

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Initial Franchise Fee (1)	\$65,000	Lump Sum	Upon Execution of Franchise Agreement	Us
Insurance	\$1,000 to \$1,500	Lump Sum Or As Arranged	As Arranged Before Training	Insurance
Training Related Expenses (2)	\$2,000 to \$4,000	As Incurred	As Incurred	Travel and Living Expenses While Training
Business License and Professional Fees	\$1,000 to \$2,000	As Incurred	As Arranged	Government Agency, Lawyer, Accountant or Advisor
Leasing of Required Truck (3)	\$2,350 - \$6,000	As Incurred	As Arranged	Supplier
Truck Bed Cover (4)	\$1,000 - \$2,500	As Incurred	As Arranged	Supplier
Additional Funds (5)	\$2,500 - \$10,000	As Incurred	Prior To and After Opening	Vendors
Total Estimated Initial Investment (6)	\$74,850 to \$91,000			

Notes:

- 1) Initial Franchise Fee. The initial non-refundable franchise fee is for a one truck (MBU) territory and includes the Custom Innerlast Bed System and Installation, software installation, configuration and licensing, Innerlast Apparel & marketing materials, Equipment and all other Supplies needed to begin operation of your franchise. The initial franchise fee also includes your initial 4 week training program. The initial franchise fee is payable in full when the Franchise Agreement is signed. We do not finance the initial franchise fee except for certain franchisees that meet requirements (as described in Item 10) and in connection with the purchase of a new Innerlast franchise.

- 2) Training Related Expenses. Our training program is described in Items 5 and 11. Our estimate is for transportation, meals and lodging while you attend our 4 week training program at our headquarters in Pelham, Alabama.
- 3) Leasing Required Truck. You must use a full size truck with full size truck bed which is approved in writing by us, with maintenance of the truck as required in the Operations Manual. The range of cost set out is based upon initial leasing cost and one monthly lease payment. If you obtain our permission you may purchase the required truck, however your cost will vary greatly, depending upon whether you finance the truck or pay it in full at purchase. The figures under this category of expenses assumes you will lease the truck and incur monthly lease payments.
- 4) Truck Bed Cover. You must obtain a lockable watertight bed cover.
- 5) Additional Funds (3 Months). You will need additional funds as working capital to cover expenses during your startup phase (approximately three months). However, the actual amount you will need will depend on a number of factors, including whether you have employees, how well you control your initial expenses and your level of sales and marketing during the initial period.

The estimate of additional funds for the initial phase of your business is based on recurring expenses and operating expenses for the first three (3) months of operation. The estimate of Additional Funds does not include an owner's salary or draw or staff salaries. The Additional Funds required will vary by your management skill, experience, and business acumen; the relative effectiveness of staff you may employ; local economic conditions; the local market for your services; the prevailing wage rate; competition; and the sales level that you reach in your Territory. You may incur other or higher costs or fees. You may also need operating capital when running the business that is in addition to what is estimated here.

- 6) Total Estimated Initial Investment. These amounts are estimates only and your cost may vary depending upon economic conditions and your financial institution's cost of extending financing, should you choose to finance any portion of the initial fees.

Except as set forth above and unless you voluntarily enter into any separate agreements with us, none of the payments are refundable.