

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee ¹	\$35,000	\$35,000	Lump Sum	Upon signing agreement	Us
Lease Deposit and Payment ²	\$10,000	\$19,000	Lump Sum	Lease signing	Landlord
Utility Deposits ³	\$0	\$9,000	As arranged	As incurred	Utilities
Initial Inventory ⁴	\$5,000	\$20,000	As arranged	Prior to opening	Vendors
Furniture, Fixtures & Equipment ⁵	\$214,000	\$313,000	As arranged	As incurred	Vendors
POS and Technology System ⁶	\$32,700	\$35,700	Lump Sum	Upon installation	Vendors
Signage ⁷	\$15,000	\$25,000	Lump Sum	As incurred	Vendors
Initial Marketing Contribution ⁸	\$5,200	\$10,000	Lump Sum	5 days prior to opening	Us
Insurance ⁹	\$1,000	\$17,000	As arranged	As incurred	Insurance Company or Broker
Permits and Licenses ¹⁰	\$2,000	\$24,000	As incurred	As incurred	Government Authorities
Accounting and Legal Fees ¹¹	\$500	\$25,000	As arranged	As incurred	Professionals
Printing/Business Supplies ¹²	\$300	\$1,000	As arranged	As incurred	Vendors
Uniforms ¹³	\$1,500	\$3,500	As arranged	As incurred	Vendors
Training Expenses ¹⁴	\$10,000	\$25,000	As arranged	As incurred	Hotels, Airlines, etc.
Pre-Opening Payroll ¹⁵	\$10,000	\$37,000	As incurred	As incurred	Employees
Additional Funds - 3 months ¹⁶	\$1,000	\$96,000	As incurred	As incurred	Vendors, employees, Utilities, etc.
TOTAL¹⁷	\$343,200	\$695,200			

NOTES:

1. INITIAL FRANCHISE FEE. See Item 5 for more information. Upon signing the Development Agreement, you will remit to us 50% of the aggregate initial franchise fees to be paid for all Restaurants to be opened under the Development Agreement and the remaining 50% of the initial franchise fee for each Restaurant upon us confirming your site by execution of the License Agreement for that Restaurant.

2. LEASE DEPOSIT AND PAYMENT. Your landlord may require a lease deposit and will typically require monthly rent in advance. Rent will vary depending upon the location of the premises and other related factors. The prepaid rent is usually nonrefundable, but that will ultimately be determined by the terms of the lease. The Restaurant must be a stand-alone facility with drive-thru capability. The improved space for a Restaurant is between 2,788 to 4,155 square feet. The typical lot size for a Restaurant is between 0.8 and 1.5 acres. A landlord typically will pay for the cost of any necessary leasehold improvements and will require a monthly rent based on a 6.5% to 8% annual capitalization rate of its costs

and expenses for the real estate and improvements. If you elect to purchase the real estate rather than leasing it, the unimproved real estate for a Restaurant will typically cost between \$400,000 and \$1,400,000 and improvements made to an unimproved lot will typically cost between \$1,100,000 to \$1,450,000, depending on the type of building and the size/number of customer seats. The estimates in the table assume you will be leasing the real estate and that the landlord will pay the costs of any leasehold improvements.

3. UTILITY DEPOSITS. Most utilities, such as local water, sewer, gas, electric and telephone companies, require deposits prior to initial services.

4. INITIAL INVENTORY. The Restaurant's initial inventory requirements will include chicken, dry goods, sauces, refrigerated goods, batters, paper goods and other food and non-perishable items.

5. FURNITURE, FIXTURES AND EQUIPMENT PACKAGE. This estimate includes the cost of purchasing booths, tables, chairs, digital menu boards, digital point of purchase products, decor items, office supplies, refrigeration and cooking equipment, shelving, sinks, smallwares and drive thru timer system as described in the Manual. The estimated costs include purchase price, delivery and installation.

6. POS AND TECHNOLOGY SYSTEM. This estimate includes the cost of the hardware purchased and software licensed from our designated POS vendor, as well as the initial annual payment for the software maintenance contract, help desk service, and reporting service. It also includes the initial cost of hardware, software licensing, and support from other technology vendors, including credit card middleware, drive-thru timer, and online ordering vendors.

7. SIGNAGE. A Restaurant is generally outfitted with a sign with open channel neon letters over the Restaurant and pole signs which must be approved by us. The estimated costs represent manufacture and installation. This cost is substantially more if you elect to utilize an interstate type signage.

8. INITIAL MARKETING CONTRIBUTION. You must submit to us no later than five days prior to the date of opening of the Restaurant the Initial Marketing Contribution. We will determine the Initial Marketing Contribution, in our sole discretion, provided that it shall not exceed \$10,000. We will spend your Initial Marketing Contribution on your behalf according to your initial marketing plan prior to or during the first 120 days of operation of the Restaurant. Currently, Licensees whose Restaurants are located in a geographic area with an established Co-op will be required to spend a minimum of \$5,200 on the initial marketing plan, and Licensees whose Restaurants are located in a geographic area without an established Co-op will be required to spend \$10,000 on the initial marketing plan. You must submit to us invoices in support of all such required expenditures, and upon receipt of each such invoice, we will make payment directly to the providers of such promotional, marketing and advertising services. The initial marketing plan is a written plan that must be developed by you and approved by us prior to the Restaurant opening. Additional information regarding the initial marketing plan is contained in Item 11 of this Disclosure Document.

9. INSURANCE. You must obtain and maintain on a primary and non-contributory basis at least a commercial general liability policy, commercial automobile liability policy, commercial property liability policy, workers' compensation/employer's liability policy, umbrella liability policy and employment practices liability policy.

10. PERMITS AND LICENSES. This amount represents the estimated fees you will pay to apply for various permits and licenses, such as building permits, sales tax permits, incorporation fees, fire inspection fees and health department inspection fees. The applications and fees required will depend upon the regulations of the governing agencies in your area.

11. ACCOUNTING AND LEGAL FEES. These fees will be paid to professionals that assist you in the review of the franchise opportunity, negotiation of leases and contracts related to the development of the Restaurant, establishment of the licensee-entity (if needed) and set up of the accounting and related systems for the Restaurant.

12. PRINTING/BUSINESS SUPPLIES. This estimates the cost of certain required pre-printed materials, such as business cards, letterhead, envelopes, checks, gift certificates and menus. All of these items must use our approved artwork and otherwise meet our specifications in the Manual. They must also be purchased from an approved vendor.

13. UNIFORMS. This estimates the cost of certain required uniforms, including aprons, shirts, nametags and caps. All of these items must use our approved artwork and otherwise meet our specifications in the Manual. They must also be purchased from an approved vendor.

14. TRAINING EXPENSES. These expenses include the cost of transportation, meals, accommodations, and similar expenses associated with the attendance of 4 people at the required portions of initial training. More information regarding initial training can be found in Item 11 of this Disclosure Document.

15. PRE-OPENING PAYROLL. This amount represents payroll expenses associated with pre-opening training, initial employee meetings, cleaning, preparation, stocking, organizing, decorating and last minute details for the entire staff.

16. ADDITIONAL FUNDS - 3 MONTHS. This figure is an estimate of anticipated working capital required during the first 3 months of a Restaurant's operation. We based these estimates on our affiliates' and licensees' experience in opening and operating numerous Restaurants. The expenses you incur during the start-up period will depend on factors such as local economic and market conditions, your business experience, and the level of traffic at your location. We cannot guarantee that you will not incur additional expenses in starting the business, which may exceed this estimate. We recommend contacting your accountant or financial advisor for further guidance.

17. TOTAL ESTIMATED INITIAL INVESTMENT. We are unable to calculate the exact investment required of each licensee due to the many factors that influence the total project costs. We based these estimates on our affiliates' and licensees' experience in opening and operating numerous Restaurants. The actual amount of your investment will vary based on location, real estate costs, local economy, restaurant size and seating capacity, available real estate financing or investor capital and many other factors discussed in the previous 16 notes. The total assumes you will be leasing the real estate and that the landlord will pay the costs of any leasehold improvements. The estimate does not include the cost of purchasing real property for the Restaurant and making improvements to such purchased property, as discussed in Note 2. Except as described in Note 1 or as negotiated with a third party vendor, all amounts are nonrefundable.

We do not offer financing, directly or indirectly, for any part of the initial investment. Your ability to obtain financing from third parties will depend upon factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions.

**YOUR ESTIMATED INITIAL INVESTMENT
(MULTIPLE RESTAURANTS UNDER DEVELOPMENT AGREEMENT)**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is Made
Development Fee ¹	\$35,000 - \$175,000	Lump Sum	Upon execution of Development Agreement	Us
TOTAL²	\$35,000 - \$175,000 (excluding any costs associated with developing individual Restaurants)			

NOTES:

1. DEVELOPMENT FEE. See Item 5 for more information. Upon signing the Development Agreement, you will remit to us 50% of the aggregate initial franchise fees to be paid for all Restaurants to be opened under the Development Agreement. This estimate assumes that you will commit to develop between two and ten Restaurants. If you commit to develop more Restaurants, the Development Fee will increase by \$17,500 per Restaurant. The remaining 50% of the initial franchise fee (\$17,500) for each Restaurant must be paid to us upon us confirming your site by execution of the License Agreement for that Restaurant. The Development Fee is not refundable.

2. TOTAL ESTIMATED INITIAL INVESTMENT. We do not offer financing, directly or indirectly, for any part of the initial investment. For each Restaurant that you develop pursuant to a Development Agreement, you will execute a License Agreement and incur the initial investment expenses for the development of a single Restaurant as described in the first table in this Item 7, which are \$343,200 - \$695,200 per Restaurant, as detailed in the previous table.