

## FRANCHISE DISCLOSURE DOCUMENT



**SPHERION STAFFING, LLC**  
(A Delaware Limited Liability Company)  
One Overton Park  
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Spherion Staffing, LLC offers franchises in the business of providing clients with high quality staffing services. The franchisee will offer staffing services as either (1) a Spherion General Staffing franchise or (2) a Spherion Professionals franchise.

The total investment necessary to begin operation of a Spherion General Staffing franchise ranges from \$148,025 to \$220,825 and a Spherion Professionals franchise ranges from \$247,945 to \$347,475. 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 the franchising department 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 29, 2019

## 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 M 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 INITIATE MEDIATION OR 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 OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE OR MEDIATE WITH 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.

3. YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OF YOUR INVESTMENT.

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*	
Illinois*	Exempt from registration
Indiana*	Exempt from registration
Maryland*	
Michigan	
Minnesota*	
New York*	Exempt from registration
North Dakota*	
Rhode Island*	
South Dakota*	
Virginia*	
Washington*	
Wisconsin	

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of April 29, 2019.

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

## 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.

## TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
ITEM 2 BUSINESS EXPERIENCE.....	5
ITEM 3 LITIGATION.....	7
ITEM 4 BANKRUPTCY .....	10
ITEM 5 INITIAL FEES .....	10
ITEM 6 OTHER FEES.....	12
ITEM 7 ESTIMATED INITIAL INVESTMENT.....	24
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	29
ITEM 9 FRANCHISEE'S OBLIGATIONS .....	31
ITEM 10 FINANCING.....	32
ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....	35
ITEM 12 TERRITORY .....	47
ITEM 13 TRADEMARKS.....	53
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	54
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	55
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	56
ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION .....	57
ITEM 18 PUBLIC FIGURES .....	61
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS .....	61
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION .....	64
ITEM 21 FINANCIAL STATEMENTS .....	70
ITEM 22 CONTRACTS.....	70
ITEM 23 RECEIPT .....	71
<u>EXHIBIT A – SPHERION GENERAL STAFFING FRANCHISE AGREEMENT .....</u>	<u>A</u>
<u>EXHIBIT B – SPHERION PROFESSIONALS FRANCHISE AGREEMENT .....</u>	<u>B</u>
<u>EXHIBIT C – PROFESSIONAL SERVICES ADDENDUM .....</u>	<u>C</u>
<u>EXHIBIT D – TERRITORY DEVELOPMENT AGREEMENT .....</u>	<u>D</u>
<u>EXHIBIT E – PURCHASE LOAN DOCUMENTS .....</u>	<u>E</u>
<u>EXHIBIT F – START-UP LOAN DOCUMENTS .....</u>	<u>F</u>
<u>EXHIBIT G – WORKERS' COMPENSATION LOAN DOCUMENTS .....</u>	<u>G</u>

<u>EXHIBIT H – CONFIDENTIALITY AGREEMENT .....</u>	H
<u>EXHIBIT I – ASSIGNMENT OF SPHERION FRANCHISE AGREEMENT .....</u>	I
<u>EXHIBIT J – AGREEMENT AND GENERAL RELEASE .....</u>	J
<u>EXHIBIT K – TABLE OF CONTENTS FOR MANUAL.....</u>	K
<u>EXHIBIT L – LIST OF FRANCHISEES .....</u>	L
<u>EXHIBIT M – LIST OF ADMINISTRATORS .....</u>	M
<u>EXHIBIT N – AGENTS FOR SERVICE OF PROCESS .....</u>	N
<u>EXHIBIT O – FINANCIAL STATEMENTS .....</u>	O
<u>EXHIBIT P – FRANCHISEE COMPLIANCE CERTIFICATION .....</u>	P
<u>EXHIBIT Q – STATE SPECIFIC ADDENDA .....</u>	Q
<u>EXHIBIT R – OVERLAP ACKNOWLEDGMENT AGREEMENT .....</u>	R
<u>EXHIBIT S – RECEIPT .....</u>	S

**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 models described in this Disclosure Document under the name Spherion®.

### **Agents for Service of Process**

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

### **Type of Business Organization Used by Franchisor**

We are a Delaware limited liability company.

### **Franchisor's Business and Franchises Offered**

*Our Business.* Our principal business is staffing through identifying, recruiting, assessing and deploying talent for a wide variety of customers. We provide a range of workforce solutions including temporary staffing, permanent placement and related staffing and employment services. We provide these services to our customers solely through franchised offices. Offices may be free standing or located at a client location (client location offices are variously referred to as "on-site," "on-premise" or "in-house").

*The Franchises Offered.* We offer to enter into a franchise agreement (the "Franchise Agreement") with you by which you will provide temporary staffing and permanent placement services as either a (1) Spherion "General Staffing" franchise or (2) Spherion "Professionals" franchise.

Our Spherion General Staffing franchises provide temporary staffing and permanent placement services in office, clerical, non-clinical scientific, non-clinical health care and administrative occupations, and semi-skilled and unskilled industrial occupations, such as assembly, food service, materials handling, warehouse and distribution logistic personnel, primarily to commercial establishments (the "General Staffing Services"). Spherion General Staffing franchisees may place temporary employees or permanent placement candidates in any of the positions and occupations that comprise the General Staffing Services (with the exception of certain high risk prohibited occupations designated by us). The term "Temporary Employees" is specifically defined in the Franchise Agreements attached to this Disclosure Document as Exhibits A and B and generally refers to the employees of Spherion that you place on assignment with customers on our behalf.

Our Spherion Professionals franchises also provide temporary and permanent placement services, but focus primarily on professional level positions and occupations. These franchises are authorized to provide temporary staffing and permanent placement services to a specific, agreed upon subset of legal, paralegal, finance and accounting, engineering, technical, marketing, technology and management occupations (the "Professional Services"). Spherion Professionals franchises do not provide the full range of the Professional Services, but rather provide a specific subset of the Professional Staffing Services occupations. As an example, we may offer a Spherion Professionals franchise in a particular market that is only authorized to provide finance and accounting staffing services. Ultimately, the specific occupational subset of the Professional Services that a Spherion Professionals franchisee will be permitted to provide will depend on the opportunities available in a particular market and the joint interest of Spherion and the franchisee, ultimately to be determined at our discretion. We will also determine the permissible individual job titles and categories that fall within the granted occupational subset. Spherion Professionals franchisees may place Temporary Employees or permanent placement candidates in any of the job titles or categories that fall within their granted Professional Services (with the exception of certain high risk prohibited occupations designated by us). Finally, we may also authorize a Spherion Professionals franchisee to offer some or all of the General Staffing services if we deem appropriate in a given market.

The designation of a particular market as either a Spherion General Staffing or Professionals opportunity will be determined by us. Generally, our Spherion Professionals franchises will operate in major metropolitan areas, while our Spherion General Staffing franchises will operate in more suburban areas, but this may not always be the case. The designation will be determined by us on a case by case basis. Both Spherion General Staffing and Professionals franchisees will operate on a similar franchise staffing model, but the training programs and the sales, recruiting, marketing and business development techniques will be specific to either general or professional level staffing. We may also require franchisees operating under our Spherion Professionals model to employ additional internal staff, in keeping with our minimum staffing requirements. You can also expect higher initial and ongoing operating costs as a Spherion Professionals franchisee, in large part due to the higher costs of operating in a major metropolitan market. The different initial investment levels for each opportunity are discussed in Item 7 below.

Under the Franchise Agreement, the franchisee will operate as a Spherion General Staffing or a Spherion Professionals franchise within a specified geographical area described in the Franchise

Agreement (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 of these services.

*Professional Services Addendum.* For certain Spherion General Staffing franchisees, we may elect to offer an addendum to their agreements that expands the services that the franchisee can provide to include some or all of the following professional services: temporary and permanent placement services of legal, paralegal, finance and accounting, engineering, technical, technology, management, non-clinical healthcare and non-clinical scientific personnel. To be offered the addendum, the factors that we will discretionarily consider, among other things, are that the franchisee 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 C to this Disclosure Document.

*Territory Development Program.* For certain prospective Spherion Professionals franchisees, we may offer our “Territory Development Program,” which is designed to allow a franchisee to develop multiple Areas over a specified period of time. The Territory Development Program is, as of now, only offered in certain metropolitan areas as we may from time to time designate and only to prospective franchisees who meet the qualifications that we may require. If you are allowed to participate in our Territory Development Program, you will be required to sign the Professional Services Territory Development Agreement (the “Territory Development Agreement”) attached to this Disclosure Document as Exhibit D.

*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, so that program is briefly discussed here so that you will be aware of that program and its difference to the programs being offered under this Disclosure Document. Under our Area-Based Franchise Program, the franchisee provides staffing services within a specified area, just like our Spherion General Staffing and Professionals programs. 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. However, unlike the Spherion General Staffing and Professionals programs being offered through this Disclosure Document, the area-based franchisee contracts directly with customers and employs the temporary employees placed on assignment. 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 staffing services. Our area-based franchisees made a substantially larger working capital investment than our other franchisees because the area-based franchisee must cover temporary employee wages and direct costs associated with the temporary employees until the corresponding account receivables are collected. This Disclosure Document applies to the Spherion General Staffing and Professionals programs and not the Area-Based Franchise program.

*Company-Owned Offices.* 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. We do not currently operate any company-owned Spherion branded offices.

*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 that are the same as those which we provide. 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, for example, regulations set forth by the EEOC, OSHA and other administrative agencies, as well as laws and regulations relating to discrimination, employment and sexual harassment. 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: Karen Fichuk**

Ms. Fichuk became the Chief Executive Officer of Randstad North America, Inc. and our President on March 26, 2019. She also serves as a member of the Executive Board of Randstad Holding, nv. Prior to joining Randstad, Ms. Fichuk spent over 25 years with The Nielsen Company. Most recently she served as President of Strategic Initiatives and Developed Markets for North America from 2014 to

2018. Prior to that, she was Executive Vice President: Commercial Go To Market from 2013 to 2014.

Division President: Rebecca Rogers Tijerino

Ms. Rogers Tijerino became our Division President on December 31, 2018. She has experience both as an entrepreneur and as an executive for some of the largest staffing companies in the world. Prior to joining Spherion, Ms. Rogers Tijerino was CEO of The Intersect Group, a professional services consulting and staffing firm headquartered in Atlanta, GA from August 2014 to August 2018. She has also held executive leadership positions in local, regional and global firms. These include Astadia, a global IT Consulting firm and spin off from Adecco, headquartered in Jacksonville, FL where she served as CEO from July 2012 to August 2014, and Adecco Group NA headquartered in Jacksonville, FL from March 2007 to July 2012, rising to Chief Sales Officer for the U.S.

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-one (21) 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-five (25) 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 sixteen (16) 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 Mid-Atlantic Region from March 2004 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 New Jersey the entire time. Her work with the Company and its predecessors totals more than thirteen (13) 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-one (21) years.

Director, Franchise Business: Brandon Neurohr

Mr. Neurohr became our Director of Franchise Business in September 2017. Mr. Neurohr has worked for Randstad for thirteen (13) years and has supported the Company since 2012. Prior to becoming our Director of Franchise Business, Mr. Neurohr was Group Controller, Franchise/License Division, from May 2015 to September 2017, and prior to that was Senior Analyst, Franchise/License Division, from May 2012 to May 2015.

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 Actions Involving the Franchise Relationship

None.

Pending Actions – Other

*Mark Pope and Jamal Rice, individually and on behalf of all other similarly situated individuals, v. Randstad Inhouse Services, LLC, Randstad North America, Inc. and Spherion Staffing, LLC*, filed November 20, 2018 in the Superior Court, Alameda County, CA, Case Number RG18930360; removed to the U.S. District Court for the Northern District of California on January 14, 2019. This is a class action wage-hour case filed by former temporary employees of Randstad and Spherion in California, alleging violations of the California Labor Code, the California Industrial Welfare Commission (“IWC”) Wage Order No. 9 and the California Business & Professions Code Sections 17200, *et seq.* Plaintiffs seek to represent a class of Randstad and Spherion temporary workers assigned to Randstad client facility in Hayward, California. The complaint alleges unpaid overtime and derivative wage and hour claims stemming from the adoption and implementation of an alternative workweek schedule. The class seeks damages and penalties for alleged violations of the California Labor Code, California IW Wage Order No. 9 and the California Business & Professions Code. Randstad and Spherion have answered the Plaintiffs' complaint and denied any wrongdoing.

Prior Actions

*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, et 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 1 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 Industrial Welfare Commission ("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.

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**

**Initial Franchise Fee**

You must pay us an initial franchise fee when you 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. However, we offer the following discounts to eligible franchisees:

***Minority Discount: 25%***

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.

***Veteran Discount: 25%***

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.

***Staffing Industry Discount: 25%***

If you have a minimum of 5 years' experience working within the staffing industry, we also offer a 25% discount franchise fee—so you would pay us \$26,250.

***Multiple Agreement Discount: 25% to 35%***

If you, as the principal owner of a franchise with us, enter into another Franchise Agreement for a different undeveloped market location, also as the principal owner, we will reduce the initial franchise fee by 25% for the second Franchise Agreement and by 35% for each additional Franchise Agreement thereafter.

If you enter into the Territory Development Agreement with us, your initial franchise fee will be calculated in accordance with this discount schedule. So, for example, if you enter into a Territory Development Agreement for three (3) franchised store locations, your initial fee would be \$84,000. You must pay the initial fee in full when signing the Territory Development Agreement, but thereafter you will not be required to pay an initial franchise fee when you sign the remaining franchise agreements that are required for the opening of the additional franchise office locations.

***Conversion Discount:***

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.

\* \* \* \*

There is a transfer fee if you purchase an existing franchisee's business. If you, as an existing Spherion franchisee, purchase the exiting business of another Spherion franchisee, the transfer fee is \$7,500. If you are not an existing Spherion franchisee at the time of purchase, the transfer fee is 10% of the total sales price, provided, however, that the transfer fee will be a minimum of \$10,000 and a maximum of 35% of the then current initial franchise fee for a Spherion franchise. The purchaser must deliver to us a signed copy of the purchase agreement, along with a certified or cashier's check in the amount of the transfer fee, which we will keep as a deposit. If we approve the purchase, we will keep the 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 deposit.

We will not refund any portion of the initial franchise fee after we sign the Franchise Agreement. Except as described in this Item 5, we have no intention, now or in the future, of reducing

the initial franchisee fee for any prospective franchisee, although we reserve the right to do so in our sole discretion on a case by case basis.

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

#### **Purchase of the Computer System Hardware**

You are also required to purchase the required hardware and software components of the Computer System (as defined below in Item 11) through us. The fee charged for the purchase of the Computer System is not refundable.

#### **Pre-Opening Advertising**

A number of franchisees elect to engage in engage in a mix of pre-opening promotional efforts including, but not limited to, public relations, community sponsorship and traditional and digital advertising. If this is your choice, you are free to utilize and customize a range of Spherion templates and work with pre-approved vendors or another agency of your choice. Pre-opening promotional costs can range from \$2,000 to \$5,000 for General Staffing franchisees and \$7,000 to \$11,000 for Professionals franchisees. The actual cost will depend on the specific promotional efforts you purchase.

#### **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	For General Staffing Franchisees: \$200 per site (subject to change on 30 days' notice)  For Professionals Franchisees: \$300 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 user support services from our corporate office. (See Note 6).

Name of Fee <sup>(1)</sup>	Amount	Date Due <sup>(2)</sup>	Remarks
Management Information Services and Technology Enhancement Fee (MISTEF)	<p>For General Staffing <u>Franchises</u>:</p> <p>1.5% of total gross payroll and full-time placement sales</p> <p>For Professionals <u>Franchises</u>:</p> <p>1.75% of total gross payroll and full-time placement sales</p>	We deduct this monthly from your commission.	This fee for your “back office” system covers the payroll and billing services we perform. (See Note 6).
IBM Kenexa on Cloud maintenance fee	Not currently passed on, but at this time the license fee is \$484 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 the computer software we provide to you for applicant testing. We may change this policy in the future, and charge it back to you. (See Item 11, Computer Systems).
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).
Spherion Marketing Fund	<p>For General Staffing <u>Franchises</u>:</p> <p>0.25% of Sales</p> <p>For Professionals <u>Franchises</u>:</p> <p>0.25% to 0.75% of Sales</p>	We deduct this from your commission or we may bill you monthly.	We match your contributions by spending an equal amount on name awareness. (See Item 11).

Name of Fee <sup>(1)</sup>	Amount	Date Due <sup>(2)</sup>	Remarks
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, or in support of other local initiatives on your behalf.
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	Will be negotiated by the parties based upon the temporary help payroll and potential revenue in the expansion area	Upon signing an amendment to the Franchise Agreement	You must pay this fee if we allow you to expand your Area.

Name of Fee <sup>(1)</sup>	Amount	Date Due <sup>(2)</sup>	Remarks
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. (See Note 10).
Release from non-competition covenants	See Note 11.	See Note 11.	Applicable to Spherion General Staffing franchisees only
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 12).
National Recruiting Center (NRC) 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 13).
Monster license fee	\$73 per month per office location or Department ID. (See Note 14).	Deducted from Monthly commission	See Note 14.
Revenue sharing fee	Up to 50% of Sales for a Temporary Employee or Full-Time Placement Sale	Reflected on your monthly commission	See Note 15.

Name of Fee <sup>(1)</sup>	Amount	Date Due <sup>(2)</sup>	Remarks
Territorial liquidated damages	Will vary under circumstances	Upon demand	Only applicable to Spherion Professionals franchisees. (See Note 16).

**Notes to Item 6 Chart:**

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 our Spherion General Staffing franchisees 75% and retain 25% of the Temporary Gross Profits. We pay our Spherion Professionals franchisees 70% and retain 30% 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 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 purchase workers' compensation insurance with a \$2 million deductible (comprised of a \$1 million deductible per claim and a \$1 million "corridor" deductible). 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 or for damages claims (see Schedule 2 to Exhibits A and B of this Disclosure Document, the Franchise Agreements) 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 0.07% of payroll for 2019 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 coverage under the Affordable Care Act (“ACA”)) 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.

It has been our experience that professional staffing placements are of a longer duration than general staffing placements and therefore the demand and the participation rates for professional staffing temporary employees are higher. As a result, in order to remain competitive in the recruitment and retention of professional temporary employees, we offer enhanced health insurance options for Temporary Employees placed in Professional Services positions. These employees will be included together in a self-insured health care pool with employees of other Randstad affiliated companies/divisions. The costs of the pool are socialized among all participants. Participation in the Randstad affiliated pool provides a larger number of participants, allowing for improved actuarial predictability of costs.

There is a burden rate charged to franchisees as a percentage of payroll for Temporary Employees placed in Professional Services positions. We will determine the burden rate to be charged

by a financial analysis performed by our Benefits Department, with the help of our outside actuaries, to estimate the cost of this self-insured health care program for the year. The Professional Services Temporary Employees participating in the health care program pay premiums (that include plan administrative fees) which have been calculated to mirror the burden rate. The Benefits Department will review the claims monthly to determine if the expected claims cost of the self-insured benefits are tracking to the actual cost. At times throughout the year, it may be necessary to rebate the additional funds or charge out an additional burden to each participating franchisee. The rebate or the additional charge would both be in proportion to the burden paid into the program during the year by each participating franchisee. If it proves necessary, we may add a modifier to our burden rate in order to mitigate the risk of the cost allocation back to the franchise community. We may change this allocation system from time to time upon notice to you.

5. We pay our Spherion General Staffing franchisees an 88% commission on (and we retain the 12% balance of) the Full-Time Placement Sales in each Fiscal Year. For our Spherion Professionals franchisees, we offer a different commission structure on Full-Time Placement Sales because permanent placement makes up a larger portion of professional level staffing business. For Spherion Professionals franchisees who have been permitted to offer finance and accounting services (as their agreed upon subset of the Professional Services discussed in Item 1 above), we pay an 80% commission on (and we retain the 20% balance of) the Full-Time Placement Sales in each Fiscal Year. For all other Spherion Professionals franchisees, we pay an 85% commission on (and we retain the 15% 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. If you are a Spherion General Staffing franchisee, 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. If you are a Spherion Professionals franchisee, your MISTEF will be paid at the rate of 1.75%. This fee covers full access and use of Spherion’s “back office” system 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.

We will also provide you with access and use of our “front office” Computer System (as defined in the Franchise Agreement). Our Spherion General Staffing franchisees will pay us a per site Computer System support fee of \$200 per Accounting Period, and our Spherion Professionals franchisees will pay \$300 per site per Accounting Period. This fee covers software upgrades and user support services

provided by our Support Center via online chat, telephone or email.

7. We will establish Gross Profit Quotas based on temporary help payroll in your Area and the type of staffing services you are authorized to provide. You must attain or surpass these Gross Profit Quotas during each full calendar year. Gross Profit Quotas in U.S. Dollars for franchisees opening a new office, rather than buying an existing office, are:

GP	Market Size			
	Tier 4	Tier 3	Tier 2	Tier 1
	General Staffing			
Year 1	56,784	56,784	56,784	56,784
Year 2	113,568	113,568	113,568	113,568
Year 3	227,136	227,136	227,136	227,136
Year 4	340,704	340,704	340,704	340,704
Year 5	454,272	454,272	454,272	454,272
Year 6	467,900	499,699	511,056	567,840
Year 7	481,937	537,177	562,162	681,408
Year 8	491,576	564,035	604,324	783,619
Year 9	501,407	580,957	634,540	861,981
Year 10	511,436	598,385	653,576	905,080

GP	Market Size			
	Tier 4	Tier 3	Tier 2	Tier 1
	IT			
Year 1	75,245	150,489	263,356	376,224
Year 2	150,489	300,979	526,713	752,447
Year 3	210,685	421,370	737,398	1,053,426
Year 4	252,822	505,644	884,878	1,264,111
Year 5	290,746	581,491	1,017,609	1,453,728
Year 6	327,089	654,177	1,144,810	1,635,444
Year 7	359,798	719,595	1,259,292	1,798,988
Year 8	395,777	791,555	1,385,221	1,978,887
Year 9	425,461	850,921	1,489,112	2,127,303
Year 10	446,734	893,467	1,563,568	2,233,668

GP	Market Size			
	Tier 4	Tier 3	Tier 2	Tier 1
	Finance and Accounting			
Year 1	66,666	133,333	233,333	333,332
Year 2	133,333	266,666	466,665	666,665
Year 3	166,666	333,332	583,332	833,331
Year 4	199,999	399,999	699,998	999,997
Year 5	219,999	439,999	769,998	1,099,997

Year 6	247,499	494,999	866,248	1,237,497
Year 7	272,249	544,498	952,872	1,361,246
Year 8	299,474	598,948	1,048,160	1,497,371
Year 9	321,935	643,869	1,126,772	1,609,674
Year 10	338,031	676,063	1,183,110	1,690,157

GP	Market Size			
	Tier 4	Tier 3	Tier 2	Tier 1
	Other Professional			
Year 1	66,666	133,333	233,333	333,332
Year 2	133,333	266,666	466,665	666,665
Year 3	166,666	333,332	583,332	833,331
Year 4	199,999	399,999	699,998	999,997
Year 5	219,999	439,999	769,998	1,099,997
Year 6	247,499	494,999	866,248	1,237,497
Year 7	272,249	544,498	952,872	1,361,246
Year 8	299,474	598,948	1,048,160	1,497,371
Year 9	321,935	643,869	1,126,772	1,609,674
Year 10	338,031	676,063	1,183,110	1,690,157

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. We have relationships with certain affiliates, vendors and suppliers that provide materials and services that may be beneficial to you in the operation of your franchise. In many instances, we are able to leverage these relationships in order to make these services available to you, often at discounted rates. In these instances, we may pay for the cost of the materials or services and then deduct these costs from your commission, should you choose to take advantage of these opportunities. We have been able to offer a number of innovative and useful services to our franchisees in this way, including candidate video interviewing, work scheduling software, reference check services, social media and job board access and others.

11. **If you are Spherion General Staffing franchisee** and you elect to 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 ½ 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.

12. 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 (as described below in Item 11 and as defined in the Franchise Agreement).

13. 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, but these can vary. You choose what services you want from the National Recruiting Center.

14. Each office (or "Department ID" number, which is a number assigned to an office or a franchisee's business line in order to track performance and other metrics of that office or franchisee's business line) is charged a mandatory monthly fee of \$73 for usage of monster.com, which allows for unlimited job postings to monster.com and unlimited resume views. Additional functionality through Monster is added from time to time.

15. The Area that you have been granted under your Franchise Agreement may be in close proximity to another Spherion franchised office, particularly if you have been granted a Spherion Professionals franchise. In such cases, if you engage a temporary employee or an applicant/candidate who is or has been engaged by another Spherion franchisee, your engagement of the temporary employee/applicant/candidate may be subject to revenue sharing of up to 50% with the other franchisee, in accordance with the Company's protocols for such circumstances, which will be made available to you as part of our Manual (as described below in Item 11 and as defined in the Franchise Agreement).

16. For our Spherion Professionals franchisees, we may charge you a special fee as liquidated damages if you send Temporary Employees to a Customer's business location in another Spherion franchisee's granted Area. The fee will be specified in the Manual and is set forth more fully in Section 4(a) of the Spherion Professionals Franchise Agreement attached to this Disclosure Document as Exhibit B.

## ITEM 7

### ESTIMATED INITIAL INVESTMENT

**For Spherion General Staffing franchisees:**

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

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Computer System Hardware <sup>2/</sup>	\$3,650 to \$5,750	Lump sum	Debited Against Monthly Commission Statement	Dell Computer Corporation, Hewlett-Packard, other suppliers and us
Real Property <sup>3/</sup>	\$3,125 to \$5,625	Monthly	As Arranged	Lessor
Furniture and Fixtures <sup>4/</sup>	\$15,500 to \$30,000	As Arranged	As Incurred	Suppliers, Contractors
Leasehold Improvements <sup>5/</sup>	\$10,000 to \$15,000	As Arranged	As Incurred	Suppliers, Contractors
Signs <sup>6/</sup>	\$2,000 to \$8,000	As Arranged	As Incurred	Suppliers, Contractors
Equipment <sup>7/</sup>	\$4,650 to \$10,500	As Arranged	As Incurred	Suppliers
Opening Advertising <sup>8/</sup>	\$7,500 to \$12,500	As Arranged	As Incurred	Suppliers
Training Expenses <sup>9/</sup>	\$3,750 to \$7,500	As Arranged	As Arranged	Suppliers
Start-up Supplies <sup>10/</sup>	\$510 to \$1,050	As Arranged	As Arranged	As Arranged
Insurance <sup>11/</sup>	\$2,100 to \$7,850	As Arranged	As Incurred	Insurers
Utility Expenses <sup>12/</sup>	\$160 to \$1,100	As Arranged	As Incurred	Lessor, Utility Companies
Professional Fees <sup>13/</sup>	\$1,050 to \$5,200	As Arranged	As Incurred	Professionals
Business Licensees <sup>14/</sup>	\$160 to \$1,100	As Arranged	As Incurred	Government Agency

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Hardware Installation	\$720 to \$1,100	As Arranged	As Incurred	Spherion Preferred Vendor
Additional Funds for 11 months <sup>15/</sup>	\$51,500 to \$82,500			
TOTAL <sup>16/</sup>	\$148,025 to \$220,825			

**For Spherion Professionals franchisees:**

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 Hardware <sup>2/</sup>	\$4,800 to \$7,200	Lump Sum	Debited against Monthly Commission Statement	Dell Computer Corporation, Hewlett-Packard, other suppliers and us
Real Property <sup>3/</sup>	\$4,170 to \$10,000	Monthly	As Arranged	Lessor
Furniture and Fixtures <sup>4/</sup>	\$25,000 to \$40,000	As Arranged	As Incurred	Suppliers, Contractors, Suppliers
Leasehold Improvements <sup>5/</sup>	\$10,000 to \$15,000	As Arranged	As Incurred	Suppliers, Contractors
Signs <sup>6/</sup>	\$2,000 to \$8,000	As Arranged	As Incurred	Suppliers, Contractors

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Equipment <sup>7/</sup>	\$4,650 to \$10,500	As Arranged	As Incurred	Suppliers
Opening Advertising <sup>8/</sup>	\$15,000 to \$25,000	As Arranged	As Incurred	Suppliers
Training Expenses <sup>9/</sup>	\$5,625 to \$9,375	As Arranged	As Arranged	Suppliers
Start-up Supplies <sup>10/</sup>	\$510 to \$1,050	As Arranged	As Arranged	As Arranged
Insurance <sup>11/</sup>	\$2,100 to \$7,850	As Arranged	As Incurred	Insurers
Utility Expenses <sup>12/</sup>	\$160 to \$1,100	As Arranged	As Incurred	Lessor, Utility Companies
Professional Fees <sup>13/</sup>	\$1,050 to \$5,200	As Arranged	As Incurred	Professionals
Business Licensees <sup>14/</sup>	\$160 to \$1,100	As Arranged	As Incurred	Government Agency
Hardware Installation	\$720 to \$1,100	As Arranged	As Incurred	Spherion Preferred Vendor
Additional Funds for 9 months <sup>15/</sup>	\$137,000 to \$170,000			
TOTAL <sup>16/</sup>	\$247,945 to \$347,475			

**Notes to Item 7 Charts:** 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. If you enter into our Territory Development Program, your initial franchise fee will

be higher, depending on the number of additional franchised store locations that are included with your Territory Development Agreement.

2. Our Professionals franchisees are expected to need additional Computer System hardware. Initial costs for hardware 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 prices are subject to change without notice.

3. You do not need to purchase real estate for your business. You may operate your business from an office that is located in a place suitable for conducting your business. The location, size appearance and layout of each office is subject to our approval and must meet our established standards. The cost of leasing space will vary depending primarily upon the location. For our Spherion General Staffing franchisees, you will need approximately 1,500 square feet of space for your business, and we estimate that average annual lease cost for the premises of your business will range from \$25 to \$45 per square foot. For our Spherion Professional franchisees, you will need approximately 2,000 square feet of space for your business, and we estimate that average annual lease cost for the premises of your business will range from \$25 to \$60 per square foot. The estimates provided in the chart above are for one (1) month.

4. This estimate is for the furniture and fixtures you will need to operate your business, such as desks, chairs, file cabinets and other common office furniture. Each office must be appropriately furnished, subject to our standards and guidelines. We have made arrangements with a third party office furniture supplier to provide you with approved options for furnishing your office.

5. Leasehold improvements will vary on a case by case basis and may depend on many factors, including, but not limited to, the size, current condition of the premises and, if applicable, your landlord's willingness to include such terms. Financing may be available through your landlord/lessor or third parties. If you finance, the costs incurred will be yours.

6. You must purchase and display an exterior sign that complies with our standards and requirements, if such rights can be obtained at your approved office location. All office signs must meet our standards, including signs placed on the exterior or interior of the office, and are subject to our approval.

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

8. 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) a supply of miscellaneous promotional materials, which will include a mix of promotional giveaway items, as well as two (2) free press releases.

9. 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.

10. 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.

11. 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.

12. 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.

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

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

15. 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 eleven (11) months you are in business as a Spherion General Staffing franchisee and for the first nine (9) months. However, you may need additional funds during or after this initial phase. Local market conditions will affect the amount of additional funds you need.

16. 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. But please note that the figures in the chart are only estimates. Your actual investment and costs may vary depending on many factors including where your office is located, the size of your office, your ability to negotiate with your landlord and the amount contributed by your landlord, if any. Additionally, your costs will depend on factors such as local economic conditions, your management skill, your business experience and business acumen, the prevailing wage rate and the growth of your franchise during the initial period.

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 or one of our affiliated companies, 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. Each office must be appropriately furnished, subject to our standards and guidelines.

You must use our proprietary software which is licensed to you as part of the Spherion System under the Franchise Agreement (Exhibits A and B to this Disclosure Document). 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. We provide online and 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 us 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.

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.

You must purchase and display an exterior sign that complies with our standards and requirements, if such rights can be obtained at your approved office location.

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. The required insurance coverage you must obtain is set forth in Section 7(q) of the Franchise Agreements, attached to this Disclosure Document as Exhibits A and B.

For our Spherion General Staffing franchisees, we estimate that your purchases and leases in accordance with our specifications will represent approximately 35% to 50% of your total purchases and leases in connection with establishing your business and 21% to 81% of your total purchases and leases in the continuing operation of your business. For our Spherion Professionals franchisees, we estimate that your purchases and leases in accordance with our specifications will represent approximately 48% to 55% of your total purchases and leases in connection with establishing your business and 48% to 55% of your total purchases and leases in 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.

Our affiliate, Monster, made sales or received fees for the licensing of monster.com and its related services to our franchisees in 2018. In the year ending December 31, 2018, the revenues received by Monster from the sales of these various items to our entire Franchise Division (which includes Spherion franchisees, the Area-Based Franchisees and franchisees under the TempForce,

AccuStaff and e-Staff brands which are discussed in Item 12 below) was \$186,000.

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/Manual	§§ 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
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

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure Document</b>
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
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 Temporary Employees, 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.)

### **Start-Up Financing**

Start-up financing is offered by us in certain circumstances. 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 or one of our affiliated companies, we may, in our discretion, finance a portion of the purchase price (a "Purchase Loan"), 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 (defined below) 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 23, 2019 the Prime Rate was 5.50%. As a result, the initial monthly interest rate for a Start-up or Purchase Loan funded on that date would have been 10.50%. 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 10.50%, 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 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 Note, Guaranty and Security Agreement used in both the Purchase Loan and Start-up Loan are found at Exhibits E and F, respectively, to this Disclosure Document.

### **Workers' Compensation Financing**

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 G.

### **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. We will provide you with 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 guidance on the layout of the office based on your market, subject to our specifications and approval. 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 or Franchisee's entity. (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 permanent placement candidates 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 Marketing Fund fee you pay. (Franchise Agreement Section 10)

### **Marketing & Advertising**

If you are a Spherion General Staffing franchisee, you must contribute 0.25% of your Sales each month to a national marketing and advertising fund that we maintain (the "Marketing Fund"). If you are a Spherion Professionals franchisee, you must contribute between 0.25% to 0.75% of your Sales each month to the Marketing Fund, with the exact amount determined by Company on a year-to-year basis. We match the contributions by our franchisees to the Fund by spending an equal amount on marketing and advertising. 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 marketing and advertising 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 marketing and advertising, and in the expenditure of all marketing and advertising funds, including those you contribute. We retain the right to discontinue the marketing and advertising

program, but if we do, we will notify you and also discontinue the fees you pay for the program.

We disseminate the Marketing Fund through marketing, 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 marketing and advertising 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 to the Marketing Fund 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 marketing and advertising program. We do not require you to participate in local or regional advertising cooperatives or other advertising funds.

In 2017, a group of franchisees formed a marketing taskforce to act as a marketing and advertising council, with the goal of the taskforce being to collaborate on marketing, advertising and public relations initiatives from a recruiting, sales and general brand awareness focus in order to increase the value of the Spherion brand. The franchisees that comprise this taskforce volunteered to be members and were selected to be representative of the various regions where Spherion offices are currently located, as well as the different size offices in our community (single office and multi office). The taskforce also includes representation from our Area-Based Franchise community. This council provides important feedback to and collaborates with us on various marketing and advertising initiatives, but we will have complete and absolute discretion over the marketing and advertising program and in the expenditure of all marketing and advertising funds, including those you contribute. We have the right to change or dissolve the council at our sole discretion.

Our Franchisee contributions to the Marketing Fund (formerly the "Brand Awareness Fund") in FY 2018 were \$1,133,400. Our total marketing and advertising expenditures for FY 2018 (not including personnel expenses) were approximately \$2,359,972, broken down as follows:\*

Charitable Contribution	\$137,500	5.83%
Social Media	\$120,191	5.09%
Public Relations	\$250,008	10.59%
Web/SEO	\$68,807	2.92%
Administration	\$683,454	28.96%
Recruiting/Sales Support	\$1,007,596	42.70%
Technology	\$92,146	3.92%
<b>Total:</b>	<b>\$2,359,972</b>	<b>100%</b>

\*We had a carryover from 2017 which was spent in 2018. 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. The Marketing Fund for 2019 is the same as the Brand Awareness Fund for 2018, it has just been rebranded in name only.

In addition to your contribution to the Marketing Fund, you are expected to invest in local advertising. Local advertising expenditures may include local customer advertising in various media, direct mail, print and online 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 marketing and advertising 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 marketing and 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 and monster.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.
- *Spherion Reporting Portal:* A robust reporting portal that provides quick access to various, pertinent information to help franchisees manage, audit and drive their businesses.

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 \$1,050 plus tax and shipping. The approximate cost for a standard laptop is \$1,300 plus tax and shipping. For an office of at least 8 users we would recommend the following printer models: HP LaserJet Pro M426fdn (moving to the HP M428 model) or HP LaserJet Pro M477fnw (moving to the HP M479 model), however the models are subject to change.

The current hardware installation pricing is as follows:

- Standard Installation includes communications equipment, 2 PCs 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 that is used for applicant and candidate testing is IBM Kenexa on Cloud, which is a web-based application. Currently, there is an annual license fee of \$484 per physical site 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 Support Center will provide support services by online chat, 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 guidance on the appearance and layout of the office, in accordance with our specifications and requirements. 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.

We will provide you with some initial marketing and promotional materials when you open your office at no cost to you, including a mix of promotional giveaway items, as well as two (2) free press releases. Other than these initial materials, you must purchase all of your business forms, advertising, brochures, promotional material and similar opening inventory materials in accordance with our specifications and prior approval. You are also responsible for the purchase and installation of the furniture, fixtures and equipment that will be used in your franchised business, as well as the purchase, installation and display of signs that identify your franchised business as a business operating under the Spherion brand and that further comply with our specifications, which we will provide.

### **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 be trained by Company (at your expense) within sixty (60) days of the date you hire such employees. If you are a Spherion Professionals franchisee, the Managing Owner must personally attend and successfully complete the initial and ongoing training that we require. The "Managing Owner" is a described in the Spherion Professionals Franchise Agreement attached to this Disclosure Document as Exhibit B and is applicable where there is more than one (1) individual franchisee listed on the Franchise Agreement.

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 training program as follows, with required pre-opening training listed in the first six (6) segments below (and as can be determined by the timeframes indicated in the "Completion Timeline" portion of the chart), and such further ongoing training indicated in the remaining segments:

## TRAINING PROGRAM

Training Topic	Length of Time	Delivery Method	Completion Timeline
<p>The Spherion Overview Training Path is required for all Spherion owners and their staff. This course is a prerequisite to Sales and Service Intelligence courses. This training includes an overview of</p> <ul style="list-style-type: none"> <li>- Spherion and the staffing industry</li> <li>- Spherion's Standard Operating Procedures governing candidate, employee, prospect and client interaction, and overall operations.</li> <li>- Spherion's Specialty Offerings for Call Center, Light Industrial and Manufacturing, Non-Clinical Healthcare, and Hospitality</li> <li>- Spherion's technology for posting jobs, recruiting, time entry, electronic billing, and branch operations.</li> </ul>	1.5 hours of self-paced training.	Online	Prior to office opening.
<p>The Service Intelligence Training Path is focused on Spherion's core values of service, operational excellence, and commitment to unconditional client satisfaction. This course is required for owners and their staff in a service-focused role.</p> <p>The modules that make up the core Service Intelligence Training have been carefully designed to include the key leanings you will need during your first 30 days.</p> <ul style="list-style-type: none"> <li>- Recruiting and selection</li> <li>- Behavioral interviewing and assessments</li> <li>- Asking effective questions</li> <li>- Engagement and retention</li> </ul> <p>** An abbreviated version of Service Intelligence is required for Sales focused roles; Service Intelligence for Sales Associates.</p>	8 – 10 hours of self-paced learning.	Online	Prior to office opening.
<p>Sales Intelligence Training Path is focused on Spherion's system for sales success. This course is required for owners and their staff in sales-focused roles.</p> <p>The modules that make up the core Sales Intelligence Training have been carefully designed to include the key leanings you will need during your first 30 days.</p> <ul style="list-style-type: none"> <li>- Bonding and building rapport</li> <li>- Prospecting and qualifying</li> <li>- Uncovering reasons for doing business</li> <li>- Questioning strategies</li> <li>- Budget and decision making</li> <li>- Fulfillment and post-sale</li> </ul>	4 weeks	Online	Prior to office opening.

Training Topic	Length of Time	Delivery Method	Completion Timeline
<p>Staffing Connect New Hire Training Path focuses on the core functions of Staffing Connect including Order Management, Recruiting and Sales, Onboarding, Time Entry, Payroll, Billing, and Reporting.</p> <p>Required for owners and select lessons for their staff as applicable for their role.</p>	15 hours of self-paced learning.	Online	Prior to office opening.
<p>Staffing Connect Fundamentals Is a library of 3 to 8 minute 'How To' lessons that walk the learner through specific features, functions, and tools within Staffing Connect. Each lesson reinforces standard operating processes and points out tips and trick along to way.</p> <p>Supplemental learning for owners and their staff as applicable for their role.</p>	A library of 3-8 minute videos.	Online	Prior to office opening.
<p>Training Branch: This training involves a new Spherion franchisee visiting an existing Spherion franchisee's office</p> <ul style="list-style-type: none"> <li>- Licensee focus: franchisee to franchisee training focused on business development, performance objectives, tools for managing the business, among other topics</li> <li>- Operations/Recruiting focus: operation-focused training that touches on understanding job orders, conducting quality calls, service visits, interviewing, compliance, timekeeping, auditing and other topics</li> <li>- Sales focus: sales-focused training covering topics such as cold calling, time and territory management, documentation, worksite assessments, prospecting and other topics</li> </ul>	24 hours	Location selected by us	Prior to office opening, depending on the schedule of the new owner and the training branch/owner.

Training Topic	Length of Time	Delivery Method	Completion Timeline
<p>In person operations support (week of go live)</p> <p>During this in-person support visit, the Spherion operations support resource works with the owner and their staff and internal Subject Matter Experts (SMEs) to review the office configuration, technology, and communication setup is working properly, confirm staff access to systems and communication, and conduct an in-depth training review of standard operating procedures, operating systems and technology. The training is designed to review and reinforce the tools and day-to-day operational processes covered during the required pre-opening training completed by owners and their staff.</p> <p>Training topics typically include, but are not limited to:</p> <ul style="list-style-type: none"> <li>- Spherion SOPs &amp; Service Excellence</li> <li>- CUE satisfaction surveys</li> <li>- Spherion LINK &amp; Google Tools</li> <li>- Recruiting</li> <li>- Application &amp; Onboarding Process (State Specific)</li> <li>- Orientations</li> <li>- Compliance</li> <li>- Staffing Connect (Strategic Training)</li> <li>- Payroll and Billing</li> <li>- Unemployment</li> <li>- Worker's Comp &amp; Unemployment</li> <li>- Reporting</li> <li>- Training and Development Resources</li> </ul>	36 hours	On-site	In person support during the first three (3) weeks the office is open.
<p>Sales, Marketing and Business Planning Support</p> <p>This in-person session is conducted by the Relationship Manager assigned to the owner. Topics typically include:</p> <ul style="list-style-type: none"> <li>- Staffing Industry Overview</li> <li>- Managing Sales Behavior - by role, the metrics and milestones</li> <li>- 30-second commercial and setting sales meetings</li> <li>- Sales call practice - inside, outside</li> <li>- Making live sales calls - inside, outside</li> <li>- Business planning</li> <li>- Sales planning</li> <li>- Pricing</li> <li>- Performance tracking</li> </ul>	36 hours	On-site	In person, onsite session with the Relationship Manager assigned to the owner within the first three (3) weeks of opening.

Training Topic	Length of Time	Delivery Method	Completion Timeline
<b>Selling the Spherion Way</b>  This classroom course focuses on sales skills and the application of business development techniques. This course is applicable to owners, and their business development, sales focused staff.	40 hours	Classroom – Atlanta or another location.	Offered twice per year.
<b>Art of Leadership and Management</b>  This program focuses on leadership and management skills. This course is applicable to owners, managers, on-site managers and highly promotable staff.	24 hours	Classroom – Atlanta or another location.	Offered twice per year.
<b>Service Excellence</b>  This program focuses on service skills including recruiting, sales, engagement and retention. Also includes a day of how to get the most out of Staffing Connect (tips and tricks for success). This course is applicable to owners, and their service-focused staff. Requires a minimum of 6 months of tenure for staff in a service focused role.	40 hours	Classroom – Atlanta or another location.	Offered twice per year.
<b>IdealMatch Clerical</b>  Virtual training and certification program that teaches participants how to make the best matches between clients and administrative candidates. This course is applicable to owners and their staff who offer clerical staffing services.	40 hours	Combination of webinar, online, self-paced.	Offered annually.
<b>IdealMatch Light Industrial</b>  Virtual training and certification program. Participants learn the functional distinctions between Manufacturing and Logistics (distribution), how to determine candidates' experience, attitude, and risk factors and how to deliver on the commitments that we make when we sell our light industrial solution. This course is applicable to owners and their staff who offer light industrial staffing services.	40 hours	Combination of webinar, online, self-paced.	Offered annually.

Training Topic	Length of Time	Delivery Method	Completion Timeline
IdealMatch Finance & Accounting  Virtual training and certification program. Teaches participants how to make the best matches between clients and candidates with Finance & Accounting skill sets. These positions are temporary, temp to hire and often times, direct hire positions. This course is applicable to owners and their staff who offer finance and accounting staffing services.	40 hours	Combination of webinar, online, self-paced	Offered annually
IdealMatch IT  Virtual training and certification program. Teaches participants how to make the best matches between clients and candidates with Information Technology skill sets. These positions are temporary, temp to hire and often times, direct hire positions.  This course is applicable to owners and their staff who offer IT staffing services.	40 hours	Combination of webinar, online, self-paced.	Offered annually.
Various Operations and Legally Required Courses  Automatically assigned, based on jurisdiction or legal requirements.  Examples of topics include: <ul style="list-style-type: none"><li>- Pay Equity Compliance</li><li>- Paid Sick Leave</li><li>- Active Shooter</li><li>- Workplace Violence</li><li>- I-9 Compliance</li><li>- Unemployment</li><li>- Workers Compensation</li><li>- FCRA</li></ul> Owners and staff as assigned.	Varies	Varies, may include online, or webinar.	As enrolled.

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 by phone, webinar or in-person. 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 four (4) days in duration. We do not charge a fee to attend these programs. These meetings may be at in Atlanta, Georgia 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.

### **Manual**

We will make available to you a copy of our systems and operations manual, which contains the specifications, standards, policies, procedures, instructions and written directives from us related to the operation of your franchise (the "Manual"). The Manual may be maintained in the form of physical documents or in the form of on-line accessible electronic files and internet postings and related communications. The Manual is confidential and proprietary and remains our property. We have the right to modify the Manual as we deem appropriate, and we will notify you of changes in a reasonable and appropriate manner. You must comply with all modifications to the Manual within the time frames specified by us. The modifications will not alter your status and rights under the Franchise Agreement. A copy of the table of contents for the Manual is attached as Exhibit K to this Disclosure Document.

### **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, or a list of zip codes. 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.

For our Spherion General Staffing franchisees, we will not establish an office in your Area under the Spherion® name that provides General Staffing Services. For our Spherion Professionals franchisees, we will not establish an office in your Area under the Spherion® name that provides the same subset of the Professional Services that you have been granted, but we may establish another Spherion office in your Area that offers a different subset of the Professional Services. For example, if you are a Spherion Professionals franchisee who has been given the right to operate a Spherion finance and accounting staffing service in your Area, we will not permit another Spherion franchisee to provide finance and accounting staffing services in your Area, but we may permit another Spherion Professionals franchisee to offer IT (technology) staffing services in your Area.

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 set of staffing services under the Spherion® trademark in an existing franchisee's area. Again, our Spherion General Staffing franchisees will have exclusivity to General Staffing Services in their granted Areas, and our Spherion Professionals

franchisees will have exclusivity for the subset of Professional Services they have been granted in their Areas. 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 new services which we may decide to offer in the future.

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.

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. Similarly, if you have multiple franchised offices under a Territory Development Agreement, we may take away one or more Areas covered under your Territory Development Agreement without terminating all of the Areas covered under the Territory Development Agreement, provided you have met your Gross Profit Quota and other requirements for those Areas. We may in our sole discretion expand the Area by amending the Franchise Agreement upon your payment to us of an amount to be mutually agreed upon between us and you for such expansion of 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 a Spherion General Staffing franchisee and 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 an amount to be mutually agreed upon between us and you for each additional county or parish.

Unless you have entered into the Territory Development Program with us, 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. The Territory Development Program may be offered to certain Spherion Professionals franchisees in order to develop multiple Areas over a specified period of time, subject to the qualifications for participation and the specifications we require.

Please note that 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”), Randstad Sourceright Payroll Solutions (“RSPS”) (which formerly operated as Payrolling and Independent Contractor Solutions or “PICS”) 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), Dallas, TX (recruiting hub) and certain other client sites. 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 provide Professional Services.

Tatum operates under the Tatum® name and trademark and is headquartered in Atlanta, GA. Tatum has only company-owned and operated locations. Tatum offices may solicit or accept orders from your Area, and Randstad 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 right to provide Professional Services, and in that case you only have rights to provide certain of those services as specified by us, and you have no exclusivity as to any of the Professional Services you have been permitted to provide.

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 are a Spherion Professionals franchisee or 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 Franchise Agreement or 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 a Spherion Professionals franchisee or if you are a Spherion General Staffing franchisee and have been granted the right to offer Professional Services under the Professional Services Addendum. Randstad Professionals is headquartered in Woburn, MA. 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, for our Spherion General Staffing franchisees, 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.

For our Spherion Professionals franchisees, as stated above, you will be provided exclusivity in your Area as to the particular subset of staffing services you have been granted under your Franchise Agreement (defined as the “Authorized Services” in the Spherion Professionals Franchise Agreement attached to this Disclosure Document as Exhibit C), but only as to Spherion. Randstad Professionals will have the right to provide the same or similar staffing services that you provide in your Area and may presently be operating in your Area as you open your Franchised Business.

The Randstad General Staffing portion of the U.S. business generally operates under the “Randstad” brand name, but Randstad General Staffing also has specialty offerings, which specifically include “Randstad In-House Services” (or “RIS”) and “Randstad Corporate Services” (or “RCS”), and any other offerings that Randstad may choose to implement. RIS and RCS provide staffing service solutions “in-house” at client locations, which we have previously referred to as “on-site” or “on-premise” in this disclosure. As a Spherion franchisee, you will have the right to offer and run on-premise business for the staffing services you have been authorized to provide.

Further, 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 shortly after the Randstad-Spherion merger, Randstad North America elected, as a special circumstance regarding franchisees who were associated with the Spherion® brand at the time of the merger and

shortly thereafter, that if Randstad did not have existing customers in any county in their Area at the time of the Randstad-Spherion merger, then Randstad 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 that Area while Randstad North America owns Spherion. This election by Randstad in 2012 is referred to as the “no-fly policy.” The foregoing does not include general staffing services provided as part of a Randstad MSP or RPO program, or other specialty offerings by Randstad. The “no-fly policy” provides that if Randstad General Staffing serviced customers in a county in the franchisee’s Area at the time of the Randstad-Spherion merger, then Randstad 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 “no-fly policy” approach, those entities may solicit and accept orders from the franchisee’s 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 the franchisee declined to service an on-site opportunity offered to it, or if failed 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 the franchisee a new on-site opportunity in its Area through no fault of the franchisee’s, and they provide the requested on-site services, then for franchisees operating within the “no-fly policy,” Spherion will pay to them 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 the franchisee’s Area prior to the franchisee becoming a franchisee or prior to the merger between SFN and Randstad North America discussed in Item 1. The “no-fly policy” 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. The “no-fly policy” and the obligations stated in this paragraph do not and will never apply to Spherion Professionals franchisees, nor do they apply to new General Staffing franchisees, but they will apply to renewals relating to, and transfers by those person or entities who were, Spherion franchisees at the time of the Randstad-Spherion merger. Randstad and Randstad’s subsidiaries and affiliates have the unfettered right to operate within and provide staffing services to customers in your Area if you are a Spherion Professionals franchisee.

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.

If you are purchasing an Area which already includes a Randstad General Staffing, Randstad Professionals or another Randstad affiliated office (such Area being referred to herein as the “Overlap Area”), you will be required to execute the Overlap Acknowledgement Agreement attached to this Disclosure Document as Exhibit R. In the Overlap Acknowledgement Agreement, you will acknowledge your understanding your Area contains an open and operating office of Randstad or one of its subsidiaries or affiliates, and you will acknowledge your understanding that after your purchase of the

Spherion franchise the Randstad or Randstad affiliated office will continue to provide staffing services in that Overlap Area, that Randstad may open additional Randstad offices in that Overlap Area, that Randstad may provide additional, new and different services within the Overlap Area and, in general, that Randstad will continue to conduct its operations within the Overlap Area in the manner that Randstad 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 and that we currently rely upon Randstad to provide all of our business services related to strategic accounts and National Account Customers. You will acknowledge that Randstad 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 or Randstad affiliated office will mean that your access to strategic accounts and National Account Customers within the Overlap Area will be extremely limited and may very well be nonexistent because of the substantial likelihood that Randstad will, acting within its discretionary rights, direct strategic accounts and National Account Customers to their local Randstad branded or affiliated offices.

Finally, in the Overlap Acknowledgement Agreement, you will acknowledge your understanding that the Randstad or Randstad affiliated offices will very likely, in Randstad's discretion, elect to compete with you in a number of commercial settings including, but not limited to, settings in which 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 right to provide Professional Services, you will not have rights to provide the services provided by Randstad Federal. Even if you have been granted the right to provide Professional Services, 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.

RiseSmart. RiseSmart was acquired by Randstad Holding in 2015. RiseSmart, based in San Jose,

California, is a market leader in innovative, technology-led career transition (outplacement) services. RiseSmart continues to operate under the RiseSmart® brand as wholly owned, independent operating unit of Randstad. RiseSmart offers services that you are not authorized to provide, although you may interact with it and promote its services to your clients.

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 Manual, proprietary software, training and testing materials and other written materials 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 Manual serves as a reference source for the operation of your business and you may download its various components from Spherion's internal 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 Manual 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**

**Spherion General Staffing Franchisees:**

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 hire (i) a full-time employee to act as manager and have responsibility for the operation of the business (specifically including acting in a sales capacity) and (ii) a full-time client service representative, each of 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 agree to operate the business and market and provide the services required in the business for the entire Term of the Franchise Agreement. You are also 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.

**Spherion Professionals Franchisees:**

If your Franchise Agreement includes more than one individual, then you must designate one individual as the "Managing Owner" for purposes of clear communication with us and to facilitate your franchise operations and its ability to make commitments to, the Company. If you are the only

Franchisee under the Franchise Agreement then you will be deemed the Managing Owner.

The Managing Owner must personally attend and successfully complete the initial and ongoing training that we require. The Managing Owner must devote full time and best efforts on a day-to-day basis to the management and operation of the Franchised Business and may not own, operate or otherwise engage in any other business without our consent. If we permit the Managing Owner to devote less than full time to the Franchised Business, the Managing Owner must still remain actively involved in the operations and management of the business and the will be required to hire, at a minimum, (i) a full-time employee to act as the day-to-day manager and have responsibility for the operation of the business (specifically including acting in a sales capacity) and (ii) a full-time employee to serve as a client service representative, each of whom we must approve in advance and who must successfully complete all required training. Either the Managing owner or your hired manager must at all times provide on-premises supervision of your business. The hired manager need not have an equity interest in your business.

In signing the Franchise Agreement, you agree to operate the business and market and provide the services required in the business for the entire Term of the Franchise Agreement. You are also 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, in compliance with our minimum staffing requirements as set forth in the Manual. The staffing requirements for a professional staffing business may differ from a general staffing business. Each employee must sign an employment contract that will prohibit disclosure of trade secrets and impose certain covenants against competition.

#### **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. Due to the increased risk of injury or damage 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 Jobs listed on Schedule 2. We may amend, add to or delete from the list of Restricted Jobs 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 you must utilize our plans, policies, procedures, trade names, trademarks and service marks only within the Area as we require and as set forth in the Franchise Agreement and the Manual; (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.**

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

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
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.
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.

Provision	Section in Franchise Agreement	Summary
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 (for Spherion General Staffing franchisees)	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.

Provision	Section in Franchise Agreement	Summary
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.
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.

Provision	Section in Franchise Agreement	Summary
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.

Other than the following financial performance representations, we do not make any representations about a franchisee's future financial performance or the past financial performance of any company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's

management by contacting Rebecca Rogers Tijerino at 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339, (770) 303-6770, the Federal Trade Commission, and the appropriate state regulatory agencies.

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 2018. "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.

**As of the issuance date of this Disclosure Document, we do not have any Spherion Professionals franchisees operating under the Franchise Agreement attached to this Disclosure Document as Exhibit B. Accordingly, the following figures are for our *Spherion General Staffing franchises only* (many of which have the right to provide Professional Services through the Professional Services Addendum) for Fiscal Year 2018:**

Average Annual Sales per Franchise Agreement:	\$4,879,508
Median Annual Sales per Franchise Agreement:	\$3,787,571
Maximum Annual Sales per Franchise Agreement:	\$22,326,211
Minimum Annual Sales per Franchise Agreement:	\$826,754
Average Annual Gross Profit per Franchise Agreement:	\$987,460
Median Annual Gross Profit per Franchise Agreement:	\$644,433
Maximum Annual Gross Profit per Franchise Agreement:	\$4,902,351
Minimum Annual Gross Profit per Franchise Agreement:	\$201,137
Average Gross Profit Percentage:	20.2%
Median Gross Profit Percentage:	20.8%
Maximum Gross Profit Percentage:	38.0%
Minimum Gross Profit Percentage:	12.6%

The above information is only for our Spherion General Staffing franchises in operation for all of FY 2018. The above information is for Spherion General Staffing 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 Sales and Gross Profit numbers for that Franchise Agreement.

In FY 2018, Spherion General Staffing franchises under thirty-eight of the seventy-three Franchise Agreements attained or surpassed the average Gross Profit Percentage stated above. Those under twenty-four of the Franchise Agreements attained or surpassed the average annual Sales stated above, and those 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 2010-2018. Other new franchisees in that period bought existing offices, either from us or from a franchisee, as opposed to starting a new office. Again, the information is for only our Spherion General Staffing 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, nor does it include any Spherion Professionals franchisees.

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
- Print 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 at Exhibit L 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**

All year-end numbers appearing the tables below are as of December 31.

**Item 20 Table No. 1**  
**System Wide Outlet Summary**  
**For Years 2016 to 2018**

<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*	2016	173	189	16
	2017	189	187	-2
	2018	187	188	1
Company-Owned	2016	0	0	0
	2017	0	0	0
	2018	0	0	0
<b>Total Outlets</b>	<b>2016</b>	<b>173</b>	<b>189</b>	<b>16</b>
	2017	189	187	-2
	2018	187	188	1

\*This number includes our traditional and Area-Based Franchised outlets. The Area-Based Franchise program is described in **Item 1**. As of the issuance date of this Disclosure Document, there are no Spherion Professionals franchised outlets.

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 2016 to 2018**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
California	2016	1
	2017	
	2018	
Florida	2016	2
	2017	
	2018	
Louisiana	2016	1
	2017	
	2018	
Michigan	2016	
	2017	
	2018	1
Oklahoma	2016	
	2017	1
	2018	
Pennsylvania	2016	
	2017	
	2018	1
South Carolina	2016	
	2017	1
	2018	
South Dakota	2016	
	2017	1
	2018	
<b>Totals</b>	<b>2016</b>	<b>4</b>
	<b>2017</b>	<b>3</b>
	<b>2018</b>	<b>2</b>

Note: These figures include On-Premise locations.

**Item 20 Table No. 3**  
**Status of Franchised Outlets**  
**For Years 2016 to 2018\***

<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	2016	<b>4</b>						<b>4</b>
	2017	<b>4</b>						<b>4</b>
	2018	<b>4</b>						<b>4</b>
Arkansas	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
California	2016	<b>11</b>						<b>11</b>
	2017	<b>11</b>						<b>11</b>
	2018	<b>11</b>	<b>1</b>					<b>12</b>
Colorado	2016	<b>0</b>						<b>0</b>
	2017	<b>0</b>	<b>1</b>					<b>1</b>
	2018	<b>1</b>						<b>1</b>
Connecticut	2016	<b>0</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>	<b>1</b>					<b>2</b>
Florida	2016	<b>14</b>						<b>14</b>
	2017	<b>14</b>						<b>14</b>
	2018	<b>14</b>	<b>1</b>					<b>15</b>
Georgia	2016	<b>9</b>	<b>2</b>					<b>11</b>
	2017	<b>11</b>					<b>3</b>	<b>8</b>
	2018	<b>8</b>	<b>1</b>				<b>2</b>	<b>7</b>
Idaho	2016	<b>0</b>	<b>1</b>					<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
Illinois	2016	<b>5</b>						<b>5</b>
	2017	<b>5</b>						<b>5</b>
	2018	<b>5</b>						<b>5</b>
Indiana	2016	<b>11</b>	<b>2</b>					<b>13</b>
	2017	<b>13</b>	<b>2</b>				<b>2</b>	<b>13</b>
	2018	<b>13</b>	<b>1</b>				<b>3</b>	<b>11</b>
Iowa	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>

Kentucky	2016	<b>0</b>	<b>1</b>					<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
Louisiana	2016	<b>6</b>					<b>1</b>	<b>5</b>
	2017	<b>5</b>						<b>5</b>
	2018	<b>5</b>						<b>5</b>
Maryland	2016	<b>2</b>						<b>2</b>
	2017	<b>2</b>						<b>2</b>
	2018	<b>2</b>						<b>2</b>
Massachu-setts	2016	<b>3</b>						<b>3</b>
	2017	<b>3</b>	<b>2</b>					<b>5</b>
	2018	<b>5</b>					<b>1</b>	<b>4</b>
Michigan	2016	<b>3</b>						<b>3</b>
	2017	<b>3</b>						<b>3</b>
	2018	<b>3</b>	<b>1</b>					<b>4</b>
Minnesota	2016	<b>6</b>	<b>1</b>					<b>7</b>
	2017	<b>7</b>					<b>1</b>	<b>6</b>
	2018	<b>6</b>					<b>1</b>	<b>5</b>
Mississippi	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
Montana	2016	<b>3</b>						<b>3</b>
	2017	<b>3</b>						<b>3</b>
	2018	<b>3</b>						<b>3</b>
Nevada	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
New Jersey	2016	<b>3</b>						<b>3</b>
	2017	<b>3</b>						<b>3</b>
	2018	<b>3</b>	<b>1</b>					<b>4</b>
New Mexico	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
North Carolina	2016	<b>1</b>	<b>1</b>				<b>1</b>	<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
North Dakota	2016	<b>3</b>					<b>1</b>	<b>2</b>
	2017	<b>2</b>						<b>2</b>
	2018	<b>2</b>						<b>2</b>

Ohio	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>
	2018	<b>27</b>	<b>2</b>				<b>6</b>	<b>23</b>
Oklahoma	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
Pennsyl-vania	2016	<b>18</b>						<b>18</b>
	2017	<b>18</b>	<b>1</b>					<b>19</b>
	2018	<b>19</b>	<b>3</b>					<b>22</b>
South Carolina	2016	<b>4</b>	<b>2</b>					<b>6</b>
	2017	<b>6</b>	<b>5</b>					<b>11</b>
	2018	<b>11</b>	<b>1</b>				<b>1</b>	<b>11</b>
South Dakota	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
Tennessee	2016	<b>2</b>						<b>2</b>
	2017	<b>2</b>						<b>2</b>
	2018	<b>2</b>						<b>2</b>
Texas	2016	<b>16</b>	<b>3</b>				<b>1</b>	<b>18</b>
	2017	<b>18</b>					<b>1</b>	<b>17</b>
	2018	<b>17</b>	<b>1</b>				<b>1</b>	<b>17</b>
Utah	2016	<b>7</b>	<b>1</b>					<b>8</b>
	2017	<b>8</b>						<b>8</b>
	2018	<b>8</b>	<b>1</b>				<b>1</b>	<b>8</b>
Vermont	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
Virginia	2016	<b>0</b>						<b>0</b>
	2017	<b>0</b>						<b>0</b>
	2018	<b>0</b>	<b>1</b>					<b>1</b>
Washington	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
West Virginia	2016	<b>1</b>						<b>1</b>
	2017	<b>1</b>						<b>1</b>
	2018	<b>1</b>						<b>1</b>
Wisconsin	2016	<b>4</b>						<b>4</b>
	2017	<b>4</b>						<b>4</b>
	2018	<b>4</b>	<b>1</b>					<b>5</b>

<b>Totals</b>	<b>2016</b>	<b>173</b>	<b>22</b>	<b>1</b>	<b>0</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>0</b>	<b>12</b>	<b>187</b>
	<b>2018</b>	<b>187</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>188</b>

### 2018

<b>Outlets Opened</b>	17
<b>Outlets Closed (Term/Reacquired/Ceased)</b>	-16
<b>Net Change</b>	1

\*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 L other than those who have left the system in the past fiscal year since they are under a different program. Also, as of the issuance date of this Disclosure Document, there are no Spherion Professionals franchised outlets.

Note: These figures include On-Premise locations.

**Item 20 Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years 2016 to 2018\***

<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>2016</b>	<b>0</b>					<b>0</b>
	<b>2017</b>	<b>0</b>					<b>0</b>
	<b>2018</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 December 31, 2018 for Fiscal Year 2019**

<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>
California		1	

Colorado		1	
Kentucky		1	
Michigan		1	
New York		1	
Texas		2	
Wisconsin		1	
<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 L 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, 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 L to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

We do not currently have any previously owned franchised outlets under our control to offer or sell.

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 O are the audited financial statements of Spherion Staffing, LLC ("Spherion"). The financial statements include the Spherion Balance Sheet as of December 31, 2018 and December 31, 2017, and the Statement of Operations, of Changes in Member's Equity and of Cash Flows for the three years ended December 31, 2018.

#### **ITEM 22** **CONTRACTS**

We have attached a copy of the following contracts as Exhibits to this Disclosure Document:

- A      Spherion General Staffing Franchise Agreement
- B      Spherion Professionals Franchise Agreement
- C      Professional Services Addendum
- D      Territory Development Agreement
- E      Purchase Loan Documents:
  - Promissory Note
  - Guaranty
  - Security Agreement
  - Asset Sale Agreement

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

**ITEM 23**  
**RECEIPT**

Exhibit S 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: Rebecca Rogers Tijerino, Division President, One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339 and (770) 303-6770.

**EXHIBIT A**  
**SPHERION GENERAL STAFFING FRANCHISE AGREEMENT**

**SPHERION® STAFFING, LLC**

**GENERAL STAFFING FRANCHISE AGREEMENT**

## **SPHERION GENERAL STAFFING FRANCHISE AGREEMENT**

### **TABLE OF CONTENTS**

1.	Definitions.....	1
2.	Nature of Agreement.....	4
3.	Ownership and Protection of the Marks and Copyrights .....	5
4.	Area, Scope and Authorized Services .....	7
5.	Restrictive Covenants .....	10
6.	Duties and Obligations of Company .....	12
7.	Duties and Obligations of Franchisee .....	13
8.	Payroll/Billing and Management Information Services and Fees.....	19
9.	Required Hardware and Software .....	20
10.	Marketing Fund and Fee.....	21
11.	Initial Franchise Fee .....	21
12.	Franchisee Commission .....	22
13.	Term; Renewal .....	23
14.	Assignment .....	24
15.	Disposition of the Franchised Business.....	27
16.	Nonrenewal Right of Company.....	29
17.	Termination by Parties.....	30
18.	Rights and Obligations Upon Termination.....	32
19.	Indemnification.....	34
20.	Liability of Owners .....	37
21.	Failure to Perform.....	37
22.	System Changes .....	37
23.	Compliance .....	38
24.	Company's Right to Cure Defaults .....	38
25.	Notice.....	38
26.	Disclosure.....	38
27.	Applicable Law; Mediation .....	39
28.	Effect; Interpretation of Agreement.....	41

## SPHERION GENERAL STAFFING FRANCHISE AGREEMENT

This SPHERION GENERAL STAFFING FRANCHISE AGREEMENT (the “**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 Manual 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 Manual (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 Manual;
  - (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 Manual, 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) **“Manual”** 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 Manual 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 United States, 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 Manual 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 Manual and Company's confidential bulletins, memoranda and emails and internet postings which update, modify or explain such Manual 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 Manual, confidential bulletins, memoranda, emails, internet postings and similar materials which set forth or update, modify or explain such Manual 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. 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. Each office shall be appropriately furnished and equipped, and kept open and operating in accordance with Company's standard procedures. At the request of Company, from time to time, Franchisee shall refurbish the office at its expense, to conform to the trade dress, color schemes and presentation of the Marks as used in the Franchisee's office(s) to a manner which is consistent with the then-current image for new Spherion franchised businesses as directed by Company in its discretion (the "**Current Image**"). Required changes may include structural changes, installation of new equipment and signs, remodeling, redecoration and modifications to existing improvements. In modifying the office to comply with the then-Current Image, Franchisee agrees to use vendors and suppliers approved by Company. Franchisee shall maintain the office in a clean, attractive condition, and in good repair. 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.
- (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 Restricted Job List 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, online 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 Company. 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 Manual, 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 Company and 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 for all drivers;
    - A waiver of subrogation endorsement must be attached in favor of Company and 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 and state 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 Manual 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, 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 online chat, email or telephone through a Support Center as determined by Company, and improvements, enhancements, modifications and updates to the software which are routinely deployed as part of 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 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 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. Marketing Fund and Fee.**

From time to time, Company, in its sole discretion, may engage in marketing, 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 a national marketing and advertising fund maintained by Company (the "**Marketing Fund**"). Company shall match the contributions by Franchisee to the Marketing Fund, by spending for marketing and advertising costs an amount equal to that contributed by Franchisee. Any amounts allocated or spent for marketing or advertising 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 with the Other Spherion Franchised Concepts referenced in Section 22 of this Agreement, 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 marketing, advertising and promotional activities as may be determined by Company in its discretion, provided, however, that Company will not use the Marketing Fund 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, marketing and advertising campaigns and other efforts and in the expenditure of all Marketing Fund monies, including those contributed by Franchisee. Company may, in its sole discretion upon written notice to Franchisee, discontinue its Marketing Fund program and the Marketing Fund 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 seventy-five percent (75%) of Temporary Gross Profits and Company shall retain twenty-five percent (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 Marketing Fund 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 the transfer fee (the "**Transfer Fee**"), which shall be Seven Thousand Five Hundred Dollars (\$7,500) if the proposed purchaser is an existing franchisee of Company, or if the proposed purchaser is not an existing franchisee of Company, ten percent (10%) of the total sales price received but in no event less than Ten Thousand Dollars (\$10,000) nor more than thirty-five percent (35%) of the then current Initial Franchise Fee. 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 Transfer Fee 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 Transfer Fee 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; and
  - (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:

**"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 Manual, 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 Manual; 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 -

\_\_\_\_\_ [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, non-clinical scientific, non-clinical health care, administrative 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, marketing, technology, 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 or dangerous 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 or risk trends are observed by Company.



## 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 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.....	\$
Fiscal Year 2028.....	\$

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**  
**SPHERION PROFESSIONALS FRANCHISE AGREEMENT**

**SPHERION® STAFFING, LLC**

**PROFESSIONALS FRANCHISE AGREEMENT**

## **SPHERION PROFESSIONALS FRANCHISE AGREEMENT**

### **TABLE OF CONTENTS**

1.	Definitions .....	1
2.	Nature of Agreement .....	4
3.	Ownership and Protection of the Marks and Copyrights.....	7
4.	Area, Scope and Authorized Services.....	9
5.	Covenants.....	11
6.	Duties and Obligations of Company.....	15
7.	Duties and Obligations of Franchisee.....	16
8.	Payroll/Billing and Management Information Services and Fees .....	25
9.	Required Hardware and Software.....	25
10.	Marketing Fund and Fee .....	26
11.	Initial Franchise Fee.....	27
12.	Franchisee Commission.....	27
13.	Term; Renewal.....	29
14.	Assignment .....	30
15.	Disposition of the Franchised Business .....	33
16.	[Reserved].....	33
17.	Termination by Parties .....	33
18.	Rights and Obligations Upon Termination .....	36
19.	Indemnification .....	38
20.	Liability of Owners.....	41
21.	Failure to Perform .....	41
22.	System Changes/Other Franchise Sales .....	42
23.	Compliance .....	42
24.	Company's Right to Cure Defaults.....	43
25.	Notice .....	43
26.	Disclosure .....	43
27.	Applicable Law; Mediation .....	43
28.	Effect; Interpretation of Agreement .....	45

## SPHERION PROFESSIONALS FRANCHISE AGREEMENT

This SPHERION PROFESSIONALS FRANCHISE AGREEMENT (the “**Agreement**”) is 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 specified staffing services (and only those specified staffing 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;

WHEREAS, Franchisee and Company wish to enter into this Agreement in order to reflect the understandings and agreements that they have reached with respect to the foregoing points and the other matters that are addressed herein.

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 associated solely with the profession described herein, which is attached as **Schedule 1**, and made a part of this Agreement.
- (d)     Reserved
- (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 Manual 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 Manual (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, for the purposes of this Professional Services Franchise Agreement, 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 Manual, 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) “**Manual**” 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 online accessible electronic files and internet postings and related communications, and which contain policies and procedures related to the operation of the SPHERION System as they apply to professional services franchisees (see Section 22 below), together with confidential memoranda, bulletins and emails and internet postings that update, supplement, modify and explain the Manual 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 professional staffing services applicable to the profession authorized by this Agreement are performed or to be performed by the Company, its licensees, franchisees or the affiliates of Company, 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 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 those specified staffing services (and only those specified staffing services) which are specifically described in **Schedule 2** to this Agreement. Franchisee agrees to operate the business and market and provide the services for the entire Term of the Agreement.

- (b) This Agreement is personal to Franchisee, and may not be assigned by Franchisee other than as permitted by this Agreement. If the Franchisee under this Agreement includes

more than one individual, then Franchisee shall designate and retain an individual to serve as the **“Managing Owner”** of Franchisee. The Managing Owner (i) must have at least a 51% share of unencumbered equity ownership in Franchisee, (ii) must be authorized by Franchisee to bind Franchisee in any dealings with Company, its affiliates, and authorized distributors, suppliers and contractors of Franchisees, (iii) must be authorized by Franchisee to direct any actions necessary to ensure compliance with this Agreement and (iv) must devote full time and best efforts toward the satisfaction of Franchisee’s obligations under this Agreement. Managing Owner’s interest in Franchisee shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right, or options. Franchisee agrees that it has not and will not hereafter take, whether directly or indirectly, any action to avoid the authority requirements of the Managing Owner through the entry of limiting board resolutions, management agreements, amendment of governing documents, or any other similar device or arrangement. Franchisee agrees to furnish Company with such evidence as Company may request from time to time for the purpose of assuring Company that the Managing Owner’s authority remains as represented herein. If the Franchisee under this Agreement is a single individual then such individual will be the Managing Owner.

- (c) Franchisee shall be permitted to assign this Agreement to a corporation or limited liability company (the “**Entity**”) in which the Managing Owner 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 the Managing Owner 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 the individual Franchisee(s) who executed this Agreement 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 subsection 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 Entity, a list of all shareholders or members (the “**Owners**”), the amount of shares owned by each and a certified copy of a resolution of the Entity accepting the assignment. In the event that Company provides written consent to ownership in the Entity by a person or entity who has not executed this Agreement, each such proposed 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.

- (d) If the Managing Owner does not intend to devote his/her full time and best efforts toward the satisfaction of Franchisee's obligations under this Agreement (as referenced in Subsection (c) above), then Franchisee must also designate an individual "**Operating Partner**" who must be approved by Company, and the Operating Partner (i) must be authorized by Franchisee to bind Franchisee in any dealings with Company, its affiliates and authorized distributors, suppliers and contractors of Franchisee, (ii) must be authorized by Franchisee to direct any actions necessary to ensure compliance with this Agreement, and (iii) must devote his/her full time and best efforts towards the satisfaction of Franchisee's obligations under this Agreement with no operation or management commitments to businesses other than the Franchised Business established and opened under this Agreement.
  - (e) Franchisee shall not change the Managing Owner and/or Operating Partner without the prior written consent of Company. Any sale, transfer or assignment of the Managing Owner's interest in Franchisee, or any portion thereof, or Operating Partner's interest in Franchisee (if any), without Company's prior written consent shall be deemed a material event of default under this Agreement. In the event that there is a proper change in the Managing Owner or Operating Partner (including Company's prior written consent), the new Managing Owner or Operating Partner shall be required to attend and complete such training program as may be required by Company within 30 days of the change, and such person shall also be required to become bound by this Agreement and by each Franchise Agreement created under this Agreement.
  - (f) 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.
  - (g) 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 an affiliate or subsidiary of Company, full-time placement applicants shall be the applicants of either Company or an affiliate or subsidiary of Company, and the Customers to whom services are provided pursuant to this Agreement shall be Customers of either Company or an affiliate or 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 an affiliate or 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 Franchised Business, 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, only those services which are specified in **Schedule 2** hereto (Schedule 2's specified services are referred to as the "**Authorized Services**"), solely 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 (or any other products or services) other than those specifically set forth in Schedule 2 to this Agreement; or
  - (3) in connection with any business or enterprise whatsoever other than the Franchised Business.

Franchisee is permitted to advertise for and recruit Temporary Employees and full-time placement applicants outside of the Area, subject to Company's protocols and procedures (as set forth in the Manual) for such recruiting activities (which may include revenue sharing with another franchisee) and subject to Company's right to restrict such out-of-Area recruiting activities where, in the sole discretionary opinion of Company, such activities create unnecessary or undesirable confusion with respect to the advertising and recruiting efforts of others who are utilizing the Spherion System. Any such permitted advertising and recruiting shall be conducted only with respect to Approved Services. Franchisee shall not assign Temporary Employees to perform any Restricted Jobs which may be listed in Schedule 2 to this Agreement, and Company reserves the right from time to time to amend, add to or delete any and all Restricted Jobs, with written notice to Franchisee. Franchisee shall not assign Temporary Employees to a Customer business location in another franchisee's granted territory, even if the Customer is located in Franchisee's Area. Company may charge a special fee, which will be specified in the Manual, as liquidated damages. Franchisee acknowledges that actual damages likely to result from a breach of this provision are difficult to estimate as of the date of this Agreement and would be difficult to ascertain.

- (b) The Area shall only be expanded if Company, in its sole discretion, and Franchisee mutually agree to do so by written amendment to this Agreement. In such event, Franchisee will be required to pay Company such amount as shall be mutually agreed upon for such expansion of the Area.
- (c) Franchisee acknowledges and agrees that, in regard to services other than the Approved Services, Company shall have the sole and exclusive right to market and provide any and all staffing and other services (both professional and otherwise), to authorize others to market and provide any and all such staffing and other services, and to authorize others

to operate an office or offices within the Area for the purpose of marketing and providing such staffing and other services, using the Marks and the SPHERION System, or otherwise.

- (d) Company agrees that, as long as Franchisee shall not be in default hereunder, during the Term of this Agreement 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 Authorized Services, except as set forth in Subsection (f) below.
  - (e) Company retains all other rights, and therefore Company shall have the right (among others) on any terms and conditions Company deems advisable, and without granting Franchisee any rights therein, to:
    - a)
      - (1) establish, and license others to establish, offices (including Spherion branded offices), utilizing the System or other systems, relating to any and all staffing services and any and all professions, as well as to operate any type of business including those which are the same or similar to the operations of Franchisee's Spherion Franchised Business under any marks or the Marks, or any variation of the Marks or the System, on any terms and conditions that Company deems appropriate, and without granting Franchisee any rights therein, at any location outside the Area, regardless of such offices' proximity to the Area or their actual or threatened impact on sales at Franchisee's Spherion Franchised Business;
      - (2) establish, and license others to establish, as well as operate, any type of business, utilizing the System or other systems, under any marks or the Spherion Marks, or any variation of the Spherion Marks or the System on any terms and conditions that Company deems appropriate at any location within the Area, except for Spherion branded offices providing any or all of the Authorized Services;
      - (3) in the event Company or its affiliates acquire another chain or system, regardless of the number of units, or Company or its affiliates are acquired by another chain or system that operates and/or franchises business units or stores that are the same or similar to Spherion Franchised Business in that they have a substantially similar assortment of staffing services or similar theme or concept, Company or its affiliates may, in addition to any other rights in this Agreement, establish, acquire or operate, or license others to establish and operate, business units or stores under other systems or other marks, which business units or stores may offer or sell staffing services that are the same as, or similar to, the Authorized Services offered from the Franchisee's Spherion Franchised Business unit, and which business units or stores may be located within or outside the Area, regardless of these business units' or stores' proximity to the Area or to the Franchisee's Spherion Franchised Business unit opened or operated pursuant to this Agreement, or their actual or threatened impact on sales at such Spherion Franchised Business;

- (4) engage in any other activity, action or undertaking that Company is not expressly prohibited from taking under this Agreement.
- (f) Company shall have the right, but not the obligation, on behalf of itself and/or its other licensees and franchisees, to negotiate and enter into contracts with National Account Customers or entities providing services to such 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 and whether such include the Approved Services. Following the Company's execution of a contract with or the acceptance of a contract or bid by a National Account Customer, or an entity providing services to the National Account Customer, which contemplates the provision of the Approved 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 the Approved 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 or the entity providing services to the National Account Customer and in conformity with the contract, Company shall have the right, exercisable in its sole discretion to:
  - (1) provide the Approved Services to the National Account Customer at location(s) within the Area on the terms and conditions contained in the contract between Company (or an entity providing services to the National Account Customer) and the National Account Customer utilizing the Marks and the SPHERION System; and/or
  - (2) contract with another party to provide the Approved Services to the National Account Customer within the Area on the terms and conditions contained in the contract between Company (or an entity providing services to the National Account Customer) 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 (f) and in (f)(1) above, nor Company's contracting with another party to provide such services as authorized in (f) and (f)(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. Covenants.**

- (a) Franchisee covenants that during the Term of this Agreement, except as otherwise approved in writing by Company, Franchisee and, in the case of an entity, Franchisee's

Managing Owner or Operating Partner, shall devote full time, energy, and best efforts to the management and operation of the business contemplated hereunder.

- (b) 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 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.
  - (c) 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 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.
  - (d) 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 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.
  - (e) In addition to and not in limitation of any other restrictions on Franchisee contained in this Agreement, Franchisee and Franchisee's spouse, Managing Owner, Operating Partner and, if Franchisee is not an individual, its parents, subsidiaries, shareholders, members, partners, managers and, to the extent that any owner of Franchisee is an entity, each person who has an ownership interest in any and all such entity or entities, as applicable, and each of the above-listed persons' spouses (each, a "**Bound Party**"), shall not, during the term of this Agreement, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity:

- (1) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, within the United States;

(2) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, within the United States; or

(3) divert or attempt to divert to any Competitive Business (whether by direct or indirect inducement) either (i) any customer of any Spherion Franchised Business or Spherion office using the System or (ii) any employee who has been placed with a customer by a Spherion Franchised Business or Spherion office. (For convenience, this Section 5(e) may be referred to as the "**In-Term** Covenant).

(f) In addition to and not in limitation of any other restrictions on Franchisee contained in this Agreement, Franchisee and each of the Bound Parties shall not, for a continuous and uninterrupted period of two (2) years following the later of the following to occur: (i) the effective date of termination or expiration of this Agreement for any reason; (ii) the effective date of a transfer permitted under this Agreement by Franchisee or a Bound Party, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity; (iii) or a final order of a court of competent jurisdiction (after all appeals have been taken), with respect to any of the foregoing or with respect to the enforcement of this Section 5:

(1) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business which, in either case, is located or operating (i) at the location of the Franchised Business which was opened and operated under this Agreement; or (ii) within a **forty (40) mile radius** of the Franchised Business which was opened and operated under this Agreement; or (iii) within the Area; or (iv) **within a forty (40) mile radius** of any Spherion Franchised business or Spherion office operating under the Marks and the System in operation and existence as of the latest applicable date described in Subsection (f)(i) through (iii) above, irrespective of whether the Spherion Franchised Business or Spherion office provides the Authorized Services, it being the intention of the parties that this provision shall be broadly applicable with respect to any and all Spherion franchised businesses and Spherion offices in operation and existence as of the termination date; or

(2) divert or attempt to divert to a Competitive Business (whether by direct or indirect inducement) either (i) any Customer which was served from the Franchisee's Franchised Business during the one-year period prior to the date which is most applicable under the Subsections (f)(i) and (ii) above; or (ii) any employee who was placed with a customer by the Franchisee's Franchised Business at any time during the one-year period prior to the date which is most applicable under Subsections (f)(i) and (ii) above.

With respect to Subsection (f)(1)(iv) above, during the two-year period following the effective date of termination or expiration of this Agreement, a complete listing of all such Spherion business units operating under the Marks and the System will at all times be made available to Franchisee by Company within thirty (30) days after Franchisee's written request to Company. With respect to Subsection (f)(2) above, during the two-year period following the effective date of termination or expiration of this Agreement the terminating party shall, if in doubt, submit in writing the name of a customer or employee which/who may be covered by the requirements of Subsection (f)(ii) above and the Company or the remaining Franchisee, as applicable, shall, within five (5) days after receipt of this written notice, respond in writing stating whether or not the customer or employee currently falls within the requirements of Subsection (f)(ii) above.

The two-year period of this Section 5(f) Covenant shall apply to Franchisee and each Bound Party individually according to his, her or its situation, transfer, ownership, expiration or termination, and not with respect to any time period applicable to any other Bound Party. In addition, the two-year period of this Post-Term Covenant shall be extended for any Bound Party engaged in violating this covenant until two (2) years after the violation has ceased. (For convenience, this Section 5(f) may be referred to as the "**Post-Term**" Covenant).

- (g) For purposes of this Agreement, the term "**Competitive Business**" means any business that operates, or grants franchises or licenses others to operate, businesses that provide (i) full-time placement services or (ii) temporary individual and group services of personnel in *office, clerical, non-clinical scientific, non-clinical health care, administrative or light industrial occupations, or legal, paralegal, finance and accounting, engineering, technical, marketing, technology and management occupations*. Neither Franchisee nor the other Bound Parties will be prohibited from owning securities in a Competitive Business if said Competitive Business's securities are listed on a recognized stock exchange or traded on the over-the-counter market and represent five percent (5%) or less of the number of shares of that class of securities which are issued and outstanding. The parties acknowledge that the covenants contained in Section 5 are based on the reason and understanding that Franchisee and the Bound Parties will possess knowledge of Company's business and operating methods and confidential information, the disclosure and use of which would prejudice the interest of Company, the System and the Spherion franchisees. Franchisee further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants. If any part of this restriction is found to be unreasonable in time or distance, such time or distance may be reduced by appropriate order of the court or arbitrator to that deemed reasonable. It is the expectation and intent of Franchisee and Company that the restrictive covenants set forth in Section 5 shall be enforceable to the fullest extent permitted by law, specifically including, but not limited to, O.C.G.A. §§ 13-8-50 through 59, to protect the legitimate business interests of Company and that, in any action concerning the enforcement of any such covenant, if a court or arbitrator shall determine that any such covenant is not in compliance with the provisions of O.C.G.A. §§ 13-8-50 through 59, or any other aspect of the law, then it is the expectation and intent of Franchisee and Company that such court shall modify such covenant, as provided in O.C.G.A § 13-8-53(d) and O.C.G.A. § 13-8-54(b), to make such covenant enforceable to the maximum extent permitted by

law and shall grant such relief as is reasonably necessary to protect such legitimate business interests and to achieve the original intent of Franchisee and Company in entering into this Agreement. Company shall, as a matter of course, be entitled to apply for and shall receive interim, interlocutory or permanent injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity. Company shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived. Franchisee acknowledges that the restrictions imposed in this paragraph are reasonable and their enforcement will not cause an undue burden upon Franchisee's ability to earn a livelihood.

- (h) At Company's request, Franchisee shall require and obtain execution of covenants similar to those set forth in this Section 5 (as modified to apply to an individual) from any or all of the following persons: Franchisee's Principals and designated management employees. Failure by Franchisee to obtain execution of a covenant required by this Section 5(h) shall constitute a default under this Agreement.
- (i) Franchisee understands and acknowledges that Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.
- (j) Franchisee expressly agrees that the existence of any claims it may have against Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Company of the covenants in this Section 5. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Company in connection with the enforcement of this Section 5.

## **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. In most cases these materials will be accessible to Franchisee as online resources.

- (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. In most cases these materials will be accessible to Franchisee as online resources.
- (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. Company, in its discretion may, either from time to time or as a matter of established and required policy, direct that Franchisee work exclusively through Company's accounts receivable personnel with respect to collections from some or all Customers. In such event, Franchisee shall follow the directions of such accounts receivable personnel in all matters relating to collections from such Customers. Any requirement that Franchisee work exclusively through Company's accounts receivable personnel with respect to collections from a Customer shall not apply to such amounts as remain uncollected from that Customer for one hundred and twenty (120) days from the date of billing and, in such event, Franchisee shall thereafter be free to undertake such collection efforts with respect to the overdue amount as it may deem appropriate. Company shall not have any liability to Franchisee with respect to the efforts or failures of Company's accounts receivable personnel with respect to collection from such accounts. Nothing contained herein shall require Company to maintain accounts receivable personnel or to initiate or continue any of the collection efforts described herein. Nothing contained in this Section 6(f) shall be deemed to amend or modify the provisions of Sections 12(e)(1), (2), (3) or (4).
- (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 relating to Spherion professional services franchisees 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 Manual published and updated (whether the update is by physical documents for filing in a Manual or in the form of online 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 Manual and Company's confidential bulletins, memoranda and emails and internet postings which update, modify or explain the Manual 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 Manual, confidential bulletins, memoranda, emails, internet postings and similar materials which set forth or update, modify or explain the Manual 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) The Managing Owner (or Operating Partner, if applicable) shall personally attend and successfully complete such initial and ongoing training as Company shall deem necessary. The Managing Owner (or Operating Partner, if applicable) shall thereafter devote full time and best efforts on a day-to-day basis 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 the Managing Owner (or Operating Partner, if applicable) be permitted by Company to devote less than full time and effort to the single Franchised Business that is authorized under this Agreement (whether due to the operation of multiple Franchised Businesses or due to other considerations pursuant to which the Company has granted such permission), the Managing Owner must still remain actively involved in the operations and management of the business and Franchisee shall be required to hire (i) a full-time employee to act as the day-to-day 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 manager and the client service representative need not have an ownership interest in Franchisee but they cannot have an interest in, or business relationship with, any Competitive Business, and each must devote all of his/her productive time and effort to the management and operation of the franchise. 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. Franchisee shall require that the managers and client service representatives hired pursuant to this subsection shall execute the Company's standard form confidentiality and noncompetition agreement and executed copies of such confidentiality and noncompetition agreements shall be forwarded to Company within ten (10) days following each such employee's first date of employment.

- (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. Franchisee understands and agrees that the office shall be staffed with personnel on the premises at all times during the established business hours and Franchisee further understands and agrees that the staff must be and remain available to respond to telephone calls and emails during all business hours. The office must be located in a place suitable for interviewing associates and candidates and for meeting with the general public and customers. 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. Each office shall be appropriately furnished and equipped, and kept open and operating in accordance with Company's standard procedures. At the request of Company, from time to time, Franchisee shall refurbish the office at its expense, to conform to the trade dress, color schemes and presentation of the Marks as used in the Franchisee's office(s) to a manner which is consistent with the then-current image for new Spherion franchised businesses as directed by Company in its discretion (the "**Current Image**"). Required changes may include structural changes, installation of new equipment and signs, remodeling, redecoration and modifications to existing improvements. In modifying the office to comply with the then-Current Image, Franchisee agrees to use vendors and suppliers approved by Company. Franchisee shall maintain the office in a clean, attractive condition, and in good repair. 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. 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 at all times such trained and competent sales and office personnel as necessary for the proper and successful operation of the Franchised Business and as required by Company in compliance with Company's minimum staff requirements as set forth in the Manual. 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 the Customer or by law for the Temporary Employees.
- (i) Furnish the Approved 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 Restricted Job List set forth 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, online 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. Franchisee shall maintain during the entire Term of this Agreement, and, for not less than five (5) years following the termination or expiration of this Agreement, full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Company from time to time. In addition, Company reserves the right to require that Franchisee comply with and satisfy any or all of the following:
    - (1) Franchisee shall, at its expense, timely provide to Company, in a format specified by Company, a complete annual financial statement (prepared according to generally accepted accounting principles that includes a fiscal year-end balance sheet, an income statement for such fiscal year reflecting all year-end adjustments, and a statement of changes in cash flow of Franchisee). Upon request by Company, Franchisee shall have these reports prepared by an independent certified public accountant satisfactory to Company.
    - (2) No later than the fifteenth (15<sup>th</sup>) day of each calendar year quarter during the term of this Agreement, Franchisee shall submit to Company, for the preceding

calendar year quarter, in a format acceptable to (or, at Company's election, specified by) Company as amended from time to time: (i) a fiscal period and fiscal year-to-date profit and loss statement and a quarterly balance sheet (which may be unaudited); (ii) reports of those income and expense items which Company specifies from time to time for use in any revenue, earnings and/or cost summary it chooses to furnish to prospective franchisees and/or Franchisee; and (iii) copies of all state sales tax returns for Franchisee. If required by Company, Franchisee shall use online or other electronic accounting and reporting systems as Company may specify periodically.

- (3) If any of the reports or other information required to be given to Company or its affiliates in accordance with this Section 7(m) or any other agreement between Franchisee and Company or its affiliates are not received by Company or its affiliates by the required deadline, Company may charge Franchisee a late submission fee equal to \$250.00 per late submission. The remedies contained in this Section 7(m) shall be in addition to any other remedies Company or its affiliates may have at law or in equity.
  - (n) Supply such information as Company deems necessary to enable Company to prepare and maintain accurate mailing lists and contact information 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 Company. 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 Manual, 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; at all times preserve in confidence any and all materials and information furnished or disclosed to Franchisee by Company, and shall disclose such information or

materials only to such of Franchisee's employees or agents who must have access to it in connection with their employment. Franchisee shall not at any time, without Company's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. Without limiting the foregoing, Franchisee agrees not to divulge any of the trade secrets or confidential information of Company or any of its affiliates to any person other than Franchisee's employees and then only to the extent necessary for the operation of the business contemplated by this Agreement. Nothing in this Agreement is intended to interfere with or discourage a good faith disclosure to any governmental entity related to a suspected violation of the law.

- (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 Company and 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 for all drivers;

- A waiver of subrogation endorsement must be attached in favor of Company and 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. Franchisee agrees that Company or its representatives, at Company's expense, shall, at all reasonable times, have the right to examine or audit the books, records, tax returns or accounts of Franchisee and any and all of its affiliates which operate Spherion franchises. In those instances in which it appears that Franchisee has failed to comply with the requirements of this Agreement, Company shall similarly have the right to examine or audit the books, records, tax returns or accounts of any and all persons or entities who are guarantors, who have personal liability, or who have joint and severable liability under this Agreement.
- (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 (including the payment to company of any and all fees or penalties established by Company in connection with any failure by franchisees to undertake efforts required by Company in order to minimize claims associated with 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 Manual 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, 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 1.75% of the total gross payroll for Temporary Employees plus 1.75% 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 \$300 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 online chat, email or telephone through a Support

Center as determined by Company, and improvements, enhancements, modifications and updates to the software which are routinely deployed as part of 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 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 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. Marketing Fund and Fee.**

From time to time, Company, in its sole discretion, may engage in marketing, 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 **no less than 0.25% of Sales and no more than 0.75% of Sales**, such amount to be set by

Company on a year-to-year basis, as Franchisee's contribution to a national marketing and advertising fund maintained by Company (the “**Marketing Fund**”). Company shall match the contributions by Franchisee to the Marketing Fund, by spending for marketing and advertising costs an amount equal to that contributed by Franchisee. Any amounts allocated or spent for marketing or advertising 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 with the Other Spherion Franchised Concepts referenced in Section 22 of this Agreement, 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 marketing, advertising and promotional activities as may be determined by Company in its discretion, provided, however, that Company will not use the Marketing Fund 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, marketing and advertising campaigns and other efforts and in the expenditure of all Marketing Fund monies, including those contributed by Franchisee. Company may, in its sole discretion upon written notice to Franchisee, discontinue its Marketing Fund program and the Marketing Fund 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 seventy percent (70%) of Temporary Gross Profits and Company shall retain twenty percent (20%) of Temporary Gross Profits.
- (b) **Full-Time Placement.** Franchisee shall receive and retain, as its commission from Full-Time Placement services, depending on the Authorized Services Franchisee has been granted under this Agreement, either eighty-five percent (85%) of Full-Time Placement Sales in each Fiscal Year, and Company shall receive and retain as its compensation from Full-Time Placement services fifteen percent (15%) of Full-Time Placement Sales in each Fiscal Year; or eighty percent (80%) of Full-Time Placement Sales in each Fiscal Year, and Company shall receive and retain as its compensation from Full-Time Placement services twenty percent (20%) of Full-Time Placement Sales in each Fiscal Year, such percentage split to be determined based on the Authorized Services that have been granted to Franchisee under this Agreement, as set forth in Schedule 2 to this Agreement.
- (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 Marketing Fund 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, and provided further that Franchisee has substantially complied with the terms and conditions of the Agreement during the then current Term of the Agreement, Company shall renew Franchisee's right to operate the Franchised Business for an additional renewal term of five (5) years. Notwithstanding the foregoing, Franchisee must undertake and complete prior to the expiration of the Term any and all structural changes, installation of new equipment and signs, remodeling, redecoration, and modifications to existing improvements as are necessary to fully comply with the Company's requirements regarding Current Image.
  - (c) Subject to the conditional renewal right set forth in Subsection (b) above, 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 (including, in Company's discretion, revisions to the Area), 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, 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 the transfer fee (the "**Transfer Fee**"), which shall be Seven Thousand Five Hundred Dollars (\$7,500) if the proposed purchaser is an existing franchisee of Company, or if the proposed purchaser is not an existing franchisee of Company, ten percent (10%) of the total sales price received but in no event less than Ten Thousand Dollars (\$10,000) nor more than thirty-five percent (35%) of the then current Initial Franchise Fee. 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 Transfer Fee 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 Transfer Fee 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 (including, in Company's discretion, revisions to the Area), 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) If requested by Company, 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; and
- (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 proposed 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 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
- (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 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.

#### **16. Reserved.**

#### **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;
  - (ii) if Franchisee, any individual who executed this Agreement or any amendment thereto as "Franchisee," any Managing Owner 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; or
  - (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; without limiting the foregoing in any way, it is expressly agreed that the failure to have the office staffed with personnel on the premises at all times during the established business hours and/or the failure to have staff available to respond to telephone calls and emails during all business hours constitutes a breach of this Agreement as to which Franchisee shall not be deemed to have cured the default hereunder if it reoccurs within a ninety (90) day period after the initial breach.

(5) upon the uncured circumstances relating to the death or disability of the Managing Owner, all as follows in this Subsection. Incapacity on the part of the Managing Owner shall be established upon the certification of a physician approved by Company that the Managing Owner, would be unable to participate actively in the operation of the business for a period of ninety (90) days or more. Franchisee agrees to notify Company should the Managing Owner 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. Within ninety (90) days after the death or disability of the Managing Owner, Franchisee must nominate a successor Managing Owner. Company will thereafter consent to the transfer of the Managing Owner's interest to his/her heirs, surviving spouse, other Franchisees or other Owners (herein the "Heir"), provided that the Heir must complete and be approved through Company's standard franchisee selection process, including satisfactorily demonstrating that the Heir meets Company's financial, character and management criteria, and the Heir must successfully complete the training and must satisfy and observe the other requirements set forth for the Managing Owner in Section 2(b). If Franchisee cannot or elects not to nominate a successor Managing Owner, then Franchisee will be required (within ninety (90) days after the death or disability of the Managing Owner) to employ manager(s) and client service representative(s) pursuant to and consistent with the provisions of Section 2(b) until such time as Franchisee has either (i) sold the franchise or (ii) otherwise complied with the requirements relating to having a Managing Owner and, in the event that either of these two conditions has not been met by the date which is one (1) year from the date of the death or disability of the Managing Owner then this Agreement shall automatically terminate with any requirement of further notice or action by the Company.

(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 this Section 17, 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. Immediately upon termination or expiration, Franchisee shall make such modifications or alterations to the office(s) formerly utilized in the Franchised Business as may be necessary to distinguish the appearance of such location(s) from that of other Spherion Franchised Businesses under the System and shall make such specific additional changes thereto as Company may reasonably request for that purpose, and shall cease using, and shall remove, any

Marks, patented products, patented equipment, patented fixtures, or any other intellectual property of Company or its affiliates. If Franchisee fails to modify the exterior and interior décor of the office(s) as Company requires to eliminate its identification as a Spherion Franchised Business (including the removal of all signs bearing the Marks and all intellectual property elements), Company may take such action to modify the exterior and interior décor of the office(s) and charge Franchisee for cost of such action. Franchisee shall immediately pay Company for the cost of any action taken by Company to modify the exterior and interior décor of the office(s). Without limiting the foregoing, upon the expiration or termination of this Agreement, Company and its agents and representatives have the right, without incurring any liability to Franchisee, to enter each and every one of the offices to enforce the provisions of this Section without obtaining any legal process or any consent from Franchisee.

- (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) and email addresses 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) and email addresses to Company or its designee for permanent future use, or cancel and withdraw from the use of such telephone number(s) and email addresses. 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/Other Franchise Sales.**

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. 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.

Franchisee understands that Company has previously engaged and will continue to engage in the sale of franchises and the operation and oversight of other franchised businesses ("Other Franchises") which authorize the franchisee to offer a scope of available services under the Spherion System that may or may not include not only some or all of the services which are authorized to franchisee under this Agreement but also additional services that are not authorized to Franchisee under this Agreement and, further, these Other Franchises may relate to commercial settings and professions other than the profession for which specified services are authorized to Franchisee under this Agreement. Franchisee understands that there are and will be some policies that are applicable to the Other Franchises that are either never applicable to Spherion professional services franchisees or not applicable to the Authorized Services under this Agreement. Thus, for example, franchisees operating Other Franchises may, under certain circumstances, be authorized to utilize temporary employees in the operation of forklifts, and Company may, from time to time, issue policies and procedures setting forth the requirements for the temporary employment of forklift operators. Spherion professional services franchisees are not authorized to engage temporary employees for industrial work, including forklift operation, and the existence or issuance of any and all such policies would not in any manner imply or create a right in a Spherion professional services franchisee to engage in such activity. Further, there has existed in certain Other Franchises a policy commonly known as the "no-fly policy" regarding relations with Spherion's parent company. Franchisee understands and agrees that this "no-fly policy" does not apply and will never apply to Spherion professional services franchisees.

## **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 **[TO BE INSERTED BASED ON SUBSET OF STAFFING SERVICES OFFERED TO FRANCHISEE]** 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, scientific and industrial occupations. The right to provide personnel services in all such excluded occupations is specifically reserved to Company.

**Commissions for Full-Time Placement Sales:**

If the Authorized Services include finance and accounting occupations, Franchisee's commission shall be eighty percent (80%) of Full-Time Placement Sales in each Fiscal Year, and Company shall receive and retain as its compensation from Full-Time Placement services twenty percent (20%) of Full-Time Placement Sales in each Fiscal Year. Otherwise, Franchisee's commission shall be eighty-five percent (85%) of Full-Time Placement Sales in each Fiscal Year, and Company shall receive and retain as its compensation from Full-Time Placement services fifteen percent (15%) of Full-Time Placement Sales in each Fiscal Year.

**RESTRICTED JOB LIST**  
**SEPTEMBER 2018**

RESTRICTED JOB LIST –

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 or risk trends are observed by Company.



## Restricted Job List

There are certain positions in which Spherion Professional Services should not place employees on a temporary basis. It is your responsibility to become familiar with this list and accept only appropriate job orders. This list is not all inclusive. 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.

### **Animal handling**

- Veterinary offices, Kennels, Zoos
- Research facilities, Farms, etc.

### **Anhydrous ammonia and/or chlorine refrigeration units**

### **Any job outside the continental US, including US possessions**

### **Bloodborne Pathogens:**

- Any position with exposure to Blood or Bodily Fluids

### **Aviation Flight Operations**

### **Boats, Ships, Navigable Waterways or Offshore Platforms**

### **Construction: If required to work hands on in a construction zone**

### **Confined Spaces**

### **Chemical Manufacturing**

### **Docks, Wharves or Piers**

### **Door-to-door sales/Collectors/Meter Readers**

### **Emergency Personnel, including police, fire, 911 dispatchers**

### **Exposure to hazardous or toxic substances, including all industrial chemicals, along with silica, asbestos, and lead**

### **Fireworks/Explosives, Ammunition Manufacturing/Firearms**

### **First Aid, Emergency Response Teams, First Responders, including at client facilities.**

### **Grain Mills, Silos, Storage Bins, etc.**

### **Human Billboards/Walking Billboards**

### **Janitorial, Custodial, Industrial Cleaners**

### **Landfills, Transfer Stations/Hazardous Waste Disposal/Wastewater Treatment**

### **Lifting in excess of 25 pounds per person**

### **Lockout/Tagout (LOTO)**

### **Medical Care: Healthcare may support**

- RN or LPN Positions, Hospital Orderlies
- Dentists, Physicians, Chiropractors, Therapists
- Any position with patient care or with Bio-Hazard exposure

### **Merchandiser**

### **Mining, all types**

### **Non-Commercial Workplace:**

- Entering private residences, dorms/hotel rooms, etc.
- In-home deliveries and installations (all products) as well as any other work that may require entry into an occupied residence

### **Nuclear Regulatory Commission Projects or Operations conducted under license from the nuclear regulatory commission**

### **Office & Administrative or any other professional services positions to be performed in an industrial setting**

### **Oil Rigs, Refining Operations, Drilling rigs, Gas Pipelines, Derrick Work**

### **Personal Errands, including cashing personal checks**

### **Railroad Operations, Railcar Loading/Unloading**

### **Security Guards**

### **Teachers**

### **Utility plant personnel including meter readers**

### **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.**

### **Working with Children/Minors - Also includes placing of employees under 18 on assignment**



**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 uploaded to client file prior to placement
- Advanced Background is required, even if client does not require one

**Drivers or any position with driving responsibilities:**

- Class C license only (no commercial driver's license required)
  - No transportation of passengers
  - No transportation of hazardous material
  - Job duty is not a restricted task
- Client must agree to:
- Sign Indemnification and Hold Harmless agreement
  - Client must name Spherion as additional insured on its Commercial Auto Policy with limits of \$1,000,000 if driving client vehicle
- Office must ensure:
- Proof of insurance from the Employee if using personal vehicle (with minimum limits of \$100,000/\$300,000/\$100,000 per person/ per accident coverage/property damage) or purchase of full rental car liability insurance
  - Advanced Background Check
  - Drug Screen (Not required for Professionals)
  - Motor Vehicle Check (Zero Points/No violations)
    - ✓ Reviewed every six months to ensure no violations or DUI's occur after placement

**Driver's Helpers**

- Scope of work not a restricted task (i.e. delivery to residences, transportation of hazardous materials, lifting over 50lbs., etc.)
- Must include a written detailed job description
- Written confirmation from client that employee will never be allowed to operate the vehicle
- Client must show evidence of a driver qualification screening program and a safe-driving program

**Any non-teaching job at any school ONLY with:**

- Advanced Background & Sex Offender Search is required, even if client does not require one

**Employee Travel:**

- Travel request must be submitted to Risk prior to travel+
- Management/Supervisors:**
- High level company management with final sign-off authority
  - Industrial environment management/supervisors
  - High level company management (i.e. CFO, CEO, VP)

**Work from Home with:**

- Client hold harmless uploaded to client file
- Use of work from home job code
- Employee work from home agreement uploaded to employee file
- Employee home inspection checklist uploaded to employee file

**Social Event/Client Activity**, either during or after work-hours

**Use of Client Fitness/Exercise equipment**, including basketball

## **SCHEDULE 3**

### **GROSS PROFIT QUOTAS**

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.....	\$
Fiscal Year 2028.....	\$

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 C**  
**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 level 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, marketing, technology 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.

- a. 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
  - b. 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.
  - c. 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.
  - d. 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.
  - e. 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, marketing, technology 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.

[SIGNATURES ON THE FOLLOWING PAGE]

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, non-clinical scientific, non-clinical health care, administrative and light industrial occupations, and legal, paralegal, accounting, engineering, technical, technology, marketing 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 or dangerous 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 or risk trends are observed by Company.



## 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 D**  
**TERRITORY DEVELOPMENT AGREEMENT**

**SPHERION® STAFFING, LLC**

**PROFESSIONAL SERVICES**

**TERRITORY DEVELOPMENT AGREEMENT**

**PROFESSIONAL SERVICES TERRITORY DEVELOPMENT AGREEMENT****TABLE OF CONTENTS**

1. Definitions .....	1
2. Nature of Agreement .....	2
3. Development Fee .....	5
4. Development Obligations.....	6
5. Term .....	7
6. Developer's Obligations .....	7
7. Ownership and Protection of the Marks and Copyrights.....	9
8. Covenants.....	10
9. Assignment.....	12
10. Default.....	14
11. Indemnification .....	17
12. Liability of Owners.....	19
13. System Changes.....	19
14. Compliance .....	20
15. Company's Right to Cure Defaults.....	20
16. Notice .....	20
17. Disclosure .....	20
18. Applicable Law; Mediation .....	21
19. Effect; Interpretation of Agreement .....	23

## PROFESSIONAL SERVICES TERRITORY DEVELOPMENT AGREEMENT

This PROFESSIONAL SERVICES TERRITORY DEVELOPMENT AGREEMENT (the “**Agreement**”) is 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 “**Developer**”).

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, Spherion Staffing, LLC enters into agreements with developers by which the developer develops franchised business units under which Company licenses the developer to market and provide on behalf of Company specified staffing services in certain professions and to use the applicable plans, systems, procedures and methods constituting the SPHERION System as well as the Company’s trademarks, service marks and trade names in the establishment and operation of franchised Spherion® business units (“**Spherion Business Units**”) for certain specified professional services at mutually agreed upon locations within a specified area; and

WHEREAS, Developer desires to utilize the System to develop and operate multiple Spherion Business Units in the Development Territory (defined below) specified in **Schedule 1** to recruit and supply personnel to provide temporary help and full-time placement services to others for jobs relating only to the professional service(s) identified in **Schedule 2** and, in connection with the development of these Spherion Business Units Developer desires to enter into multiple franchise agreements (each constituting a separate Spherion Business Unit) with Company to market and provide on behalf of Company the services relating to the agreed upon professional service(s) identified in **Schedule 2**, 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; and

WHEREAS, Developer and Company wish to enter into this Agreement in order to reflect the understandings and agreements that they have reached with respect to the foregoing points and the other matters that are addressed herein.

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.**

- (a) 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 and the Intellectual Property;
  - (2) the Manual;
  - (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 Manual 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 Developer 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 Spherion Business Unit.
- (b) **“Developer”** 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 Developer pursuant to this Agreement, the term Developer shall be deemed to include each of the shareholders or members of such corporation or limited liability company, except as otherwise limited herein.
- (c) 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 B**) 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 Developer in writing to identify the services authorized by this Agreement.

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

- (a) **Grant and Acceptance.** This Agreement shall constitute the grant by Company, and the acceptance by Developer of the obligation, pursuant to the terms and conditions of this Agreement, to develop a specified number of Spherion Business Units in the Development Territory (defined below) as set forth in Paragraph 1 of **Schedule 1** attached hereto. In this respect, the parties further agree that:
  - (1) the Spherion Business Units shall be developed by Developer pursuant to the development schedule set forth in Paragraph 3 of **Schedule 1** attached hereto (**Schedule 1** is referred to herein as the “**Development Schedule**”). If, at any time during the term of this Agreement, Developer fails to satisfy the Development Schedule, and such failure remains uncured after the expiration of all applicable notice and cure periods, Company shall have the right, but not the obligation, to exercise Company's termination rights, and other rights, pursuant to Section 10 hereof; and
  - (2) each Spherion Business Unit developed under this Agreement shall be

established and operated pursuant to a separate Spherion Professionals Franchise Agreement (a “**Franchise Agreement**”) that shall be executed as provided in Section 4(a) below; and

- (3) each Spherion Business Unit developed under this Agreement shall be located within the Territory that is specified in Paragraph 2 of **Schedule 1**, attached hereto (collectively, the “**Development Territory**”); and
  - (4) each Spherion Business Unit developed under this Agreement shall be authorized to only provide the staffing services which are described in **Schedule 2** (the “**Authorized Services**”).
- (b) Restrictions on Development by Company. Except as otherwise provided under Section 2(c) below, if Developer and all affiliates of Developer are in compliance with their obligations under this Agreement and all of the Franchise Agreements between Developer (including any affiliate of Developer) and Company, then Company shall not establish, nor license anyone other than Developer to establish, a Spherion Business Unit within the Development Territory for the provision of any of the Authorized Services until the earlier of (a) the termination or expiration of this Agreement, (b) the opening of the last required Spherion Business Unit under the Development Schedule or (c) the last date specified in the Development Schedule. The term “in compliance” as used within this Section 2(b) shall be interpreted to mean that Developer (including any affiliate of Developer) is not then in default of its obligations under this Agreement or any Franchise Agreement, as applicable, beyond the expiration of all applicable notice and cure periods.
- (c) Reservation of Rights. Except as otherwise specifically provided under Section 2(b) above, and except as otherwise provided in the grant of the franchise for the “Area” as defined in the Franchise Agreement and the provisions regarding National Account Customers set forth in the Franchise Agreement, Company retains all other rights, and therefore Company shall have the right (among others) on any terms and conditions Company deems advisable, and without granting Developer any rights therein, to:
- (1) establish, and license others to establish, business units (including Spherion Business Units), utilizing the System or other systems, relating to any and all staffing services and any and all professions, as well as to operate any type of business including those which are the same or similar to the operations of Developer’s Spherion Business Unit(s) under any marks or the Marks, or any variation of the Marks or the System, on any terms and conditions that Company deems appropriate, and without granting Developer any rights therein, at any location outside the Development Territory, regardless of such business units’ proximity to the Development Territory, any Spherion Business Unit developed or operated pursuant to this Agreement, or their actual or threatened impact on sales at such Spherion Business Unit(s);
  - (2) establish, and license others to establish, as well as operate, any type of business, utilizing the System or other systems, under any marks or the Spherion Marks, or any variation of the Spherion Marks or the System on any terms and conditions that Company deems appropriate at any location within

the Development Territory, except for Spherion Business Units providing any or all of the Authorized Services;

- (3) in the event Company or its affiliates acquire another chain or system, regardless of the number of units, or Company or its affiliates are acquired by another chain or system that operates and/or franchises business units or stores that are the same or similar to Spherion Business Units in that they have a substantially similar assortment of staffing services or similar theme or concept, Company or its affiliates may, in addition to any other rights in this Agreement, establish, acquire or operate, or license others to establish and operate, business units or stores under other systems or other marks, which business units or stores may offer or sell staffing services that are the same as, or similar to, the Authorized Services offered from the Spherion Business Unit, and which business units or stores may be located within or outside the Development Territory, regardless of these business units' or stores' proximity to the Development Territory or to any Spherion Business Unit developed or operated pursuant to this Agreement, or their actual or threatened impact on sales at such Spherion Business Unit(s);
  - (4) engage in any other activity, action or undertaking that Company is not expressly prohibited from taking under this Agreement.
- (d) No Rights in Marks. This Agreement is not a franchise agreement and does not grant to Developer any right to use in any manner Company's Marks or System.
- (e) No Sublicensing. Developer shall have no right under this Agreement to license others to use in any manner the Marks or System.
- (f) Entity Involvement. This Agreement is personal to Developer and may not be assigned by Developer other than as permitted by this Agreement. Developer shall be permitted to assign this Agreement to a corporation or limited liability company (the "**Entity**") in which Developer 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 Developer 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 Developer 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 Territory Development Agreement form by each individual Developer, 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 Territory Development 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 9 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, Developer 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 8 hereof. Failure on the part of Developer 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.

- (g) **Independent Contractors.** It is agreed that the relationship of the parties hereto is that of developer and franchisor as independent contractors, and that in no event shall Company and Developer 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 Developer 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 developer and franchisor, and neither Company nor Developer shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized hereunder.

### **3. Nature of Agreement.**

- (a) **Development Fee.** Upon the execution of this Agreement, Developer shall pay to Company a development fee in the amount set forth on **Schedule 1 (“Development Fee”)**. Developer acknowledges and agrees that the Development Fee is paid as consideration for Company granting Developer the right to establish, open and operate the number of Spherion Business Units set forth on the Development Schedule, and that the Development Fee is fully earned by Company at the time this Agreement is executed and delivered to Company and shall not be refundable for any reason. The Development Fee shall equal *the initial franchise fee under the then-current form of professional services franchise agreement for the Authorized Services being offered generally by Company in the geographic area surrounding the Development Territory at the time this Agreement is executed multiplied by the cumulative number of Spherion Business Units to be developed hereunder*. Provided that a Spherion Business Unit is established in accordance with the Development Schedule, that portion of the Development Fee paid by Developer *applicable to the initial franchise fee due under the then-current professional services franchise agreement for such Spherion Business Unit for the Authorized Services shall be credited towards the payment of the initial franchise fee under the then-current professional services franchise agreement applicable to that Spherion Business Unit for the Authorized Services*. In the event a Spherion Business Unit is not established in accordance with the Development Schedule, that portion of the Development Fee that would have otherwise been credited towards the payment of the initial franchise fee for that Spherion Business Unit shall be forfeited and retained by Company.

- (b) **Non-Refundability.** The Development Fee shall be fully earned when received by Company and shall be non-refundable in consideration of administrative and other expenses incurred by Company and for the development opportunities lost or deferred as a result of the rights granted Developer herein. The Development Fee is consideration for this Agreement only and shall not be deemed or construed as consideration for any franchise agreement or any other agreement between Developer or any of its affiliates and Company or any of its affiliates.

#### **4. Development Obligations.**

- (a) **Exercise of Development Obligations; Franchise Agreements.** Developer shall execute a Professional Services Franchise Agreement for each Spherion Business Unit to be developed hereunder. Each Spherion Business Unit shall be located at a site approved by Company, within the Development Territory, as provided in the Franchise Agreement (“**Approved Location**”). The Franchise Agreement for the first Spherion Business Unit developed hereunder shall be in the form of the Franchise Agreement, along with any ancillary agreements, attached hereto as **Exhibit A**, which must be executed at the time Developer executes this Agreement. The Franchise Agreement for each additional Spherion Business Unit developed hereunder shall be the then current form of Franchise Agreement, along with any ancillary agreements being offered generally by Company in the geographic area surrounding the Approved Location, at the time each such Franchise Agreement is executed.
- (b) **Development Schedule.** Recognizing that time is of the essence, Developer agrees to satisfy the Development Schedule. Failure by Developer to adhere to the Development Schedule shall constitute a default under this Agreement as provided in Section 10 hereof. Developer acknowledges and agrees that the time limits and time frames set forth in and inherent in the Development Schedule, and not those in the Franchise Agreement or the exhibits to the Franchise Agreement, shall govern Developer’s obligations hereunder. Developer acknowledges and agrees that in order to adhere to the Development Schedule and retain Developer’s rights under this Agreement, each Spherion Business Unit opened pursuant to this Agreement must operate continuously throughout this Agreement’s term. Developer acknowledges and understands that this Agreement requires it to open Spherion Business Units in the future pursuant to the Development Schedule. Developer further acknowledges and understands that the estimated investment requirement and fees and expenses set forth in Company’s current franchise disclosure document and Company’s current form of Franchise Agreement are subject to increase and change over time, and that future Spherion Business Units developed hereunder will most likely require a greater initial investment and increased operating capital, and may include materially different terms than those detailed in the franchise disclosure document and franchise agreement provided to Developer in connection with the execution of this Agreement.
- (c) **Site Evaluation and Approval.** Company will assist Developer in selecting the Approved Locations for the Spherion Business Units; however, Company’s assistance in selecting the Approved Locations is not a representation or warranty of the success or suitability of the Approved Locations, and Developer agrees that Company and its affiliates shall have no liability whatsoever with respect to any role which they may undertake in assisting Developer in the selection of the Approved Locations.

## 5. Term.

The Term of this Agreement and all rights granted hereunder shall expire on the last date specified in the Development Schedule, unless this Agreement is earlier terminated in accordance with the terms set out in this Agreement.

## 6. Developer's Obligations.

Developer accepts the following obligations:

- (a) Nondisclosure. Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Company and shall disclose such information or materials only to such of Developer's employees or agents who must have access to it in connection with their employment. Developer shall not at any time, without Company's prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. Without limiting the foregoing, Developer agrees not to divulge any of the trade secrets or confidential information of Company or any of its affiliates to any person other than Developer's employees and then only to the extent necessary for the operation of the business contemplated by this Agreement. Nothing in this Agreement is intended to interfere with or discourage a good faith disclosure to any governmental entity related to a suspected violation of the law.
- (b) Compliance with Law. Developer shall comply with all requirements of federal, state and local laws, rules and regulations. To the extent that the requirements of said laws are in conflict with the terms of this Agreement or other instructions of Company, Developer shall: (a) comply with said laws; and (b) immediately provide written notice describing the nature of such conflict to Company.
- (c) Managing Owner. Developer shall designate and retain an individual to serve as the "Managing Owner" of Developer. The Managing Owner (i) must have at least a 51% share of unencumbered equity ownership in Developer, (ii) must be authorized by Developer to bind Developer in any dealings with Company, its affiliates and authorized distributors, suppliers and contractors of Developers, (iii) must be authorized by Developer to direct any actions necessary to ensure compliance with this Agreement and, (iv) must devote full time and best efforts toward the satisfaction of Developer's obligations under this Agreement. Managing Owner's interest in Developer shall remain free of any pledge, mortgage, hypothecation, lien, charge, encumbrance, voting agreement, proxy, security interest or purchase right or options. Developer agrees that it has not and will not hereafter take, whether directly or indirectly, any action to avoid the authority requirements of the Managing Owner through the entry of limiting board resolutions, management agreements, amendment of governing documents or any other similar device or arrangement. Developer agrees to furnish Company with such evidence as Company may request from time to time for the purpose of assuring Company that the Managing Owner's authority remains as represented herein.
- (d) Operating Partner. If the Managing Owner does not intend to devote his/her full time and best efforts toward the satisfaction of Developer's obligations under this Agreement (as referenced in Subsection (c) above), then Developer must also designate an

individual “**Operating Partner**” who must be approved by Company, and the Operating Partner (i) must be authorized by Developer to bind Developer in any dealings with Company, its affiliates and authorized distributors, suppliers and contractors of Developer, (ii) must be authorized by Developer to direct any actions necessary to ensure compliance with this Agreement and (iii) must devote his/her full time and best efforts towards the satisfaction of Developer’s obligations under this Agreement with no operation or management commitments to businesses other than Spherion Business Units established and opened under this Agreement.

- (e) Organization Changes. Developer shall not change the Managing Owner and/or Operating Partner without the prior written consent of Company. Any sale, transfer or assignment of the Managing Owner’s interest in Developer, or any portion thereof, or Operating Partner’s interest in Developer (if any), without Company’s prior written consent shall be deemed a material event of default under this Agreement. In the event that there is a proper change in the Managing Owner or Operating Partner (including Company’s prior written consent), the new Managing Owner or Operating Partner shall be required to attend and complete such training program as may be required by Company within thirty (30) days of the change, and such person shall also be required to become bound by this Agreement and by each Franchise Agreement created under this Agreement.
- (f) Financial Reports. Developer shall maintain during the entire Term of this Agreement and, for not less than five (5) years following the termination or expiration of this Agreement, full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Company from time to time. In addition, Company reserves the right to require that Developer comply with and satisfy any or all of the following:
  - (1) Developer shall, at its expense, timely provide to Company, in a format specified by Company, a complete annual financial statement (prepared according to generally accepted accounting principles that includes a fiscal year-end balance sheet, an income statement for such fiscal year reflecting all year-end adjustments and a statement of changes in cash flow of Developer). Upon request by Company, Developer shall have these reports prepared by an independent certified public accountant satisfactory to Company.
  - (2) No later than the fifteenth (15<sup>th</sup>) day of each calendar year quarter during the term of this Agreement, Developer shall submit to Company, for the preceding calendar year quarter, in a format acceptable to (or, at Company’s election, specified by) Company as amended from time to time: (a) a fiscal period and fiscal year-to-date profit and loss statement and a quarterly balance sheet (which may be unaudited); (b) reports of those income and expense items which Company specifies from time to time for use in any revenue, earnings and/or cost summary it chooses to furnish to prospective franchisees and/or developers; and (c) copies of all state sales tax returns for Developer. If required by Company, Developer shall use on-line or other electronic accounting and reporting systems as Company may specify periodically.

- (g) **Audit.** Developer agrees that Company or its representatives, at Company's expense, shall, at all reasonable times, have the right to examine or audit the books, records, tax returns or accounts of Developer and any and all of its affiliates which operate Spherion franchises. In those instances in which it appears that Developer has failed to comply with the requirements of this Agreement, Company shall similarly have the right to examine or audit the books, records, tax returns or accounts of any and all persons or entities who are guarantors, who have personal liability, or who have joint and severable liability under this Agreement.
- (h) **Data and Privacy.** All data provided by Developer and any of its affiliates and owners to the Company (irrespective as to the manner by which it is provided) or otherwise obtained by Company with respect to Developer or any of its affiliates and owners is and will be owned exclusively by Company, and Company will have the unfettered right to use such data in any manner that Company deems appropriate without obligation or compensation to Developer or any of its affiliates and owners, and Company shall have no liability whatsoever to Developer, its affiliates or owners with respect to such use. Developer also agrees to abide by all applicable laws pertaining to the privacy of customer, employee and transactional information ("Privacy Laws"). Additionally, Developer 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, Developer 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.

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

- (a) **Ownership.** Developer agrees that the Marks 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 franchisees, along with all ancillary signs, symbols or other indicia or trade dress used in connection or conjunction with the SPHERION System. Developer further agrees that valuable goodwill is attached to the Marks, Company's and/or its affiliates' copyrights and trade dress. Developer 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 Developer'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) **Non-Interference.** Developer agrees that during the Term of this Agreement, and after its expiration or termination for any reason, Developer 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) **Adverse Claims.** Developer 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 Developer 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, Developer 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 or Company's affiliates, as Company shall elect.

- (d) Other Requirements. Developer 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 to be developed hereunder, from using the names or the Marks described in Section 1(c), 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 Development Territory or any business inside the Development Territory that is permitted by this Agreement.

## **8. Covenants.**

- (a) Full Time and Best Efforts. Developer covenants that during the Term of this Agreement, except as otherwise approved in writing by Company, Developer and, in the case of an entity, Developer's Managing Owner or Operating Partner shall devote full time, energy and best efforts to the management and operation of the business contemplated hereunder.
- (b) In-Term Covenants. In addition to and not in limitation of any other restrictions on Developer contained herein, Developer and Developer's spouse, Managing Owner, Operating Partner and, if Developer is not an individual, its parents, subsidiaries, shareholders, members, partners and managers, and to the extent that any owner of Developer is an entity, each person who has an ownership interest in any and all such entity or entities, as applicable, and each of the above-listed persons' spouses (each, a "**Bound Party**"), shall not, during the term of this Agreement, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity, (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, within the United States, (ii) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, within the United States or (iii) divert or attempt to divert any business or customer of any Spherion Business Unit using the System to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Company's Marks and the System.
- (c) Post-Term Covenants. In addition to and not in limitation of any other restrictions on Developer contained herein, Developer and each of the Bound Parties shall not, for a continuous and uninterrupted period of two (2) years following the later of the following to occur: (i) the effective date of termination or expiration of this Agreement for any reason; (ii) following the effective date of a transfer permitted under this Agreement by Developer or a Bound Party, directly or indirectly, for and on behalf of itself, himself, herself or any other person or entity; or (iii) a final order of a duly

authorized arbitrator, panel or arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to the enforcement of this Section 8, have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business which, in either case, is located or operating (aa) at any of the Approved Location, or (bb) within **a forty (40) mile radius** of any of the Approved Locations, or (cc) within the Development Territory, or (dd) within **a forty (40) mile radius** of any Spherion Business Unit operating under the Marks and the System in operation and existence as of the termination date, irrespective of whether the Spherion Business Unit provides the Authorized Services, it being the intention of the parties that this provision shall be broadly applicable with respect to any and all Spherion Business Units. During the two-year period following the effective date of termination or expiration of this Agreement, a complete listing of all such Spherion Business Units operating under the Marks and the System will at all times be made available to Developer by Company within thirty (30) days after Developer's written request to Company. The two-year period of this Post-Term Covenant shall apply to Developer and each Bound Party individually according to his, her or its situation, transfer, ownership, expiration or termination, and not with respect to any time period applicable to any other Bound Party. In addition, the two-year period of this Post-Term Covenant shall be extended for any Bound Party engaged in violating this covenant until two (2) years after the violation has ceased.

- (d) General. For purposes of this Agreement, the term "**Competitive Business**" means any business that operates or grants franchises or licenses others to operate businesses that provide (i) full time placement services or (ii) temporary individual and group services of personnel in ***office, clerical, non-clinical scientific, non-clinical health care, administrative or light industrial occupations, or legal, paralegal, finance and accounting, engineering, technical, marketing, technology and management occupations.*** Neither Developer nor the other Bound Parties will be prohibited from owning securities in a Competitive Business if said Competitive Business's securities are listed on a recognized stock exchange or traded on the over-the-counter market and represent 5% or less of the number of shares of that class of securities which are issued and outstanding. The parties acknowledge that the covenants contained in Section 8 are based on the reason and understanding that Developer and the Bound Parties will possess knowledge of Company's business and operating methods and confidential information, the disclosure and use of which would prejudice the interest of Company, the System and the Spherion franchisees. Developer further understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants. If any part of this restriction is found to be unreasonable in time or distance, such time or distance may be reduced by appropriate order of the court or arbitrator to that deemed reasonable. It is the expectation and intent of Developer and Company that the restrictive covenants set forth in Section 8 shall be enforceable to the fullest extent permitted by law, specifically including, but not limited to, O.C.G.A. §§ 13-8-50 through 59, to protect the legitimate business interests of Company and that, in any action concerning the enforcement of any such covenant, if a court or arbitrator shall determine that any such covenant is not in compliance with the provisions of O.C.G.A. §§ 13-8-50 through 59, or any other aspect of the law, then it is the expectation and intent of Developer and Company that such court shall modify such covenant, as provided in O.C.G.A § 13-8-53(d) and O.C.G.A.

§ 13-8-54(b), to make such covenant enforceable to the maximum extent permitted by law and shall grant such relief as is reasonably necessary to protect such legitimate business interests and to achieve the original intent of Developer and Company in entering into this Agreement. Company shall, as a matter of course, be entitled to apply for and shall receive interim, interlocutory or permanent injunctive relief to enforce such covenants in addition to any other relief to which it may be entitled at law or in equity. Company shall receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived. Developer acknowledges that the restrictions imposed in this paragraph are reasonable and their enforcement will not cause an undue burden upon Developer's ability to earn a livelihood.

- (e) Individual Covenants. At Company's request, Developer shall require and obtain execution of covenants similar to those set forth in Sections 7 and 8 (as modified to apply to an individual) from any or all of the following persons: Developer's Principals and designated management employees. Failure by Developer to obtain execution of a covenant required by this Section 8(e) shall constitute a default under this Agreement.
- (f) Scope of Covenants. Developer understands and acknowledges that Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof; and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.
- (g) Enforcement of Claims. Developer expressly agrees that the existence of any claims it may have against Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Company of the covenants in this Section 8. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Company in connection with the enforcement of this Section 8.
- (h) Essential, Reasonable and Necessary Covenants. 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. Any breach of the above covenants or agreements by Developer shall constitute a breach of this Agreement. Developer 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 the services restricted hereunder, and that accordingly, the noncompetition covenants contained in this Agreement will not jeopardize Developer's ability to earn a livelihood.

## **9. Assignment.**

- (a) By Company. 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 Developer, provided that the assignee agrees to assume all of Company's obligations under this Agreement.

- (b) By Developer. Except as provided in Section 2(f) hereof, neither Developer 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.
- (c) Approval by Company. 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 Developer to Company, and must guarantee payment in full of all obligations of Developer arising out of this Agreement and out of the operation all of the franchised Spherion Business Units, to all other known creditors of the franchised Spherion Business Units;
  - (2) Upon the request of Company, Developer must confirm to Company in a sworn statement, in a form acceptable to Company, that Developer has thoroughly informed the proposed purchaser of all relevant information regarding the income and expenses of Developer'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 Developers, 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 Developer 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 developers and 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 any of the businesses of Company, its parents, subsidiaries and affiliates;
  - (7) the proposed purchaser must agree to execute Company's then-current professional services franchise agreement for the remaining Term of each of the Spherion Business Units established and franchised under this Agreement, and such other documents of assumption of Developer's obligations related to the

- franchised Spherion Business Unit 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 Developer 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 at least fifteen (15) days prior to Closing;
  - (10) the new individual Developer must reside in the Territory and must agree to devote full time to the operation of the franchised business, unless otherwise consented to by Company; and
  - (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) Issuance of Stock. If Developer is an Entity, Developer shall not, without the prior written consent of Company, issue any capital stock or securities of the Entity.
- (e) Prohibition of Unapproved Transfer. An Owner shall not, without the prior written consent of Company, transfer any stock or interest in the Entity.
- (f) Consent by Company. 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) Developer shall not be in default under this Agreement or under any franchise agreement between Developer and Company; and
  - (2) Developer 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) Change in Control. If Developer is an Entity, a change in voting control (by whatever means) of the Entity shall be considered a sale of Developer's entire interest in this Agreement and the Franchised Business.

## **10. Default.**

- (a) Immediate Termination. Developer shall be deemed to be in default under this Agreement and all rights granted herein shall immediately terminate without notice to Developer, if Developer shall become insolvent or makes a general assignment for the benefit of creditors; or if a petition in bankruptcy is filed by Developer or such a petition

is filed against and not opposed by Developer; or if Developer is adjudicated a bankrupt or insolvent; or if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; or if a receiver or other custodian (permanent or temporary) of Developer's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless unappealed or a supersedeas bond is filed); or if Developer is dissolved; or if execution is levied against Developer's business or property; or if suit to foreclose any lien or mortgage against the premises or equipment of any Business Unit developed hereunder is instituted against Developer and not dismissed within thirty (30) days; or if the real or personal property of Developer shall be sold after levy thereupon by any sheriff, marshal or constable.

- (b) Compliance with Development Schedule and Immediate Termination with Notice. **DEVELOPER ACKNOWLEDGES AND AGREES THAT TIME IS OF THE ESSENCE, AND THAT DEVELOPER HAS AGREED TO STRICT COMPLIANCE WITH THE DEVELOPMENT SCHEDULE.** Upon the occurrence of any of the following events of default, Company may, at its option, terminate this Agreement and all rights granted hereunder or take any of the actions described below, without affording Developer any opportunity to cure the default, effective immediately upon the provision of notice to Developer;
  - (1) If Developer misses a deadline set forth in the Development Schedule and Developer does not cure such default within thirty (30) days after Company provides written notice of the default to Developer. This thirty-day period is referred to as "**Grace Period.**" Company and Developer agree that Developer may avail itself of this Grace Period only one time per Spherion Business Unit.
  - (2) If any Franchise Agreement for any Spherion Business Unit operated by Developer (or a Principal or entity affiliated with Developer) is terminated.
  - (3) If Developer fails to pay when due any amount owed to Company or its affiliates or subsidiaries, whether under this Agreement or not, and Developer does not correct such failure within five (5) calendar days after written notice thereof is delivered to Developer.
  - (4) If Developer fails to maintain in continuous operation the minimum cumulative number of Spherion Business Units required by the Development Schedule to be in operation during the applicable time period.
  - (5) If Developer or any of Developer's Principals or affiliates are convicted of or plead no contest to a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the System and the goodwill associated with the Marks. Notwithstanding the foregoing, if any Principal is convicted of a felony, a crime involving moral turpitude or any other crime or offense that is likely to adversely affect the reputation of the System and the goodwill associated with the Marks (each a "**Material Offense**"), Company will not have the right to terminate this Agreement if such Principal

relinquishes or otherwise disposes of such Principal's interest in the franchisee entity within thirty (30) days following the felony conviction or Developer's receipt of written notice from Company informing Developer of such Principal's commission of a Material Offense.

- (6) If Developer makes a material misrepresentation to Company at any time before or after the Effective Date.
  - (7) If Developer, any affiliate of Developer or any Principal makes an unauthorized transfer of this Agreement, any Franchise Agreement with Company, any Spherion Business Unit or an ownership interest in Developer.
  - (8) If Developer (and/or any affiliate of Developer) commits a breach or default under any Franchise Agreement or any other agreement between Developer (and/or any affiliate of Developer) and Company (and/or any affiliate of Company) and the breach or default is not cured during the time period required under such Franchise Agreement or other agreement, regardless of whether Company in fact terminates such Franchise Agreement or other agreement.
  - (9) If Developer (and/or any affiliate of Developer) commits at least three (3) breaches or defaults of the Franchise Agreements entered into pursuant to this Agreement, regardless of whether any of the breaches or defaults are subject to an opportunity to cure or have been cured, and regardless of which Franchise Agreement(s) the breaches or defaults occurred, it being understood that each breach or default giving rise to the remedies of this provision may occur under separate Franchise Agreements to comprise the collective three (3) breaches or defaults.
- (c) **Other Defaults; Cure Period.** Except as otherwise provided in the sections above, if Developer fails to comply with any material term and condition of this Agreement, or fails to comply with the terms and conditions of any Franchise Agreement or other agreement between the Developer (or a person or entity affiliated with or controlled by the Developer) and Company or any of Company's affiliates, such action shall constitute a default under this Agreement. Upon the occurrence of any such default, Company may terminate this Agreement by giving written notice of termination stating the nature of such default to Developer at least thirty (30) days prior to the effective date of termination; provided, however, that Developer may avoid termination by immediately initiating a remedy to cure such default, curing it to Company's satisfaction, and by promptly providing proof thereof to Company within the thirty-day period (or such longer period as applicable law may require). If any such default is not cured within the specified time (or such longer period as applicable law may require), this Agreement and all rights granted hereunder (including but not limited to, the right to develop any new Spherion Business Units) will terminate without further notice to Developer, effective immediately upon the expiration of the thirty-day period (or such longer period as applicable law may require).

- (d) **Actions in Lieu of Termination.** If Company is entitled to terminate this Agreement in accordance with the sections above, Company shall have the right to undertake any one or more of the following actions instead of terminating this Agreement:
  - (1) Company may terminate, modify or reduce any rights that Developer may have with respect to “exclusivity” or territorial protection in the Development Territory, as granted under Sections 2(b) and 2(c) above, effective ten days after delivery of written notice thereof to Developer; and/or
  - (2) Company may modify, or eliminate completely, the Development Territory described in Section 2(a) above.
  - (3) If any of such rights, options, arrangements or Territory are terminated or modified in accordance with this Section 10(d), such action shall be without prejudice to Company’s right to terminate this Agreement in accordance with the sections above, and Company shall have the right to retain all Development Fees paid by Developer, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.
- (e) **Post-Termination Rights.** Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any Spherion Business Units for which a Franchise Agreement has not been executed by Company at the time of termination. Thereafter, Company shall be entitled to establish, and to license others to establish, Spherion Business Units to provide the Authorized Services within the Development Territory (except as may be otherwise provided under any Franchise Agreement that has been executed between Company and Developer).
- (f) **No Cross-Default.** Any default under this Territory Development Agreement that would not otherwise constitute a default under a Franchise Agreement between Company and Developer (or any affiliate of Developer) shall not constitute a default under any Franchise Agreement between Company and Developer.
- (g) **No Exclusive Remedy.** No right or remedy herein conferred upon or reserved to Company is exclusive of any other right or remedy provided or permitted by law or equity.
- (h) **Non-Waiver and Attorneys’ Fees.** The failure of Company to terminate this Agreement upon the occurrence of one or more events of default will not constitute a waiver or otherwise affect the right of Company to terminate this Agreement because of a continuing or subsequent failure to cure one or more of the aforesaid events of default or any other default.

## **11. Indemnification.**

- (a) **Agreement to Indemnify.** Developer 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) Developer'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) Developer's violation, breach or alleged violation or breach of any contract, federal, state or local law, regulation, ruling, standard or directive or arising out of Developer's business activities hereunder;
  - (3) libel, slander or any other form of personal injury by Developer or arising out of Developer's business activities hereunder;
  - (4) Developer's violation or breach of any warranty, representation, agreement or obligation in this Agreement; or
  - (5) acts, errors or omissions of Developer or any of its agents, servants, employees, contractors, partners, affiliates, representatives.
- (b) Notice and Assumption Option. Developer agrees to give Company notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Developer, 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 Developer's obligations under this section.
- (c) Losses and Expenses. All Losses and Expenses incurred under this section shall be chargeable to and paid by Developer 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 Developer shall not be limited by the amount of insurance required under this Agreement.
- (d) Definition. 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) Third Parties. The persons or parties indemnified do not assume any liability whatsoever for acts, errors or omissions of those with whom Developer may contract, regardless of the purpose. Developer'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) Company's Acts or Omissions. Developer 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) Settlements and Corrective Actions. 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 Developer may result directly or indirectly in damage, injury or harm to any person or any property.

## **12. Liability of Owners.**

- (a) Joint and Several Liability. If Developer 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 Developer under this Agreement, and each such person shall execute this or a separate agreement for the purpose of becoming bound hereby.
- (b) Assignment to Entity. If this Agreement is assigned to an Entity pursuant to Section 2(b) hereof, then the initial individual Developer(s) must be or become Owner(s) in such Entity, and such initial individual Developer(s), along with the Entity to which this Agreement is assigned, shall be collectively considered to be the Developer hereunder. Each initial individual Developer 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 Developer under this Agreement and any other agreement between Company and Developer related to the performance of this Agreement. Such initial individual Developer(s) shall execute this Agreement for the purpose of becoming bound hereby.
- (c) Acts or Conduct. Each initial individual Developer and any corporate Developer who are, become or are required to be parties to this Agreement shall be bound by the acts or conduct of each initial individual Developer and/or corporate Developer. Each act or omission in breach of this Agreement shall be deemed a breach by all such parties, whether they are initial individual Developers or the corporate Developer, regardless of their lack of knowledge or participation.

## **13. 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 Developer, 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 Developer.

**14. Compliance.**

Developer 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 Developer 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, Developer shall make a timely written request therefor, and such approval, if granted, shall be in writing. Company makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by granting any waiver, approval or consent to Developer, or by reason of any neglect, delay or denial of any request therefor. Any waiver, approval or consent granted by Company to Developer 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 Developer.

**15. Company's Right to Cure Defaults.**

In addition to any and all other rights and remedies which it may have, if Developer 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 Developer, and without waiving any default, breach or other claim which it may have, to cure such default on behalf of Developer and at Developer's expense, the cost of which shall immediately be due and payable on demand, and which may be deducted from commissions due Developer by Company.

**16. 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 Developer, to the office required to be maintained by Developer 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.

**17. Disclosure.**

Developer 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 Developer and Developer's employees. Company expressly disclaims the making of, and Developer 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. Developer 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 Developer by Company, and further represents to Company, as an inducement to enter into this Agreement, that Developer has made no misrepresentations to Company. Developer 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.

#### **18. Applicable Law; Mediation.**

- (a) **Georgia Law.** 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 Development Territory is located outside of Georgia and such provision would be enforceable under the laws of any state in which the Development Territory 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) **Non-Binding Mediation.** 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 Developer, the relationship between Developer and Company's affiliates, or Developer's operation of a Spherion Business Unit 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 indemnification provisions of this Agreement, (iv) any action by Company to enforce the covenants set forth in Section 8 of this Agreement or (v) if Developer is more than sixty (60) days past due in any of its payments to Company or its affiliates. Nothing in this Section 18 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 Procedures.** Mediation under this Section 18 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 Developer 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) Legal Action – Forum. Any legal action brought by Developer 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 Developer 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. Developer hereby waives all questions of personal jurisdiction or venue for the purpose of carrying out this provision, subject to state law.
- (e) Non-Exclusive Right. No right or remedy conferred upon or reserved to Company or Developer 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) Waiver of Jury Trial; Commencement of Action. Company and Developer 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 Developer and Company, the relationship between Developer and Company’s affiliates, or Developer’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) Waiver of Punitive, Exemplary and Multiple Damages. Company and Developer 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) **Company's Right to Injunctive Relief.** 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 6(a), 7, 8 and 10(e), under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

**19. 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 Developer to Company (b) any Developer/Franchisee Compliance Certification provided by Developer to Company in connection with this Agreement and (c) any Franchise Agreement executed contemporaneous herewith, 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 Developer. 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.

[SIGNATURES ON THE FOLLOWING PAGE]

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

**DEVELOPER(S):**

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Percentage of  
Equity  
Ownership

---

(Signature)

---

(Print Name)

---

(Print Title)

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_

---

(Signature)

---

(Print Name)

---

(Print Title)

**SPHERION STAFFING, LLC**  
**TERRITORY DEVELOPMENT AGREEMENT**  
**SCHEDULE 1**  
**DEVELOPMENT TERRITORY AND DEVELOPMENT SCHEDULE**

1. Spherion Business Units. Developer shall develop, own and operate \_\_\_\_\_ (\_\_\_\_\_) Spherion Business Units.

2. Development Territory. All Spherion Business Units developed under this Development Agreement shall be located within the boundaries of the following geographic area, which is the "Development Territory":

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3. Development Schedule. Recognizing that time is of the essence, Developer agrees to satisfy the Development Schedule set forth below:

By (Date)	<b>Cumulative Total Number of Spherion Business Units Which Developer Shall Have Open and in Operation</b>

4. Development Fee. The Development Fee is \$\_\_\_\_\_. This Development Fee was calculated by using the following chart as a Development Fee chart:

Number of Business Units	Fee per store
1	\$35,000
2	\$26,250
3 and more	\$22,750

\$\_\_\_\_\_ for \_\_\_ Spherion Business Units

5. Time of the Essence. **DEVELOPER ACKNOWLEDGES AND AGREES THAT TIME IS OF THE ESSENCE, AND THAT DEVELOPER HAS AGREED TO STRICT COMPLIANCE WITH THE DEVELOPMENT SCHEDULE.**

6. Notice. Developer's Office Address for Notices:

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**Franchisor Acknowledgement and Agreement:**

**Spherion Staffing, LLC**  
**Franchisor (“Company”)**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Developer Acknowledgement and Agreement:**

\_\_\_\_\_

**“Developer”**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SPHERION STAFFING, LLC**  
**TERRITORY DEVELOPMENT AGREEMENT**  
**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 **[TO BE INSERTED BASED ON SUBSET OF STAFFING SERVICES OFFERED TO FRANCHISEE]** 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, scientific and industrial occupations. The right to provide personnel services in all such excluded occupations is specifically reserved to Company.

**RESTRICTED JOB LIST**  
**SEPTEMBER 2018**

**RESTRICTED JOB LIST –**

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 or risk trends are observed by Company.



## Restricted Job List

There are certain positions in which Spherion Professional Services should not place employees on a temporary basis. It is your responsibility to become familiar with this list and accept only appropriate job orders. This list is not all inclusive. 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.

### **Animal handling**

- Veterinary offices, Kennels, Zoos
- Research facilities, Farms, etc.

### **Anhydrous ammonia and/or chlorine refrigeration units**

### **Any job outside the continental US, including US possessions**

### **Bloodborne Pathogens:**

- Any position with exposure to Blood or Bodily Fluids

### **Aviation Flight Operations**

### **Boats, Ships, Navigable Waterways or Offshore Platforms**

### **Construction: If required to work hands on in a construction zone**

### **Confined Spaces**

### **Chemical Manufacturing**

### **Docks, Wharves or Piers**

### **Door-to-door sales/Collectors/Meter Readers**

### **Emergency Personnel, including police, fire, 911 dispatchers**

### **Exposure to hazardous or toxic substances, including all industrial chemicals, along with silica, asbestos, and lead**

### **Fireworks/Explosives, Ammunition Manufacturing/Firearms**

### **First Aid, Emergency Response Teams, First Responders, including at client facilities.**

### **Grain Mills, Silos, Storage Bins, etc.**

### **Human Billboards/Walking Billboards**

### **Janitorial, Custodial, Industrial Cleaners**

### **Landfills, Transfer Stations/Hazardous Waste Disposal/Wastewater Treatment**

### **Lifting in excess of 25 pounds per person**

### **Lockout/Tagout (LOTO)**

### **Medical Care: Healthcare may support**

- RN or LPN Positions, Hospital Orderlies
- Dentists, Physicians, Chiropractors, Therapists
- Any position with patient care or with Bio-Hazard exposure

### **Merchandiser**

### **Mining, all types**

### **Non-Commercial Workplace:**

- Entering private residences, dorms/hotel rooms, etc.
- In-home deliveries and installations (all products) as well as any other work that may require entry into an occupied residence

### **Nuclear Regulatory Commission Projects or Operations conducted under license from the nuclear regulatory commission**

### **Office & Administrative or any other professional services positions to be performed in an industrial setting**

### **Oil Rigs, Refining Operations, Drilling rigs, Gas Pipelines, Derrick Work**

### **Personal Errands, including cashing personal checks**

### **Railroad Operations, Railcar Loading/Unloading**

### **Security Guards**

### **Teachers**

### **Utility plant personnel including meter readers**

### **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.**

### **Working with Children/Minors - Also includes placing of employees under 18 on assignment**



**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 uploaded to client file prior to placement
- Advanced Background is required, even if client does not require one

**Drivers or any position with driving responsibilities:**

- Class C license only (no commercial driver's license required)
  - No transportation of passengers
  - No transportation of hazardous material
  - Job duty is not a restricted task
- Client must agree to:
- Sign Indemnification and Hold Harmless agreement
  - Client must name Spherion as additional insured on its Commercial Auto Policy with limits of \$1,000,000 if driving client vehicle
- Office must ensure:
- Proof of insurance from the Employee if using personal vehicle (with minimum limits of \$100,000/\$300,000/\$100,000 per person/ per accident coverage/property damage) or purchase of full rental car liability insurance
  - Advanced Background Check
  - Drug Screen (Not required for Professionals)
  - Motor Vehicle Check (Zero Points/No violations)
    - ✓ Reviewed every six months to ensure no violations or DUI's occur after placement

**Driver's Helpers**

- Scope of work not a restricted task (i.e. delivery to residences, transportation of hazardous materials, lifting over 50lbs., etc.)
- Must include a written detailed job description
- Written confirmation from client that employee will never be allowed to operate the vehicle
- Client must show evidence of a driver qualification screening program and a safe-driving program

**Any non-teaching job at any school ONLY with:**

- Advanced Background & Sex Offender Search is required, even if client does not require one

**Employee Travel:**

- Travel request must be submitted to Risk prior to travel+
- Management/Supervisors:**
- High level company management with final sign-off authority
  - Industrial environment management/supervisors
  - High level company management (i.e. CFO, CEO, VP)

**Work from Home with:**

- Client hold harmless uploaded to client file
- Use of work from home job code
- Employee work from home agreement uploaded to employee file
- Employee home inspection checklist uploaded to employee file

**Social Event/Client Activity**, either during or after work-hours

**Use of Client Fitness/Exercise equipment**, including basketball

**SPHERION STAFFING, LLC**  
**TERRITORY DEVELOPMENT AGREEMENT**  
**EXHIBIT A**  
**FRANCHISE AGREEMENT**

The form of Spherion Professionals Franchise Agreement currently offered by Spherion Staffing, LLC ("Company") is attached.

**SPHERION STAFFING, LLC**  
**TERRITORY DEVELOPMENT AGREEMENT**  
**EXHIBIT B**  
**SPHERION Logo**



OR



**EXHIBIT E**  
**PURCHASE LOAN DOCUMENTS**

**PROMISSORY NOTE – FIXED RATE**  
**Purchase 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 (\$\_\_\_\_\_) 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.

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

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.
- (e) This Security Agreement is to be construed in all respects and enforced according to the laws of the State of Georgia.
- (f) 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)

## 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:

**1. 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 and facsimile numbers, including \_\_\_\_\_ and any other numbers used in the Business and all directory listings and 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.

## **2. 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.

## **3. 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.

4. **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.
5. **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.
6. **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.
7. **Governing Law.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of Georgia.
8. **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.
9. **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.
10. **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.

- 11. 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

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.

[SIGNATURES ON THE FOLLOWING PAGE]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement 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 F**  
**START-UP LOAN DOCUMENTS**

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

**\$50,000**

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 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.

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

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.
- (e) This Security Agreement is to be construed in all respects and enforced according to the laws of the State of Georgia.
- (f) 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.

**SPHERION STAFFING, LLC**

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

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

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

**FRANCHISEE**

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

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

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

**EXHIBIT G**  
**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 Guarantor(s).

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.

(f) 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.

(g) 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.
- (e) This Security Agreement is to be construed in all respects and enforced according to the laws of the State of Georgia.
- (f) 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.

**SPHERION STAFFING, LLC**

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

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

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

**FRANCHISEE**

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

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

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

**EXHIBIT H**  
**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: \_\_\_\_\_

Rebecca Rogers Tijerino  
Division President  
Spherion Staffing, LLC

---

(Date)

**[Buyer]**

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

---

(Print Name)

---

(Print Title)

---

(Date)

**EXHIBIT I**  
**ASSIGNMENT OF SPHERION FRANCHISE AGREEMENT**

**ASSIGNMENT OF SPHERION FRANCHISE AGREEMENT**

Assignor(s) hereby assign(s) to Assignee, effective this day, all rights, title and interest in and to that certain Franchise Agreement between Assignor(s) and SPHERION STAFFING, LLC, dated \_\_\_\_\_, (the "Franchise Agreement"), and by the acceptance hereof Assignee agrees to perform all of the covenants and conditions of the Franchise Agreement and all amendments thereto. Assignor(s) acknowledge(s) and agree(s) that he/she/they remain(s) bound by and subject to each of the terms and conditions of the Franchise Agreement, pursuant to Section 20 thereof.

ASSIGNOR(S):

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(Signature)

Date: \_\_\_\_\_

---

(Signature)

ACCEPTED (ASSIGNEE):

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APPROVED:

SPHERION STAFFING, LLC

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

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

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(Print Name)

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(Print Name)

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(Print Title)

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(Print Title)

**EXHIBIT J**  
**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.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have made and executed this Agreement and General Release as of the effective date stated above.

**FRANCHISE ENTITY:**

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

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

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

**INDIVIDUAL FRANCHISEE:**

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

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

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

**SPHERION STAFFING, LLC**

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

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

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

**EXHIBIT K**  
**TABLE OF CONTENTS FOR MANUAL**

## Spherion Manual

### Table of Contents

#### **Section 1: Introduction**

- 1. Welcome
  - a. Mission and Vision
  - b. Core Values
  - c. Behaviors
- 2. Timeline to Open (8-week Checklist)

#### **Section 2: Establishing the Business**

- 1. Selecting Your Business Type
- 2. Business Name
- 3. Federal Tax ID Number
- 4. Licenses/Permits
- 5. Bank Accounts
- 6. Insurance Requirements
- 7. Taxes

#### **Section 3: Office Space**

- 1. Site Selection
  - a. Location Guidelines
  - b. Office Space Layout
  - c. Office Space Build-out
  - d. Furnishings and Decor
    - i. Standard packages
  - e. Lease
    - i. Negotiations
    - ii. Assignment Language
    - iii. Execution
- 2. Signage
- 3. Utilities

#### **Section 4: Equipment and Services**

- 1. Network
- 2. Hardware and Software
  - a. Required Equipment
  - b. Equipment Installation
  - c. Standard Software
  - d. Passwords
  - e. Security Policy
- 3. Telephone System

- a. Voicemail
- b. eFax
- 4. Printer
- 5. Copier
- 6. Ordering Equipment and Supplies

**Section 5: Hiring Internal Staff**

- 1. Office Organization Structure
- 2. Roles, Responsibilities and Outcomes
- 3. Attraction and Selection
- 4. Compensation and Benefits
- 5. Expectation Setting and Activity Measurement
- 6. New Hire Training
- 7. Performance Development
- 8. Incentives and Perks
- 9. Establishing Be Spherion Culture
- 10. On-boarding/Requesting Access

**Section 6: Training Activities**

- 1. New Owner Training Calendar
  - a. Spherion Overview
  - b. Sales Intelligence
  - c. Sales Intelligence
  - d. Staffing Connect
  - e. Selling the Spherion Way
  - f. Art of Leadership and Development
  - g. Service Excellence
  - h. IdealMatch Clerical
  - i. IdealMatch Industrial
  - j. IdealMatch Finance & Accounting
  - k. IdealMatch IT
- 2. Training Branch Visit
  - a. Licensee focus
  - b. Operations/Recruiting focus
  - c. Sales focus

**Section 7: Pre-Opening Activities**

- 1. Opening Materials and Supplies
  - a. Stationery, Business Forms
- 2. Licensee Office Setup
- 3. Employee Desk Setup
- 4. Establish Office Hours

5. Job Boards
6. Territory Map
7. Drug Testing
8. Marketing Activities
9. Recruiting Activities

**Section 8: Operational Procedures and Support**

1. Spherion SOPs & Service Excellence
2. CUE satisfaction surveys
3. Spherion LINK & Google Tools
4. Recruiting
5. Application & Onboarding Process (State Specific)
6. Orientations
7. Compliance
8. Staffing Connect (Strategic Training)
9. Payroll and Billing
10. Unemployment
11. Worker's Comp & Unemployment
12. Reporting
13. Training and Development Resources
14. Support Center and IT Service Desk

**Section 9: Sales, Marketing and Business Planning Support**

1. Performance management - by role, the metrics and milestones, outcome
2. Office cadence
3. Sales call practice - inside, outside
4. Making live sales calls - inside, outside
5. Pricing in practice

**Section 10: Grand Opening/Open House**

1. Ribbon Cutting

**Section 11: Administrative Procedures**

1. Franchise Reporting and Procedures
  - a. Quarterly P&Ls
2. Handling Customer Complaints
3. Workplace Violence Reporting Procedures

**Section 12: Standards**

1. Logo Specifications
2. Email Signature Standard
3. Standard Phone Protocol
4. Spherion Style Guide

**Section 13: Daily Operations**

1. Service Excellence/CUE
2. Orders/Assignments
3. Application and On-Boarding
4. Orientation
5. Recruiting
6. Unemployment
7. Risk/Safety
8. Time Entry
9. Payroll
10. Reporting
11. Compliance
12. Marketing/PR
  - a. Social Presence
  - b. Local Website
  - c. Materials

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**Preferred Vendor Listing**

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**Glossary of Terms and Definitions**

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**Forms**

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**EXHIBIT L**  
**LIST OF FRANCHISEES**

**LIST OF FRANCHISEES**

**As of January 1, 2019**

**SPHERION FRANCHISEES**

OWNER NAME	OFFICE ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
CHALMERS, MICHAEL	7169 HIGHWAY 72 WEST, SUITE D	MADISON	ALABAMA	35758	(256) 881-0993
CHALMERS, MICHAEL	CLIENT ON-PREMISE LOCATION	MADISON	ALABAMA	35756	
WILLIAMS, CHERYL	12 S. FLORIDA STREET	MOBILE	ALABAMA	36606	(251) 476-9997
HART, PATRICK	4001 CARMICHAEL ROAD, SUITE 310	MONTGOMERY	ALABAMA	36106	(334) 260-0788
ANAND, PRABHU & KUMAR, GAURAV	11500 RODNEY PARHAM ROAD, SUITE 19	LITTLE ROCK	ARKANSAS	72212	(501) 312-8367
GATES, GLENNA	140 SOUTH MONTCLAIR, SUITE A	BAKERSFIELD	CALIFORNIA	93309	(661) 835-1400
LYTLE, ROGER, MAUREEN & BRIAN	1074 EAST AVENUE, SUITE M	CHICO	CALIFORNIA	95926	(530) 899-1300
GATES, GLENNA	2006 N. FINE AVENUE, SUITE 101	FRESNO	CALIFORNIA	93727	(559) 251-4040
GATES, GLENNA	CLIENT ON-PREMISE LOCATION	FRESNO	CALIFORNIA	93725	
MILLER, TRISH	271 N. FAIRVIEW AVENUE, SUITE 104	GOLETA	CALIFORNIA	93117	(805) 683-1600
MILLER, TRISH	2161 E. VENTURA BLVD.	OXNARD	CALIFORNIA	93036	(805) 973-0950
MOYSE, RICHARD	73140 HIGHWAY 111, SUITE 7	PALM DESERT	CALIFORNIA	92260	(760) 568-3433
LYTLE, ROGER, MAUREEN & BRIAN	2650 LARKSPUR LANE, SUITE K	REDDING	CALIFORNIA	96002	(530) 222-3434

OWNER NAME	OFFICE ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
MILLER, TRISH	1191 NORTH MAIN STREET #B	SALINAS	CALIFORNIA	93906	(831) 444-6000
BELTZ, JASON	3031 WEST MARCH LANE, SUITE 207-W	STOCKTON	CALIFORNIA	92519	(209) 465-1500
BELTZ, JASON	CLIENT ON-PREMISE LOCATION	STOCKTON	CALIFORNIA	95203	
GATES, GLENNA	3449 SOUTH DEMAREE, SUITE C	VISALIA	CALIFORNIA	93277	(559) 627-4040
CLARSON, JOHN	4765 CAREFREE CIRCLE	COLORADO SPRINGS	COLORADO	80917	(719) 284-7220
SILVA, KRISTI & NELSON	214 B PROVIDENCE ROAD	BROOKLYN	CONNECTICUT	6234	(860) 786-1093
NICHOLS, TERI & STEVEN	33 PONCE DE LEON BOULEVARD	BROOKSVILLE	FLORIDA	34601	(352) 796-6000
NICHOLS, TERI & STEVEN	CLIENT ON-PREMISE LOCATION	BROOKSVILLE	FLORIDA	34601	
MILLER, DAVID	12620 WORLD PLAZA LANE, BLDG 60, SUITE 1	FORT MYERS	FLORIDA	33907	(239) 939-9999
KOLLEDA, RICHARD & SHERRY	CLIENT ON-PREMISE LOCATION	FT. PIERCE	FLORIDA	34945	
KOPP, MARME	25 N. MARKET STREET	JACKSONVILLE	FLORIDA	32202	(904) 356-0000
MILLER, DAVID	1925 E. EDGEWOOD DR, SUITE 102	LAKELAND	FLORIDA	33803	(863) 667-0800
MILLER, DAVID	CLIENT ON-PREMISE LOCATION	LAKELAND	FLORIDA	33801	
MILLER, DAVID & SANDOW, DAVID	1710 CITRUS BOULEVARD, SUITES 1&2	LEESBURG	FLORIDA	34748	(352) 728-8787
MILLER, DAVID	4964 TAMiami TRAIL NORTH	NAPLES	FLORIDA	34103	(239) 494-3044
MILLER, DAVID & SANDOW, DAVID	500 SOUTHWEST 10TH STREET, SUITE 309	OCALA	FLORIDA	34471	(352) 622-5273
PETERS, WAYNE	1450 NORTH US HIGHWAY 1, SUITE 200	ORMOND BEACH	FLORIDA	32174	(386) 673-0443

OWNER NAME	OFFICE ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
KOLLEDА, RICHARD & SHERRY	240 NW PEACOCK BOULEVARD, SUITE 104	PORT ST. LUCIE	FLORIDA	34986	(772) 336-9545
PETERS, WAYNE	2820-D US HWY 1 SOUTH	SAINT AUGUSTINE	FLORIDA	32086	(904) 808-1500
MILLER, DAVID	8454 N LOCKWOOD RIDGE RD	SARASOTA	FLORIDA	34243	(941) 351-0656
KOLLEDА, RICH & SHERRY	2627 WEST EAU GALLIE BLVD, SUITE 104	MELBOURNE	FLORIDA	32935	(321) 255-0222
CHALMERS, MICHAEL	311 HIGHWAY 49 NORTH, SUITE 80	BYRON	GEORGIA	31008	(478) 956-1700
REECE, STACEY	CLIENT ON-PREMISE LOCATION	CLEVELAND	GEORGIA	30528	
CHALMERS, MICHAEL	5201 TRANSPORT BLVD.	COLUMBUS	GEORGIA	31907	(706) 956-5152
CHALMERS, MICHAEL	6440 W HAMILTON PARK DRIVE, SUITE F	COLUMBUS	GEORGIA	31909	(706) 596-8344
CHALMERS, MICHAEL	CLIENT ON-PREMISE LOCATION	DUBLIN	GEORGIA	31021	
CHALMERS, MICHAEL	CLIENT ON-PREMISE LOCATION	PERRY	GEORGIA	31069	
SWARTS, ANGELA	210 PITCARIN WAY	AUGUSTA	GEORGIA	30909	(706) 868-0911
REECE, STACEY	1100 SHERWOOD PARK DRIVE, SUITE 310	GAINESVILLE	GEORGIA	30501	(770) 531-7900
ZARBOCK, RON & JENNIFER / ROBISON, AUBREY	3999 E. OVERLAND ROAD	MERIDIAN	IDAHO	83642	(208) 514-2044
SOMERS, CINDY	CLIENT ON-PREMISE LOCATION	CHARLESTON	ILLINOIS	61920	
SOMERS, CINDY	1358 N. OAKLAND AVE.	DECATUR	ILLINOIS	62526	(217) 425-4070
KMIECIAK, JOHN	213 E. STEPHENSON	FREEPORT	ILLINOIS	61032	(815) 232-1722
KMIECIAK, JOHN	5411 E. STATE ST. SUITE 3	ROCKFORD	ILLINOIS	61108	(815) 397-5075

OWNER NAME	OFFICE ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
SOMERS, CINDY	1805 WOODFIELD DRIVE	SAVOY	ILLINOIS	61874	(217) 359-4488
PENTENBURG, THOMAS & ELIZABETH	421 S. 13TH STREET	DECATUR	INDIANA	46733	(260) 706-5050
OVERMYER, SCOTT & ERIC	5230 BECK DRIVE, SUITES 6 & 7	ELKHART	INDIANA	46515	(574) 971-4690
PENTENBURG, THOMAS & ELIZABETH	4112 EAST STATE BOULEVARD	FORT WAYNE	INDIANA	46815	(260) 496-9900
PENTENBURG, THOMAS & ELIZABETH	1225 RANDSDELL COURT	INDIANAPOLIS	INDIANA	46052	(260) 466-2898
PENTENBURG, THOMAS & ELIZABETH	8028 S. EMERSON AVENUE, SUITE J	INDIANAPOLIS	INDIANA	46237	(317) 215-7450
PENTENBURG, THOMAS & ELIZABETH	8660 PURDUE ROAD, SUITE 100	INDIANAPOLIS	INDIANA	46268	(317) 870-5555
PENTENBURG, THOMAS & ELIZABETH	CLIENT ON-PREMISE LOCATION	INDIANAPOLIS	INDIANA	46241	
OVERMYER, SCOTT & ERIC	3310 HICKORY ROAD, STE. B3	MISHAWAKA	INDIANA	46545	(574) 282-2761
SCHWARTZ, JANEL	3603 N. EVERBROOK LANE	MUNCIE	INDIANA	47304	(765) 288-3990
SCHWARTZ, JANEL	CLIENT ON-PREMISE LOCATION	MUNCIE	INDIANA	47304	
PENTENBURG, THOMAS & ELIZABETH	160 PLAINFIELD VILLAGE DRIVE, SUITE 129	PLAINFIELD	INDIANA	46168	(317) 843-2512
PENTENBURG, THOMAS & ELIZABETH	CLIENT ON-PREMISE LOCATION	PLAINFIELD	INDIANA	46168	
PENTENBURG, THOMAS & ELIZABETH	CLIENT ON-PREMISE LOCATION	VAN BUREN	INDIANA	46991	
SCHWARTZ, JANEL	910 E. WASHINGTON STREET, UNIT 1	WINCHESTER	INDIANA	47394	(765) 717-6395
MILLER, ANN	101 EAST STATE STREET	MASON CITY	IOWA	50402	641-210-6207
KRANER, BRIAN & LYNN	CLIENT ON-PREMISE LOCATION	LEITCHFIELD	KENTUCKY	42754	

OWNER NAME	OFFICE ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
ZAUNBRECHER, THOMAS & MICHAEL	13702 COURSEY BOULEVARD, #6-C	BATON ROUGE	LOUISIANA	70817	(225) 925-5686
ZAUNBRECHER, THOMAS & MICHAEL	102 AMARYLLIS	LAFAYETTE	LOUISIANA	70503	(337) 269-0508
CHAMPAGNE, GENA	4300 SOUTH I- 10 SERVICE ROAD W., SUITE 115	METAIRIE	LOUISIANA	70001	(504) 455-6565
ZAUNBRECHER, THOMAS & MICHAEL	2015 MACARTHUR DRIVE, BLDG 3	ALEXANDRIA	LOUISIANA	71301-3776	(318) 445-9000
GUY, NANCY	3101 CYPRESS STREET, SUITES 4 & 5	WEST MONROE	LOUISIANA	71291	(318) 340-0005
HAYES, GARY & FEASTER, TAMMY	1195 N. EAST STREET	FREDERICK	MARYLAND	21701	(301) 694-7700
HAYES, GARY & FEASTER, TAMMY	120 EAST OAK RIDGE DRIVE, SUITE 700	HAGERSTOWN	MARYLAND	21740	(301) 739-6900
ENROTH, KAREN	CLIENT ON- PREMISE LOCATION	FALL RIVER	MASSACHUSETTS	02745	
ENROTH, KAREN	CLIENT ON- PREMISE LOCATION	NEW BEDFORD	MASSACHUSETTS	02745	
ENROTH, KAREN	365 FAUNCE CORNER ROAD, SECOND FLOOR	NORTH DARTMOUTH	MASSACHUSETTS	02747	(508) 991-8170
ENROTH, KAREN	CLIENT ON- PREMISE LOCATION	NORTH DARTMOUTH	MASSACHUSETTS	02747	
HOULE, BRIAN	51 PARK AVENUE, SUITE 7	W SPRINGFIELD	MASSACHUSETTS	01089	(413) 781-4120
BACK, BRAD & DOMEYER, ERIN	15164 HELMEN ROAD, SUITE A	BATTLE CREEK	MICHIGAN	49015	(269) 968-0303
BACK, BRAD & DOMEYER, ERIN	401 EAST NORTH STREET, SUITE 2	LANSING	MICHIGAN	48906	(517) 999-9060
WEAVER, KATHY	324 W. WACKERLY	MIDLAND	MICHIGAN	48640	(989) 839-9899
WEAVER, KATHY	CLIENT ON- PREMISE LOCATION	MIDLAND	MICHIGAN	48642	

OWNER NAME	OFFICE ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
MILLER, ANN	332 WEST SUPERIOR STREET, SUITE 202	DULUTH	MINNESOTA	55802	(218) 722-8003
MILLER, ANN	CLIENT ON-PREMISE LOCATION	OWATONNA	MINNESOTA	55060	
BERG, JILL	150 2ND STREET SW, ARVIG BLDG., SUITE 101	PERHAM	MINNESOTA	56573	(218) 346-3801
MILLER, ANN	223 BELGRADE AVENUE	NORTH MANKATO	MINNESOTA	56003	507-432-2430
MILLER, ANN	134 EAST VINE STREET, SUITE 1	OWATONNA	MINNESOTA	55060	(507) 451-3400
STRAWBRIDGE CHRISTY	3415-A WASHINGTON AVENUE	GULFPORT	MISSISSIPPI	39507	(228) 868-9191
GLOVER-RAINS, GERRI	2075 CENTRAL AVENUE #D	BILLINGS	MONTANA	59102	(406) 655-9200
HENNINGSEN, KATHY & FREDERICK	1015 SOUTH MONTANA STREET	BUTTE	MONTANA	59701	(406) 782-1130
DEMARS, NIKKI & CARROLL	2452 US HIGHWAY 93 SOUTH	KALISPELL	MONTANA	59901	(406) 407-7300
LYTLE, ROGER, MAUREEN & BRIAN	555 DOUBLE EAGLE CT., SUITE 1100	RENO	NEVADA	89521	(775) 829-8367
RADLMANN, ERICH	1011 ROUTE 22 WEST, SUITE 103	BRIDGEWATER	NEW JERSEY	08807	(908) 725-6600
RADLMANN, ERICH	3 INDEPENDENCE WAY, SUITE 103	PRINCETON	NEW JERSEY	08540	(609) 734-0003
RADLMANN, ERICH	106 APPLE STREET, SUITE 100	TINTON FALLS	NEW JERSEY	07724	(732) 224-1166
HENSON, CAYLEY & ELLIOTT	E&W PLAZA, 1819 N. TURNER, STE. K	HOBBS	NEW MEXICO	88240	(575) 393-9675
GAFFNEY-KEEBLER, MOLLY	856 SWEETEN CREEK ROAD, UNIT H	ASHEVILLE	NORTH CAROLINA	28803	(828) 348-0390
BERG, JILL	1830 E. CENTURY AVENUE, SUITE 2	BISMARCK	NORTH DAKOTA	58503	(701) 250-1111
BERG, JILL	2730 7TH AVENUE S.	FARGO	NORTH DAKOTA	58103	(701) 298-8300

OWNER NAME	OFFICE ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
KRANER, BRIAN & LYNN	11459 PRINCETON PIKE	CINCINNATI	OHIO	45246	(513) 771-4455
WHITAKER, ALI & RYAN	8556-H E. 101ST STREET	TULSA	OKLAHOMA	74133	(918) 971-5900
FRASSINELLI, PHIL C, PHIL L & MARLENE	3512 TRINDLE ROAD	CAMP HILL (HARRISBURG)	PENNSYLVANIA	17011	(717) 651-1200
FRASSINELLI, PHIL C, PHIL L & MARLENE	1415 RITNER HIGHWAY	CARLISLE	PENNSYLVANIA	17013	(717) 651-1200
HAYES, GARY & FEASTER, TAMMY	301-A LORTZ AVENUE	CHAMBERSBURG	PENNSYLVANIA	17201	(717) 262-2430
FRASSINELLI, PHIL C, PHIL L & MARLENE	1201 B NORTH CHURCH STREET, SUITE 402	HAZLETON	PENNSYLVANIA	18202	(570) 455-9099
FRASSINELLI, PHIL C, PHIL L & MARLENE	1621 N KEYSER AVENUE, SUITE 3	SCRANTON	PENNSYLVANIA	18508	(570) 342-2000
FRASSINELLI, PHIL C, PHIL L & MARLENE	4 PARK PLAZA, SUITE 300	WYOMISSING (READING)	PENNSYLVANIA	19610	(484) 335-1000
FRASSINELLI, PHIL C, PHIL L & MARLENE	3897 ADLER PLACE, BUILDING C, SUITE 130	BETHLEHEM	PENNSYLVANIA	18017	(610) 954-9100
FRASSINELLI, PHIL C, PHIL L & MARLENE	JEWELCOR PLAZA, SUITE 128, 100 WILKES BARRE BOULEVARD	WILKES BARRE (KINGSTON)	PENNSYLVANIA	18702	(570) 283-0433
SWARTS, ANGELA	CLIENT ON-PREMISE LOCATION	BEECH ISLAND	SOUTH CAROLINA	29842	
THOMPSON, PAM & BARRINEAU, MARY	4995 LACROSS ROAD, SUITE 1050	CHARLESTON	SOUTH CAROLINA	29406	(843) 554-4933
MEEKS, GEORGIA & MICHAEL	16 BERRYHILL RD INTERSTATE CENTER SUITE 119	COLUMBIA	SOUTH CAROLINA	29210	(803) 772-4928
VANDENBERG, STEVE & CARLA	2200 DAVID H. MCLEOD BOULEVARD, SUITE A	FLORENCE	SOUTH CAROLINA	29501	(843) 662-8262

OWNER NAME	OFFICE ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
ROBERSON, CRAIG & DIANE	1200 WOODRUFF ROAD, SUITE C- 15	GREENVILLE	SOUTH CAROLINA	29607	(864) 676-9160
THOMPSON, PAM & BARRINEAU, MARY	CLIENT ON- PREMISE LOCATION	JEDBURG	SOUTH CAROLINA	29483	
MEEKS, GEORGIA & MICHAEL	CLIENT ON- PREMISE LOCATION	PELION	SOUTH CAROLINA	29123	
THOMPSON, PAM & BARRINEAU, MARY	CLIENT ON- PREMISE LOCATION	SUMMERTON	SOUTH CAROLINA	29486	
BERG, JILL	4320 S. ARWAY DRIVE	SIOUX FALLS	SOUTH DAKOTA	57106	(605) 335-6010
TRAHAN, CAROL	CLIENT ON- PREMISE LOCATION	GREENEVILLE	TENNESSEE	37743	
TRAHAN, CAROL	2513 WESLEY STREET, SUITE 4	JOHNSON CITY	TENNESSEE	37601	(423) 283-3059
KLEEMANN, JUSTIN & KATHERINE	2211 S. DAY STREET, SUITE 404	BRENHAM	TEXAS	77833	(979) 830-5505
KOON, VICKI & MELTON, SOL	222 N EXPRESSWAY 77/83, SUITE 105	BROWNSVILLE	TEXAS	78251	(956) 688-9333
KLEEMANN, JUSTIN & KATHERINE	4101 S. TEXAS AVENUE, SUITE B	BRYAN	TEXAS	77802	(979) 846-7833
KOON, VICKI & MELTON, SOL	CLIENT ON- PREMISE LOCATION	CAMERON	TEXAS	76520	
KLEEMANN, JUSTIN & KATHERINE	1190 WEST DALLAS, SUITE A	CONROE	TEXAS	77301	(936) 207-1150
KOON, VICKI & MELTON, SOL	CLIENT ON- PREMISE LOCATION	KILLEEN	TEXAS	76542	
OBOT, SABBATH	303 E. MAIN STREET, SUITE 200	LEAGUE CITY	TEXAS	77573	(281) 724-7020
KOON, VICKI & MELTON, SOL	3321 NORTH MCCOLL	MCALLEN	TEXAS	78501	(956) 961-4298
KOON, VICKI & MELTON, SOL	2309 BIRDCREEK TERRACE	TEMPLE	TEXAS	76502	(254) 778-0533
KOON, VICKI & MELTON, SOL	334 TOWNE OAKS DRIVE	WACO	TEXAS	76710	(254) 776-3621

OWNER NAME	OFFICE ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
KOON, VICKI & MELTON, SOL	CLIENT ON-PREMISE LOCATION	WACO	TEXAS	76712	
BOYD, BRUCE & JEANIE	4020 CALL FIELD ROAD	WICHITA FALLS	TEXAS	76308	(940) 696-2665
ZARBOCK, RON	CLIENT ON-PREMISE LOCATION	CLEARFIELD	UTAH	84041	
ZARBOCK, RON	1868 NORTH 1200 WEST, UNIT F	LAYTON	UTAH	84041	(801) 528-1801
ZARBOCK, RON	1143 WEST CENTER STREET	OREM	UTAH	84057	(801) 221-0550
ZARBOCK, RON	4933 SOUTH 1500 WEST, SUITE 100	RIVERDALE	UTAH	84405	(801) 825-1100
ZARBOCK, RON	204 EAST 900 SOUTH	SALT LAKE CITY	UTAH	84111	(801) 519-5093
ZARBOCK, RON	CLIENT ON-PREMISE LOCATION	SALT LAKE CITY	UTAH	84104	
ZARBOCK, RON	CLIENT ON-PREMISE LOCATION	SALT LAKE CITY	UTAH	84047	
ZARBOCK, RON	CLIENT ON-PREMISE LOCATION	SPRINGVILLE	UTAH	84663	
ZARBOCK, RON	5677 S. REDWOOD ROAD #17	TAYLORSVILLE	UTAH	84123	(801) 261-8880
BALLARD, KEN	110 KIMBALL AVENUE, SUITE 250	SOUTH BURLINGTON	VERMONT	05403	(802) 864-5900
HAYES, GARY & FEASTER, TAMMY	3349 VALLEY PIKE, SUITE 800	WINCHESTER	VIRGINIA	22602	(540) 431-4857
MCCANN, ALETHEA	1212 N WASHINGTON STREET, SUITE 118	SPOKANE	WASHINGTON	99201	(509) 456-4944
HAYES, GARY & FEASTER, TAMMY	173 MONROE STREET	MARTINSBURG	WEST VIRGINIA	25404	(304) 267-9668
HEINOWSKI, TAMMY & DAN	1619-B WEST COLLEGE AVE	APPLETON	WISCONSIN	54914	(920) 830-9909
SCHAFER, DIANA & LEITINGER, MARGARET	2601 WEST BELTLINE HIGHWAY, SUITE 500	MADISON	WISCONSIN	53713	(608) 274-6000

OWNER NAME	OFFICE ADDRESS	CITY	STATE	ZIP CODE	TELEPHONE
SCHAFER, DIANA & LEITINGER, MARGARET	CLIENT ON- PREMISE LOCATION	MADISON	WISCONSIN	53783	
SCHAFER, DIANA & LEITINGER, MARGARET	CLIENT ON- PREMISE LOCATION	MADISON	WISCONSIN	53704	
SCHAFER, DIANA & LEITINGER, MARGARET	CLIENT ON- PREMISE LOCATION	WINDSOR	WISCONSIN	53598	

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, 2018, or has not communicated with us within ten weeks of the date of this offering circular.

#### **SPHERION**

Marjorie Bartok  
Melbourne, FL  
(321) 698-0136

Christina Slayton  
Battle Creek, MI  
(269) 967-6709

**EXHIBIT M**  
**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 280  
St. Paul, Minnesota 55101  
(651) 539-1600

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

Division of Insurance  
Securities Regulation  
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 N**  
**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 280  
St. Paul, MN 55101  
(651) 539-1600

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**

Director  
Department of Insurance and Finance  
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  
Building 69-1  
1511 Pontiac Avenue  
Cranston, RI 02920-4407  
(401) 462-9500

Corporation Service Company  
222 Jefferson Boulevard, Suite 200  
Warwick, RI 02888

**SOUTH DAKOTA**

Director  
Division of Insurance  
Securities Regulation  
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  
Richmond, VA 23219

**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 O**  
**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, 2018 and December 31, 2017 and the Statement of Operations, of Changes in Members' Equity and of Cash Flows for the three (3) years ended December 31, 2018.

**Spherion Staffing LLC**  
(An indirect wholly owned subsidiary of Randstad  
North America, Inc.)  
**Financial Statements**  
**December 31, 2018, 2017 and 2016**



**Spherion Staffing LLC**  
**Index**  
**December 31, 2018, 2017 and 2016**

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	Page(s)
<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Balance Sheets	2
Statements of Operations	3
Statements of Changes in Member's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6-11



### 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, 2018 and 2017, and the related statements of operations, changes in member's equity, and cash flows for the years ended December 31, 2018, 2017 and 2016, 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, 2018 and 2017, and the results of its operations and its cash flows for the years ended December 31, 2018, 2017 and 2016 in accordance with accounting principles generally accepted in the United States of America.

*Bennett Thrasher LLP*

April 22, 2019

#### 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 770.390.0384  
[www.blcpa.net](http://www.blcpa.net)

**Spherion Staffing, LLC**
**Balance Sheets**  
**December 31, 2018 and 2017**

(in thousands of dollars)	2018	2017
<b>Assets</b>		
Current assets:		
Accounts receivable, net	\$ 51,806	\$ 46,037
Other receivables	273	275
Notes receivable	66	93
Total current assets	<u>52,145</u>	<u>46,405</u>
Notes receivable	528	689
Total assets	<u>\$ 52,673</u>	<u>\$ 47,094</u>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,842	\$ 804
Accrued expenses and other current liabilities	8,124	7,213
Accrued salaries, wages and payroll taxes	3,399	5,502
Workers' compensation reserve	2,221	2,257
Total current liabilities	<u>15,586</u>	<u>15,776</u>
Workers' compensation reserve	2,635	3,162
Total liabilities	<u>18,221</u>	<u>18,938</u>
Commitments and contingencies (Note 7)		
<b>Equity</b>		
Member's equity	<u>34,452</u>	<u>28,156</u>
Total equity	<u>34,452</u>	<u>28,156</u>
Total liabilities and equity	<u>\$ 52,673</u>	<u>\$ 47,094</u>

*The accompanying notes are an integral part of these financial statements.*

**Spherion Staffing, LLC**
**Statements of Operations**
**Years Ended December 31, 2018, 2017 and 2016**

<i>(in thousands of dollars)</i>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net revenues	\$ 367,323	\$ 352,426	\$ 364,236
Cost of revenue	<u>287,867</u>	<u>276,398</u>	<u>288,812</u>
Gross profit	<u>79,456</u>	<u>76,028</u>	<u>75,424</u>
Operating expenses			
Selling, general and administrative expenses	<u>69,913</u>	<u>66,019</u>	<u>66,199</u>
Total operating expense	<u>69,913</u>	<u>66,019</u>	<u>66,199</u>
Net income	<u>\$ 9,543</u>	<u>\$ 10,009</u>	<u>\$ 9,225</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, 2018, 2017 and 2016**


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<i>(in thousands of dollars)</i>	<b>Total Member's Equity</b>
<b>Balance at December 31, 2015</b>	\$ 24,058
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>
Share-based compensation	174
Net transfers to parent	(3,421)
Net income	9,543
<b>Balance at December 31, 2018</b>	<u>\$ 34,452</u>

*The accompanying notes are an integral part of these financial statements.*

**Spherion Staffing, LLC**
**Statements of Cash Flows**
**Years Ended December 31, 2018, 2017 and 2016**

(in thousands of dollars)	2018	2017	2016
<b>Cash flows from operating activities</b>			
Net income	\$ 9,543	\$ 10,009	\$ 9,225
Adjustments to reconcile net income to net cash provided by operating activities:			
Share-based compensation	174	151	107
Provision for doubtful accounts	75	79	(194)
Gain (loss) on sale of franchises	-	30	(291)
Changes in operating assets and liabilities:			
Accounts receivable	(5,844)	(583)	270
Other receivables	2	(18)	(106)
Accounts payable	1,038	64	516
Accrued expenses and other liabilities	911	(1,333)	833
Accrued salaries, wages and payroll taxes	(2,103)	(2,338)	537
Workers' compensation reserve	(563)	(1,002)	(911)
Net cash provided by operating activities	<u>3,233</u>	<u>5,059</u>	<u>9,986</u>
<b>Cash flows from investing activities</b>			
Repayments on notes receivable	223	135	128
Advances on notes receivable	(35)	-	-
Purchase of franchises	-	-	(9)
Proceeds from sale of franchises	-	-	95
Net cash provided by investing activities	<u>188</u>	<u>135</u>	<u>214</u>
<b>Cash flows from financing activities</b>			
Net transfer to parent	(3,421)	(5,194)	(10,200)
Net cash used in financing activities	<u>(3,421)</u>	<u>(5,194)</u>	<u>(10,200)</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)	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 306</u>

*The accompanying notes are an integral part of these financial statements.*

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2018, 2017 and 2016**

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(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.

The Company 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.

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2018, 2017 and 2016**

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(in thousands of dollars)

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 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-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).

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2018, 2017 and 2016**

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(in thousands of dollars)

**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 \$4,749, \$4,862 and \$4,777 for the years ended December 31, 2018, 2017 and 2016, 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, 2018, 2017 and 2016. 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 \$1,281, \$1,264 and \$1,458 for the years ended December 31, 2018, 2017 and 2016, respectively.

**Fair Value of Financial Instruments**

The carrying amounts of the Company's financial instruments approximate their fair value.

**Income Taxes**

For the years ended December 31, 2018, 2017 and 2016, 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.

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2018, 2017 and 2016**

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(in thousands of dollars)

**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 \$170, \$95 and \$16 at December 31, 2018, 2017 and 2016 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:

	<b>2018</b>	<b>2017</b>
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	\$ 458	\$ 557
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
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	86	116
Note receivable from a franchisee, totaling \$175, 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 August 30, 2021	50	104
Other	<hr/>	<hr/>
	<hr/>	<hr/>
	<b>\$ 594</b>	<b>\$ 782</b>

The Company recognized a (loss)/gain related to the sale of franchises totaling \$0, \$(30), and \$291 for the years ended December 31, 2018, 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, 2018, 2017 and 2016**

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(in thousands of dollars)

**6. Accrued Liabilities**

Accrued liabilities as of December 31, 2018 and 2017 are comprised of:

	<b>2018</b>	<b>2017</b>
Accrued commissions	\$ 6,584	\$ 5,838
Other	1,540	1,375
Accrued expenses and other current liabilities	<u>8,124</u>	<u>7,213</u>
Accrued salaries and wages	926	1,607
Payroll taxes and other benefit withholdings	2,473	3,895
Accrued salaries, wages and payroll taxes	<u>3,399</u>	<u>5,502</u>
Accrued liabilities	<u>\$ 11,523</u>	<u>\$ 12,715</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, 2018. 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, 2018 and 2017 were \$4,856 and \$5,419, respectively, of which \$2,221 and \$2,257 were considered current, respectively. The Company has recorded its reserves net of insurance recoveries.

**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.

**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 \$12,257, \$11,235 and \$12,045 for the years ended December 31, 2018, 2017 and 2016, respectively.

The Company also pays two kinds of fees to the Ultimate Parent: an operational charge and management fee totaling \$0 and \$667; \$0 and \$701; and \$0 and \$811 for the years ended December 31, 2018, 2017 and 2016, respectively.

**Spherion Staffing LLC**  
**Notes to Financial Statements**  
**December 31, 2018, 2017 and 2016**

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(in thousands of dollars)

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:

	<b>2018</b>	<b>2017</b>	<b>2016</b>
Expenditures by Parent	\$ (346,514)	\$ (335,578)	\$ (341,790)
Cash collected by Parent	362,192	352,007	364,035
Allocation of general corporate expense	<u>(12,257)</u>	<u>(11,235)</u>	<u>(12,045)</u>
Net transfer to Parent	<u>\$ 3,421</u>	<u>\$ 5,194</u>	<u>\$ 10,200</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, 2018, 2017 and 2016, respectively. As of December 31, 2018, 2017 and 2016, total unrecognized compensation expense related to performance shares was \$174, \$151 and \$125, respectively.

**10. Subsequent Events**

Management has evaluated subsequent events through April 22, 2019 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 P**  
**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 Q**  
**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**  
**INFORMATION 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."

**AMENDMENT TO THE SPHERION STAFFING, LLC**  
**FRANCHISE AGREEMENT**  
**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 second sentence in the first paragraph stating, "Registration of a franchise by a state does not mean that the state recommends 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: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**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 a 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.

The State of Minnesota has statutes that might supersede the Franchise Agreement in your relationship with us. Minnesota Department of Commerce Rule 2860.4400D prohibits requiring a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.

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; and

Minn. Rule Part 2860.4400D prohibits requiring Franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes.

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. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

12. 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: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SPHERION STAFFING, LLC**

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**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 THE 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)

**SPHERION STAFFING, LLC**

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

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

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

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

**ADDENDUM TO THE SPHERION STAFFING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF NORTH DAKOTA**

The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees pursuant to North Dakota Franchise Investment Law § 51-19-09 N.D.C.C.:

1. Use of a general release that is to be signed upon renewal of this franchise described in Item 17(c) of the Disclosure Document and within Section 13(d) of the Franchise Agreement may be considered unenforceable in the State of North Dakota.
2. Covenants not to compete such as those mentioned in Item 17(q) of this Disclosure Document and within Section 5 of the Franchise Agreement are generally considered unenforceable in the State of North Dakota pursuant to section 9-08-06 of the North Dakota Century Code.
3. Requirements for the Franchisee to sue the Company in the federal or state Court covering the location at which Company has its principal place of business, as mentioned in Item 17(u) of this Disclosure Document and in Section 27(d) of the Franchise Agreement may not be enforceable in the State of North Dakota.
4. Application of law other than North Dakota Law as mentioned in Item 17(v) of this Disclosure Document and Section 27(a) of the Franchise Agreement may be considered unenforceable in the State of North Dakota.
5. Any provision that provides that the parties waive their right to claim punitive or exemplary damages as described Section 27(g) of the Franchise Agreement may be considered unenforceable in the State of North Dakota.
6. 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**

For citizens of North Dakota and franchises to be located within North Dakota, the North Dakota Securities Commissioner requires that certain provisions contained within the attached Spherion Staffing, LLC Franchise Agreement (the "Agreement") be amended to become consistent with the North Dakota Franchise Investment Law, N.D.C.C., §§ 51-19-01 through 51-19-17. Therefore, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions shall be amended as follows:

1. If Franchisee is required to sign a general release, as stated within Section 13(d) of the Agreement, such release shall exclude claims arising under North Dakota Franchise Investment Law.

2. 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.

3. 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.

4.. If the Franchise Agreement requires that it be governed by a law other than the State of North Dakota, as stated within Section 27(a), to the extent that such law conflicts with the North Dakota Franchise Investment Law, the North Dakota Franchise Investment Law will control.

5. Section 27 of the Agreement, under the heading "Applicable Law; Mediation," shall be amended by deletion of subsection (d) in its entirety.

6. 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.

7. Section 27 of the Agreement, under the heading "Applicable Law; Mediation," shall be amended by deletion of subsection (g) in its entirety.

8. 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)

**SPHERION STAFFING, LLC**

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

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

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

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

**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.

[SIGNATURES ON THE FOLLOWING PAGE]

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)

**SPHERION STAFFING, LLC**

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

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

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

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

**SOUTH DAKOTA ADDENDUM**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**

The Spherion 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.

[SIGNATURES ON THE FOLLOWING PAGE]

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)

**SPHERION STAFFING, LLC**

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

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

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

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

**EXHIBIT R**  
**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.

[SIGNATURES ON THE FOLLOWING PAGE]

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 S**  
**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 M.

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 29, 2019. 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 N to receive service of process for it in the particular state.

I received a Disclosure Document dated April 29, 2019, that included the following Exhibits:

- A      Spherion General Staffing Franchise Agreement
- B      Spherion Professionals Franchise Agreement
- C      Professional Services Addendum

- D Territory Development Agreement
- E Purchase Loan Documents: Promissory Note, Guaranty, Security Agreement & Asset Sale Agreement
- F Start-up Loan Documents: Promissory Note, Guaranty & Security Agreement
- G Workers' Compensation Loan Documents: Promissory Note, Guaranty & Security Agreement
- H Confidentiality Agreement
- I Assignment of Spherion Franchise Agreement
- J Agreement and General Release
- K Table of Contents for Manual
- L List of Franchisees
- M List of Administrators
- N Agents for Service of Process
- O Financial Statements
- P Franchisee Compliance Certification
- Q State Specific Addenda
- R Overlap Acknowledgment Agreement
- S 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: Rebecca Rogers Tijerino 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 M.

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 29, 2019. 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:

---

---

Spherion authorizes the respective state agent identified on Exhibit N to receive service of process for it in the particular state.

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- R Overlap Acknowledgment Agreement
- S 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: Rebecca Rogers Tijerino at One Overton Park, 3625 Cumberland Blvd., Suite 600, Atlanta, GA 30339 and (770) 303-6770.