

ESTIMATED INITIAL INVESTMENT

The Franchise Agreement requires you to open at least one Storefront Office or Kiosk before the start of your first Tax Season and, unless you purchase a New Walmart Territory, by the start of your second Tax Season and thereafter, you must open and operate year-round (for certain minimum time periods (see Item 16) at least one Storefront Office. The chart estimates the initial investment for a Storefront Office and a Kiosk. Differences between Storefront Office and Kiosk locations are indicated in the "Amount" columns in the chart below and in the notes to the chart on the reverse side of this page.

If you are converting an independent tax preparation business to the Jackson Hewitt® system, your initial investment depends on a number of factors unknown to us, including the size, type and

number of offices you are converting. Your initial investment will also depend on the amount of any financing you may receive from us under our Development Advance Program (See Item 10), if any, and whether you achieve the Performance Criteria for forgiveness of the annual installment payments under the note evidencing the loan granted under the Development Advance Program. Accordingly, we are unable to estimate with any accuracy the initial investment of a conversion, but will, to the extent we can, identify in the footnotes to the charts any categories of expenditures that typically are incurred by Franchisees in connection with conversion.

Your Estimated Initial Investment

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	STOREFRONT	KIOSK			
Application Fee (Note 1)	\$500	\$500	Lump Sum	When you submit your application to us	Franchisor
Initial Franchise Fee (Note 1)	\$10,000 to \$25,000	\$5,000 to \$25,000	Lump sum or in annual installments	Payable in lump sum when you sign the Franchise Agreement, unless we finance the fee	Franchisor
Travel/Living Expenses While Training (Note 2)	\$800 to \$2,500	\$800 to \$2,500	As incurred	During training	Airlines, hotels, restaurants
Lease Payments (Note 3)	\$4,200 to \$15,000	\$1,800 to \$9,800	As incurred	Monthly/As incurred	Landlords
Leasehold Improvements (Note 4)	\$0 to \$3,500	N/A	As incurred (for Storefronts)	Before opening (for Storefronts)	Contractors (for Storefronts)
Equipment & Signs (Note 5)	\$15,164 to \$22,450	\$5,525 to \$7,525	As incurred	Upon delivery before opening	Vendors

(chart continued on reverse side of page)

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Your Estimated Initial Investment (continued)

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	STOREFRONT	KIOSK			
Insurance (Note 6)	\$646 to \$1,530	\$646 to \$1,530	Periodic payments	As incurred before and after opening	Insurance company or agent
Telephone and Utilities (Note 7)	\$3,520 to \$4,750	\$750 to \$1,400	As incurred	As incurred before and after opening	Local telephone & power companies
Initial Advertising (Note 8)	\$5,000	\$1,000 for a New Walmart Territory; \$5,000 for other Territories	Lump Sum	When billed by us or vendors before opening	Franchisor or vendors
Additional Funds – 3 ½ months (Note 9)	\$9,360 to \$13,000	\$9,360 to \$11,440	As incurred	Before and after opening	Employees and suppliers
Miscellaneous (Note 10)	\$765 to \$2,805	\$765 to \$2,800	As incurred	Before and after opening	Franchisor or Vendors
Total (Note 11)	\$49,955.00 to \$96,035.00	\$26,146.00 to \$67,495.00			

Note 1: See Item 5 for a description of the initial franchise fee and application fee.

Note 2: We estimate these expenses based on airfare, transportation to and from the airport to the hotel, six night stay in Parsippany, New Jersey, meals, and lodging in a single room to attend Franchisee Initial Training, plus travel to attend Update Training nearest your area. These expenses can vary considerably according to season, advance planning and distance from Parsippany, New Jersey.

Note 3: Storefronts: We base our estimate on a range of rental rates for approximately 900 square feet for three and one-half to four months in Newport News, Virginia and New York, New York, plus a security deposit of one month's rent. Rental costs vary widely depending on the cost of real estate in your area, the neighborhood where you want to locate your business, the age of the building you are considering, the availability of rental properties, the occupancy rate in your area, and many other factors.

The estimate does not include rental costs associated with maintaining required minimum office hours during the off season.

Kiosks: We base our estimate on a range of rental rates for approximately 80 square feet (96 feet in Walmart locations) for three and one-half months in a typical retail location. Rental costs vary widely depending on the retail location in your area.

Note 4: Leasehold Improvements are based on condition of leased property meeting standards, and may vary due to the conditions of the property prior to leasing. Improvements may include installation of carpeting, painting of premises and electrical wiring and installation. This cost applies only to Storefront Offices.

Note 5: Storefronts: We estimate the cost for equipment, computers and signs based on purchasing these items from approved suppliers. We provide four levels of equipment and signs to choose from. The higher range reflects our premium, or level 4, office, while the lower range reflects our standard, or level 1, office. All estimates are based on a 1000 square foot office with 4 tax preparer desks and a receptionist desk and includes computers, printers, paint, interior and exterior signage, marketing collateral, office supplies, furniture and carpeting.

Kiosks: We estimate the cost for equipment, computers and signs based on purchasing these items from approved suppliers. The estimates include computers, equipment, office furniture, signage and office marketing collateral. A Kiosk may have a varied number of workstations, but is generally smaller than a Storefront Office.

Note 6: The estimate is the cost an annual premium for the required coverage as of January 2008, which may be required to be paid prior to commencing operations. Installment payment plans are generally available from insurance carriers. We may change our insurance requirements or approved provider(s) of insurance at any time. Cost may vary from this estimate for any new provider. The estimate does not include any additional coverage that may be required by a National Account, which coverage may vary and may be required prior to commencing operations.

Note 7: This estimate reflects anticipated telephone and utility costs, as well as telephone and utility deposits. Telephone and utility deposits may be refundable.

Note 8: This is the minimum amount of initial advertising you must spend under the Franchise Agreement. (See Item 6.)

Note 9: The chart reflects certain estimated capital and operating expenses. There are other operating expenses that you may incur, some of which are estimated in this Additional Funds item. Other estimated expenses reflected in Additional Funds include certain estimated labor costs and employee travel, and other estimated costs for local technical support, broadband ISP, tax course advertising, tax course materials, office supplies, firewall software and virus software. For labor, the range includes the estimated cost of two tax return preparers with staggered schedules who work for the entire Tax Season for \$6.50 per hour, and a third employee who works for one month during the peak part of the Tax Season, plus taxes on the wages. The higher estimate includes a fourth employee who works approximately 20 hours a week and is responsible to set up and maintain the computers' functionality.

For Storefront Offices, it also includes a fifth employee who works approximately 15 hours a week completing routine bookkeeping tasks. The estimates in this line item do not include any bonuses paid to employees. Your employee and employment costs may vary from this estimate. We do not include your labor (that is, what you may pay yourself) in this estimate. We are not able to estimate all of your expenses. The list of expenses described in this note should not be considered as exhaustive, and the range of expenses listed should not be considered as a break-even point; you may incur higher costs and/or additional expenses, such as your debt service on any borrowed funds, and professional fees.

Note 10: The estimate for miscellaneous expenses includes supplies, office interior signs and window posters that are not otherwise included in the line items for signage, leasehold improvements or equipment.

Note 11: The estimated initial investment for opening and operating a Kiosk in a New Walmart Territory is \$26,146.00 to \$55,995.00. Except as otherwise noted, none of the items in the chart are refundable.

These figures are only estimates, and your costs may be higher, depending on your particular circumstances. Your initial investment will also vary depending on the time of year that you open your Franchised Business. We base our estimates in the chart on opening the first day of Tax Season, but you may want to open sooner, in which case your costs are likely to be higher. You should review these figures carefully with a business advisor, accountant or attorney before making any decision to purchase a franchise. Currently, we do not offer any financing for your initial investment, except as described in Item 10. The availability and terms of financing with third-party lenders will depend on factors such as the availability of financing generally, your credit-worthiness and policies of lending institutions concerning the type of business to be operated.

For more information, contact our Franchise Development team today!

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