



Franchise Services of North America Inc.

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For Immediate Release

FRANCHISE SERVICES OF NORTH AMERICA INC. ANNOUNCES BANKRUPTCY FILING BY SIMPLY WHEELZ LLC

RIDGELAND, MISSISSIPPI, NOVEMBER 4, 2013 TSX-V Trading Symbol: FSN

FRANCHISE SERVICES OF NORTH AMERICA INC. (“**FSNA**” or the “**Company**”) (FSN.V) announces that its wholly-owned subsidiary, Simply Wheelz LLC (“**Simply Wheelz**”), which does business as Advantage Rent A Car (“**Advantage**”), has determined to file for U.S. federal bankruptcy protection in the federal bankruptcy courts of the State of Mississippi. It is expected that Advantage will file for protection on Tuesday, November 5, 2013. Advantage operates from 72 corporate locations in 33 states including airport locations serving 60 of the top 70 airports across the United States. Advantage is the fourth largest independent car rental company in the United States.

FSNA acquired the Advantage business from Hertz Corporation (“**Hertz**”) through a series of transactions completed earlier this year. Hertz was required to divest the Advantage business as part of its acquisition of Dollar Thrifty Automotive Group, Inc. pursuant to a decision and order of the Federal Trade Commission (Docket No. C-4376) made on July 10th, 2013 (the “**FTC Order**”). Simply Wheelz acquired approximately 24,000 vehicles from Hertz (the “**Hertz Leased Fleet**”) as part of the acquisition of Advantage pursuant to two fleet leases (the “**Master Lease Agreements**”). The Master Lease Agreements require Simply Wheelz to bear the residual value risk of the Hertz Leased Fleet. Simply Wheelz, as part of ordinary course fleet management activities, began to sell, at auction, vehicles forming part of the Hertz Leased Fleet commencing in June 2013 and immediately began to experience significant losses on these sales. As of October 25, 2013, Simply Wheelz had sold 5,295 vehicles through the Manheim auctions for an average loss of approximately \$1,633 per vehicle, and a total loss of approximately \$8,600,000.

Given the significant difference between the book value of the Hertz vehicles and the fair market value realized at auction, the Company requested information from Hertz to determine the basis on which Hertz had calculated the net book value of the Hertz Leased Fleet. Despite repeated requests, Hertz has not yet provided the Company with such information notwithstanding the view of the Company that Hertz is contractually obligated to do so. Without access to this information, FSNA was unable to accurately quantify the potential loss it would experience as a result of its disposition of the Hertz Leased Fleet. In light of this uncertainty, FSNA’s largest

shareholder advised the Company that it was not prepared to participate in the non-brokered private placement of special warrants announced on September 4, 2013. On October 10, 2013, FSNA determined that without the participation of its largest shareholder, it would not be proceeding with the private placement on the terms previously announced and began to seek alternative sources of financing.

On or about October 9, 2013, Simply Wheelz was required to make a payment to Hertz under the Master Lease Agreements. Simply Wheelz has not yet done so. FSNA entered into talks with Hertz in mid-October with a view to restructuring Simply Wheelz' credit arrangements with Hertz while it looked for new sources of capital. Those discussions did not result in an agreement to restructure the Master Lease Agreements. However, on October 23, 2013 Hertz agreed to forbear from enforcing its rights under the Sublease Agreements until November 1, 2013.

Hertz has made offers to provide interim financing in order to complete a sale process in the context of an insolvency of Simply Wheelz. Following extensive discussions with Hertz, FSNA elected not to accept the proposed terms as the board and management of the Company believed those terms would not facilitate a broad auction of the Advantage business, in which the value of those assets would be maximized. Management believed that such terms may have been designed to ensure that Hertz would be the likely purchaser. Further, the Company believes that the United States Federal Trade Commission would not support a sale of Advantage to Hertz in light of the FTC Order. Last, the terms proposed by Hertz required that Simply Wheelz enter insolvency proceedings whereas management of the Company believed at that time that a going concern restructuring was possible

Since October 25, 2013, FSNA has been engaged in advanced negotiations with three other parties with respect to: (i) the provision of additional financing to the Company, and/or (ii) a sale of the Advantage car rental business. These discussions resulted in two parties, in addition to Hertz, making written offers to FSNA to provide the Company with financing and/or purchase the Advantage business. The board of directors of FSNA, together with members of management and FSNA's external advisors, continue to work with these parties in connection with the possible provision of interim financing and recapitalization of Simply Wheelz. Prior to the actions taken by Hertz, which are noted below, the Company was of the view that a recapitalization of Simply Wheelz could be undertaken on a going concern basis. Throughout this period, FSNA has been in discussions with the Federal Trade Commission in an effort to ensure that any proposed sale of the Advantage business would be in compliance with the above-noted decision and order.

By letter dated November 2, 2013, Hertz gave notice to the Company that it was terminating the Master Lease Agreements and seeking the return of Hertz Leased Fleet. Following discussions throughout the day and night on November 3, 2013 among FSNA, Simply Wheelz, Hertz, certain of the financing parties and their respective advisors, Hertz agreed to an additional one day period of forbearance on November 4, 2013. However, Hertz and FSNA were not able to agree to terms that would have permitted Simply Wheelz to restructure on a going concern basis and accordingly, the decision was made to have Simply Wheelz file for U.S. federal bankruptcy protection in order to adequately protect its rights. In that proceeding, Simply Wheelz intends to argue that the purported termination of the Master Subleases is invalid and it is the intention of Simply Wheelz to continue to operate in the ordinary course pending judicial termination of the rights of the parties by the federal bankruptcy court in the State of Mississippi.

About FSNA

FSNA is a publicly traded company listed on the TSX Venture Exchange. The Company and its subsidiaries own the following brands: Advantage Rent A Car, U-Save Car & Truck Rental® (“U-Save”), U-Save Car Sales, Rent-A-Wreck of Canada, PractiCar, Auto Rental Resource Center (“ARRC”), Xpress Rent A Car and Peakstone Financial Services.

The Company operates the Advantage car rental brand at 72 corporate locations in 33 states including airport locations servicing 60 of the top 70 airports across the United States. Advantage is the fourth largest independent rental car company in the United States.

U-Save, together with its subsidiary ARRC, has over 900 locations throughout the United States and is one of North America’s largest franchise car rental companies. U-Save currently services 19 airport markets in 13 different states. Although primarily based in the United States, U-Save has 18 international locations in Mexico, Greece, the Middle East, Latin America, and the Caribbean.

Practicar Systems Inc. owns the rights to the Rent-A-Wreck® and the PractiCar® trademarks for all of Canada. The Rent-A-Wreck® system operates a network of 61 franchise locations from coast-to-coast in Canada, providing a range of vehicle rental, leasing and sales options to its customers. The Rent-A-Wreck® system has been in continuous operation in Canada since 1976.

For further information on FSNA or any of its operating subsidiaries please contact:

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Forward-Looking Information

Certain statements made in this news release are forward-looking in nature, including statements concerning: the date on which Simply Wheelz will file for bankruptcy protection; the availability of alternative financing sources to support a recapitalization of the Company; losses that could be incurred in connection with the disposition of the Hertz Leased Fleet; the ability of FSNA to find a buyer for its Advantage business; the ability of Simply Wheelz to restructure on a going concern basis; the ability of FSNA to ensure that any proposed sale of Advantage is made in compliance with the Federal Trade Commission decision; and the ability of Simply Wheelz to operate in the ordinary course following an insolvency filing. The words “may”, “could”, “should”, “would”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, or “outlook” and similar expressions often identify forward-looking information. By their nature, forward-looking statements require FSNA to make assumptions and are subject to inherent risks and uncertainties. The forward-looking statements contained in this news release are based on certain key expectations and assumptions made by FSNA, including with respect to general economic, market and industry conditions and the benefits of obtaining additional financing or selling the Advantage business. Although FSNA believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because FSNA can give no assurance that they will prove to be correct. These forward-looking statements also involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of FSNA to differ materially from the anticipated results, performance or achievements or

developments expressed or implied by such forward-looking statements. Such factors include risks discussed in the section entitled “Risk Factors” in FSNA’s management information circular dated March 28, 2013 filed with Canadian securities regulators. If any such risks actually occur, they could materially and adversely affect FSNA’s business, financial condition or results of operations. FSNA’s forward-looking statements are qualified in their entirety by these cautionary statements. In addition, the forward-looking statements are made only as of the date of this news release, and except as required by applicable securities law, FSNA undertakes no obligation to publicly update these forward-looking statements to reflect new information, subsequent events or otherwise.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.