

Item 7: Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	Due Date	To Whom Payment is to be Made
Franchise Fee	\$12,500 - \$25,000	Lump Sum	At signing of Franchise Agreement	Us
Franchise Grand Opening Fee	\$15,000	Lump Sum	On the date the Lease is signed	Paid to us for various media and direct mail
Real Estate	\$1,000 - \$4,000 per month	Note 1	Note 1	Note 1
Security Deposits	\$1,000 - \$4,000	Lump Sum	Prior to Opening	Note 1
Leasehold Improvements	\$60,000 - \$170,000 Note 2	Lump Sum	Prior to Opening	Contractors
Floor Plan Design	\$5,500 - \$8,500	Lump Sum	Prior to Opening	Designated Supplier -Licensed Architect
Equipment and Fixtures	\$98,000 - \$130,000 Note 3	Lump Sum	Prior to Opening	Us and Designated Supplier/Vendors
Point of Sale System	\$18,800 - \$24,000	Lump Sum	Prior to Opening	Designated Supplier/Vendor
Opening Inventory	\$7,000 - \$10,000	Lump Sum	Prior to Opening	Distributing or other Designated Supplier
Insurance	\$2,000 - \$3,000 Note 4	Lump Sum	Prior to Opening	Insurance companies Note 4
Security Deposits - Utilities	\$1,000 – \$2,000		Prior to Opening	
Signs	\$5,000 - \$13,000	Lump Sum	Prior to Opening	Contractors
Travel and Living Expenses During Training	\$1,200 - \$4,000	As Incurred	Prior to Opening	Motels, restaurants, etc.
Additional Funds - 3 Months	\$0 - \$20,000 Note 5	As Incurred	As Incurred	Employees, vendors, landlord, utilities
TOTAL Notes 6, 7 & 8	\$228,000 – \$432,500			

Note 1. You must secure suitable real estate for your Restaurant. Typical locations for Restaurants are between 1,200 and 1,600 square feet. Ordinarily, the real estate is leased. The amounts indicated assume that the real estate is leased and reflect a typical range of monthly rentals. The amount of your rent is dependent upon such factors as size, condition and location. Neither Hungry Howie's nor its affiliates will lease real estate to you. The amount of rent, the time at which the rent is due and to whom the rent must be paid is subject to

negotiation by you and the landlord. Security deposits are payable to landlords and utility companies. This estimate contemplates a security deposit equal to one month's rent. You may be required to pay a larger security deposit. The space and monthly rent for a Non-Traditional Restaurant will be dependent upon the venue in which the Non-Traditional Restaurant is located and varies significantly.

Note 2. The amount of leasehold improvements is before any landlord-provided tenant improvements or allowances.

Note 3. The amount shown is for the purchase of equipment and fixtures for a Restaurant. Equipment and fixtures for a Non-Traditional Restaurants will vary depending on space and menu limitations, but are generally less than a Restaurant. If you lease these items, your initial investment will be less than the amount shown but there will be a monthly lease payment.

Prior to opening the Restaurant, you must purchase from us a conveyor oven and hood system. We are an authorized distributor for the sale of the conveyor oven and hood system which you are required to install in the Restaurant. The cost of the conveyor oven and hood system will be between \$30,000.00 and \$40,000.00, depending on the number and size of the ovens and hood system required, installation charges and shipping/freight charges. You will be required to place a deposit of 50% of the total costs at the time you place an order with us. The balance must be paid prior to delivery and installation.

Note 4. The amount shown includes an initial deposit and the first required insurance payment. Your initial payment may vary depending on the period of time your insurance policy covers and the amount of time over which it is paid. You must maintain the following insurance coverage: workers' compensation and occupational disease; general liability, including products liability with a limit of not less than \$1,000,000.00 per occurrence; non-owned and hired auto liability with the highest attainable limit available in the state in which your Restaurant is located; business interruption insurance; and business property insurance. We may require you to purchase other types of insurance and we may require you to increase coverage limits.

Note 5. This estimates your initial start-up expenses, including payroll costs. These estimates are for owner operated Restaurants and no owner's draw or salary is included in the estimate. These figures are our estimates and we cannot guaranty that you will not have additional expenses starting your business. Your costs will depend upon such factors as the extent to which you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for the our product; the prevailing wage rate; competition; the sales level reached during the initial period; and occupancy costs for your Restaurant.

Note 6. We have relied on our experience in the business we offer to complete these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Note 7. We do not offer direct financing to franchisees for any items. Upon request, we will provide you with a list of lenders or persons that may be of assistance to you in securing financing.

Note 8. The expenditures are non-refundable unless otherwise provided in your agreement with the third party providing the goods and/or services.