LaGrant Melissa Marie
Form 3
January 23, 2006

FORM 3

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

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â LaGrant Melissa Marie
(Last) (First) (Middle)

BABSON CAPITAL MANAGEMENT LLC,Â 470 ATLANTIC AVENUE
(Street)

BOSTON,Â MAÂ 02110
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
01/20/2006

3. Issuer Name **and** Ticker or Trading Symbol
MASSMUTUAL CORPORATE INVESTORS [MCI]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Compliance Officer

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of			

	Shares	or Indirect (I) (Instr. 5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LaGrant Melissa Marie BABSON CAPITAL MANAGEMENT LLC 470 ATLANTIC AVENUE BOSTON,Â MAÂ 02110	Â	Â	Â Chief Compliance Officer	Â

Signatures

By: Rosemary Baker as Attorney-in-fact for	01/23/2006
**Signature of Reporting Person	Date

Explanation of Responses:

No securities are beneficially owned

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
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3,271

45,358

EBITDA

79,062

62,367

39,354

15,254

(29,205

)

166,832

Interest and net investment income(2)

2,016

153

1,820

3,989

Residual value guarantee charges(3)

1,240

Explanation of Responses:

126

32

1,398

Adjusted EBITDA

80,302

62,367

41,370

15,533

(27,353

)

172,219

Non-cash stock-based compensation expense

2,525

2,525

Non-cash credits attributable to purchase accounting(4)

(12

)

(39

)

(94

)

(145

)

Comparable Operating Performance

$

80,290

$

62,328

$

41,276

$

15,533

$

(24,828

)

$

174,599

Memo: Items included in Comparable Operating Performance:

Restructuring charges (credits)(5)

$

695

$

1,061

$

$

61

$

(254

)

$

1,563

Management and consulting fees(6)

$

$

$

$

$

1,875

$

1,875

Memo: Items excluded from Comparable Operating Performance:

Comparable Operating Performance of discontinued operations(7)

$

$

$

$

$

(2,274

)

$

(2,274

)

36

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(1) Presented below is a reconciliation of total segment operating income to net income:

(In thousands)	Three months ended September 30, 2011	2010
Total Segment Operating Income	$ 145,499	$ 121,474
Non-operating Expense (Income):		
Interest expense	68,317	71,256
Interest and net investment income	(4,628)	(3,989)
Other expense	174	209
Income from Continuing Operations before Income Taxes	81,636	53,998
Provision for income taxes	34,421	45,657
Income from Continuing Operations	47,215	8,341
Loss from discontinued operations, net of income taxes	(1,487)	(3,051)
Net Income	$ 45,728	$ 5,290

(2) Interest and net investment income (loss) is primarily comprised of investment income and realized gain (loss) on our American Home Shield segment investment portfolio. Cash and short- and long-term marketable securities associated with regulatory requirements in connection with American Home Shield and for other purposes totaled $245.5 million as of September 30, 2011. American Home Shield interest and net investment income was $5.7 million and $2.0 million for the third quarter of 2011 and 2010, respectively. The balance of interest and net investment (loss) income primarily relates to (i) investment income from our employee deferred compensation trust (for which there is a corresponding and offsetting change in compensation expense within income from continuing operations before income taxes) and (ii) interest income on other cash balances.

(3) Represents non-cash residual value guarantee charges recorded in the three months ended September 30, 2010 related to a synthetic lease for operating properties, which expired in July 2010.

(4) The Merger was accounted for using purchase accounting. This adjustment represents the aggregate, non-cash adjustments (other than amortization and depreciation) attributable to the application of purchase accounting.

(5) Represents restructuring charges related to a reorganization of field leadership and a restructuring of branch operations at TruGreen, a branch optimization project at Terminix and other restructuring costs.

(6) Represents management and consulting fees payable to certain related parties. See Note 15 to the condensed consolidated financial statements for further information on management and consulting fees.

(7) The table included in Discontinued Operations below presents reconciliations of operating loss, the most directly comparable financial measure under GAAP, to EBITDA and Comparable Operating Performance for the periods presented.

TruGreen Segment

The TruGreen segment, which provides lawn, tree and shrub care services, reported a 1.1 percent decrease in revenue, an 18.6 percent increase in operating income and a 12.3 percent increase in Comparable Operating Performance for the third quarter of 2011 compared to 2010. The revenue results reflect a 6.1 percent decline in customer counts driven by a decrease in new unit sales generated in the neighborhood sales channel, offset, in part, by improved price realization. TruGreen is redefining its sales channel mix by shifting focus away from the neighborhood sales channel. TruGreen is continuing its efforts to reduce customer cancellations by focusing on the overall quality of service delivery, including more consistent application of service standards, an improved recovery program for problem lawns, the reduction of lawn specialist turnover and the continued improvement of overall communication with customers.

TruGreen s Comparable Operating Performance improved $9.9 million for the third quarter of 2011 compared to 2010, which includes reduced sales and marketing spend driven by the reduced focus on the neighborhood sales channel, cost reductions realized through ongoing initiatives to improve customer service and improve the productivity of our lawn specialists, offset, in part, by the impact of decreased revenue, the $1.7 million impact of increased fuel prices and the $2.7 million impact of increased fertilizer prices.

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Terminix Segment

The Terminix segment, which provides termite and pest control services and distributes pest control products, reported a 1.8 percent increase in revenue, an 8.1 percent increase in operating income and a 7.8 percent increase in Comparable Operating Performance for the third quarter of 2011 compared to 2010. Pest control revenues increased 3.9 percent for the third quarter of 2011 compared to 2010, reflecting a 3.0 percent increase in customer counts and an increase in one-time services. Termite revenue decreased 1.6 percent for the third quarter of 2011 compared to 2010 driven by weak termite activity resulting in fewer new unit sales, offset, in part, by improved price realization.

Terminix s Comparable Operating Performance improved $4.9 million for the third quarter of 2011 compared to 2010, which includes the impact of increased revenue, a $4.3 million decrease in provisions for incentive compensation and a $0.6 million decrease in restructuring charges, offset, in part, by the $1.6 million impact of increased fuel prices.

American Home Shield Segment

The American Home Shield segment, which provides home service contracts to consumers that cover heating, ventilation, air conditioning, plumbing and other systems and appliances, reported a 3.9 percent increase in revenue, a 7.7 percent increase in operating income and a 1.3 percent decrease in Comparable Operating Performance for the third quarter of 2011 compared to 2010. The increase in revenue reflects improved price realization and the introduction of new product options in our direct-to-consumer channel.

American Home Shield s Comparable Operating Performance declined $0.5 million for the third quarter of 2011 compared to 2010, which includes increased contract claims costs and a $2.4 million investment in a new CRM platform, offset, in part, by the impact of increased revenue, a $3.5 million decrease in legal-related expenses and a $3.7 million increase in interest and net investment income from the American Home Shield investment portfolio.

ServiceMaster Clean Segment

The ServiceMaster Clean segment, which provides residential and commercial disaster restoration and cleaning services through franchisees primarily under the ServiceMaster and ServiceMaster Clean brand names, on-site furniture repair and restoration services primarily under the Furniture Medic brand name and home inspection services primarily under the AmeriSpec brand name, reported a 6.9 percent increase in revenue, a 5.7 percent increase in operating income and a 2.0 percent increase in Comparable Operating Performance for the third quarter of 2011 compared to 2010. Trends in revenue reflect increases in national janitorial accounts, fee revenue resulting from growth in disaster restoration services and sales of products to franchisees.

ServiceMaster Clean s Comparable Operating Performance improved $0.3 million for the third quarter of 2011 compared to 2010, which reflects the impact of increased revenue, offset, in part, by investments in sales and marketing.

Other Operations and Headquarters Segment

This segment includes the operations of Merry Maids, SMAC and the Company s headquarters functions. The segment reported a 2.7 percent increase in revenue, a 15.3 percent improvement in operating loss and a 5.0 percent improvement in Comparable Operating Performance for the third quarter of 2011 compared to 2010. The Merry Maids segment, which provides home cleaning services, reported a 3.6 percent increase in revenue reflecting an increase in the number of new franchise sales and an increase in sales of products to franchisees.

The segment s Comparable Operating Performance improved $1.2 million for the third quarter of 2011 compared to 2010, which includes a decrease in key executive transition charges of $3.3 million and reduced spending in the Company s headquarters functions, offset, in part, by investments in information systems, including $1.6 million for PCI standards compliance purposes, a $1.7 million increase in provisions for incentive compensation, a $0.7 million decrease in interest and net investment income and a $0.7 million increase in restructuring charges.

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Discontinued Operations

In the first quarter of 2011, ServiceMaster concluded that TruGreen LandCare did not fit within the long-term strategic plans of the Company and committed to a plan to sell the business. On April 21, 2011, the Company entered into a purchase agreement to sell the TruGreen LandCare business, and the disposition was effective as of April 30, 2011. As a result of the decision to sell this business, a $34.2 million impairment charge ($21.0 million, net of tax) was recorded in loss from discontinued operations, net of income taxes, in the first quarter of 2011 to reduce the carrying value of TruGreen LandCare s assets to their estimated fair value less cost to sell in accordance with applicable accounting standards. Upon completion of the sale, a $1.3 million estimated loss on sale ($0.7 million, net of tax) was recorded in the second quarter of 2011. The loss on the disposition of the TruGreen LandCare business continues to be subject to certain post-closing adjustments, and such adjustments could be significant to the purchase price. A $4.2 million charge ($0.9 million, net of tax) related to these post-closing adjustments was recorded in the third quarter of 2011 to adjust the previously estimated loss on sale.

The components of loss from discontinued operations, net of income taxes, and the reconciliation of operating loss to EBITDA and Comparable Operating Performance for the three months ended September 30, 2011 and 2010 are as follows:

	Three months ended September 30,			
(In thousands)	**2011**		**2010**	
Operating loss	$	(665)	$	(5,040)
Benefit for income taxes		(119)		(1,989)
Operating loss, net of income taxes		(546)		(3,051)
Loss on sale and impairments, net of income taxes		(941)		
Loss from discontinued operations, net of income taxes	$	(1,487)	$	(3,051)
Operating loss	$	(665)	$	(5,040)
Interest expense				11
Depreciation and amortization expense				2,909
EBITDA(1)		(665)		(2,120)
Non-cash credits attributable to purchase accounting				(154)
Comparable Operating Performance	$	(665)	$	(2,274)

(1) There are no adjustments necessary to reconcile EBITDA to Adjusted EBITDA for the three months ended September 30, 2011 and 2010.

Nine Months Ended September 30, 2011 Compared to 2010

The Company reported revenue of $2,513.0 million for the nine months ended September 30, 2011, a $73.8 million or 3.0 percent increase compared to 2010. The revenue increase was driven by the results of our business units as described in our Segment Reviews for the Nine Months Ended September 30, 2011 Compared to 2010.

Operating income was $330.5 million for the nine months ended September 30, 2011, a $79.3 million or 31.6 percent increase compared to the nine months ended September 30, 2010. Income from continuing operations before income taxes was $133.0 million for the nine months ended September 30, 2011 compared to $41.1 million for the nine months ended September 30, 2010. The increase in income from continuing operations before income taxes of $91.9 million primarily reflects the net effect of year over year changes in the following items:

(In thousands)		
Depreciation and amortization expense(1)	$	27,245
Residual value guarantee charge(2)		10,449
Restructuring charges(3)		4,720
Interest expense(4)		11,873
Segment results(5)		37,270
Other		387
	$	91,944

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(1) Consists primarily of decreased amortization of intangible assets as a result of certain finite lived intangible assets recorded in connection with the Merger being fully amortized, offset, in part, by increased depreciation of property and equipment as a result of property additions.

(2) Represents non-cash residual value guarantee charges recorded in the nine months ended September 30, 2010 related to a synthetic lease for operating properties, which expired in July 2010. There is no similar charge in the nine months ended September 30, 2011.

(3) Represents the net favorable impact of (i) a decrease in restructuring charges related to a reorganization of field leadership and a restructuring of branch operations at TruGreen, (ii) an increase in restructuring charges related to a branch optimization project at Terminix and (iii) a decrease in other restructuring costs.

(4) Represents a decrease in interest expense as a result of a decrease in our weighted average interest rate during the nine months ended September 30, 2011 as compared to 2010.

(5) Represents an improvement in income from continuing operations before income taxes, as adjusted for the specific items included in the table above. Includes key executive transition charges of (i) $6.0 million recorded in the nine months ended September 30, 2011, which include recruiting costs and signing bonuses related to the hiring of our new CEO and CFO and separation charges related to the resignations of the former President of Merry Maids in the first quarter of 2011 and our former CFO and the former President of TruGreen in the second quarter of 2011 and (ii) $4.0 million recorded in the nine months ended September 30, 2010, which include separation charges related to the retirement of our former CEO on March 31, 2011.

Operating and Non-Operating Expenses

The Company reported cost of services rendered and products sold of $1,409.0 million for the nine months ended September 30, 2011 compared to $1,373.1 million for the nine months ended September 30, 2010. As a percentage of revenue, these costs decreased to 56.1 percent for the nine months ended September 30, 2011 from 56.3 percent for the nine months ended September 30, 2010. This percentage decrease primarily reflects the impact of residual value guarantee charges of $9.2 million related to synthetic leases recorded in 2010 at TruGreen for which there is no similar charge in 2011, favorable claims trends in our medical plan and our automobile, general liability and workers compensation program, which may or may not continue, cost reductions realized through ongoing initiatives at TruGreen and a $1.7 million decrease in legal-related expenses at Terminix. These items were offset, in part, by increased contract claims costs at American Home Shield, the $4.5 million impact of increased fertilizer prices at TruGreen and the $8.8 million impact of increased fuel prices.

The Company reported selling and administrative expenses of $696.4 million for the nine months ended September 30, 2011 compared to $696.5 million for the nine months ended September 30, 2010. As a percentage of revenue, these costs decreased to 27.7 percent for the nine months ended September 30, 2011 from 28.6 percent for the nine months ended September 30, 2010. This percentage decrease primarily reflects reduced sales and marketing spend at TruGreen and American Home Shield, a $4.9 million decrease in legal-related expenses at American Home Shield, reduced spending in the Company s headquarters functions and a $1.4 million decrease in compensation charges for the Company resulting from a change in the market value of investments within an employee deferred compensation trust (for which there is a corresponding

and offsetting change within interest and net investment income). These items were offset, in part, by increased investments in sales and marketing and programs to drive employee engagement at Terminix, investments in information systems, including a $4.0 million investment in a new CRM platform at American Home Shield and a $3.3 million investment for PCI standards compliance purposes and a $2.0 million increase in key executive transition charges.

Amortization expense was $72.9 million for the nine months ended September 30, 2011 compared to $109.4 million for the nine months ended September 30, 2010. The decrease is a result of certain finite lived intangible assets recorded in connection with the Merger being fully amortized.

Non-operating expense totaled $197.5 million for the nine months ended September 30, 2011 compared to $210.2 million for the nine months ended September 30, 2010. This change is primarily due to an $11.9 million decrease in interest expense as a result of a decrease in our weighted-average interest rate. Interest and net investment income was comprised of the following for the nine months ended September 30, 2011 and 2010:

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(In thousands)	Nine months ended September 30, 2011		2010
Realized gains(1)	$ 8,270		$ 5,245
Deferred compensation trust(2)	(854)		511
Other(3)	803		1,731
Interest and net investment income	$ 8,219		$ 7,487

(1) Represents the net investment gains and the interest and dividend income realized on the American Home Shield investment portfolio.

(2) Represents investment (loss) income resulting from a change in the market value of investments within an employee deferred compensation trust (for which there is a corresponding and offsetting change in compensation expense within loss from continuing operations before income taxes).

(3) Represents interest income on other cash balances.

The effective tax rate on income from continuing operations was 38.0 percent for the nine months ended September 30, 2011 compared to 57.9 percent for the nine months ended September 30, 2010. The effective tax rate for the nine months ended September 30, 2010 was affected by the reclassification of the TruGreen LandCare business to discontinued operations and the resulting impact on the allocation of the full year effective tax rate on income from continuing operations to interim periods.

Restructuring Charges

The Company incurred restructuring charges of $4.3 million and $9.0 million for the nine months ended September 30, 2011 and 2010, respectively. Restructuring charges were comprised of the following:

(In thousands)	Nine months ended September 30, 2011		2010
TruGreen reorganization and restructuring(1)	$ 684		$ 6,657
Terminix branch optimization(2)	2,952		
Other(3)	640		2,339
Total restructuring charges	$ 4,276		$ 8,996

(1) Represents restructuring charges related to a reorganization of field leadership and a restructuring of branch operations. For the nine months ended September 30, 2011, these charges include severance costs of $0.7 million. For the nine months ended September 30, 2010, these charges include consulting fees of $4.5 million and severance and lease termination costs of $2.2 million.

(2) Represents restructuring charges related to a branch optimization project. For the nine months ended September 30, 2011, these charges include lease termination costs of $2.9 million and severance costs of $0.1 million.

(3) For the nine months ended September 30, 2011, these charges include severance and retention costs of $0.6 million. For the nine months ended September 30, 2010 these charges include reserve adjustments of $1.1 million and severance, retention, legal fees and other costs of $1.2 million.

Segment Reviews for the Nine Months Ended September 30, 2011 Compared to 2010

The following business segment reviews should be read in conjunction with the required footnote disclosures presented in the Notes to the condensed consolidated financial statements. This disclosure provides a reconciliation of segment operating income to income from continuing operations before income taxes, with net non-operating expenses as the only reconciling item. As noted in segment reviews for the third quarter 2011 compared to 2010, the Company uses Adjusted EBITDA and Comparable Operating Performance to facilitate operating performance comparisons from period to period.

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Operating Revenues and Comparable Operating Performance by operating segment are as follows:

(In thousands)	Nine months ended September 30, 2011	2010
Operating Revenue:		
TruGreen	$ 886,405	$ 874,022
Terminix	919,019	889,482
American Home Shield	540,907	513,910
ServiceMaster Clean	102,100	98,337
Other Operations and Headquarters	64,600	63,438
Total Operating Revenue	$ 2,513,031	$ 2,439,189
Comparable Operating Performance:		
TruGreen	$ 158,915	$ 146,273
Terminix	227,821	216,400
American Home Shield	109,439	94,071
ServiceMaster Clean	44,343	45,217
Other Operations and Headquarters	(69,060)	(72,493)
Total Comparable Operating Performance	$ 471,458	$ 429,468
Memo: Items included in Comparable Operating Performance:		
Restructuring charges(1)	$ 4,276	$ 8,996
Management and consulting fees(2)	$ 5,625	$ 5,625
Memo: Items excluded from Comparable Operating Performance:		
Comparable Operating Performance of discontinued operations	$ (2,484)	$ 2,550

(1) Represents restructuring charges related to a reorganization of field leadership and a restructuring of branch operations at TruGreen, a branch optimization project at Terminix and other restructuring costs.

(2) Represents management and consulting fees payable to certain related parties. See Note 15 to the condensed consolidated financial statements for further information on management and consulting fees.

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The following table presents reconciliations of operating income (loss), the most directly comparable financial measure under GAAP, to Adjusted EBITDA and Comparable Operating Performance for the periods presented.

(in thousands)	TruGreen	Terminix	American Home Shield	ServiceMaster Clean	Other Operations and Headquarters	Total
Nine Months Ended September 30, 2011						
Operating income (loss)(1)	$ 127,966	$ 172,123	$ 75,506	$ 39,498	$ (84,572)	$ 330,521
Depreciation and amortization expense	30,977	55,734	25,663	4,687	9,470	126,531
EBITDA	158,943	227,857	101,169	44,185	(75,102)	457,052
Interest and net investment income (loss)(2)			8,270	158	(209)	8,219
Adjusted EBITDA	158,943	227,857	109,439	44,343	(75,311)	465,271
Non-cash stock-based compensation expense					6,251	6,251
Non-cash credits attributable to purchase accounting(4)	(28)	(36)				(64)
Comparable Operating Performance	$ 158,915	$ 227,821	$ 109,439	$ 44,343	$ (69,060)	$ 471,458
Memo: Items included in Comparable Operating Performance:						
Restructuring charges(5)	$ 690	$ 2,952	$	$ 36	$ 598	$ 4,276
Management and consulting fees(6)	$	$	$	$	$ 5,625	$ 5,625
Memo: Items excluded from Comparable Operating Performance:						
Comparable Operating Performance of discontinued operations(7)	$	$	$	$	$ (2,484)	$ (2,484)
Nine Months Ended September 30, 2010						
Operating income (loss)(1)	$ 80,248	$ 166,714	$ 57,245	$ 38,708	$ (91,699)	$ 251,216
Depreciation and amortization expense	56,843	49,838	31,714	5,374	10,007	153,776
EBITDA	137,091	216,552	88,959	44,082	(81,692)	404,992
Interest and net investment income(2)			5,244	153	2,090	7,487
Residual value guarantee charges(3)	9,222			982	245	10,449
Adjusted EBITDA	146,313	216,552	94,203	45,217	(79,357)	422,928
Non-cash stock-based compensation expense					6,864	6,864
Non-cash credits attributable to purchase accounting(4)	(40)	(152)	(132)			(324)
Comparable Operating Performance	$ 146,273	$ 216,400	$ 94,071	$ 45,217	$ (72,493)	$ 429,468
Memo: Items included in Comparable Operating Performance:						
Restructuring charges (credits)(5)	$ 6,657	$ 1,139	$ (127)	$ 61	$ 1,266	$ 8,996
Management and consulting fees(6)	$	$	$	$	$ 5,625	$ 5,625
Memo: Items excluded from Comparable Operating Performance:						
Comparable Operating Performance of discontinued operations(7)	$	$	$	$	$ 2,550	$ 2,550

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Explanation of Responses:

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(1) Presented below is a reconciliation of total segment operating income to net income (loss):

(In thousands)	Nine months ended September 30, 2011	2010
Total Segment Operating Income	$ 330,521	$ 251,216
Non-operating Expense (Income):		
Interest expense	205,210	217,083
Interest and net investment income	(8,219)	(7,487)
Other expense	522	556
Income from Continuing Operations before Income Taxes	133,008	41,064
Provision for income taxes	50,526	23,790
Income from Continuing Operations	82,482	17,274
Loss from discontinued operations, net of income taxes	(26,430)	(32,200)
Net Income (Loss)	$ 56,052	$ (14,926)

(2) Interest and net investment income (loss) is primarily comprised of investment income and realized gain (loss) on our American Home Shield segment investment portfolio. Cash and short- and long-term marketable securities associated with regulatory requirements in connection with American Home Shield and for other purposes totaled $245.5 million as of September 30, 2011. American Home Shield interest and net investment income was $8.3 million and $5.2 million for the nine months ended September 30, 2011 and 2010, respectively. The balance of interest and net investment income primarily relates to (i) investment (loss) income from our employee deferred compensation trust (for which there is a corresponding and offsetting change in compensation expense within income (loss) from continuing operations before income taxes) and (ii) interest income on other cash balances.

(3) Represents non-cash residual value guarantee charges recorded in the nine months ended September 30, 2010 related to a synthetic lease for operating properties, which expired in July 2010.

(4) The Merger was accounted for using purchase accounting. This adjustment represents the aggregate, non-cash adjustments (other than amortization and depreciation) attributable to the application of purchase accounting.

(5) Represents restructuring charges related to a reorganization of field leadership and a restructuring of branch operations at TruGreen, a branch optimization project at Terminix and other restructuring costs.

(6) Represents management and consulting fees payable to certain related parties. See Note 15 to the condensed consolidated financial statements for further information on management and consulting fees.

(7) The table included in Discontinued Operations below presents reconciliations of operating loss, the most directly comparable financial measure under GAAP, to EBITDA and Comparable Operating Performance for the periods presented.

TruGreen Segment

The TruGreen segment reported a 1.4 percent increase in revenue, a 59.5 percent increase in operating income and an 8.6 percent increase in Comparable Operating Performance for the nine months ended September 30, 2011 compared to 2010. The revenue results reflect improved price realization and higher sales of ice melt services, offset, in part, by a 6.1 percent decline in customer counts driven by a decrease in new unit sales generated in the neighborhood sales channel.

TruGreen s Comparable Operating Performance improved $12.6 million for the nine months ended September 30, 2011 compared to 2010, which includes the impact of increased revenue, reduced sales and marketing spend driven by the reduced focus on the neighborhood sales channel, a $6.0 million decrease in restructuring charges and cost reductions realized through ongoing initiatives to improve customer service and improve the productivity of our lawn specialists, offset, in part, by the $4.7 million impact of increased fuel prices and the $4.5 million impact of fertilizer prices and key executive transition charges of $1.0 million recorded in the nine months ended September 30, 2011 attributable to the resignation of the former President of TruGreen in the second quarter of 2011.

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Terminix Segment

The Terminix segment reported a 3.3 percent increase in revenue, a 3.2 percent increase in operating income and a 5.3 percent increase in Comparable Operating Performance for the nine months ended September 30, 2011 compared to 2010. Pest control revenue increased 5.5 percent for the nine months ended September 30, 2011 compared to 2010, reflecting a 3.0 percent increase in customer counts and an increase in one-time services. Termite revenue increased 1.1 percent for the nine months ended September 30, 2011 compared to 2010 due to improved price realization, offset, in part, by a decrease in new unit sales driven by weak termite activity.

Terminix s Comparable Operating Performance improved $11.4 million for the nine months ended September 30, 2011 compared to 2010, which includes the impact of increased revenue and a $4.0 million decrease in provisions for incentive compensation and a $1.7 million decrease in legal-related expenses, offset, in part, by a $1.8 million increase in restructuring charges, increased investments in sales and marketing, programs to drive employee engagement and the $4.6 million impact of increased fuel prices.

American Home Shield Segment

The American Home Shield segment reported a 5.3 percent increase in revenue, a 31.9 percent increase in operating income and a 16.3 percent increase in Comparable Operating Performance for the nine months ended September 30, 2011 compared to 2010. The increase in revenue reflects improved price realization, the introduction of new product options in our direct-to-consumer channel and a favorable impact in the nine months due to differences between years in the timing of contract claims. American Home Shield recognizes revenue over the contract period in proportion to expected direct costs.

American Home Shield s Comparable Operating Performance improved $15.4 million for the nine months ended September 30, 2011 compared to 2010, which includes the impact of increased revenue, reduced sales and marketing spend, a $4.9 million decrease in legal-related expenses and a $3.0 million increase in interest and net investment income from the American Home Shield investment portfolio, offset, in part, by increased contract claims costs and a $4.0 million investment in a new CRM platform.

ServiceMaster Clean Segment

The ServiceMaster Clean segment reported a 3.8 percent increase in revenue, a 2.0 percent increase in operating income and a 1.9 percent decrease in Comparable Operating Performance for the nine months ended September 30, 2011 compared to 2010. Trends in revenue reflect increases in national janitorial accounts and fee revenue resulting from growth in disaster restoration services, offset, in part, by a decrease in sales of products to franchisees.

ServiceMaster Clean s Comparable Operating Performance declined $0.9 million for the nine months ended September 30, 2011 compared to 2010, which reflects investments in sales and marketing, offset, in part, by the impact of increased revenue.

Other Operations and Headquarters Segment

This segment includes the operations of Merry Maids, SMAC and the Company s headquarters functions. The segment reported a 1.8 percent increase in revenue, a 7.8 percent improvement in operating loss and a 4.7 percent improvement in Comparable Operating Performance for the nine months ended September 30, 2011 compared to 2010. The Merry Maids segment reported a 2.5 percent increase in revenue reflecting an increase in the number of new franchise sales and an increase in sales of products to franchisees.

The segment s Comparable Operating Performance improved $3.4 million for the nine months ended September 30, 2011 compared to 2010, which includes favorable claims trends in our medical plan and our automobile, general liability and workers compensation program, which may or may not continue, reduced spending in the Company s headquarters functions and the impact of a $0.7 million decrease in restructuring charges, offset, in part, by investments in information systems, including $3.3 million for PCI standards compliance purposes, a $2.5 million increase in provisions for incentive compensation, a $0.9 million decrease in interest and net investment income and an increase in key executive transition charges of $1.0 million of which $0.6 million was attributable to the resignation of the former President of Merry Maids in the first quarter of 2011.

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Discontinued Operations

The components of loss from discontinued operations, net of income taxes, and the reconciliation of operating loss to EBITDA and Comparable Operating Performance for the nine months ended September 30, 2011 and 2010 are as follows:

	Nine months ended September 30,			
(In thousands)	**2011**		**2010**	
Operating loss	$	(5,855)	$	(5,702)
Benefit for income taxes		(2,128)		(2,243)
Operating loss, net of income taxes		(3,727)		(3,459)
Loss on sale and impairments, net of income taxes(1)		(22,703)		(28,741)
Loss from discontinued operations, net of income taxes	$	(26,430)	$	(32,200)
Operating loss	$	(5,855)	$	(5,702)
Interest expense		16		34
Depreciation and amortization expense		3,509		8,684
EBITDA(2)		(2,330)		3,016
Non-cash credits attributable to purchase accounting		(154)		(466)
Comparable Operating Performance	$	(2,484)	$	2,550

(1) Includes goodwill and trade name impairments of $46.9 million ($28.7 million, net of tax) in the nine months ended September 30, 2010.

(2) There are no adjustments necessary to reconcile EBITDA to Adjusted EBITDA for the nine months ended September 30, 2011 and 2010.

FINANCIAL POSITION AND LIQUIDITY

Cash Flows from Operating Activities from Continuing Operations

Net cash provided from operating activities from continuing operations increased $45.9 million to $156.7 million for the nine months ended September 30, 2011 compared to $110.8 million for the nine months ended September 30, 2010.

Net cash provided from operating activities for the nine months ended September 30, 2011 was comprised of $254.5 million in earnings adjusted for non-cash charges, offset, in part, by a $93.0 million increase in cash required for working capital and $4.8 million in cash payments related to restructuring charges. Working capital requirements were impacted by normal seasonal working capital needs. In addition, working capital requirements were adversely impacted by the timing of interest on our Permanent Notes and were favorably impacted by increases in advance payments received for annual contracts.

Net cash provided from operating activities for the nine months ended September 30, 2010 was comprised of $204.7 million in earnings adjusted for non-cash charges, offset, in part, by an $84.1 million increase in cash required for working capital and $9.8 million in cash payments related to restructuring charges. Working capital requirements were impacted by normal seasonal working capital needs. In addition, working capital requirements were adversely impacted by growth in accounts receivable balances, due to increases in revenue as compared to prior year and unfavorable collection trends partially attributable to increases in revenue in service lines with longer than average collection terms, and the timing of interest payments on our Permanent Notes. Alternatively, working capital requirements were favorably impacted by favorable timing of accounts payable and payroll and related payments.

Cash Flows from Investing Activities from Continuing Operations

Net cash used for investing activities from continuing operations was $110.3 million for the nine months ended September 30, 2011 compared to $129.1 million for the nine months ended September 30, 2010.

Capital expenditures decreased to $79.7 million for the nine months ended September 30, 2011 from $96.3 million for the nine months ended September 30, 2010 and included vehicle purchases of $43.5 million, recurring capital needs and information technology projects. The Company anticipates that capital expenditures, excluding vehicle fleet purchases, for the full year 2011 will range from $65.0 million to $70.0 million, reflecting recurring needs and the continuation of investments in information systems and productivity enhancing operating systems. The Company s capital requirement for fleet vehicles for the full year 2011 is expected to range from $50.0 million to $55.0 million. The Company has no additional material capital commitments at this time.

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Cash payments for acquisitions for the nine months ended September 30, 2011 totaled $24.7 million, compared with $52.5 million for the nine months ended September 30, 2010. Consideration paid for tuck-in acquisitions consisted of cash payments and debt payable to sellers. The Company expects to continue its acquisition program at Terminix, TruGreen and Merry Maids.

Cash Flows from Financing Activities from Continuing Operations

Net cash used for financing activities from continuing operations was $30.3 million for the nine months ended September 30, 2011 compared to $34.8 million for the nine months ended September 30, 2010. During the nine months ended September 30, 2011, the Company made scheduled principal payments of long-term debt of $30.1 million. During the nine months ended September 30, 2010, the Company had borrowings of $15.0 million and made scheduled principal payments of long-term debt of $49.8 million.

Liquidity

The Company is highly leveraged, and a substantial portion of the Company s liquidity needs is due to service requirements on indebtedness incurred in connection with the Merger and from funding the Company s operations, working capital and capital expenditures. The agreements governing the Term Facilities, the Permanent Notes and the Revolving Credit Facility contain certain covenants that limit or restrict the incurrence of additional indebtedness, debt repurchases, liens, sales of assets, certain payments (including dividends) and transactions with affiliates, subject to certain exceptions. The Company was in compliance with the covenants under these agreements as of September 30, 2011.

Cash and short- and long-term marketable securities totaled $439.4 million as of September 30, 2011, compared with $393.3 million as of December 31, 2010. As of September 30, 2011 and December 31, 2010, $245.5 million and $242.2 million, respectively, of the cash and short- and long-term marketable securities balance are associated with regulatory requirements at American Home Shield and for other purposes. Such amounts are identified as being potentially unavailable to be paid to the Company by its subsidiaries. American Home Shield s investment portfolio has been invested in a combination of high quality, short duration fixed income securities and equities. The Company closely monitors the performance of the investments. From time to time, the Company reviews the statutory reserve requirements to which its regulated entities are subject and any changes to such requirements. These reviews may result in identifying current reserve levels above or below minimum statutory reserve requirements, in which case the Company may adjust its reserves. The reviews may also identify opportunities to satisfy certain regulatory reserve requirements through alternate financial vehicles.

A portion of the Company s vehicle fleet and some equipment are leased through month-to-month operating leases, cancelable at the Company s option. There are residual value guarantees by the Company (ranging from 70 percent to 84 percent of the estimated terminal value at the inception of the lease depending on the agreement) relative to these vehicles and equipment, which historically have not resulted in significant net payments to the lessors. The fair value of the assets under all of the fleet and equipment leases is expected to substantially mitigate the Company s guarantee obligations under the agreements. As of September 30, 2011, the Company s residual value guarantees related to the leased assets totaled $35.6 million for which the Company has recorded as a liability the estimated fair value of these guarantees of $0.8 million in the condensed consolidated statements of financial position.

Under the terms of its fuel swap contracts, the Company is required to post collateral in the event that the fair value of the contracts exceeds a certain agreed upon liability level and in other circumstances required by the counterparty. As of September 30, 2011, the estimated fair value of

the Company s fuel swap contracts was a net liability of $0.7 million, and the Company had posted $1.5 million in letters of credit as collateral under its fuel hedging program, none of which were issued under the Company s Revolving Credit Facility. The continued use of letters of credit for this purpose could limit the Company s ability to post letters of credit for other purposes and could limit the Company s borrowing availability under the Revolving Credit Facility. However, the Company does not expect the fair value of its outstanding fuel swap contracts to materially impact its financial position or liquidity.

The Company s ongoing liquidity needs are expected to be funded by cash on hand, net cash provided by operating activities and, as required, borrowings under the Revolving Credit Facility. We expect that cash provided from operations and available capacity under the Revolving Credit Facility will provide sufficient funds to operate our business, make expected capital expenditures and meet our liquidity requirements for the following 12 months, including payment of interest and principal on our debt. As of September 30, 2011, the Company had $442.5 million of remaining capacity available under the Revolving Credit Facility.

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On February 2, 2011, ServiceMaster entered into an amendment to its Revolving Credit Facility, which provides for senior secured revolving loans and stand-by and other letters of credit. Prior to the amendment, the facility was scheduled to mature on July 24, 2013 and provided for maximum borrowing capacity of $500.0 million with outstanding letters of credit limited to $75.0 million. The Company desired to extend the maturity date of the facility by one year and, as an inducement for such extension, offered to allow any lenders in the syndicate group that were willing to extend the maturity date by one year a 20 percent reduction of such lender s loan commitment. As a result of the amendment, the Company will have available borrowing capacity under its amended Revolving Credit Facility of $442.5 million through July 24, 2013 and will have available borrowing capacity of $229.6 million from July 25, 2013 through July 24, 2014. The Company will continue to have access to letters of credit up to $75.0 million through July 24, 2014.

The Company may from time to time repurchase or otherwise retire or extend the Company s debt and/or take other steps to reduce the Company s debt or otherwise improve the Company s financial position. These actions may include open market debt repurchases, negotiated repurchases, other retirements of outstanding debt and/or opportunistic refinancing of debt. The amount of Company debt that may be repurchased or otherwise retired or refinanced, if any, will depend on market conditions, trading levels of the Company s debt, the Company s cash position, compliance with debt covenants and other considerations. Affiliates of the Company may also purchase the Company s debt from time to time, through open market purchases or other transactions. In such cases, the Company s debt may not be retired, in which case the Company would continue to pay interest in accordance with the terms of the debt, and the Company would continue to reflect the debt as outstanding in its condensed consolidated statements of financial position. The Company may also from time to time repurchase from Holdings some or all of the Company s Permanent Notes held by Holdings (see below), thereby retiring the debt, and Holdings may use the proceeds from such repurchases (or other funds) to purchase portions of Holdings outstanding equity or the Company s debt or for other corporate purposes.

In 2008 and 2009, Holdings completed open market purchases totaling $65.0 million in face value of the Permanent Notes for a cost of $21.4 million. The debt acquired by Holdings has not been retired, and the Company has continued to pay interest in accordance with the terms of the debt. The Company recorded interest expense of $1.7 million and $5.2 million for the three and nine months ended September 30, 2011 and 2010, respectively, related to the Permanent Notes held by Holdings. The Company made cash payments to Holdings of $7.0 million during the nine months ended September 30, 2011 and 2010. Interest accrued by the Company and payable to Holdings as of September 30, 2011 and December 31, 2010 amounted to $1.4 million and $3.2 million, respectively.

The Company has an accounts receivable securitization arrangement under which TruGreen and Terminix may sell certain eligible trade accounts receivable to Funding, the Company s wholly owned, bankruptcy-remote subsidiary, which is consolidated for financial reporting purposes. Funding, in turn, may transfer, on a revolving basis, an undivided percentage ownership interest of up to $50.0 million in the pool of accounts receivable to one or both of the Purchasers. The amount of the eligible receivables varies during the year based on seasonality of the businesses and could, at times, limit the amount available to the Company from the sale of these interests. As of September 30, 2011, the amount of eligible receivables was $50.0 million.

During the nine months ended September 30, 2011, there were no transfers of interests in the pool of trade accounts receivables to Purchasers under this arrangement. As of September 30, 2011 and December 31, 2010, the Company had $10.0 million outstanding under the arrangement and, as of September 30, 2011, had $40.0 million of remaining capacity available under the accounts receivable securitization arrangement.

The accounts receivable securitization arrangement is a 364-day facility that is renewable annually at the option of Funding, with a final termination date of July 17, 2012. Only one of the Purchasers is required to purchase interests under the arrangement. As part of the annual renewal of the facility, which occurred on July 26, 2011, this Purchaser agreed to continue its participation in the arrangement through July 17, 2012. Unless the arrangement is renegotiated or extended prior to its expiration, all obligations under the accounts receivable securitization arrangement must be repaid by July 17, 2012.

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Explanation of Responses:

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As a holding company, we depend on our subsidiaries to distribute funds to us so that we may pay our obligations and expenses, including our debt service obligations. The ability of our subsidiaries to make distributions and dividends to us depends on their operating results, cash requirements and financial condition and general business conditions. Our insurance subsidiaries and home services and similar subsidiaries (through which we conduct our American Home Shield business) are subject to significant regulatory restrictions under the laws and regulations of the states in which they operate. Among other things, such laws and regulations require certain such subsidiaries to maintain minimum capital and net worth requirements and may limit the amount of ordinary and extraordinary dividends and other payments that these subsidiaries can pay to us. For example, certain states prohibit payment by these subsidiaries to the Company of dividends in excess of ten percent of their capital as of the most recent year end, as determined in accordance with prescribed insurance accounting practices in those states. Of the $245.5 million as of September 30, 2011, which we identify as being potentially unavailable to be paid to the Company by its subsidiaries, approximately $189.6 million is held by our home services and insurance subsidiaries and is subject to these regulatory limitations on the payment of funds to us. Such limitations will be in effect throughout 2011, and similar limitations are expected to be in effect in 2012. The remainder of the $245.5 million, or $55.9 million, is related to amounts that the Company s management does not consider readily available to be used to service the Company s indebtedness due, among other reasons, to the Company s cash management practices and working capital needs at various subsidiaries.

The 2010 Form 10-K includes disclosure of the Company s contractual obligations and commitments as of December 31, 2010. The Company continues to make the contractually required payments, and, therefore, the 2011 obligations and commitments as listed in the 2010 Form 10-K have been reduced by the required payments. There were no material changes outside of the ordinary course of business in the Company s previously disclosed contractual obligations and commitments during the nine months ended September 30, 2011.

Off-Balance Sheet Arrangements

The Company has off-balance sheet arrangements in the form of guarantees as discussed in Note 4 of the condensed consolidated financial statements.

Information Regarding Forward-Looking Statements

This report includes forward-looking statements and cautionary statements. Some of the forward-looking statements can be identified by the use of forward-looking terms such as believes, expects, may, will, shall, should, would, could, seeks, aims, projects, is optim estimates, anticipates or other comparable terms. Forward-looking statements include, without limitation, all matters that are not historical facts. They appear in a number of places throughout this report and include, without limitation, statements regarding our intentions, beliefs, assumptions or current expectations concerning, among other things, the sharing of best practices and talent across our businesses; financial position; results of operations; cash flows; prospects; growth strategies and/or expectations; capital expenditures and requirements; customer retention; the continuation of acquisitions; fuel prices; attraction and retention of key personnel; the impact of interest rate hedges and fuel swaps; the cost savings from restructurings and reorganizations and expected charges related to such restructurings and reorganizations; the impact on the amount of unrecognized tax benefits resulting from pending tax settlements and expiration of statutes of limitations; the valuation of marketable securities; estimates of accruals for self-insured claims related to workers compensation, auto and general liability risks; estimates of accruals for home service contract claims; the outcome (by judgment or settlement) and costs of legal or administrative proceedings, including, without limitation, collective, representative or class action litigation; post-closing purchase price adjustments, including, without limitation, items related to working capital and potential indemnification claims associated with the TruGreen LandCare disposition; our ability to renegotiate or extend the $50.0 million receivable securitization arrangement; and the impact of prevailing economic conditions.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual outcomes and performances, including, without limitation, our actual results of operations, financial condition and liquidity, and the development of the market segments in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if our results of operations, financial condition and cash flows, and the development of the market segments in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods. A number of important factors, including, without limitation, the risks and uncertainties discussed in Item 1A Risk Factors in Part I of the 2010 Form 10-K could cause actual results and outcomes to differ materially from those in the forward-looking statements. Additional factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation:

- the effects of our substantial indebtedness and the limitations contained in the agreements governing such indebtedness;

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- our ability to generate the significant amount of cash needed to fund our operations and service our debt obligations and debt repurchases;

- changes in interest rates because a significant portion of our indebtedness bears interest at variable rates;

- our ability to secure sources of financing or other funding to allow for direct purchases or leasing of commercial vehicles, primarily for TruGreen and Terminix;

- changes in the source and intensity of competition in our market segments;

- our ability to attract and retain key personnel;

- weather conditions, including, without limitation, potential impacts, if any, from climate change, known and unknown, and seasonality factors that affect the demand for, or our ability to provide, our services and the cost of our claims and services;

- higher commodity prices and lack of availability thereof, including, without limitation, fuel and chemicals (primarily at TruGreen and Terminix) could impact our ability to provide our services and the profitability of our brands;

- increases in operating costs, such as higher insurance premiums, self-insurance costs and compensation and benefits costs, including, without limitation, costs related to the comprehensive health care reform law enacted in the first quarter of 2010;

- employee retention and labor shortages;

- epidemics, pandemics or other public health concerns or crises that could affect the demand for, or our ability to provide our services, resulting in a reduction in revenues;

- a continuation or change in general economic, financial and credit conditions in the United States and elsewhere (for example, any adverse developments in the global credit and financial markets due to the recent downgrade of the U.S. long-term sovereign credit rating or the European debt crisis), especially as such may affect home sales, consumer or business liquidity, bank failures, consumer or commercial confidence or spending levels including as a result of inflation or deflation, unemployment, interest rate fluctuations, mortgage foreclosures and

subprime credit dislocations;

- a failure of any insurance company that provides insurance or reinsurance to us or of third party contract partners, including counterparties or our fuel and interest rate swaps;

- changes in the type or mix of our service offerings or products;

- existing and future governmental regulation and the enforcement thereof, including, without limitation, regulation relating to the environment; restricting or banning of telemarketing; door-to-door solicitation; direct mail or other marketing activities; the Termite Inspection and Protection Plan; chemicals used in our businesses; or other legislation, regulation or interpretations impacting our business models;

- laws and regulations relating to financial reform and the use of derivative instruments, including by companies such as ServiceMaster;

- the success of, and costs associated with, restructuring initiatives;

- the number, type, outcomes (by judgment or settlement) and costs of legal or administrative proceedings, including, without limitation, collective, representative or action litigation;

- labor organizing activities at the Company or its franchisees;

- risk of liabilities being passed through from our franchisees;

- risks associated with acquisitions, including, without limitation, retaining customers from businesses acquired, difficulties in integrating acquired businesses and achieving expected synergies therefrom;

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- risks associated with dispositions, for example, post-closing claims being made against us, post-closing purchase price adjustments (including, without limitation, items related to working capital), disruption to our other businesses during the sale process or thereafter; credit risks associated with any buyer of such disposed businesses and the Company s ability to collect funds due from any such buyer related to seller financings, licensing arrangements or transition service arrangements;

- constraints associated with non-compete agreements or other restrictive covenants entered into by the Company, including, without limitation, in connection with business dispositions or strategic contracts and which may restrict the Company s ability to conduct business in particular market segments or compete in particular geographic regions;

- risks associated with budget deficits at federal, state and local levels resulting from economic conditions, which could result in federal, state and local governments decreasing their purchasing of our products or services and/or increasing taxes or other fees on businesses to generate more tax revenues, which could adversely impact our business, financial position, results of operations and cash flows;

- regulations imposed by several states related to our home service and insurance subsidiaries limiting the amount of funds that can be paid to the Company by its subsidiaries;

- changes in claims trends in our medical plan and our automobile, general liability and workers compensation program;

- the cost, timing, structuring or results of our business process outsourcing, including, without limitation, any current or future outsourcing (or insourcing) or restructuring of all or portions of our information technology, call center, certain human resource functions and other corporate functions, and risks associated with such outsourcing (or insourcing) or restructuring;

- successful implementation of upgrades to our information technology systems that are being undertaken, among other reasons, to enhance customer service; protect against theft of customer and corporate sensitive information; and minimize disruptions in the Company s operations; and

- other factors described from time to time in documents that we file with the SEC.

You should read this report completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements made in this report are qualified by these cautionary statements. These forward-looking statements are made only as of the date of this report, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, changes in future operating results over time or otherwise.

Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The Company is exposed to the impact of interest rate changes and manages this exposure through the use of variable-rate and fixed-rate debt and by utilizing interest rate swaps. The Company does not enter into these contracts for trading or speculative purposes. In the Company s opinion, the market risk associated with debt obligations and other significant instruments as of September 30, 2011 has not materially changed from December 31, 2010 (see Item 7A of the 2010 Form 10-K).

Fuel Price Risk

The Company is exposed to market risk for changes in fuel prices through the consumption of fuel by its vehicle fleet in the delivery of services to its customers. The Company uses approximately 23 million gallons of fuel on an annual basis. A ten percent change in fuel prices would result in a change of approximately $7.0 million in the Company s annual fuel cost before considering the impact of fuel swap contracts.

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The Company uses fuel swap contracts to mitigate the financial impact of fluctuations in fuel prices. As of September 30, 2011, the Company had fuel swap contracts to pay fixed prices for fuel with an aggregate notional amount of $56.2 million, maturing through 2012. The estimated fair value of these contracts as of September 30, 2011 was a net liability of $0.7 million. These fuel swap contracts provide a fixed price for approximately 81.9 percent and 52.7 percent of the Company s estimated fuel usage for the remainder of 2011 and 2012, respectively.

ITEM 4. CONTROLS AND PROCEDURES

Effectiveness of Disclosure Controls and Procedures. ServiceMaster s CEO, Harry J. Mullany III, and ServiceMaster s Senior Vice President and CFO, Roger A. Cregg, have evaluated ServiceMaster s disclosure controls and procedures (as defined in Rule 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. 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 Memphis, Tennessee. Messrs. Mullany and Cregg have concluded that both the design and operation of ServiceMaster s disclosure controls and procedures were effective as of September 30, 2011.

Changes in Internal Control over Financial Reporting. No change in ServiceMaster s internal control over financial reporting occurred during the third quarter of 2011 that has materially affected, or is reasonably likely to materially affect, ServiceMaster s internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of conducting business activities, the Company and its subsidiaries become involved in judicial, administrative and regulatory proceedings involving both private parties and governmental authorities. These proceedings include, on an individual, collective, representative and class action basis, regulatory, insured and uninsured employment, general and commercial liability, wage and hour and environmental proceedings. The Company has entered into settlement agreements in certain cases, including with respect to putative collective and class actions, which are subject to court approval. If one or more of the Company s settlements are not finally approved, the Company could have additional or different exposure, which could be material. At this time, the Company does not expect any of these proceedings to have a material effect on its reputation, business, financial position, results of operations or cash flows; however, the Company can give no assurance that the results of any such proceedings will not materially affect its reputation, business, financial position, results of operations and cash flows.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit
10.1	Employment Offer Letter executed on August 15, 2011, between the Company and Roger A. Cregg related to his appointment as the Company s Senior Vice President and Chief Financial Officer.
31.1	Certification of Chief Executive Officer Pursuant to Rule 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 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.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Extension Presentation Linkbase

Explanation of Responses:

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SIGNATURE

Pursuant to the requirements 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.

Date: November 14, 2011

THE SERVICEMASTER COMPANY
(Registrant)

By:	/s/ Roger A. Cregg
	Roger A. Cregg
	Senior Vice President and Chief Financial Officer