your commission the amount by which any customer account receivable over 90 days old exceeds the credit limit established according to our procedures for the customer by either 25% or \$50,000. If we subsequently collect accounts receivable after we have deducted the applicable amounts from your commission, we will reimburse you for the net recovery.

10. If you terminate the Franchise Agreement without cause after the initial term, you must provide us notice that you: (a) will discontinue operating the Franchised Business

and abide by the non-competition provisions in the Franchise Agreement; or (b) request us to exercise our option described in Section 15(c) of the Franchise Agreement.

If you notify us as in (a) above, you must discontinue your business and abide by the non-competition provisions. If you fail to do so, we are entitled to either (i) pursue our rights at law and in equity for your breach of contract which rights include, but are not limited to, all damages plus the right to require that you immediately discontinue your operation of the Franchised Business, and thereafter faithfully honor and abide by each of the terms and conditions set forth in Sections 5 and 18 of the Agreement or (b) require that you pay to us upon demand, as liquidated damages and not as a penalty, an amount equal to eight (8) times the Sales of the Franchised Business for the twelve (12) full Accounting Periods immediately preceding the date of expiration, or the effective date of termination, as applicable, of this Agreement multiplied by 9.5%.

If you notify us as in (b) above, we may either (i) allow you to continue operating, if you pay us four times 6.5% of the Sales of your business for its last 12 accounting periods, with a minimum required payment of \$75,000 (which you must pay in four equal quarterly payments, plus interest, with a pledge of your trade receivables and the personal guarantee of your shareholders) and you discontinue the use of the Spherion trademark, abide by certain of the non-competition provisions, and you execute documents of transfer and comply with other conditions as set forth more fully in Section 15 (c)(1) of the Franchise Agreement; or (ii) purchase the assets of your business (except cash and accounts and notes receivable) from you for the lesser of either the Gross Profit of your business for its last 6 monthly accounting periods or  $\frac{1}{2}$  of the Gross Profit of your business for its last 12 monthly accounting periods. In that case you must transfer all assets free from any liens or other defects of title; and we will assume no liabilities of your business, may deduct from the purchase price any amounts you owe us or other creditors and shall pay the purchase price in eight equal quarterly payments, plus interest. Certain provisions of the Franchise Agreement will remain in effect for the period described in the Franchise Agreement, or the period during which the purchase price is payable, whichever is longer.

11. We sometimes ask you to reimburse us for the cost of a course or training materials we buy from a third party vendor in connection with training we offer after your initial training and we may require that you pay any and all charges associated with such continuing training programs as we may reasonably require. Further, if your operations are such that it is deemed by us to be necessary that we send a company representative to your location to conduct compliance training for you and your staff, you will be required to pay all travel, hotel and meal expenses associated with that representative's visit plus an additional training fee which is described in the Manual.

12. From time to time you may get an order which you decide you need assistance from our National Recruiting Center to fill, for example a large order with a very short time frame requirement. Generally the percentages are: 25% to source the candidate; 50% to source, screen and test the candidate; and, 75% to source, screen and test, and on-board the candidate. You choose what services you want from the National Recruiting Center.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fees <sup>1/</sup>	\$ 35,000	Lump sum	Execution	Us
Computer System <sup>2/</sup>	\$ 3,650 to \$ 5,750	Lump sum	Execution	Dell Computer Corporation, Hewlett-Packard, other suppliers and us
Real Property <sup>3/</sup>	\$ 1,400 to \$ 3,000	Monthly	As Arranged	Lessor
Leasehold Improvements, Furniture and Fixtures	\$ 7,500 to \$ 15,500	As Arranged	As Incurred	Contractor, Suppliers
Equipment <sup>4/</sup>	\$ 4,650 to \$ 10,500	As Arranged	As Incurred	Suppliers
Opening Advertising <sup>5/</sup>	\$ 1,050 to \$ 5,150	As Arranged	As Incurred	Suppliers
Training Expenses <sup>6/</sup>	\$ 1,050 to \$ 3,100	As Arranged	As Arranged	Suppliers
Start-up Supplies <sup>7/</sup>	\$ 510 to \$ 1,050	As Arranged	As Arranged	As Arranged
Insurance <sup>8/</sup>	\$ 2,100 to \$ 7,850	As Arranged	As Incurred	Insurers
Utility Expenses <sup>9/</sup>	\$ 160 to \$ 1,100	As Arranged	As Incurred	Lessor, Utility Companies
Professional Fees <sup>10/</sup>	\$ 1,050 to \$ 5,200	As Arranged	As Incurred	Professionals
Business Franchises <sup>11/</sup>	\$ 160 to \$ 1,100	As Arranged	As Incurred	Government Agency

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Hardware Installation	\$ 720 to \$ 1,100	As Arranged	As Incurred	Spherion Preferred Vendor
Additional Funds for 12 months <sup>12/</sup>	\$ 51,500 to \$ 82,500			
TOTAL <sup>13/</sup>	\$ 110,500 to \$ 177,900			

Note: The amount in the charts represent pre-opening expenses for a new market; however these expenses will vary if you are purchasing an existing location. Except as otherwise described below, all expenses are non-refundable.

1. Item 5 of this disclosure document describes the initial franchise fee and the circumstances in which it may be discounted. Neither we nor our affiliates provide financing for the initial franchise fee.

2. Initial costs of approximately \$3,650 to \$5,750 for hardware and third party software are payable to Dell Computer Corporation, Hewlett-Packard, other suppliers and us. These prices include estimated taxes and shipping. Items 6, 8 and 11 provide further details about the Computer System. Hardware and third party software prices are subject to change without notice. We will finance all or part of the purchase price of the Computer System over 36 months at an interest rate equal to the Prime Rate as published in the Wall Street Journal on the date of the loan. Your monthly payments will vary depending on the amount you finance. Item 10 provides further details about this financing.

3. You do not need to purchase real estate for your business. You may operate your business from a typical office building of any size in either a downtown or suburban area. The cost of leasing space will vary depending primarily upon the location. You will need approximately 1,000 square feet of space for your business. We estimate that average annual lease cost for the premises of your business will range from \$14 to \$30 per square foot.

4. You will need to purchase or lease certain items of equipment including a telephone system, photocopier, fax machine, calculator and similar office equipment. If you provide light industrial services, you may need to purchase safety equipment for your employees.

5. Before opening your business, you may place office opening print ads, internet/social media ads or radio ads. Actual cost will depend on the type of advertising you choose. In addition, Spherion will provide (at no cost to you) at least three direct mailings to prospects along with a supply of miscellaneous promotional materials.

6. You will incur expenses associated with our initial training program. For this training program, we provide instructors and instructional materials. You must pay for transportation, lodging, food and wages for you and your employees. The cost will depend on the distance you must travel to the training location and the type of accommodations you choose.

7. We will provide, at no cost to you, electronic access to a supply of forms, manuals, supplies and printed materials. You will need to purchase other general office supplies.

8. You must obtain and maintain the types and amounts of insurance described in Section 7(q) of the Franchise Agreement. The amount in the chart represents pre-opening expenses. In rare circumstances, you may need to pay the entire annual premium initially.

9. You will need to arrange for service and provide deposits for utilities (telephone electricity, water, etc.). Accounts for utilities must be in your name or if applicable in your corporate entity's name and cannot be in the name of Spherion. The amount of the deposits will vary depending upon the location of your business and the practices of the utility companies and Lessor.

10. We recommend that you employ an attorney, accountant and other consultants.

11. You must obtain a license to provide employment services in certain states.

12. You will need to support ongoing expenses, such as advertising fees, and office payroll, to the extent these costs are not covered by commissions. New businesses often initially generate negative cash flow. We estimate that the amount stated will be sufficient to cover on-going expenses for the first 12 months you are in business. However, you may need additional funds during or after this initial phase. Local market conditions will affect the amount of additional funds you need. We relied on our 50 years of experience in franchising, 40 years of experience in licensing, and our experience with our company-owned units when preparing these figures.

13. If you are an employee of Spherion or its affiliates (which does not include being employed by an individual franchisee), we may finance one half of your start-up expenses, up to a total financed amount of \$50,000 (a "Start-up Loan"), or, if you buy an existing office of Spherion, we may finance a portion of the purchase price (a "Purchase Loan"), in either case depending on our analysis of your credit needs and the credit risk involved.

## **ITEM 8**

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

You must have our advance approval of the location, size, appearance and layout of each office. Approval comes from the pre-opening manager working with you to open your office or the field manager assigned to support you. If you lease the premises for your office, the lease should specifically provide that it will be assignable to us at our sole discretion, upon termination of the Franchise Agreement for any reason. We estimate that a lease of the premises in accordance with our specifications will represent approximately 6% to 9% of your total purchases and leases in establishing your business, and 6% to 12% of your total

purchases and leases in the continuing operation of your business.

You must use our proprietary software which is licensed to you as part of the Spherion System under the Franchise Agreement (Exhibit A). You must also lease or purchase computer hardware and license third party software from Dell Computer Corporation, us and other suppliers as specified by us. (Item 11 lists the software and hardware that make up the Computer System.) The Computer System will serve as the "front office" system for your business and will also access the "back office" functions of payroll and invoicing. Our Call Center provides telephone support for the Computer System, and we require that the Computer System components be supplied only from the suppliers specified in Item 11 and us. Not only does this arrangement give our Call Center a uniform and reliable system to work with, but it also allows you and us to purchase or lease from Dell Computer Corporation, Hewlett-Packard and other suppliers at a quantity discount price. Otherwise, we do not provide any material benefit to you based on your use of Dell Computer Corporation, Hewlett-Packard and other suppliers. We develop specifications and standards for the Computer System based on our experience with prior systems, and we anticipate we will occasionally modify, upgrade or enhance the front office and back office software and Computer System requirements. We will communicate any modifications in the specifications and standards in sufficient time for you to make required changes. We estimate that the purchase of the Computer System in accordance with our specifications will represent approximately 3% to 11% of your total purchases and leases in establishing your business, and 2% to 4% of your total purchases and leases in the continuing operation of your business.

You must purchase all your business forms, advertising, signs, brochures, promotional material and similar materials in accordance with our specifications and prior approval. You may purchase them from another supplier or from us. We will provide you with certain manuals that describe our specifications for the proper use of the trade names and service marks in advertising materials. We estimate that the purchase of these materials in accordance with our specifications will represent approximately 0% to 1% of your total purchases and leases in establishing your business, and 1% to 3% of your total purchases and leases in the continuing operation of your business.

You must purchase and continuously maintain certain insurance coverage for the operation of your business. We do not require you to buy coverage from any particular vendor. We estimate that the purchase of this insurance will represent approximately 1% to 5% of your total purchases and leases in establishing your business, and 1% to 5% of your total purchases and leases in the continuing operation of your business.

We estimate that the purchase of advertising in accordance with our specifications will represent approximately 2% to 4% of your total purchases and leases in establishing your business, and 2% to 4% of your total purchases and leases in the continuing operation of your business. A number of our franchisees elect to engage in Yellow Pages advertising. If this is your choice, you may purchase the national Spherion Yellow Pages program and placement services from Directory Systems Group, Inc. through us.

Of your total purchases and leases which must conform to our specifications or which you must purchase from approved suppliers, we estimate that you will purchase 5% to 80% from us, and 5% to 80% from our affiliates in connection with establishing your business. Of your total purchases and leases which must conform to our specifications, we estimate that you

will purchase 5% to 80% from us, and 5% to 80% from our affiliates in connection with the continuing operation of your business.

Spherion does not derive revenue from purchase and leases of products and services to its franchisees. All amounts collected from franchisees are generated from fees disclosed in Items 5 and 6, or are pass-through amounts and are reported as a reduction of operating expenses, rather than revenue.

We do not receive payments from suppliers based on their sales to our franchisees. We have negotiated purchase arrangements, including price terms, with suppliers for the benefit of our franchisees. We may periodically assist our franchisees in organizing purchasing cooperatives. No Spherion officer owns any interest in any supplier.

We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described above.

## **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.**

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure document</b>
a. Site selection and acquisition/lease	§§ 4 and 7 of Franchise Agreement	Items 7 and 8
b. Pre-opening purchases/leases	§§ 7 and 9 of Franchise Agreement	Items 5, 7 and 8
c. Site development and other pre-opening requirements	§ 7 of Franchise Agreement	Items 5, 7 and 8
d. Initial and ongoing training	§ 7 of Franchise Agreement	Item 7 and 11
e. Opening	§ 7 of Franchise Agreement	Item 11
f. Fees	§§ 8, 10, 11, 12 and 13 of Franchise Agreement	Items 5, 6, 7 and 10
g. Compliance with standards and policies/Manuals	§§ 3, 7 and 22 Franchise Agreement	Items 8, 11 and 14
h. Trademarks and proprietary information	§§ 1, 2, 3, 4, 7, 17, 18, 21 and 26 of Franchise Agreement	Items 13 and 14

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure document</b>
i. Restrictions on products/services offered	§ 4 of Franchise Agreement, and Schedule 1 of Franchise Agreement (Prohibited Occupations)	Items 8 and 16
j. Warranty and customer service requirements	§ 7 of Franchise Agreement	Item 16
k. Territorial development and gross profit quotas	§§ 4 and 7 and Schedule 3 of Franchise Agreement	Items 6, 12 and 17
l. Ongoing product/service purchases	§ 7 of Franchise Agreement	Item 6, 7, 8 and 11
m. Maintenance, appearance and remodeling requirements	§ 7, 9 and 10 of Franchise Agreement	Item 7
n. Insurance	§ 7 of Franchise Agreement	Items 5, 7 and 8
o. Advertising	§§ 7 and 10 of Franchise Agreement	Items 5, 6, 7 and 8
p. Indemnification	§ 19 of Franchise Agreement	Item 6
q. Owner's participation, management and staffing	§ 7 of Franchise Agreement	Item 15
r. Records/reports	§ 7 of Franchise Agreement	Item 6
s. Inspections/audits	§ 7 of Franchise Agreement	None
t. Transfer	§§ 5 and 14 of Franchise Agreement	Item 17
u. Renewal	§§ 13 and 16 of Franchise Agreement	Item 17
v. Post-termination obligations	§§ 16 and 18 of Franchise Agreement	Item 17
w. Non-competition covenants	§§ 5 and 18 of Franchise Agreement	Item 17

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure document</b>
x. Dispute resolution	§ 27 of Franchise Agreement	Item 17
y. Taxes/permits	§ 7 of Franchise Agreement	Items 6, 7 and 10

## **ITEM 10** **FINANCING**

Generally, you must secure your initial and continuing capital from your own sources. You should note that because of the structure of our franchise we do, in effect, finance the temporary payroll, since we pay the temporaries, and then bill the clients. Your monthly remittance from us is based on the amounts billed the client. You do not pay a carrying charge on this "float" until you begin to pay interest on your share of the receivable after the account is 60 days old. If we write off the account, or if the account remains outstanding after 270 days, we charge you back 100% of the account. (Accounts Receivable Funding Fee on Accounts Receivable over 60 days old and Uncollectible Customer Billings.)

Financing is offered by us. Subject to our prior approval, we will finance all or part of the cost of your Computer System (a "Computer System Purchase Loan"). If you choose for us to finance this purchase, you will repay the amount financed in equal monthly payments over 36 months with interest at the Prime Rate as published in *The Wall Street Journal* plus a set percentage ("Additional Percentage") at the closing. The Additional Percentage will depend on additional factors relating to our analysis of your individual credit risk. As of the date of this Disclosure Document, the Additional Percentage for our Computer System Purchase Loan program is 5%. As of April 11, 2018 the Prime Rate was 4.75%. As a result, the monthly interest rate for a Computer System Purchase Loan funded on that date would have been 9.75%. Because there are no fees associated with this loan other than interest, this translates into an "Annual Percentage Rate," as defined under the federal Consumer Credit Protection Act, of 9.75%, assuming you paid no fees other than interest, and you repaid the loan in equal 36 monthly installments.

If you are an employee of Spherion or its affiliated companies (which does not include being employed by an individual franchisee or that franchisee's own company), we may finance one half of your start-up expenses, up to a total financed of \$50,000 (a "Start-up Loan"), or, if you buy an existing office operated by us, we may, in our discretion, finance a portion of the purchase price (a "Purchase Loan"), in either case depending on our analysis of your credit needs and the credit risk involved. In either case, you repay the amount financed in installments over 5 years with interest at the Prime Rate as published in *The Wall Street Journal* plus the Additional Percentage at the closing. The Additional Percentage will depend on our Start-up Loan\Purchase Loan program at the time you sign your franchise agreement with us and additional factors relating to our analysis of your individual credit risk. As of the date of this Disclosure Document, the Additional Percentage for our Start-up\Purchase Loan program is 5%. As of April 11, 2018 the Prime Rate was 4.75%. As a result, the initial monthly interest rate for a Start-up or Purchase Loan funded on that date would have been 9.75%. Because there are no fees associated with this loan other than interest, this translates into an "Annual Percentage Rate," as defined under the Federal Consumer Credit Protection Act, of 9.75%,

assuming you paid no fees other than interest, and agreed to repay the loan in equal 60 monthly installments.

For a Start-up Loan, the funds will be released to you in amounts equal to the amounts you put into the business, as you pay start-up expenses, and you will make no payments back to us for the first 6 months (interest will accrue), you will pay interest only for the next 6 months, and you will then pay the balance of the principal and interest in equal monthly payments over the remaining 48 months. No salary reimbursements will be made until your office is opened for business as determined by us. For a Purchase Loan, you pay the principal and interest in equal monthly payments over 60 months.

If we grant you a Computer System Purchase Loan, Start-up Loan or a Purchase Loan, you must sign a promissory note ("Promissory Note with Guaranty") and a security agreement ("Security Agreement") and a Guaranty with us. The promissory note requires Spherion to notify you of a default in payment and permits you no cure period (Promissory Note). The following are also defaults under the Promissory Note:

- (a) Termination of the Franchise Agreement;
- (b) Sale, assignment, transfer, subfranchise or encumbrance of the Franchise Agreement or right of franchisee in the Franchise Agreement;
- (c) Default under any other Franchise Agreement franchisee has with us;
- (d) Default under the Security Agreement.

You waive any requirements that we take formal steps before we can obtain payment from you (Promissory Note). The note contains no other waiver of defenses or similar provisions. If you are incorporated, the shareholders must guarantee the note (Promissory Note). The Guaranty is unconditional, so upon default, Spherion may proceed directly against the individual guarantors without first suing the corporate franchisee (Promissory Note). The Guaranty involves no other waiver of defenses or similar provisions. You may prepay the note without penalty (Promissory Note). Payment of the note may accelerate on default in payment (Promissory Note). In all loans, you must give us a security interest in the going concern value of your franchise, the furniture, fixtures and equipment used in your franchised business, and all other assets of the franchised business, including any other intangible assets, such as any lease you have for the franchised business, and the telephone numbers of your franchise. You agree that Spherion will always have a first priority security interest unless otherwise agreed to in writing by Spherion and you. A copy of the Promissory Notes with Guaranty, and the Security Agreement used in the Computer System Purchase Loan, Purchase Loan, Start-up Loan, and Workers Compensation Loan, are in Exhibits C, D, E and F, respectively, to this disclosure document.

We offer two financing options in connection with our workers' compensation allocation program, as discussed in Footnote 4 to Item 6 of this disclosure document. Workers' compensation is a significant cost and can be a significant factor in determining your commission. The workers' compensation charges under this allocation system can result in cash flow problems, if you do not plan accordingly. We offer two different financing options if you wish us to assist in that regard. The first is a leveling system, which is referred to as our standard financing option or our pay-as-you-go option, where we spread repayment of the amount due by capping the amount charged back to you in any Accounting Period at 150% of your average historical workers' compensation expense as a % of payroll for the rolling previous

12 Accounting Periods, then deducting any excess over that amount in the following Accounting Period(s) (subject to the cap) until the full amount has been deducted. This cap may be increased to 200% if your amount due exceeds your amount paid for 3+ months. In the second option, which is referred to as our loss fund option, we would project what your anticipated workers' compensation costs might be under the allocation system during the coming Fiscal Year, and then deduct 1/12<sup>th</sup> of that amount per Accounting Period during the course of the Fiscal Year. The calculation is adjusted at the beginning of the year and at mid-year. We reserve the right to adjust the calculation if it appears there will be a significant shortfall. At the end of the Fiscal Year, we compare the amount deducted to your actual charges under the allocation system, and refund to you any overage, or charge you for any shortfall. Under option 2, we would not pay or charge you interest related to the amount accrued during the year, regardless of whether you were over or under at the end of the year.

If you have chosen option 2 under the workers' compensation program and you owe us money at the end of the year, you must pay it in a lump sum. In cases where you cannot pay the balance, you may apply for a 12 month loan. The terms of the financing would be the same as those discussed above relating to the purchase of an existing office, except it would be financed only over 12 months, and must give us a security interest in the going concern value of your franchise, the furniture, fixtures and equipment used in your franchised business, and all other assets of the franchised business, such as any lease you have for the franchised business, and the telephone numbers of your franchise. The purchase loan is also cross-defaulted to the Franchise Agreement and to the Security Agreement, while this loan is not. Under this loan, you have a 10-day notice and right to cure period, which is not available in the purchase loan. A copy of the Promissory Note, Guaranty and Security Agreement used with this workers' compensation year-end loan are included in this disclosure document as Exhibit F.

*Sale and Assignment of Loan Documents.* We presently do not sell or assign franchisee loans to others nor have we done so in the past. We reserve the right to change this policy in the future.

As described above, we receive interest income from franchisees that obtain financing from us. We do not receive payments from any lenders as a result of any financing extended by them to our franchisees. We do not guarantee any obligations you may make to others.

We may change or discontinue our financing program at any time. In isolated cases, we may also offer financing arrangements outside of our regular programs. The terms and conditions of financing in these isolated situations will depend on the circumstances of each case. You should not assume we would be willing to offer any special financing to you.

## ITEM 11

### FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Below are our obligations to you if you are entering a new undeveloped market. Except as listed below, we need not provide any assistance to you.

### Pre-Opening Obligations

Before you open for business, we will provide the following assistance and services to you.

1. The training, instruction, confidential memoranda, manuals, software, security policy and other materials we deem necessary and proper for your conduct of your business. (Franchise Agreement Section 6(a))

2. Installation and testing of the Computer System at your premises. (Franchise Agreement Section 9)

3. We will assist you in selecting an area in which you must establish a location for the office, subject to our approval. In approving the location, we will look at such things as the proximity to potential temporary staffing employees and direct hire candidates, appearance and atmosphere of the location, ease of access, etc. When you sign the Franchise Agreement, we will provide you with general suggestions and guidance on the layout of the office. Other than the agreed-upon deadline for establishing your office, the Franchise Agreement does not specify a time limit for us to approve or disapprove your selected site. Each office lease is to be signed by Franchisee. (Franchise Agreement Sections 4 and 7)

### Continuing Obligations

During your operation of your business, we must provide the following assistance and services to you:

1. Make available for your purchase and use the forms, supplies and printed materials necessary to provide the goods and services authorized by the Franchise Agreement. (Franchise Agreement Section 6)

2. Make available for your purchase and use standardized sales and promotional programs, campaigns and materials to assist you in recruiting temporary employees and marketing the services the Franchise Agreement authorizes. (Franchise Agreement Section 6)

3. List you on the advertising materials we deem appropriate. (Franchise Agreement Section 6)

4. Based on information you provide to us, prepare and pay the weekly payroll for temporary employees, including payroll taxes and other direct labor costs, prepare and deliver invoices to the customer for full-time placements and for services performed by temporary employees, and provide all other management information services and equipment previously discussed. (Franchise Agreement Sections 6 and 8)

5. Remit to you your commission on temporary sales gross profits and full-time placement sales and provide you with a monthly commission statement. (Franchise Agreement Sections 8 and 12)

6. Provide advice and guidelines in handling customer collections. (Franchise Agreement Section 6)

7. Arrange and pay for accrued expenses relating to insurance, as we deem necessary and proper. We determine the amount of accrued workers' compensation expense to be included in Direct Costs so that the accrued expense reflects, in our sole judgment, an appropriate allocation of your share of our total workers' compensation expense. This allocation may be based on experience rating formulas we select and/or may include adjustments for Sales volume, exposure and experience. Workers' compensation expense includes insurance premiums, claim costs, the cost of any self-insurance program and other administrative expenses directly related to workers' compensation. (Franchise Agreement Section 6)

8. Make available a mailing list of current and prospective customers, full-time placement applicants and temporary employees. (Franchise Agreement Section 6)

9. Match the Brand Awareness fee you pay. (Franchise Agreement Section 10)

#### National Brand Awareness

You must contribute 0.25% of your Sales each month to the media and production costs for national brand awareness. All of our franchisees must contribute the same percentage of their sales. We match the contributions by our franchisees for national brand awareness by spending an equal amount on national brand awareness. The Franchise Agreement does not require our company-owned offices (if any) to contribute to the program. As a result of the merger reorganization in fiscal 2012, we do not have any company-owned offices. The only exception will be if we temporarily operate an office that we acquired through re-purchase or franchise agreement termination, pending re-sale. (Franchise Agreement Section 10)

We may commingle the funds that you and we contribute for national brand awareness and use these funds to purchase, rent or otherwise acquire media space, social media programs, online and public relation programs or time for advertising, or for production costs. We may use the funds for research, development and execution of thought leadership initiatives and supporting materials and for branded promotional products and materials. We will have complete and absolute discretion in the conduct of national brand awareness, and in the expenditure of all national brand awareness funds, including those you contribute. We retain the right to discontinue the national brand awareness program, but if we do, we will notify you and also discontinue the fees you pay for the program.

We disseminate the brand awareness through national advertising, thought leadership, social media, public relations, online and direct marketing programs, and make materials available for your use in direct mail and other promotions, and for your local and/or regional advertising needs. We use our in-house staff, as well as national and regional advertising agencies, to produce advertisements and direct mail materials. If we do not spend all of the funds in the year in which they accrue, we will spend them in the next fiscal year. We do not have the brand awareness fund audited. We discuss the way in which we spend the brand awareness funds at our semi-annual meetings or you can get that information from us on request. We are not required to spend any amount on advertising in your Area. We do not use any money you contribute for brand awareness that is principally a solicitation for the sale of franchises. Except as described above, neither we nor any affiliate receives any payment for providing goods or services to our advertising program. We currently do not have an advertising council. We do not require you to participate in local or regional advertising

cooperatives or other advertising funds.

Our Franchisee contributions to National Brand Awareness in FY 2017 were \$1,111,161. Our total National Brand Awareness expenditures for FY 2017 (not including personnel expenses) were approximately \$2,229,299, broken down as follows\*:

Charitable Contribution	\$138,550	6.2%
Social Media	\$71,319	3.2%
Public Relations	\$200,441	9.0%
Web/Online/SEO	\$91,384	4.1%
Administration	\$568,446	25.5%
Recruiting/Sales Support	\$1,011,414	45.4%
Technology/Mobile	\$147,745	6.6%
<b>Total:</b>	<b>\$2,229,299</b>	<b>100.0%</b>

\*We had a carryover from 2016 which was spent in 2017. If we do not spend all of the funds in the year in which they accrue, we will spend them in the next fiscal year.

In addition to your contribution for national brand awareness, you are expected to invest in local brand awareness. Local brand awareness expenditures may include local customer advertising in various media, direct mail, print and online yellow pages advertising for the Area, local social media activities, online promotional activities and the production and distribution of recruitment and retention brochures and other collateral materials. If you do not purchase brand awareness materials from us or our affiliate, the materials you use must conform to the theme, design, and content of the advertising we use. You must obtain our approval of the materials in writing before using them. Periodically we may implement incentive programs in which we may reimburse a portion of your local advertising expenses if you meet certain criteria. We may change or eliminate these programs at any time. Items 6, 8 and 9 provide more information on advertising.

### Computer Systems

We use a sophisticated and integrated PeopleSoft front and back office system. It is a web-based system with all data and primary application programs residing in a Tier 1 data center. The Computer System is an integrated front and back office web-based PeopleSoft system for applicant tracking, retrieval, order fulfillment, pay/bill functions and financial reporting. This system is called "Staffing Connect" and is required for all owners.

Its additional features and uses are:

- *Agenda:* An automated scheduler that keeps track of all daily activities for your staff associates. It automatically documents confirmation calls, quality calls, arrival calls,

performance calls and sales/marketing activities.

- *Elastic Search:* A powerful search engine providing a list of qualified candidates based on the specifications and criteria entered into the system.
- *People Match:* A feature allowing you to place employees quickly by marketing their skills based on a client's specified needs.
- *Integration with other applications:* Ability to email links to candidates to complete pre-screening, assessments and candidate data. The application data populates directly into Staffing Connect files.
- *Spherion WebTime:* The web-based time and attendance system partner time center suite of labor solutions customized to the needs of mid to large size enterprise organizations.
- *Spherion eBilling:* Web-based portal that allows Customers and Clients self-service access to review and reprint invoices, and review account balance and aging. This portal is fully integrated with Staffing Connect.
- *Spherion Job Central:* Web-based portal that serves as a Candidate gateway to apply for open positions via job boards and allows 24/7 access for a Candidate to maintain their resume online. This portal is fully integrated with Staffing Connect.
- *Satisfaction surveys:* Automatic generation of emailed customer and candidate satisfaction surveys
- *E-forms/E-verify functionality:* Electronic candidate on-boarding through the use of Adobe/PDF forms, instant E-verify results, and I-9 document expiration tracking functionality.
- *Job Posting Distribution:* Jobs created and posted within Staffing Connect automatically post to spherion.com as well as free job boards and paid job boards selected by the user.
- *Client & Contact Management:* Ability to input and track relevant details about clients and contacts (such as contact details, job requirements, locations, creditworthiness and other details).
- *Order Management:* Enter requisitions obtained from sales activities with clients into Staffing Connect for processing to back office tax, billing and payroll systems.
- *Leverage Marketing Support:* Leverage email templates produced by Spherion's Marketing department for individual office-level use.
- *Contract Management:* Leverage built-in contract management functionality to support compliance with contract details, including employee screening requirements and rate details.

You must obtain the PC hardware and third party software components through us from Dell Computer Corporation, One Dell Way, Round Rock, Texas 78682, telephone (512) 338-4400. Printers must be obtained from Hewlett-Packard Company, 3000 Hanover Street, Palo Alto, California 94303, telephone (650) 857-1501. (We reserve the right in the future to change our standard specifications and sources of supply). PC hardware must conform to Spherion's standard image. You will be responsible for all maintenance on your hardware. The approximate cost for a standard desktop is \$900 plus tax and shipping. The approximate cost for a standard laptop is \$1,300 plus tax and shipping. Spherion may offer a standard 3-year loan for desktops and laptops. For an office of at least 8 users we would recommend the following printer models: HP LaserJet M426fdn, HP LaserJet Pro M521dn, or HP LaserJet Enterprise M632fht, however the models are subject to change.

The current hardware installation pricing is as follows:

- Standard Installation includes Communications Equipment, 2PCs, and 1 Printer. The cost is between \$700 and \$1000.
- Installation for each additional PC will cost approximately \$120 each; any other devices will cost approximately \$100 each.

We will initially install and configure the Computer System hardware and software at your office location. You must reimburse us for the direct costs involved in that installation. We will loan to you a router and a switch to enable you to connect to our network for the duration of your Franchise Agreement. You must provide the network cabling and a suitable operating environment for the Computer System as uniformly specified by us with respect to utilities, temperature, cabling, hardware and Internet access.

You must also convert any of your pre-existing files, databases and other information to be used with the Computer System if you are converting an existing office from any other system. We recommend purchasing 4-6 computers per office to allow for workstations for applicant application and testing.

Our testing/assessment program is Prove It!, which is a web-based application. We obtain the access from IBM Kenexa. Currently, there is an annual license fee of \$440 from IBM Kenexa, but we do not pass this on to you. That policy may change, and we may begin passing the charges on to you in the future.

We make training available to you through various sources including computer-based, phone or the Internet. We may provide additional training, either on-site or at one of our training locations, at your cost. The Computer System training is mandatory for each person using it in your office and must be completed to our satisfaction. We may later have mandatory or optional training or refresher courses for the Computer System in the future, but we do not know whether and where these courses will occur or if there will be a cost associated with them.

You will need to understand and accept Spherion's security policy.

Our Call Center will provide support services by toll-free telephone or email. We will not handle problem resolution for any hardware, software or peripherals unless they are on our approved listing, nor can you use the Computer System to run software that is not on our approved listing. Your Computer System Support Fee entitles you to all improvements, enhancements, modifications and updates to the Computer System software uniformly deployed by us or by third party software suppliers. We are not responsible for the maintenance of your hardware and during the term of your franchise with us, we may require you to upgrade or add to your hardware. Due to changes in our specifications or standards or because of technological enhancements, your hardware components may become obsolete. We cannot presently estimate when or how often this may occur, and there are no contractual limitations on the frequency or the cost of any required hardware changes or upgrades. You must update your systems on our rollout schedule.

We will begin providing on-line electronic data processing services at the time you open your office. Your Management Information Services Technology Enhancement Fee (MISTEF)

covers full access and use of Spherion's software for payroll processing and customer billing, back up and data maintenance services, payroll checks, direct deposit and debit card transactions, time and payroll data entry, and all accounts receivable. We determine what constitutes delivered tables and custom tables in the software, with us having exclusive control over the structure and use of all tables and you being able to create/edit data within appropriate tables at your discretion.

The Computer System collects and generates business information about clients (such as name, address, telephone number, and contact name), employees (such as name, address, telephone number, employment, education, pay history, tax withholding, references, and skill assessment scores), orders (such as job requirements, start and end dates), client order activity (such as turnover, jobs ordered, and business needs), performance results, billing, and payroll. Because all the data resides in our Tier 1 data center, we will have independent access to the information on the Computer System, and there are no contractual limitations on our right to access this information. We have contractually obligated ourselves to provide you with the support described above. Item 7, footnote 2 provides the cost of the hardware and third party software; and Item 6 provides the cost of the MISTEF and the Computer System Support Fee.

#### Site Selection

We will assist you in selecting an area in which you must establish a location for the office, subject to our approval. In approving the location, we will look at such things as the proximity to potential temporary staffing employees and direct hire candidates, appearance and atmosphere of the location, ease of access, etc. When you sign the Franchise Agreement, we will provide you with general suggestions and guidance on the layout of the office. Other than the agreed-upon deadline for establishing your office, the Franchise Agreement does not specify a time limit for us to approve or disapprove your selected site. Each office lease is to be signed by Franchisee.

#### Opening Your Business

We estimate that the typical length of time between signing the Franchise Agreement and opening your business will range from 60 to 120 days from the time that you sign a lease. Factors which may affect this time period include your ability to obtain a lease, financing and building permits; securing any necessary business licenses; the timing of office build-out; zoning and local ordinances; installation of equipment, network cables, fixtures, signs, etc.; and your ability to hire a full-time staff and the availability of training classes. By the time you sign the Franchise Agreement, we will have agreed with you on a date for you to open an office in your Area. If you fail to open within the agreed upon time frame, you will be in breach of your agreement with us and we will have all the remedies we would normally have if there is a breach, including termination of the agreement.

#### Training

In the same timeframe as the opening/purchase date of your business, we will provide you with mandatory training. You must personally attend and successfully complete such initial and ongoing training as Company shall deem necessary. Should you be permitted to hire (i) a full time employee to act as a manager and have responsibility for the operation of the business authorized by this Agreement, and (ii) a full time employee to serve as a client service

representative, these employees shall trained by Company (at your expense) within sixty (60) days of the date you hire such employees.

We also will provide role based training for one or more of your representatives. This training will be provided, at our discretion, through a combination of our systems, manuals, phone based or in person at either your office location or in Atlanta or at a designated training location. You must successfully complete our training program. We will conduct our initial training program as follows:

### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Training</b>	<b>Hours of On-The Job Training</b>	<b>Location</b>
New Hire/New Owner Call: Welcome to Spherion	1.5		On-line
Service Intelligence Training	8		On-line
Staffing Connect: Series of Self-Directed Lessons	15		On-line
Coach Support calls	Weekly: 30-60 minutes each call		Telephone
Sales Intelligence Training Path	10		On-line
Training: "Observe and demonstrate / High Interaction"		72	At a designated branch
Operational Processes and Support		32	On site
Sales, Marketing and Business Planning Support		16	On site
"Selling the Spherion Way" Sales Training	30		in Atlanta, GA or designated location
Leadership Training	16		Same
Sales Excellence Service Training	24		in Atlanta, GA or designated location

We conduct our initial training program as needed. Various instructors will conduct our training program. Our instructors generally have ten to thirty years' experience either in our business or the subjects for which they are responsible in the training program. The calendar, course names, timeframes and locations of the training program are subject to change.

After you open your business, we will make additional training available to you or your employees. These classes are generally offered through our systems or by phone. In addition, we periodically conduct national and regional meetings covering the subjects of sales, advertising, operating procedures, insurance and legal developments. The meetings range from a half day to 4 days in duration. We do not charge a fee to attend these programs. These meetings may be at in Atlanta, Georgia, in Ft Lauderdale, Florida, or in other locations across the country. We may make your attendance at any of these meetings mandatory.

For all required initial training courses we provide instruction and training materials at no charge to you. We also offer optional courses that are usually without fees, but we may ask you on occasion to pay for certain items such as external vendors and training materials. For all training and meetings we require that you and your employees pay the expenses they incur in attending the courses, including the cost of transportation, lodging, meals and wages. Further, if your operations are such that it is deemed by us to be necessary that we send a company representative to your location to conduct compliance training for you and your staff, you will be required to pay all travel, hotel and meal expenses associated with that representative's visit plus an additional training fee which is described in the Manual.

## **ITEM 12** **TERRITORY**

The Franchise Agreement will define the Area in which you will conduct your business. Except under unusual circumstances, your Area will consist of a political jurisdiction such as a city, county, parish or township, or multiple contiguous political jurisdictions in one or more states. You must establish and maintain within your Area one or more offices from which you will operate your business. You may provide the services authorized by the Franchise Agreement only to customers at locations within your Area. You may use our plans, procedures, trade names, and service marks only within your Area.

Your Area will be exclusive in that we will not establish or maintain, or authorize any other person or firm to establish or maintain, an office location utilizing the Spherion® trademark within the Area to provide services which the Franchise Agreement authorizes, as long as you abide by the Franchise Agreement, except as described below.

As stated in the Franchise Agreement, if we acquire, merge with or are acquired by a business which provides similar services (a Competitive Business) from an office within your Area, we have the right, in our sole discretion, to: (a) continue to operate the Competitive Business within the Area, to open additional offices (the term "offices" to include "on-site" offices) of the Competitive Business within the Area, to close and relocate offices of the Competitive Business within the Area, to initiate operations of the Competitive Business and open offices of the Competitive Business within the Area and to otherwise continue to conduct the business operations of the Competitive Business both outside of and within the Area in the manner that it sees fit, so long as that Competitive Business is using trade names and service

marks other than those which you are authorized to use, that is, the Spherion trademark; (b) sell you the business under terms and conditions we negotiate; or (c) transfer the business to you without charge. If we sell or otherwise transfer the acquired business to you, you must operate the business according to the Franchise Agreement.

As stated in the Franchise Agreement, we have the right to negotiate and enter into contracts with customers for whom we are to provide services at locations both within and outside your Area ("Strategic or National Account Customers"). Immediately after we accept a contract or bid by a Strategic or National Account Customer to provide services within your Area, we may, at our option, provide you with a copy of the contract or bid and require you to provide services to the Strategic or National Account Customer utilizing the trademarks, service marks or trade names which you are authorized to use pursuant to the Franchise Agreement within the Area according to the contract or bid. If you fail to provide the services in a manner satisfactory to both us and the Customer, and in accordance with the contract, we may, without compensation to you: (a) provide services to the Strategic or National Account Customer at locations within the Area, using the same trade names and service marks you use or the names and marks of our affiliates; and (b) contract with another party to provide services to the Strategic or National Account Customer at locations within the Area, using the same trade names and service marks you use, or any other trade names or service marks.

We will not establish an office in your Area under the Spherion® name.

We have the right, and we may franchise or franchise others, to establish and operate businesses outside your Area under the same proprietary marks we franchise to you. However, we will not franchise another licensee or franchisee to provide the same services under the Spherion® trademark in an existing franchisee's area. We or our affiliates may provide services in your Area that are under a different trademark and we or our affiliates may provide services in your Area which are different from those services authorized by the Franchise Agreement. Examples of the latter are payroll, billing, collection and accounting services for other staffing businesses; outsourcing of human resources services such as testing, screening, and training; executive staffing and other services offered by the Professional Services segment; and new services which we may decide to offer in the future.

Your territorial rights do not depend on sales volume, market penetration or other contingencies, except that we may terminate the entire Franchise Agreement if you fail to meet Gross Profit Quotas (and do not timely pay the deficiency amount) or for any other default. If you have a multiple market Area, we may take away one or more markets from you without terminating the entire Franchise Agreement if you fail to maintain a full service office in the market or fail to meet the Gross Profit Quota for the market and do not timely pay the deficiency amount. We may in our sole discretion expand the Area by amending the Franchise Agreement upon your payment to us of \$6,000 for each additional county or parish added to the Area. We consider a variety of factors when determining whether to grant additional franchise outlets. Among the factors we consider is compliance with the requirements described in the Franchise Agreement. We may not otherwise alter the Area without your consent.

If you are granted the additional rights in the Professional Services Addendum, you will not have any exclusivity rights in those services in your territory. That is, you will have the right to perform those additional services in your territory, but we or an affiliate may also

perform those services in your territory, whether through an office we establish there, or otherwise.

You have the right to relocate your business within the Area. Your territory will only be expanded, modified, or relocated if we, in our sole discretion, agree to do so by amendment to the Franchise Agreement. In such event, you will be required to pay Company Six Thousand Dollars (\$6,000) for each additional county or parish.

Except as described above, the Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises within the Area or contiguous territories.

Our affiliates also operate businesses under different trademarks which provide the same or similar services as those that you will offer and we have also, in very limited circumstances, franchised others to provide the same services as those authorized by the Franchise Agreement under a few of these different trademarks. With respect to each of these marks, the descriptions detailed below describe, in each case, the nature of the goods and services offered under that mark, the identity of the mark, the current operations, and operating ownership related to the mark, as well as details regarding locations of principal offices and resolution of conflicts.

Randstad Sourceright. SourceRight Solutions® ("SourceRight") was launched in 2009 as an independently branded business unit of Spherion, which had, since 2000, operated as Spherion RPO, focusing on delivering a client's direct hire recruitment processes on an outsourced basis. SourceRight has expanded its services to include strategic talent optimization, managed services programs ("MSP"), recruitment process outsourcing ("RPO"), and other contingent workforce solutions. SourceRight is an operating division of our affiliate, Randstad Professionals US, LLC.

Headquartered in Atlanta, GA, Randstad Sourceright's services are provided virtually or on client sites. Now operating under the Randstad Sourceright name and Sourceright® service mark owned by Randstad, Randstad Sourceright operates offices in Atlanta and Alpharetta, GA (client support), Seattle, WA (dedicated to a single client), and Dallas, TX (recruiting hub). Randstad Sourceright provides services that you are not authorized to provide, although you may interact with it and promote its services to your clients.

Tatum. Tatum ("Tatum") was acquired by SFN in 2010. Tatum focuses on the office of the CFO and offers deep expertise in finance, operations and information technology, which may include staffing services similar to some of those provided by your franchise if you are granted the rights to do Professional Services under the Professional Services Addendum.

Tatum operates under the Tatum® name and trademark. Tatum has only company-owned and operated locations. Under the terms of the Professional Services Addendum, Tatum offices may solicit or accept orders from your Area, and we may establish a Tatum office in your Area if there is not one there now.

Tatum and Spherion operate as two different brands, but may cooperate from time to time in marketing and providing client services. If there is a conflict between offices of the two different systems regarding territory, customers, or support, we will determine the resolution.

You have no rights to provide the services Tatum provides unless you have been given the Professional Services Addendum, and in that case you only have rights to provide certain of those services as specified in the Addendum, and you have no exclusivity as to any of the services you are permitted to provide under the Addendum.

Tatum is headquartered in Atlanta, GA. Tatum and Spherion may have joint training programs for professional services. The training programs for Tatum may be conducted in the same facility as those for Spherion.

Randstad. Randstad® is the brand of our U.S. affiliates. Those affiliates which operate under the Randstad® name and trademark are generally divided between Randstad General Staffing Services ("Randstad General Staffing") and Randstad Professionals ("Randstad Professionals").

In the U.S., the Randstad name and trademark are used only by company-owned offices, with the exception of one (1) franchised operation in New York that provides Professional Services under the "Randstad Professionals" name (this franchisee formerly operated under the "Accountants International" name). We may offer you a Spherion franchise in a market where this Randstad Professionals franchise currently exists, but you have no rights to provide the services Randstad Professionals provides unless you have been given the Professional Services Addendum, and in that case you only have rights to provide certain of those services as specified in the Addendum, and you have no exclusivity as to any of the services you are permitted to provide under the Addendum.

The Randstad Professionals portion of the U.S. business operates under trademarks and trade names such as Randstad Technologies®, Randstad Professionals®, Randstad Engineering®, Randstad Healthcare, Randstad Life Sciences, Randstad Federal, and others, and the services that they offer may include staffing services similar to some of those services provided by your franchise if you are granted the right to do Professional Services under the Professional Services Addendum. Randstad Professionals and Spherion operate as two different brands, but may cooperate from time to time in marketing and providing client services. If there is a conflict between offices of the two different systems regarding territory, customers, or support, we will determine the resolution.

As stated above, in the case of Professional Services, you have no rights to provide the services Randstad Professionals provides unless you have been given the Professional Services Addendum, and if you are granted the additional rights in the Professional Services Addendum, you will not have any exclusive rights in those services in your Area. That is, you will have the right to perform those additional services in your Area, but we or an affiliate may also perform those services in your territory, whether through an office we establish there, or otherwise. Thus, under the terms of the Professional Services Addendum, Randstad Professional offices operating under the trademarks and trade names identified above may solicit or accept orders from your Area, and Randstad Professionals may establish an office in your Area under the trademarks and trade names identified above even if there is not one there now. Randstad Professionals is headquartered in Woburn, MA.

With respect to Randstad General Staffing, Randstad has the right under the franchise agreements to operate and to open Randstad-branded general staffing offices within your Area, but Randstad North America has elected, as a special circumstance associated with the

Spherion® brand, that if they did not have existing customers in any county in your Area at the time of the Randstad-Spherion merger, then they will not initiate general staffing services (office, clerical, secretarial, and marketing personnel, and semi-skilled and unskilled industrial personnel) to customers in any county in your Area while Randstad North America owns Spherion. The foregoing does not include general staffing services provided as part of a Randstad MSP or RPO program, or other specialty offerings by Randstad. If Randstad General Staffing serviced customers in a county in your Area at the time of the Randstad-Spherion merger, they may continue to provide staffing services in that county, they may open additional Randstad® offices in that county and they may otherwise continue to conduct their business operations both outside of and within the Area in the manner that they see fit. In this event and in accordance with this overall approach, those entities may solicit and accept orders from your Area through recruiting process outsourced operations and/or conduct on-site operations in the event that an on-site existed before the Randstad-Spherion merger, or in the event that you decline to service an on-site opportunity offered to you, or if you fail to meet required standards or those of the customer in servicing the customer through an on-site location. If the customer will not permit Randstad General Staffing to offer you a new on-site opportunity in your Area through no fault of yours, and they provide the requested on-site services, then Spherion will pay to you annually with the commission for the last Accounting Period for that fiscal year five (5%) percent of the profit contribution of the on-site business, that is, the Gross Profit of that business less the direct expenses of that business, such as salaries and rent, among others. This payment does not apply to on-site accounts that existed in your Area prior to you becoming a franchisee or prior to the merger between SFN and Randstad North America discussed in Item 1. The obligations stated in this paragraph will cease in the event that Randstad North America no longer owns Spherion and are granted in favor only of those persons or entities who were Spherion franchisees at the time of the Randstad-Spherion merger and relate only to those Areas which were the defined as "Areas" under such person's Franchise Agreements at the time of the Randstad-Spherion merger.

In the event that either we, Randstad or another affiliated company acquire, merge with or are acquired by a business which provides similar services then you will continue to have the protections provided under the Franchise Agreement in connection with the use of the Spherion trademark within your area but there are no other protections offered under the Franchise Agreement and there can be no expectation whatsoever that the special circumstance described above which Randstad General Staffing offered in association with the Spherion® brand will be offered to you in connection with any other Competitive Business.

During the first two (2) years after the Randstad – Spherion merger, we at Spherion unilaterally elected not to offer or sell new franchises in those counties ("Overlap Counties") in which Randstad General Staffing had an open and operating office. Further, we unilaterally elected not to extend the Areas of existing franchisees into those counties (also "Overlap Counties") in which Randstad General Staffing had an open and operating office.

Beginning in calendar year 2014, we elected to stand ready to offer franchises within certain Overlap Counties and to extend existing franchises into certain Overlap Counties. However, in conjunction with this activity we require that the franchisee execute an "Overlap Acknowledgement Agreement", attached as Exhibit P.

If you are purchasing an Area which includes an Overlap County, you will be required to execute the Overlap Acknowledgement Agreement. In the Overlap Acknowledgement

Agreement, you will acknowledge your understanding that the County contains an open and operating office of Randstad General Staffing and you will acknowledge your understanding that after your purchase of the Spherion franchise the Randstad General Staffing office will continue to provide staffing services in that Overlap County, that Randstad General Staffing may open additional Randstad offices in that Overlap County, that the Randstad General Staffing offices may provide additional and new and different services within the Overlap County and, in general, that Randstad General Staffing will continue to conduct its operations within the Overlap County in the manner that Randstad General Staffing sees fit.

In the Overlap Acknowledgement Agreement, you will also acknowledge your recognition that we at Spherion do not presently solicit and obtain strategic accounts or National Account Customers independent of Randstad General Staffing and that we currently rely upon Randstad General Staffing to provide all of our business services related to strategic accounts and National Account Customers. You will acknowledge that Randstad General Staffing has the right to make decisions, in its discretion, regarding its strategic account efforts and you will acknowledge that the existence of the operating Randstad General Staffing office will mean that your access to strategic accounts and National Account Customers within the Overlap County will be extremely limited and may very well be nonexistent because of the substantial likelihood that Randstad General Staffing will, acting within its discretionary rights, direct strategic accounts and National Account Customers to their local Randstad branded offices.

Finally, in the Overlap Acknowledgement Agreement, you will acknowledge your understanding that the Randstad General Staffing offices will very likely, in Randstad General Staffing's discretion, elect to compete with you in a number of commercial settings including, but not limited to, settings in which general staffing customers are obtained through a bidding or similar process.

Randstad officers report to the Randstad geographic leader for the area in which they are located. They ultimately report to the CEO of Randstad North America. Our management team ultimately reports to the Spherion Division President, who reports to the CEO of Randstad North America. If there is a conflict between offices of the two different companies regarding temporary employees, customers, or support, we will work through the CEO of Randstad North America to negotiate a resolution, but we retain the right to determine the ultimate resolution. Your operational support is provided by us.

TempForce, AccuStaff, and e-Staff. TempForce®, AccuStaff® and e-Staff® are the brands of the Staffing Services business franchised offices of our affiliate Temp Force, LLC. Our affiliates no longer offer new franchises, under those brands or otherwise.

Randstad Federal. Randstad Federal (formerly operated under the "B2B Workforce" name) is another brand of our affiliate Randstad Professionals US, LLC. Randstad Federal provides expert consultants and IT solutions specializing in the areas of Enterprise Resource Planning, Customer Relationship Management, and Business Intelligence as well as emerging technologies such as Cloud Computing, Server Virtualization, Security, Mobility Solutions and Collaboration Tools.

Randstad Federal has only company-owned and operated locations. Randstad Federal may establish an office in your area or offer services in your area.

Unless you have been granted the Professional Services Addendum, you will not have rights to provide the services provided by Randstad Federal. Even if you have been granted a Professional Services Addendum, you may provide only a few services which may be similar to those provided by Randstad Federal, and the rights contained in that Addendum are not exclusive.

Monster. Monster Worldwide, Inc. ("Monster") was acquired by Randstad Holding in 2016. Monster is a global online and mobile employment solution for people seeking jobs and employers with recruitment needs. Monster offers an array of job seeking, career management, recruitment, and talent management products and services, including through its website Monster.com®.

Monster, a wholly owned subsidiary, continues to operate as a separate and independent entity under the Monster name and is headquartered in Weston, MA.

Other than the trademarks and trade names described above, neither we nor an affiliate operate or have current plans to operate or franchise a business under a different trademark where that business sells or will sell goods or services similar to those you will offer.

### **ITEM 13** **TRADEMARKS**

As a Spherion franchisee, you are granted the right to use Spherion's proprietary marks, as outlined below, in the operation of your business. We own those marks.

Franchisee may use the following marks as outlined in this disclosure document, each of said marks has been registered on the Principal Register of the United States Patent and Trademark Office, and we have filed all required affidavits for said marks:

Mark	Registration Number	Registration Date	Renewal
SPHERION	2,497,002	10/09/2001	11/05/2011
SPHERION logo in black and White	2,566,686	05/07/2002	05/17/2012
Spherion logo with three color Matrix	2,888,096	09/28/2004	10/07/2014

In addition to the above marks, we also claim service mark rights and common law ownership in the formatives of SPHERION as well as to all its brand names, domain names and product names (collectively referred to as the "Marks").

There are presently no pending material infringements, oppositions or cancellation proceedings or federal or state court litigation involving the Marks. Additionally, there are presently no effective determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court involving the Marks.

To the best of Spherion's knowledge and belief, no agreements are currently in effect and no conflict exists which would significantly limit your use as a franchisee of the Marks in any state in a manner material to the franchise.

As a Spherion franchisee, you agree to promptly notify Spherion of the existence or

assertion of any claim based upon or any attempt, questionable or otherwise, by another person or firm to use any of the Marks. You further agree to obtain written permission from Spherion prior to incorporating the Marks into any domain name, website or other venue outside the scope of this Agreement. Spherion is not obligated to take any action to protect the Marks, however, should Spherion determine such action is warranted, you agree to fully cooperate and sign any and all documents necessary to effectuate any requested changes (e.g., a change in ownership). Spherion has the right to control all litigation involving the Marks. Spherion is not obligated under the terms of the Franchise Agreement, or otherwise, to protect any rights you have to use the Marks, nor is Spherion obligated to protect or indemnify you for any cost or liability you incur from claims of infringement or unfair competition or any required modifications with respect to the Marks.

Spherion reserves the right, at any time, to substitute different proprietary marks for use in identifying its system and the businesses and will notify you in writing of each change, providing a minimum conversion period of no less than sixty (60) days. You will not have any specific rights under the Franchise Agreement if we require you to modify or discontinue using our marks.

Spherion continually monitors the use of the Marks for Spherion's benefit as well as for the benefit of its franchisees and Spherion actively pursues any misuse of the Marks. To the best of Spherion's knowledge and belief, no superior rights or infringing uses conflict exists which would materially affect your use as a franchisee of the Marks in any state.

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

Our parent, Randstad North America, owns one patent that relates to your business. It is part of the interactive voice response "IVR" technology used in one of our pre-employment telephone assessment tools. We use the patent with the consent of Randstad North America. The patent is a process patent issued on September 9, 2003 with a duration of 20 years. The patent number is 6,618,734 and it is titled "Pre-Employment Screening and Assessment Interview Process." Other than that one patent, Spherion owns no rights in, or licenses to, other patents that are material to your business.

Spherion claims common law copyright protection for its manuals, proprietary software, training and testing materials and other written materials (collectively referred to as "Manuals") which are made available to you for use under the terms of the Franchise Agreement.

There are not any current material determinations of the United States Patent and Trademark Office, the United States Copyright Office, or a court regarding Randstad North America's or our patent or copyrights.

To the best of Spherion's knowledge and belief, no agreements are currently in effect and no conflict exists which would limit your use as a franchisee of the patent or the copyrights.

Spherion is not obligated to take any action to protect its patents and copyrights. Spherion is not obligated under the terms of the Franchise Agreement, or otherwise, to protect any rights you have to use its patents or copyrights, nor is Spherion obligated to defend or indemnify you for any cost or liability you incur from your use of Randstad North America's

patented item. However, should Spherion determine that any action to protect or defend its patents or copyrights is warranted, you agree to fully cooperate. As a Spherion franchisee, you agree to promptly notify Spherion of the existence or assertion of any claim involving our patents (or those of Randstad North America) or copyrights, but such notice shall not trigger any duty on Spherion or Randstad North America. Randstad North America has the right to control all litigation involving its patent, and we have the right to control all litigation involving our copyrights. You will not have any specific rights under the Franchise Agreement if we require you to modify or discontinue using any patents or copyrights.

The Manuals serve as a reference source for the operation of your business and you may download them from Spherion's website and other locations during the term of the Franchise Agreement and any renewal period thereafter. These materials, as well as all the details or provisions of Spherion's system(s), the existence or content of any written or oral agreement(s) between us and/or any other firm or person, any statistical data, customer data, applicant or employee lists, sales, promotional or financial information, procedures or other proprietary or confidential information you may have created in operating under our name, or which Spherion created on your behalf or which may have otherwise come to your attention as a result of your association with Spherion, shall be considered Spherion owned confidential information (collectively referred to as "Confidential Information"). During the term of the Franchise Agreement and for a period of three (3) years thereafter, you agree to treat all Confidential Information as proprietary and confidential information of Spherion and you will not use or disclose any Confidential Information to any third party. Upon termination of the Franchise Agreement, you agree to return to Spherion any copy of the Manuals and any other Confidential Information, whether on a disk, hard drive or other electronic storage or printed form or otherwise.

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

You must devote full time and best efforts to your business. You may not own, operate or otherwise engage in any other business without our consent. You must successfully complete all required training. If we permit you to devote less than full time to your business, you must have a full time manager and a full time client service representative, whom we must approve in advance and who must successfully complete all required training. Either you or your manager must at all times provide on-premises supervision of your business. The manager need not have an equity interest in your business.

In signing the Franchise Agreement, you are agreeing to maintain confidentiality of the materials described in Item 14 and to conform to the covenants not to compete described in Item 17.

You must employ a competent and fully trained staff to operate your business. Each employee must sign an employment contract that will prohibit disclosure of trade secrets and impose certain covenants against competition.

The operation of your business is your direct responsibility and we recommend that you participate in its operation.

## **ITEM 16**

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

You may offer your customers only the services authorized by the Franchise Agreement, as listed in Schedule 2. We do not require you to perform all of the authorized services on Schedule 2. Due to the increased risk of injury in certain occupations and the resulting effect on the cost or availability of insurance, you may not assign temporary employees to perform any of the Restricted Occupations listed on Schedule 2. We may amend, add to or delete from the list of Restricted Occupations at any time with written notice to you.

You may not own, operate or otherwise engage in any other business without our prior written consent. If you form a corporation or LLC for the operation of your business, the corporation or LLC may not engage in any other business transactions. If you form a corporation or LLC for the operation of your business, the corporation or LLC name may not contain the word Spherion or be confusingly similar in any way. No business other than the one described in this disclosure document may be advertised or operated from your office without our prior written consent.

You must maintain the regular office hours we establish, with a means for twenty-four hour response to provide your customers with the authorized services. We do not restrict the customers to whom you may provide these services, except that: (1) we may require you to provide services to Strategic or National account customers under the terms and conditions of a Strategic or National account contract we negotiate (and, if we elect to require that you provide the services and you fail to provide the services, then Spherion can provide the services or contract with a someone else to provide the services); (2) you are authorized to provide only the franchised services to customers located within the Area and to utilize our plans, policies, procedures, trade names, trademarks, and service marks only within the Area; (3) you may not, without our prior written consent, provide services to any organization in which you, a member of your family or any entity you own or partially own, has a financial interest greater than 10%, or to a customer which is delinquent in payments to us, provided that we have notified you of the delinquency; and (4) you must follow our policies and procedures, including those pertaining to credit, safety, risk management and legal compliance, so you may have to turn down business occasionally.

## **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. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside the disclosure document and franchise agreement may not be enforceable.**

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a. Term of the franchise	§ 13 of Franchise Agreement	10 years

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
b. Renewal or extension of the term	§ 13 of Franchise Agreement	Renewal means that your franchise continues for a 5-year period under our then current franchise agreement form, which may include materially different terms and conditions from those found in the franchise agreement you are being offered now.
c. Requirements for you to renew or extend	§ 13 of Franchise Agreement	Notice, performance, sign new Franchise Agreement, you must sign a general release and others.
d. Termination by you	§ 17 and 15 of Franchise Agreement	Any reason, but only during a renewal term and with notice.
e. Termination by us without cause	None	Not Applicable
f. Termination by us with cause	§ 17 of Franchise Agreement	We may terminate the franchise agreement if you commit one of several violations under the Franchise Agreement.
g. "Cause" defined - defaults which can be cured	§ 17 of Franchise Agreement	Breach of Franchise Agreement except as otherwise provided; failure to pay sums you owe us; failure to achieve Gross Profit Quota.
h. "Cause" defined - defaults which cannot be cured	§ 17 of Franchise Agreement	Violation of sale or transfer provisions; bankruptcy; conviction of felony; failure to operate your business for 5 or more successive days; disclosure of confidential information; 3 payment defaults or 3 curable defaults within any 12 month period; and other grounds.
i. Your obligations on termination/non-renewal	§ 18 of Franchise Agreement	Obligations include complete de-identification, payment of amounts due and orderly transition; see r. below for non-competition covenants.
j. Assignment of contract by us	§ 14 of Franchise Agreement	We may freely assign at our option and our assignee must agree to assume our obligations under the Franchise Agreement.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
k. "Transfer" by you – definition	§§ 2 and 14 of Franchise Agreement	Includes sale, assignment, sublicense, grant of a security interest or other transfer of the Franchise Agreement, the business, any shares or other equity in the business or any right of interest the Franchise Agreement grants you; and the issuance of any capital stock or securities, or transfer of any stock or interest, in the entity used for your business. Any change in voting control of the business is considered a transfer of your entire interest in the Franchise Agreement and the business.
l. Our approval of transfer by you	§ 14 of Franchise Agreement	We must approve transfers in advance.
m. Conditions for our approval of transfer	§ 14 of Franchise Agreement	Includes payment of money owed; transferee meet or exceed new owner qualifications and agree to attend training; execution of our then-current Franchise Agreement for either, at our option, (i) the remaining term of your Franchise Agreement or (ii) an initial Ten Year term or (iii) a five year Renewal Term, and transferee must reside in Area, must not own or be associated with a competitor and must meet with us. You must pay a transfer fee. You and the transferee must sign a general release.
n. Our right of first refusal to acquire your business	§ 14 of Franchise Agreement	We can match any offer within 60 days.
o. Our option to purchase your business	§§ 15 and 16 of Franchise Agreement	We can elect to purchase your business if you terminate the Franchise Agreement after the initial term, or on expiration of the initial term or any renewal term. Payment is made in 8 quarterly payments with interest at the Prime Rate plus 1%.
p. Your death or disability	§ 17 of Franchise Agreement	We have a right to purchase your business.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
q. Non-competition covenants during the term of the franchise	§ 5 of Franchise Agreement	Prohibits owning or operating a substantially similar business within the Area and any contiguous county or parish and within the "Area" of any other Spherion franchisee or licensee (as defined in their respective franchise or license agreements) and any county or parish which is contiguous thereto; engaging in activity that is the same as or substantially similar to that activity which you are conducting on behalf of the Franchised Business, attempting for a competitor to solicit our customers or hire our permanent placement applicants or employees; engaging an employee who has failed to sign a non-competition agreement; using or disclosing to a third party proprietary information; or assigning an interest in your business to anyone who has failed to sign a non-competition agreement.
r. Non-competition covenants after the franchise is terminated or expires	§§ 5 and 18 of Franchise Agreement	Prohibits for 12 months either (i) owning or operating a substantially similar business or (ii) engaging in activity that is the same as or substantially similar to that activity which you were conducting on behalf of the Franchised Business, all within the Area and any contiguous county or parish; attempting for a competitor to solicit our customers or hire our permanent placement applicants or employees; or using or disclosing to a third party proprietary information.

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
s. Modification of the agreement	§§ 22 and 28 of Franchise Agreement	We may make system-wide changes applied on a uniform and consistent basis to each franchisee, and we must notify you of the change. We must give you at least 60 days prior written notice for the adoption or discontinuance of any line of business, trademark, service mark or trade name. Any other modification must be made by written agreement signed by you and us.
t. Integration/merger clause	§ 28 of Franchise Agreement	Only terms of Franchise Agreement and other related written agreement are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in the franchise disclosure document.
u. Dispute resolution by arbitration or mediation	§ 27 of Franchise Agreement	Non-binding mediation required before litigation (with limited exceptions).
v. Choice of forum	§ 27 of Franchise Agreement	Mediation in the state in which we have our principal place of business, and litigation in the federal district where we have our principal place of business, subject to state law.
w. Choice of law	§ 27 of Franchise Agreement	Georgia, subject to state law.

## **ITEM 18 PUBLIC FIGURES**

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

## **ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets if there is a reasonable basis for the information and if the information is included in the disclosure document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet that you

are considering buying; or (2) a franchisor supplements the information provided in this Item 19 by providing, for example, information about possible performance of a particular location or under particular circumstances.

Spherion believes it will be helpful for a prospective franchisee to know the average Gross Profit percentage, the average per Franchise Agreement annual Sales, and the average per Franchise Agreement annual Gross Profit of its franchises for FY 2017. "Gross Profit" and "Sales" have the meanings given them in the Franchise Agreement. As used in this Item 19, "Gross Profit percentage" means the percent determined by dividing Gross Profit by Sales.

The average Gross Profit percentage of our franchises for FY 2017 was 20.1%. The average annual Sales per Franchise Agreement of our franchises for FY 2017 was \$4,833,573, and the average annual Gross Profit per Franchise Agreement of our franchises for FY 2017 was \$972,812. The median Gross Profit percentage of our franchises for FY 2017 was 18.9%. The median annual Sales per Franchise Agreement of our franchises for FY 2017 was \$3,168,056. The median annual Gross Profit per Franchise Agreement for our franchises in FY 2017 was \$598.759.

The information for the average and mean Gross Profit percentages, annual Gross Profits, and annual Sales is only for our franchises in operation for all of FY 2017. The information for Sales and Gross Profit is for franchises on a per Franchise Agreement basis. That is, if a franchisee has more than one Franchise Agreement with us, then the numbers achieved under each Franchise Agreement are considered separately. If a franchisee has more than one office under the same Franchise Agreement, these offices are aggregated to determine the average Sales and average Gross Profit numbers for that Franchise Agreement.

In FY 2017, the franchises under thirty-six of the seventy Franchise Agreements attained or surpassed the average Gross Profit percentage stated above. Those under twenty-two of the Franchise Agreements attained or surpassed the average annual Sales stated above, and the franchises under twenty-one of the Franchise Agreements attained or surpassed the average annual Gross Profit stated above.

This information is largely that of experienced franchisees operating mature offices. Only a small number of franchisees started up a new office under a new Franchise Agreement in Fiscal Years 2010-2017. Other new franchisees in that period bought existing offices, either from us or from a franchisee, as opposed to starting a new office. The information is for all of our Spherion-branded franchised operations. The information does not include any of the "Area-Based Franchise Agreement" program franchises, described further in Item 1, which operate under a fundamentally different relationship and agreement.

Your results will likely differ from the results presented above, depending on your efforts and those of your staff, your particular market size and makeup, and the competition. Other factors that could impact your numbers include, but are not limited to local, regional, national, and international general economic conditions, your business mix (temporary staffing vs. permanent placement, clerical vs. light industrial, and the amount of professional staffing you have, if you receive the right to offer professional staffing services), etc.

The financial performance representations above do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenues

or gross sales figures to obtain your net income or profit. As stated below, you should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees listed in the disclosure document may be one source of information. To help you analyze what your expenses might be on a monthly basis, we have listed below what we believe to be your normal monthly expense items.

Salaries and Wages  
Commission/bonus accrual  
Employee Benefits (including payroll taxes and health, life and disability insurance)  
Franchise Data Processing Allocation (MISTEF fee-Section 8 of the Franchise Agreement)  
Insurance (for example, see the required insurances in Section 7(q) of the Franchise Agreement)  
National Advertising  
Local Advertising  
Classified and yellow page advertising  
Internet/online and social media advertising  
Meetings/seminars/courses/conventions  
Office supplies  
Equipment/software repair/maintenance  
Bank/credit card fees  
Rent (premises lease)  
Rent (equipment)  
Repairs and maintenance  
Depreciation and amortization expense  
Utilities  
Interest Expense (includes interest on AR over 60 days charged by Spherion)  
Professional fees  
Telecommunications  
Automobile & parking  
Other Travel  
Customer relations/development  
Bad debt expense  
Taxes & franchises  
Miscellaneous

This expense listing may not be a complete listing for you, and we do not make any representations to you as to what the actual expenses in each category will be. The answers to those questions will depend on your market and how you set up your business. You should consult with your financial advisor, as well as discuss the list and the expenses involved with our other franchisees, and former franchisees, which are listed in an exhibit to this disclosure document.

Written substantiation of the data used in the preparation of this Item 19 will be made available to you upon reasonable request.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Item 20 Table No. 1**  
**System Wide Outlet Summary**  
**For Years 2015 to 2017**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised*	2015	158	173	15
	2016	173	189	16
	2017	189	187	-2
Company-Owned	2015	0	0	0
	2016	0	0	0
	2017	0	0	0
<b>Total Outlets</b>	<b>2015</b>	<b>158</b>	<b>173</b>	<b>15</b>
	<b>2016</b>	<b>173</b>	<b>189</b>	<b>16</b>
	<b>2017</b>	<b>189</b>	<b>187</b>	<b>-2</b>

\*This number includes our traditional and Area-Based Franchised outlets. The Area-Based Franchise Program is described in **Item 1**.

Note: These figures include On-Premise (sometimes termed "on-site") locations.

**Item 20 Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners**  
**(Other than the Company)**  
**For Years 2015 to 2017**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Alabama	2015	<b>1</b>
	2016	
	2017	
Arkansas	2015	<b>1</b>
	2016	
	2017	
California	2015	
	2016	<b>1</b>
	2017	

Florida	2015	
	2016	<b>2</b>
	2017	
Louisiana	2015	
	2016	<b>1</b>
	2017	
New Mexico	2015	<b>1</b>
	2016	
	2017	
Oklahoma	2015	
	2016	
	2017	<b>1</b>
South Carolina	2015	
	2016	
	2017	<b>1</b>
South Dakota	2015	
	2016	
	2017	<b>1</b>
<b>Totals</b>	<b>2015</b>	<b>3</b>
	<b>2016</b>	<b>4</b>
	<b>2017</b>	<b>3</b>

Note: These figures include On-Premise locations.

**Item 20 Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2015 to 2017\***

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Company</b>	<b>Ceased Operations – Other Reasons</b>	<b>Outlets at End of the Year</b>
Alabama	2015	<b>3</b>	<b>1</b>					<b>4</b>
	2016	<b>4</b>						<b>4</b>
	2017	<b>4</b>						<b>4</b>
Arkansas	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
California	2015	<b>11</b>						<b>11</b>
	2016	<b>11</b>						<b>11</b>
	2017	<b>11</b>						<b>11</b>

Colorado	2015							<b>0</b>
	2016							<b>0</b>
	2017		<b>1</b>					<b>1</b>
Connecticut	2015							<b>0</b>
	2016			<b>1</b>				<b>1</b>
	2017	<b>1</b>						<b>1</b>
Florida	2015	<b>14</b>	<b>1</b>				<b>1</b>	<b>14</b>
	2016	<b>14</b>						<b>14</b>
	2017	<b>14</b>						<b>14</b>
Georgia	2015	<b>9</b>						<b>9</b>
	2016	<b>9</b>	<b>2</b>					<b>11</b>
	2017	<b>11</b>					<b>3</b>	<b>8</b>
Hawaii	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>		<b>1</b>				<b>0</b>
	2017							<b>0</b>
Idaho	2015							<b>0</b>
	2016		<b>1</b>					<b>1</b>
	2017	<b>1</b>						<b>1</b>
Illinois	2015	<b>5</b>						<b>5</b>
	2016	<b>5</b>						<b>5</b>
	2017	<b>5</b>						<b>5</b>
Indiana	2015	<b>7</b>	<b>5</b>				<b>1</b>	<b>11</b>
	2016	<b>11</b>	<b>2</b>					<b>13</b>
	2017	<b>13</b>	<b>2</b>				<b>2</b>	<b>13</b>
Iowa	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
Kentucky	2015							<b>0</b>
	2016		<b>1</b>					<b>1</b>
	2017	<b>1</b>						<b>1</b>
Louisiana	2015	<b>6</b>						<b>6</b>
	2016	<b>6</b>					<b>1</b>	<b>5</b>
	2017	<b>5</b>						<b>5</b>
Maryland	2015	<b>2</b>						<b>2</b>
	2016	<b>2</b>						<b>2</b>
	2017	<b>2</b>						<b>2</b>
Massachu-setts	2015	<b>2</b>	<b>1</b>					<b>3</b>
	2016	<b>3</b>						<b>3</b>
	2017	<b>3</b>	<b>2</b>					<b>5</b>

Michigan	2015	<b>3</b>						<b>3</b>
	2016	<b>3</b>						<b>3</b>
	2017	<b>3</b>						<b>3</b>
Minnesota	2015	<b>5</b>	<b>1</b>					<b>6</b>
	2016	<b>6</b>	<b>1</b>					<b>7</b>
	2017	<b>7</b>					<b>1</b>	<b>6</b>
Mississippi	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
Montana	2015	<b>3</b>						<b>3</b>
	2016	<b>3</b>						<b>3</b>
	2017	<b>3</b>						<b>3</b>
Nevada	2015	<b>2</b>					<b>1</b>	<b>1</b>
	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
New Jersey	2015	<b>3</b>						<b>3</b>
	2016	<b>3</b>						<b>3</b>
	2017	<b>3</b>						<b>3</b>
New Mexico	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
North Carolina	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>	<b>1</b>				<b>1</b>	<b>1</b>
	2017	<b>1</b>						<b>1</b>
North Dakota	2015	<b>3</b>						<b>3</b>
	2016	<b>3</b>					<b>1</b>	<b>2</b>
	2017	<b>2</b>						<b>2</b>
Ohio	2015	<b>23</b>	<b>4</b>					<b>27</b>
	2016	<b>27</b>	<b>7</b>				<b>1</b>	<b>33</b>
	2017	<b>33</b>		<b>1</b>			<b>5</b>	<b>27</b>
Oklahoma	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
Pennsyl-vania	2015	<b>16</b>	<b>3</b>				<b>1</b>	<b>18</b>
	2016	<b>18</b>						<b>18</b>
	2017	<b>18</b>	<b>1</b>					<b>19</b>
South Carolina	2015	<b>4</b>						<b>4</b>
	2016	<b>4</b>	<b>2</b>					<b>6</b>
	2017	<b>6</b>	<b>5</b>					<b>11</b>

South Dakota	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
Tennessee	2015	<b>2</b>	<b>1</b>				<b>1</b>	<b>2</b>
	2016	<b>2</b>						<b>2</b>
	2017	<b>2</b>						<b>2</b>
Texas	2015	<b>15</b>	<b>1</b>					<b>16</b>
	2016	<b>16</b>	<b>3</b>				<b>1</b>	<b>18</b>
	2017	<b>18</b>					<b>1</b>	<b>17</b>
Utah	2015	<b>6</b>	<b>1</b>					<b>7</b>
	2016	<b>7</b>	<b>1</b>					<b>8</b>
	2017	<b>8</b>						<b>8</b>
Vermont	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
Washington	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
West Virginia	2015	<b>1</b>						<b>1</b>
	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
Wisconsin	2015	<b>3</b>	<b>1</b>					<b>4</b>
	2016	<b>4</b>						<b>4</b>
	2017	<b>4</b>						<b>4</b>
<b>Totals</b>		<b>2015</b>	<b>158</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>173</b>
		<b>2016</b>	<b>173</b>	<b>22</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>189</b>
		<b>2017</b>	<b>189</b>	<b>11</b>	<b>1</b>	<b>0</b>	<b>12</b>	<b>187</b>

## 2017

<b>Outlets Opened</b>	11
<b>Outlets Closed</b>	-13
<b>(Term/Reacquired/Ceased)</b>	
<b>Net Change</b>	-2

\*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

The counts above are for all of our franchised outlets, including our "Area-Based Franchise" outlets. The Area-Based Franchise Program is described in Item 1. The Area-Based Franchise Program franchisees are not included in the contact listing in Exhibit J other than those who have left the system in the past fiscal year since they are under a different program.

Note: These figures include On-Premise locations.

**Item 20 Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2015 to 2017\***

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Outlets Reacquired by Company</b>	<b>Outlets Closed</b>	<b>Outlets at End of the Year</b>
<b>Totals</b>	<b>2015</b>	<b>0</b>					<b>0</b>
	<b>2016</b>	<b>0</b>					<b>0</b>
	<b>2017</b>	<b>0</b>					<b>0</b>

Note: These figures include On-Premise locations.

\*In 2012, Randstad North America phased out of use of the Spherion names and marks by the Company-owned outlets, changing them to the Randstad names and marks. Former Company-owned outlets are now owned and operated by an affiliate of Randstad North America. As noted elsewhere in this disclosure document, in 2012 all of the Franchisor's Company-owned units discontinued the utilization of the Spherion trademark.

**Item 20 Table No. 5**  
**Projected Openings as Of January 1, 2018**

<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Opened</b>	<b>Projected New Franchised Outlets In The Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets In the Next Fiscal Year</b>
Colorado		2	
Indiana		1	
Kentucky		1	
New York		1	
North Carolina		1	
Texas		2	
<b>Total</b>	<b>0</b>	<b>8</b>	<b>0</b>

The names of all current franchisees and the address and telephone numbers of each of their outlets is listed in Exhibit J to this disclosure document.

The name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee, as well as Area-Based Franchise Program and Todays outlets, who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issue date of this disclosure document is listed in Exhibit J to this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

If we are selling you a previously-owned franchised outlet now under our control, we will provide to you in a supplement to this document, the following information:

- (i) The name, city and state, current business telephone number, or if unknown, last known home telephone number of each previous owner of the outlet;
- (ii) The time period when each previous owner controlled the outlet;
- (iii) The reason for each previous change of ownership (for example, termination, non-renewal, voluntary transfer, ceased operations); and
- (iv) The time period(s) when each franchisor retained control of the outlet (for example, after termination, non-renewal, or reacquisition).

None of our franchisees signed confidentiality clauses with us during the last three fiscal years.

There are no trade-mark specific franchisee associations associated with our franchise system.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit M are the audited financial statements of Spherion Staffing, LLC ("Spherion"). The financial statements include the Spherion Balance Sheet as of December 31, 2017 and December 31, 2016, and the Statement of Operations, of Changes in Member's Equity and of Cash Flows for the three years ended December 31, 2017.

## **ITEM 22 CONTRACTS**

We have attached a copy of the following contracts as Exhibits to this disclosure document:

- A      Franchise Agreement
- B      Professional Services Addendum
- C      Computer System Purchase Loan Documents:
  - Promissory Note
  - Guaranty (single)
  - Guaranty (joint)
  - Security Agreement
- D      Purchase Loan Documents:
  - Promissory Note
  - Guaranty
  - Security Agreement
  - Asset Sale Agreement
- E      Start-up Loan Documents
  - Promissory Note
  - Guaranty
  - Security Agreement

- F Workers' Compensation Loan Documents:
  - Promissory Note
  - Guaranty
  - Security Agreement
- G Confidentiality Agreement
- H Assignment of Spherion Franchise Agreement
- I Agreement and General release

**ITEM 23  
RECEIPT**

Exhibit P of this disclosure document contains a detachable document (the "Receipt"), in duplicate, acknowledging receipt of this offering circular by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy by certified mail to Spherion Staffing, LLC, Attn: Sandra K. Mazur, Division President, One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339 and (770) 303-6770.

**EXHIBIT A**  
**FRANCHISE AGREEMENT**

**SPHERION® STAFFING, LLC**

**FRANCHISE AGREEMENT**

## **FRANCHISE AGREEMENT**

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## **FRANCHISE AGREEMENT**

AGREEMENT made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_\_\_\_  
(the "Effective Date"), by and between **SPHERION STAFFING, LLC** a Delaware limited  
liability company, having its principal place of business at One Overton Park, 3625 Cumberland  
Blvd., Suite 600, Atlanta, GA 30339 (hereinafter referred to as "**Company**"), and  
\_\_\_\_\_ (hereinafter referred to as "**Franchisee**").

WHEREAS, Spherion Staffing, LLC owns and has the right to license others to use (i) certain proprietary plans, systems, procedures and methods, all of which constitute the unique and valuable SPHERION® System for recruiting and supplying personnel to provide temporary help and full-time placement services to others, and (ii) certain trademarks, service marks, trade names and other intellectual property, and the goodwill attached thereto, in the operation of the SPHERION System (collectively, the "**Intellectual Property**"); and

WHEREAS, Franchisee desires to acquire a franchise from Company to market and provide on behalf of Company those services which are specifically described herein, to use the applicable plans, systems, procedures and methods constituting a part of the SPHERION System, to use Company's trademarks, service marks and trade names authorized herein (or such other trademarks, service marks or trade names as Company shall authorize in addition to such trademarks, service marks or trade names, or in substitution of such trademarks, service marks or trade names), and to utilize Company's goodwill in connection therewith;

NOW THEREFORE, in consideration of the execution of this Agreement and of the covenants and conditions herein contained, it is mutually agreed and understood as follows:

#### **1. Definitions.** As used in this Agreement:

- (a) **"Accounting Period"** means one of twelve four, five, or six week periods approximately coinciding with the calendar months as shall be specifically determined by Company.
  - (b) **"Accounts Receivable Funding Fee"** means the dollar fee assessed Franchisee for accounts receivable over sixty (60) days as of the end of each Accounting Period.
  - (c) **"Area"** means the geographic area in which Franchisee is authorized to market and provide the services described herein, which is attached as **Schedule 1**, and made a part of this Agreement.
  - (d) A **"Competitive Business"** means a business that provides services from one or more office locations within the Area that are the same or substantially identical to those services described in **Schedule 2** to this Agreement.
  - (e) **"Computer System"** shall mean the computer system hardware, equipment and software, as specified by Company, for the operation of the front office of the Franchised Business (defined below).
  - (f) **"Customer(s)"** means existing and potential users of the services that are

authorized by this Agreement to be marketed and provided by Franchisee on behalf of Company. To the extent applicable, Customers shall also include National Account Customers as defined below.

- (g) "**Direct Costs**" means the sum of:
  - (1) the Temporary Employees' gross payroll and other direct labor costs with respect thereto (including, without limitation, payroll taxes, local, county, or state headcount taxes, and taxes based on sales or gross receipts which are not separately collected from Customers);
  - (2) Company's accrued expenses (as determined by Company) relating to workers' compensation, liability, bonding or other insurance, deductibles or reserves, transportation, vacation, holiday or sick pay, profit sharing, health insurance or other fringe benefit costs, and any other tax or cost which is levied on or directly measured by headcount, Sales, hours or Temporary Employee wages paid or incurred by Company with respect to any Accounting Period or Fiscal Year as well as such deductions, surcharges, deductibles and other payments as are currently required from and charged to Franchisee under the Company's policies and procedures regarding worker's compensation, general liability, professional/fidelity liability, auto liability, employment practices liability and other liabilities, all as set forth from time to time in the Manuals and in other communications, including email communications and internet postings directed from Company to Franchisee; and
  - (3) the costs of any services, non-standard benefits, materials, equipment, products or other consumables Customers have agreed to pay and for which there is a separate charge on the invoice.
- (h) "**Fiscal Year**" means the twelve Accounting Periods currently beginning on or about January 1 of any year and ending on or about December 31 of such year, or such other period consisting of twelve Accounting Periods that Company may hereafter establish from time to time as its fiscal year.
- (i) "**Full-Time Placement**" means employer paid employment services for the full-time placement of employees and such related activities deemed by Company to fall within this Subsection as delineated from time to time in the Manuals (defined below).
- (j) "**Full-Time Placement Sales**" means the U.S. Dollar equivalent of all billings (whether collected or not) during an Accounting Period for all fees due from Full-Time Placements and retainer searches, including any liquidated damages and buy-outs relating to those Temporary Employees and excluding only sales taxes or other taxes which may be required by law to be collected from Customers in connection with the services described herein, and adjustments or refunds which have been authorized by Company.
- (k) "**Gross Profit**" means the difference between Sales and Direct Costs during any Accounting Period or Fiscal Year.

- (l) The “**SPHERION® System**” means all and each of the distinctive and proprietary, tangible and intangible properties developed by Company for the operation of a system of branch, licensed, and franchised temporary help and full-time placement businesses, including but not limited to:

  - (1) the Marks;
  - (2) the Manuals;
  - (3) the concepts, plans, practices, procedures, policies, methods, and strategies developed by Company for the recruitment of employees, the promotion and advertising of temporary help and/or full-time placement services and the operation of a temporary help and/or full-time placement business, including all written materials regardless of whether contained in the Manuals, and all other media such as forms, brochures, other printed materials, film, audio, video tape, CD’s, DVD’s and computer software which contain or are intended to be used in or as a part of the SPHERION System; and
  - (4) the advice, information, correspondence and assistance otherwise provided to Franchisee by Company and Company’s agents, employees or contractors, whether provided orally, in writing or in any other form, which relates to the establishment or operation of the Franchised Business.

(m) “**Franchised Business**” shall mean the business of marketing and providing the staffing services authorized by this Agreement and conducted by the Franchisee pursuant to this Agreement.

(n) “**Franchisee**” means the individual(s) who execute(s) this Agreement, and any **entity** formed by such individual(s) for the operation of the business described herein and, as to each obligation, liability or duty imposed upon or assumed by Franchisee pursuant to this Agreement, the term Franchisee shall be deemed to include each of the shareholders or members of such corporation or limited liability company, except as otherwise limited herein.

(o) “**Manuals**” means the confidential and proprietary publications now or hereafter developed by Company, whether maintained in the form of physical documents or in the form of on-line accessible electronic files and internet postings and related communications, and which contain policies and procedures related to the operation of the SPHERION System, together with confidential memoranda, bulletins and emails and internet postings that update, supplement, modify and explain the Manuals and the SPHERION System.

(p) The “**Marks**” means the service mark “SPHERION®,” the Spherion® logo including its 3-color matrix above the “i” (a copy of which is attached hereto and incorporated herein by reference as **Exhibit A**) and any other trade name, trademark, service mark, logo, design, name, words or slogan that may presently exist or may be created by Company and/or its affiliates and that Company now or hereafter licenses to Franchisee in writing to identify the services authorized by this Agreement.

- (q) "**National Account Customers**" means Customers designated by the Company for whom services are performed or to be performed by the Company, its licensees or franchisees, at locations both within and outside the Area.
- (r) "**Sales**" means the U.S. Dollar equivalent of all billings (whether collected or not) to Customers for goods sold or services rendered by Franchisee, including Temporary Sales, and Full-Time Placement Sales, and excluding only sales taxes or other taxes which may be required by law to be collected from Customers in connection with the provision of the services described herein, and adjustments or refunds which have been authorized by Company.
- (s) "**Temporary Employees**" means the employees of Company who are provided to Customers by Franchisee on behalf of Company to perform any services authorized by this Agreement, irrespective of whether such employees are full-time, part-time or temporary.
- (t) "**Temporary Gross Profit**" means the difference between Temporary Sales and Direct Costs associated with Temporary Sales during any Accounting Period or Fiscal Year.
- (u) "**Temporary Sales**" means the U.S. Dollar equivalent of all billings (whether collected or not) to Customers for services rendered by Temporary Employees provided by the Franchisee on behalf of Company excluding only sales taxes or other taxes which may be required by law to be collected from Customers in connection with the provision of the services described herein, and adjustments or refunds which have been authorized by Company.

## **2. Nature of Agreement.**

- (a) This Agreement shall constitute the grant by Company, and the acceptance by Franchisee for the entire "Term", as defined in Section 13, within the Area and upon the terms, conditions and limitations herein set forth, of a license:
  - (1) to use the Marks strictly in accordance with the standards and requirements of this Agreement; and
  - (2) to adopt and use the SPHERION System and each and every component thereof in strict compliance with this Agreement;

for the purpose of operating, within the Area and as a limited agent of Company, a business that shall market and provide the services described in **Schedule 2** to this Agreement.

- (b) This Agreement is personal to Franchisee, and may not be assigned by Franchisee other than as permitted by this Agreement. Franchisee shall be permitted to assign this Agreement to a corporation or limited liability company (the "**Entity**") in which Franchisee is the owner of the majority of the outstanding voting securities of the Entity and the majority of outstanding equity interest in the Entity, and provided Franchisee remains the owner of at least the majority of the outstanding voting securities of the Entity and the majority of outstanding equity interest in the Entity throughout the Term of this Agreement

and any extensions or renewals of the right to operate the business franchised hereunder. No person or entity other than Franchisee shall be permitted to own any voting security or other equity interest in the Entity without the prior written consent of Company. The corporate name may not contain the word "Spherion" or be confusingly similar in any fashion with the mark "Spherion." Company shall first approve the name of any corporate assignee of this Agreement. Any such assignment to a corporation shall be accomplished by execution of the Company's Assignment of Spherion Franchise Agreement form by each individual Franchisee, by the Entity to which the Franchise Agreement is assigned and by the Company and no such assignment shall be valid under this Agreement in the absence of a fully executed Assignment of Spherion Franchise Agreement form. The sale or issuance of any stock or other equity interest in such assignee Entity in violation of the provisions of this Section or Section 14 of this Agreement shall constitute a breach of this Agreement. Within ten (10) days after the written request of Company, whether immediately upon or at any time after the execution of the Assignment of Spherion Franchise Agreement form, Franchisee shall provide Company with a copy of the Certificate of Incorporation or Articles of Organization of the assignee, a list of all shareholders or members (the "**Owners**"), and a certified copy of a resolution of the assignee accepting the assignment. Each Owner of the assignee who is not a party to this Agreement shall, prior to the assignment of this Agreement or the issuance of any shares of stock in the assignee to such Owner, whichever occurs earlier, execute an agreement in form acceptable to Company for the purpose of being bound by Section 5 hereof. Failure on the part of Franchisee to obtain such an agreement from each Owner of the assignee who is not a party to this Agreement and to provide an originally executed copy thereof to Company shall constitute a breach of this Agreement.

- (c) It is agreed that the relationship of the parties hereto is that of franchisee and franchisor as independent contractors, and that in no event shall Company and Franchisee be considered partners, joint or co-venturers, or employees of or for each other. This Agreement is not intended to create a fiduciary relationship or to confer third party beneficiary rights upon either party. Neither Company nor Franchisee shall make any express or implied agreements, warranties or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than franchisee and franchisor, and neither Company nor Franchisee shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized hereunder.
- (d) Anything in this Agreement to the contrary notwithstanding, the parties hereto further acknowledge and agree that the Temporary Employees provided by Franchisee pursuant to this Agreement shall be the employees of either Company or a wholly-owned subsidiary of Company, full-time placement applicants shall be the applicants of either Company or a wholly-owned subsidiary of Company, and the Customers to whom services are provided pursuant to this Agreement shall be Customers of either Company or a wholly-owned subsidiary of Company, all at the sole option of Company. The exercise of any or all of the options described above shall not affect the rights, duties or obligations of either party as otherwise set forth in this Agreement, and the performance of any obligation or

duty required herein with respect to Temporary Employees, full-time placement applicants, or Customers by a wholly-owned subsidiary of Company, shall constitute the performance of such obligation or duty by Company.

### **3. Ownership and Protection of the Marks and Copyrights.**

- (a) Franchisee agrees that the Marks licensed hereunder are valid service marks and trademarks owned by Company and/or its affiliates, and that only Company, its affiliates and its designated licensees and franchisees shall have the right to use the Marks and such other copyrights as may presently exist or as may be created by Company and/or its affiliates and provided for use by Franchisee, along with all ancillary signs, symbols or other indicia or trade dress used in connection or conjunction with the SPHERION System. Franchisee further agrees that valuable goodwill is attached to the Marks, Company's and/or its affiliates' copyrights and trade dress, and that Franchisee will use them only in the manner and to the extent specifically licensed hereunder. Franchisee agrees that any and all goodwill associated with the Marks, copyrights, and trade dress, including any goodwill which might be deemed to have arisen through Franchisee's efforts or activities, inures directly and exclusively to the benefit of Company and/or its affiliates, except as otherwise provided herein or by applicable law.
- (b) Franchisee agrees that its franchise under this Agreement for the use of the Marks is nonexclusive, and that Company and its affiliates, in their sole discretion, shall have the right themselves, or to authorize others, to operate businesses under the Marks on any terms and conditions Company deems fit, subject to the provisions of Section 4 of this Agreement. Franchisee agrees that during the Term of this Agreement, and after its expiration or termination for any reason, Franchisee shall not directly or indirectly contest or aid in contesting the validity, ownership, title, right or interest of Company and/or its affiliates in and to the SPHERION System, the Marks or Company's copyrights.
- (c) Franchisee shall promptly notify Company of the existence or assertion of any claim, demand, or suit based upon or arising from, or of any attempt by any other person or entity to use the Marks, or any proprietary marks, symbol, copyright, or colorable variation thereof, in which Company and/or its affiliates has a proprietary interest as well as any information or knowledge Franchisee may have with respect to any actual, threatened or suspected infringement of any of Company's trademarks, trade names or service marks. If Company and/or its affiliates desire to undertake the defense or prosecution of any such litigation, Franchisee agrees to execute any and all documents and do such acts and things as may, in the opinion of Company's and/or its affiliates' counsel, be necessary to carry out such defense or prosecution, either in the name of Company, Company's affiliates or in the name of Franchisee, as Company shall elect.
- (d) Franchisee will not in any manner do, or fail to do anything which would prohibit or restrict Company or any existing or future licensee or franchisee of Company, whether in a business either similar or dissimilar to the business franchised hereunder, from using the names or the Marks described in Section 1(p), forming an Entity whose name includes such names or the Marks, or from filing any

service mark, trade name or fictitious name registration with respect to any business to be conducted outside the Area or any business inside the Area that is permitted by this Agreement. Franchisee agrees, immediately upon written demand by Company, to execute or cause to be executed, such instruments as may be required by any court or government authority, consenting to the filing, registration or use of the names or the Marks set forth in Section 1(p) hereof in connection with the operation of such businesses or otherwise. The failure or refusal of Franchisee to comply with such demand immediately upon the receipt thereof shall constitute a breach of this Agreement and shall thereupon vest in Company, through its designated officers, full power and authority in the name of and on behalf of Franchisee as its Attorney in Fact as fully as Franchisee might do itself, to execute any of the foregoing instruments required by any such government authority or court.

- (e) Franchisee shall follow all directives of the Company in connection with the use and display of the Marks. Only those advertising and promotional materials or items which are authorized by Company in writing prior to use shall be used, sold or distributed and no display or use of the Marks shall be made without the prior written approval of Company. All documents and materials on which the Marks are used must include the designation ® or such other designation as Company may specify.
  - (f) Except to the extent that Company may, in its discretion, permit these activities by Franchisee, Franchisee agrees not to register any Internet address name under any Internet domain, class, or category that contains any of the Marks or any abbreviations, acronym or variation of the Marks. Franchisee also agrees not to use, publish, or in any way incorporate the Marks in any form of social media (including but not limited to blogging, Facebook®, Twitter®, LinkedIn®, Pinterest®, Instagram®, Google Places®, Google+®, Google Adwords®, Vimeo®, Tumblr®, MySpace® or YouTube®) whether or not such social media platform is used for commercial gain, except to the extent that such use of the Marks is approved by the Company. Company retains the sole right to advertise on the Internet and create a web site using any of the Marks or any variation of the Marks, except to the extent that Company may, in its discretion, permit these activities by Franchisee. To the extent that Company may permit or may have permitted any usage of the Marks with respect to the subject matter set forth above, Company reserves the right to adjust, modify or withdraw such approval to the extent reasonably necessary to protect the Marks and to enhance the uniformity of the Spherion System. Company retains the right to pre-approve Franchisee's use of linking and framing between Franchisee's web pages and all other websites. Franchisee shall, within five (5) days after a request by Company, dismantle any frames and links between Franchisee's web pages and any other websites. Franchisee agrees to comply with any and all policies related to the internet, social media policies and the use of the Marks in the public domain as established by Company in the Manual or as otherwise provided by Company to Franchisee. Company may, in its sole discretion, establish certain online social media pages for Franchisee's Business Unit, and Company may, in its sole discretion, provide Franchisee access to these social media pages to post content that complies at all times with any and all policies related to the internet, social media policies and the use of the Marks in the public domain as

established by Company in the Manual or otherwise provided to Franchisee. Company shall retain all rights in these social media pages and Company may, in its sole discretion, terminate any or all of these social media pages at any time and/or terminate Franchisee's access to post content to these pages.

#### **4. Area, Scope and Authorized Services.**

- (a) Franchisee is hereby authorized to market and provide on behalf of Company, the services which are specified in **Schedule 2** hereto, within the Area identified in Section 1(c) of this Agreement, and only from an approved office location within the Area, and only to customers who are located within the Area. In connection therewith, and only as authorized by this Agreement, Franchisee is authorized to use the SPHERION System. Franchisee is not authorized to use the SPHERION System, or any component thereof:
  - (1) outside of the Area;
  - (2) with respect to the provision of temporary help or full-time placement services other than those specifically set forth in Schedule 2 to this Agreement;
  - (3) to advertise for and recruit Customers, Temporary Employees and full-time placement applicants outside of the Area, provided, however, that nothing contained herein shall prevent Franchisee from using the internet, social media and other advertising vehicles for the purpose of recruiting and placing Temporary Employees and full time placement applicants with Customers who are located within the Area so long as the Franchisee's use of these vehicles does not, in the discretionary opinion of Company, create unnecessary or undesirable confusion with respect to the advertising and recruiting efforts of others who are utilizing the Spherion System; or
  - (4) in connection with any business or enterprise whatsoever other than the Franchised Business.

Due to high risk of injury exposure and resulting increased insurance costs, Franchisee shall not assign Temporary Employees to perform the Restricted Tasks listed in Schedule 2 to this Agreement, and Company reserves the right from time to time to amend, add to or delete from such Restricted Tasks, with written notice to Franchisee.

- (b) The Area shall only be expanded if Company, in its sole discretion, agrees to do so by amendment to this Agreement. In such event, Franchisee will be required to pay Company Six Thousand Dollars (\$6,000) for each additional county or parish.
- (c) Franchisee acknowledges and agrees that, in regard to services other than those specifically set forth in Schedule 2 to this Agreement, Company shall have the sole and exclusive right to market and provide such services, to authorize others to market and provide such services, and to authorize others to operate an office or offices within the Area for the purpose of marketing and providing such

services, using the Marks and the SPHERION System, or otherwise.

- (d) Company agrees that, as long as Franchisee shall not be in default hereunder, it will not establish or maintain, or authorize any other person or firm to establish or maintain, an office location within the Area utilizing the trademarks, service marks or trade names which Franchisee is authorized to use pursuant to this Agreement for the purpose of providing the services set forth in Schedule 2 to this Agreement, except as set forth in this Subsection (d) and in Subsection (e) below. In the event that Company, directly or through its parent, subsidiary, affiliate, successor or assignee, acquires, merges with, or is acquired by a Competitive Business, Company or its parent, subsidiary, affiliate, successor or assignee shall have the right, in its sole discretion, to do one or more of the following:

  - (1) continue to operate the Competitive Business from one or more office locations within the Area, to open additional offices (the term "offices" to include "on-site" offices) of the Competitive Business within the Area, to close and relocate offices of the Competitive Business within the Area, to initiate operations of the Competitive Business and open new offices of the Competitive Business within the Area and to otherwise conduct the business operations of the Competitive Business both outside of and within the Area in the manner that it sees fit provided, however, that Company or its parent, subsidiary, affiliate, successor or assignee shall not utilize the trademarks, service marks or trade names which Franchisee is authorized to use pursuant to this Agreement in connection with the operation of such Competitive Business within the Area;
  - (2) sell the Competitive Business conducted from such office locations within the Area to Franchisee, under terms and conditions to be negotiated between the parties; or
  - (3) transfer the Competitive Business conducted from such office locations within the Area to Franchisee without charge.

In the event Company, or its parent, affiliate, successor or assignee exercises its right to sell the Competitive Business to Franchisee pursuant to (2) above, or to transfer the Competitive Business to Franchisee without charge pursuant to (3) above, then Franchisee shall assume the operation of the Competitive Business as of the effective date of the sale or transfer, and such Competitive Business shall thereafter be operated pursuant to the terms and conditions of this Agreement. In connection with any such sale and/or transfer of a Competitive Business to Franchisee, the parties agree to execute an amendment to this Agreement containing such provisions as are deemed necessary by Company or its parent, subsidiary, affiliate, successor or assignee.

- (e) Company shall have the right, on behalf of itself and/or its other licensees and franchisees, to negotiate and enter into contracts with National Account Customers to provide temporary help or full-time placement services to multiple locations of such National Account Customers utilizing the trademarks, service marks or trade names which Franchisee is authorized to use pursuant to this Agreement, whether such locations are within or outside of the Area.

Immediately following the Company's execution of a contract with or the acceptance of a contract or bid by a National Account Customer which contemplates the provision of such services utilizing the trademarks, service marks or trade names which Franchisee is authorized to use pursuant to this Agreement to one or more National Account Customer locations within the Area, Company may, at its option, provide a copy of the Customer requirements and/or specifications set forth in such contract or bid to Franchisee, and Franchisee shall thereafter, utilizing the trademarks, service marks or trade names which Franchisee is authorized to use pursuant to this Agreement, provide services to the National Account Customer within the Area pursuant to the terms and conditions of such contract or bid. In that event, should Franchisee fail to provide such services to the National Account Customer in a manner that is both satisfactory to Company and the National Account Customer and in conformity with the contract, Company shall have the right, exercisable in its sole discretion to:

- (1) provide such services to the National Account Customer at location(s) within the Area on the terms and conditions contained in the contract between Company and the National Account Customer utilizing the Marks and the SPHERION System; and/or
- (2) contract with another party to provide such services to the National Account Customer within the Area on the terms and conditions contained in the contract between Company and the National Account Customer, utilizing the Marks, or any other trademarks, service marks or trade names.

Neither the direct provision by Company of such services to National Account Customers as authorized in (e) and in (e) (1) above, or Company's contracting with another party to provide such services as authorized in (e) and (e) (2) above (whether or not such party has an office within the Area), shall constitute a violation by Company of the terms and conditions contained in Subsection (d) above.

## **5. Restrictive Covenants.**

- (a) Franchisee, any Entity formed by Franchisee to operate the Franchised Business, each Owner of such Entity, and any subsequent assignee of any of such parties hereby agree that, except as otherwise provided herein, he, she or it shall not:
  - (1) commencing with the execution of this Agreement and for the period extending throughout the Term of this Agreement and any extensions or renewals hereof or until termination of ownership in any Entity formed for the operation of the business described herein, whichever shall first occur, directly or indirectly, within the Area which is served by Franchisee and within the "Area" of any other Spherion franchisee or licensee (as defined in their respective franchise or license agreements) and any county or parish which is contiguous thereto, individually or for any third party, without the prior written consent of Company, (i) own, engage in as a partner, officer, executive or manager, guarantor, director,

shareholder (other than as owner of less than five percent (5%) of the issue and outstanding stock of a publicly owned corporation whose securities are traded on a nationally recognized stock exchange), consultant, recruiter or salesperson any Competitive Business; (ii) engage in activity that is the same as or substantially similar to that activity which Franchisee is conducting on behalf of the Franchised Business, or assist such business through activities which are the same as or substantially similar to those activities which Franchisee is conducting on behalf of the Franchised Business; or (iii) solicit, divert or appropriate (or attempt to do so), to or for any competitor, any person or entity which is or was a Customer of Company within the preceding twelve months, nor solicit, divert or hire away (or attempt to do so), to or for any competitor any full-time placement applicant or person employed by Company, whether such person is a Temporary Employee or full-time staff employee;

- (2) commencing with the execution of this Agreement and for the period extending throughout the Term of this Agreement and any extensions or renewals hereof, engage any sales, supervisory, management or executive employees, unless and until he, she, or it shall have first secured and delivered to Company a signed agreement from each such individual, in the form then in use and prescribed by Company and containing substantially the covenants and conditions set forth in this Section 5, restricting future employment and other activities which may be directly or indirectly competitive to the business of Company or Franchisee;
- (3) commencing upon the date of (i) termination of any ownership interest in any entity formed for the operation of the Franchised Business; (ii) expiration of this Agreement; (iii) termination of this Agreement (regardless of the cause for termination); (iv) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 5(a); or (v) any or all of the foregoing, and for a period of twelve (12) months thereafter, directly or indirectly, individually or for any third party, within the Franchisee's Area (as now or hereafter defined) and any county or parish which is contiguous thereto, without the prior written consent of Company, (aa) own, engage in as a partner, officer, executive or manager, guarantor, director, shareholder (other than as owner of less than five percent (5%) of the issue and outstanding stock of a publicly owned corporation whose securities are traded on a nationally recognized stock exchange), consultant, recruiter or salesperson any Competitive Business; (bb) engage in activity that is the same as or substantially similar to that activity which Franchisee conducted on behalf of the Franchised Business, nor assist such business through activities which are the same as or substantially similar to those activities which Franchisee conducted on behalf of the Franchised Business; or (cc) solicit, divert or appropriate (or attempt to do so), to or for any competitor, any person or entity which is or was a Customer of Company within the preceding twelve months, nor solicit, divert or hire away (or attempt to do so), to or

for any competitor any full-time placement applicant or person employed by Company, whether such person is an Employee or full-time staff employee;

- (4) at any time during the Term of this Agreement and any renewals or extensions thereof, or at any time after the expiration or termination of this Agreement for any reason, directly or indirectly make use of or disclose to any third party any Customer information or list or list of information concerning any Temporary Employees placed with any Customer by Franchisee in the operation of the Franchised Business or list of information concerning any Temporary Employees or other employees of Company, its parents, subsidiaries or affiliates, including those who are placed by other franchisees or licensees of the Company in the operation of their franchised or licensed business;
  - (5) at any time during the Term of this Agreement and any renewals or extensions thereof, or after the expiration or termination of this Agreement for any reason, directly or indirectly make use of or disclose to any third party the details or provisions of the SPHERION System, or the existence or content of any written or oral contract or of any agreement between Franchisee or Company and any other firm or person, any statistical data, Customer, applicant or employee lists, sales, promotional or financial information, manual, form, plan, system, procedure or method or other proprietary or confidential information which may have been created by or on behalf of Franchisee or which may have been developed and provided by Company or which may otherwise have come to their attention or knowledge by reason of their association with Company or Franchisee; or
  - (6) assign, sell or transfer by way of gift or otherwise, without the prior written consent of Company, any interest in this Agreement or any stock of any Entity formed for the operation of the Franchised Business, without first securing from each such assignee, purchaser, transferee or prospective Owner a signed copy of an agreement in form acceptable to Company containing substantially the above provisions, a copy of which shall be immediately furnished to Company.
- (b) The covenants and agreements contained above are of the essence of this Agreement, and each such covenant and agreement is reasonable and necessary to protect the interests and properties of Company. Each of such covenants and agreements is separate, distinct and severable from each other and from the other and remaining provisions of this Agreement, and the enforceability of any such covenant or agreement shall not affect the validity or enforceability of any other such covenant or agreement, or of any other provision of this Agreement. Since irreparable loss and damage will be suffered by Company should Franchisee breach any of the above covenants or agreements, Company shall be entitled, in addition to all other remedies available to it, to both full-time and temporary injunctive relief to prevent a breach or contemplated breach of any of such covenants or agreements by Franchisee. Any breach of the above covenants or agreements by Franchisee shall constitute a breach of this

Agreement. Franchisee hereby acknowledges that, prior to execution of this Agreement, he or she had developed certain skills in occupations which are not related to recruiting or supplying personnel to perform the services authorized by this Agreement, and that accordingly, the noncompetition covenants contained in this Agreement will not jeopardize Franchisee's ability to earn a livelihood.

## **6. Duties and Obligations of Company.**

In consideration of and for this Agreement, Company hereby agrees to perform all of the following, at its expense:

- (a) Provide such training, instruction, confidential memoranda, manuals, and software, and other materials as Company deems necessary and proper for Franchisee's conduct of the Franchised Business. Company may make available for purchase by Franchisee from time to time optional training and instruction through third party providers.
- (b) Develop and/or make available for purchase and use by Franchisee such forms, supplies and printed materials as Company deems necessary for the provision of employment services to Customers as authorized by this Agreement, including payroll forms, employment applications, reference forms and other such forms required in the employment process and for the assignment of Temporary Employees and full-time placement applicants to Customers. Company shall provide Franchisee with an initial supply of such forms.
- (c) Develop and make available for purchase and use by Franchisee sales and promotional programs, campaigns and materials which, in Company's discretion, are appropriate to assist Franchisee to recruit and market the services authorized by this Agreement on behalf of Company. Company, at its expense, shall provide Franchisee with an initial supply of such materials.
- (d) List the office of Franchisee on advertising materials as deemed appropriate by Company.
- (e) Based upon information provided by Franchisee, pay all Temporary Employee payroll, all payroll taxes, workers' compensation, general liability, bonding, fringe benefit expense and other Direct Costs as set forth in Section 1(g) of this Agreement, and provide the Management Information Services referred to in Section 8 of this Agreement.
- (f) Provide advice and guidelines in handling collections in conjunction with Franchisee's responsibilities as set forth in Subsection 7(v) of this Agreement.
- (g) Arrange and pay for all bonding and insuring of Temporary Employees as deemed necessary and proper by Company.
- (h) Make available a mailing list of current and prospective Customers, full-time placement applicants and Temporary Employees, from information submitted by Franchisee, subject to a minimum and maximum number of names as deemed appropriate by Company.

## 7. **Duties and Obligations of Franchisee.**

In consideration of and for this Agreement, Franchisee hereby agrees to perform all of the following, at Franchisee's expense:

- (a) Use Franchisee's best efforts to develop, maintain and promote the Franchised Business and public image of the SPHERION System and the Marks so as to achieve maximum sales of the services authorized by this Agreement.
- (b) Comply with all of the terms of this Agreement, the SPHERION System and the concepts, plans, practices, policies, procedures, strategies, systems and directives of Company now in effect or hereafter promulgated or modified, which shall include, but not be limited to, those policies, procedures, techniques, systems and directives set forth in the Manuals published and updated (whether the update is by physical documents for filing in a Manual or in the form of on-line accessible electronic files or in the form of email communications or internet postings) from time to time by Company, as well as confidential bulletins and memoranda issued from time to time by Company. The Manuals and Company's confidential bulletins, memoranda and emails and internet postings which update, modify or explain such Manuals or the SPHERION System as presently existing and as hereafter amended, modified or supplemented, are hereby incorporated by reference in this Agreement as reasonable and necessary standards governing the performance of Franchisee's obligations under this Agreement. The Manuals, confidential bulletins, memoranda, emails, internet postings and similar materials which set forth or update, modify or explain such Manuals or the SPHERION System are provided to Franchisee on a "loaned" basis and shall be and remain the sole property of Company and shall be returned to Company by Franchisee immediately upon Company's request or upon expiration or termination of this Agreement for any reason whatsoever.
- (c) Personally attend and successfully complete such initial and ongoing training as Company shall deem necessary. Franchisee shall thereafter devote full time and best efforts to the management and operation of the Franchised Business, and Franchisee shall not own, operate or otherwise engage in any other business unless otherwise consented to in writing by Company. Should Franchisee be permitted by Company to devote less than full time and effort to the business, Franchisee shall be required to hire (i) a full-time employee to act as a manager and have responsibility for the operation of the business authorized by this Agreement (specifically including acting in a sales capacity), and (ii) a full-time employee to serve as a client service representative. The employees Franchisee hires pursuant to this Subsection shall be approved by Company and trained by Company (at Franchisee's expense) within sixty (60) days of the date Franchisee hires such employees.
- (d) Establish on or before the date which is no later than ninety (90) days from the Effective Date of this Agreement, which required date is set forth in greater specificity in **Schedule 1**, and maintain within the Area and throughout the Term of this Agreement and any extensions or renewals hereof, one or more offices properly identified as a SPHERION office. The office hours shall be consistent with Company's practices concerning business hours and holidays,

provided that Franchisee's services shall be available to Customers at all times on a 24-hour per day basis. Each office shall be appropriately furnished and equipped, and kept open and operating in accordance with Company's standard procedures. The location, size, appearance and layout of each office shall be subject to the approval of Company, pursuant to standards established by Company, and must be appropriate to the services authorized by this Agreement. Company shall have the right to inspect each office during normal business hours and request such changes as it in its business judgment deems appropriate and proper, and Franchisee shall comply with such requests as expeditiously as possible. Only the Franchised Business shall be advertised or operated from such office without the prior written consent of Company. Franchisee shall use its reasonable commercial efforts to see that each office lease executed by Franchisee coincident with or after the execution of this Agreement shall specifically provide that such lease shall be assignable to Company at Company's sole discretion, upon expiration or termination of this Agreement for any reason. Within ten (10) days after the written request of Company, Franchisee agrees to submit a copy of its office leases to Company.

- (e) Provide and maintain a telephone service for the Franchised Business under the System, and utilize such telephone service only in a manner and for purposes that are consistent with furtherance of the Franchised Business. Bills for such service, including installation and deposits shall be directed to and paid by Franchisee. Franchisee agrees to assign such telephone number(s) to Company at Company's request, and Franchisee further agrees that it will execute, either before, during or after the Term of this Agreement, all documents considered by Company as necessary to affect the assignment of such telephone number(s) as provided for herein. Only the Franchised Business shall be transacted or advertised using the telephone number(s) assigned by the telephone company to Franchisee in connection with the Franchised Business.
  - (f) Provide and maintain suitable signs approved by Company identifying Franchisee's office as an office operating under the System, and advertise Franchisee's offices and services in conformity with Company's procedures and guidelines.
  - (g) Employ and maintain such trained and competent sales and office personnel as required by law or necessary for the proper and successful operation of the Franchised Business, which shall require at least two full-time employees if Franchisee will not devote full time and efforts to the business as provided in Subsection (c) of this Section. Franchisee shall enter into such agreements regarding the terms of employment with respect to Franchisee's employees as Franchisee sees fit, and Franchisee may also, at its election, obtain confidentiality and noncompetition agreement from such personnel on the standard form agreement provided by Company. Company reserves the right to require, on reasonable advance notice to Franchisee, that Franchisee obtain the standard form confidentiality and noncompetition agreement from all persons who become employed by Franchisee after the date of receipt by Franchisee of such notice from the Company. Executed copies of any such confidentiality and noncompetition agreements shall be forwarded to Company within ten (10) days following each employee's first date of employment. Such employees shall

complete all Company prescribed training programs at Franchisee's expense, and Franchisee shall pay any and all charges associated with such continuing training programs as may be reasonably required by Company. Further, if Franchisee's operations are such that it is deemed by Company to be necessary that Company send a Company representative to Franchisee's location to conduct compliance training for Franchisee and Franchisee's staff, Franchisee will be required to pay all travel, hotel and meal expenses associated with that representative's visit plus an additional training fee which is described in the Manual.

- (h) Recruit, screen, test, interview, hire, train, assign and supervise Temporary Employees and full-time placement applicants on behalf of Company, and in conformity with the SPHERION System, and do so in full compliance with all laws including equal employment opportunity laws and any affirmative action program of Company. Franchisee shall acquire and provide any safety or other training programs or materials, and all employee testing materials or equipment and personal protective garments or equipment deemed necessary by Company or required by law for the Temporary Employees with respect to their activities under this Agreement.
- (i) Furnish the services set forth in **Schedule 2** to this Agreement in conformity with the procedures and systems of Company. Franchisee shall not, without the prior written consent of Company, provide full-time placement applicants or Temporary Employees to Franchisee or to any organization in which Franchisee, a member of Franchisee's family or any entity wholly or partly owned by Franchisee, has a financial interest greater than 10%, or to a Customer which is delinquent in payment of sums due to Company, provided that Company has notified Franchisee of such delinquency. Franchisee shall not accept orders for or make assignments in the Prohibited Occupations listed in **Schedule 2** to this Agreement.
- (j) Recruit Temporary Employees and full-time placement applicants, and solicit Customers on behalf of Company in each Accounting Period through the use of local advertising. Local advertising expenditures, which shall include, without limitation, local Customer and Temporary Employee and full-time placement applicant recruitment advertising in various media, direct mail, appropriate Yellow Pages or similar advertising within and with respect to the Area and the production and distribution of recruitment and retention brochures and other collateral materials, shall be the sole responsibility of Franchisee. Local advertising may be produced or purchased by Franchisee from Company or from Franchisee's own sources, provided that all local advertising and related materials not purchased from Company shall first be approved in writing by Company and shall conform in theme, design and content to the advertising utilized by Company.
- (k) Obtain, and maintain throughout the Term of this Agreement and any extensions or renewals hereof, all licenses and permits which are necessary or appropriate to the operation of the Franchised Business. Such licenses and permits shall be obtained, where permissible and required by Company, in the joint names of Company and Franchisee, and all Franchisee's interest, rights and benefits thereunder shall be assigned to Company, at its option and where permissible by

law, upon expiration or termination of this Agreement for any reason, except as otherwise provided herein.

- (l) Follow all directives of the Company in connection with the use and display of the Marks. Utilize in connection with the Franchised Business, only such business forms, advertising, brochures, promotional materials and similar materials that conform to the design and specifications of Company and that are either purchased from or approved in advance by Company as consistent with the SPHERION System.
- (m) Maintain an accounting and payroll system for the Franchised Business in accordance with Company's systems and procedures, and within ten (10) days following the end of each Accounting Period provide Company with sufficient information, in a form acceptable to Company, to enable Company to prepare monthly profit and loss statements for the Franchised Business. The completeness and accuracy of such statements shall be solely dependent on the information supplied by Franchisee, and Company shall have no duty to independently obtain or investigate any such information or verify the statements prepared by it. Company or its duly appointed representatives shall have the right to inspect and observe the operation of the Franchised Business and Franchisee's business premises and to inspect, audit and make copies of any and all books and records of Franchisee, as well as all supporting data related to the Franchised Business, at all reasonable times.
- (n) Supply such information as Company deems necessary to enable Company to prepare and maintain accurate mailing lists of current and prospective Customers, full-time placement applicants and Temporary Employees, and reimburse Company for the production and postage expense incurred by Company for any direct mailings to such lists as may be deemed reasonable and necessary by Company from time to time.
- (o) Maintain at all times such financial resources as Company in its business judgment shall deem necessary and proper to fulfill the obligations and responsibilities set forth in this Agreement. Franchisee shall pay in a timely manner all bills and expenses of the Franchised Business, and shall pay all invoices for services and supplies purchased from Company, and other amounts due Company, on or before the tenth (10th) day of the month following the date of invoice. Company shall have the absolute right, at any time, to deduct amounts due Company by Franchisee from Franchisee's monthly commission, including amounts due Company under any other franchise, license, or other agreement between Franchisee and Company or any affiliate of Franchisee. Franchisee further agrees to pay on behalf of and as directed by Company, all instant payments to Temporary Employees and to promptly report and account for such instant payments to Company. Company agrees to reimburse Franchisee for instant payments made to Temporary Employees on the commission statement for the Accounting Period in which it receives appropriate instant pay information from Franchisee.
- (p) Keep and maintain in a confidential manner, or as otherwise directed by Company, without allowing any copies of same to be made, the Manuals,

periodic newsletters, memoranda, correspondence, Customer lists and requirements, Temporary Employee and full-time placement applicant lists, records and files, personnel records, mailing lists, financial information, computer software and similar trade secrets or confidential information, all of which are, and shall remain, the sole and exclusive property of Company.

- (q) Purchase and continuously maintain at Franchisee's expense the insurance coverage listed below, insuring Franchisee (and, when requested, naming Company as an additional insured for liability arising out of the operations of the Franchised Business with thirty-day notice of cancellation or material change), and furnish to Company a copy of each policy, required endorsements and loss runs (information on all claims or losses) as may reasonably be requested by Company:
  - (1) WORKERS' COMPENSATION, including Employers Liability with a minimum limit of Five Hundred Thousand Dollars (\$500,000). A waiver of subrogation endorsement must be attached in favor of the Company;
  - (2) COMMERCIAL/COMPREHENSIVE GENERAL LIABILITY ("CGL"), minimum limits of One Million Dollars (\$1,000,000) including the following coverage:
    - Broad form Comprehensive General Liability
    - A waiver of subrogation endorsement must be attached in favor of the Company and the Company must be named as an additional insured for liability arising out of the operations of the Franchised Business;
  - (3) AUTOMOBILE LIABILITY, minimum limits of One Million Dollars (\$1,000,000) and includes:
    - Hired/Non-owned Automobiles
    - Owned Automobiles
    - A Motor Vehicle Record needs to be obtained for all drivers;
    - A waiver of subrogation endorsement must be attached in favor of the Company and the Company needs to be named as an additional insured for liability arising out of the operations of the Franchised Business;
  - (4) UMBRELLA LIABILITY, a minimum limit of One Million Dollars (\$1,000,000) excess of the primary One Million Dollars (\$1,000,000) limited required of CGL and Automobile Liability;
  - (5) EMPLOYEE DISHONESTY COVERAGE OR FIDELITY BOND (deductible not to exceed Twenty-Five Hundred Dollars (\$2,500) without prior written consent of Company) with a minimum limit of One Hundred Thousand Dollars (\$100,000); and
  - (6) EMPLOYMENT AGENCY ERRORS & OMISSIONS with a minimum limit of

One Million Dollars (\$1,000,000). E & O Insurance cannot include staffing exclusions for placement of employees.

The obligation of franchisee to maintain insurance is separate and distinct from its obligation to indemnify Company under the provisions of Section 19 ("Indemnification") of this Agreement. Nothing contained herein shall be, or be construed to be, an assumption of an obligation by Company to provide any insurance coverage for Franchisee, and the obligation shall be on Franchisee at all times to determine its needs with respect to any insurance coverage necessary or desirable for the Franchised Business. In the event Company makes available to Franchisee any of the foregoing or any other insurance coverage under either separate or master policies, such an undertaking by Company shall not be construed to be a continuing obligation of Company, and Company may at any time, with prior written notice to Franchisee, cancel or not renew any such insurance coverage, in which case Franchisee shall remain obligated to secure and maintain all such insurance coverage.

- (r) Forward, without delay, a copy of any incident report, claim for workers' compensation or unemployment compensation by a Temporary Employee, summons, subpoena, process or notice in which Company or any Temporary Employee is named or involved, to the appropriate insurance services vendor or the Company's Law Department at its principal place of business, in accordance with applicable Company policy and procedures, and to cooperate with Company, its attorneys and/or insurers as requested in relation thereto. Franchisee shall be solely responsible for the defense of any claim, suit or action brought against Franchisee or its employee(s), and for the payment of any and all attorney's fees, costs, judgments, fines or penalties rendered or assessed against Franchisee or its employees, and Company shall have no obligation in connection therewith.
- (s) Conduct the Franchised Business in accordance with all applicable laws, statutes, rules and regulations. Without limiting the generality of the foregoing, Franchisee shall comply with Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Equal Pay Act, the Americans with Disabilities Act, and the Immigration Reform and Control Act, as such laws now exist or are hereafter amended, in the operation of the Franchised Business.
- (t) Attain or surpass the Gross Profit Quota for each Fiscal Year, as set forth in **Schedule 3** to this Agreement, and for each Fiscal Year in which Franchisee fails for any reason to attain the Gross Profit Quota for such year, pay to Company an amount equal to the Company's percentage of the Gross Profit Quota for such year calculated in accordance with Section 12(a) hereof, less the Company's percentage of the actual Gross Profit for such year calculated in the same way. Company shall notify Franchisee in writing within sixty (60) days after the end of any Fiscal Year in which Franchisee fails to attain that year's Gross Profit Quota, and such notice shall specify the Gross Profit Quota, the Gross Profit attained by Franchisee, and the amount payable by Franchisee to Company for failure to meet its Gross Profit Quota, calculated pursuant to this Section. If Franchisee fails to pay the amount required by this Section within thirty (30) days of receiving such written notice thereof from Company, Franchisee shall be in

default under this Agreement.

- (u) Provide to Company at its principal place of business, or at such other location as directed by Company, by method of delivery specified by Company, on or before the Monday next succeeding the week to that which such information pertains (or such other day and time as may be required by the payroll policies and procedures of the Company), in the form or formats required by Company, detailed information relating to the placement of full-time placement applicants and complete and accurate weekly payroll and billing information for Temporary Employees furnished to Customers. Franchisee shall take all action necessary to install and utilize the electronic data processing services and equipment when permitted or required by Section 8 of this Agreement. Additionally, Franchisee shall prepare, maintain and timely provide to Company all such records and reports as Company may require including, but not limited to, a business plan, records and reports on Sales, promotional activity, marketing, business development, employee census data, and copies of Franchisee's or, if Franchisee is an entity, the Entity's federal income tax and payroll tax returns, as well as monthly, quarterly and annual financial statements including balance sheet and profit and loss statement.
  - (v) Assume full responsibility for the collection of unpaid Customer accounts and the financial loss resulting from nonpayment. Customer accounts are owned by Company and any payments made by Customers shall be promptly remitted to Company.
  - (w) Promptly file appropriate responses and, when requested by Company, defend on behalf of Company all claims for unemployment compensation in accordance with the policies, procedures and systems of Company. Assist and cooperate with Company in the defense of any workers' compensation claim, general liability claim, professional/fidelity liability claim, auto claim, employment practices liability claim or other claim or suit by a Temporary Employee or by a Customer with respect to the acts, errors or omissions of a Temporary Employee or others and pay or be charged such deductible amounts and other amounts as are currently required under the Company's policies and procedures regarding worker's compensation, general liability, professional/fidelity liability, auto liability, employment practices liability, and other liabilities all as set forth from time to time in the Manuals and in other communications, including email communications, from Company to Franchisee, as well as to undertake such action and pay or be charged such amounts as are required under Section 19 (Indemnification) of this Agreement.
  - (x) Abide by all applicable laws pertaining to the privacy of customer, employee, and transactional information ("Privacy Laws"). Additionally,
    - (1) Franchisee will comply with Company standards and policies pertaining to Privacy Laws. If there is a conflict between Company standards and policies pertaining to Privacy Laws and actual applicable law, Franchisee will:
      - (i) comply with the requirements of applicable law;

- (ii) immediately give Company written notice of said conflict; and
- (iii) promptly and fully cooperate with Company and Company's counsel in determining the most effective way, if any, to meet Company's standards and policies pertaining to Privacy Laws within the bounds of applicable law.

## **8. Payroll/Billing and Management Information Services and Fees.**

- (a) Based on payroll and billing information provided to Company by Franchisee, Company shall prepare and mail all weekly invoices and periodic statements to Customers, all weekly payroll to Temporary Employees, all required payroll tax returns and insurance contribution reports, shall prepare and provide Franchisee with Franchisee's monthly commission statement, and shall make available periodic copies of confidential Customer, full-time placement applicant and Temporary Employee lists, and any sales or management information reports deemed appropriate by Company (all of which are hereinafter referred to for convenience as "**Management Information Services**"). The Management Information Services and Technology Enhancement Fee ("MISTEF") payable by Franchisee as described below shall cover payroll and billing services described above, appropriate and applicable forms and supplies as determined by Company, line charges, and postage for invoices and payroll mailed or delivered by Company. Franchisee shall pay the costs of next day delivery of input data to Company, and any travel costs incurred to attend required training programs for using any on-line electronic data processing services. Franchisee shall pay for software, equipment and the updating of software and equipment as set forth below.
- (b) On-line electronic data processing services shall commence at the time of the opening of Franchisee's office.
- (c) The MISTEF shall equal 1.5% of the total gross payroll for Temporary Employees plus 1.5% of Full-Time Placement Sales in each Accounting Period, commencing with the opening of Franchisee's office.

The applicable MISTEF shall be paid to Company monthly for each Accounting Period during the Term of this Agreement and any renewals or extensions thereof. The MISTEF shall not be included in the computation of Gross Profits. Company may deduct the MISTEF from Franchisee's monthly commission, but such right shall not limit Franchisee's liability for the MISTEF if no such deduction is made, or if the MISTEF exceeds the amount of Franchisee's monthly commission.

## **9. Required Hardware and Software.**

- (a) Franchisee has been granted a license for use of the Company's proprietary software components of the Computer System pursuant to the terms and conditions of this Agreement. Franchisee shall also license any 3<sup>rd</sup> party software components of the Computer System as specified by Company. Franchisee shall pay Company a Computer System Support Fee of \$200 per site per Accounting Period. Company shall provide maintenance and support of all the software components of the Computer System as follows: user support services by

telephone through a Call Center as determined by the Company, and improvements, enhancements, modifications and updates to the software which are routinely deployed as part of the Company's Computer System.

- (b) Company will loan to Franchisee for the Term of this Agreement the router and switch necessary to connect to the Company's network. Franchisee shall purchase the hardware, equipment and other connectivity components of the Computer System as specified by Company and shall, at Franchisee's expense, install, maintain, upgrade and augment such hardware and equipment during the Term hereof as deemed necessary by the Company. Franchisee shall, at Franchisee's expense, do all things necessary to install and commence use of improvements, enhancements, modifications and updates to the Computer System software and the router and switch provided by the Company. Without limiting the foregoing, Franchisee will implement and periodically make upgrades and other changes to the Computer System and Required Software as Company may reasonably request in writing (collectively, "Computer Upgrades"). Franchisee will comply with all specifications issued by Company with respect to the Computer System and all required software, and with respect to Computer Upgrades. Franchisee will also afford Company unimpeded access to Franchisee's Computer System and Required Software as Company may request, in the manner, form, and at the times requested by Company.
  - (c) Company shall initially install and configure, at Franchisee's expense, the Computer System hardware and software at Franchisee's office location. Franchisee shall provide the network cabling and a suitable operating environment for the Computer System as uniformly specified by Company with respect to utilities, temperature, cabling, hardware and Internet access. Franchisee shall be responsible to convert any of its pre-existing files, databases and other information to be used with the Computer System.
  - (d) Company shall provide Franchisee with Company's approved applicant testing application. Franchisee shall maintain, upgrade and augment such software as deemed necessary by Company, and shall reimburse Company for any fees associated with such application.
  - (e) Franchisee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Company will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that Franchisee will abide by those reasonable new standards established by Company as if this Subsection (e) were periodically revised by Company for that purpose.

#### **10. Brand Awareness Program and Fee.**

From time to time, Company, in its sole discretion, may engage in brand awareness advertising and similar advertising and promotional activities (which may include local media) to promote the services provided pursuant to the SPHERION System. Franchisee agrees to pay Company monthly as a deduction from Franchisee's commission, or directly, if required by

Company, an amount equal to 0.25% of Sales, as Franchisee's contribution to the cost of such brand awareness advertising and similar advertising and promotional activities ("Brand Awareness"). Company shall match the contributions by Franchisee for national advertising, by spending for Brand Awareness costs an amount equal to that contributed by Franchisee. Any amounts allocated or spent for Brand Awareness by or on behalf of Company's or its affiliates' branch offices shall be credited against Company's obligation to match Franchisee's contribution as set forth herein. The funds contributed by Franchisee and Company may be commingled by Company, and may be used to purchase, rent or otherwise acquire media space or time for such advertising, or for production costs, or for branded promotional products and materials, contests, internet advertising, "marketing matches" and other related advertising and promotional activities as may be determined by Company in its discretion, provided, however, that Company will not use the Brand Awareness monies for advertising that is principally a solicitation for the sale of franchises. Company shall have complete and absolute discretion in when and whether to conduct, and in the planning and development of, Brand Awareness campaigns and other efforts and in the expenditure of all Brand Awareness funds, including those contributed by Franchisee. Company may, in its sole discretion upon written notice to Franchisee, discontinue its Brand Awareness program and the Brand Awareness fee required by this Section, upon written notice to Franchisee.

**11. Initial Franchise Fee.**

Franchisee shall pay to Company upon execution of this Agreement, as a nonrefundable initial franchise fee, the sum of thirty-five thousand dollars (\$35,000).

## **12. Franchisee Commission.**

Commissions are paid to Franchisee as set forth in this Section 12.

- (a) Temporary Sales. During the Term of this Agreement, for Temporary Sales Franchisee shall be paid a commission of 75% of Temporary Gross Profits and Company shall retain 25% of Temporary Gross Profits.
  - (b) Full-Time Placement. Franchisee shall receive and retain, as its commission from Full-Time Placement services, eighty-eight percent (88%) of Full-Time Placement Sales in each Fiscal Year. Company shall receive and retain as its compensation from Full-Time Placement services twelve percent (12%) of Full-Time Placement Sales in each Fiscal Year.
  - (c) Commission Statement. Within thirty days following the last day of each Accounting Period, Company shall prepare and submit to Franchisee a franchisee commission statement setting forth, for the Area and the respective Accounting Period: total Sales, appropriate adjustments to Sales (including, but not limited to, Customer guarantees, refunds, credits, correction of previous billing errors and discounts), Temporary Employee payroll, payroll taxes and all other Direct Costs, Gross Profit, Franchisee's commission and the deductions, additions and amounts payable to Company described in the following Subsections.
  - (d) More than One Office. If Franchisee operates more than one office under the terms of this Agreement, commissions shall be consolidated and calculated as one office. If Franchisee has more than one Franchise Agreement with the Company, this Agreement stands on its own for the purposes of commission

calculations.

- (e) Company shall deduct from the aggregate gross commission payable to Franchisee:
  - (1) an Accounts Receivable Funding Fee calculated by multiplying the accounts receivable over sixty (60) days from the date of the respective billing as of the end of each Accounting Period by one and one half (1½) percentage points over the Prime Rate quoted on the first business day of each Accounting Period in the Southeastern Edition of the Wall Street Journal with the result multiplied by 30/365. The Accounts Receivable Funding Fee will be charged and deducted for an entire Accounting Period notwithstanding that an account becomes more than sixty (60) days old on or before the last day of the Accounting Period, until the account receivable is deducted pursuant to Subsections (e)(2), (e)(3) or (e)(4) below;
  - (2) the amount of previous billings (both Temporary Sales and Full-Time Placement sales) to a Customer that are determined to be uncollectible by Company prior to two hundred and seventy (270) days from the date of such billing (a bankruptcy or equivalent proceeding filed by or against a Customer shall cause all previous billings to that Customer to be automatically deemed uncollectible);
  - (3) the amount of previous billings to a Customer which remain uncollected two hundred and seventy (270) days from the date of such billings, regardless of any agreement or evidence as to ultimate collectability;
  - (4) the amount by which any Customer account receivable over ninety (90) days exceeds the credit limit established pursuant to Company procedures for such Customer by either twenty-five percent (25%) or fifty thousand dollars (\$50,000). This deduction from Franchisee's commission shall be made thirty (30) days after Company provides Franchisee with written notice of the amount to be deducted, unless the Customer account receivable is reduced to within the approved credit limit, or the credit limit is increased by Company prior to the deduction;
  - (5) any Temporary Employee wages or other monies paid by Company which are subsequently determined to have been based on forged, fraudulent, erroneous or improper time slips or other authorizations;
  - (6) the Management Information Services and Technology Enhancement Fee required by Section 8 of this Agreement;
  - (7) the Brand Awareness Fee required by Section 10 of this Agreement;
  - (8) all amounts due Company for materials and services purchased by Franchisee from Company or its affiliates; and
  - (9) any other sums properly due to Company or its affiliates from Franchisee.

The amount of Franchisee's gross commission shall be increased by an amount equal to one hundred percent (100%) of the net recovery of any amounts previously deducted from Franchisee's commission by reason of Subsections (e)(2), (e)(3), (e)(4) or (e)(5) above.

- (f) **Payment of Commissions.** Franchisee's commission, net of the adjustments and deductions described in this Section, shall be paid monthly, within thirty (30) days following the end of each Accounting Period. If the net commission for any Accounting Period is less than zero (i.e., an amount due Company), such amount shall be paid by Franchisee to Company within thirty (30) days of receipt of the applicable commission statement, and if such amount remains unpaid, it may be deducted from subsequent commission statements, or collected directly from Franchisee.

### **13. Term; Renewal.**

- (a) Subject to the provisions of this Agreement, and Franchisee's complete and continuing performance of all of its covenants and obligations hereunder, this Agreement shall remain in force and effect for an initial term of ten (10) years (the "**Term**") from the Effective Date.
- (b) In the event Franchisee's right to operate the Franchised Business shall be in full force and effect upon the expiration of the initial or any renewal term of this Agreement, and provided Franchisee has not been in default under this Agreement (or, as applicable, a renewal Agreement) during the final year of such Term, Company, in its sole discretion, shall either:
  - (1) renew Franchisee's right to operate the Franchised Business for an additional renewal term of five (5) years; or
  - (2) exercise the nonrenewal right described in Section 16 of this Agreement.
- (c) Company shall provide written notice to Franchisee of its decision to renew or not renew Franchisee's right to operate the Franchised Business at least one hundred and twenty (120) days prior to the expiration of the Term of this Agreement. If Company's written notice is to renew Franchisee's right to operate the Franchised Business, Franchisee shall provide Company with its written acceptance of such renewal on or before sixty (60) days prior to the expiration of the term sought to be renewed.
- (d) Any extension or renewal of the right to operate the Franchised Business shall be under the terms and conditions of the franchise agreement being utilized by Company for renewals on the date of such extension or renewal, which terms and conditions may include, but not be limited to, revised nonrenewal provisions, franchisee commissions, financing surcharges, fees for management information services or Brand Awareness, new gross profit or sales quotas, and other material revisions, additions or deletions, and it shall be a condition of renewal that Franchisee shall execute such new franchise agreement prior to the expiration of the Term sought to be renewed and, finally, it shall be a further condition of renewal that Franchisee execute, in a form satisfactory to Company, a general release of Company, its parents, subsidiaries and affiliates and their respective officers, directors, members, shareholders, agents, heirs, successors,

representatives and employees.

#### **14. Assignment.**

- (a) Company's rights under this Agreement shall inure to the benefit of its successors and assigns, and Company may assign this Agreement at its option, without the consent of Franchisee, provided that the assignee agrees to assume all of Company's obligations under this Agreement.
- (b) Except as provided in Section 2(b) hereof, neither Franchisee nor any Owner shall directly or indirectly sell, assign, sublicense, grant a security interest in or otherwise transfer this Agreement, the Franchised Business, any shares or other interest in the Entity, or any right or interest granted herein, or suffer or permit any such sale, assignment, sublicense, attachment of a security interest or other transfer to occur by operation of law or otherwise, without the prior written consent of Company. Franchisee shall, however, have the right to sell Franchisee's entire interest under this Agreement and the Franchised Business, provided that Franchisee and the proposed purchaser have entered into a binding purchase agreement containing all of the terms and conditions applicable to such purchase prior to the date of exercise of Company's nonrenewal right described in Section 16, and provided further that Company shall thereafter have granted written approval of such purchaser and shall have waived its first right of refusal with respect to such purchase. Immediately upon execution of such purchase agreement, Franchisee shall deliver to Company an executed copy of such purchase agreement, accompanied by a certified or cashier's check from the proposed purchaser payable to Company in the amount of Ten Thousand Dollars (\$10,000). Company shall have sixty (60) days from its receipt of such purchase agreement to, in its sole discretion, either approve or disapprove the proposed purchaser or notify Franchisee in writing of Company's exercise of its first right of refusal to become the purchaser. If Company fails to take any of such actions within such sixty-day period, it shall be deemed to have waived its first right of refusal and to have approved the proposed purchaser, in which case the proposed purchase may be completed, but only pursuant to the terms and conditions of the purchase agreement delivered to Company. If Company timely disapproves of the proposed purchaser the purchase shall not be completed. If Company shall timely exercise its first right of refusal, it shall complete a closing of the purchase on the closing date set forth in the purchase agreement submitted to Company which shall be no less than sixty (60) days after Franchisee's receipt of Company's notice of exercise of its first right of refusal. If Company approves, or is deemed to have approved the proposed purchaser, it shall retain the Ten Thousand Dollars (\$10,000) deposited by the proposed purchaser with Company as a nonrefundable franchise transfer fee, in lieu of the initial franchise fee required by Section 11 hereof and Franchisee shall pay its transfer fee to Company upon sale of the Franchised Business. If Company disapproves the proposed purchaser or timely exercises its first right of refusal, it shall immediately return to the proposed purchaser the Ten Thousand Dollars (\$10,000) deposited with Company pursuant to this Subsection. If Company approves, or is deemed to have approved the proposed purchaser, Company shall have the right to require that the purchaser operate under the terms and conditions of the franchise agreement being utilized by Company on the date of

the purchase, which terms and conditions may include, but not be limited to, revised nonrenewal provisions, franchisee commissions, financing surcharges, fees for management information services or Brand Awareness, new gross profit or sales quotas, and other material revisions, additions or deletions, and it shall be a condition of the purchase that the purchaser shall execute such new franchise agreement at the time of the purchase, such franchise agreement may, in Franchisor's discretion, reflect (i) the remaining Term under the selling Franchisee's Franchise Agreement or (ii) may reflect an initial ten year Term or (iii) may reflect a renewal five year term and it shall be a further condition of the purchase that both the selling Franchisee and the purchaser execute, in a form satisfactory to Company, a general release of Company, its parents, subsidiaries and affiliates and their respective officers, directors, members, shareholders, agents, heirs, successors, representatives and employees.

- (c) Company's approval of a proposed purchaser shall not be unreasonably withheld, but may require the prior satisfaction of certain conditions determined solely within Company's discretion, which conditions may include but shall not be limited to the following:

  - (1) the proposed purchaser must pay to a current status any outstanding obligation of Franchisee to Company, and must guarantee payment in full of all obligations of Franchisee arising out of the operation of the Franchised Business, to all other known creditors of the Franchised Business;
  - (2) Franchisee must confirm to Company in a sworn statement, in a form acceptable to Company, that Franchisee has thoroughly informed the proposed purchaser of all relevant information regarding the income and expenses of Franchisee's operation, creditworthiness of clients, the current status of workers' compensation claims, and necessary technology upgrades and the costs thereof and similar material information;
  - (3) the proposed purchaser must meet or exceed all requirements then required by Company of new franchisees, including but not limited to requirements with respect to the availability of sufficient capital, business experience, character, financial and managerial capability, and the absence of or limitations on other employment or business interests;
  - (4) the proposed purchaser must complete and forward to Company the then-current franchisee application documents, and the proposed purchaser must provide Company with its federal and state tax returns for the past two (2) years;
  - (5) the proposed purchaser must agree to participate in such training as is then required by Company of its new franchisees;
  - (6) the proposed purchaser must not own, engage in, be employed by, or be a supplier or provider of services to a business which in Company's sole judgment is or may be competitive to or otherwise in conflict with the business of Company (including, but not limited to, those services

franchised under this Agreement);

- (7) the proposed purchaser must agree to execute Company's then-current franchise agreement for the remaining Term of this Agreement, and such other documents of assumption of Franchisee's obligations related to the Franchised Business as shall be reasonably required by Company;
  - (8) the proposed purchaser (or, if a corporation or limited liability company, its representatives) shall personally meet with representatives of Company at Company's principal place of business within fifteen (15) days of entering into a purchase agreement with Franchisee and prior to the closing of any such purchase;
  - (9) a copy of all documents for the sale, assignment or transfer shall be submitted to Company for Company's prior approval;
  - (10) the new individual franchisee must reside in the Area and must agree to devote full time to the operation of the franchised business, unless otherwise consented to by Company.
  - (11) the proposed transaction must, in Company's judgment, provide the proposed purchaser with an economically viable opportunity; provided, however that no such judgment on Company's part shall be deemed to be a representation upon which the proposed purchaser is intended to rely

(d) If Franchisee is an Entity, Franchisee shall not, without the prior written consent of Company, issue any capital stock or securities of the Entity.

(e) An Owner shall not, without the prior written consent of Company, transfer any stock or interest in the Entity.

(f) Company's prior written consent required under Subsections (d) and (e) above shall be at Company's sole discretion and business judgment and the conditions of Company's consent shall, at a minimum, include:

  - (1) Franchisee shall not be in default under this Agreement; and
  - (2) Franchisee shall obtain Company's approval of each proposed Owner and each Owner must submit to Company all information required by Company's then-current approval process, including a personal interview at Company's principal place of business or the headquarters of the Franchise/License Division of the Company (at no expense to Company), as the case may be.

(g) If Franchisee is an Entity, a change in voting control (by whatever means) of the Entity shall be considered a sale of Franchisee's entire interest in this Agreement and the Franchised Business and shall be subject to the provisions of Sections 14(b) and (c) above relating to that event.

## **15. Disposition of the Franchised Business.**

- (a) In the event that Franchisee elects to terminate this Agreement at any time after the initial Term pursuant to Subsection 17(a) hereof, Franchisee shall notify Company in writing at least one hundred and eighty (180) days prior to the proposed effective date of termination that:
  - (1) Franchisee will, on the effective date of termination, discontinue its operation of the Franchised Business, and thereafter faithfully honor and abide by each of the terms and conditions set forth in Sections 5 and 18 of this Agreement; or
  - (2) Company can exercise its option pursuant to Subsection 15(c) below.
- (b) If Franchisee notifies Company that Franchisee will discontinue its operation of the Franchised Business pursuant to Subsection 15(a)(1) above, then Franchisee shall, on the effective date of termination, discontinue its operation of the Franchised Business, and thereafter faithfully honor and abide by each of the terms and conditions set forth in Sections 5 and 18 of this Agreement. Should Franchisee fail to comply with the provisions of this Subsection 15(b), Franchisor shall be entitled to either (i) pursue its rights at law and in equity for Franchisee's breach of contract which rights shall include, but not be limited to, all damages plus the right to require that Franchisee immediately discontinue its operation of the Franchised Business, and thereafter faithfully honor and abide by each of the terms and conditions set forth in Sections 5 and 18 of this Agreement, or (ii) require that Franchisee pay to Company upon demand, as liquidated damages and not as a penalty, an amount equal to eight (8) times the Sales of the Franchised Business for the twelve (12) full Accounting Periods immediately preceding the date of expiration, or the effective date of termination, as applicable, of this Agreement multiplied by 9.5%.
- (c) The provisions of this Subsection 15(c) shall only be applicable in the event that Franchisee timely notifies Company, pursuant to Subsection 15(a)(2) above, that Company can exercise its option pursuant to this Subsection 15(c). If Franchisee so notifies Company, then Company shall have the option, exercisable in its sole discretion, at any time after the thirtieth (30th) day from Company's receipt of such notice through the one hundred and eightieth (180th) day from Company's receipt of such notice, and specifically not subject to reversal by Franchisee, to either:
  - (1) waive the provisions of Subsections 5(a)(1), (3) and (5), and 18(c), (d) and (e) of this Agreement, and consent to the continuation of the Franchised Business by Franchisee (subject to the remaining provisions of Sections 5 and 18 of this Agreement), in consideration of the payment to Company by Franchisee of an amount equal to four (4) times the Sales of the Franchised Business for the twelve (12) full Accounting Periods immediately preceding the date of expiration, or the effective date of termination, of this Agreement multiplied by 6.5% with a minimum purchase price and payment to Company of Seventy Five Thousand (\$75,000 dollars). The payment provided for herein shall be paid in four

(4) equal annual payments, plus interest at a rate equal to the Prime Rate plus one percent (1%), and shall be secured by a pledge of Franchisee's trade receivables which grants a first lien to Company, and by the personal guarantee of Owners. In connection with this option, exercisable only by Company, Franchisee shall execute such documents of purchase as are required by Company including but not limited to an asset purchase agreement, promissory note, security agreement and personal guarantee all in a form acceptable to the Company's attorney, in such attorney's discretion. Such documents of purchase shall permit the Company to take all steps that it deems necessary to secure payment, including but not limited to the optional requirement that Customers continue to make payments directly to the Company until the purchase price has been fully paid; without limiting the foregoing and for the purpose of removing doubt, upon the termination described in this Subsection (c)(1) the continuation of the former Franchised Business shall be on a basis by which the former Franchisee will not be permitted to use any of the Marks licensed under this Agreement, the former Franchisee will no longer have any right of access to the Spherion system or to the computer systems associated therewith, the former Franchisee will have the right to contact any Temporary Employees placed with any Customer by former Franchisee in the operation of the Franchised Business over the previous three (3) years and any Customer for whom the former Franchisee placed Temporary Employees over the previous three (3) years, (except for National Accounts and Strategic Accounts as described below) provided, however that Company shall not be obligated to provide to the former Franchisee information greater than basic contact information regarding these persons and entities and provided further that any and all rights of the former Franchisee with respect to the Area shall terminate upon the termination of the Franchise Agreement, and provided finally that Company shall be free to redirect and service all National Accounts and Strategic Accounts in the manner which Company chooses, those receivables which are due and owing as of the effective date of the transaction shall be collected and split between Franchisee and Company in accordance with the provisions of the Franchise Agreement, and except as specifically described above, the former Franchisee shall remain fully subject to the remaining provisions of Sections 5 and 18 of this Agreement; or

- (2) purchase the Franchised Business from Franchisee at a purchase price equal to the lesser of either the Gross Profit of the Franchised Business for the six (6) full Accounting Periods immediately preceding the date of expiration or the effective date of termination of this Agreement, or fifty percent (50%) of the Gross Profit of the Franchised Business for the twelve (12) Accounting Periods immediately preceding the date of expiration or the effective date of termination of this Agreement. The assets of the Franchised Business which shall be transferred in such a transaction shall include all tangible and intangible assets of the Franchised Business, excluding only cash and accounts and notes receivable. Company shall assume no liabilities of the Franchised Business and all assets transferred shall be free from any and all liens or

defects of title. Company may deduct from the purchase price any amounts owed to Company by Franchisee, and may deduct from the purchase price, and pay directly to creditors, any amounts necessary to satisfy any outstanding liens on the assets to be transferred. The purchase price shall be payable in eight (8) equal quarterly payments, plus interest at a rate equal to the Prime Rate plus one percent (1%). In the event Company elects the option set forth in this Subsection 15(c)(2), then each of the provisions of Sections 5, 18 and 19 of this Agreement shall remain in full force and effect for the longer of the period set forth therein, or the period during which the purchase price is payable.

- (d) Upon the exercise of either of the options set forth in Subsections 15(c)(1) or (2) above, the parties shall execute and deliver such additional instruments of assignment and transfer, which shall include a general release by Franchisee of the Company, its parents, subsidiaries and affiliates and their respective officers, directors, members, shareholders, agents, heirs, successors, representatives and employees with respect to all actions, activities, omissions and other matters for the period prior to the exercise of the option and the parties shall take such other actions as may be reasonably requested in order to carry out the intent of the parties as set forth herein.
  - (e) As used in this Section 15 and in Section 16:

- (e) As used in this Section 15 and in Section 16:

**“Prime Rate”** means the prime rate of interest quoted in the Wall Street Journal (Southeastern Edition) on the first day of the month in which this Agreement is allowed to expire without renewal by Franchisee, or is terminated by Franchisee pursuant to Subsections 17(a) or 17(c) hereof.

#### **16. Nonrenewal Right of Company.**

Effective as of the expiration of any initial or renewal term of this Agreement and notwithstanding any renewal notice or intent to renew by Franchisee, Company shall have the right not to renew this Agreement for a payment equal to the lesser of:

- (a) the Gross Profit of Franchisee's operation for the six full Accounting Periods immediately preceding the date on which Company notifies Franchisee of its intention to not renew this Agreement; or
  - (b) 50% of the Gross Profit of Franchisee's operation for the twelve full Accounting Periods immediately preceding the date on which Company notifies Franchisee of its intention to not renew this Agreement.

Notification of Company's intent not to renew this Agreement as set forth above shall be provided to Franchisee in writing at least one hundred and twenty (120) days prior to the expiration of the Term of this Agreement. Closing shall be at the mutual convenience of Company and Franchisee, but in no event later than the expiration date of this Agreement. At the closing, the parties shall execute mutual releases with respect to any liability, duty or the performance of any covenant, condition or obligation under this Agreement, provided, however, that Company's release of Franchisee shall not include those covenants, conditions or obligations imposed upon Franchisee by Sections 5, 18 and 19 of this Agreement. The payment for nonrenewal is in part consideration for Franchisee's covenants and agreements in

Sections 5, 18 and 19 of this Agreement and is expressly conditioned on Franchisee's compliance with those covenants and agreements. The payment for nonrenewal shall be made in eight (8) quarterly payments, plus interest at a rate equal to the Prime Rate plus one percent (1%). Company shall assume all ongoing liabilities relating to the operation of the franchised business commencing with the effective date of termination. Franchisee shall pay all liabilities which relate to the operation of the franchised business up to the effective date of termination, and Company shall be entitled to withhold any amounts due to Franchisee, pursuant to this Agreement or otherwise, pending receipt of proof of payment of all such liabilities. All commissions payable to Franchisee through the effective date of such termination (less any amounts properly due to Company from Franchisee) shall be paid in due course.

In the event Company exercises its right not to renew this Agreement as set forth above, Franchisee agrees to abide by each of the terms and conditions set forth in Sections 5, 18 and 19.

## **17. Termination by Parties.**

Prior to the expiration of its Term, or any renewals or extensions thereof, and any other provisions of this Agreement to the contrary notwithstanding, this Agreement may only be terminated for the reasons and in the manner stated below:

- (a) By Franchisee without cause, but only during a renewal term and not during the initial Term of this Agreement, on the last day of the second full Accounting Period commencing after Company's receipt of Franchisee's written notice of Franchisee's intent to terminate this Agreement. Any attempt by Franchisee to terminate this Agreement without cause other than pursuant to the provisions of this Subsection 17(a) or Subsection 17(c) shall constitute a breach of this Agreement.
- (b) By Company:
  - (1) immediately upon Company's written notice to Franchisee of termination for any of the following causes:
    - (i) if Franchisee becomes insolvent, or shall be declared, or files a petition to be declared, or if a petition is filed against Franchisee to be declared, bankrupt; or if Franchisee makes a general assignment for the benefit of creditors, or applies for or suffers the appointment of a receiver or trustee, and such receiver or trustee is not discharged within ten (10) days after the date of appointment; or
    - (ii) if Franchisee or any Owner owning five percent (5%) or more of the Entity: shall be convicted of a felony or any other criminal misconduct relevant to the operation of the Franchised Business; converts or embezzles funds of Company or others; in the sole judgment of Company allows his or her reputation for honesty, integrity, fair dealing or good moral character to become impaired through publicity or notoriety; allows the Franchised Business or office premises to be closed for a period of five (5) successive days or more; makes a willful material misrepresentation to

Company, or fails to make a material disclosure to Company, as to matters involving or affecting the Franchised Business or any person or organization related to the Franchised Business; competes with Franchisee or Company; or discloses to any person, firm or entity, without the prior written consent of Company, the confidential data, current or prospective Customer, full-time placement applicant or Temporary Employee lists, financial materials or other trade secrets furnished by and belonging to Company and used in connection with the Franchised Business;

- (iii) the occurrence of the third (3<sup>rd</sup>) default in payment pursuant to Subsection 17(b)(3) or the third (3<sup>rd</sup>) breach or violation of the same or similar type pursuant to Subsection 17(b)(4) within any twelve (12) consecutive month period during the Term of this Agreement, without regard to any actual or proposed effort to cure such third (3<sup>rd</sup>) default, breach or violation.
- (2) immediately upon written notice from Company, upon a violation of any of the provisions of Section 14 of this Agreement relating to the sale or transfer of this Agreement, the Franchised Business, or any shares or other interest in any Entity formed by Franchisee for the operation of the Franchised Business;
- (3) on or after the tenth (10<sup>th</sup>) day following Company's written notice to Franchisee of termination for the failure on the part of Franchisee to pay any sums due and owing to Company, pursuant to this Agreement or any other agreement between Company and Franchisee, provided that Franchisee does not cure such violation by payment in full within such ten (10) day period. Franchisee shall not be deemed to have cured a payment default if it incurs another payment default within the ten-day cure period;
- (4) on or after the thirtieth (30<sup>th</sup>) day following Company's written notice to Franchisee of termination for any breach or violation of this Agreement, or of any other agreement between Franchisee and Company, except as otherwise provided for herein, provided that Franchisee does not cure such breach or violation within such thirty (30) day period. Franchisee shall not be deemed to have cured a default hereunder if it incurs another similar or different default within the thirty-day cure period;
- (5) on the last day of the second full Accounting Period following the date of death or the date of a physician's certification of the incapacity of Franchisee, or if this Agreement has been assigned to an Entity, the majority Owner of such Entity. Incapacity on the part of Franchisee, or such majority Owner, for the purposes of this Agreement, shall be established upon the certification of a physician approved by Company that Franchisee, or such majority Owner, would be unable to participate actively in the operation of the business for a period of ninety (90) days or more. Franchisee, or such majority Owner, agrees to notify Company

should such party be unable to participate actively in the operation of the business for a period in excess of ten (10) days, and further agrees to be examined at Franchisee's expense within seven (7) days of such notification, by a physician approved by Company. Company may exercise its option to terminate pursuant to this Subsection 17(c)(5) only if it pays Franchisee the payment described in Section 16. If Company elects not to terminate this Agreement in the event of the death or incapacity of Franchisee or the majority Owner in the Entity, Franchisee, or the Personal Representative of Franchisee or the Owner may sell or assign its business and this Agreement, subject to full compliance with Section 14 of this Agreement; or

- (6) immediately upon receipt of written notice by Company determining that continuance, in whole or in part, of the Franchised Business in a normal, profitable manner is or will immediately become impaired for more than sixty (60) days because of union activity, legislative enactment (or regulations or interpretations relating thereto), or the actions of any civil or military authority, Act of God, war or civil disorder or similar circumstances.
  - (c) By either Franchisee or Company:
    - (1) on the last day of the second full Accounting Period commencing after Company's written notice to Franchisee that it has failed to achieve its Gross Profit Quota for any Fiscal Year, as set forth in **Schedule 3** to this Agreement, and Franchisee has failed to pay Company the amount due under Section 7(t);
    - (2) immediately, if Company or Franchisee, after using their best efforts, are unable to obtain, maintain, or renew any license or permit required for the continuation of the Franchised Business described herein regardless of the cause or reason therefore, or in the event any insurance which Company deems necessary for the operation of the Franchised Business is no longer available with limits or at a price necessary for the Franchised Business to operate in a profitable manner.

Upon termination of this Agreement for any reason, Company shall be obligated to pay only the amounts due to Franchisee through the date of termination of this Agreement, which, less any amounts due to Company from Franchisee, shall be paid in due course. Except as described in Section 15 or this Section 17, or where Company elects not to renew this Agreement and makes the payment described in Section 16 above, Company is not obligated to make any other payments to Franchisee upon, or as a result of, termination of this Agreement for any reason. Upon any termination, Franchisee shall be obligated to pay all sums due to Company through the date of termination, to use Franchisee's best efforts to maintain the business up to the effective date of termination, to fully cooperate with Company in the transfer of Franchisee's interest to any successor, and to abide by each of the terms and conditions set forth in Section 18 below.

#### **18. Rights and Obligations Upon Termination.**

Upon the expiration or termination of this Agreement for any reason, Franchisee's right

to the use of the SPHERION System, the Manuals, publications, forms, equipment, plans, methods and procedures of Company together with the Marks, and any derivatives thereof, shall immediately cease, and upon such termination Franchisee shall immediately:

- (a) Cease and discontinue forever the use of the Marks and any other trade names, trademarks, service marks or slogans which were licensed to, furnished to or acquired by Franchisee pursuant to this Agreement, or otherwise, or which were developed or used by Franchisee in the operation of the Franchised Business. Franchisee shall cause any registration obtained by Franchisee of any such name, mark or slogan to be canceled, withdrawn or assigned to Company, as instructed by Company, and Franchisee agrees, upon written request by Company, to immediately execute any document necessary to assign or transfer to Company or its successors or assigns the ownership of and right to use any such names, marks or slogans.
- (b) Cease using and thereafter not disclose to any person or entity, directly or indirectly, the details of any statistical data, marketing program, manual, form, technique, method, procedure or other confidential information or trade secret of Company whatsoever used by or made available to Franchisee in the course of the relationship contemplated herein.
- (c) Cease and forever discontinue the use of, and return freight prepaid to Company, all materials, writings and Company owned equipment provided by Company to Franchisee, or created by Franchisee in the operation of the Franchised Business, including but not limited to: the Manuals; books, memoranda and instructions; Customer, full-time placement applicant and Temporary Employee lists, records and files; video and audio cassettes; computer software and documentation; operating forms; and all advertising or promotional materials and signs bearing any names, marks or slogans of Company. Company shall reimburse Franchisee for any operating forms or supplies and advertising or promotional materials that conform to Company's standards and are in good condition and usable by Company or its other franchisees or licensees. The price to be paid by Company shall be the Franchisee's cost of any such item, less ten percent (10%) and shipping costs, and Company shall have the right to credit the amount due for any such items against any amounts owed to Company by Franchisee.
- (d) Cease and abstain from using the telephone number(s) used in the operation of the Franchised Business, and, if so instructed by Company in writing at any time, and as Company determines: either transfer and assign such telephone number(s) to Company or its designee for permanent future use, or cancel and withdraw from the use of such telephone number(s). Franchisee shall, in addition, pay all amounts due any telephone company or telephone directory publisher for telephone service and equipment and for directory listings or advertisements up to the later of the date of termination of this Agreement or the expiration date for such services or equipment.
- (e) Assist Company in all necessary arrangements for the orderly transition of the Franchised Business, as requested by Company, and if so requested in writing by Company (which shall have no liability or obligation to do so), permit Company

or its designee to place their employees upon the office premises of Franchisee for the purpose of continuing the operation of the Franchised Business for the benefit of Company or its designee. If Company makes the election permitted by this Subsection, it shall be treated as an assignee of the lease(s) for Franchisee's office(s) and shall be liable for all amounts due under such lease(s) for periods commencing with the termination date of this Agreement, and in such event Franchisee agrees to execute and deliver any document necessary to effect such assignment.

- (f) Cease using and thereafter not disclose to any person or firm, directly or indirectly, the names or addresses of any Temporary Employees, full-time placement applicants or Customers; any details of any Customer relationship or agreement between Company and any third party; the substance of any statistical data; marketing program; manual; form; technique; method; procedure or any other confidential information or trade secret of Company whatsoever that was used by or made available to Franchisee in the operation of the Franchised Business.
- (g) Not represent itself or allow itself to be identified as having been formerly or presently connected with Company, or its business operations.
- (h) Change its corporate name, if applicable, and execute and deliver appropriate documents evidencing such change, so that Franchisee's corporate name will thereafter no longer contain any of the Marks or any derivation thereof.
- (i) Pay to Company any and all money owing to Company by Franchisee, notwithstanding any contrary or inconsistent provision of this Agreement, any note, or any other document.

Franchisee hereby irrevocably constitutes and appoints Company and each of Company's officers as its attorneys-in-fact, each of whom may act separately, to execute all instruments and to do all things necessary for accomplishing those acts required of Franchisee under this Section 18 in the event Franchisee fails to perform those acts as required by this Agreement. Furthermore, upon demand Franchisee shall immediately pay to Company all costs and expenses, including reasonable attorney's fees, incurred by Company to accomplish such acts; and Company shall have the right to seek and obtain from any court of competent jurisdiction temporary, preliminary or permanent injunctions restraining Franchisee from any violation of this Agreement or compelling compliance by Franchisee with any obligation set forth in this Section 18 or elsewhere in this Agreement, and Franchisee agrees to pay the reasonable attorneys' fees and court costs incurred by Company in such proceedings.

## **19. Indemnification.**

- (a) Franchisee agrees to and will, at all times, indemnify and hold harmless to the fullest extent permitted by law, Company, its corporate parent and affiliates, successors and assigns and the respective directors, officers, employees, agents and representatives of each from all "Losses and Expenses" (as defined below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

- (1) Franchisee's infringement, alleged infringement or any other violation or alleged violation of any trademark, copyright or other proprietary right owned or controlled by third parties;
- (2) (i) Franchisee's violation, breach or alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive or (ii) arising out of Franchisee's business activities hereunder;
- (3) libel, slander or any other form of personal injury by Franchisee or arising out of Franchisee's business activities hereunder;
- (4) Franchisee's ownership or operation of the Franchised Business including all losses or damages and contractual liabilities to third persons arising out of or in connection with the ownership or operation of the Franchised Business; *provided, however,* that Company shall not seek to recover from franchisee any amount which may be due and owing under this indemnification to the extent that the claims associated with the indemnification are paid out by (i) the Company's insurance, or (ii) by funds created by deductions from payroll consistent with the Company's policies and procedures regarding deductions for general liability, auto liability, employment practices liability and other liabilities ("Funds") or a combination thereof, *but provided further* that nothing contained in the foregoing provision shall limit the right of the Company to recover the full indemnified amount in those circumstances in which any act, violation or omission by the franchisee is so egregious that it would, in Company's reasonable judgment, be unreasonable and unfair to the Spherion system, the Fund, and Spherion franchisees/licensees not to make the offending owner fully responsible for its own action, violation, breach, negligence, or omission. Notwithstanding the foregoing, Franchisee shall be fully responsible for the payment of any deductible amount established under the policies associated with any and all of the Funds. The provisions set forth immediately above relate solely to Subsections (4) and (5) of Section 19(a) of this Agreement and are not intended to and shall not limit, modify or affect in any manner the Company's right to pursue and recover any claim or claims related to any other provision of this Agreement, including but not limited to any claim or claims which may be made under Subsections (1-3) and (6-7) of Section 19(a) of this Agreement;
- (5) Claims related to the employment of either Franchisee's employees or the Temporary Employees including, but not limited to, claims of gender, race, ethnicity, or age discrimination, claims relating to hiring or termination as well as benefits and claims relating to wage and hours issues; *provided, however,* that Company shall not seek to recover from franchisee any amount which may be due and owing under this indemnification to the extent that the claims associated with the indemnification are paid out by (i) the Company's insurance, or (ii) by funds created by deductions from payroll consistent with the Company's policies and procedures regarding deductions for general liability, auto liability, employment practices liability and other liabilities ("Funds") or a

combination thereof, *but provided further* that nothing contained in the foregoing provision shall limit the right of the Company to recover the full indemnified amount in those circumstances in which any act, violation or omission by the franchisee is so egregious that it would, in Company's reasonable judgment, be unreasonable and unfair to the Spherion system, the Fund, and Spherion franchisees/licensees not to make the offending owner fully responsible for its own action, violation, breach, negligence, or omission. Notwithstanding the foregoing, Franchisee shall be fully responsible for the payment of any deductible amount established under the policies associated with any and all of the Funds. The provisions set forth immediately above relate solely to Subsections (4) and (5) of Section 19(a) of this Agreement and are not intended to and shall not limit, modify or affect in any manner the Company's right to pursue and recover any claim or claims related to any other provision of this Agreement, including but not limited to any claim or claims which may be made under Subsections (1-3) and (6-7) of Section 19(a) of this Agreement;

- (6) Franchisee's violation or breach of any warranty, representation, agreement or obligation in this Agreement; or
  - (7) acts, errors or omissions of Franchisee or any of its agents, servants, employees, contractors, partners, affiliates, representatives or Temporary Employees.
- (b) Franchisee agrees to give Company notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Franchisee, Company may elect to assume (but under no circumstance is obligated to undertake), the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Company shall, in no manner or form, diminish Franchisee's obligations under this Section.
- (c) All Losses and Expenses incurred under this Section shall be chargeable to and paid by Franchisee pursuant to its obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Company or the subsequent success or failure of such actions, activity or defense. The indemnification of Company by Franchisee shall not be limited by the amount of insurance required under this Agreement.
- (d) As used in this Section, the phrase "**Losses and Expenses**" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, penalties, fines, charges, costs, expenses, lost profits, attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to Company's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matter described.
- (e) The persons or parties indemnified do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee may contract,

regardless of the purpose. Franchisee's hold harmless and indemnity obligation shall include all losses and expenses that may arise out of any acts, errors or omissions of these third parties.

- (f) Franchisee shall not be obligated to indemnify and hold Company harmless for any claim or liability to the extent such claim or liability is based on an act or omission by Company in its performance of the obligations specifically imposed on Company by this Agreement.
- (g) In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, Company may, at any time and without notice, as it, in its judgment deems appropriate, order, consent or agree to settlements or take such other remedial or corrective action as it deems expedient with respect to any action, suit, proceeding, claim, demand, inquiry or investigation if, in Company's sole judgment, there are reasonable grounds to believe that:
  - (1) any of the acts or circumstances enumerated in this Section have occurred; or
  - (2) any act, error or omission of Franchisee may result directly or indirectly in damage, injury or harm to any person or any property.

## **20. Liability of Owners.**

- (a) If Franchisee is more than one person or a partnership, each such person, or each partner in such partnership, shall be jointly and severally liable for each of the duties, obligations and liabilities (including but not limited to the indemnification obligations) of Franchisee under this Agreement, and each such person shall execute this or a separate agreement for the purpose of becoming bound hereby.
- (b) If this Agreement is assigned to an Entity pursuant to Section 2(b) hereof, then the initial individual Franchisee(s) must be or become Owner(s) in such Entity, and such initial individual Franchisee(s), along with the Entity to which this Agreement is assigned, shall be collectively considered to be the Franchisee hereunder. Each initial individual Franchisee agrees to be bound personally by all of the terms and conditions of this Agreement, and each of them does hereby personally guarantee, jointly and severally, all of the obligations and liabilities (including but not limited to the indemnification obligations) of Franchisee under this Agreement and any other agreement between Company and Franchisee related to the performance of this Agreement. Such initial individual Franchisee(s) shall execute this Agreement for the purpose of becoming bound hereby.
- (c) Each initial individual Franchisee and any corporate Franchisee who are, become, or are required to be parties to this Agreement shall be bound by the acts or conduct of each initial individual Franchisee and/or corporate Franchisee. Each act or omission in breach of this Agreement shall be deemed a breach by all such parties, whether they are initial individual Franchisees or the corporate Franchisee, regardless of their lack of knowledge or participation.

## **21. Failure to Perform.**

Neither Franchisee nor Company shall be liable or responsible in any manner to the other for failure to perform, or for delay in performing, the terms of this Agreement when such failure or delay is due to, or is the direct or indirect result of, strikes, labor disputes, fire, flood, material shortage, mechanical or electrical failure, embargoes, energy allocation, any act, regulation or governmental order or any Act of God or similar causes.

## **22. System Changes.**

Company may change, alter, expand, de-emphasize or discontinue in whole or in part, any line(s) of business or service contemplated hereunder, or any concept, plan, practice, policy, procedure, method or strategy forming a part of the SPHERION System which was previously provided or applicable to Franchisee, or substitute other trademarks, service marks or trade names for those authorized herein, or discontinue the use of any such trademark, service mark or trade name, without incurring any obligation or liability to Franchisee, provided that such change, alteration, expansion, de-emphasis or discontinuation is applied on a uniform and consistent basis to each licensee or franchisee of Company, and Company notifies Franchisee in writing of such change, alteration, expansion, de-emphasis or discontinuation. Prior to the adoption or discontinuation of any line of business, trademark, service mark or trade name, Company will give Franchisee not less than sixty (60) days' notice of such action.

## **23. Compliance.**

Franchisee does hereby acknowledge the right of Company to insist on full compliance with and the full performance of, the terms and conditions of this Agreement, and that the failure of Franchisee to fulfill or perform any of the obligations created by this Agreement shall constitute a material breach of this Agreement. Company's failure in any instance to insist upon strict performance of any of the terms and conditions contained herein shall not be deemed a waiver of any rights or remedies that it may have, nor a waiver of future compliance with such or any other terms and conditions. Whenever this Agreement requires Company's prior approval or consent, Franchisee shall make a timely written request therefor, and such approval, if granted, shall be in writing. Company makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by granting any waiver, approval or consent to Franchisee, or by reason of any neglect, delay or denial of any request therefor. Any waiver, approval or consent granted by Company to Franchisee shall be without prejudice to any other rights Company may have, will be subject to continuing review by Company and may be revoked in Company's sole discretion at any time and for any reason upon thirty (30) days' prior written notice to Franchisee.

## **24. Company's Right to Cure Defaults.**

In addition to any and all other rights and remedies which it may have, if Franchisee shall default in the performance of, or breach any obligation or provision of, this Agreement or any other agreement between the parties, Company shall have the right, but not the obligation, immediately or at any time, without notice to Franchisee, and without waiving any default, breach or other claim which it may have, to cure such default on behalf of Franchisee and at Franchisee's expense, the cost of which shall immediately be due and payable on demand, and which may be deducted from commissions due Franchisee by Company.

## **25. Notice.**

Any written notice required herein may be given by regular mail, private overnight courier, hand delivery, or electronic facsimile transfer (confirmed by simultaneously dispatched regular mail), addressed, if to Franchisee, to the office required to be maintained by Franchisee pursuant to this Agreement, or if to Company, addressed to its principal place of business office. Unless otherwise specified in this Agreement, written notice shall be presumed received by the addressee on the earliest of the date of hand delivery or electronic facsimile transfer, or one day after delivery to a private overnight courier or the date of the post office postmark.

## **26. Disclosure.**

Franchisee has conducted an independent investigation of the business contemplated by this Agreement and recognizes that it involves business risks that make the success of the venture largely dependent upon the business abilities of Franchisee and Franchisee's employees. Company expressly disclaims the making of, and Franchisee acknowledges that he, she or it has not received or relied upon, any oral or written representation, warranty or guaranty, express or implied, as to potential revenues, profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that he, she or it has no knowledge of any representations about this franchise by Company, or its officers, directors, Owners (including shareholders and members), employees or agents that are contrary to the terms of this Agreement or any offering circular or disclosure statement provided to Franchisee by Company, and further represents to Company, as an inducement to enter into this Agreement, that Franchisee has made no misrepresentations to Company. Franchisee acknowledges the receipt of Company's Franchise Disclosure Document required by the Federal Trade Commission or any applicable state law, at least fourteen (14) full days prior to the execution hereof, as well as a copy of this Agreement with all changes therein at least seven (7) full days prior to the execution hereof.

## **27. Applicable Law; Mediation.**

- (a) This Agreement shall be interpreted and construed under the laws of the State of Georgia. In the event of any conflict of law, the laws of Georgia shall prevail, without regard to, and without giving effect to, the application of Georgia conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Georgia, and if the Franchised Business is located outside of Georgia and such provision would be enforceable under the laws of the state in which the Franchised Business is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Subsection (a) is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Georgia or of any other state to which it would not otherwise be subject.
- (b) Except as otherwise provided in this Agreement, all controversies, disputes, and claims arising out of or related to this Agreement (including any claim that the Agreement or any of its provisions is invalid, illegal, or otherwise voidable or void), the relationship between Company and Franchisee, the relationship between Franchisee and Company's affiliates, or Franchisee's operation of the Franchised Business shall first be subject to non-binding mediation. All controversies, disputes and claims not resolved by, or not subject to, the

mediation process shall be resolved in accordance with the provisions in Subsections (a), (d), (e), (f), (g) and (h) of this Section. Mediation shall not be required with respect to (i) any claim or dispute involving actual or threatened disclosure or misuse of Company's confidential information, (ii) any claim or dispute involving the ownership, validity, or use of the Marks, (iii) any claim or dispute involving the insurance or indemnification provisions of this Agreement, (iv) any action by Company to enforce the covenants set forth in Section 5 of this Agreement, or (v) if Franchisee is more than sixty (60) days past due in any of its payments to Company or its affiliates. Nothing in this Section 27 shall prevent any party from instituting or pursuing litigation at any time to preserve the status quo, protect the health or safety of the public, or avoid irreparable harm.

- (c) Mediation under this Section 27 is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.
  - (1) The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation (the "**Complainant**") providing written notice of the request for mediation (the "**Request**") to the party with whom mediation is sought (the "**Respondent**"). The Request shall specify with reasonable particularity the matter or matters on which non-binding mediation is sought. A copy of the Request shall be given by the Complainant simultaneously to Company if Company is not a Complainant or Respondent.
  - (2) Non-binding mediation hereunder shall be conducted in the state in which Company has its principal place of business at the time of the mediation by a recognized mediator or mediation program designated by Company in writing (the "**Designation**"). Company shall send the Designation to Franchisee within a reasonable time after issuance of the Request.
  - (3) Non-binding mediation hereunder shall be concluded within sixty (60) days of the issuance of the Request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and Respondent shall each bear their own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service.
- (d) Any legal action brought by Franchisee against Company shall be brought exclusively in the federal district court covering the location at which Company has its principal place of business at the time of the action; provided, however, that if the federal court would not have subject matter jurisdiction had the action been commenced in such court, then, in such event, the action shall be brought in the state court within the judicial district in which Company has its principal place of business at the time the action is commenced. Any legal action brought

by Company against Franchisee in any forum or court, whether federal or state, may be brought within the state and judicial district in which Company has its principal place of business at the time of the action. Franchisee hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision, subject to state law.

- (e) No right or remedy conferred upon or reserved to Company or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy provided herein or permitted by law or equity, but each shall be cumulative of every other right or remedy.
  - (f) Company and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action, proceeding, or counterclaim. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Company, the relationship between Franchisee and Company's affiliates, or Franchisee's operation of the Franchised Business, brought by either party hereto against the other shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, as evidenced by the filing of a claim in an legal action in accordance with Subsection (d) of this Section, or such claim or action shall be barred.
  - (g) Company and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive, exemplary, or multiple damages against the other, subject to state law.
  - (h) Nothing herein contained shall bar Company's right to obtain injunctive relief against threatened conduct that will cause it loss or damages, including violations of the terms of Sections 3, 5, 7(p) and 18 of this Agreement, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

## **28. Effect; Interpretation of Agreement.**

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement shall become effective and binding only when accepted and approved by Company at its principal place of business, by the signature of one of its officers. This Agreement shall be construed according to its fair meaning and not strictly against Company for having drafted it. Any provisions which impose an obligation after termination or expiration of this Agreement shall survive the termination or expiration of this Agreement and remain binding upon the parties. In any litigation to enforce the terms of this Agreement, all costs and all attorneys' fees (including those incurred upon appeal) incurred as a result of the legal action shall be paid to the prevailing party by the other party. It is mutually agreed that no change or erasure of any printed portion of this Agreement, except the filling in of specified blanks and lines, shall be valid or binding upon either party hereto unless initialed by both parties. It is understood that this Agreement supersedes any and all prior or contemporaneous oral or written agreements and understandings between the parties relating to the subject matter hereof and, together with (a) any application and background information provided by

Franchisee to Company and (b) any Franchisee Compliance Certification provided by Franchisee to Company in connection with this Agreement, constitute the entire agreement of the parties with respect to such subject matter. The foregoing notwithstanding, nothing herein is intended to disclaim the representations Company made in the Franchise Disclosure Document furnished to Franchisee. No prior or future verbal agreements of any nature relating to the subject matter hereof shall be valid, binding or relied upon by either party hereto. This Agreement may not be amended or modified except by written agreement signed by both parties hereto. If any provisions of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity and enforceability of this Agreement as a whole, or any portion hereof which is not invalid or unenforceable. Time is of the essence in this Agreement.

IN WITNESS WHEREOF, the parties have entered into and executed this Agreement as of the Effective Date.

**FRANCHISEE(S):**

— Percentage of  
Equity  
Ownership

---

(Signature)

(Print Name)

(Print Title)

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

---

(Print Name)

---

(Print Title)

## **SCHEDULE 1**

### **DESCRIPTION OF AREA**

The Area shall be \_\_\_\_\_ [set out the Area],  
as such area is constituted as of the Effective Date of this Franchise Agreement.

For purposes of Section 7(d) of the Franchise Agreement, the Spherion® office shall be established within the Area on or before \_\_\_\_\_ [set out the date].

If the Spherion office has already been established, its current address is -

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[set out the address].

## **SCHEDULE 2**

### **AUTHORIZED SERVICES**

Franchisee shall be authorized to provide on behalf of Company:

- (i) full-time placement services for which no fees or other payments are charged to or collected from applicants and in which fees are collected only from employers; and
  - (ii) temporary individual and group services of personnel;

in office, clerical, secretarial, marketing and light industrial occupations, as the same may be defined from time-to-time by Company. This Franchise Agreement shall not authorize or permit Franchisee to provide any other full-time or temporary personnel services in the Restricted Jobs set forth below, or in any other occupation not described above (as defined by Company), including but not limited to nursing, health care, legal, paralegal, accounting, engineering, technical, management, scientific and heavy industrial occupations. The right to provide personnel services in all such excluded occupations is specifically reserved to Company.

# **RESTRICTED JOB LIST**

## **MARCH 2014**

The list is not at all inclusive, caution and judgment must be exercised in determining other potentially hazardous work. When in doubt or if you have questions on other types of exposures call Risk Management Department. The Restricted Job List will be updated periodically whenever injury trends are observed at Company client work-sites.



## Restricted Job List

**There are certain positions in which Spherion Staffing Services should not place employees.**  
It is your responsibility to become familiar with this list and accept only appropriate job orders.

Certain job tasks are known to produce a higher frequency of employee injuries. This list is not all inclusive; caution and judgment must be exercised in determining potentially hazardous work and unsafe environments. **You should consider all restricted tasks to be prohibited unless you have written pre-approval from Risk Management.** Most restricted tasks can be filled on a direct hire basis. If you have questions, please call the Risk Management Department for assistance.

**These positions should never be filled by Spherion Staffing Services:**

- Alcoholic beverage servers
  - Amusement Parks (any job)
  - Any job outside the continental US, including US possessions
  - Asbestos (working with or around)
  - Auto Mechanics
  - Any position with exposure to Blood or Bodily Fluids
  - Aviation flight operations (Serve & Support)
  - Butchers
  - Construction (Carpenters)
  - Confined Spaces
  - Cooks:
    - Restaurants, cafeterias, hotels, etc.
  - Chemical Manufacturing or work involving hazardous/toxic substance including working around ammonia and/or chlorine refrigeration units
  - Crossing Guards
  - Daycare (or any care of others)
  - Disaster Recovery/Restoration Services
  - Dock or Pier Workers (Longshoremen)
  - Door-to-door sales/collectors
  - Electrician
  - Emergency Personnel (Police or Fire)
  - Excavation & Earth Moving (including trench work)
  - Field/Farm Labor
  - Fireworks/Explosives Manufacturing
  - Garbage Collectors
  - Grain Mills
  - Groundskeeper/Landscaper
  - Janitorial
  - Heavy Equipment Operators such as:
    - Bulldozer
    - Drop Forge Equipment
    - Crane
    - Tractor
  - Housekeeping:
    - Hotel Rooms, Apartments
    - Assisted Living or Nursing Facilities
  - Landfills
  - Lifting:
    - Industrial: in excess of 50 pounds per person
    - Non-Industrial: in excess of 25 pounds per person
  - Lifeguards
  - Logging
  - Maintenance Helpers
  - Maintenance Mechanics
  - Masonry Work
  - Medical Care:
    - RN or LPN Positions, Hospital Orderlies
    - Dentist, Physicians, Chiropractors, Therapists
    - Any position with patient care
    - Any position with Bio-Hazard exposure
  - Merchandisers (Retail stores/Multiple locations requiring driving)
  - Movers/Moving Companies
  - Non-Commercial Workplace:
    - Private homes, hotel rooms, door to door sales
  - Personal Errands/cashing personal checks
  - Pest Control, Exterminators
  - Plumber
  - Railroad Construction and Operations
  - Recycling Centers
  - Road Work:
    - flaggers/traffic directors
    - paving
    - cleanup beside the road
  - Roofing/Salvage Work
  - Sanitation
  - Saws and Saw Mills
  - Scaffolding Work, Elevated Platforms or Ladders
  - Scissor Lift

- Security Guards
  - Underground or Confined Spaces
  - Teachers/Substitute Teachers
  - Tree Trimming
  - Traffic Control/Flagmen
  - Veterinarian offices, kennels or zoos
  - Workers on Ships, Barges or other Vessels
  - Working 3 feet above floor or ground level without proper railing or from a ladder greater than 3 feet above ground level. Working greater than 3 feet below ground level is always restricted.
  - Work in “point-of-operations” or “pinch-point” of a machine
  - Working in freezers
  - Working with Children/Minors

**These positions may be filled only with prior approval from Risk Management and if specified conditions are met:**

- Cash/Credit Card Handlers/Tellers ONLY with:
    - Indemnification and Hold Harmless executed by the client and on file with Risk Management prior to placement
    - Advanced Background is required, even if client does not require one
  - Drivers or any position with driving responsibilities:
    - Class C ONLY
    - No transportation of passengers
    - Indemnification and Hold Harmless executed by the client and on file with Risk Management prior to placement
    - COI adding Spherion as additional insured under Auto
    - Advanced Background, Motor Vehicle Report and Drug Test are required, even if client does not require one
  - Forklift operators ONLY with:
    - Powered Industrial Driver Release and Indemnification executed by the client and on file with Risk Management prior to placement
    - Proper certification confirmed by client
    - Proper certification of training confirmed by client
    - Employee must have 6 months forklift experience within the last 18 months
  - Any non-teaching job at any school ONLY with:
    - Advanced Background & Sex Offender Search is required, even if client does not require one
  - Jobs requiring Respirators
  - Employee Travel:
    - Indemnification and Hold Harmless executed by the client and on file with Risk Management prior to placement
  - Management/Supervisors:
    - Professional Services positions for managers or supervisors may be filled with risk management approval if the Spherion office has a professional services addendum in place. No high-level positions with final sign-off or final authority.
    - Industrial Practice: Management or Supervisor
    - Both Practices: High Level company management (i.e. CFO, CEO, VP)
  - Work from Home with:
    - Client hold harmless
    - Use of work from home job code
    - Employee work from home agreement
    - Employee home inspection checklist

**SCHEDULE 3**  
**GROSS PROFIT QUOTAS**

Fiscal Year 2018.....	\$
Fiscal Year 2019.....	\$
Fiscal Year 2020.....	\$
Fiscal Year 2021 .....	\$
Fiscal Year 2022.....	\$
Fiscal Year 2023.....	\$
Fiscal Year 2024.....	\$
Fiscal Year 2025.....	\$
Fiscal Year 2026.....	\$
Fiscal Year 2027 .....	\$

In determining whether Franchisee has met the Gross Profit Quota for the initial Fiscal Year set forth above, Franchisee's Gross Profits shall include Gross Profits made in any portion of such year during which Franchisee and Company were parties to a previous Franchise Agreement covering all or a portion of the Area. In determining whether Franchisee has met the Gross Profit Quota for the final Fiscal Year set forth above, Franchisee's Gross Profits shall include Gross Profits made in any portion of such year during which Franchisee and Company are parties to a renewal Franchise Agreement covering all or a portion of the Area.

If there is more than one Area set forth above, then the following is applicable. The Gross Profit is separate for each Area set forth above, and Franchisee must attain or surpass the Gross Profit Quota each year for each Area, and each Area shall be treated separately for the purposes of Section 7(t) of the Franchise Agreement. The termination rights set forth in Section 17(b)(4) shall apply only to the Franchised Business conducted in the Area where the Gross Profit is not attained, and a termination in that regard shall apply only to the Franchised Business conducted in that Area. In the event of such a termination, that Area shall be deleted from the Franchise Agreement, and the Franchised Business conducted in that Area shall be subject to the provisions of Section 18.

**EXHIBIT A**

**SPHERION Logo**



OR



**EXHIBIT B**  
**PROFESSIONAL SERVICES ADDENDUM**

## ADDENDUM SCOPE OF SERVICES ADDITION

THIS ADDENDUM is made and given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Spherion Staffing, LLC ("Company") and \_\_\_\_\_ ("Franchisee").

WHEREAS, Company, as successor in interest to Spherion Atlantic Enterprises LLC, and Franchisee, entered into a Franchise Agreement dated as of \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement");

WHEREAS, Company and Franchisee desire to expand the scope of the services authorized as part of the franchised business under the Franchise Agreement to include certain professional and technical services;

NOW THEREFORE, Company and Franchisee agree as follows:

1. Effect. This Addendum is subject to and a part of the Franchise Agreement. Unless the provisions of the Franchise Agreement are expressly modified by this Addendum, they remain in full force and effect.
2. Change in Scope of Services. **Schedule 2** to the Franchise Agreement is deleted in its entirety, and the **Schedule 2** attached to this Addendum is substituted in its place as the new Schedule 2 to the Franchise Agreement. This revised Schedule 2 will add the following occupations: legal, paralegal, accounting, engineering, technical and management (the business of the added occupations being referred to herein as "Professional Services"); to those occupations within the scope of services permitted under the Franchise Agreement.
3. Change in Minimum Quota Requirements. **Schedule 3** to the Franchise Agreement is amended to add a Gross Profit Quota for Professional Services for \$75,000 for each Fiscal Year during the term, prorated based on the number of full Accounting Periods remaining in the Fiscal Year on the execution of this Addendum. Company may at any time during the remainder of the term of the Franchise Agreement, upon notice to the Franchisee, further amend Schedule 3 to provide a reasonable separate quota for the Professional Services, provided that such quota may relate only to the calendar year following that in which the notice is given, and years thereafter. In the event of a failure to pay any deficiency in the Professional Services Gross Profit Quota under Section 7(t) of the Franchise Agreement the Company shall be entitled to all of its rights and remedies under the Franchise Agreement, except that the Company may terminate only this Addendum and all Franchisee's rights hereunder, and not the entire Franchise Agreement.
4. Strict Adherence to Policies and Procedures Relating to Professional Services. Because of the additional risks involved in Professional Services staffing, Franchisee agrees to strictly adhere to any and all Company policies, procedures and directives relating to Professional Services. Notwithstanding the provisions of the Franchise Agreement relating to termination, upon a violation of the provisions of this Addendum by Franchisee, Company may terminate the Franchisee's rights to provide

Professional Services pursuant to this Addendum upon notice of such breach, if the Franchisee does not cure such breach within ten (10) days following that notice.

5. **Franchisee's Additional Obligations.** Franchisee will employ at least one person who shall devote full time to providing the Professional Services (the "Professional Services Employee"). Franchisee will have six (6) months from the signing of this agreement to hire the Professional Services Employee. If at any time during the term of the Franchise Agreement the Professional Services Employee should leave the employ of the Franchisee, Franchisee must hire a replacement Professional Services Employee within 60 days.
  - a. Franchisee shall provide the Professional Services Employee adequate office space, as shall be determined by the Company, sufficient equipment (including, without limitation, a telephone, computer equipment and software), as shall be determined by the Company, to provide these services.
  - b. Franchisee and the Professional Services Employee(s) shall attend such training as may be required by the Company, in its sole discretion, to provide the Professional Services.
  - c. Franchisee shall use only such names and marks as shall be designated by the Company for use by franchised offices in providing the Professional Services (the "Professional Services Names and Marks"). At the time of this Agreement, the Professional Services Names and Marks are the standard Spherion logo with the recruiting and staffing tagline. The Company may in the future require the use of other Professional Services Names and Marks, and in that event Franchisee will obtain and install signage with the Professional Names and Marks meeting Company's standards and make other changes in its marketing materials as shall be required by the Company.
  - d. Franchisee shall meet the Minimum Quota Requirements specified in any revised **Schedule 3.**
6. **Non-exclusivity of Rights Added.** The provisions of Section 4 of the Franchise Agreement notwithstanding, the rights to provide personnel in the Professional Services occupations (legal, paralegal, accounting, engineering, technical and management) shall not be exclusive to the Franchisee; that is, the Company, and *any* of its affiliates, may provide personnel in those Professional Services occupations in the Area under the Company's trademarks and service marks, whether through an office in the Area, or otherwise.

IN WITNESS WHEREOF, the parties have executed this Addendum to the Franchise Agreement as of the date and year first above written.

**FRANCHISEE(S):****[INSERT]**By: \_\_\_\_\_  
(Signature)

(Print Name)

(Print Title)

**COMPANY****SPHERION STAFFING, LLC**By: \_\_\_\_\_  
(Signature)

(Print Name)

(Print Title)

## **SCHEDULE 2 AUTHORIZED SERVICES**

Franchisee shall be authorized to provide on behalf of Company:

- (i) full-time placement services for which no fees or other payments are charged to or collected from applicants and in which fees are collected only from employers; and
- (ii) temporary individual and group services of personnel;

in office, clerical, secretarial, marketing and light industrial occupations, and legal, paralegal, accounting, engineering, technical and management occupations, as the same may be defined from time-to-time by Company. This Franchise Agreement shall not authorize or permit Franchisee to provide any other full-time or temporary personnel services in the Prohibited Occupations set forth below, or in any other occupation not described above (as defined by Company), including but not limited to nursing, health care, scientific and heavy industrial occupations. The right to provide personnel services in all such excluded occupations is specifically reserved to Company.

### **PROHIBITED TASK LIST MARCH 2014**

The list is not at all inclusive, caution and judgment must be exercised in determining other potentially hazardous work. When in doubt or if you have questions on other types of exposures call Risk Management Department. The Prohibited Task List will be updated periodically whenever injury trends are observed at Company client work-sites.



## Restricted Job List

**There are certain positions in which Spherion Staffing Services should not place employees.**  
 It is your responsibility to become familiar with this list and accept only appropriate job orders.

Certain job tasks are known to produce a higher frequency of employee injuries. This list is not all inclusive; caution and judgment must be exercised in determining potentially hazardous work and unsafe environments. **You should consider all restricted tasks to be prohibited unless you have written pre-approval from Risk Management.** Most restricted tasks can be filled on a direct hire basis. If you have questions, please call the Risk Management Department for assistance.

### These positions should never be filled by Spherion Staffing Services:

- Alcoholic beverage servers
- Amusement Parks (any job)
- Any job outside the continental US, including US possessions
- Asbestos (working with or around)
- Auto Mechanics
- Any position with exposure to Blood or Bodily Fluids
- Aviation flight operations (Serve & Support)
- Butchers
- Construction (Carpenters)
- Confined Spaces
- Cooks:
  - Restaurants, cafeterias, hotels, etc.
- Chemical Manufacturing or work involving hazardous/toxic substance including working around ammonia and/or chlorine refrigeration units
- Crossing Guards
- Daycare (or any care of others)
- Disaster Recovery/Restoration Services
- Dock or Pier Workers (Longshoremen)
- Door-to-door sales/collectors
- Electrician
- Emergency Personnel (Police or Fire)
- Excavation & Earth Moving (including trench work)
- Field/Farm Labor
- Fireworks/Explosives Manufacturing
- Garbage Collectors
- Grain Mills
- Groundskeeper/Landscaper
- Janitorial
- Heavy Equipment Operators such as:
  - Bulldozer
  - Drop Forge Equipment
  - Crane
  - Tractor
- Housekeeping:
  - Hotel Rooms, Apartments
  - Assisted Living or Nursing Facilities
- Landfills
- Lifting:
  - Industrial: in excess of 50 pounds per person
  - Non-Industrial: in excess of 25 pounds per person
- Lifeguards
- Logging
- Maintenance Helpers
- Maintenance Mechanics
- Masonry Work
- Medical Care:
  - RN or LPN Positions, Hospital Orderlies
  - Dentist, Physicians, Chiropractors, Therapists
  - Any position with patient care
  - Any position with Bio-Hazard exposure
- Merchandisers (Retail stores/Multiple locations requiring driving)
- Movers/Moving Companies
- Non-Commercial Workplace:
  - Private homes, hotel rooms, door to door sales
- Personal Errands/cashing personal checks
- Pest Control, Exterminators
- Plumber
- Railroad Construction and Operations
- Recycling Centers
- Road Work:
  - flaggers/traffic directors
  - paving
  - cleanup beside the road
- Roofing/Salvage Work
- Sanitation
- Saws and Saw Mills
- Scaffolding Work, Elevated Platforms or Ladders
- Scissor Lift

- Security Guards
- Underground or Confined Spaces
- Teachers/Substitute Teachers
- Tree Trimming
- Traffic Control/Flagmen
- Veterinarian offices, kennels or zoos
- Workers on Ships, Barges or other Vessels
- Working 3 feet above floor or ground level without proper railing or from a ladder greater than 3 feet above ground level. Working greater than 3 feet below ground level is always restricted.
- Work in "point-of-operations" or "pinch-point" of a machine
- Working in freezers
- Working with Children/Minors

**These positions may be filled only with prior approval from Risk Management and if specified conditions are met:**

- Cash/Credit Card Handlers/Tellers ONLY with:
  - Indemnification and Hold Harmless executed by the client and on file with Risk Management prior to placement
  - Advanced Background is required, even if client does not require one
- Drivers or any position with driving responsibilities:
  - Class C ONLY
  - No transportation of passengers
  - Indemnification and Hold Harmless executed by the client and on file with Risk Management prior to placement
  - COI adding Spherion as additional insured under Auto
  - Advanced Background, Motor Vehicle Report and Drug Test are required, even if client does not require one
- Forklift operators ONLY with:
  - Powered Industrial Driver Release and Indemnification executed by the client and on file with Risk Management prior to placement
  - Proper certification confirmed by client
  - Proper certification of training confirmed by client
  - Employee must have 6 months forklift experience within the last 18 months
- Any non-teaching job at any school ONLY with:
  - Advanced Background & Sex Offender Search is required, even if client does not require one
- Jobs requiring Respirators
- Employee Travel:
  - Indemnification and Hold Harmless executed by the client and on file with Risk Management prior to placement
- Management/Supervisors:
  - Professional Services positions for managers or supervisors may be filled with risk management approval if the Spherion office has a professional services addendum in place. No high-level positions with final sign-off or final authority.
  - Industrial Practice: Management or Supervisor
  - Both Practices: High Level company management (i.e. CFO, CEO, VP)
- Work from Home with:
  - Client hold harmless
  - Use of work from home job code
  - Employee work from home agreement
  - Employee home inspection checklist

**EXHIBIT C**  
**COMPUTER SYSTEM PURCHASE LOAN DOCUMENTS**

**PROMISSORY NOTE – FIXED RATE**  
**Computer Financing Loan**

\$ \_\_\_\_\_

County of \_\_\_\_\_  
 State of \_\_\_\_\_  
 Date: \_\_\_\_\_, 201\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned ("Debtor") promises to pay to Spherion Staffing, LLC (hereinafter, together with any holder hereof, called "Holder"), the principal sum of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_), as shall be loaned to Debtor under the terms hereof, with interest as set forth below. The principal and interest shall be repaid in full over thirty-six (36) months or sooner as follows: Debtor shall pay the outstanding balance in thirty-six (36) equal payments of principal and interest monthly pursuant to the amortization schedule attached as **Exhibit "A"** hereto (the "Table") until the principal and interest are paid in full.

Such installments shall be paid by deduction from the Debtor's commission statement and will be reflected on Debtor's monthly commission for the preceding calendar month as such terms are used in the Franchise Agreement by and between the undersigned and Spherion Staffing, LLC ("Spherion") dated effective \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement"); provided that if such commission shall not be sufficient to pay any such installment when due, Spherion shall notify the undersigned and the undersigned shall pay to Holder within five (5) days of receipt of such notice the difference between the amount due and the amount deducted by Spherion from Franchisee's share of the commission. The first monthly payment will be due and payable from Debtor's \_\_\_\_\_ (applicable month) commissions.

The interest on the outstanding principal amount of this Note shall accrue from the date hereof at the rate of \_\_\_\_\_ per annum [WSJ Prime plus \_\_\_\_\_ as of the date of the Note]. Any payment hereunder shall first be credited to interest computed as set forth above, and the remainder of such installment, if any, shall be credited to principal.

Each of the following events shall be referred to as a "Default":

- (1) the failure to pay when due any amount owed to the Holder;
- (2) termination of the Franchise Agreement, or
- (3) the sale, assignment, transfer, sub-license or encumbrance of the Franchise Agreement or any right or interest of the undersigned in the Franchise Agreement, or
- (4) any default by Debtor under any other Franchise Agreement which Debtor has or will have with Spherion or its parents or affiliates; or
- (5) any default by Debtor under the Security Agreement executed by Debtor and Holder in conjunction with this transaction (the "Security Agreement") ; or

- (6) if Debtor's obligations under this Note or the Security Agreement becomes subordinate in any manner.

Upon the occurrence of a Default, the entire principal balance then remaining outstanding plus all accrued interest thereon shall become immediately due and payable. In addition, the undersigned shall pay interest at an augmented rate of fifteen percent (15%) per annum on the outstanding principal balance from the date of Default until all amounts due and owing pursuant to this Promissory Note are paid in full.

No delay or failure on the part of the Holder in the exercise of any right or remedy hereunder or under any other agreement or document shall operate as a waiver thereof, and no single or partial exercise by the Holder or any such right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

Time is of the essence of this contract and, in the case that this Note is collected by or through an attorney at law, or under advice therefrom, the undersigned agrees to pay all costs of collection, including fifteen percent (15%) of the outstanding principal balance as attorneys' fees.

The undersigned shall be privileged to prepay this Note in whole or in part without penalty.

Except as otherwise stated herein, the undersigned hereby waives demand, presentment for payment, notice of non-payment, protest and notice of protest.

This Note is to be construed in all respects and enforced according to the laws of the State of Georgia. Debtor shall pay all stamps, duties, taxes, penalties, fees and costs incurred due to the execution, delivery, taxation or recordation of this Note, if any.

Given under my hand and seal, the day and year first above written.

**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**Exhibit A**  
**Amortization Schedule**

## **GUARANTY**

### **Computer Financing Loan**

The undersigned, \_\_\_\_\_ (the "Guarantor"), unconditionally guarantees all obligations of \_\_\_\_\_ (list person's name from Promissory note) contained in that certain Promissory Note dated \_\_\_\_\_, 20\_\_\_\_ (the "Note"). The Guarantor further agrees that notice of nonpayment or nonperformance given to \_\_\_\_\_ (name of Guarantor) shall be deemed notice to Guarantor. Action or suit may be brought against the Guarantor on this Note for any amounts outstanding under the Note and carried to final judgment or completion.

Time is of the essence of this Guaranty, but no delay or failure on the part of Holder in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Holder of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

No action of Holder permitted hereunder shall, in any way, impair or affect this Guaranty. The Guarantor shall not be released from the obligations under this Guaranty by reason of any increase in risk, or novation, amendment or compromise of, under or to this Note, which might result from the doing or failure to do, of any action or forbearance by Holder under or with respect to this Note. The Guarantor in giving this Guaranty is not relying upon any representation, whether written or oral, by or on behalf of Holder.

This Guaranty shall be binding upon the Guarantors and the heirs, estate, and personal representatives of the Guarantors. This Guaranty shall be governed by and construed under the laws of the State of Georgia.

This Guaranty is executed by Guarantor prior to, simultaneously with, or after the execution and delivery of this Note, and in order to induce Holder to execute the same. This Guaranty may not be amended, terminated or modified except by an agreement in writing executed by the party sought to be charged therewith.

**WITNESS** the hand and seal of the undersigned Guarantor.

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

## **GUARANTY**

### Computer Financing Loan

The undersigned, \_\_\_\_\_ and \_\_\_\_\_ (collectively, the "Guarantors") hereby, jointly and severally, unconditionally guarantee all obligations of \_\_\_\_\_ (list person's name from Promissory Note) contained in that certain Promissory Note dated \_\_\_\_\_, 20\_\_\_\_ (the "Note"). The Guarantors further agree that notice of nonpayment or nonperformance given to either \_\_\_\_\_ or \_\_\_\_\_ (list the name of each Guarantor) shall be deemed notice to the Guarantors. Action or suit may be brought against the Guarantors, or any of them, on this Note for any amounts outstanding under the Note and carried to final judgment or completion with or without Holder naming or joining \_\_\_\_\_ (list Guarantor who did not execute the Promissory Note) as a party to enforce any right of Holder against \_\_\_\_\_ (list Guarantor who did execute the Promissory Note) under this Note and without Holder having first proceeded against \_\_\_\_\_ (list Guarantor who did execute the Promissory Note) or any of the other Guarantors.

Time is of the essence of this Guaranty, but no delay or failure on the part of Holder in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Holder of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

No action of Holder permitted hereunder shall, in any way, impair or affect this Guaranty. The Guarantors shall not be released from the obligations under this Guaranty by reason of any increase in risk, or novation, amendment or compromise of, under or to this Note, which might result from the doing or failure to do, of any action or forbearance by Holder under or with respect to this Note. The Guarantors in giving this Guaranty are not relying upon any representation, whether written or oral, by or on behalf of Holder.

This Guaranty shall be binding upon the Guarantors and the heirs, estate, and personal representatives of the Guarantors. This Guaranty shall be governed by and construed under the laws of the State of Georgia.

This Guaranty is executed by Guarantors prior to, simultaneously with, or after the execution and delivery of this Note, and in order to induce Holder to execute the same. This Guaranty may not be amended, terminated or modified except by an agreement in writing executed by the party sought to be charged therewith.

[SIGNATURES ON THE FOLLOWING PAGE]

**WITNESS** the hand and seal of the undersigned Guarantors.

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

**SECURITY AGREEMENT**  
**Computer Financing Loan**

**THIS SECURITY AGREEMENT**, dated as of \_\_\_\_\_, 20\_\_\_\_ is by and between \_\_\_\_\_ ("Franchisee") and Spherion Staffing, LLC, a Delaware limited liability company ("Spherion").

**WHEREAS**, the Franchisee has been granted a franchise by Spherion pursuant to an agreement between Spherion and Franchisee ("Franchise Agreement");

**WHEREAS**, Spherion (hereinafter, together with any holder hereof, called "Holder") is loaning money to Franchisee in order to finance the purchase of computers pursuant to a Promissory Note of even date herewith (the "Computer Financing Note" or the "Note");

**WHEREAS**, Franchisee has purchased and will use such certain computers in its conduct of the Franchised Business; and

**NOW, THEREFORE**, as security for such indebtedness (the "Indebtedness"), the Franchisee hereby grants and conveys to Holder a security interest in all computers and computer equipment purchased for the Franchised Business as listed in the invoice(s) attached hereto as **Exhibit "A,"** and Franchisee also hereby grants and conveys to Holder a security interest in the going concern value of its franchise, the furniture, fixtures and equipment used in the Franchised Business, and all other assets of the Franchised Business, including any other intangible assets, such as any lease Franchisee may have for the Franchised Business, and the telephone numbers of the Franchised Business (collectively the "Collateral").

**(1) Franchisee's Covenants. Franchisee hereby warrants, covenants and agrees as follows:**

(a) Franchisee shall:

- (i) Keep the Collateral at the Franchised Business and shall not remove the Collateral without the prior written consent of Holder; (ii) Maintain the Collateral and any assets associated with the Franchised Business in good repair and condition at Franchisee's own cost and expense; (iii) Not voluntarily sell, assign, transfer or otherwise dispose of the Collateral or any interest therein and shall not otherwise do anything that might impair the Collateral as security hereunder and in addition to the foregoing; (iv) Do all such other acts and things as Holder or Spherion may from time to time reasonably request as necessary to establish and maintain a first priority perfected security interest in the Collateral.

**(2) Default and Remedies.**

(a) Franchisee shall be in default under this Security Agreement upon the occurrence of any of the following events or conditions:

- (i) Failure by Franchisee to make timely payments of any and all Indebtedness under the Computer Financing Note; (ii) Failure by Franchisee to comply with or perform any of the terms, covenant and conditions of this Security Agreement; and (iii) Any

default by Franchisee under any Franchise Agreement with Spherion or the Computer Financing Note.

- (b) Upon such default, Holder may, at its option, declare the Indebtedness immediately due and payable and shall have all of the remedies of a "Secured Party" under the Uniform Commercial Code of Georgia (as amended and supplemented to date) (the "Code"), including, without limitation, the right and power to sell, or otherwise dispose of the Collateral or any part thereof, and for that purpose may take immediate and exclusive possession of the Collateral or any part thereof, and with or without judicial process, enter the Franchised Business or any other premises on which the Collateral or any part thereof, may be situated and remove the Collateral or part thereof, from such location without being deemed guilty of trespass or any other violation.
- (c) Holder shall be entitled to hold, maintain, preserve, and prepare the Collateral for sale.
- (d) The proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like, and the reasonable attorney's fees and legal expenses incurred by Holder, shall be applied in satisfaction of the Indebtedness secured hereby. Holder will account to the Franchisee for any surplus realized on such disposition and the Franchisee shall remain liable for any deficiency.
- (e) The remedies of Holder hereunder are cumulative in the exercise of anyone or more of the remedies provided for herein or under the Code and shall not be construed as a waiver of any of the other remedies of Holder so long as any part of the Franchisee's Indebtedness remains unsatisfied.

**(3) Miscellaneous Terms and Conditions.**

- (a) Notice given under this Security Agreement shall be sufficient if sufficient under the Franchise Agreement;
- (b) The terms and provisions contained in this Security Agreement shall, unless the context otherwise requires, have the meaning and be construed as provided in the Code; and
- (c) This Security Agreement may not be amended, modified or changed, unless made in writing and signed by both parties.

This Security Agreement is to be construed in all respects and enforced according to the laws of the State of Georgia.

This Security Agreement may be executed in counterparts, all of which executed in one or more counterparts, including by facsimile signatures, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURES ON THE FOLLOWING PAGE]

**IN WITNESS WHEREOF**, the parties hereto have caused this instrument to be executed as of the day and year first above written.

**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**Exhibit A**  
**Computer System Invoices**

**EXHIBIT D**  
**PURCHASE LOAN DOCUMENTS**

**PROMISSORY NOTE – FIXED RATE**  
**Purchase Loan**

\$ \_\_\_\_\_

County of \_\_\_\_\_  
 State of \_\_\_\_\_  
 Date: \_\_\_\_\_, 20\_\_\_\_

**FOR VALUE RECEIVED,** the undersigned ("Debtor") promises to pay to Spherion Staffing, LLC (hereinafter, together with any holder hereof, called "Holder"), the principal sum of \_\_\_\_\_ Dollars and \_\_\_\_\_ Cents (\$\_\_\_\_\_) with interest as set forth below. The principal and interest shall be repaid, in full, over sixty (60) months or sooner pursuant to the amortization table (the "Table") attached as **Exhibit "A."** The first monthly payment will be due and payable on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, and each successive payment will be due and payable on the 15<sup>th</sup> day of the month indicated on the Table attached, until the principal and interest is paid in full. Interest shall accrue from the date of this Note; therefore, the first monthly payment shall be slightly higher than the remaining installment payments. Such installments shall be paid by deduction from the Debtor's commission statement and will be reflected on Debtor's monthly commission for the preceding calendar month as such terms are used in the Franchise Agreement by and between the undersigned and Spherion Staffing, LLC ("Spherion") dated effective \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement"); provided that if such commission shall not be sufficient to pay any such installment when due, Spherion shall notify the undersigned and the undersigned shall pay to Holder within five (5) days of receipt of such notice the difference between the amount due and the amount deducted by Spherion from Franchisee's share of the commission.

The interest on the outstanding principal amount of this Note shall accrue from the date hereof at the rate of \_\_\_\_\_ per annum [WSJ Prime plus \_\_\_\_ as of the date of the Note]. Any payment hereunder shall first be credited to interest computed as set forth above, and the remainder of such installment, if any, shall be credited to principal.

Each of the following events shall be referred to as a "Default":

- (1) the failure to pay when due any amount owed to the Holder;
- (2) termination of the Franchise Agreement, or
- (3) the sale, assignment, transfer, sub-license or encumbrance of the Franchise Agreement or any right or interest of the undersigned in the Franchise Agreement, or
- (4) any default by Debtor under any other Franchise Agreement which Debtor has or will have with Spherion or its parents or its affiliates; or
- (5) any default by Debtor under the Security Agreement executed by Debtor and Holder in conjunction with this transaction (the "Security Agreement"); or
- (6) if Debtor's obligations under this Note or the Security Agreement becomes subordinate in any manner.

Upon the occurrence of a Default, the entire principal balance then remaining outstanding plus all accrued interest thereon shall become immediately due and payable. In addition, the undersigned shall pay interest at an augmented rate of fifteen percent (15%) per annum on the outstanding principal balance from the date of Default until all amounts due and owing pursuant to this Promissory Note are paid in full.

No delay or failure on the part of the Holder in the exercise of any right or remedy hereunder or under any other agreement or document shall operate as a waiver thereof, and no single or partial exercise by the Holder or any such right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

Time is of the essence of this contract and, in the case that this Note is collected by or through an attorney at law, or under advice therefrom, the undersigned agrees to pay all costs of collection, including fifteen percent (15%) of the outstanding principal balance as attorneys' fees.

The undersigned shall be privileged to prepay this Note in whole or in part without penalty.

Except as otherwise stated herein, the undersigned hereby waives demand, presentment for payment, notice of non-payment, protest and notice of protest.

This Note is to be construed in all respects and enforced according to the laws of the State of Georgia. Debtor shall pay all stamps, duties, taxes, penalties, fees and costs incurred due to the execution, delivery, taxation or recordation of this Note, if any.

Given under my hand and seal, the day and year first above written.

**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**Exhibit A**  
**Amortization Schedule**

## GUARANTY

The undersigned, \_\_\_\_\_ ([collectively,] the "Guarantor(s)") hereby, jointly and severally, unconditionally guarantee(s) all obligations of \_\_\_\_\_ contained in that certain Promissory Note dated \_\_\_\_\_ (the "Note"). The Guarantor(s) further agree(s) that notice of nonpayment or nonperformance given to \_\_\_\_\_ shall be deemed notice to the Guarantor(s). Action or suit may be brought against the Guarantor(s), or any of them, on this Note and carried to final judgment or completion with or without Holder naming or joining \_\_\_\_\_, or any of the other Guarantors, as a party to enforce any right of Holder against \_\_\_\_\_ under this Note, and without Holder having first proceeded against \_\_\_\_\_, or any of the other Guarantors.

Time is of the essence of this Guaranty, but no delay or failure on the part of Holder in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Holder of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

No action of Holder permitted hereunder shall, in any way, impair or affect this Guaranty. The Guarantor(s) shall not be released from the obligations under this Guaranty by reason of any increase in risk, or novation, amendment or compromise of, under or to this Note, which might result from the doing, or failure to do, of any action or forbearance by Holder under or with respect to this Note. The Guarantor(s) in giving this Guaranty is (are) not relying upon any representation, whether written or oral, by or on behalf of Holder.

This Guaranty shall be binding upon the Guarantor(s) and the heirs, estate and personal representatives of the Guarantor(s). This Guaranty shall be governed by and construed under the laws of the State of Georgia.

This Guaranty is executed by the Guarantor(s) prior to, simultaneously with, or after the execution and delivery of this Note, and in order to induce Holder to execute the same. This Guaranty may not be amended, terminated or modified except by an agreement in writing executed by the party sought to be charged therewith.

[SIGNATURE ON NEXT PAGE]

**WITNESS** the hand and seal of the undersigned Guarantors.

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

**SECURITY AGREEMENT**  
**Purchase Loan**

**THIS SECURITY AGREEMENT**, dated as of \_\_\_\_\_, 20\_\_\_\_ is by and between \_\_\_\_\_, a \_\_\_\_\_ corporation ("Franchisee") and Spherion Staffing, LLC, a Delaware limited liability company ("Spherion").

**WHEREAS**, the Franchisee has been granted a franchise by Spherion, pursuant to that certain franchise agreement by and between Spherion and Franchisee dated as of \_\_\_\_\_ (the "Franchise Agreement"), to operate a permanent placement and temporary personnel service in the Area (as such term is defined in the Franchise Agreement) (the "Franchised Business");

**WHEREAS**, Spherion currently operates a temporary help service business in the Area, specifically in the counties of \_\_\_\_\_ (hereafter referred to as the "Business"), and has agreed to sell certain of the assets of the Business (as further specified herein) to Franchisee with the intent that, from and after the closing of the transactions contemplated by the Asset Sale Agreement, as defined below, Franchisee conduct and operate the assets of the Business purchased hereunder as part of the Franchised Business and pursuant to the terms and conditions of the Franchise Agreement;

**WHEREAS**, Franchisee and Spherion \_\_\_\_\_ have entered into the Asset Sale Agreement (the "Asset Sale Agreement") pursuant to which Spherion \_\_\_\_\_ has sold to Franchisee the assets listed below;

[Fill-in information from Asset Sale Agreement (description of Assets purchased)]

**WHEREAS**, to induce Spherion to finance Franchisee's purchase of the assets, Franchisee agrees to grant Spherion (hereinafter, together with any holder hereof, called "Holder") a security interest;

**WHEREAS**, Franchisee has executed a Promissory Note as of the date above in the original principal amount of \_\_\_\_\_ (\$\_\_\_\_\_) (the "Note") to enable it to purchase the Collateral from Spherion; and

**NOW, THEREFORE**, as security for such indebtedness (the "Indebtedness"), the Franchisee hereby grants and conveys to Holder a security interest in the going concern value of its franchise, the furniture, fixtures and equipment used in the Franchised Business, and all other assets of the Franchised Business, including any other intangible assets, such as any lease Franchisee may have for the Franchised Business, and the telephone numbers of the Franchised Business (collectively, the "Collateral").

**1. Franchisee's Covenants.** Franchisee hereby warrants, covenants and agrees as follows:

(a) Collateral and Franchised Business.

(i) Franchisee shall keep the Collateral at the Franchised Business and shall not remove the Collateral without the prior written consent of Holder.

- (ii) Franchisee shall maintain the Collateral and any assets associated with the Franchised Business in good repair and condition at Franchisee's own cost and expense.
  - (iii) Franchisee shall pay, when due, all taxes and assessments relating to the Collateral and the Franchised Business.
  - (iv) Franchisee shall not voluntarily sell, assign, transfer or otherwise dispose of the Collateral or any interest therein and shall not otherwise do anything that might impair the Collateral or the Franchised Business as security hereunder.
  - (v) Franchisee shall, in addition to the foregoing, do all such other acts and things as Holder may from time to time reasonably request as necessary to establish and maintain a first priority perfected security interest in the Collateral.
- (b) Financial Statements. Franchisee shall furnish to Holder:
- (i) As soon as available, but not later than ninety (90) days after the end of each fiscal year, the balance sheet of Franchisee as at the end of such fiscal year and the related statements of income, and changes in financial position of Franchisee for such fiscal year, in each case setting forth corresponding numbers for the preceding fiscal year.
  - (ii) As soon as available, but not later than ninety (90) days after filing, (A) Franchisee's federal, state and any other tax returns relating to the franchised business, and (B) Franchisee's individual federal, state and any other income tax returns.
  - (iii) As soon as available, but not later than thirty (30) days after the end of each quarter or more frequently, as Holder may reasonably request from time-to-time, (A) an unaudited balance sheet of Franchisee for such quarter and the related statement of income for such quarter and the fiscal year-to-date, all in reasonable detail and prepared in accordance with generally accepted accounting principles applied on a consistent basis, and (B) an aged list of accounts receivable which ties to such balance sheet.
  - (iv) Promptly after receipt thereof by Franchisee, a copy of any "management letter" received by Franchisee from its independent certified public accountants, if applicable.
  - (v) From time to time, and with reasonable promptness, such other information or documents (financial or otherwise) with respect to the operations, business, affairs and financial condition of Franchisee as Holder may reasonably request; and
  - (vi) As soon as practicable and in any event within three (3) business days

after Franchisee obtains knowledge thereof, notice of (A) the occurrence of a Default (as defined in the Note), (B) any litigation, investigation or proceeding, or any material change in any litigation, investigation or proceeding, pending against or affecting Franchisee or any of its properties that would have a material adverse effect on the ability of Franchisee to perform its obligations under this Security Agreement or the Note or on the business, operations, properties or condition (financial or otherwise) of Franchisee, and (C) any other event that could reasonably be expected to materially and adversely affect the business, operations, properties or condition (financial or otherwise) of Franchisee.

- (c) **Financial Covenants.** The Franchisee's Fixed Charge Coverage Ratio should never be lower than 1.25 to 1. The Fixed Charge Coverage Ratio shall be determined by calculating how many times the last twelve months of EBITDA (earnings before interest taxes, depreciation and amortization) covers the last twelve months of Fixed Charges. Fixed Charges include interest, principal payments, taxes, and capital expenses. In the event of any dispute in the computation of such items, Holder's determination shall be controlling in the absence of audited Financial Statements of Franchisee required by Section 1(b)(i).

## **2. Default and Remedies.**

- (a) Franchisee shall be in default under this Security Agreement upon the occurrence of any of the following events or conditions:
  - (i) Failure by Franchisee to make timely payments of any and all Indebtedness under the Note.
  - (ii) Failure by Franchisee to comply with or perform any of the terms, covenant and conditions of this Security Agreement.
  - (iii) Any default by Franchisee under any other Franchise, License or other agreement with Spherion or an affiliate, including, without limitation, the Note.
  - (iv) If the Franchisee dies, becomes insolvent or the subject of bankruptcy or insolvency proceedings.
  - (v) If any representation made to Holder or Spherion, or its parents or affiliate, with respect to this Security Agreement or the Indebtedness is false in any material respect when made.
- (b) Upon such default, Holder may, at its option, declare the Indebtedness immediately due and payable and shall have all of the remedies of a "Secured Party" under the Uniform Commercial Code of Georgia (as amended and supplemented to date) (the "Code"), including, without limitation, the right and power to sell, or otherwise dispose of the Collateral and the Franchised Business or any part thereof, and for that purpose may take immediate and exclusive

possession of the Collateral and the Franchised Business, or any part thereof, and with or without judicial process, enter the Franchised Business or any other premises on which the Collateral, or any part thereof, may be situated and remove the Collateral, or part thereof, from such location without being deemed guilty of trespass.

- (c) Holder shall be entitled to hold, maintain, preserve and prepare the Collateral and the assets related to the Franchised Business for sale.
- (d) The proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like, and the reasonable attorney's fees and legal expenses incurred by Holder, shall be applied in satisfaction of the Indebtedness secured hereby. Holder will account to the Franchisee for any surplus realized on such disposition and the Franchisee shall remain liable for any deficiency.
- (e) The remedies of Holder hereunder are cumulative in the exercise of anyone or more of the remedies provided for herein or under the Code and shall not be construed as a waiver of any of the other remedies of Holder so long as any part of the Franchisee's Indebtedness remains unsatisfied.

### **3. Miscellaneous Terms and Conditions.**

- (a) Notice given under this Security Agreement shall be sufficient if sufficient under the Franchise Agreement.
- (b) If the Franchisee defaults in the performance of any other provisions of this Security Agreement, Holder may perform for the Franchisee and any monies expended in doing so shall be chargeable with interest to the Franchisee and added to the Indebtedness.
- (c) The terms and provisions contained in this Security Agreement shall, unless the context otherwise requires, have the meaning and be construed as provided in the Code.
- (d) This Security Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, unless made in writing and signed by the party against which enforcement of any waiver, change, modification or discharge is sought.

This Security Agreement is to be construed in all respects and enforced according to the laws of the State of Georgia.

This Security Agreement may be executed in counterparts, all of which executed in one or more counterparts, including by facsimile signatures, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the parties hereto have caused this instrument to be executed as of the day and year first above written.

**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**ASSET SALE AGREEMENT**  
**Purchase Loan**

This **Asset Sale Agreement** ("Agreement") is entered into as of this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by and among Spherion Staffing, LLC, a Delaware limited liability company ("Spherion") and \_\_\_\_\_, a \_\_\_\_\_ corporation ("Franchisee") and \_\_\_\_\_, the sole stockholder of Franchisee ("\_\_\_\_\_").

**WHEREAS**, Franchisee has been granted a franchise by Spherion pursuant to the Franchise Agreement between Spherion and Franchisee dated as of the Effective Date (the "Franchise Agreement"), to operate a temporary help service business in the Area (as such term is defined in the Franchise Agreement) (the "Franchised Business"); and

**WHEREAS**, Spherion currently operates a temporary help service business in the Area (hereafter referred to as the "Business"), and has agreed to sell certain of the assets of the Business (as further specified herein) to Franchisee with the intent that, from and after the closing of the transactions contemplated by this Asset Sale Agreement, Franchisee conduct and operate the assets of the Business purchased hereunder as the Franchised Business pursuant to the terms and conditions of the Franchise Agreement;

**NOW, THEREFORE**, in consideration of the promises, obligations, and mutual covenants hereinafter set forth, it is understood and agreed as follows:

**4. Transfer and Sale of Assets.**

- (a) At the Closing (as hereinafter defined), Franchisee agrees to purchase and Spherion agrees to transfer, sell and convey all of Spherion's right, title and interest in and to the following assets (the "Assets"), subject to the intellectual property rights and any other rights of Spherion or its parents or affiliates retained pursuant to the Franchise Agreement:
  - (i) The going concern value of the Business, subject to Section 4 of this Agreement;
  - (ii) The furniture, fixtures, leasehold improvements and equipment listed on **Exhibit "A"** attached hereto;
  - (iii) The telephone, facsimile and modem numbers, including \_\_\_\_\_ and any other numbers used in the Business and all directory listings and yellow pages advertisements related thereto;
  - (iv) Spherion's interest as lessee or tenant in and to the real property lease listed on **Exhibit "B"** attached hereto (the "Premises Lease");
  - (v) All equipment leases and contracts listed on **Exhibit "C"** attached hereto (the "Equipment Leases").

- (b) All of the Assets are transferred and conveyed by Spherion to Franchisee free and clear of all liens, encumbrances or charges of any nature except those created pursuant to the Equipment and/or Premises Lease. Spherion makes no other warranties with respect to the Assets. It is expressly agreed that the furniture, fixtures and equipment are to be transferred AS IS, WHERE IS, and SPHERION EXPRESSLY DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE with respect to such furniture, fixtures and equipment.
  
- (c) As of the Effective Time, Franchisee shall assume those liabilities and obligations of the Business pertaining directly to the conduct of the Business that arise in the ordinary course of business after the Effective Time with respect to and in connection with periods after the Effective Time (the "Operating Liabilities").
  
- (d) Franchisee shall reimburse Spherion at Closing (as defined herein below) for any security deposit transferred to Franchisee for which Franchisee receives credit from the respective lessor or other holder. Franchisee shall pay to Spherion any petty cash transferred to the Franchisee at the Closing. Any prorations not settled at the closing of the transactions contemplated by this Agreement shall be credited to or deducted from Franchisee's monthly commission and will be reflected on Franchisee's commission statement. Expenses for rent, utilities, telephone and property taxes shall be prorated as of the Closing. Any transfer tax or sales tax or recording or filing fees imposed upon the sale, transfer and delivery of the Assets shall be paid by Franchisee.

## **5. Purchase Price; Closing; Allocation.**

- (a) In consideration for the sale and transfer of the Assets by Spherion to Franchisee, the Franchisee shall assume the Operating Liabilities and pay to Spherion the sum of \_\_\_\_\_ (\$) \_\_\_\_\_ as follows:
  - (i) \$\_\_\_\_\_ on or before the date of the Closing by wire transfer in immediately available funds to the account identified on **Exhibit "E"** attached hereto; and
  - (ii) \$\_\_\_\_\_ pursuant to a Promissory Note attached hereto as **Exhibit "F"**.
  
- (b) The closing of the transaction (the "Closing") shall occur by the exchange of signature pages by facsimile with overnight delivery of original signature pages to follow. The transactions contemplated by this Agreement shall all be deemed effective as of 12:01 a.m. on \_\_\_\_\_ (the "Effective Time").
  
- (c) The obligations of Franchisee under the Promissory Note will be secured by a pledge of the Assets to Spherion pursuant to a Security Agreement attached as **Exhibit "G"**.

- (d) **Exhibit "H"** sets forth allocations with respect to the Assets that shall be used by the parties for purposes of reporting to the Internal Revenue Service (the "IRS") on Form 8594.

**6. Employees of Business.** All persons employed by the Business (the "Business Employees") as of the Effective Time shall immediately become employees of Franchisee and Franchisee shall assume all responsibility for the Business Employees which shall include but is not limited to the following: (i) payroll; (ii) benefit plans; (iii) the provision of vacation, sick and personal time; (iv) accrued vacation; (iv) accrued personal time; and (v) accrued sick time. Should Franchisee terminate the employment of any Business Employee as of the Effective Time, Franchisee shall be responsible for any severance payments due the terminated Business Employee.

**7. Access to Records Relating to Customers and Employees.** Franchisee hereby agrees that Spherion may retain copies of customer and employee records relating to pre-closing matters. Franchisee also agrees that it will make available, upon request, any customer or employee record it may have which is deemed necessary by Spherion to assist in the collection of outstanding accounts receivables or to respond to or defend any claim against Spherion or its directors, officers, employees, agents, parents or affiliates relating to or filed by such customer or employee or to otherwise comply with any law or regulation.

**8. Termination of Employment; Full Discharge.** \_\_\_\_\_ agrees and acknowledges that as of the Effective Time, his employment with Spherion (or any subsidiary thereof) is terminated \_\_\_\_\_, for himself and for his respective heirs, legal representatives, successors and assigns, hereby release Spherion and its parents, affiliates, and subsidiaries, and their officers, directors, agents, employees, successors and assigns and the officers, directors and agents and employees of such parents, affiliates, successors and assigns (collectively, the "Spherion Releasees") from any and all claims, demands, obligations, damages, losses, liabilities, rights, interests, actions and causes of action that \_\_\_\_\_ had, has, or may have, known or unknown, suspected to exist or not suspected to exist, anticipated or not anticipated, against the Spherion Releasees, based on or arising out of his employment with Spherion (or any parent, affiliate, or subsidiary thereof) or with respect to employee benefits or otherwise, including, without limitation, any and all obligations arising under any alleged written or oral employment agreement, policy, plan or procedure of Spherion (or any parent, affiliate, or subsidiary thereof) and/or any alleged understanding or arrangement between \_\_\_\_\_ and Spherion (or any parent, affiliate, or subsidiary thereof) or any of its officers.

**9. Brokerage Fees or Commissions.** Spherion and Franchisee hereby agree to indemnify each other against any obligations the indemnifying party may have incurred for brokerage fees or commissions in connection with this transaction.

**10. Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Georgia.

**11. Amendments.** This Agreement may not be amended, supplemented, waived or changed by any means, except by a writing signed by all parties and making specific reference to this Agreement.

**12. Severability.** Should any part, term or provision of this Agreement be determined by any tribunal, court or arbitrator to be illegal, invalid or unenforceable, the validity of the remaining parts, terms or provisions shall not be affected thereby, and the illegal, invalid or unenforceable parts, terms or provisions shall be deemed not to be a part of this Agreement.

**13. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Delivery of executed signature pages hereof by facsimile transmission shall constitute effective and binding execution and delivery hereof.

**14. Notices.** Any notice, request, information or other document to be given hereunder to any of the parties shall be in writing (including facsimile and telegraphic communication) and may be hand delivered by messenger or courier service, telecommunicated, or mailed by registered or certified mail (postage prepaid), return receipt requested, addressed to:

If to Spherion addressed to:

Spherion Staffing, LLC  
One Overton Park  
3625 Cumberland Blvd, Suite 600  
Atlanta, GA 30339  
Attn: General Counsel  
Telephone: (770) 937-7120

If to Franchisee addressed to:

---

**Telephone:**

Any such notice shall be deemed delivered (a) on the date delivered if by personal delivery, (b) on the date telecommunicated if by telegraph or confirmed facsimile, (c) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed.

Any party may change the address to which notices under this Agreement are to be sent to it by giving written notice thereof in the manner provided above.

The parties hereto have executed this Agreement as of the day and year first above written.

[SIGNATURES ON THE FOLLOWING PAGE]

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**EXHIBIT E**  
**START-UP LOAN DOCUMENTS**

**PROMISSORY NOTE – FIXED RATE**  
**Start-up Loan**

**\$50,000**

County of \_\_\_\_\_  
 State of \_\_\_\_\_  
 Date: \_\_\_\_\_, 20\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned ("Debtor") promises to pay to Spherion Staffing, LLC (hereinafter, together with any holder hereof, called "Holder"), the principal sum of Fifty Thousand and No/100 Dollars (\$50,000), or such lesser amount as shall be loaned to Debtor under the terms hereof, with interest as set forth below. The principal and interest shall be repaid, in full, over sixty (60) months or sooner as follows: Debtor shall pay the then accrued but unpaid interest six (6) months from the date hereof, and monthly payments of accrued but unpaid interest for six (6) months thereafter on the same day of the month, and the then outstanding balance in 48 equal payments of principal and interest monthly thereafter on the same day of the month until the principal and interest is paid in full. Such installments shall be paid by deduction from the Debtor's commission statement and will be reflected on Debtor's monthly commission for the preceding calendar month as such terms are used in the Franchise Agreement by and between the undersigned and Spherion Staffing, LLC ("Spherion") dated effective \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement"); provided that if such commission shall not be sufficient to pay any such installment when due, Spherion shall notify the undersigned and the undersigned shall pay to Holder within five (5) days of receipt of such notice the difference between the amount due and the amount deducted by Spherion from Franchisee's share of the commission.

The interest on the outstanding principal amount of this Note shall accrue from the date hereof at the rate of \_\_\_\_\_ per annum [WSJ Prime plus \_\_\_\_ as of the date of the Note]. Any payment hereunder shall first be credited to interest computed as set forth above, and the remainder of such installment, if any, shall be credited to principal.

Debtor may borrow money under this Note for one year from the date hereof. In order to borrow, Debtor must provide Holder, in writing, the start-up expense which is to be incurred, and Holder will loan to Debtor 50% of that expense, up to a total of borrowings outstanding of the principal amount permitted under the Note as stated above.

Each of the following events shall be referred to as a "Default":

- (1) the failure to pay when due any amount owed to the Holder;
- (2) termination of the Franchise Agreement; or
- (3) the sale, assignment, transfer, sub-license or encumbrance of the Franchise Agreement or any right or interest of the undersigned in the Franchise Agreement; or
- (4) any default by Debtor under any other Franchise Agreement which Debtor has or will have with Spherion or its parents or affiliates; or
- (5) any default by Debtor under the Security Agreement executed by Debtor and

- Holder in conjunction with this transaction (the "Security Agreement"); or
- (6) if Debtor's obligations under this Note or the Security Agreement becomes subordinate in any manner.

Upon the occurrence of a Default, the entire principal balance then remaining outstanding plus all accrued interest thereon shall become immediately due and payable. In addition, the undersigned shall pay interest at an augmented rate of fifteen percent (15%) per annum on the outstanding principal balance from the date of Default until all amounts due and owing pursuant to this Promissory Note are paid in full.

No delay or failure on the part of the Holder in the exercise of any right or remedy hereunder or under any other agreement or document shall operate as a waiver thereof, and no single or partial exercise by the Holder or any such right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

Time is of the essence of this contract and, in the case that this Note is collected by or through an attorney at law, or under advice therefrom, the undersigned agrees to pay all costs of collection, including fifteen percent (15%) of the outstanding principal balance as attorneys' fees.

The undersigned shall be privileged to prepay this Note in whole or in part without penalty.

Except as otherwise stated herein, the undersigned hereby waives demand, presentment for payment, notice of non-payment, protest and notice of protest.

This Note is to be construed in all respects and enforced according to the laws of the State of Georgia. Debtor shall pay all stamps, duties, taxes, penalties, fees and costs incurred due to the execution, delivery, taxation or recordation of this Note, if any.

Given under my hand and seal, the day and year first above written.

**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

## **GUARANTY**

The undersigned, \_\_\_\_\_ ([collectively,] the "Guarantor(s)") hereby, jointly and severally, unconditionally guarantee(s) all obligations of \_\_\_\_\_ contained in that certain Promissory Note dated \_\_\_\_\_ (the "Note"). The Guarantor(s) further agree(s) that notice of nonpayment or nonperformance given to \_\_\_\_\_ shall be deemed notice to the Guarantor(s). Action or suit may be brought against the Guarantor(s), or any of them, on this Note and carried to final judgment or completion with or without Holder naming or joining \_\_\_\_\_, or any of the other Guarantors, as a party to enforce any right of Holder against \_\_\_\_\_ under this Note, and without Holder having first proceeded against \_\_\_\_\_, or any of the other Guarantors.

Time is of the essence of this Guaranty, but no delay or failure on the part of Holder in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Holder of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

No action of Holder permitted hereunder shall, in any way, impair or affect this Guaranty. The Guarantor(s) shall not be released from the obligations under this Guaranty by reason of any increase in risk, or novation, amendment or compromise of, under or to this Note, which might result from the doing, or failure to do, of any action or forbearance by Holder under or with respect to this Note. The Guarantor(s) in giving this Guaranty is (are) not relying upon any representation, whether written or oral, by or on behalf of Holder.

This Guaranty shall be binding upon the Guarantor(s) and the heirs, estate and personal representatives of the Guarantor(s). This Guaranty shall be governed by and construed under the laws of the State of Georgia.

This Guaranty is executed by Guarantor(s) prior to, simultaneously with, or after the execution and delivery of this Note, and in order to induce Holder to execute the same. This Guaranty may not be amended, terminated or modified except by an agreement in writing executed by the party sought to be charged therewith.

[SIGNATURES ON THE FOLLOWING PAGE]

**WITNESS** the hand and seal of the undersigned Guarantor(s).

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

**SECURITY AGREEMENT**  
**Start-Up Loan**

**THIS SECURITY AGREEMENT**, dated as of \_\_\_\_\_, 20\_\_\_\_ is by and between \_\_\_\_\_, a \_\_\_\_\_ corporation ("Franchisee") and Spherion Staffing, LLC, a Delaware limited liability company ("Spherion").

**WHEREAS**, the Franchisee has been granted a franchise by Spherion, pursuant to that certain franchise agreement by and between Spherion and Franchisee dated as of \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement"), to operate the permanent placement and temporary personnel service franchise currently being operated by Franchisee in the Area (as such term is defined in the Franchise Agreement) (the "Franchised Business");

**WHEREAS**, Spherion is loaning money to Franchisee for certain initial expenses of the Franchised Business pursuant to a Promissory Note of even date herewith (the "Start-up Note" or the "Note");

**WHEREAS**, Franchisee owns and uses certain furniture, fixtures and equipment in its conduct of the Franchised Business; and

**NOW, THEREFORE**, as security for such indebtedness (the "Indebtedness"), the Franchisee hereby grants and conveys to Spherion (hereinafter, together with any holder hereof, called "Holder") a security interest in the going concern value of its franchise, the furniture, fixtures and equipment used in the Franchised Business, and all other assets of the Franchised Business, including any other intangible assets, such as any lease Franchisee may have for the Franchised Business, and the telephone numbers of the Franchised Business (collectively, the "Collateral").

**1. Franchisee's Covenants. Franchisee hereby warrants, covenants and agrees as follows:**

- (a) Collateral and Franchised Business.
  - (i) Franchisee shall keep the Collateral at the Franchised Business and shall not remove the Collateral without the prior written consent of Holder.
  - (ii) Franchisee shall maintain the Collateral and any assets associated with the Franchised Business in good repair and condition at Franchisee's own cost and expense.
  - (iii) Franchisee shall pay, when due, all taxes and assessments relating to the Collateral and the Franchised Business.
  - (iv) Franchisee shall not voluntarily sell, assign, transfer or otherwise dispose of the Collateral, the Intangible Collateral or any interest therein and shall not otherwise do anything that might impair the Collateral or the Intangible Collateral as security hereunder.

- (v) Franchisee shall, in addition to the foregoing, do all such other acts and things as Holder may from time to time reasonably request as necessary to establish and maintain a first priority perfected security interest in the Collateral.
- (b) Financial Statements. Franchisee shall furnish to Spherion:
  - (i) As soon as available, but not later than ninety (90) days after the end of each fiscal year, the balance sheet of Franchisee as at the end of such fiscal year and the related statements of income, and changes in financial position of Franchisee for such fiscal year, in each case setting forth corresponding numbers for the preceding fiscal year.
  - (ii) As soon as available, but not later than ninety (90) days after filing, (A) Franchisee's federal, state and any other tax returns relating to the franchised business, and (B) Franchisee's individual federal, state and any other income tax returns.
  - (iii) As soon as available, but not later than thirty (30) days after the end of each Quarter, or more frequently, as Holder may reasonably request from time-to-time, (A) an unaudited balance sheet of Franchisee for such Quarter and the related statement of income for such Quarter Period and the fiscal year-to-date, all in reasonable detail and prepared in accordance with generally accepted accounting principles applied on a consistent basis, and (B) an aged list of accounts receivable which ties to such balance sheet.
  - (iv) Promptly after receipt thereof by Franchisee, a copy of any "management letter" received by Franchisee from its independent certified public accountants, if applicable.
  - (v) From time to time, and with reasonable promptness, such other information or documents (financial or otherwise) with respect to the operations, business, affairs and financial condition of Franchisee as Holder may reasonably request; and
  - (vi) As soon as practicable and in any event within three (3) business days after Franchisee obtains knowledge thereof, notice of (A) the occurrence of a Default (as defined in the Note), (B) any litigation, investigation or proceeding, or any material change in any litigation, investigation or proceeding, pending against or affecting Franchisee or any of its properties that would have a material adverse effect on the ability of Franchisee to perform its obligations under this Security Agreement or the Note or on the business, operations, properties or condition (financial or otherwise) of Franchisee, and (C) any other event that could reasonably be expected to materially and adversely affect the business, operations, properties or condition (financial or otherwise) of Franchisee.
- (c) Financial Covenants. The Franchisee's Fixed Charge Coverage Ratio should

never be lower than 1.25 to 1. The Fixed Charge Coverage Ratio shall be determined by calculating how many times the last twelve months of EBITDA (earnings before interest taxes, depreciation and amortization) covers the last twelve months of Fixed Charges. Fixed Charges include interest, principal payments, taxes, and capital expenses. In the event of any dispute in the computation of such items, Holder's determination shall be controlling in the absence of audited Financial Statements of Franchisee required by Section 1(b)(i).

## **2. Default and Remedies.**

- (a) Franchisee shall be in default under this Security Agreement upon the occurrence of any of the following events or conditions:
  - (i) Failure by Franchisee to make timely payments of any and all Indebtedness under the Start-up Note.
  - (ii) Failure by Franchisee to comply with or perform any of the terms, covenant and conditions of this Security Agreement.
  - (iii) Any default by Franchisee under any other Franchise, Franchise or other agreement with Spherion or an affiliate, including, without limitation, the Start-up Note.
  - (iv) If the Franchisee dies, becomes insolvent or the subject of bankruptcy or insolvency proceedings.
  - (v) If any representation made to Holder or Spherion, or an affiliate, with respect to this Security Agreement or the Indebtedness is false in any material respect when made.
- (b) Upon such default, Holder may, at its option, declare the Indebtedness immediately due and payable and shall have all of the remedies of a "Secured Party" under the Uniform Commercial Code of Georgia (as amended and supplemented to date) (the "Code"), including, without limitation, the right and power to sell, or otherwise dispose of the Collateral or any part thereof, and for that purpose may take immediate and exclusive possession of the Collateral or any part thereof, and with or without judicial process, enter the Franchised Business or any other premises on which the Collateral or any part thereof, may be situated and remove the Collateral or part thereof, from such location without being deemed guilty of trespass.
- (c) Holder shall be entitled to hold, maintain, preserve and prepare the Collateral for sale.
- (d) The proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like, and the reasonable attorney's fees and legal expenses incurred by Holder, shall be applied in satisfaction of the Indebtedness secured hereby. Holder will account

to the Franchisee for any surplus realized on such disposition and the Franchisee shall remain liable for any deficiency.

- (e) The remedies of Holder hereunder are cumulative in the exercise of anyone or more of the remedies provided for herein or under the Code and shall not be construed as a waiver of any of the other remedies of Holder so long as any part of the Franchisee's Indebtedness remains unsatisfied.

### **3. Miscellaneous Terms and Conditions.**

- (a) Notice given under this Security Agreement shall be sufficient if sufficient under the Franchise Agreement.
- (b) If the Franchisee defaults in the performance of any other provisions of this Security Agreement, Holder may perform for the Franchisee and any monies expended in doing so shall be chargeable with interest to the Franchisee and added to the Indebtedness.
- (c) The terms and provisions contained in this Security Agreement shall, unless the context otherwise requires, have the meaning and be construed as provided in the Code.
- (d) This Security Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, unless made in writing and signed by the party against which enforcement of any waiver, change, modification or discharge is sought.

This Security Agreement is to be construed in all respects and enforced according to the laws of the State of Georgia.

This Security Agreement may be executed in counterparts, all of which executed in one or more counterparts, including by facsimile signatures, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**IN WITNESS WHEREOF,** the parties hereto have caused this instrument to be executed as of the day and year first above written.

[SIGNATURES ON THE FOLLOWING PAGE]

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**EXHIBIT F**  
**WORKERS' COMPENSATION LOAN DOCUMENTS**

**PROMISSORY NOTE**  
**Workers' Compensation Loan**

\$ \_\_\_\_\_

County of \_\_\_\_\_  
State of \_\_\_\_\_  
Date: \_\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned ("Debtor") promises to pay to Spherion Staffing, LLC (hereinafter, together with any holder hereof, called "Holder"), the principal sum of \_\_\_\_\_ and No/100 Dollars (\$\_\_\_\_\_) with interest as set forth below. The principal and interest shall be repaid, in full, over \_\_\_\_\_ months (\_\_\_\_) pursuant to the amortization schedule attached as **Exhibit "A"** hereto (the "Table"). Pursuant to **Exhibit "B"** attached hereto, Debtor shall designate a bank account for Holder to debit each monthly payment directly and Debtor shall notify Holder in advance of any changes to such information by submitting a new **Exhibit "B."** The first monthly payment will be due and payable on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_ and each successive payment will be due and payable on the 1<sup>st</sup> day of the month until the principal and interest is paid in full, pursuant to the Table.

The interest on the outstanding principal amount of this Note shall accrue from the date hereof at the rate of \_\_\_\_\_ per annum [WSJ Prime plus \_\_\_\_\_ as of the date of the Note]. Any payment hereunder shall first be credited to interest computed as set forth above, and the remainder of such installment, if any, shall be credited to principal.

Each of the following events shall be referred to as a "Default":

- (1) the failure to pay when due any amount owed to the Holder, under this Note or otherwise;
- (2) termination of any or all of those certain Franchise Agreements by and between the undersigned, \_\_\_\_\_ and Spherion Staffing, LLC (or its parents or affiliates) dated \_\_\_\_\_, as amended and supplemented to date and under any prior agreements (the "Franchise Agreements"); or
- (3) the sale, assignment, transfer, sub-license or encumbrance of the Franchise Agreements, or any of them, or any right or interest of the undersigned in the Franchise Agreements.

Upon the occurrence of a Default, Debtor will be given written notice from Holder of such Default and be given ten (10) days in which to cure such Default. If such Default remains uncured, the entire principal balance then remaining outstanding plus all accrued interest thereon shall become immediately due and payable and notwithstanding language to the contrary in the Franchise Agreements, the Franchise Agreements may be terminated at the election of Spherion Staffing, LLC. In addition, the undersigned shall pay interest at an augmented rate of fifteen percent (15%) per annum on the outstanding principal balance from the date of Default until all amounts due and owing pursuant to this Promissory Note are paid in full.

No delay or failure on the part of the Holder in the exercise of any right or remedy

hereunder or under any other agreement or document shall operate as a waiver thereof, and no single or partial exercise by the Holder or any such right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

Time is of the essence of this contract and, in the case that this Promissory Note is collected by or through an attorney at law, or under advice therefrom, the undersigned agrees to pay all costs of collection, including fifteen percent (15%) of the outstanding principal balance as attorneys' fees.

The undersigned shall be privileged to prepay this Promissory Note in whole or in part without penalty.

Except as otherwise stated herein, the undersigned hereby waives demand, presentment for payment, notice of non-payment, protest and notice of protest.

This Promissory Note is to be construed in all respects and enforced according to the laws of the State of Georgia. Debtor shall pay all stamps, duties, taxes, penalties, fees and costs incurred due to the execution, delivery, taxation or recordation of this Promissory Note, if any.

Given under my hand and seal, the day and year first above written.

**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**Exhibit A**  
**Amortization Schedule**

## GUARANTY

The undersigned, \_\_\_\_\_ ([collectively,] the "Guarantor(s)") hereby, jointly and severally, unconditionally guarantee all obligations of \_\_\_\_\_, contained in that certain Promissory Note in the amount of \$\_\_\_\_\_ (the "Note"). The Guarantor(s) further agree(s) that notice of nonpayment or nonperformance given to \_\_\_\_\_, shall be deemed notice to the Guarantor(s). Action or suit may be brought against the Guarantor(s), or any of them, on this Note and carried to final judgment or completion with or without Holder naming or joining \_\_\_\_\_, or any of the other Guarantors, as a party to enforce any right of Holder against \_\_\_\_\_, under this Note, and without Holder having first proceeded against \_\_\_\_\_, or any of the other Guarantors.

Time is of the essence of this Guaranty, but no delay or failure on the part of Holder in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by Holder of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right of remedy.

No action of Holder permitted hereunder shall, in any way, impair or affect this Guaranty. The Guarantor(s) shall not be released from the obligations under this Guaranty by reason of any increase in risk, or novation, amendment or compromise of, under or to this Note, which might result from the doing, or failure to do, of any action or forbearance by Holder under or with respect to this Note. The Guarantor(s) in giving this Guaranty is (are) not relying upon any representation, whether written or oral, by or on behalf of Holder.

This Guaranty shall be binding upon the Guarantor(s) and the heirs, estate and personal representatives of the Guarantor(s). This Guaranty shall be governed by and construed under the laws of the State of Georgia.

This Guaranty is executed by Guarantor(s) prior to, simultaneously with, or after the execution and delivery of this Note, and in order to induce Holder to execute the same. This Guaranty may not be amended, terminated or modified except by an agreement in writing executed by the party sought to be charged therewith.

**WITNESS** the hand and seal of the undersigned Guarantors.

[SIGNATURES ON NEXT PAGE]

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

**SECURITY AGREEMENT**  
**Workers' Compensation Loan**

**THIS SECURITY AGREEMENT**, dated as of \_\_\_\_\_ is by and between \_\_\_\_\_, a \_\_\_\_\_ corporation ("Franchisee") and Spherion Staffing, LLC, a Delaware limited liability company ("Spherion").

**WHEREAS**, the Franchisee has been granted a franchise by Spherion, pursuant to that certain Franchise Agreement by and between Spherion and Franchisee dated as of \_\_\_\_\_ (the "Franchise Agreement"), to operate the permanent placement and temporary personnel service Franchise currently being operated by Franchisee in the Area (as such term is defined in the Franchise Agreement) (the "Franchised Business");

**WHEREAS**, for Spherion Fiscal Year \_\_\_, Franchisee owes to Spherion \$\_\_\_\_\_ for the cost of workers' compensation insurance (the "Workers' Compensation Debt \_\_\_\_") for the Temporary Employees placed by Franchisee during Spherion Fiscal Year \_\_\_ pursuant to the Franchise Agreement and Spherion has agreed to finance that amount pursuant to a Promissory Note of even date herewith (the "Note");

**WHEREAS**, Franchisee owns and uses certain furniture, fixtures and equipment in its conduct of the Franchised Business;

**WHEREAS**, to induce Spherion to finance Franchisee's Workers' Compensation Debt for \_\_\_, Franchisee agrees to grant Spherion (hereinafter, together with any holder hereof, called "Holder") a security interest; and

**NOW, THEREFORE**, as security for such Workers' Compensation Debt \_\_\_ (also referred to herein as the "Indebtedness"), the Franchisee hereby grants and conveys to Holder a security interest in the going concern value of its franchise, the furniture, fixtures and equipment used in the Franchised Business, and all other assets of the Franchised Business, including any other intangible assets, such as any lease Franchisee may have for the Franchised Business, and the telephone numbers of the Franchised Business (collectively, the "Collateral").

**1. Franchisee's Covenants. Franchisee hereby warrants, covenants and agrees as follows:**

- (a) Collateral and Franchised Business.
  - (i) Franchisee shall keep the Collateral at the Franchised Business and shall not remove the Collateral without the prior written consent of Holder.
  - (ii) Franchisee shall maintain the Collateral and any assets associated with the Franchised Business in good repair and condition at Franchisee's own cost and expense.
  - (iii) Franchisee shall pay, when due, all taxes and assessments relating to the Collateral and the Franchised Business.

- (iv) Franchisee shall not voluntarily sell, assign, transfer or otherwise dispose of the Collateral or any interest therein and shall not otherwise do anything that might impair the Collateral or the Franchised Business as security hereunder.
  - (v) Franchisee shall, in addition to the foregoing, do all such other acts and things as Holder may from time to time reasonably request as necessary to establish and maintain a first priority perfected security interest in the Collateral.
- (b) Financial Statements. Franchisee shall furnish to Holder:
- (i) As soon as available, but not later than ninety (90) days after the end of each fiscal year, the balance sheet of Franchisee as at the end of such fiscal year and the related statements of income, and changes in financial position of Franchisee for such fiscal year, in each case setting forth corresponding numbers for the preceding fiscal year.
  - (ii) As soon as available, but not later than ninety (90) days after filing, (A) Franchisee's federal, state and any other tax returns relating to the Franchised business, and (B) Franchisee's individual federal, state and any other income tax returns.
  - (iii) As soon as available, but not later than thirty (30) days after the end of each quarter or more frequently, as Holder may reasonably request from time-to-time, (A) an unaudited balance sheet of Franchisee for such month and the related statement of income for such month and the fiscal year-to-date, all in reasonable detail and prepared in accordance with generally accepted accounting principles applied on a consistent basis, and (B) an aged list of accounts receivable which ties to such balance sheet.
  - (iv) Promptly after receipt thereof by Franchisee, a copy of any "management letter" received by Franchisee from its independent certified public accountants, if applicable.
  - (v) From time to time, and with reasonable promptness, such other information or documents (financial or otherwise) with respect to the operations, business, affairs and financial condition of Franchisee as Holder may reasonably request; and
  - (vi) As soon as practicable and in any event within three (3) business days after Franchisee obtains knowledge thereof, notice of (A) the occurrence of a Default (as defined in the Note), (B) any litigation, investigation or proceeding, or any material change in any litigation, investigation or proceeding, pending against or affecting Franchisee or any of its properties that would have a material adverse effect on the ability of Franchisee to perform its obligations under this Security Agreement or the Note or on the business, operations, properties or condition (financial or otherwise) of Franchisee, and (C) any other event that could reasonably be expected to materially and adversely affect the

business, operations, properties or condition (financial or otherwise) of Franchisee.

(c) Financial Covenants. The Franchisee's Fixed Charge Coverage Ratio should never be lower than 1.25 to 1. The Fixed Charge Coverage Ratio shall be determined by calculating how many times the last twelve months of EBITDA (earnings before interest taxes, depreciation and amortization) covers the last twelve months of Fixed Charges. Fixed Charges include interest, principal payments, taxes, and capital expenses. In the event of any dispute in the computation of such items, Holder's determination shall be controlling in the absence of audited Financial Statements of Franchisee required by Section 1(b)(i).

## **2. Default and Remedies.**

(a) Franchisee shall be in default under this Security Agreement upon the occurrence of any of the following events or conditions:

(b) Failure by Franchisee to make timely payments of any and all Indebtedness under the Note.

(c) Failure by Franchisee to comply with or perform any of the terms, covenant and conditions of this Security Agreement.

(d) Any default by Franchisee under any other Franchise, Franchise or other agreement with Spherion or an affiliate.

(e) If the Franchisee dies, becomes insolvent or the subject of bankruptcy or insolvency proceedings.

(d) If any representation made to Holder or Spherion, or an affiliate, with respect to this Security Agreement or the Indebtedness is false in any material respect when made.

(b) Upon such default, Holder may, at its option, declare the Indebtedness immediately due and payable and shall have all of the remedies of a "Secured Party" under the Uniform Commercial Code of Georgia (as amended and supplemented to date) (the "Code"), including, without limitation, the right and power to sell, or otherwise dispose of the Collateral and the Franchised Business or any part thereof, and for that purpose may take immediate and exclusive possession of the Collateral and the Franchised Business, or any part thereof, and with or without judicial process, enter the Franchised Business or any other premises on which the Collateral, or any part thereof, may be situated and remove the Collateral, or part thereof, from such location without being deemed guilty of trespass.

(c) Holder shall be entitled to hold, maintain, preserve and prepare the Collateral and the assets related to the Franchised Business for sale.

(d) The proceeds realized upon any such disposition, after deduction for the expenses of retaking, holding, preparing for sale, selling or the like, and the reasonable

attorney's fees and legal expenses incurred by Holder, shall be applied in satisfaction of the Indebtedness secured hereby. Holder will account to the Franchisee for any surplus realized on such disposition and the Franchisee shall remain liable for any deficiency.

(e) The remedies of Holder hereunder are cumulative in the exercise of anyone or more of the remedies provided for herein or under the Code and shall not be construed as a waiver of any of the other remedies of Holder so long as any part of the Franchisee's Indebtedness remains unsatisfied.

**3. Miscellaneous Terms and Conditions.**

(a) Notice given under this Security Agreement shall be sufficient if sufficient under the Franchise Agreement.

(b) If the Franchisee defaults in the performance of any other provisions of this Security Agreement, Holder may perform for the Franchisee and any monies expended in doing so shall be chargeable with interest to the Franchisee and added to the Indebtedness.

(c) The terms and provisions contained in this Security Agreement shall, unless the context otherwise requires, have the meaning and be construed as provided in the Code.

(d) This Security Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, unless made in writing and signed by the party against which enforcement of any waiver, change, modification or discharge is sought.

This Security Agreement is to be construed in all respects and enforced according to the laws of the State of Georgia.

This Security Agreement may be executed in counterparts, all of which executed in one or more counterparts, including by facsimile signatures, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**IN WITNESS WHEREOF,** the parties hereto have caused this instrument to be executed as of the day and year first above written.

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**EXHIBIT G**  
**CONFIDENTIALITY AGREEMENT**

## **CONFIDENTIALITY AGREEMENT**

This Agreement is by and between Spherion Staffing, LLC ("Spherion") and \_\_\_\_\_ (the "Buyer"). In connection with the consideration of a possible transaction (the "Transaction"), the parties hereto are prepared to disclose to each other proprietary information that must remain confidential. In consideration of receiving this information, each party agrees to the following:

1. All information furnished, including but not limited to, the parties' names; the possibility of the Transaction, and; any information regarding the parties' business, financial condition, customer lists, manuals, operating documents, marketing strategies, names of employees, compensation amounts and formulas, billing amounts, operations, and prospects; shall be deemed "Confidential Information."
2. Confidential Information does not include information which (i) is already in a party's possession on a non-confidential basis; (ii) becomes generally available to the public other than as a result of disclosure by the other party or its employees, officers, directors, principals, lenders, advisors, representatives, agents, parents and/or affiliates (collectively "Representatives"); or (iii) becomes available to a party on a non-confidential basis from a source other than the other party or its Representatives.
3. Each party agrees that it will not use the other party's Confidential Information for any purpose other than for evaluating the Transaction. Each party agrees that it will not use the other party's Confidential Information for its own commercial advantage or in any manner that would be detrimental to the other party. Unless otherwise agreed in writing or required by law (with prior notice being given to the other party where practicable), neither party will disclose or allow disclosure to others of any Confidential Information; provided, however, that each party may disclose the Confidential Information to its Representatives who require access to such information to evaluate the Transaction. Each party will direct its Representatives to treat the information as confidential.
4. If the Transaction will not be pursued, each party will return or destroy all Confidential Information in its possession, including any copies, records, notes, saved data (in any form) or other materials containing such Confidential Information.
5. The parties recognize and acknowledge the competitive value and proprietary nature of the Confidential Information and that damage could result to the other party if any of the Confidential Information is disclosed to a third party. Therefore, the parties agree that the non-breaching party will be entitled to equitable relief, including injunction, in the event of a breach of this Agreement. Moreover, the parties agrees that the breaching party shall pay all costs and expenses, including reasonable attorney's fees, incurred by the non-breaching in enforcing this Agreement.
6. Each party understands that the other party does not guarantee, represent or warrant the accuracy or completeness of the Confidential Information. Each party acknowledges its responsibility to perform a due diligence review at its cost and expense prior to any Transaction.

7. The Buyer is aware and will advise its Representatives that the United States securities laws prohibit the purchase or sale of securities based on any material, nonpublic information received from Spherion. The securities laws also prohibit the communication of such information to any other person, where it is reasonably foreseeable that the person is likely to purchase or sell such securities.
8. Each party agrees that unless and until a definitive agreement between Spherion and the Buyer with respect to a Transaction has been executed and delivered, neither Spherion nor the Buyer is under any legal obligation with respect to such Transaction. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia. Each party hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any state or federal court sitting in Fulton County, Georgia over any suit, action or proceeding arising out or relating to this Agreement, waives any objection to the laying of venue in any such court and waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.
9. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

**Accepted and agreed to by:**

**Spherion Staffing, LLC**

By: \_\_\_\_\_

Sandra K. Mazur  
Division President  
Spherion Staffing, LLC

---

(Date)

**[Buyer]**

By: \_\_\_\_\_  
(Signature)

---

(Print Name)

---

(Print Title)

---

(Date)

**EXHIBIT H**  
**ASSIGNMENT OF SPHERION FRANCHISE AGREEMENT**

## **ASSIGNMENT OF SPHERION FRANCHISE AGREEMENT**

The Assignor(s) hereby assign(s) to the Assignee, effective this day, all rights, title and interest in and to that certain Franchise Agreement between the Assignor(s) and SPHERION STAFFING, LLC, dated \_\_\_\_\_, (the "Franchise Agreement"), and by the acceptance hereof the Assignee agrees to perform all of the covenants and conditions of the Franchise Agreement and all amendments thereto. The Assignor(s) acknowledge(s) and agree(s) that he/she/we remain(s) bound by and subject to each of the terms and conditions of the Franchise Agreement, pursuant to Section 20 thereof.

ASSIGNOR(S):

---

(Signature)

Date: \_\_\_\_\_

---

(Signature)

ACCEPTED (ASSIGNEE):

---

APPROVED:

SPHERION STAFFING, LLC

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

---

(Print Name)

---

(Print Name)

---

(Print Title)

---

(Print Title)

**EXHIBIT I**  
**AGREEMENT AND GENERAL RELEASE**

## **AGREEMENT AND GENERAL RELEASE**

This Agreement and General Release is made effective as of \_\_\_\_\_, 20\_\_\_\_, by and between Spherion Staffing, LLC ("Company"), and \_\_\_\_\_ ("Individual Franchisee") and \_\_\_\_\_ ("Franchise Entity"), with respect to the Franchise Agreement dated \_\_\_\_\_ (as amended, supplemented and assigned, the "Franchise Agreement").

WHEREAS, Individual Franchisee entered into an Assignment of Spherion Franchise Agreement dated \_\_\_\_\_, wherein all right, title, and interest the Franchise Agreement was assigned to Franchise Entity but pursuant to which Individual Franchisee remained bound by and subject to each of the terms and conditions of the Franchise Agreement, pursuant to Section 20 thereof;

WHEREAS, Individual Franchisee and Franchise Entity wish to \_\_\_\_\_ and a condition of such action is the requirement under the Franchise Agreement that they execute a General release in favor of Franchisor and others,

NOW, THEREFORE, for in consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. In consideration of Company's \_\_\_\_\_, Individual Franchisee together with his/her heirs, and assigns, successors and representatives and Franchisee's Entity along with its parents, subsidiaries, and affiliates and their respective directors, officers, shareholders, partners, members, employees and agents (collectively, the "Releasing Parties"), each hereby jointly and severally release, remise, acquit, and forever discharge Company and each and all of Company's directors, officers, shareholders, employees, agents, and attorneys, and Company's parents, subsidiaries, and affiliates and their respective directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the predecessors, successors, heirs, and assigns of any and all of them (collectively, the "Parties Released"), from and against any and all claims, demands, debts, expenses, costs, rights, actions, causes of action, loss, losses, damage, damages, liability, and liabilities whatsoever, of any nature or kind, known or unknown, contingent or fixed, suspected or unsuspected, whether in tort, in contract, at law, in equity, or otherwise, arising out of, asserted in, assertable in, or in any way related to (i) the Franchise Agreement, (ii) any and all other agreements between the Parties Released and any Releasing Parties, and (iii) the business relationship between the Releasing Parties and any of the Parties Released, or any of them; including without limitation the registration, offer, and sale of the franchise granted under the Franchise Agreement; provided, however, that nothing contained herein shall operate to release Company from any current obligation to pay to Franchisee commissions which are currently due under the Franchise Agreement. In the event any Releasing Party raises or asserts any claim, demand, right, action, or cause of action described in this Section 3 of this Amendment, or alleges any debt, expense, cost, loss, losses, damage, damages, liability, or liabilities described in this Section 3 of this Amendment, this Section 3 shall be a complete and conclusive defense thereto.
  
2. [California only] Section 1542 of the Civil Code of the State of California provides as

follows: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR. The Releasing Parties understand that Section 1542 gives him/her/it the right not to release existing claims of which that party is not now aware, unless he/she/it voluntarily chooses to waive this right. Having been so apprised, the Releasing Parties nevertheless hereby voluntarily elect to and do waive the rights described in Section 1542, and elects to assume all risks for claims that now exist in his/her/its favor, known or unknown.

3. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement shall be construed according to its fair meaning and not strictly against Company for having drafted it. It is mutually agreed that no change or erasure of any printed portion of this Agreement, except the filling in of specified blanks and lines, shall be valid or binding upon either party hereto unless initialed by both parties. It is understood that this Agreement supersedes any and all prior or contemporaneous oral or written agreements and understandings between the parties relating to the subject matter hereof and constitutes the entire agreement of the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have made and executed this Agreement and General Release as of the effective date stated above.

[SIGNATURES ON THE FOLLOWING PAGE]

**FRANCHISE ENTITY:**

By: \_\_\_\_\_ [Seal]  
(Signature)

---

(Print Name)

---

(Print Title)

**INDIVIDUAL FRANCHISEE:**

By: \_\_\_\_\_ [L.S.]  
(Signature)

---

(Print Name)

---

(Print Title)

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_ [Seal]  
(Signature)

---

(Print Name)

---

(Print Title)

**EXHIBIT J**  
**LIST OF FRANCHISEES**

**LIST OF FRANCHISEES****As of January 1, 2018****SPHERION FRANCHISEES****ALABAMA**

Michael Chalmers  
7169 Highway 72 West, Suite D  
Madison, AL 35758  
(256) 881-0993

Michael Chalmers  
*client on-site location*  
Madison, AL 35756

Patrick Hart  
4001 Carmichael Road, Suite 410  
Montgomery, AL 36109  
(334) 260-0788

Cheryl Williams  
12 S. Florida Street  
Mobile, AL 36606  
(251) 476-9997

**ARKANSAS**

Prabhu Anand and Gaurav Kumar  
11500 Rodney Parham Road, Suite 19 & 20  
Little Rock, AR 72212  
(501) 312-8367

**CALIFORNIA**

Jason Beltz  
4623 Quail Lakes Dr. Ste. A  
Stockton, CA 95207  
(209) 465-1500

Jason Beltz  
*client on-site location*  
Stockton, CA 95203

Glenna Gates  
140 South Montclair  
Bakersfield, CA 93309  
(661) 835-1400

Glenna Gates  
2006 N. Fine Avenue, Suite 101  
Fresno, CA 93727  
(559) 251-4040

Glenna Gates  
3449 South Demaree, Suite C  
Visalia, CA 93277  
(559) 627-4040

Roger and Brian Lytle  
1074 East Avenue, Suite M  
Chico, CA 95926  
(530) 899-1300

Roger and Brian Lytle  
2650 Larkspur Lane, Suite K  
Redding, CA 96002  
(530) 222-3434

Trish Miller  
281 Magnolia Avenue, Suite 200  
Goleta, CA 93117  
(805) 683-1600

Trish Miller  
2161 E. Ventura Boulevard  
Oxnard, CA 93036  
(805) 973-0950

Trish Miller  
1191 North Main Street #B  
Salinas, CA 93906  
(831) 444-6000

Richard Moyse  
73-140 Hwy 111, Suite 6  
Palm Desert, CA 92260  
(760) 568-3433

## COLORADO

John Clarson  
4765 Carefree Circle  
Colorado Springs, CO 80917  
(719) 284-7220

## CONNECTICUT

Kristi and Nelson Silva  
412 Providence Road  
Brooklyn, CT 06234  
(860) 786-1093

Kristi and Nelson Silva  
*client on-site location*  
Putnam, CT06260

## FLORIDA

Marjorie Ann Bartok  
2627 West Eau Gallie Blvd, Suite 104  
Melbourne, FL 32935  
(321) 255-0222

Rich and Sherry Kolleda  
240 NW Peacock Boulevard, Suite 104  
Port St. Lucie, FL 34986  
(772) 336-9545

Marme Kopp  
25 N. Market Street  
Jacksonville, FL 32202  
(904) 356-0000

David Miller and David Sandow  
1710 Citrus Boulevard, Suites 1 & 2  
Leesburg, FL 34748  
(352) 728-8787

David Miller and David Sandow  
500 Southwest 10<sup>th</sup> Street, Suite 307  
Ocala, FL 34474  
(352) 622-5273

David Miller  
12620 World Plaza Lane  
Ft. Myers, FL 33907  
(941) 939-9999

David Miller  
1925 E. Edgewood Drive, Suite 102  
Lakeland, FL 33803  
(863) 667-0800

David Miller  
*client on-site location*  
Lakeland, FL 33801

David Miller  
4964 Tamiami Trail North  
Naples, FL 34103  
(239) 494-3044

David Miller  
8454 N. Lockwood Ridge Road  
Sarasota, FL 34243  
(941) 351-0656

Teri and Steven Nichols  
33 Ponce de Leon Blvd.  
Brooksville, FL 34601  
(352) 796-6000

Teri and Steven Nichols  
*client on-site location*  
Brooksville, FL 34601

Wayne Peters  
1450 North US Highway 1, Suite 200  
Ormond Beach, FL 32202  
(386) 673-0443

Wayne Peters  
2820-D US Hwy 1 South  
St. Augustine, FL 32086  
(904) 808-1500

## **GEORGIA**

Michael Chalmers  
311 Highway 49, Suite 80  
Byron, GA 31008  
(478) 956-1700

Michael Chalmers  
1002 Broadway  
Columbus, GA 31901  
(706) 596-8344

Michael Chalmers  
*client on-site location*  
Dublin, GA 31021

Stacey Reece  
11 Buford Village Way, Suite 115  
Buford, GA 30518  
(770) 415-1380

Stacey Reece  
*client on-site location*  
Cleveland, GA 30528

Stacey Reece  
1100 Sherwood Park Drive, Suite 310  
Gainesville, GA 30501  
(770) 531-7900

Angela Woodruff-Swarts  
210 Pitcarin Way  
Augusta, GA 30909  
(706) 868-0911

## **IDAHO**

Aubrey Robison, Ron and Jennifer Zarbock  
3999 E. Overland Road  
Meridian, ID 83642  
(208) 409-5009

## **ILLINOIS**

John Kmiecik  
213 E. Stephenson  
Freeport, IL 61032  
(815) 232-1722

John Kmiecik  
5411 E. State Street, Suite 3  
Rockford, IL 61108  
(815) 397-5075

Cynthia Somers  
*client on-site location*  
Charleston, IL 61920

Cynthia Somers  
1358 N. Oakland Ave.  
Decatur, IL 62526  
(217) 425-4070

Cynthia Somers  
1805 Woodfield Drive  
Savoy, IL 61874  
(217) 359-4488

## **INDIANA**

Eric and Scott Overmyer  
5230 Beck Drive, Suites 6 and 7  
Elkhart, IN 46515  
(574) 971-4690

Eric and Scott Overmyer  
3310 Hickory Road, Suite B3  
Mishawaka, IN 46545  
(574) 282-2761

Thomas and Elizabeth Pentenburg  
421 S. 13th Street  
Decatur, IN 46733  
(260) 706-5050

Thomas and Elizabeth Pentenburg  
4112 East State Boulevard  
Fort Wayne, IN 46815  
(260) 496-9900

Thomas and Elizabeth Pentenburg  
8660 Purdue Road, Suite 100  
Indianapolis, IN 46268  
(317) 870-5555

Thomas and Elizabeth Pentenborg  
8028 S. Emerson Avenue, Suite J  
Indianapolis, IN 46237  
(317) 215-7450

Thomas and Elizabeth Pentenborg  
*client on-site location*  
Plainfield, IN 46168

Thomas and Elizabeth Pentenborg  
160 Plainfield Village Drive, Suite 129  
Plainfield, IN 46168

Thomas and Elizabeth Pentenborg  
*client on-site location*  
Van Buren, IN 46991

Thomas and Elizabeth Pentenborg  
*client on-site location*  
Whitestown, IN 46075

Janel Schwartz  
3603 N. Everbrook Lane  
Muncie, IN 47304  
(765) 288-3990

## **IOWA**

Ann Miller  
125 S. 3rd Street  
Fort Dodge, IA 50501  
(515) 573-1022

## **KENTUCKY**

Brian and Lynn Kraner  
*client on-site location*  
Leitchfield, KY 42754

## **LOUISIANA**

Gena Champagne  
4300 South I-10 Service Road W, Suite 115  
Meairie, LA 70001  
(504) 455-6565

Nancy Guy  
3101 Cypress Street, Suite 4&5  
West Monroe, LA 71291  
(318) 340-0005

## MARYLAND

Tamara Feaster and Gary Hayes  
1203 N. East Street  
Frederick, MD 21702  
(301) 694-7700

Tamara Feaster and Gary Hayes  
120 East Oak Ridge Drive, Suite 700  
Hagerstown, MD 21740  
(301) 739-6900

## MASSACHUSETTS

Karen Enroth  
365 Faunce Corner Road  
North Dartmouth, MA 02747  
(508) 991-8170

Karen Enroth  
*client on-site location*  
New Bedford, MA 02745

Karen Enroth  
*client on-site location*  
New Bedford, MA 02745

Karen Enroth  
*client on-site location*  
N. Dartmouth, MA 02747

Brian Houle  
51 Park Avenue  
West Springfield, MA 01089  
(413) 781-4120

## MICHIGAN

Brad Back and Erin Domeyer  
401 E. North Street, Suite 2  
Lansing, MI 48906  
(517) 999-9060

Tina Slayton  
293 East Columbia  
Battle Creek, MI 49015  
(269) 968-0303

Kathy Weaver  
324 W. Wackerly  
Midland, MI 48640  
(517) 839-9899

## **MINNESOTA**

Jill Berg  
150 2nd Street SW  
Arvig Building, Suite 101  
Perham, MN 56573  
(218) 346-3801

Ann Miller  
109 11th Avenue NE  
Austin, MN 55912  
(507) 355-2350

Ann Miller  
332 West Superior Street, Suite 202  
Duluth, MN 55802  
(218) 722-8003

Ann Miller  
510 Long Street, Suite 111  
Mankato, MN 56001  
(507) 387-2200

Ann Miller  
120 Oakdale Street  
Owatonna, MN 55060  
(507) 451-3400

Ann Miller  
*client on-site location*  
Owatonna, MN 55060

Diana Schafer  
*client on-site location*  
Eden Prairie, MN 55343

**MISSISSIPPI**

Christy Strawbridge and Michael Frome  
3415 A Washington Avenue  
Gulfport, MS 39507  
(228) 868-9191

**MONTANA**

Gerri Glover  
2075 Central Avenue #D  
Billings, MT 59102  
(406) 655-9200

Frederick and Kathy Henningsen  
1015 South Montana Street  
Butte, MT 59102  
(406) 782-1130

Nichole and Caroll Demars  
2452 US Highway 93 South  
Kalispell, MT 59901  
(406) 407-7300

**NEVADA**

Roger and Brian Lytle  
555 Double Eagle Court  
Reno, NV 89521  
(775) 829-8367

**NEW JERSEY**

Erich Radlmann  
1011 Route 22 West  
Bridgewater, NJ 08807  
(908) 725-6600

Erich Radlmann  
3 Independence Way  
Princeton, NJ 08540  
(609) 734-0003

Erich Radlmann  
106 Apple Street, Suite 100  
Tinton Falls, NJ 07724  
(732) 224-1166

**NEW MEXICO**

Cayley and Elliott Henson  
E & W Plaza  
1819 N. Turner St., Suite K  
Hobbs, NM 88240  
(505) 393-9675

**NORTH CAROLINA**

Molly Gaffney-Keebler  
856 Sweeten Creek Road, Unit H  
Asheville, NC 28803  
(828) 348-0390

**NORTH DAKOTA**

Jill Berg  
1830 E. Century Avenue, Suite 2  
Bismarck, ND 58503  
(701) 250-1111

Jill Berg  
Market Square Shopping Center  
2730 7th Avenue S  
Fargo, ND 58103  
(701) 298-8300

**OHIO**

Brian and Lynn Kraner  
11459 Princeton Pike  
Cincinnati, OH 45246  
(513) 771-4455

**OKLAHOMA**

Ryan and Ali Whitaker  
8556 E. 101st Street  
Tulsa, OK 74133  
(918) 971-5900

**PENNSYLVANIA**

Phillip and Marlene Frassinelli  
3512 Trindle Road  
Camp Hill, PA 17011  
(717) 651-1200

Phillip C. Frassinelli and Phillip L. Frassinelli  
4 Park Plaza, Suite 300  
Wyomissing, PA 19610  
(484) 335-1000

Phillip and Marlene Frassinelli  
100 Wilkes Barre Boulevard  
Jewelcor Plaza, Suite 214  
Wilkes Barre, PA 18792  
(570) 283-0433

Tamara Feaster and Gary Hayes  
301-A Lortz Avenue  
Chambersburg, PA 17201  
(717) 262-2673

Erich Radlmann  
3897 Adler Place  
Building C, Suite 130  
Bethlehem, PA 18017  
(610) 954-9100

## **SOUTH CAROLINA**

Mary Barrineau and Pam Thompson  
4995 Lacross Road, Suite 1050  
Charleston, SC 29406  
(843) 566-1293

Mary Barrineau and Pam Thompson  
*client on-site location*  
Goose Creek, SC 29445

Mary Barrineau and Pam Thompson  
*client on-site location*  
Jedburg, SC 29483

Mary Barrineau and Pam Thompson  
*client on-site location*  
Ladson, SC 29456

Mary Barrineau and Pam Thompson  
*client on-site location*  
Summerville, SC 29486

Angela Swarts  
*client on-site location*  
Beech Island, SC 29842

Craig and Diane Roberson  
1200 Woodruff Road, Suite C-15  
Greenville, SC 29607  
(864) 676-9160

Georgia and Michael Meeks  
16 Berryhill Road, Suite 119  
Columbia, SC 29210  
(803) 772-4928

Georgia and Michael Meeks  
*client on-site location*  
Pelion, SC 29123

Carla and Steve Vandenberg  
2200 David H McLeod Boulevard, Suite A  
Florence, SC 29501  
(843) 662-8262

## **SOUTH DAKOTA**

Jill Berg  
4320 S. Arway Drive  
Sioux Falls, SD 57106  
(605) 335-6010

## **TENNESSEE**

Carol Trahan  
2513 Wesley Street, Suite 4  
Johnson City, TN 37601  
(423) 283-5459

Carol Trahan  
*client on-site location*  
Greenville, TN 37743

## **TEXAS**

Bruce and Jeanie Boyd  
4020 Call Field Road  
Wichita Falls, TX 76308  
(940) 696-2665

Justin and Katherine Kleemann  
1190 West Dallas, Suite B  
Conroe, TX 77301  
(936) 207-1150

Justin and Katherine Kleemann  
4101 S. Texas Avenue, Suite C  
Bryan, TX 77802  
(979) 845-7833

Justin and Katherine Kleemann  
*client on-site location*  
Bryan, TX 77802

Vicki Koon and Sol Melton  
*client on-site location*  
Cameron, TX 76520

Vicki Koon and Sol Melton  
*client on-site location*  
Killeen, TX 76542

Vicki Koon and Sol Melton  
3321 North McColl Road  
McAllen, TX 78501  
(956) 961-4298

Vicki Koon and Sol Melton  
2309 Birdcreek Terrace  
Temple, TX 76502  
(254) 778-0533

Vicki Koon and Sol Melton  
334 Towne Oaks Drive  
Waco, TX 76710  
(254) 776-3629

Vicki Koon and Sol Melton  
*client on-site location*  
Waco, TX 76712

## **UTAH**

Ron Zarbock  
388 East University Parkway  
Orem, UT 84057  
(801) 221 0550

Ron Zarbock  
4933 South 1500 West, Suite 100  
Riverdale, UT 84405  
(801) 825-1100

Ron Zarbock  
17 E. Winchester Avenue, Suite 102  
Salt Lake City, UT 84107  
(801) 261-8880

Ron Zarbock  
307 West 200 South, Suite 3302  
Salt Lake City, UT 84101  
(801) 519-5093

Ron Zarbock  
*client on-site location*  
Salt Lake City, UT 84663

Ron Zarbock  
5677 S. Redwood Road #17  
Taylorsville, UT 84123  
(801) 984-8065

Ron Zarbock  
815 Raymond Klauck Way  
Springville, UT 84663  
(801) 491-5217

Ron Zarbock  
*client on-site location*  
Layton, UT 84041

## **VERMONT**

Ken Ballard  
110 Kimball Avenue, Suite 250  
S. Burlington, VT 05403  
(802) 864-5900

## **WASHINGTON**

Alethea McCann  
1212 W. Washington Street, Suite 118  
Spokane, WA 99201  
(509) 456-4944

**WEST VIRGINIA**

Tamara Feaster and Gary Hayes  
173 Monroe Street  
Martinsburg, WV 25401  
(304) 267-9668

**WISCONSIN**

Dan and Tammy Heinowski  
1619 B West College Ave  
Appleton, WI 54914  
(920) 830-9909

Diana Schafer  
2601 Beltline Highway, Suite 500  
Madison, WI 53713  
(608) 274-6000

Diana Schafer  
*client on-site location*  
Madison, WI 53783

Diana Schafer  
*client on-site location*  
Madison, WI 53704

The following lists the name and last known city, state and telephone number of every franchisee that has had an agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under an agreement with us during our fiscal year ended December 31, 2017, or has not communicated with us within ten weeks of the date of this offering circular.

**SPHERION**

David and Judy Cota  
McKinney, TX  
(605) 496-4626

James Deatherage  
Naples, FL  
(918) 619-7008

Robert and Michelle Diepholz  
Nashville, TN  
(217) 254-2225

Nicole Duhart  
Toledo, OH  
(419) 206-1191

**EXHIBIT K**  
**LIST OF ADMINISTRATORS**

## **LIST OF ADMINISTRATORS**

We intend to register this offering circular as a "franchise" in some or all of the following states, in accordance with the applicable state law. 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 that state:

### **CALIFORNIA**

Commissioner of Corporations  
320 West Fourth Street, Suite 750  
Los Angeles, California 90013  
(213) 576-7500  
(866) 275-2677

### **MARYLAND**

Office of the Attorney General  
Division of Securities  
200 St. Paul Place  
Baltimore, Maryland 21202-2020  
(410) 576-6360

### **HAWAII**

Department of Commerce  
and Consumer Affairs  
Business Registration Division  
Commissioner of Securities  
King Kalakaua Building  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2724

### **MICHIGAN**

Michigan Department of Commerce  
Corporations and Securities Bureau  
670 G. Mennen Williams Building  
525 West Lansing  
Lansing, Michigan 48913  
(517) 373-7117

### **MINNESOTA**

Commissioner of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, Minnesota 55101  
(651) 296-4026

INDIANA

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

ILLINOIS

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

NORTH DAKOTA

Securities Commissioner  
State of North Dakota  
Capitol Building  
600 East Boulevard  
Bismarck, North Dakota 58505  
(701) 328-2910

RHODE ISLAND

Department of Business Regulation  
Securities Division  
John O. Pastore Complex  
Building 69-1  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920-4407  
(401) 222-2405

SOUTH DAKOTA

Department of Labor and Regulation  
Division of Securities  
124 South Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-4823

NEW YORK

Bureau of Investor Protection and  
Securities  
New York State Department of Law  
23rd Floor  
120 Broadway  
New York, New York 10271  
(212) 416-8211

VIRGINIA

State Corporation Commission  
Division of Securities and Retail Franchising  
1300 East Main Street  
9<sup>th</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9051

WASHINGTON

Department of Financial Institutions  
General Administration Building  
Securities Division - 3rd Floor West  
150 Israel Road SW  
Turnwater, Washington 98501  
(360) 902-8760

WISCONSIN

Commissioner of Securities  
Fourth Floor  
345 West Washington Avenue  
Madison, Wisconsin 53701  
(608) 266-8559

**EXHIBIT L**  
**AGENTS FOR SERVICE OF PROCESS**

### **AGENTS FOR SERVICE OF PROCESS**

We intend to register this offering circular as a "franchise" in some or all of the following states, in accordance with the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in those states.

**CALIFORNIA**

Commissioner of Corporations  
Department of Corporations  
320 West Fourth Street, Suite 750  
Los Angeles, CA 90013

CSC – Lawyers Incorporating Service  
2710 Gateway Oaks Drive, Suite 150N  
Sacramento, CA 95833

**HAWAII**

Department of  
Commerce and Consumer Affairs  
Business Registration Division  
Commissioner of Securities  
King Kalakaua Building  
335 Merchant Street, Room 203  
Honolulu, HI 96813

CSC Services of Hawaii, Inc.  
1003 Bishop Street  
Suite 1600 Pauahi Tower  
Honolulu, HI 96813

**ILLINOIS**

Illinois Attorney General  
500 South Second Street  
Springfield, IL 62706

Illinois Corporation Service Co.  
801 Adlai Stevenson Drive  
Springfield, IL 62703

**INDIANA**

Chief Deputy Commissioner  
Franchise Section  
Indiana Securities Division  
Secretary of State  
Room E-111  
302 West Washington Street  
Indianapolis, IN 46204

Corporation Service Company  
251 E. Ohio Street  
Indianapolis, IN 46204

**MARYLAND**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202

CSC – Lawyers Incorporating Service Co.  
7 St. Paul Street, Suite 1660  
Baltimore, MD 21202

**MICHIGAN**

Michigan Department of Commerce  
Corporation and Securities Bureau  
6546 Mercantile Way  
P.O. Box 30222  
Lansing, MI 48910

CSC – Lawyers Incorporating Service  
601 Abbot Road  
East Lansing, MI 48823

**MINNESOTA**

The Commissioner of Commerce of  
Minnesota  
Department of Commerce  
85 7<sup>th</sup> Place East, Suite 500  
St. Paul, MN 55101

Corporation Service Company  
2345 Rice Street, Suite 230  
Roseville, MN 55113

**NEW YORK**

Secretary of State of the State of New York  
199 Washington Avenue  
Albany, NY 12231

Corporation Service Company  
80 State Street  
Albany, NY 12207

**NORTH DAKOTA**

The Securities Commissioner  
State Capitol  
600 East Boulevard, Dept. 108  
Bismarck, ND 58505

**NORTH DAKOTA (cont'd)**

Corporation Service Company  
1709 N. 19<sup>th</sup> Street, Suite 3  
Bismarck, ND 58501

**OREGON**

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21 Labor and Industries Building  
Salem, OR 97310

Corporation Service Company  
1127 Broadway Street NE, Suite 310  
Salem, OR 97301

**RHODE ISLAND**

Department of Business Regulation  
Securities Division  
John O. Pastore Complex  
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Cranston, RI 02920-4407  
(401) 462-9500

Corporation Service Company  
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Warwick, RI 02888

**SOUTH DAKOTA**

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Division of Securities  
124 South Euclid, Suite 104  
Pierre, SD 57501

Corporation Service Company  
503 South Pierre Street  
Pierre, SD 57501

**VIRGINIA**

Clerk of the State Corporation Commission  
1300 East Main Street  
Richmond, VA 23219

Corporation Service Company  
Bank of America Center, 16<sup>th</sup> Floor  
1111 East Main Street  
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**WASHINGTON**

Director of Department of Financial  
Institutions  
General Administration Building  
Securities Division PO Box 9033  
Olympia, WA 98507

Corporation Service Company  
300 Deschutes Way SW, Suite 304  
Tumwater, WA 98501

**WISCONSIN**

Commissioner of Securities  
345 West Washington Avenue  
Madison, Wisconsin 53703

Corporation Service Company  
8040 Excelsior Drive, Suite 400  
Madison, WI 53717

**EXHIBIT M**  
**FINANCIAL STATEMENTS**

## **FINANCIAL STATEMENTS**

The audited financial statements of Spherion Staffing, LLC ("Spherion"). The financial statements include the Spherion Balance Sheet as of December 31, 2017 and December 31, 2016, and the Statement of Operations, of Changes in Members' Equity and of Cash Flows for the three years ended December 31, 2017.

## Spherion Staffing LLC

(An indirect wholly owned subsidiary of Randstad  
North America, Inc.)

Financial Statements

December 31, 2017, 2016 and 2015



**Spherion Staffing LLC**  
**Index**  
**December 31, 2017, 2016 and 2015**

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### **Independent Auditor's Report**

To the Management of  
Spherion Staffing LLC

We have audited the accompanying financial statements of Spherion Staffing LLC, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, changes in member's equity, and cash flows for the years ended December 31, 2017, 2016 and 2015, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spherion Staffing LLC as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years ended December 31, 2017, 2016 and 2015 in accordance with accounting principles generally accepted in the United States of America.

*Bennett Thrasher LLP*

April 12, 2018

**BETTER TOGETHER**

A Limited Liability Partnership of Certified Public Accountants & Consultants  
 Riverwood 200 3300 Riverwood Parkway Suite 700 Atlanta, GA 30339 phone 770.396.2200 fax 770.390.0394  
[www.btcpa.net](http://www.btcpa.net)

**Spherion Staffing LLC**  
**Balance Sheets**  
**December 31, 2017 and 2016**

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<i>(in thousands of dollars)</i>	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets		
Accounts receivable, net	\$ 46,037	\$ 45,549
Other receivables	275	257
Notes receivable	93	95
Total current assets	<u>46,405</u>	<u>45,901</u>
Notes receivable		
Total assets	<u>689</u>	<u>772</u>
	<u>\$ 47,094</u>	<u>\$ 46,673</u>
<b>Liabilities and Equity</b>		
Current liabilities		
Accounts payable	\$ 804	\$ 740
Accrued expenses and other current liabilities	7,213	8,482
Accrued salaries, wages and payroll taxes	5,502	7,840
Workers' compensation reserve	2,257	2,626
Total current liabilities	<u>15,776</u>	<u>19,688</u>
Workers' compensation reserve		
Total liabilities	<u>3,162</u>	<u>3,795</u>
	<u>18,938</u>	<u>23,483</u>
Commitments and contingencies (Note 7)		
<b>Equity</b>		
Member's equity	<u>28,156</u>	<u>23,190</u>
Total equity	<u>28,156</u>	<u>23,190</u>
Total liabilities and equity	<u>\$ 47,094</u>	<u>\$ 46,673</u>

The accompanying notes are an integral part of these financial statements.

**Spherion Staffing LLC**  
**Statements of Operations**  
**Years Ended December 31, 2017, 2016 and 2015**

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	<b>2017</b>	<b>2016</b>	<b>2015</b>
<i>(in thousands of dollars)</i>			
Net revenues	\$ 352,426	\$ 364,236	\$ 357,686
Cost of revenue	276,398	288,812	285,928
Gross profit	<u>76,028</u>	<u>75,424</u>	<u>71,758</u>
Operating expenses			
Selling, general and administrative expenses	66,019	66,199	62,186
Total operating expense	<u>66,019</u>	<u>66,199</u>	<u>62,186</u>
Net income	<u>\$ 10,009</u>	<u>\$ 9,225</u>	<u>\$ 9,572</u>

The accompanying notes are an integral part of these financial statements.

**Spherion Staffing LLC**  
**Statements of Changes in Member's Equity**  
**Years Ended December 31, 2017, 2016 and 2015**

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<i>(in thousands of dollars)</i>	<b>Total Member's Equity</b>
<b>Balance at December 31, 2014</b>	\$ 15,473
Share-based compensation	21
Net transfers to parent	(1,008)
Net income	9,572
<b>Balance at December 31, 2015</b>	<u>\$ 24,058</u>
Share-based compensation	107
Net transfers to parent	(10,200)
Net income	9,225
<b>Balance at December 31, 2016</b>	<u>\$ 23,190</u>
Share-based compensation	151
Net transfers to parent	(5,194)
Net income	10,009
<b>Balance at December 31, 2017</b>	<u>\$ 28,156</u>

The accompanying notes are an integral part of these financial statements.

**Spherion Staffing LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2017, 2016 and 2015**

(in thousands of dollars)	2017	2016	2015
<b>Cash flows from operating activities</b>			
Net income	\$ 10,009	\$ 9,225	\$ 9,572
Adjustments to reconcile net income to net cash provided by operating activities			
Share-based compensation	151	107	21
Provision for doubtful accounts	79	(194)	(106)
Loss/(gain) on sale of franchises	30	(291)	(588)
Changes in operating assets and liabilities			
Accounts receivable	(583)	270	(10,633)
Other receivables	(18)	(106)	268
Accounts payable	64	516	(190)
Accrued expenses and other liabilities	(1,333)	833	1,936
Accrued salaries, wages and payroll taxes	(2,338)	537	935
Workers' compensation reserve	(1,002)	(911)	(215)
Net cash provided by operating activities	<u>5,059</u>	<u>9,986</u>	<u>1,000</u>
<b>Cash flows from investing activities</b>			
Repayments on notes receivable	135	128	100
Purchase of franchises	-	(9)	(112)
Proceeds from sale of franchises	-	95	20
Net cash provided by investing activities	<u>135</u>	<u>214</u>	<u>8</u>
<b>Cash flows from financing activities</b>			
Net transfer to parent	(5,194)	(10,200)	(1,008)
Net cash used in financing activities	<u>(5,194)</u>	<u>(10,200)</u>	<u>(1,008)</u>
Net increase in cash and cash equivalents	-	-	-
<b>Cash and cash equivalents</b>			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Supplemental disclosure of noncash investing activities</b>			
Issuance of seller notes receivable (Note 5)	\$ 50	\$ 306	\$ 680

The accompanying notes are an integral part of these financial statements.

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2017, 2016 and 2015**

(in thousands of dollars)

**1. Description of Business**

Spherion Staffing LLC (the "Company") was formed in Delaware on October 22, 2008 and is a single member Limited Liability Company. The Company is owned 100% by SFN Professionals Services, LLC (the "Parent") which is then indirectly owned by SFN Group Inc. SFN Group Inc. is 100% owned by Randstad North America, Inc., which is a subsidiary of Randstad Holding NV, the Ultimate Parent Company (the "Ultimate Parent") in the Netherlands.

Spherion Staffing LLC offers franchises to persons who wish to use the Spherion® system in the business of providing temporary staffing and permanent placement services. Temporary staffing services provided to the customer by the franchisee include placing employees at a customer location under the customer's supervision in the following skill categories: information technology, finance and accounting, administrative, legal, engineering, sales and marketing, human resources, light industrial and clerical. Permanent placement is a service whereby the franchisees locate talent on behalf of their customers, screen the candidates and assist in the recruitment efforts for a fee. Under the franchise programs, the franchise develops and supports customers using the Company's trademark, service marks, trade names, procedures, and techniques.

The Company manages two types of franchise programs. Under what is generally termed the licensee program, the customers, applicants for permanent services, and temporary employees have direct contractual relationships with Spherion Staffing LLC and are the customers and employees of Spherion Staffing LLC. The Company pays the licensee/franchisee a commission calculated as a percentage of gross profit from the franchisee's sales.

Under the second franchise program, which is no longer offered to new applicants, operations are conducted under an area-based franchise agreement whereby the area-based franchisee uses the Spherion system to provide temporary staffing and permanent placement services but all of the obligations which the area-based franchisee incurs during the term of the area-based franchise agreement are exclusively the area-based franchisee's obligation and the customers and employees have a contractual relationship only with the area-based franchisee. During the term of the area-based franchise agreement, the area-based franchisee pays the Company a royalty fee calculated as a percentage of its sales of the franchised services.

**2. Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") from the consolidated financial statements and accounting records of the Parent using the historical results of operations and historical cost basis of the assets and liabilities of the Parent that comprise the Company. The historical results of operations, financial position, and cash flows of the Company may not be indicative of what they would actually have been had the Company been a separate stand-alone entity, nor are they indicative of what the Company's results of operations, financial position and cash flows may be in the future.

A separate statement of comprehensive income is required under U.S. GAAP; however, as net income is the only component of comprehensive income the Company elected not to include a separate statement of comprehensive income because it would not be meaningful to the users of the financial statements.

The accompanying financial statements only include assets and liabilities that are specifically identifiable to the Company. Costs directly related to the Company have been entirely attributed to

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2017, 2016 and 2015**

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(in thousands of dollars)

the Company in the accompanying financial statements. The Company also receives services and support functions from the Parent. The Company's operations are dependent upon the Parent's ability to perform these services and support functions. The costs associated with these services and support functions have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on the basis of revenue, headcount, time or claims. These allocated costs are primarily related to corporate administrative expenses, employee related costs for corporate and shared employees, and rental and usage fees for shared assets for the following functional groups: information technology, legal services, accounting and finance services, human resources, marketing, customer support, treasury, facility and other corporate and infrastructural services. These allocated costs are recorded in selling, general and administrative expenses in the Statements of Operations.

Management believes the assumptions and allocations underlying the financial statements are reasonable and appropriate. The expense and cost allocations have been determined on a basis considered by the Parent and the Company to be a reasonable reflection of the utilization of services provided to or the benefit received by the Company during the periods presented. However, these assumptions and allocations are not necessarily indicative of the costs the Company would have incurred if it had operated on a stand-alone basis or as an entity independent of the Parent.

All intercompany transactions between the Company and the Parent have been included in these financial statements and are considered to be effectively settled for cash in the financial statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the Statements of Cash Flows as a financing activity and in the Statements of Changes in Member's Equity as "Net transfers to parent."

**3. Summary of Significant Accounting Policies**

**Accounting Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include, but are not limited to, allowance for doubtful accounts, workers' compensation reserves, and Parent overhead allocations. Actual amounts could differ from those estimates and the differences could be material. On an ongoing basis, estimates are reviewed based on information that is currently available.

**New Accounting Pronouncement**

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue with Contracts from Customers*. ASU 2014-09 supersedes the current revenue recognition guidance, including industry-specific guidance. The guidance introduces a five-step model to achieve its core principle of the entity recognizing revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The revised standard is effective for annual periods beginning after December 15, 2018, and early adoption is permitted. The Company is currently evaluating the impact of the revised standard on its consolidated financial statements.

**Cash and Cash Equivalents**

The Parent uses a centralized approach to cash management and financing of its operations. Central treasury activities include the collection of cash receipts from customers, disbursement of cash to vendors, the investment of surplus cash, the issuance, repayment and repurchase of short-

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2017, 2016 and 2015**

(in thousands of dollars)

term and long-term debt and interest rate management. Accordingly, none of the cash or cash equivalents used at the Parent corporate level have been reflected in these financial statements (see Note 8).

**Revenue Recognition**

The Company utilizes two forms of franchising agreements. Under the area-based franchise form, the Company records area-based franchise royalties, based upon the contractual percentage of area-based franchise sales in the period in which the area-based franchise provides the service. Area-based franchise royalties, which are included in revenues, were \$4,862, \$4,777 and \$4,925 for the years ended December 31, 2017, 2016 and 2015, respectively.

The second form of franchising agreement is a license/franchise agreement whereby the Company acts as the principal in customer transactions through direct contractual relationships with the customers, owning related customer receivables and being the legal employer of the temporary employee. The licensee/franchisee acts as the Company's agent providing certain sales and recruiting services. Accordingly, sales and costs of services generated by the second form of franchised operations are recorded in the Company's Statement of Operations on a gross basis. The Company pays the licensee/franchisee a commission for acting as the Company's agent and this commission is based on a percentage of gross profit from the office managed by the licensee/franchisee which averaged 75% for the years ended December 31, 2017, 2016 and 2015. The licensee/franchisee is responsible for establishing its office location and paying related administrative and operating expenses, such as rent, utilities and salaries of the franchisee's sales and service employees. The Company's Statement of Operations reflects franchisee commission expense under the licensee program in selling, general and administrative expenses, but does not include the rent, utilities and salaries of the franchisee's full-time office employees as these expenses are the responsibility of the franchisee. The Company has credit risk for sales to its customers through license/franchise agreements as the Company pays all direct costs associated with providing temporary services before related accounts receivables are collected. The Company has mitigated this risk by making the licensee/franchisee responsible to reimburse the Company up to 100% of uncollected accounts receivable (bad debts are deducted from commission payments); however, the Company bears the loss in cases where the licensee/franchisee does not have sufficient financial wherewithal to reimburse uncollected amounts.

**Share-based Compensation**

An employee of the Company participates in an equity-based plan sponsored by the Ultimate Parent. The number of shares allocated depends on the Ultimate Parent's total shareholder return ("TSR") performance compared to a peer group of nine companies measured over a three-year period starting on January 1 of the year of grant. The compensation expense recognized for all equity-based awards is net of estimated forfeitures and is recognized ratably over the awards' service period. The Company classifies equity-based compensation within selling, general and administrative expenses to correspond with the same line item as the majority of the cash compensation paid to employees (see Note 9).

**Advertising**

The Company expenses advertising costs as incurred. Advertising expense totaled \$1,264, \$1,458 and \$1,314 for the years ended December 31, 2017, 2016 and 2015, respectively.

**Fair Value of Financial Instruments**

The carrying amounts of the Company's financial instruments approximate their fair value.

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2017, 2016 and 2015**

(in thousands of dollars)

**Income Taxes**

For the years ended December 31, 2017, 2016 and 2015, the Company was a single member limited liability company treated as an entity that is disregarded from its owner for Federal and State income tax purposes. As a result all items of taxable income, deductions and tax credits are passed through to and are reported by the Company's owner on its income tax return. Accordingly, these financial statements do not reflect a provision for income taxes and the Company has no other tax positions which must be considered for disclosure.

**4. Accounts Receivable**

Trade receivables are primarily comprised of amounts owed to the Company through its operating activities and are presented net of an allowance for doubtful accounts of \$95, \$16 and \$210 at December 31, 2017, 2016 and 2015, respectively. The provision for doubtful accounts for trade receivables due from customers is established based on an assessment of a customer's credit quality, as well as subjective factors and trends, including the aging of receivable balances. Generally, these credit assessments occur prior to the inception of the credit exposure and at regular intervals during the life of the exposure.

**5. Notes Receivable**

Notes receivable primarily consist of amounts due to the Company for seller financing related to the sale of franchises to franchisees. The terms of the notes are summarized below:

	2017	2016
Note receivable from a franchisee, totaling \$600, annual interest payments of 8.25%, secured by all assets of the franchise, matures on July 15, 2022	\$ 557	\$ 593
Note receivable from a franchisee, totaling \$50, annual interest payments of 8.50%, secured by all assets of the franchise, matures on January 15, 2018	5	27
Note receivable from a franchisee, totaling \$156, annual interest payments of 8.50%, secured by all assets of the franchise, matures on June 15, 2021	116	143
Note receivable from a franchisee, totaling up to \$150, borrowings made in \$25 increments, interest rate equal to Prime plus 5%, repayment of each advance due within 36 months, maturity dates from July 1, 2019 to October 31, 2019	104	99
Other	-	5
	<hr/> <u>\$ 782</u>	<hr/> <u>\$ 867</u>

The Company recognized a (loss)/gain related to the sale of franchises totaling \$(30) and \$291 for the years ended December 31, 2017, and 2016, respectively, which is included in selling, general and administrative expenses in the Statements of Operations.

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2017, 2016 and 2015**

(in thousands of dollars)

**6. Accrued Liabilities**

Accrued liabilities as of December 31, 2017 and 2016 are comprised of:

	<b>2017</b>	<b>2016</b>
Accrued commissions	\$ 5,838	\$ 6,927
Other	1,375	1,555
Accrued expenses and other current liabilities	<u>7,213</u>	<u>8,482</u>
Accrued salaries and wages	1,607	3,024
Payroll taxes and other benefit withholdings	3,895	4,816
Accrued salaries, wages and payroll taxes	<u>5,502</u>	<u>7,840</u>
Accrued Liabilities	<u>\$ 12,715</u>	<u>\$ 16,322</u>

**7. Commitments and Contingencies**

**Insurance**

The Company is self-insured for workers' compensation claims. The Company participates in a self-insurance plan administered by the Parent in which the Company was self-insured for individual claims up to \$1,000 through December 31, 2017. Claims in excess of this amount are insured by a national insurance carrier. The Company engages an outside actuary to estimate the total obligations associated with the plan for both known and unreported claims. Total reserves recorded at December 31, 2017 and 2016 were \$5,419 and \$6,421, respectively, of which \$2,257 and \$2,626 were considered current, respectively. The Company has recorded its reserves at December 31, 2017 and 2016 net of insurance recoveries of \$21 and \$17, respectively.

**Litigation**

The Company is a defendant in certain legal proceedings arising during the normal course of business. While the outcome of lawsuits or other proceedings cannot be predicted with certainty, management believes the outcomes of the outstanding legal proceedings will not materially impact the Company's financial position or future results of operations or cash flows.

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2017, 2016 and 2015**

(in thousands of dollars)

**8. Related-Party Transactions**

**Allocation of General Corporate Expenses**

The Company receives services and support functions from the Parent for the following functions among others: information technology, legal services, accounting and finance services, human resources, marketing, customer support, treasury, facility and other corporate and infrastructural services. The costs associated with these services generally include employee related costs, including payroll and benefit costs as well as overhead costs related to the support functions. Functional costs are charged to the Company based on utilization measures including direct usage, revenue, headcount, time, and claims. Due to the centralized cash management structure in place, all such amounts have been deemed to have been paid by the Company to the Parent in the period in which the costs were recorded. Total allocated expenses recorded in these financial statements were \$11,235, \$12,045 and \$10,745 for the years ended December 31, 2017, 2016 and 2015, respectively.

The Company also pays two kinds of fees to the Ultimate Parent: an operational charge and management fee totaling \$0 and \$701; \$0 and \$811; and \$152 and \$606 for the years ended December 31, 2017, 2016 and 2015, respectively.

In addition, as discussed in Note 3, the Parent uses a centralized approach for cash management and financing of its operations. All Parent funding to the Company since inception has been accounted for as a capital contribution from the Parent and all Company cash remittances collected at the Parent level have been accounted for as distributions to the Parent in the Statement of Member's Equity, including allocation of expenses and settlement of transactions with the Parent. The totals of such amounts are as follows:

	2017	2016	2015
Expenditures paid by Parent	\$ (335,578)	\$ (341,790)	\$ (335,582)
Cash collected by Parent	352,007	364,035	347,335
Allocation of general corporate expense	(11,235)	(12,045)	(10,745)
Net transfers to Parent	<u>\$ 5,194</u>	<u>\$ 10,200</u>	<u>\$ 1,008</u>

**9. Equity Transactions and Share-Based Compensation**

**Share-Based Compensation**

The Ultimate Parent maintains several plans for the benefit of certain of its officers, directors and employees, including Company employees. An employee of the Company is eligible to receive grants of performance shares. Performance shares entitle the recipient to receive shares of the Ultimate Parent's common stock at a future date after the recipient has met service requirements. The number of shares to vest depends on the Company's total shareholder return performance compared to a peer group of nine companies measured over a three year period starting on January 1 of the year of grant. The Company uses a Monte Carlo simulation model to determine fair value for measuring compensation cost for stock-based compensation arrangements.

Total share-based expense recorded in these financial statements was not material for the years ended December 31, 2017, 2016 and 2015, respectively. As of December 31, 2017, 2016 and 2015, total unrecognized compensation expense related to performance shares was \$151, \$125 and \$107, respectively.

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2017, 2016 and 2015**

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(in thousands of dollars)

**10. Subsequent Events**

Management has evaluated subsequent events through April 12, 2018 which is the date these financial statements were available to be issued. No significant matters were identified impacting the Company's financial position or requiring further disclosure.

**EXHIBIT N**  
**FRANCHISEE COMPLIANCE CERTIFICATION**

**SPHERION STAFFING, LLC**  
**FRANCHISEE COMPLIANCE CERTIFICATION**

As you know, Spherion Staffing, LLC (the "Franchisor") and you are preparing to enter into a Franchise Agreement for the establishment and operation of a "Spherion" franchised business. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. Have you received and personally reviewed the Franchise Agreement and each Addendum and related agreement attached to it?

Yes \_\_\_\_\_ No \_\_\_\_\_

2. Do you understand all of the information contained in the Franchise Agreement, each Addendum and related agreement provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

If no, what parts of the Franchise Agreement, Addendum, and/or related agreement do you not understand? (Attach additional pages, if necessary.)

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3. Have you received and personally reviewed the Franchisor's Franchise Disclosure Document ("FDD" or "Disclosure Document") that was provided to you?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. Do you understand all of the information contained in the Disclosure Document and any state-specific Addendum to the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, what parts of the Disclosure Document and/or Addendum do you not understand? (Attach additional pages, if necessary.)

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6. Have you discussed the benefits and risks of establishing and operating a "Spherion" franchised business with an attorney, accountant, or other professional advisor?

Yes \_\_\_\_\_ No \_\_\_\_\_

If No, do you wish to have more time to do so?

Yes \_\_\_\_\_ No \_\_\_\_\_

7. Do you understand that the success or failure of your "Spherion" franchised business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

Yes \_\_\_\_\_ No \_\_\_\_\_

8. Do you understand that if we acquire, merge with or are acquired by a business which provides similar services (a Competitive Business) from an office within your Area, we have the right, in our sole discretion, among other things, to continue to operate the Competitive Business within the Area, to open additional offices of the Competitive Business within the Area, to close and relocate offices of the Competitive Business within the Area, to initiate operations of the Competitive Business and open offices of the Competitive Business within the Area and to otherwise continue to conduct the business operations of the Competitive Business both outside of and within the Area in the manner that it sees fit, so long as that Competitive Business is using trade names and service marks other than the Spherion trademark?

Yes \_\_\_\_\_ No \_\_\_\_\_

9. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the revenues, profits or operating costs of a "Spherion" franchised business operated by the Franchisor or its franchisees, that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

10. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the franchised business that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

11. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue the Spherion franchised business will generate, that is contrary to the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

12. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the Spherion franchised business that is contrary to or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

13. Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Spherion franchised business?

Yes \_\_\_\_\_ No \_\_\_\_\_

14. Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_\_ No \_\_\_\_\_

15. Have you entered into any binding agreement with the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

16. Have you paid any money to the Franchisor concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

17. If you have answered "Yes" to any one of questions 9-15, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "no" to each of questions 9-15, please leave the following lines blank.

18. I signed the Franchise Agreement and Addenda (if any) on \_\_\_\_\_, 20 \_\_\_, and acknowledge that no Agreement or Addendum is effective until signed by the Franchisor.

Please understand that your responses to these questions are important to us and that we will rely on them.

By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

**FRANCHISE APPLICANT**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Date)

**EXHIBIT O**  
**STATE SPECIFIC ADDENDA**

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**INFORMATION REQUIRED BY THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Franchise Disclosure Document for Spherion Staffing, LLC in connection with the offer and sale of licenses for use in the state of California shall be amended to include the following:

- a. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.
- b. NEITHER THE FRANCHISOR, ANY PERSON OR FRANCHISE BROKER IN ITEM 2 OF THE FDD 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 THESE PERSONS FROM MEMBERSHIP IN THIS ASSOCIATION OR EXCHANGE.
- c. CALIFORNIA BUSINESS AND PROFESSIONS CODE 20000 THROUGH 20043 PROVIDES RIGHTS TO THE FRANCHISEE CONCERNING TERMINATION OR NON-RENEWAL OF A FRANCHISE. IF THE FRANCHISE AGREEMENT CONTAINS A PROVISION THAT IS INCONSISTENT WITH THE LAW, THE LAW WILL CONTROL.
- d. 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.).
- e. THE FRANCHISE AGREEMENT CONTAINS A COVENANT NOT TO COMPETE WHICH EXTENDS BEYOND THE TERMINATION OF THE FRANCHISE. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.
- f. THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAWS OF GEORGIA. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.
- g. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.
- h. YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

i. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www dbo ca gov](http://www dbo ca gov).

j. UNDER CERTAIN CIRCUMSTANCES YOU MAY COMPETE WITH CERTAIN OTHER BRANDS WE OPERATE. SEE ITEM 12 OF THIS FDD FOR MORE INFORMATION. ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST.

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF HAWAII**

The following is added to the Cover Page:

**THESE FRANCHISES WILL BE/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, OR SUBFRANCHISOR, 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, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS OFFERING CIRCULAR 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 THE FRANCHISEE.**

Registered agent in the state authorized to receive service of process:

CSC Services of Hawaii, Inc.  
1003 Bishop Street  
Suite 1600 Pauahi Tower  
Honolulu, HI 96813

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, Ill. Comp. Stat. §§ 705/1 through 705/44, *et seq.*, the parties to the attached Spherion Staffing, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 17 of the Agreement, under the heading "Termination by the Parties", shall be supplemented by the addition of the following Section, which shall be considered an integral part of the Agreement:

If any of the provisions of this Section 17 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then Illinois law provides that Illinois law shall apply.

2. Although Section 27 of the Agreement requires that it be governed by Georgia law, Illinois law provides that Illinois law will govern the Agreement.

3. Illinois law prohibits a prospective general release of claims subject to the Illinois Franchise Disclosure Act of 1987. You cannot waive any of your rights given to you by the Illinois Franchise Disclosure Act. You may have other rights under the Illinois Franchise Disclosure Act or other laws of the state of Illinois. To the extent that the Franchise Agreement is inconsistent with Illinois law, the inconsistent terms of the Franchise Agreement will not be enforced and the terms of the applicable Illinois law shall apply.

4. The provisions of the Agreement concerning governing law, jurisdiction, and venue shall not constitute a waiver of any right conferred on Franchisee by Illinois law. Consistent with the foregoing, Illinois law provides any provision in the Agreement which designates jurisdiction and venue in a forum outside of Illinois is void with respect to any cause of action which is otherwise enforceable in Illinois.

5. Illinois law provides that any condition, stipulation, or provision of the Agreement that purports to bind Franchisee to a waiver of compliance with the Illinois Franchise Disclosure Act of 1987, as amended, or any other law of the State of Illinois, is void.

6. Although Section 27(d) of the Agreement requires that litigation permitted under the Agreement must be instituted in court covering the location at which Company has its principal place of business at the time of the action, Illinois law provides that jurisdiction and venue for all litigation claims brought under Section 27 will be in the State of Illinois.

7. Franchisee and Franchisor agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under applicable law or this Agreement, whichever expires earlier.

8. Each provision of this Addendum shall be effective only to the extent, with respect to each such provision, that the jurisdictional requirements of the Illinois Franchise

Disclosure Act are met independently without reference to this Addendum.

9. To the extent this Addendum is inconsistent with any terms or conditions of the Agreement or the Exhibits or Attachments thereto, the terms of this Addendum shall govern.

Each of the undersigned hereby acknowledges having read, understood, and executed this Addendum on \_\_\_\_\_, 20\_\_\_\_.

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**FRANCHISEE:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(If an Individual, Print Name)

If other than an Individual:

\_\_\_\_\_  
(Name of Entity)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY 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 Franchise Disclosure Document for Spherion Staffing, LLC for use in the State of Maryland shall be amended as follows:

1. The cover page of the FDD shall be amended by deleting the first risk factor and replacing it with the following language:

EXCEPT WITH RESPECT TO CLAIMS ARISING UNDER THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW, THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO SUE LICENSOR ONLY IN THE COURT(S) COVERING THE LOCATION AT WHICH LICENSOR HAS ITS PRINCIPAL PLACE OF BUSINESS AT THE TIME OF THE ACTION OR WHERE LICENSOR HAS ITS HEADQUARTERS AT THE TIME THE ACTION IS COMMENCED. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE LICENSOR IN THIS LOCATION THAN IN YOUR HOME STATE.

2. The second page of the FDD shall be amended by deleting the first sentence in the fourth paragraph stating, "Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this disclosure document." and replacing it with the sentence:

**Registration of this franchise is not approval, recommendation or endorsement by the Securities Commissioner in the Office of the Attorney General of Maryland.**

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

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.*).

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," for Choice of forum (row v.), the Summary shall be deleted in its entirety and replaced with the following:

Mediation in the state in which we have our headquarters. We may bring suit in the state and judicial district in which we have our headquarters at the time of the action.

5. Item 17 shall be amended to include the addition of the following sentence at the conclusion:

Any claims arising under the Maryland Franchise Registration and Disclosure Law

must be brought within 3 years after the grant of the franchise.

6. Item 19, "Earnings Claims," shall be amended by the addition of the following language:

No part of this Item 19 is intended to nor shall act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

7. Each provision of this Addendum to the Disclosure Document 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 Addendum.

**AMENDMENT TO THE SPHERION STAFFING, LLC**  
**FRANCHISE AGREEMENT**  
**REQUIRED BY 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 parties to the attached Spherion Staffing, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 26 of the Agreement, under the heading "Disclosure," shall be supplemented by the following:

Nothing in this Agreement shall be construed as a requirement by the Company, as a condition of the sale of a franchise, that a prospective franchisee agrees to a release, assignment, novation, waiver or estoppel that would relieve a person from liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 27 of the Agreement, under the heading "Applicable Law; Mediation" shall be amended by deletion of the first and third sentences of subsection (d), so that subsection (d) shall read, "Any legal action brought by Company against Franchisee in any forum or court, whether federal or state, may be brought within the state and judicial district in which Company has its headquarters at the time of the action, except with respect to claims arising under the Maryland Franchise Registration and Disclosure Law."

3. Section 27 of the Franchise Agreement, under the heading "Applicable Law" shall be amended by the deletion of subsection (f) and the following shall be substituted in lieu thereof:

(f) Company and Franchisee irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action, proceeding, or counterclaim. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Company, the relationship between Franchisee and Company's affiliates, or Franchisee's operation of the Franchised Business, brought by either party hereto against the other shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, as evidenced by the filing of a claim in an legal action in accordance with Subsection (d) of this Section, or such claim or action shall be barred; except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law shall be commenced within three (3) years from the occurrence of the facts giving rise to such claim or action, or such action shall be barred.

4. Section 28 of the Agreement, under the heading "Effect; Interpretation of Agreement," shall be amended by the addition of the following sentence:

Nothing in this Agreement shall be construed as a requirement by the Company, as a condition of the sale of a franchise, that a prospective franchisee agrees to a release, assignment, novation,

waiver or estoppel that would relieve a person from liability under the Maryland Franchise Registration and Disclosure Law.

5. 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.

IN WITNESS WHEREOF, the parties to this Maryland Amendment have entered into and executed this Maryland Amendment to the Agreement on the same date as the Agreement was executed.

**FRANCHISEE:**

Date: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_100%

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Secretary

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY 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 Franchise Disclosure Document for Spherion Staffing, LLC for use in the State of Minnesota shall be amended to include the following:

1. Item 13, "Trademarks," shall be amended by adding the following language to the end of the fifth paragraph of Item 13:

You must promptly notify us of the existence or assertion of any claim based upon, or any attempt by another person or firm to use any of our proprietary marks. Although the Franchise Agreement does not obligate us to take any action to protect our proprietary marks, if we elect to do so, you must execute all documents we deem necessary. We will have the right to control all litigation involving our proprietary marks. The Franchise Agreement does not impose on us any other obligations with respect to protection of our marks. We have, however, taken certain legal steps to protect the use of our marks and names for our own benefit and for the benefit of our franchisees, and to prevent others from using the marks and names. In the past, these measures have been successful without the need to resort to litigation, except as described above. According to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights which you have to use our proprietary marks.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language at the conclusion of the Item:

With respect to franchises governed by Minnesota law, Spherion will comply with Minn. Stat. § 80C.14 (subd. 3, 4, and 5) which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

Nothing in an disclosure document or agreement can abrogate or reduce any of 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 Minnesota.

3. Item 17, under the heading "Renewal, Termination, Transfer and Dispute Resolution," for Choice of forum (row v.), the Summary shall be deleted in its entirety and replaced with, "Mediation in the state in which we have our headquarters. We may bring suit in the state and judicial district in which we have our headquarters at the time of the action."

4. Each provision of this Addendum 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 Disclosure Document.

**AMENDMENT TO THE SPHERION STAFFING, LLC**  
**FRANCHISE AGREEMENT**  
**REQUIRED BY 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 parties to the attached Spherion Staffing, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 3 of the Agreement, under the heading "Ownership and Protection of the Marks and Copyrights," shall be amended by the addition of the following new subsection (e):

(e) According to Minnesota Stat. Sec. 80C.12, Subd. 1(g), Company is required to protect any rights Franchisee may have to Company's proprietary marks.

2. Section 13 of the Agreement, under the heading "Term, Renewal," shall be supplemented by the addition of the following language:

Minnesota law provides franchisees with certain termination, non-renewal, and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

3. Section 14 of the Agreement, under the heading "Assignment," shall be supplemented by the following paragraph:

Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 5) currently requires that consent to the transfer of the franchise not be unreasonably withheld.

4. Section 15(b) of the Agreement under the heading "Disposition of the Franchised Business" shall be deleted in its entirety and the following 15(b) shall be substituted in lieu thereof:

(b) If Franchisee notifies Company that Franchisee will discontinue its operation of the Franchise Business according to Subsection 15(a)(1) above, or if Franchisee fails to timely provide Company with the notice required by Subsection 15(a) above, then Franchisee shall, on the effective date of termination, discontinue its operation of the Franchise Business, and thereafter faithfully honor and abide by each of the terms and conditions included in Sections 5 and 18 of this Agreement. Should Franchisee fail to comply with the provisions of this Subsection 15(b), Franchisee hereby acknowledges and agrees that Company shall be entitled to damages from Franchisee.

5. Section 17(c) of the Agreement, under the heading "Termination by Parties,"

shall be supplemented by the following paragraph:

Minnesota law provides franchisees with certain termination, non-renewal, and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently requires, except in certain specified cases, that a franchisee receive 90 days notice of termination (with 60 days to cure) and 180 days notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

6. Section 18 of the Agreement, under the heading "Rights and Obligations Upon Termination," shall be amended by deleting the last paragraph and the following paragraph shall be substituted in lieu thereof:

Franchisee hereby irrevocably constitutes and appoints Company and each of Company's officers as its attorneys-in-fact, each of whom may act separately, to execute all instruments and to do all things necessary for accomplishing those acts required by Franchisee under this Section 18 in the event Franchisee fails to perform those acts as required by this Agreement. Furthermore, upon demand Franchisee shall immediately pay to Company all costs and expenses, including reasonable attorney's fees, incurred by Company to accomplish such acts; and Company shall have the right to seek from any court of competent jurisdiction temporary, preliminary or permanent injunctions restraining Franchisee from any violation of this Agreement or compelling compliance by Franchisee with any obligation included in this Section 18 or elsewhere in this Agreement, and Franchisee agrees to pay the reasonable attorney's fees and court costs incurred by Company in such proceedings.

7. Section 19(b) of the Agreement, under the heading "Indemnification," shall be deleted in its entirety and the following 19(b) shall be substituted in lieu thereof:

(b) Franchisee agrees to give Company notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Franchisee, Company may elect to assume (but is not obligated to undertake, except with respect to claims arising out of Franchisee's use of Company's proprietary marks) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by Company shall, in no manner or form, diminish Franchisee's obligations under this Section.

8. Section 27 of the Agreement, under the heading "Applicable Law; Mediation," shall be amended by deletion of the first and third sentences of subsection (d), and the first sentence of subsection (f), in their entirety.

9. Section 28 of the Agreement, under the heading "Effect/Interpretation of Agreement," shall be supplemented by the following language, which shall be considered an integral part of the Agreement:

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring

litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of 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.

10. The Agreement shall be supplemented by the following Section 29, which shall be considered an integral part of the Agreement:

Nothing in a disclosure document or agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of Minnesota.

11. Each provision of this Amendment 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 Amendment to the Agreement.

IN WITNESS WHEREOF, the parties have entered into and executed this Minnesota Amendment to the Agreement on the same date as the Agreement was executed.

**FRANCHISEE:**

Date: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
100%

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Secretary

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs. tit. 13, §§ 200.1 through 201.16), the Franchise Disclosure Document for Spherion Staffing, LLC for use in the State of New York shall be amended as follows:

1. Item 3, "Litigation," shall be amended by the addition of the following new paragraphs at the beginning of the Item:

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action (or a significant number of civil or arbitration actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded *nolo contendere* to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded *nolo contendere* to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.

Except as described below, neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, is subject to any currently effective injunctive or restrictive order or decree relating to franchises, or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law as a result of a concluded or pending action or proceeding brought by a public agency; 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 franchise as a real estate broker or sales agent.

2. Item 4, "Bankruptcy," shall be amended by deleting the existing language in the Item and the following new paragraph shall be substituted in lieu thereof:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has 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; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in 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 that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner held this position in the company or partnership. And, no other bankruptcies are required to be disclosed in this disclosure document.

3. Item 5, "Initial Franchise Fee," shall be supplemented by the addition of the following sentence after the second sentence in the Item:

The initial franchise fee is also in consideration of administrative and other expenses we incur in entering into the Franchise Agreement.

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by deleting the first sentence in the Item and the following new language shall be substituted in lieu thereof:

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.

5. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by deleting "d." and the following new "d." shall be substituted in lieu thereof:

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
d. Termination by you	§ 17 of the Franchise Agreement	According to New York General Business Agreement Law, you may terminate the Franchise Agreement upon any grounds available by law.

6. There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if the franchisee is domiciled in or the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

**THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY  
OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

**AMENDMENT TO THE SPHERION STAFFING, LLC**  
**FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Spherion Staffing, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 28 of the Agreement, under the heading "Effect/Interpretation of Agreement," shall be supplemented by the addition of the following language:

Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

2. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the state of New York. However, an offer or sale is deemed made in New York if Franchisee is domiciled in or the franchise will be opening in New York. Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties to this New York Amendment have entered into and executed this New York Amendment to the Agreement on the same date as the Agreement was executed.

**FRANCHISEE:**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

100%

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

**ATTEST:**

By: \_\_\_\_\_  
Secretary

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY 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 North Dakota State Securities Commission, the Franchise Disclosure Document for Spherion Staffing, LLC shall be amended as follows:

1. Item 17, under the heading "Renewal, Termination, Transfer and Dispute Resolution," for Non-competition covenants after the Franchise is terminated or expires (row r.), the Summary shall be amended by addition of the following: "Covenants not to compete are generally considered unenforceable in the State of North Dakota."
2. Item 17 under the heading "Renewal, Termination, Transfer and Dispute Resolution," for Choice of forum (row v.), the Summary shall be amended to read, "Mediation at a location agreeable to all parties."
3. Item 17, under the heading "Renewal, Termination, Transfer and Dispute Resolution," for Choice of law (row w.), the Section in Franchise Agreement shall be amended to read "None" and the Summary shall be deleted.
4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum.

**AMENDMENT TO THE SPHERION STAFFING, LLC**  
**FRANCHISE AGREEMENT**  
**REQUIRED BY 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 North Dakota State Securities Commission, the parties to the attached Spherion Staffing, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 5 of the Agreement, under the heading "Restrictive Covenants," shall be supplemented by the following subsection (c), which shall be considered an integral part of the Agreement:

(c) Covenants not to compete are considered unenforceable in the State of North Dakota.

2. Section 18 of the Agreement, under the heading "Rights and Obligations upon Termination," shall be supplemented by addition of the following subsection (j), which shall be considered an integral part of the Agreement.

(j) Covenants not to compete are generally considered unenforceable in the State of North Dakota.

3. Section 27 of the Agreement, under the heading "Applicable Law; Mediation," shall be amended by deletion of subsection (a) in its entirety.

4. Section 27 of the Agreement, under the heading "Applicable Law; Mediation," shall be amended by deletion of subsection (d) in its entirety.

5. Section 27 of the Agreement, under the heading "Applicable Law; Mediation," shall be amended by deletion of subsection (c)(2) in its entirety and in place thereof substitution of the following:

(2) Non-binding mediation hereunder shall be conducted at a location agreeable to all parties, by a recognized mediator or mediation program designated by Company in writing (the "Designation"). Company shall send the Designation to Franchisee within a reasonable time after issuance of the Request.

6. Section 27 of the Agreement, under the heading "Applicable Law; Mediation," shall be amended by deletion of subsection (g) in its entirety.

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have entered into and executed this North Dakota Amendment to the Agreement on the same date as the Agreement was executed.

**FRANCHISEE:**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

100%

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

**ATTEST:**

By: \_\_\_\_\_  
Secretary

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.134, the Franchise Disclosure Document for Spherion Staffing, LLC shall be amended as follows:

1. Item 17, under the heading "Renewal, Termination, Transfer, and Dispute Resolution," for "Cause" defined – defaults which cannot be cured (row f.), the Summary shall be amended by addition of the following: "termination of a franchise agreement as a result of insolvency or bankruptcy may not be enforceable under federal bankruptcy law."
2. Item 17 under the heading "Renewal, Termination, Transfer and Dispute Resolution," for Choice of forum (row v.), the Summary shall be amended by addition of the following: "any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."
3. Item 17, under the heading "Renewal, Termination, Transfer and Dispute Resolution," for Choice of law (row w.), the Summary shall be amended by addition of the following: "any provision in the franchise agreement requiring the application of laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."
4. Each provision of this Addendum 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 19-28.134, are met independently without reference to this Addendum.

**AMENDMENT TO THE SPHERION STAFFING, LLC**  
**FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, § 19-28.1-14, the parties to the attached Spherion Staffing, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Although Section 27(a) of the Agreement requires that it be governed by Georgia law, Rhode Island law provides that such provision is void with respect to a claim otherwise enforceable under the Rhode Island Investment Act.

2. Although Section 27(d) of the Agreement requires that litigation permitted under the Agreement must be instituted in court covering the location at which Company has its principal place of business at the time of the action, Rhode Island law provides that any provision restricting jurisdiction or venue to a forum outside the state of Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Investment Act.

3. Each provision of 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 19-28.134, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties have entered into and executed this Rhode Island Amendment to the Agreement on the same date as the Agreement was executed.

**FRANCHISEE:**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

(Date)

\_\_\_\_\_ 100%

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_ (Print Name)

\_\_\_\_\_ (Print Title)

\_\_\_\_\_ (Date)

ATTEST:

By: \_\_\_\_\_  
Secretary

**SOUTH DAKOTA ADDENDUM**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**

The Spherion *Franchise Program* Franchise Disclosure Document ("FDD") contains information required by both the Federal Trade Commission and the state of South Dakota. This South Dakota Addendum to the FDD contains information required exclusively by the state of South Dakota and is being provided to you at the same time as the FDD.

In recognition of the requirements of the South Dakota Franchises for Brand Name Goods and Services Law, S.D. Codified Laws §§ 37-5B, the FDD for use in the state of South Dakota shall be amended, effective \_\_\_\_\_, 20\_\_\_\_\_, as follows:

1. Item 6, under the heading "Other Fees," shall be amended by deleting the second paragraph of Note 10 and substituting the following paragraph in Note 10 in lieu thereof:

If you notify us as in (a) above, or if you fail to give us timely notice, you must discontinue your business and abide by the noncompetition provisions. If you fail to do so, we will be entitled to damages from you.

2. Item 17, under the heading "Renewal, Termination, Transfer and Dispute Resolution," shall be supplemented by the addition of the following paragraph at the conclusion of the Item:

Any provision that provides that the parties waive their right to claim punitive, exemplary, incidental, indirect, special or consequential damages or any provision that provides that the parties waive their right to a jury trial may not be enforceable under South Dakota law.

3. Item 17, under the heading "Renewal, Termination, Transfer and Dispute Resolution," for Choice of forum (row v.), the Summary shall be amended to read, "Mediation in the state in which we have our headquarters."

4. Item 17, under the heading "Renewal, Termination, Transfer and Dispute Resolution," for Choice of law (row w.), the Summary shall be amended to read, "South Dakota for franchise registration, employment, covenants not to compete, and other matters of local concern; otherwise, Georgia."

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchises for Brand-Name Goods and Services Law are met independently without reference to this Addendum.

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the requirements of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Spherion Staffing, LLC in connection with the offer and sale of franchises for use in the State of Virginia shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraph at the conclusion of the Item:

Pursuant 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, that provision may not be enforceable.

2. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act, Va. Code Ann. §§ 13.1-557 through 13.1-574, are met independently without reference to this Addendum to the Disclosure Document.

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF WASHINGTON**

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Franchise Disclosure Document for Spherion Staffing, LLC in connection with the offer and sale of franchises for use in the State of Washington shall be amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following paragraphs at the conclusion of the Item:

The state of Washington has a statute, RCW 19.100.180, which 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.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed according 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," for Choice of forum (row v.), the Summary shall be deleted in its entirety and replaced with "Mediation in the state in which we have our headquarters. We may bring suit in the state and judicial district in which we have our headquarters at the time of the action."

3. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, are met independently without reference to this Addendum to the Disclosure Document.

**AMENDMENT TO THE SPHERION STAFFING, LLC**  
**FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF WASHINGTON**

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, the parties to the attached Spherion Staffing, LLC Franchise Agreement (the "Agreement") agree as follows:

1. The state of Washington has a statute, RCW 19.100.180, which 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.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed according 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, 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 the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Section 27 of the Agreement, under the heading "Applicable Law; Mediation," shall be amended by deletion of the first and third sentences of subsection (d), so that subsection (d) shall be read:

Any legal action brought by Company against Franchisee in any forum or court, whether federal or state, may be brought within the state and judicial district in which Company has its headquarters at the time of the action.

7. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 through 19.100.940, are met independently without reference to this Amendment.

[Signature Page follows]

IN WITNESS WHEREOF, the parties to this Washington Amendment have entered into and executed this Washington Amendment to the Agreement on the same date as the Agreement was executed.

**FRANCHISEE:**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

100%

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

\_\_\_\_\_  
(Date)

**ATTEST:**

By: \_\_\_\_\_  
Secretary

**EXHIBIT P**  
**OVERLAP ACKNOWLEDGEMENT AGREEMENT**

## **OVERLAP ACKNOWLEDGEMENT AGREEMENT**

This OVERLAP ACKNOWLEDGEMENT AGREEMENT (the “**Agreement**”) is made and entered by and between SPHERION STAFFING, LLC a Delaware limited liability company, having its principal place of business at One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339 (hereinafter referred to as “**Company**”), and \_\_\_\_\_ (hereinafter referred to as “**Franchisee**”). This Agreement is entered into coincident with and as an integral part of the Franchise Agreement which the parties have entered into this day. All capitalized italicized words used herein shall have the same meaning in this Agreement as in the Franchise Agreement. This Agreement shall have the same Effective Date as the Effective Date of the Franchise Agreement.

WHEREAS, pursuant to the Franchise Agreement, the Company has granted the Franchisee the right to use the licensed “**Mark**”, specifically the Spherion® trademark, in connection with the provision of staffing services strictly in accordance with the limitations set forth in the Franchise Agreement; and

WHEREAS, the Franchise Agreement grants to the Franchisee certain exclusive rights, as specifically set forth in the Franchise Agreement, with respect to the provision of staffing services under the Spherion® trademark within the “**Area**”; and

WHEREAS, the parties recognize that the Franchise Agreement does **not** grant to the Franchisee any exclusive rights within the *Area* or otherwise relating to the provision of staffing services under other trademarks or logos, including but not limited to those trademarks and logos (other than the Spherion® trademark) which may be owned or controlled by the Company, its parents, their subsidiaries or their affiliated companies; and

WHEREAS, the Company is a wholly owned indirect subsidiary of Randstad North America, Inc. (“**Randstad**”) and Randstad and/or its other subsidiaries or affiliates currently operate general staffing or other staffing offices under a trademark or trademarks other than the Spherion trademark in a County within the *Area* (referred to herein as an “**Overlap County**”); and

WHEREAS, the Company is willing to sell and issue a franchise agreement to Franchisee which incorporates an *Area* which includes an Overlap County only if the Franchisee acknowledges certain circumstances and agrees to certain limitations as set forth in this Agreement; and

WHEREAS, Franchisee recognizes that the Franchise Agreement which he/she/it is entering into on this date incorporates an *Area* which includes an Overlap County and he/she/it fully recognizes and agrees that the Company would not sell and issue this Franchise Agreement to the Franchisee in the absence of the acknowledgements and agreements sent forth herein, and Franchisee has nonetheless voluntarily and without duress entered into the Franchise Agreement and this Agreement,

NOW THEREFORE, in consideration of the execution of this Agreement and of the covenants and conditions herein contained, it is mutually agreed and understood as follows:

1. It is agreed that the “Whereas” clauses set forth above are true and accurate and

- are an integral part of this Agreement.
2. Franchisee hereby acknowledges his/her/its understanding that one or more of the Counties the *Area* set forth in the Franchise Agreement contains an open and operating office of Randstad General Staffing or one of its subsidiaries or affiliates and further acknowledges his/her/its understanding and agreement that, after the purchase of the Spherion franchise and the entry into the Spherion Franchise Agreement, the Randstad General Staffing office or other office will have the full and complete right to continue to provide staffing services and other services in each and every such Overlap County and in all other counties within the *Area*, that they may open additional Randstad or other offices in that Overlap County and in all other counties within the *Area*, that the Randstad General Staffing offices and other offices may provide additional and new and different services within the Overlap County and in all other counties within the *Area* and, in general, that Randstad and/or its other subsidiaries or affiliates will continue to conduct their operations within the Overlap County and in all other counties within the *Area* in the manner that they see fit in their sole and complete discretion.
  3. Franchisee hereby also acknowledges his/her/its understanding that the Company does not presently solicit and obtain National Account Customers independent of Randstad and that the Company currently relies upon Randstad to provide all business services related to "strategic accounts" and National Account Customers for the Company and for the Spherion® system. Franchisee understands and agrees that Randstad has the right to make decisions, in its discretion, regarding its strategic account and National Account efforts. **Franchisee acknowledges, understands and agrees that the existence of the operating Randstad General Staffing office or other offices within the *Area* will mean that Franchisee's access to strategic accounts and National Account Customers within the Overlap County in particular and within the *Area* in general will be extremely limited and may very well be nonexistent because of the substantial likelihood that Randstad General Staffing will, acting within its discretionary rights, direct strategic accounts and National Account Customers to their local Randstad or other branded offices.**
  4. Franchisee hereby also acknowledges his/her/its understanding that the Randstad General Staffing offices will very likely, in Randstad's discretion, elect to compete with Franchisee in a number of commercial settings including, but not limited to, settings in which general staffing customers are obtained through a bidding or similar process.
  5. Franchisee and Company agree that the acknowledgments and agreements by Franchisee as set forth above constituted a material condition precedent to the Company's decision to offer and sell a franchise to Franchisee and that, in the absence of such agreements by Franchisee, the Company, acting in its discretion, would have elected to forgo any such sale.
  6. This Agreement shall be considered and is an integral part of the Franchise Agreement which the parties have entered into this day.

IN WITNESS WHEREOF, the parties have entered into and executed this Agreement as of the Effective Date.

**FRANCHISEE**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Title)

**EXHIBIT Q**  
**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 Spherion 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 and Rhode Island require 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, Oregon, and Wisconsin require 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 occurs first.**

If Spherion 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, DC 20580 and the state agency listed on **Exhibit I**.

The franchisor is Spherion Staffing, LLC, located One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339. Its telephone number is (770) 303-6770.

The date of issuance of this Franchise Disclosure Document is: April 25, 2018. The effective date in states where registration is required is listed in the chart State Effective Dates following the state cover page in the first part of this disclosure document.

The franchise seller for this offering is Bill Tasillo, Regional Vice President of Franchise Sales and Operations for Spherion Staffing, LLC, located at One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339 (770) 303-6770. Any franchise sellers other than Bill Tasillo involved in this offering are:

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Spherion authorizes the respective state agent identified on **Exhibit L** to receive service of process for it in the particular state.

I received a disclosure document dated April 25, 2018, that included the following Exhibits:

- A      Franchise Agreement
- B      Professional Services Addendum

- C Computer System Purchase Loan Documents: Promissory Note, Security Agreement, Guaranty (single), Guaranty (joint)
- D Purchase Loan Documents: Promissory Note, Security Agreement & Asset Sale Agreement
- E Start-up Loan Documents: Promissory Note, Security Agreement & Asset Sale Agreement
- F Workers' Compensation Loan Documents: Promissory Note, Guaranty & Security Agreement
- G Confidentiality Agreement
- H Assignment of Spherion Franchise Agreement
- I Agreement and General Release
- J List of Franchisees
- K List of Administrators
- L Agents for Service of Process
- M Financial Statements
- N Franchisee Compliance Certification
- O State Specific Addenda
- P Overlap Acknowledgment Agreement
- Q Receipt

By: \_\_\_\_\_  
(Signature)

Date: \_\_\_\_\_  
(Do not leave blank) \_\_\_\_\_ (Print Name)

Please send a signed original of this receipt by certified mail to Spherion Staffing, LLC, Attn: Sandra K. Mazur at One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339 and (770) 303-6770.

## 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 Spherion 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 and Rhode Island require 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, Oregon, Washington and Wisconsin require 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 occurs first.**

If Spherion 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, DC 20580 and the state agency listed on **Exhibit I**.

The franchisor is Spherion Staffing, LLC, located One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339. Its telephone number is (770) 303-6770.

The date of issuance of this Franchise Disclosure Document is: April 25, 2018. The effective date in states where registration is required is listed in the chart State Effective Dates following the state cover page in the first part of this disclosure document.

The franchise seller for this offering is Bill Tasillo, Regional Vice President of Franchise Sales and Operations for Spherion Staffing, LLC, located at One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339 (770) 303-6770. Any franchise sellers other than Bill Tasillo involved in this offering are:

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Spherion authorizes the respective state agent identified on **Exhibit L** to receive service of process for it in the particular state.

I received a disclosure document dated April 25, 2018, that included the following Exhibits:

- A      Franchise Agreement
- B      Professional Services Addendum

- C Computer System Purchase Loan Documents: Promissory Note, Security Agreement, Guaranty (single), Guaranty (joint)
- D Purchase Loan Documents: Promissory Note, Security Agreement & Asset Sale Agreement
- E Start-up Loan Documents: Promissory Note, Security Agreement & Asset Sale Agreement
- F Workers' Compensation Loan Documents: Promissory Note, Guaranty & Security Agreement
- G Confidentiality Agreement
- H Assignment of Spherion Franchise Agreement
- I Agreement and General Release
- J List of Franchisees
- K List of Administrators
- L Agents for Service of Process
- M Financial Statements
- N Franchisee Compliance Certification
- O State Specific Addenda
- P Overlap Acknowledgment Agreement
- Q Receipt

By: \_\_\_\_\_  
(Signature)

Date: \_\_\_\_\_  
(Do not leave blank) \_\_\_\_\_  
(Print Name)

Please send a signed original of this receipt by certified mail to Spherion Staffing, LLC, Attn: Sandra K. Mazur at One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339 and (770) 303-6770.