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SERVICEMASTER CO  
Form 10-K  
March 04, 2005

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

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FORM 10-K

(Mark One)

X Annual Report Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

For the fiscal year ended December 31, 2004

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number 1-14762

-----  
THE SERVICEMASTER COMPANY

(Exact name of registrant as specified in its charter)

Delaware 36-3858106  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

3250 Lacey Road, Suite 600, Downers Grove, Illinois, 60515-1700  
(Address of Principal Executive Offices, Zip Code)

(630) 663-2000  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class<br>-----    | Name of Each Exchange<br>on Which Registered<br>----- |
|---------------------------------|-------------------------------------------------------|
| Common Stock                    | New York Stock Exchange                               |
| Preferred Stock Purchase Rights | New York Stock Exchange                               |

Securities registered pursuant to Section 12(g) of the Act:

None  
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Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter

period that the was required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item

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405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

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Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes X No

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The aggregate market value of shares of common stock held by non-affiliates of the registrant as of June 30, 2004 was \$3,499,983,798.

The number of shares of the registrant's common stock outstanding as of February 25, 2005 was 292,005,365.

### DOCUMENTS INCORPORATED BY REFERENCE

Certain parts of the registrant's Annual Report to Shareholders for the year ended December 31, 2004 are incorporated into Part I and Part II of this Form 10-K.

Certain parts of the registrant's Definitive Proxy Statement for the 2005 Annual Meeting of Shareholders are incorporated into Part III of this Form 10-K.

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FORWARD-LOOKING STATEMENTS

This Form 10-K contains or incorporates by reference statements concerning future results and other matters that may be deemed to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The ServiceMaster Company ("ServiceMaster") intends that these forward-looking statements, which look forward in time and include everything other than historical information, be subject to the safe harbors created by that legislation. ServiceMaster notes that these forward-looking statements involve risks and uncertainties that could affect its results of operations, financial condition or cash flows. Factors that could cause actual results to differ materially from those expressed or implied in a forward-looking statement include the following, among others:

- o weather conditions that affect the demand for ServiceMaster's services;
- o changes in competition in the markets served by ServiceMaster;
- o labor shortages or increases in wage rates;
- o unexpected increases in operating costs, such as higher insurance premiums, self-insurance and healthcare claims costs;
- o higher fuel prices;
- o changes in the types or mix of service offerings or products;
- o increased governmental regulation, including telemarketing;
- o general economic conditions in the United States, especially as they may affect home sales or consumer spending levels; and
- o other factors described from time to time in documents filed by ServiceMaster with the Securities and Exchange Commission.

PART I

ITEM 1. BUSINESS

ServiceMaster is a national service company serving both residential and

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commercial customers. ServiceMaster's services include lawn care and landscape maintenance; termite and pest control; home warranty and home inspection services; plumbing, drain cleaning, heating, ventilation, air conditioning and electrical services; and cleaning, disaster restoration and furniture repair. As of December 31, 2004, ServiceMaster provided these services through a network of over 5,400 company-owned and franchised locations operating under the following leading brands: TruGreen ChemLawn, TruGreen LandCare, Terminix, American Home Shield, AmeriSpec, ARS Service Express, Rescue Rooter, American Mechanical Services, Merry Maids, ServiceMaster Clean and Furniture Medic. Incorporated in Delaware in 1991, ServiceMaster is the successor to various entities dating back to 1947.

ServiceMaster is organized into five principal operating segments: TruGreen; Terminix; American Home Shield; American Residential Services and American Mechanical Services; and Other Operations. All ServiceMaster subsidiaries are wholly owned, except for The Terminix International Company L.P., in which Allied Bruce-Terminix Companies, Inc. is a Class B limited partner. The financial information for each operating segment for 2002, 2003 and 2004 contained in the Notes to the Consolidated Financial Statements included in ServiceMaster's Annual Report to Shareholders for the year ended December 31, 2004 ("Annual Report to Shareholders for 2004") is incorporated by reference in this Form 10-K.

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### SERVICES

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

| Segment                                                        | 2004 | 2003 |
|----------------------------------------------------------------|------|------|
| TruGreen                                                       | 38%  | 38%  |
| Terminix                                                       | 27%  | 26%  |
| American Home Shield                                           | 13%  | 13%  |
| American Residential Services and American Mechanical Services | 18%  | 19%  |
| Other Operations                                               | 4%   | 4%   |

#### TruGreen Segment

The TruGreen segment provides lawn care services primarily under the TruGreen ChemLawn brand name and landscape maintenance services primarily under the TruGreen LandCare brand name, in each case, to residential and commercial customers. Revenues derived from the TruGreen segment constituted 38%, 38% and 37% in 2004, 2003 and 2002, respectively, of the revenue from continuing operations of the consolidated ServiceMaster enterprise. The TruGreen ChemLawn and TruGreen LandCare businesses are seasonal in nature. Weather conditions, such as a drought, affect the demand for lawn care and landscape maintenance services and may result in a decrease in revenues or an increase in costs.

TruGreen ChemLawn. TruGreen ChemLawn is a leading provider of lawn care

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services in the United States serving both residential and commercial customers. As of December 31, 2004, TruGreen ChemLawn provided these services in 46 states and the District of Columbia through 206 company-owned locations and 51 franchised locations. As of December 31, 2004, TruGreen ChemLawn also provided lawn care services through a subsidiary in Canada and had entered into licensing arrangements to provide these services in nine other countries, primarily in the Middle East. In April 2004, TruGreen ChemLawn acquired the assets of Greenspace Services Limited from FirstService Corporation. Greenspace Services Limited is Canada's largest professional lawn care services company.

TruGreen LandCare. TruGreen LandCare is a leading provider of landscape maintenance services in the United States serving both residential and commercial customers. As of December 31, 2004, TruGreen LandCare provided these services in 36 states and the District of Columbia through 104 company-owned locations and had no international operations.

### Terminix Segment

The Terminix segment provides termite and pest control services primarily under the Terminix brand name to residential and commercial customers. Revenues derived from the Terminix segment constituted 27%, 26% and 26% in 2004, 2003 and 2002, respectively, of the revenue from continuing operations of the consolidated ServiceMaster enterprise. The Terminix business is seasonal in nature. The termite swarm season, which generally occurs in early spring but varies by region depending on climate, leads to the highest demand for termite control services and therefore the highest level of revenues. Similarly, increased pest activity in the warmer months leads to the highest demand for pest control services and therefore the highest level of revenues.

Terminix is a leading provider of termite and pest control services in the United States serving both residential and commercial customers. As December 31, 2004, Terminix provided these services in 47 states and the District of Columbia through 347 company-owned locations and 136 franchised locations. As of December 31, 2004, Terminix also provided termite and pest control services through a subsidiary in Mexico and had entered into licensing arrangements to provide these services in 29 other countries, primarily in the Caribbean and the Middle East.

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### American Home Shield Segment

The American Home Shield segment provides home warranty contracts for systems and appliances primarily under the American Home Shield brand name and home inspection services primarily under the AmeriSpec brand name, in each case, to residential customers. Revenues derived from the American Home Shield segment constituted 13%, 13% and 12% in 2004, 2003 and 2002, respectively, of the revenue from continuing operations of the consolidated ServiceMaster enterprise. The American Home Shield and AmeriSpec businesses are seasonal in nature. Sales volume in the American Home Shield segment depends, in part, on the number of home resale closings, which historically has been highest in the spring and summer months. American Home Shield's costs related to service call volume is highest in the summer months, especially during periods of unseasonably warm temperatures.

American Home Shield. American Home Shield is a leading provider of home warranty contracts for systems and appliances in the United States. It provides residential customers with contracts to repair or replace electrical, plumbing, central heating and central air conditioning systems, hot water heaters and appliances that break down due to normal wear and tear and administers those

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contracts through independent repair contractors and American Residential Services. As of December 31, 2004, American Home Shield issued and administered home warranty contracts in 49 states and the District of Columbia and had no international operations.

AmeriSpec. AmeriSpec is a leading provider of home inspection services in the United States serving residential customers. As of December 31, 2004, AmeriSpec provided these services in 47 states and the District of Columbia through two company-owned locations and 231 franchised locations, and AmeriSpec also provided home inspection services through a subsidiary in Canada.

### American Residential Services and American Mechanical Services Segment

The American Residential Services and American Mechanical Services segment provides plumbing, drain cleaning, heating, ventilation, air conditioning and electrical services primarily under the ARS Service Express, American Mechanical Services and Rescue Rooter brand names to residential and commercial customers. Revenues derived from the American Residential Services and American Mechanical Services segment constituted 18%, 19% and 21% in 2004, 2003 and 2002, respectively, of the revenue from continuing operations of the consolidated ServiceMaster enterprise. The American Residential Services and American Mechanical Services businesses are seasonal in nature, with the greatest activity occurring in May through August during the peak air conditioning season.

American Residential Services. American Residential Services, which includes the businesses of ARS Service Express and Rescue Rooter, is a leading provider of plumbing, drain cleaning, heating, ventilation, air conditioning and electrical services in the United States serving residential customers. As of December 31, 2004, American Residential Services provided these services in 25 states and the District of Columbia through 63 company-owned locations and had no international operations.

American Mechanical Services. American Mechanical Services is a leading provider of heating, ventilation, air conditioning and electrical services in the United States serving commercial customers. As of December 21, 2004, American Mechanical Services provided these services in 7 states and the District of Columbia through 20 company-owned locations and had no international operations.

### Other Operations Segment

The Other Operations segment provides residential and commercial disaster restoration and cleaning services primarily under the ServiceMaster and ServiceMaster Clean brand names, domestic house cleaning services primarily under the Merry Maids brand name and on-site furniture repair and restoration services primarily under the Furniture Medic brand name. The Other Operations segment also includes ServiceMaster's headquarters functions. Revenues derived from the Other Operations segment constituted 4%, 4% and 4% in 2004, 2003 and 2002, respectively, of the revenue from continuing operations of the consolidated ServiceMaster enterprise.

ServiceMaster Clean. ServiceMaster Clean is a leading franchisor in the residential and commercial cleaning field in the United States. As of December 31, 2004, ServiceMaster Clean provided these services in all 50 states and the District of Columbia through 3,132 franchised locations. As of December 31, 2004, ServiceMaster Clean also provided disaster restoration and cleaning services through subsidiaries in Canada, Ireland, the United Kingdom and Spain

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and had entered into licensing arrangements to provide these services in 19 other countries, primarily in Asia and the Middle East.

Merry Maids. Merry Maids is a leading provider of domestic house cleaning services in the United States. As of December 31, 2004, these services were provided in 48 states and the District of Columbia through 62 company-owned locations and 775 franchised locations. As of December 31, 2004, Merry Maids also provided domestic house cleaning services through subsidiaries in Canada, Denmark, Ireland and the United Kingdom and had entered into licensing arrangements to provide these services in nine other countries, primarily in Asia.

Furniture Medic. Furniture Medic is a leading provider of on-site furniture repair and restoration services in the United States serving residential customers. As of December 31, 2004, Furniture Medic provided these services in 48 states and the District of Columbia through 386 franchised locations. As of December 31, 2004, Furniture Medic also provided on-site furniture repair and restoration services through subsidiaries in Canada and the United Kingdom and had entered into licensing arrangements to provide these services in France.

### MARKETING AND DISTRIBUTION

ServiceMaster markets its services primarily through yellow pages advertisements, telemarketing, television and radio advertising, print advertisements, direct mail and door-to-door solicitation. Additionally, American Home Shield markets its home service contracts through participating real estate brokerage offices in conjunction with the resale of single-family residences and through financial institutions and insurance agencies.

### HEADQUARTER FUNCTIONS

The Business Support Center coordinates administration of payroll, benefits, risk management, travel and certain procurement services for ServiceMaster's internal operations. Various administrative support departments also provide personnel, communications, marketing, government and public relations, administrative, accounting, financial, tax, human resources, information technology and legal services. The Business Support Center is headquartered in Downers Grove, Illinois and has additional personnel located in Memphis, Tennessee.

### PATENTS, TRADEMARKS AND LICENSES

ServiceMaster holds various service marks, trademarks and trade names that it deems particularly important to the advertising and franchising activities conducted by each of its operating segments. These marks are registered in the United States and over 97 other countries and are renewed at each registration expiration date.

### FRANCHISES

Franchises are important to TruGreen ChemLawn, Terminix, ServiceMaster Clean, Merry Maids, AmeriSpec and Furniture Medic businesses. Total franchise fees (initial and recurring) represented 2.7% of consolidated revenue in 2004, and 2.6% of consolidated revenues in both 2003 and 2002, respectively. Related franchise operating expenses were 1.7%, 1.6% and 1.7% of consolidated operating expenses in 2004, 2003 and 2002, respectively. Total franchise fee profits comprised 10.1%, 10.5% and 9.4% of consolidated operating income (without the impairment charge in 2003) before headquarter overheads in 2004, 2003 and 2002,

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respectively. Franchise agreements made in the course of these businesses are generally for a term of five years. ServiceMaster renews the majority of its franchise agreements prior to their expiration.

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### COMPETITION

ServiceMaster competes with many other companies in the sale of its services, franchises and products. The principal methods of competition in ServiceMaster's businesses include quality of service, name recognition, pricing, assurance of customer satisfaction and reputation.

**Lawn Care Services.** Competition in the market for lawn care services is strong, coming mainly from local, independently owned firms and from homeowners who care for their own lawns.

**Landscape Maintenance Services.** Competition in the market for landscape maintenance services is strong, coming mainly from small, owner-operated companies operating in a limited geographic market and, to a lesser degree, from a few large companies operating in multiple markets, and from property owners who perform their own landscaping services.

**Termite and Pest Control Services.** Competition in the market for termite and pest control services is strong, coming mainly from thousands of regional and local, independently owned firms, from homeowners who treat their own termite and pest control problems and from Orkin, Inc. which operates on a national basis.

**Home Warranty Contracts for Systems and Appliances.** Competition in the market for home warranty contracts for systems and appliances is strong, coming mainly from regional providers of home warranties. Several competitors are initiating expansion efforts into additional states. American Home Shield competes with these companies for access to real estate brokers, financial institutions and insurance agents that distribute its home warranty contracts.

**Home Inspection Services.** Competition in the market for home inspection services is strong, coming mainly from regional and local, independently owned firms.

**Electrical, Heating, Ventilation and Air Conditioning Services.** Competition in the market for electrical, heating, ventilation and air conditioning services is strong, coming mainly from local, independently owned firms throughout the United States and a few national companies.

**Plumbing and Drain Cleaning Services.** Competition in the market for plumbing and drain cleaning services is strong, coming mainly from local, independently owned firms throughout the United States and a few national companies.

**Disaster Restoration and Cleaning Services.** Competition in the market for disaster restoration and cleaning services is strong, coming mainly from local, independently owned firms and a few national companies.

**House Cleaning Services.** Competition in the market for house cleaning services is strong, coming mainly from local, independently owned firms and a few national companies.

**Furniture Repair Services.** Competition in the market for furniture repair services is strong, coming mainly from local, independent contractors.



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### MAJOR CUSTOMERS

ServiceMaster has no single customer that accounts for more than 10% of its consolidated operating revenue. Additionally, no operating segment has a single customer that accounts for more than 10% of its operating revenue. None of ServiceMaster's operating segments is dependent on a single customer or a few customers, the loss of which would have a material adverse effect on the segment.

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### REGULATORY COMPLIANCE

Government Regulations. ServiceMaster's operating segments are subject to various federal, state and local laws and regulations, compliance with which increases ServiceMaster's operating costs, limits or restricts the services provided by ServiceMaster's operating segments or the methods by which ServiceMaster's operating segments sell those services or conduct their respective businesses, or subjects ServiceMaster and its operating segments to the possibility of regulatory actions or proceedings.

These federal and state laws include laws relating to consumer protection, wage and hour regulations, permit and license requirements, workers' safety (e.g., the Occupational Safety and Health Act), environmental regulations and employee benefits (e.g., the Consolidated Omnibus Budget Reconciliation Act of 1985 and the Employee Retirement Income Security Act of 1974). The TruGreen, Terminix and American Residential Services and American Mechanical Services segments must also meet the Department of Transportation and Federal Motor Carrier Safety Administration requirements with respect to their fleets of vehicles. American Home Shield is regulated by the Department of Insurance in certain states and the Real Estate Commission in Texas.

Consumer Protection and Telemarketing Matters. ServiceMaster is subject to numerous federal and state laws and regulations designed to protect consumers, including laws governing consumer privacy and fraud, the collection and use of consumer data, telemarketing and other forms of solicitation. Noncompliance with these laws and regulations can subject ServiceMaster to fines or various forms of civil or criminal prosecution, any of which could have an adverse effect on its financial condition, results of operations and cash flows.

The telemarketing rules adopted by the Federal Communications Commission pursuant to the Federal Telephone Consumer Protection Act and the Federal Telemarketing Sales Rule issued by the Federal Trade Commission govern ServiceMaster's telephone sales practices. In addition, many states have adopted statutes and regulations targeted at direct telephone sales activities. The implementation of do-not-call lists requires TruGreen, and, to a lesser extent, ServiceMaster's other operating segments, to seek additional marketing methods and channels.

Franchise Matters. TruGreen ChemLawn, Terminix, ServiceMaster Clean, Merry Maids, AmeriSpec and Furniture Medic are subject to various federal and state laws and regulations governing franchise sales and marketing and franchise trade practices generally, including applicable rules and regulations of the Federal Trade Commission. These laws and regulations generally require disclosure of business information in connection with the sale of franchises. Certain state regulations also affect the ability of the franchisor to revoke or refuse to renew a franchise. ServiceMaster seeks to comply with regulatory requirements and deal with franchisees in good faith. From time to time, ServiceMaster and

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one or more franchisees may become involved in a dispute regarding the franchise relationship, including, among other things, payment of royalties, location of branches, advertising, purchase of products by franchisees, compliance with ServiceMaster standards and franchise renewal criteria. There can be no assurance that compliance problems will not be encountered from time to time or that material disputes with one or more franchisees will not arise.

Environmental Matters. ServiceMaster's businesses are subject to various federal, state and local laws and regulations regarding environmental matters. Terminix, TruGreen ChemLawn and TruGreen LandCare are regulated under many federal and state environmental laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, the Federal Environmental Pesticide Control Act of 1972, the Federal Insecticide, Fungicide and Rodenticide Act of 1947, the Resource Conservation and Recovery Act of 1976, the Emergency Planning and Community Right-to-Know Act of 1986, the Oil Pollution Act of 1990 and the Clean Water Act of 1977. American Residential Services and American Mechanical Services are also regulated under many federal and state environmental laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act of 1976, the Emergency Planning and Community Right-to-Know Act of 1986, the Clean Water Act of 1977 and the Clean Air Act of 1970. ServiceMaster cannot predict the effect on its operations of possible future environmental legislation or regulations. During 2004, there were no material capital expenditures for environmental control facilities, and no such material expenditures are anticipated in 2005.

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### EMPLOYEES

On December 31, 2004, ServiceMaster had a total of approximately 38,000 employees.

### AVAILABLE INFORMATION

ServiceMaster maintains a website at <http://www.svm.com> that includes a hyperlink to a website maintained by a third-party where ServiceMaster's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports are available without charge as soon as reasonably practicable following the time that they are filed with or furnished to the Securities and Exchange Commission. A copy of each of ServiceMaster's Corporate Governance Principles, Audit and Finance Committee Charter, Compensation and Leadership Development Committee Charter, Governance and Nominating Committee Charter, Financial Code of Ethics and Code of Conduct is posted on ServiceMaster's website at <http://www.svm.com> under "Corporate Governance" and is available in print to any shareholder who requests it by writing to the Corporate Secretary at the following address: The ServiceMaster Company, 3250 Lacey Road, Suite 600, Downers Grove, Illinois 60515.

### ITEM 2. PROPERTIES

#### BUSINESS SUPPORT CENTER

ServiceMaster leases approximately 66,000 square feet of office space to accommodate personnel from the Business Support Center in Downers Grove, Illinois. The lease expires at the end of 2012, but ServiceMaster has an option to terminate the lease as of December 31, 2007 by giving written notice to the lessor by June 30, 2006. Additionally, ServiceMaster leases warehouse space in

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Naperville, Illinois. ServiceMaster also leases office space in Memphis, Tennessee as described below to accommodate Memphis-based personnel from the Business Support Center. ServiceMaster believes that these office facilities and warehouse are suitable and adequate to support the Business Support Center's current needs in the Chicagoland and Memphis areas.

### OPERATING SEGMENTS

The headquarters for TruGreen ChemLawn, TruGreen LandCare, Terminix, American Residential Services and Rescue Rooter are located in leased premises at 860 Ridge Lake Boulevard, Memphis, Tennessee. The headquarters for Furniture Medic, American Home Shield and AmeriSpec are located in leased premises at 889 Ridge Lake Boulevard, Memphis, Tennessee. The headquarters for ServiceMaster Clean and Merry Maids and a training facility are located in leased premises at 3839 Forest Hill Irene Road, Memphis, Tennessee. The headquarters for American Mechanical Services are located in leased premises at 8039 Laurel Lakes Court, Laurel, Maryland. In addition, ServiceMaster leases space for a call center located at 6399 ShelbyView Drive, Memphis, Tennessee; offices located at 850 and 855 Ridge Lake Boulevard, Memphis, Tennessee; a training facility located at 1650 Shelby Oaks Drive North, Memphis, Tennessee; and a warehouse located at 1575 Two Place, Memphis, Tennessee. ServiceMaster believes that the headquarters, call center facility, offices, training facilities and warehouse are suitable and adequate to support the current needs of its operating segments in the Memphis and Laurel areas.

ServiceMaster's operating companies own and lease a variety of facilities principally in the United States for branch and service center operations and for office, storage, call center and data processing space. The following chart identifies for each operating company the number of owned facilities, the number of leased facilities and the number of states represented by those owned and leased facilities. ServiceMaster believes that these facilities, when considered with the headquarters, call center facility, offices, training facilities and warehouses described above are suitable and adequate to support the current needs of its business.

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| Operating<br>Company<br>----- | Owned<br>Facilities<br>----- | Leased<br>Facilities<br>----- | No. of<br>States<br>----- |
|-------------------------------|------------------------------|-------------------------------|---------------------------|
| TruGreen ChemLawn             | 5                            | 302                           | 42                        |
| TruGreen LandCare             | 1                            | 176                           | 26                        |
| Terminix                      | 12                           | 416                           | 42                        |
| American Residential Services | 3                            | 73                            | 23                        |
| American Mechanical Services  | 1                            | 19                            | 7                         |
| American Home Shield          | 1                            | 8                             | 4                         |
| ServiceMaster Clean           | 0                            | 8                             | 6                         |
| Merry Maids                   | 0                            | 62                            | 27                        |

### ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of conducting its business activities, ServiceMaster becomes involved in judicial, administrative and regulatory proceedings involving both private parties and governmental authorities. As of February 25, 2005 these proceedings included general and commercial liability actions and a

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small number of environmental proceedings. ServiceMaster does not expect any of these proceedings to have a material adverse effect on its financial condition, results of operations or cash flows.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the fourth quarter of the fiscal year covered by this Form 10-K, no matters were submitted to a vote of security holders.

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## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

ServiceMaster's common stock is traded on the New York Stock Exchange under the symbol "SVM." At February 25, 2005, ServiceMaster's common stock was held of record by approximately 65,000 persons. ServiceMaster estimates that approximately 44,000 persons held shares of its common stock in the names of nominees as of that date.

The information contained in ServiceMaster's Annual Report to Shareholders for 2004 under the headings "Consolidated Statements of Shareholders' Equity" and "Quarterly Cash Dividends and Price Per Share Data" is incorporated by reference in this Form 10-K.

In July 2000, ServiceMaster's Board of Directors authorized \$350 million for share repurchases. The following table summarizes ServiceMaster's common stock share repurchases for the three months ended December 31, 2004 under its share repurchase authorization. Decisions relating to any future share repurchases will depend on various factors such as ServiceMaster's commitment to maintain investment grade credit ratings and other strategic investment opportunities.

#### ISSUER PURCHASES OF EQUITY SECURITIES

| Period                                        | Total Number<br>of Shares<br>Purchased | Average Price<br>Paid per<br>Share | Total<br>Number<br>of Shares<br>Purchased as<br>Part of Publicly<br>Announced<br>Plan |
|-----------------------------------------------|----------------------------------------|------------------------------------|---------------------------------------------------------------------------------------|
| October 1, 2004 through<br>October 31, 2004   | -                                      | \$ -                               | -                                                                                     |
| November 1, 2004 through<br>November 30, 2004 | 140,100                                | \$ 12.61                           | 140,100                                                                               |
| December 1, 2004 through<br>December 31, 2004 | 495,400                                | \$ 13.25                           | 495,400                                                                               |

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|       |         |          |         |
|-------|---------|----------|---------|
| Total | 635,500 | \$ 13.11 | 635,500 |
|-------|---------|----------|---------|

ITEM 6. SELECTED FINANCIAL DATA

The information contained in ServiceMaster's Annual Report to Shareholders for 2004 under the heading "Five-Year Financial Summary" in the Financial Statements section is incorporated by reference in this Form 10-K.

ITEM 7. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information contained in ServiceMaster's Annual Report to Shareholders for 2004 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" is incorporated by reference in this Form 10-K.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information contained in ServiceMaster's Annual Report to Shareholders for 2004 under the heading "Quantitative and Qualitative Disclosures about Market Risk" is incorporated by reference in this Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Statements of Financial Position as of December 31, 2004 and 2003, the Consolidated Statements of Operations, Consolidated Statements of Cash Flows and Consolidated Statements of Shareholders' Equity for the years ended December 31, 2004, 2003 and 2002 and the Notes to the Consolidated Financial Statements contained in ServiceMaster's Annual Report to Shareholders for 2004 are incorporated by reference in this Form 10-K. The reports of Deloitte & Touche LLP dated February 28, 2005 on the Consolidated Financial Statements and management's assessment of the effectiveness of internal control over financial reporting contained in ServiceMaster's Annual Report to Shareholders for 2004 are also incorporated by reference in this Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Effectiveness of Disclosure Controls and Procedures. ServiceMaster's Chairman and Chief Executive Officer, Jonathan P. Ward, and ServiceMaster's President and Chief Financial Officer, Ernest J. Mrozek, have evaluated ServiceMaster's disclosure controls and procedures as of the end of the period covered by this Form 10-K. ServiceMaster's disclosure controls and procedures include a roll-up of financial and non-financial reporting that is consolidated in the principal executive office of ServiceMaster in Downers Grove, Illinois.

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The reporting process is designed to ensure that information required to be disclosed by ServiceMaster in the reports that it files with or submits to the Securities and Exchange Commission is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Messrs. Ward and Mrozek have concluded that both the design and operation of ServiceMaster's disclosure controls and procedures are effective.

Management's Report on Internal Control over Financial Reporting. The information contained in ServiceMaster's Annual Report to Shareholders for 2004 under the heading "Management's Report on Internal Control over Financial Reporting" is incorporated by reference in this Form 10-K.

Changes in Internal Control over Financial Reporting. No change in ServiceMaster's internal control over financial reporting occurred during the fourth quarter of 2004 that has materially affected, or is reasonably likely to materially affect, ServiceMaster's internal control over financial reporting.

### ITEM 9B. OTHER INFORMATION

None.

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## PART III

### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

#### DIRECTORS

The information contained in ServiceMaster's Definitive Proxy Statement for the 2005 Annual Meeting of Shareholders under the heading "Item 1 - Election of Directors" is incorporated by reference in this Form 10-K.

#### EXECUTIVE OFFICERS OF SERVICEMASTER

The names and ages of the executive officers of ServiceMaster as of February 25, 2005, together with certain biographical information, are as follows:

| Name              | Age | Present Positions                               |
|-------------------|-----|-------------------------------------------------|
| ----              | --- | -----                                           |
| Jonathan P. Ward  | 50  | Chairman and Chief Executive Officer            |
| Ernest J. Mrozek  | 51  | President and Chief Financial Officer           |
| Steven C. Preston | 44  | Executive Vice President                        |
| Steven B. Bono    | 52  | Senior Vice President, Corporate Communications |

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|                   |    |                                                                               |
|-------------------|----|-------------------------------------------------------------------------------|
| Albert T. Cantu   | 43 | Group President, American Residential Services, ServiceMaster and Merry Maids |
| Scott J. Cromie   | 48 | President and Chief Operating Officer, American Home Shield                   |
| Mitchell T. Engel | 52 | Chief Marketing Officer                                                       |
| James A. Goetz    | 47 | Senior Vice President and Chief Information Officer                           |
| Jim L. Kaput      | 44 | Senior Vice President and General Counsel                                     |

Mr. Ward is also a director of ServiceMaster. For biographical information with respect to Mr. Ward, see "Item 1 - Election of Directors" in ServiceMaster's Definitive Proxy Statement for the 2005 Annual Meeting of Shareholders.

Ernest J. Mrozek is President and Chief Financial Officer. He served as President and Chief Operating Officer from April 2002 to January 2004. He served as President of ServiceMaster Consumer and Commercial Services from November 1998 to April 2002.

Steven C. Preston is Executive Vice President. He served as Executive Vice President and Chief Financial Officer from July 1998 to January 2004.

Steven B. Bono has served as Senior Vice President, Corporate Communications since July 2001. He was on sabbatical from May 2000 to July 2001. Mr. Bono served as Vice President, Communications Strategy of Jack Morton Worldwide in Chicago, Illinois from September 1997 to May 2000.

Albert T. Cantu is Group President, American Residential Services, ServiceMaster Clean and Merry Maids. He served as President and Chief Operating Officer, Terminix from January 1999 to January 2005.

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Scott J. Cromie has served as President and Chief Operating Officer, American Home Shield since October 1996.

Mitchell T. Engel is Chief Marketing Officer. He served as Principal of Engel Marketing Services from April 1998 to April 2002.

James A. Goetz is Senior Vice President and Chief Information Officer. He served as Chief Information Officer of The ServiceMaster Home Service Center L.L.C. from September 2000 to January 2002. From January 1999 to August 2000, he was Director of Internet Services at IBM Global Services.

Jim L. Kaput is Senior Vice President and General Counsel of ServiceMaster. From June 1994 until he joined ServiceMaster in April 2000, Mr. Kaput was a partner at the law firm of Sidley & Austin in Chicago, Illinois.

### FINANCIAL CODE OF ETHICS

ServiceMaster has a Financial Code of Ethics which applies to ServiceMaster's Chief Executive Officer, Chief Financial Officer, Controller, Treasurer, Business Unit Chief Financial Officers or persons performing similar functions and other designated officers and employees. A copy of the Financial

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Code of Ethics is posted on ServiceMaster's website at <http://www.svm.com> under "Corporate Governance" and is available in print, at no charge, to any person who requests it by writing to the Corporate Secretary at the following address: The ServiceMaster Company, 3250 Lacey Road, Suite 600, Downers Grove, Illinois 60515.

### AUDIT AND FINANCE COMMITTEE FINANCIAL EXPERT

The information contained in ServiceMaster's Definitive Proxy Statement for the 2005 Annual Meeting of Shareholders under the heading "Board and Committees of the Board" is incorporated by reference in this Form 10-K.

### COMPLIANCE WITH SECTION 16(a) OF THE SECURITIES EXCHANGE ACT OF 1934

The information contained in ServiceMaster's Definitive Proxy Statement for the 2005 Annual Meeting of Shareholders under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated by reference in this Form 10-K.

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### ITEM 11. EXECUTIVE COMPENSATION

The information contained in ServiceMaster's Definitive Proxy Statement for the 2005 Annual Meeting of Shareholders under the headings "Compensation of Directors," "Executive Officer Compensation" and "Agreements with Officers and Directors" is incorporated by reference in this Form 10-K.

### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained in ServiceMaster's Definitive Proxy Statement for the 2005 Annual Meeting of Shareholders under the headings "Ownership of Our Common Stock" and "Equity Compensation Plan Information" is incorporated by reference in this Form 10-K.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information contained in ServiceMaster's Definitive Proxy Statement for the 2005 Annual Meeting of Shareholders under the heading "Certain Transactions and Relationships" is incorporated by reference in this Form 10-K.

### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information contained in ServiceMaster's Definitive Proxy Statement for the 2005 Annual Meeting of Shareholders under the heading "Item 3 - Ratification of Selection of Independent Auditors" is incorporated by reference in this Form 10-K.



PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements, Schedules and Exhibits.

1. Financial Statements

The documents shown below are contained in ServiceMaster's Annual Report to Shareholders for 2004 and are incorporated by reference in Part II, Item 8 of this Form 10-K:

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Operations for the three years ended December 31, 2004, 2003 and 2002

Consolidated Statements of Financial Position as of December 31, 2004 and 2003

Consolidated Statements of Cash Flows for the three years ended December 31, 2004, 2003 and 2002

Consolidated Statements of Shareholders' Equity for the three years ended December 31, 2004, 2003 and 2002

Notes to the Consolidated Financial Statements

2. Financial Statements Schedules

The following financial statement schedule is required to be filed by Part II, Item 8 of Form 10-K and by Part IV, Item 15(d) of Form 10-K:

Report of Independent Registered Public Accounting Firm

Schedule II--Valuation and Qualifying Accounts

3. Exhibits

The exhibits filed with this report are listed on pages 22-25 (the "Exhibits Index"). Entries marked by an asterisk next to the exhibit's number identify management contracts or compensatory plans, contracts or arrangements in which a director or any of ServiceMaster's executive officers to be identified in the summary compensation table included in ServiceMaster's Definitive Proxy Statement for the 2005 Annual Meeting of Shareholders participates or compensatory plans, contracts or arrangements adopted without approval of security holders pursuant to which ServiceMaster may award equity and in which any ServiceMaster employee currently participates.

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Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE SERVICEMASTER COMPANY

Date: March 4, 2005

By /s/ JONATHAN P. WARD

-----  
Jonathan P. Ward  
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature<br>-----                                      | Title<br>-----                                                                                                | Date<br>----- |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------|
| /s/ JONATHAN P. WARD<br>-----<br>Jonathan P. Ward       | Chairman and Chief Executive<br>Officer and Director (Principal<br>Executive Officer)                         | March 4, 2005 |
| /s/ ERNEST J. MROZEK<br>-----<br>Ernest J. Mrozek       | President and<br>Chief Financial Officer (Principal<br>Financial Officer and Principal<br>Accounting Officer) | March 4, 2005 |
| /s/ PAUL W. BEREZNY<br>-----<br>Paul W. Berezny, Jr.    | Director                                                                                                      | February 23,  |
| _____<br>John L. Carl                                   | Director                                                                                                      |               |
| /s/ LOUIS J. GIULIANO<br>-----<br>Louis J. Giuliano     | Director                                                                                                      | February 23,  |
| /s/ BRIAN GRIFFITHS<br>-----<br>Brian Griffiths         | Director                                                                                                      | February 23,  |
| /s/ SIDNEY E. HARRIS<br>-----<br>Sidney E. Harris       | Director                                                                                                      | February 23,  |
| /s/ ROBERTO R. HERENCIA<br>-----<br>Roberto R. Herencia | Director                                                                                                      | February 23,  |

|                                                         |          |              |
|---------------------------------------------------------|----------|--------------|
| /s/ BETTY JANE HESS<br>-----<br>Betty Jane Hess         | Director | February 23, |
| /s/ EILEEN A. KAMERICK<br>-----<br>Eileen A. Kamerick   | Director | February 23, |
| /s/ JAMES D. MCLENNAN<br>-----<br>James D. McLennan     | Director | February 23, |
| /s/ COLEMAN H. PETERSON<br>-----<br>Coleman H. Peterson | Director | February 23, |
| /s/ DALLEN W. PETERSON<br>-----<br>Dallen W. Peterson   | Director | February 23, |
| _____<br>David K. Wessner                               | Director |              |

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of  
The ServiceMaster Company  
Downers Grove, IL

We have audited the consolidated financial statements of The ServiceMaster Company and subsidiaries (the "Company") as of December 31, 2004 and 2003, and for each of the three years in the period ended December 31, 2004, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, and have issued our reports thereon dated February 28, 2005; such consolidated financial statements and reports are included in your 2004 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedule of the Company listed in Item 15. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated

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financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ DELOITTE & TOUCHE LLP  
Chicago, IL  
February 28, 2005

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### SCHEDULE II THE SERVICEMASTER COMPANY VALUATION AND QUALIFYING ACCOUNTS (In thousands)

|                                                                         | Balance at<br>Beginning of<br>Period | Additions<br>Charged to<br>Costs and<br>Expenses | Deductions (1) |
|-------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------|----------------|
|                                                                         | -----                                | -----                                            | -----          |
| AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2004                         |                                      |                                                  |                |
| Continuing Operations -                                                 |                                      |                                                  |                |
| Allowance for doubtful accounts                                         |                                      |                                                  |                |
| Accounts receivable                                                     | \$23,071                             | \$ 43,929                                        | \$ 44,030      |
| Notes receivable                                                        | 3,149                                | 557                                              | 1,493          |
| Reserves related to strategic actions in the fourth quarter of 2001 (2) | 10,786                               | (2,319)                                          | 1,672          |
| Remaining liabilities from discontinued operations                      |                                      |                                                  |                |
| LandCare Construction                                                   | 7,152                                | 2,021                                            | 4,681          |
| LandCare utility line clearing business                                 | 9,011                                | 1,283                                            | 3,678          |
| Certified Systems, Inc.                                                 | 11,024                               | (303)                                            | 2,302          |
| Management Services                                                     | 283                                  | 479                                              | 696            |
| International businesses                                                | 21,306                               | (9,151)                                          | 1,155          |
| AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2003                         |                                      |                                                  |                |
| Continuing Operations -                                                 |                                      |                                                  |                |
| Allowance for doubtful accounts                                         |                                      |                                                  |                |
| Accounts receivable                                                     | \$24,344                             | \$ 38,494                                        | \$39,767       |
| Notes receivable                                                        | 3,140                                | 1,759                                            | 1,750          |
| Reserves related to strategic actions in the fourth quarter of 2001 (2) | 15,494                               | (1,300)                                          | 3,408          |
| Remaining liabilities from discontinued operations                      |                                      |                                                  |                |
| LandCare Construction                                                   | 13,974                               | -                                                | 6,822          |
| LandCare utility line clearing business (3)                             | 6,393                                | 2,803                                            | 185            |
| Certified Systems, Inc.                                                 | 13,586                               | -                                                | 2,562          |
| Management Services                                                     | 1,569                                | -                                                | 1,286          |
| International businesses                                                | 31,148                               | 1,000                                            | 10,842         |
| Other                                                                   | 636                                  | -                                                | 636            |
| AS OF AND FOR THE YEAR ENDING DECEMBER 31, 2002                         |                                      |                                                  |                |
| Continuing Operations -                                                 |                                      |                                                  |                |
| Allowance for doubtful accounts                                         |                                      |                                                  |                |

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|                                                                         |          |           |           |
|-------------------------------------------------------------------------|----------|-----------|-----------|
|                                                                         | \$26,151 | \$ 40,590 | \$ 42,397 |
| Accounts receivable                                                     |          |           |           |
| Notes receivable                                                        | 2,084    | 1,056     | -         |
| Reserves related to strategic actions in the fourth quarter of 2001 (2) | 35,959   | (5,600)   | 14,865    |
| Remaining liabilities from discontinued operations                      |          |           |           |
| LandCare Construction                                                   | 34,229   | 2,634     | 22,889    |
| Certified Systems, Inc.                                                 | 23,762   | 3,500     | 13,676    |
| Management Services                                                     | 7,400    | (4,500)   | 1,331     |
| International businesses (4)                                            | 29,404   | 21,900    | 20,156    |
| Other                                                                   | 6,254    | 615       | 6,233     |

- (1) Deductions in the allowance for doubtful accounts and notes receivable reflect writedowns of uncollectible accounts. Deductions for the remaining items reflect cash payments, except for the items noted in (3) and (4).
- (2) Includes accruals for residual value guarantees on leased properties, severance for former executives and terminated employees, and transaction and other costs.
- (3) The Company sold the assets and related operational obligations of Trees, Inc, the utility line clearing operations of TruGreen LandCare. The Company retained certain liabilities and recorded accruals in connection with the sold operations. The beginning balance represents the liabilities of the discontinued operations that existed prior to their disposition. Additions reflect costs recorded related to exiting the operations.
- (4) The liabilities of this business assumed by the buyer of the sold operations totaled \$19.6 million. The Company recorded accruals in connection with the 2002 operations and a cash adjustment to the purchase price of the 2001 disposition. The beginning balance represents the liabilities of the discontinued operations that existed prior to their disposition. Additions reflect costs recorded related to exiting the operations.

### Exhibits Index

| Exhibit No. | Description of Exhibit                                                                                                                                                                                                                      |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|             |                                                                                                                                                                                                                                             |
| 3(i)        | The registrant's Amended and Restated Certificate of Incorporation is incorporated by reference to Exhibit 1 to ServiceMaster Limited Partnership's Current Report on Form 8-K dated December 23, 1997 (File No. 1-09378) (the "1997 8-K"). |
| 3(ii)       | The registrant's Bylaws are incorporated by reference to Exhibit 3(ii) to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 (File No. 1-14762).                                                           |
| 4.1         | Shareholder Rights Agreement between The ServiceMaster Company and the                                                                                                                                                                      |

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Harris Trust and Savings Bank, as adopted on December 12, 1997, is incorporated by reference to Exhibit 3 to the 1997 8-K.

- 4.2 First Amendment to Shareholders Rights Agreement between The ServiceMaster Company and Harris Trust and Savings Bank, is incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K dated February 24, 2005 (File No. 1-14762).
- 4.3 Certificate of Designation, Preferences and Rights of Junior Participating Preferred Stock, Series A, is incorporated by reference to Exhibit 4 to the 1997 8-K.
- 4.4 Indenture dated as of August 15, 1997 between The ServiceMaster Company and the Harris Trust and Savings Bank, as trustee, is incorporated by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-3 (File No. 333-32167) (the "1997 S-3").
- 4.5 First Supplemental Indenture dated as of August 15, 1997 between The ServiceMaster Company and the Harris Trust and Savings Bank, as trustee, is incorporated by reference to Exhibit 4.4 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 1-14762) (the "1997 10-K").
- 4.6 Second Supplemental Indenture dated as of January 1, 1998 between The ServiceMaster Company and the Harris Trust and Savings Bank, as trustee, is incorporated by reference to Exhibit 2 to the registrant's Current Report on Form 8-K dated February 26, 1998 (File No. 1-14762).
- 4.7 Third Supplemental Indenture dated as of March 2, 1998 between The ServiceMaster Company and the Harris Trust and Savings Bank, as trustee, is incorporated by reference to Exhibit 4.3 to the registrant's Current Report on Form 8-K dated February 27, 1998 (File No. 1-14762) (the "1998 8-K").
- 4.8 Fourth Supplemental Indenture dated as of August 10, 1999 between The ServiceMaster Company and the Harris Trust and Savings Bank, as trustee, is incorporated by reference to Exhibit 3 to the registrant's Current Report on Form 8-K dated August 16, 1999 (File No. 1-14762) (the "1999 8-K").
- 4.9 Indenture dated as of November 18, 1999 between The ServiceMaster Company and the Harris Trust and Savings Bank, as trustee, is incorporated by reference to Exhibit 4.16 to the registrant's Registration Statement on Form S-3 (File No. 333-91381), filed on November 19, 1999.
- 4.10 First Supplemental Indenture dated as of April 4, 2000 between The ServiceMaster Company and Harris Trust and Savings Bank, as trustee, is incorporated by reference to Exhibit 4.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2000 (File No. 1-14762) (the "2000 10-Q").
- 4.11 Forms of 6.95% Note due August 14, 2007 and 7.45% Note due August 14, 2027 are incorporated by reference to Exhibit 4.2 to the 1997 S-3.
- 4.12 Form of 7.10% Note due March 1, 2018 is incorporated by reference to Exhibit 4.1 to the 1998 8-K.
- 4.13 Form of 7.25% Note due March 1, 2038 is incorporated by reference to Exhibit 4.2 to the 1998 8-K.
- 4.14 Form of 7.875% Note due August 15, 2009 is incorporated by reference

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to Exhibit 4 to the 1999 8-K.

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- 4.15 Form of 7.875% Note due August 15, 2009 is incorporated by reference to Exhibit 5 to the 1999 8-K.
- 4.16 Form of 8.45% Note due April 15, 2005 is incorporated by reference to Exhibit 4.1 to the 2000 10-Q.
- 4.17 \$500,000,000 Credit Agreement dated as of May 19, 2004 among The ServiceMaster Company, the lenders, JPMorgan Chase Bank and Bank of America, N.A. as syndication agents, SunTrust Bank, as administrative agent, and U.S. Bank and Wachovia Bank, N.A. as documentation agents is incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K dated September 20, 2004 (File No. 1-14762).
- 10.1\* Senior Executive Ownership Election Plan, as approved by the registrant's Board of Directors on December 10, 1999, is incorporated by reference to Exhibit 10.5 to the registrant's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 1-14762).
- 10.2\* 10-Plus Plan, as amended September 3, 1991, is incorporated by reference to Exhibit 10.21 to the ServiceMaster Limited Partnership Annual Report on Form 10-K for the year ended December 31, 1991 (File No. 1-09378) (the "1991 10-K").
- 10.3\* Form of Option Agreement for the 10-Plus Plan, as amended September 3, 1991, is incorporated by reference to Exhibit 10.22 to the 1991 10-K.
- 10.4\* 1994 Non-Employee Directors Share Option Plan is incorporated by reference to Exhibit 4.2 to the ServiceMaster Limited Partnership Registration Statement on Form S-8 (File No. 33-55761), filed on October 4, 1994 (the "1994 S-8").
- 10.5\* Form of Option Agreement for the 1994 Non-Employee Director Share Option Plan is incorporated by reference to Exhibit 4.3 to the 1994 S-8.
- 10.6\* 1997 Share Option Plan is incorporated by reference to Exhibit 10.28 to the ServiceMaster Limited Partnership Annual Report on Form 10-K for the year ended December 31, 1996 (File No. 1-09378) (the "1996 10-K").
- 10.7\* Form of Option Agreement for the 1997 Share Option Plan is incorporated by reference to Exhibit 10.29 to the 1996 10-K.
- 10.8\* 1998 Equity Incentive Plan is incorporated by reference to Exhibit 10.15 to the 1997 10-K.
- 10.9\* Form of Option Agreement for the 1998 Equity Incentive Plan (Non-Qualifying Stock Options) is incorporated by reference to Exhibit 10.20 to the 1997 10-K.
- 10.10\* Form of Option Agreement for the 1998 Equity Incentive Plan (Incentive Stock Options) is incorporated by reference to Exhibit 10.21 to the 1997 10-K.
- 10.11\* 1998 Non-Employee Directors Discounted Stock Option Plan is incorporated by reference to Exhibit 10.21 to the 1997 10-K.

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- 10.12\* 1998 Long-Term Performance Award Plan is incorporated by reference to Exhibit 10.22 to the 1997 10-K.
- 10.13\* 2000 Equity Incentive Plan is incorporated by reference to Exhibit 4.4 to the registrant's Registration Statement on Form S-8 (File No. 333-42680), filed on July 31, 2000 (the "2000 S-8").
- 10.14\* Form of Option Agreement for the 2000 Equity Incentive Plan is incorporated by reference to Exhibit 10.17 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-4762) (the "2001 10-K").

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- 10.15\* Form of Restricted Stock Award Agreement for the 2000 Equity Incentive Plan is incorporated by reference to Exhibit 10.31 to the 2001 10-K.
- 10.16\* WeServeHomes.com 2000 Stock Option/Stock Issuance Plan is incorporated by reference to Exhibit 10.21 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 1-14762) (the "2000 10-K").
- 10.17\* Form of Stock Option Agreement for the WeServeHomes.com 2000 Stock Option/Stock Issuance Plan is incorporated by reference to Exhibit 10.22 to the 2000 10-K.
- 10.18\* Form of Stock Purchase Agreement for the WeServeHomes.com 2000 Stock Option/Stock Issuance Plan is incorporated by reference to Exhibit 10.23 to the 2000 10-K.
- 10.19\* 2001 Directors Stock Plan, as amended and restated effective January 24, 2003, is incorporated by reference to Exhibit 10.20 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 1-14762) (the "2002 10-K").
- 10.20\* Form of Option Agreement for the 2001 Directors Stock Plan is incorporated by reference to Exhibit 4.4 to the registrant's Registration Statement on Form S-8 (File No. 333-65520), filed on July 20, 2001.
- 10.21\* Corporate Performance Plan, formerly known as the 2001 Long-Term Performance Award Plan, as amended March 16, 2001, is incorporated by reference to Exhibit 10.2 to the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 (File No. 1-14762).
- 10.22\* Form of Change in Control Severance Agreement is incorporated by reference to Exhibit 10.30 to the 2001 10-K.
- 10.23\* ServiceMaster 2003 Equity Incentive Plan is incorporated by reference to Exhibit 4.6 to the registrant's Registration Statement on Form S-8 (File No. 333-106365), filed on June 23, 2003.
- 10.24\* Form of Stock Option Agreement for the ServiceMaster 2003 Equity Incentive Plan is incorporated by reference to Exhibit 10.24 to the registrant's Annual Report on Form 10-K for the year ended December 31, 2003 (File 1-14762) (the "2003 10-K").
- 10.25\* Form of Restricted Stock Award Agreement for the ServiceMaster 2003 Equity Incentive Plan is incorporated by reference to Exhibit 10.25 to the 2003 10-K.



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- 10.26\* Form of Stock Appreciation Right Agreement for the ServiceMaster 2003 Equity Incentive Plan is incorporated by reference to Exhibit 10.26 to the 2003 10-K.
- 10.27\* 2002 Directors Deferred Fees Plan, effective October 25, 2002, is incorporated by reference to Exhibit 10.35 to the 2002 10-K.
- 10.28\* ServiceMaster 2004 Employee Stock Purchase Plan is incorporated by reference to Exhibit 4.5 to the registrant's Registration Statement on Form S-8 (File No. 333-115972), filed on May 28, 2004.
- 10.29\* ServiceMaster Deferred Compensation Plan, as amended and restated effective October 24, 2002, is incorporated by reference to Exhibit 10.29 to the 2002 10-K.
- 10.30\* Stock Option Agreement dated as of January 9, 2001 between The ServiceMaster Company and Jonathan P. Ward is incorporated by reference to Exhibit 10.20 to the 2000 10-K.
- 10.31\* Stock Option Agreement dated as of February 8, 2002 between The ServiceMaster Company and Jonathan P. Ward is incorporated by reference to Exhibit 10.32 to the 2003 10-K.

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- 10.32\* Restricted Stock Unit Award Agreement dated as of December 18, 2003 between The ServiceMaster Company and Jonathan P. Ward is incorporated by reference to Exhibit 10.33 to the 2003 10-K.
- 10.33\* Employment Agreement dated as of April 1, 2002 between The ServiceMaster Company and Mitchell T. Engel is incorporated by reference to Exhibit 10.25 to the 2002 10-K.
- 10.34\* Employment Agreement dated as of January 1, 2004 between The ServiceMaster Company and Ernest J. Mrozek is incorporated by reference to Exhibit 10.38 to the 2003 10-K.
- 10.35\* Employment Agreement dated as of November 1, 2004 between The ServiceMaster Company and Jonathan P. Ward is incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated November 3, 2004 (File No. 1-14762) (the "2004 8-K").
- 10.36\* Restricted Stock Unit Award Agreement dated as of November 1, 2004 between The ServiceMaster Company and Jonathan P. Ward is incorporated by reference to Exhibit 10.2 to the 2004 8-K.
- 13+ Annual Report to Shareholders for the year ended December 31, 2004 (the "2004 Annual Report") The parts of the 2004 Annual Report which are expressly incorporated into this report by reference shall be deemed filed with this report. All other parts of the 2004 Annual Report are furnished for the information of the Securities and Exchange Commission and are not filed with this report.
- 14 Financial Code of Ethics pursuant to Section 406 of the Sarbanes-Oxley Act of 2002 is incorporated by reference to Exhibit 14 to the 2003 10-K.
- 21+ Subsidiaries of the registrant.

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- 23+ Consent of Deloitte & Touche LLP.
- 31.1+ Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2+ Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1+ Certification of Chief Executive Officer pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2+ Certification of Chief Financial Officer pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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\* Indicates compensatory plan, contract or arrangement.  
+ Filed herewith.