

Item 7 Explanatory Notes

1. This table assumes that you will operate your Spring-Green Lawn Care franchise in 2 Territories under 2 Franchise Agreements.
2. Except where noted, these expenditures are non-refundable.
3. If you operate your Spring-Green Lawn Care franchise in more than 1 Territory, you must pay an Initial Franchise Fee for each Territory. As described in Item 5, \$25,000 of the Initial Franchise Fee is due when you sign each Franchise Agreement, and the remainder is due before training. The Initial Franchise Fee is non-refundable unless you attend training, but do not complete to our satisfaction. (See Item 5.)
4. Because our franchisees typically lease their vehicles and equipment, these amounts represent the initial lease payment for those items that can be leased. This includes the 20% down payment due under the Spring-Green Lease. (See Item 10) The initial lease payment will vary based on the circumstances. We have included the remaining lease payments that would be due during your first 6 months of operation in "Additional Funds." This includes the monthly rental payments due under the Spring-Green Lease. (See Item 10) Your initial costs will increase if you purchase these items.
If you operate a Franchised Business in a single Territory and elect to purchase, rather than lease, the vehicles and equipment, we estimate that your costs will be: \$24,500 for the production vehicle that you will equip to perform the lawn and tree care services; and \$21,737 to \$28,737 for the lawn and tree care equipment. If you operate a Franchised Business in 2 Territories, and you elect to purchase, rather than lease, the vehicles and equipment, we estimate that your costs will be: \$49,000 for the production and service vehicles; and \$25,279 to \$32,279 for the lawn and tree care equipment.
5. Because our franchisees typically lease most of their computer hardware and software, these amounts represent the initial lease payment for those items that can be leased. This includes the 20% down payment due for the Real Green software under the Spring-Green Lease. (See Item 10) Other computer hardware and software that cannot be leased through the Spring-Green Lease can typically be leased through our suppliers for \$0 down. (See Item 11) However, the initial lease payment under any lease will vary based on the circumstances. We have included the remaining lease payments that would be due during your first 6 months of operation in "Additional Funds." This includes the monthly rental payments due under the Spring-Green Lease and other supplier lease. (See Item 10) Your initial costs will increase if you purchase these items. In addition, this amount also includes the purchase of computer software and hardware not available for lease, including the cost of purchasing a smart phone, which we anticipate to be \$300. The smart phone cannot be leased through us or any of our suppliers. You will also have to purchase a data plan for your smart phone from a service provider, which will require you to enter into a service contract with the service provider. The cost of the data plan varies by service provider. If you operate a Franchised Business in a single Territory or in 2 Territories and elect to purchase, rather than lease, the computer hardware and software, we estimate that the total cost of purchasing all required computer hardware and software will be \$10,285, which includes the \$300 cost for the smart phone and the \$7,820 cost of purchasing the Real Green software. This amount reflects the purchase of inventory and supplies before taxes and applicable delivery charges.
6. We anticipate that you will operate a Franchised Business from a personal residence. This initial investment table does not reflect the potential cost of renting office or warehouse space if you operate your Franchised Business in a single Territory. If you rent such space, your initial investment is likely to be more than the range provided in the table. If you operate a Franchised Business in multiple Territories, you may choose to rent office or warehouse space from which you will operate your Franchised Business even though we do not require you to do so. The cost of leasing such space will vary significantly depending upon the market in which the proposed site is located. A suitable office or warehouse for a Franchised Business operating in multiple Territories will be approximately 1,500 square feet in size. Rent for your office or warehouse depends on geographic location, size, accessibility, relationship to and the nature of any adjoining uses, local rental rates, businesses in the area, site profile and other factors. Lease agreements vary but usually require the lessee to pay for maintenance, insurance, taxes and any other charges or expenses for the land and building and the operation of your Franchised Business or they may require that the lessee reimburse the lessor for its proportionate share of these payments (plus interest) made on behalf of the lessee and pay minimum monthly rent and/or percentage rent. The lease estimate in the table above is for a 6-month period.
7. During the initial phase of your operation, which we estimate to be 6 months, you will need capital to support ongoing expenses such as payroll (excluding your salary and draws), supplies, insurance, royalties, and advertising and lease payments to the extent these costs are not covered by the gross sales of the Franchised Business. Your working capital needs may vary widely from the working capital needs of other franchisees. Your costs will depend on factors such as the time of year you commence operations, how well you follow our methods and procedures, your management skill, your experience and business acumen, the local market for our services, the prevailing wage rate in your area, competition, and the sales level reached during your initial phase of operation. It is expected that new businesses will usually generate negative cash flow. There is no assurance that you will not need additional working capital. These amounts do not include funds necessary for your personal living expenses. Estimated payments for debt service are not included.

8. If you operate an office or warehouse from which you operate your Franchised Business, you will likely have to prepay or make deposits for various utilities such as gas, electricity, sewer, water, telephone and garbage disposal. The security deposit for the office or warehouse may be refundable under the terms of its lease.
9. We relied on our over 32 years of experience in this business to compile these estimates and on information we have obtained from our franchisees. In general, the high end of the estimate range represents additional ride on application equipment and the maximum franchise fee. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Except for the equipment and software lease option described in Item 10, we do not offer financing directly or indirectly for any part of the initial investment. Our franchisees are, however, eligible for expedited and streamlined Small Business Administration ("SBA") loan processing through SBA's Franchise Registry Program. (See Item 10) The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions. This estimate does not include any finance charge, taxes, interest, or debt service obligation.