

ARTICLE 11. RESTRICTIVE COVENANTS

11.1. Secrecy and Confidentiality

The Franchisee and the Guarantor for itself/himself/themselves and its/their officers directors, shareholders, employees, executors, administrators and permitted assigns acknowledge that in connection with the operation of the Business the Franchisor will be disclosing to them confidential information and trade secrets of the Franchisor, including, without limitation, information in the Manual. For the purposes of this Agreement, confidential information includes all information that the Franchisor specifically designates as confidential, as well as all information of a non-public nature, whether or not so designated. The Franchisee and the Guarantor each jointly and severally agree that none of them will use or divulge to any person any such trade secrets or confidential information, except that during the Original Term of this Agreement the Franchisee may use such trade secrets and confidential information solely for the purpose of conducting the Business in accordance with the provisions of this Agreement and may divulge such trade secrets and confidential information to its employees, but only on a "need-to-know" basis and in circumstances that will maintain its confidentiality. The Franchisee must cause its employees and agents to maintain the confidentiality of such confidential information and trade secrets, and shall obtain from the foregoing persons, and deliver copies thereof to the Franchisor, written covenants to maintain such confidentiality, in form prescribed by the Franchisor. A breach of any of the provisions of this Section 11.1 by any of the Franchisee's employees or agents is considered a direct breach by the Franchisee thereof.

11.2. In Term Competition: Franchisee

The Franchisee agrees that it will not directly or indirectly (without the prior written consent of the Franchisor, which consent may be unreasonably withheld) during the Original Term or any Renewal Term, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee, or in any other similar capacity whatsoever, be connected in any manner with the ownership, management, operation or control, or conduct of any restaurant business or retail food outlet that specializes in the sale of Japanese or other oriental-style food or that is reasonably deemed by the Franchisor to be similar in nature, style or otherwise to any SUTEKI EXPRESS Restaurant or using the SUTEKI EXPRESS Restaurant System or any restaurant system operated/franchised by the Franchisor or its affiliates. or any part or parts thereof.

11.3. In Term Competition: Guarantor

The Guarantor agrees that he or she will not directly or indirectly (without the prior written consent of the Franchisor, which consent may be arbitrarily withheld) during the Original Term or any Renewal Term, as owner, officer, director, employee, agent, lender, broker, consultant, franchisee, or in any other similar capacity whatsoever, be connected in any manner with the ownership, management, operation or control, or conduct of any restaurant business or retail food outlet that specializes in the sale of oriental-style food or that is reasonably deemed by the Franchisor to be similar in nature, style or otherwise to a SUTEKI EXPRESS Restaurant or a restaurant using the SUTEKI EXPRESS Restaurant System or any restaurant system operated/franchised by the Franchisor or its affiliates. or any part or parts thereof.

11.4. Post Term Competition

The Franchisee and the Guarantor acknowledge that the Licensed Items, Marks, the business reputation and goodwill associated therewith, the methods and techniques employed by the Franchisor, the training and instruction to be provided hereunder, the knowledge of the services and methods of the Franchisor and the opportunities, associations and experiences established and acquired by them hereunder are of considerable value, as well as is the location of the Business and Trade Area pertinent thereto, and constitute legitimate business interests of the Franchisor and as a result thereof the Franchisee and Guarantor agree as follows to reasonably protect such legitimate business interests:

(a.) The Franchisee agrees that it will not directly or indirectly (without the prior written consent of the Franchisor which consent may be arbitrarily withheld) at any time during the period of eighteen (18) months from the latest date on which the Original Term or Renewal Term shall expire or sooner terminate, as owner, shareholder, officer, director, employee, agent, lender, broker, consultant, franchisee, or in any other similar capacity whatsoever, be connected in any manner with the ownership, management, operation or control, or conduct of any restaurant business or retail food outlet whose sales involve Japanese or other oriental-style food or any other products or services that are deemed by Franchisor (acting reasonably) to be similar to a SUTEKI EXPRESS Restaurant (whether franchised or company or affiliate owned) or the System, and which is located within 3 miles of the exterior boundaries of any building in which (i) the Premises are located or (ii) any premises at which any restaurant utilizing the SUTEKI EXPRESS Restaurant System is being operated, or is being constructed or under contract to be constructed, as of the date of the expiry or earlier termination of this Agreement.

(b.) The Guarantor agrees that he or she will not directly or indirectly (without the prior written consent of the Franchisor, which consent may be arbitrarily withheld) at any time during the period of eighteen (18) months from the latest date that the Original Term or Renewal Term shall expire or sooner terminate, as owner, shareholder, officer, director, employee, agent, lender, broker, consultant, franchisee, or in any other similar capacity whatsoever, be connected in any manner with the ownership, management, operation or control, or conduct of any restaurant business or retail food outlet whose sales involve Japanese or other oriental-style food or any other products or services that are deemed by Franchisor (acting reasonably) to be similar to a SUTEKI EXPRESS Restaurant or the System or within 3 miles of the exterior boundaries of any building in which (i) the Premises are located, or (ii) any premises at which any restaurant or outlet utilizing the SUTEKI EXPRESS Restaurant System is being operated, or is being constructed or under contract to be constructed, as of the date of the expiration or sooner termination of this Agreement.

11.5. Contravention by Related Persons

Franchisee and Guarantor acknowledge and agree that they or any of them will be deemed to be in contravention of any of the provisions of this ARTICLE 11 (this "Article") if any restaurant business or retail food outlet be opened or operated (or intended to be opened or operated) in any manner that if carried out by the Franchisee or Guarantor, would violate any of the provisions of this Article by or on behalf of a spouse, child, shareholder or other owner, director, or officer of Franchisee or Guarantor or by a person, firm, corporation, association, or other business or legal entity in which such spouse, child, shareholder or other owner, etc., has any interest (legal, beneficial, economic, or otherwise) whatsoever, whether or not Franchisee or Guarantor has any legal or beneficial interest in such restaurant business. All such parties must enter a written agreement, in form and substance satisfactory to the Franchisor, under which they agree, jointly and severally, to be bound by the provisions of this Article, as well as the confidentiality provisions contained in this Agreement.

11.6. Solicitation

(a.) The Franchisee and Guarantor jointly and severally covenant agree that during the Original Term or any Renewal Term and for a period of eighteen (18) months thereafter:

(i.) they or either of them will not solicit, or attempt to solicit, for employment any person who is, at the time of such solicitation, employed by another franchisee, the Franchisor or any Affiliate, nor will the Franchisee directly or indirectly induce any such person to leave his employment as aforesaid;

(ii.) they or either of them will not divert or attempt to divert any business or any customers of the Business, by direct or indirect inducement or otherwise, to any other

restaurant business or retail food outlet that is similar to the businesses described in Section 11.4(b) of this Agreement; and

(iii.) they or either of them will not counsel or induce any franchisee of the Franchisor to leave the SUTEKI EXPRESS Restaurant System.

(b.) The parties agree that each of the covenants contained in Subsections (i), (ii) and (iii) of Section 11.6 (a) are independent of each other and are severable.

11.7. Acknowledgement

(a.) The Franchisee and the Guarantor acknowledge, confirm, covenant and agree that the restrictions contained in this Article are reasonable in order to protect the legitimate business interests of the Franchisor, its Affiliates, and the franchisees of the Franchisor, and all defenses to the strict enforcement of such restrictions by the Franchisor are hereby waived.

(b.) The Franchisee and Guarantor acknowledge, confirm, covenant and agree that the scope of activities prohibited in this Article, as well as the length of the term and geographical restrictions contained therein, are necessary to protect the Franchisor's legitimate business interests and are fair and reasonable and not the result of overreaching, duress, or coercion of any kind. The Franchisee's and Guarantor's full, uninhibited, and faithful observance of each of the covenants contained in this Article will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants contained in this Article will not impair the Franchisee's or the Guarantor's ability to obtain employment commensurate with its abilities and on terms fully acceptable to it or otherwise to obtain income required for the comfortable support of itself and its family, and the satisfaction of the needs of its creditors. The Franchisee's and Guarantor's special knowledge of the business of a SUTEKI EXPRESS Restaurant (and anyone acquiring such knowledge through the Franchisee or Guarantor) is such as would cause the Franchisor and its franchisees serious injury and loss if it (or anyone acquiring such knowledge through the Franchisee or Guarantor) were to use such knowledge to the benefit of a competitor or were to compete with the Franchisor or any of its franchisees.

(c.) If any court of final jurisdiction finally holds that the time or territory for or to which this Article applies or the scope of activities prohibited thereunder—or that any provision stated in this Article—constitutes an unreasonable restriction upon the Franchisee or any Guarantor, the provisions of this Agreement are not thereby rendered void, but shall apply as to time and territory or to such other extent as such court finally concludes or indicates is a reasonable restriction under the circumstances. The time periods set forth in this Article are suspended during any period in which the Franchisee or Guarantor is breaching any of its terms or involved in a legal action or proceeding challenging the validity or enforceability thereof.

(d.) Without the Franchisee's or Guarantor's consent, the Franchisor, in its sole discretion, may at any time or times unilaterally reduce or limit the scope of any covenants set forth in this Article. Any such reduction is effective immediately upon the Franchisor's delivery of written notice to either of them. The Franchisee and Guarantor shall comply immediately with any covenant as so modified. Such modified covenant is fully enforceable to the extent permitted by applicable law and shall be subject to the provisions of section (c) above.

(e.) The covenants in this Article shall be construed as independent of any other covenant or provision of this Agreement. The existence of any claim the Franchisee or Guarantor may have against the Franchisor or any of its affiliates (whether or not arising from this Agreement) shall not be deemed to be a defense to the enforcement of such covenant(s) against the Franchisee or Guarantor.

(f.) The Franchisee and the Guarantor further agree that their failure to fully comply with the restrictions contained in this ARTICLE will constitute, among other things, unfair competition with the Franchisor. The Franchisee and the Guarantor acknowledge that the Franchisor would suffer irreparable injuries if the Franchisee or any person referred to in this Article breaches any of these restrictions and, accordingly, agree (in addition to any other remedies available to Franchisor whether pursuant to this Agreement or otherwise) to the granting without prior notice (to the extent that applicable notice requirements may be waived) of temporary and permanent injunctions restraining any such breach, or any other manner of equitable relief. Such injunctive relief may be granted without the need for the Franchisor demonstrating irreparable injury or posting any bond or other security (or if such posting of security may not be waived, by posting the sum of \$1,000 as security). The Franchisee and the Guarantor further jointly and severally agree to indemnify and save the Franchisor harmless in respect of all costs and expenses (including legal fees) incurred by the Franchisor in seeking to obtain any such injunction(s) and in pursuing any such other remedies.

ARTICLE 12. ASSIGNMENT AND TRANSFER

12.1. Assignment by Franchisor

The Franchisor may assign any and all rights, or delegate any and all its duties, arising from this Agreement, provided that any assignee, or delegatee, shall agree in writing to assume all obligations undertaken by the Franchisor herein relating to the rights so assigned, or the obligations delegated. Upon such assignment, or delegation, and assumption the Franchisor shall be released from and under no further obligation with respect to any obligations so assumed. The Franchisee and the Guarantor agree that any such assignment or delegation shall not affect any of their responsibilities under this Agreement to and under which they remain jointly and severally subject and bound.

12.2. Assignment by Franchisee

During the original Term or any Renewal Term of this Agreement, the Franchisee and the Guarantor shall not sell, assign, charge, grant a security interest in or otherwise transfer or encumber in whole or in part in any manner, including, without limitation, by operation of law, any interest in this Agreement, the lease or sublease for the Premises, the property and assets of the Business or any ownership interest in the Franchisee, nor may the Franchisee issue any further shares in its capital or redeem or purchase any of its issued shares, nor may the Franchisee merge, amalgamate, re-organize or engage in any other similar proceeding, (collectively "Transfer") without in each case obtaining the prior written consent of the Franchisor which consent shall not be unreasonably or arbitrarily withheld. Any actual or purported Transfer without the Franchisor's prior written consent shall constitute a material default of this Agreement and shall be null and void. In considering any request for its consent to any such Transfer the Franchisor may consider, among other things, the qualifications, background, apparent ability and credit standing of the proposed transferee (the "Transferee"), as well as the probable post-closing operational viability of the SUTEKI EXPRESS Restaurant should the intended Transfer be completed in accordance with the proposed terms of the Transfer. In addition, it is required as a condition precedent to the granting of the Franchisor's consent that:

- (a.) there shall be no existing default in the performance or observance of any of the Franchisee's or the Guarantor's obligations pursuant to any Contract or with any supplier or other trade creditor of the Business, the Franchisor or its Affiliates;
- (b.) the Franchisee shall have settled all outstanding accounts with the Franchisor, its Affiliates and all other trade creditors of the Business;

(c.) the Franchisee and each of the Guarantors shall have delivered to the Franchisor a complete release of its/their claims against the Franchisor, its Affiliates and their respective directors and officers, in form and substance satisfactory to the Franchisor;

(d.) the Transferee and, if it is a corporation, limited liability company, or partnership, its shareholders, members or partners as the case may be, shall have entered into a written assignment and guarantee in form and substance prescribed by the Franchisor, assuming and agreeing to discharge all of the Franchisee's obligations under this Agreement or, at the option of the Franchisor, shall have executed a new franchise agreement, for no less than the unexpired portion of the Original Term of the Agreement, in the standard form then being used by the Franchisor for the grant of franchises for SUTEKI EXPRESS Restaurants for new single-unit franchisees. Such franchise agreement shall not provide for payment of any Initial Franchise Fee, but may otherwise contain financial, legal and other terms and conditions substantially different from, and more onerous than, those in this Agreement, including, without limitation, different terms and conditions regarding: royalties, advertising obligations and contributions, rent or other payments or expenditures (any of which may be higher) and the methods of computing same; and any further right of renewal. In addition, the Transferee and its shareholders or partners, as the case may be, shall have executed such other documents and agreements as are then customarily used by the Franchisor in the granting of franchises for SUTEKI EXPRESS Restaurants;

(e.) the Transferee and/or its proposed Managers (one or both of whom will be responsible for the ongoing operations of the Business and any other persons required by the Franchisor shall have satisfactorily completed at his/her own expense the Franchisor's training program then in effect for all new franchisees of SUTEKI EXPRESS Restaurants and shall have paid the Training Fee applicable thereto;

(f.) unless the Franchisor otherwise agrees in writing, any transfer of assets shall be effected in compliance with all applicable bulk sales legislation; and

(g.) a transfer fee shall, upon application for the consent of the Franchisor to the Transfer, have been paid to the Franchisor by the Franchisee in the amount of Seven Thousand Dollars (\$7,000), which transfer fee shall be refundable, less the Franchisor's reasonable costs and expenses, together with any professional and related expenses incurred in connection therewith, including, without limitation, those expenses relating to investigations of the proposed transferee, if the proposed transfer is not approved by the Franchisor.

12.3. Additional Documentation

(a.) The Franchisee and Guarantor shall cause each person who, from time to time becomes a shareholder, member, or other owner, or director or officer of the Franchisee, before they obtain such status, to execute a written agreement with the Franchisor:

(i.) in the case of a director or officer who is not also a shareholder of the Franchisee, undertaking to be bound by all of the restrictions of Article 11, and all the confidentiality provisions in this Agreement, as though he was a Guarantor; and

(ii.) in the case of a shareholder of the Franchisee, undertaking to be bound by all obligations of the Guarantor under this Agreement (including the guarantee in Section 15.2) as though he was a Guarantor.

(b.) The Franchisee shall furnish to the Franchisor contemporaneously with signing this Agreement, and thereafter annually with the financial statements referred to in Section 8.2 (c) and as well contemporaneously with all transfers or issuances of shares in its capital, a list of all shareholders having an interest in the Franchisee as currently set out in Schedule 'F' hereto, reflecting the percentage interest of each shareholder and the number and class of shares directly

or indirectly owned or controlled by him. In addition, the Franchisee shall furnish to the Franchisor on signing this Agreement and thereafter within five (5) days after any transfer or issue of any of its shares the other documents referred to above in this section, duly executed by all required parties other than the Franchisor. The Articles of Incorporation and by-laws of the Franchisee shall recite that the issue or transfer of any shares in its capital is restricted by the terms of this Agreement, and copies of such articles of incorporation and by-laws shall be furnished to the Franchisor forthwith upon request. The Franchisee shall maintain stop transfer instructions against the transfer of shares on its records subject to the foregoing restrictions of this Article and shall have all outstanding share certificates endorsed with the following legend printed conspicuously upon the face of each such certificate:

“The transfer of shares represented by this certificate is subject to the terms and conditions of a Franchise Agreement made with MANCHU WOK FRANCHISING USA INC. A copy of that agreement is available for inspection at the registered office of the Corporation.”

The Franchisor shall have access to the corporate records and minute books of the Franchisee at reasonable times and shall be entitled to make copies thereof for its own purposes.

The Franchisee and the Guarantor jointly and severally represent and warrant to the Franchisor that Schedule “F” is an accurate list of all of the registered and beneficial shareholders of the Franchisee, showing the number and class of shares held by them. The Franchisee will advise the Franchisor of any changes to Schedule “F” which must be in conformity with the provisions of this Section and of this Agreement.

12.4. Death or Permanent Disability

(a.) If any Franchise Owner (defined below):

- (i.) dies; or
- (ii.) becomes permanently disabled as defined in Section 12.5;

within 30 days thereafter, the Franchisee (or its legal representative) must hire and maintain a replacement satisfactory to the Franchisor to perform such obligations.

(b.) Within six months of the death of any of the following individuals, such individual’s estate must transfer his or her interests in the Franchisee (or in any of the Franchisee’s owners) or in this Agreement in accordance with the terms of this Article 12:

- (i.) any individual who holds a 25% or greater voting or ownership interest in the Franchisee (or in any of the Franchisee’s owners); or
- (ii.) any individual who is the Franchisee.

For the purposes of this Section, “Franchise Owner” means the Franchisee if the Franchisee is an individual or the shareholder designated as Manager under Section 6.2

12.5. Deemed Disability

For the purposes of this Article 12, the Franchise Owner shall be deemed to be permanently disabled if his usual day to day participation in the Business (as required by the terms of this Agreement) is for any reason impaired or he is otherwise unable to perform his or her obligations under this Agreement by reason of mental or physical disability for a cumulative period of forty-five (45) days in any twelve (12) month period.

12.6. Right to Manage

Upon the death or permanent disability of the Franchisee or of the Manager, if the Franchisee does not timely comply with Section 12.4(a), the Franchisor shall have the right (but without obligation) to operate and manage the Business for the account of the Franchisee. If the Franchisor so operates and manages the Business, (i) the Franchisor shall make a complete accounting to and return the net income from such operation (being revenues less all applicable expenses and charges incurred in the operation of the Business inclusive of amounts sufficient to reimburse the Franchisor for its reasonable expenses in connection therewith and a reasonable management fee) to the Franchisee; and (ii) in no event shall the Franchisor be liable for other than gross negligence in the operation and management of the Business. Notwithstanding anything in this Section 12.6 to the contrary, the primary obligation to operate and manage the Business shall, at all times be upon the Franchisee, and the Franchisor makes no representation or warranty whatever that the operation or management or any part thereof by or on behalf of the Franchisor shall succeed in returning or maintaining a profit.

12.7. Franchisor's Right to Terminate

If any disposition of shares or assets required under Section 12.4 has not taken place within six (6) months as required by Section 12.4(b) or if the Manager shall not have been replaced as required by section 12.4(a), the Franchisor shall thereafter have the continuing right, exercisable upon ten (10) days' notice to the Franchisee, to terminate this Agreement and all the Franchisee's rights hereunder, including the franchise hereby granted. In such event and if the Franchisor so elects, then the provisions of Sections 10.4 to 10.11 inclusive shall thereupon become applicable.

12.8. Option to Purchase

Without in any way derogating from the Franchisor's right to reject a Transfer pursuant to Section 12.2, if at any time during the Original Term of this Agreement the Franchisee or any shareholder or partner, as the case may be, obtains a bona fide offer (the "Offer") to acquire the whole or any part of its or his interest in this Agreement, in the Lease or sublease for the Premises, in any assets of the Business (other than in the ordinary course of business) or in any ownership interest in the Franchisee which the Franchisee or the shareholder or partner, as the case may be, wishes to accept, then the Franchisee or shareholder or partner, as the case may be, shall promptly deliver to the Franchisor written notice of and a true copy of such Offer. Upon receipt of the notice, the Franchisor shall have the option of purchasing the property forming the subject matter thereof upon the same terms and conditions as those set out in the Offer, except (i) that there shall be deducted from the purchase price the amount of any commission or fee that would otherwise have been payable to any broker, agent or other intermediary in connection with the sale of such property to the (other) offeree, (ii) the Franchisor shall have the right to substitute cash for any other form of consideration specified in the Offer and if the cash amount cannot be agreed upon within ten (10) days, the question shall be referred to an arbitrator who shall be chosen in accordance with the provisions of Article 14 hereof, (iii) the Franchisor shall have the further right to pay in full the entire purchase price at the time of closing (with an appropriate reduction of the purchase price applicable to the present value of paying in cash should the Franchisor elect so to do) and (iv) any and all monies due the Franchisor or any supplier to the Business shall be deducted from the purchase price and applied or paid by the Franchisor. In the case of a sale of assets to which bulk sales laws apply, the Franchisee shall comply with such laws in a manner which will permit the Franchisor to pay the entire purchase price to the Franchisee at closing. The Franchisor may exercise its option at any time within thirty (30) days after receipt of the notice and copy of the Offer by giving notice of acceptance to the Franchisee or the shareholder or partner, as the case may be. If the Franchisor declines to exercise such option and if such transfer is otherwise approved by the Franchisor, the Franchisee or the shareholder or partner, as the case may be, shall be at liberty to complete the transfer to the third party purchaser in accordance with the terms of the Offer, but always pursuant to the provisions of this Agreement, except that notwithstanding the terms of the Offer such transaction must be completed within thirty (30) days of the date on which the

Franchisor notifies the Franchisee or the shareholder or partner, as the case may be, of its approval of such transaction. If the transaction is not completed within such thirty (30) day period then the foregoing provisions of this Section shall apply again in respect of the Transfer and so on from time to time.

12.9. No Security

In the event of a sale of the Business, no interest (including any security interest or lien) in this Agreement, in the Lease or Sublease of the Premises, in any assets of the Business or in any shares in the capital of the Franchisee may be retained or reserved by the Franchisee or by any Guarantor as security for the payment of any obligations that may arise by reason of any Transfer pursuant to the provisions of this Article.

ARTICLE 13. GENERAL CONTRACT PROVISIONS

13.1. Security

As security for all the Franchisee's and its Affiliates' monetary and other obligations to the Franchisor or its Affiliates arising under or relating to this Agreement or any other Contract, the Franchisee grants to the Franchisor a first-priority security interest in all the Franchisee's assets, including all personal and fixture property of every kind and nature wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof, including all goods (including inventory, equipment, and accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper, deposit accounts, letter-of-credit rights, commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles). The Franchisee shall execute such financing statements, continuation statements, notices of lien, assignments or other documents as may be required in order to perfect and maintain the Franchisor's security interest, including a UCC-1 Financing Statement in substantially the same form attached as Schedule G. The Franchisee authorizes the Franchisor to execute, on behalf of either or both of the parties, any of the documents described in the prior sentence. The Franchisee shall pay all filing fees and costs for perfecting the Franchisor's security interest. The provisions of this paragraph constitute a security agreement under the Uniform Commercial Code; the parties need not enter any further agreement for the Franchisor's security interest to attach to the collateral described above. Notwithstanding the foregoing sentence, if the Franchisor requests the Franchisee to enter its then standard-form security agreement to more fully document the terms of the security interest granted above, the Franchisee shall immediately do so.

13.2. Indemnity

The Franchisee and the Guarantor agree, during and after the term of this Agreement, to, jointly and severally, indemnify and save the Franchisor and its Affiliates harmless against all liability, losses, damages, costs and expenses (including legal fees whether relating to pre-trial, trial, post-trial, appellate, or bankruptcy proceedings) that may be incurred, suffered or sustained by the Franchisor or any of its Affiliates or any of their respective officers, directors, shareholders or owners, employees, representatives, or agents, as a result of the Franchisee's ownership or operation of the Business, any violation of this Agreement by the Franchisee or the Guarantor, or as a result of any act or omission of the Franchisee or the Guarantor or any of its or their Affiliates or their respective officers, directors, shareholders or owners, employees, representatives, or agents or other persons for whom they are at law or pursuant to this Agreement responsible. The within guarantee shall survive any act of bankruptcy or insolvency of any party and shall be enforceable at the instance of the Franchisor against any party.

13.3. Independent Contractor

The Franchisee acknowledges that it is not an agent or employee of the Franchisor but is an independent contractor completely separate from the Franchisor and any of Franchisor's Affiliates, and that it has no

authority to bind or attempt to bind the Franchisor or any of Franchisor's Affiliates in any manner or form whatsoever or to assume or to incur any obligation or responsibility, express or implied, on behalf of or in the name of the Franchisor. This Agreement shall not be construed so as to constitute the Franchisee a partner, joint venturer, agent, employee or representative of the Franchisor for any purpose whatever. The Franchisee shall use its own name in obtaining or executing contracts and making purchases, so that the transaction indicates that the Franchisee is acting on its own behalf and not for the Franchisor. The Franchisee shall prominently display on the Premises, and on any other item the Franchisor may from time to time require (including menus and stationary), a notice indicating that it is an independent business operating as a franchisee of the SUTEKI EXPRESS Restaurant System.

13.4. Interest

Except as provided in section 8.3 hereof, all monies due and owing to the Franchisor or its Affiliates from time to time by the Franchisee pursuant to this Agreement shall bear interest after the due date until paid in full at a rate equal to the prime rate of interest charged by the Franchisor's banker to its best commercial customers ("**Bank Prime**") plus five (5%) percent (but in no event higher than the maximum interest rate permitted by law to be charged to Franchisee). The acceptance of any principal or interest payment shall not be construed as a waiver by the Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to the Franchisor's right to terminate this agreement in respect of such default. The failure of the Franchisor to charge interest on any amount due at the time such payment shall first become due, shall not constitute a waiver of its right to charge interest at the rate set out in this Agreement on any or all outstanding amounts, from the date such amounts first become due and payable to the Franchisor pursuant to this Agreement.

13.5. Dishonored Payment

Should any payment be made to the Franchisor by any check or other financial instrument including electronic funds transfer and such payment be dishonored for any reason, the Franchisee shall pay to the Franchisor, together with the replacement of such dishonored payment, a fee ("**Dishonored Check Fee**") in the amount of \$100.00 or the amount charged to the Franchisor by its banker on account of such dishonored check or financial instrument, whichever shall be the greater amount.

13.6. Taxes

The Franchisee agrees to promptly pay when due all taxes levied or assessed by reason of its performance hereunder or by reason of the operation or ownership of the Franchised Business, including any sales or use tax on Equipment and Furnishings purchased or leased, and including, without limitation, its municipal taxes and/or business taxes and any taxes imposed on any payments due the Franchisor whether levied directly or indirectly. If there is a bona fide dispute as to the liability for any tax assessed against the Franchisee, the Franchisee shall have the right to contest the validity of the assessment or the amount of tax owing in accordance with the procedures of the relevant taxing authority, provided there is no cost or expense to the Franchisor or Landlord as a result of such contesting. Notwithstanding the foregoing, the Franchisee shall in no event permit a tax sale procedure by levy of execution or otherwise to occur against the Premises, the Business or any of the assets thereof.

13.7. Right of Set-Off

Notwithstanding any other provision of this Agreement, upon the failure of the Franchisee to pay to the Franchisor or any of its Affiliates or any approved supplier as and when due any amount owing to them, the Franchisor may, at its election, deduct such unpaid amount from any monies or credit held by the Franchisor or any of its Affiliates for the account of the Franchisee and pay such amounts to the payee thereof.

13.8. Survival

All covenants, agreements, representations and warranties made in this Agreement by the Franchisee and the Guarantor (including those set forth in Section 13.2 and ARTICLES 10, 11, 14, and 15) shall continue in full force and effect subsequent to and notwithstanding the Agreement's expiration or sooner termination and until they are satisfied or by their nature expire.

13.9. Waiver of Obligations

The Franchisor's failure or delay at any time to require performance by the Franchisee or the Guarantor of any provision of this Agreement, even if known, or of any other franchisee or guarantor, or under any custom or practice of the parties at variance with the terms of this Agreement shall not affect the Franchisor's right to require performance of that provision or to exercise any right, power or remedy hereunder, including without limitation, the Guarantor's personal guarantee of the Franchisee's obligations to the Franchisor. The Franchisor's waiver of any breach of any provision of this Agreement should not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself, or a waiver of any right, power or remedy under this Agreement. No notice to or demand on any party in any case shall, of itself, entitle such party to any other or further notice or demand in similar or other circumstances. The Franchisor, however, may by written instrument unilaterally waive any obligation of or restriction upon the Franchisee under this Agreement.

13.10. No Withholding

The Franchisee and the Guarantor agree that they will not, on grounds of the alleged non-performance by the Franchisor of any of its obligations hereunder or for any other reason whatsoever, withhold payment of any administration fee or any other fee or amounts due hereunder (including without limitation Royalty or Marketing fee or contribution) or otherwise to the Franchisor or any of its Affiliates.

13.11. Rights Cumulative

The rights of the Franchisor hereunder are cumulative and no exercise or enforcement by the Franchisor of any right or remedy shall preclude the exercise or enforcement by the Franchisor of any other right or remedy, either hereunder or which the Franchisor is otherwise entitled by law to enforce.

13.12. Force Majeure

No party shall be responsible to another for non-performance or delay in performance occasioned by any causes beyond its reasonable control, including, without limitation, acts or omissions of the other party, acts of civil or military authority, labor disputes, strikes, lockouts, unusual delay by common carrier, unavailability of supplies, embargoes, insurrections or acts of God, provided that inability of a party to obtain funds shall be deemed to be a cause within the control of such party. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost, as long as the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay. Notwithstanding the foregoing, nothing shall excuse late payments, or extend the due date, of amounts owed to the Franchisor.

13.13. Notices

All notices, requests, demands, consents and other communications required or permitted under this Agreement to any party shall be effective only when delivered in writing (including facsimile, telex and telegraphic communication) and must be (as elected by the person giving such notice) hand delivered by messenger or courier service, telecommunicated, faxed or mailed (airmail if other than local) by registered or certified mail (postage prepaid), return receipt requested, addressed to the appropriate party or parties at their respective addresses set forth above (and, if to the Franchisor, must be addressed to its President and C.E.O.) or to such other address as each such party may designate by notice complying with the terms of this Section. Each such notice is deemed delivered:

- (a.) on the date delivered if by personal delivery;
- (b.) on the date of transmission, with confirmed answer back if by fax or other telegraphic method; or
- (c.) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities or courier service as not deliverable, as the case may be, if mailed or couriered.

13.14. Co-Ordination With Other Business Interests

In fulfilling its obligations to franchisees pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement or on behalf of the System, Franchisor shall have the right (i) to take into account, as it sees fit, the effect on and the interests of other businesses in which Franchisor or its affiliates have an interest and on Franchisor's (and its affiliates') own activities; (ii) to share market and product research and other proprietary and non-proprietary business information with other businesses in which Franchisor or its affiliates have an interest or with Franchisor or its affiliates; and/or (iii) to introduce proprietary and non-proprietary products or operational marketing and/or management programs used by the System into other businesses in which Franchisor or its affiliates have an interest and to allocate new products and/or programs between and among the System and/or other businesses in which Franchisor or its affiliates have an interest, as Franchisor sees fit. Franchisee understands and agrees that all obligations of Franchisor under this Agreement are subject to this section.

ARTICLE 14. DISPUTE RESOLUTION

14.1. Dispute Resolution.

(a.) If a dispute arises in any way related to, arising out of, or in connection with this Agreement, the franchise relationship between the parties, or the Franchisor's offer of any franchise to the Franchisee, or the Guarantee, the parties must attempt in good faith to resolve the dispute. To do so, they must first meet in person at the Franchisor's principal offices at the time the dispute arises, (which at the date of this Agreement is 85 Citizen Court, Unit 9, Markham, Ontario, Canada L6G 1A8) to discuss the dispute and attempt to settle it. Any party that fails to attend or participate in such meeting, within 30 days of written request, in accordance with this provision may not begin any mediation to resolve the underlying dispute as required below. At the meeting, each party must be represented by a person who is authorized to conclusively resolve the dispute on that party's behalf and to bind that party to any agreed-upon resolution. Each party must detail what it believes to be the nature of the dispute—including the objective facts and the provisions in this Agreement on which the dispute is based—and how the dispute may be satisfactorily resolved. If the parties resolve the dispute at the meeting, they must immediately formalize that resolution by an agreement that they both execute at such time. Discussions and exchanges of information and materials, if any, are confidential and shall be treated as part of compromise and settlement negotiations for purposes of applicable rules of evidence.

(b.) In connection with any dispute arising under this Agreement, or any other dispute referred to in Section 14.1(a), before the date of filing any complaint or engaging in any other litigation relating thereto, the parties must **and either party may** submit the controversy or claim to non-binding mediation before the CPR Institute for Dispute Resolution ("CPR") under its National Franchise Mediation Program or the American Arbitration Association or other mutually agreeable mediator if the CPR is unable to conduct the mediation. The parties must attend mediation within 30 days of written notice of submission to mediation. Each party will bear its own costs with respect to the mediation, except the fees for the mediator and CPR (or other agreed upon agency) will be shared equally. Mediation shall be conducted in the Washington DC metropolitan area.

(c) Each party must continue to perform its obligations under this Agreement pending final resolution of any dispute arising out of or relating to this Agreement. The requirements of this Section 14.1 shall not be deemed a waiver of any right of termination under this Agreement. All applicable statutes of limitation and defenses based upon the passage of time with respect to matters in dispute shall be tolled while the procedures specified in this Section are pending. The parties will take such action, if any, required to effectuate such tolling. Any mediation between the Franchisor and the Franchisee must be of the Franchisor's and the Franchisee's individual claims. None of the Franchisee's claims may be mediated on a class-wide basis. All pre-mediation and mediation requirements in this Section are subject to the rights of the Franchisor to first seek injunctive relief.

(d) Nothing contained in this Agreement may bar or delay Franchisor's right to seek and obtain injunctive relief against threatened or actual conduct that may cause it loss or damages under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Franchisor need not prove actual or irreparable damages. No bond or other security is required to be posted (or if required, the sum of one thousand dollars [\$1000.00] is deemed sufficient). Nothing contained in this Agreement may be construed to limit or to preclude Franchisor from joining with any action for injunctive or provisional relief any monetary claims that Franchisor may have against the Franchisee or the Guarantor that arise out of the acts or omissions to act giving rise to the action for injunctive or provisional relief.

(e) Without limiting the generality of (d) above, the Franchisee and the Guarantor agree that the Franchisor may obtain injunctive relief in addition to such other relief as may be available to it at equity or at law for any dispute involving the proprietary marks, termination of this Agreement, or enforcement of the confidentiality provisions set forth in this Agreement, and any dispute involving enforcement of the covenants set out in Section 12 of this Agreement. The Franchisees' (and Guarantors') only remedy if an injunction is entered against any or all of them will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

(f) Notwithstanding anything to the contrary in Section 14.1(a) or (b), disputes relating to any of the following Sections of this Agreement may not be submitted to the dispute-resolution procedures under Section 14.1(a) or (b) if the Franchisor, in its sole discretion, does not consent thereto in writing or initiate such proceeding itself:

- (i.) Section 10.1(c);
- (ii.) Section 10.1(d);
- (iii.) Section 10.1(e);
- (iv.) Section 10.1(h);
- (v.) Section 10.1(k);
- (vi.) Section 10.1(m);
- (vii.) Section 10.1(o).

14.2. Waiver of Punitive Damages Claims

THE PARTIES MUTUALLY AND WILLINGLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT.

14.3. Waiver of Jury Trial

THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS MADE BETWEEN THEM WHETHER NOW EXISTING OR ARISING IN THE FUTURE, INCLUDING ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS WHETHER ARISING FROM OR RELATED TO THE SALE, NEGOTIATION, EXECUTION, OR PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS AGREEMENT RELATES.

ARTICLE 15.

GUARANTEE ACKNOWLEDGEMENTS AND GENERAL PROVISIONS

15.1. Guarantee

(a.) In consideration of the Franchisor entering into this Agreement and the sum of ten dollars (\$10.00), the receipt and sufficiency of which is hereby acknowledged by the Guarantor, the Guarantor does hereby jointly and severally, irrevocably and unconditionally guarantee payment, observance and performance to the Franchisor and its Affiliates of all present and future obligations of any nature at any time owing by the Franchisee to the Franchisor and its Affiliates, whether owing under this Agreement, Contracts or otherwise, and whether direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wherever and however incurred, and whether the Franchisee is bound alone or with others and whether as principal or as surety (such obligations being herein after called the "Obligations"). This guarantee is a continuing guarantee of all of the Obligations and is a guaranty of payment, not collection. The Franchisor shall not be bound to exercise or exhaust its recourse against the Franchisee or any other person, or against any other guaranties or any security it may at any time hold, before being entitled to full payment, observance and performance from the Guarantors of the Obligations. The Guarantors' liability to make payment, observance and performance of the Obligations under this guarantee shall arise upon the Franchisor making demand in writing of any Guarantor, and such demand shall be deemed to have been effectively made when an envelope containing such demand addressed to a Guarantor at his address last known to the Franchisor is posted, postage prepaid or otherwise delivered as set out in paragraph 13.13 hereof..

(b.) Without in any way lessening the liability of the Guarantor under this guarantee, and without obtaining the consent of or giving notice to the Guarantor, the Franchisor may discontinue, reduce, increase or otherwise vary the credit of the Franchisee, may grant renewals, extensions, indulgences and releases to, and may accept compromises from or otherwise deal with the Franchisee and others in such manner as the Franchisor may see fit, and the Franchisor may apply all monies received from the Franchisee or others or from securities or guaranties toward such part of the obligations as the Franchisor may see fit. The obligations of the Guarantor under this guarantee shall not be released, discharged or in any way be affected by any change, alteration or modification of this or any other agreement, or by the bankruptcy or insolvency of the Franchisee or of any Guarantor, or by any other loss of capacity of the Franchisee or any other Guarantor, or by any other act or proceeding in relation to the Franchisee or this or any other agreement, or by any other thing whereby the Guarantor might otherwise be released.

(c.) Until payment, observance and performance in full of the Obligations, the Guarantor shall not claim any set-off or counterclaim against the Franchisee in respect of any liability of the Franchisee to the Guarantor, nor claim or prove in any bankruptcy or insolvency of the Franchisee in competition with the Franchisor, nor have any right to be subrogated to the Franchisor. All present and future debts and liabilities of the Franchisee to the Guarantor are hereby postponed to the Obligations, and all monies received by any Guarantor in respect thereof shall be received in trust for the Franchisor and shall be paid over to the Franchisor upon demand,

the whole without in any way lessening or limiting the liability of the Guarantor under this guarantee. This postponement is independent of the guarantee herein and shall remain in full force and effect until payment, observance and performance in full to the Franchisor of all of the Obligations is made, notwithstanding that the liability of the Guarantor under this guarantee may have been terminated.

(d.) The Franchisor is not bound by any representations, warranties, promises or other inducements made by the Franchisee to the Guarantor or any of them and execution of this Agreement by the Guarantor shall be conclusive evidence against the Guarantor that this agreement was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been met. This guarantee shall not be discharged or affected by the death, disability, insolvency, or bankruptcy of any Guarantor.

15.2. Independent Investigation

The Franchisee and the Guarantor acknowledge that they have conducted an independent investigation of the Business franchised hereunder, recognize that the business venture contemplated by this agreement involves business risks and also recognize that its success will be largely dependent upon the ability of the Franchisee and Guarantor as independent business persons. The Franchisee and the Guarantor acknowledge that the Franchisor has not made, save as may have been set out in the appropriate Disclosure Document if any, any representation as to current or future sales, income, costs, or profits or to Franchisee's proposed business. The Franchisee and the Guarantor acknowledge that they have not received from the Franchisor or any other person on behalf of the Franchisor any representation, warranty or guarantee, express or implied, with respect to the above described matters or as to success of the business venture contemplated by this Agreement.

15.3. Independent Advice

The Franchisee and the Guarantor acknowledge that they have received, have had an ample time to read and have read this Agreement and fully understand its provisions. The Franchisee and the Guarantor further acknowledge that they have had an adequate opportunity to be advised by advisors of their own choosing (including without limitation their own lawyers, accountants, and bankers) regarding all pertinent aspects of this franchise and the franchise relationship created hereby and that they have done so with the full understanding and knowledge of all of the terms hereof.

ARTICLE 16. REPRESENTATIONS AND WARRANTIES

16.1.No Reliance

Except as expressly provided to the contrary in this Agreement, the Franchisor makes no representations, warranties, or guarantees upon which the Franchisee may rely. Nor does the Franchisor assume any liability or obligation to the Franchisee by providing any waiver, approval, consent, or suggestion to the Franchisee in connection with this Agreement; or by reason of any neglect, delay, or denial of any request therefore unless such conduct would otherwise constitute a breach of an express obligation of the Franchisor under this Agreement.

THE FRANCHISOR MAKES NO WARRANTY AS TO THE FRANCHISEE'S ABILITY TO OPERATE THE FRANCHISED BUSINESS IN THE JURISDICTION IN WHICH THE FRANCHISED BUSINESS IS TO BE OPERATED. THE FRANCHISEE ITSELF MUST SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY WITH RESPECT TO THIS ISSUE. IF LAWS OR REGULATIONS PROMULGATED, BY ANY GOVERNMENTAL BODY PREVENTS THE FRANCHISEE FROM OPERATING THE FRANCHISED BUSINESS, THE FRANCHISOR SHALL NOT BE LIABLE FOR DAMAGES NOR REQUIRED TO INDEMNIFY THE FRANCHISEE IN ANY

MANNER WHATSOEVER NOR TO RETURN ANY MONIES RECEIVED FROM THE FRANCHISEE.

16.2. The Franchisee's Representations

The Franchisee and Guarantor(s) represent and warrant:

- (a.) The Franchisee is not obtaining this Franchise for speculative or investment purposes. The Franchisee has no present intention to sell or transfer or attempt to sell or transfer this Agreement or the Business in whole or in part.
- (b.) Copies of all documents the Franchisee, any of its owners, and the Guarantor must furnish to the Franchisor in connection with obtaining the Franchise, and as required in the future, have been and will be true and complete copies of such documents (including all amendments or modifications thereof) and contain no misleading or incorrect statements or material omissions.
- (c.) The Franchisee has received from the Franchisor a Uniform Franchise Offering Circular ("UFOC") for the state where the Business will be located and, if different, the state where the Franchisee resides (with all exhibits and supplements thereto), on or before the first personal meeting with the Franchisor's representatives, and at least 10 business days prior to:
 - (i.) executing this Agreement and every other agreement imposing a binding obligation on the Franchisee in connection with the sale of the Franchise; and
 - (ii.) the Franchisee's paying any consideration in connection with the sale, or proposed sale, of the Franchise.
- (d.) The Franchisee has received from the Franchisor a completed copy of this Agreement and all related agreements, containing all material terms, with all blanks filled in (except for the date, signatures and any minor matters not material to the agreements) at least five business days prior to the execution of this Agreement.

16.3. Acknowledgement of Risk

The Franchisee acknowledges and agrees to the following:

- (a.) THE FRANCHISEE'S SUCCESS IN OWNING AND OPERATING THE FRANCHISED BUSINESS IS SPECULATIVE AND WILL DEPEND ON MANY FACTORS. SUCH FACTORS INCLUDE, TO A LARGE EXTENT, THE FRANCHISEE'S INDEPENDENT BUSINESS ABILITY. EXCEPT AS SPECIFICALLY INCLUDED IN THIS AGREEMENT, NO REPRESENTATIONS OR PROMISES, EXPRESS OR IMPLIED, HAVE BEEN MADE BY THE FRANCHISOR OR ANY EMPLOYEE, BROKER, OR REPRESENTATIVE OF THE FRANCHISOR, TO INDUCE THE FRANCHISEE TO ENTER INTO THIS AGREEMENT. NO EMPLOYEE, OFFICER, DIRECTOR, BROKER OR REPRESENTATIVE IS AUTHORIZED TO DO OTHERWISE.
- (b.) IN ALL OF THE FRANCHISEE'S DEALINGS WITH THE FRANCHISOR'S OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND REPRESENTATIVES, SUCH INDIVIDUALS ACT ONLY IN THEIR REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. THE FRANCHISEE FURTHER ACKNOWLEDGES THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN THE FRANCHISEE AND SUCH INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE SOLELY BETWEEN THE FRANCHISEE AND THE FRANCHISOR. NOTWITHSTANDING THE FOREGOING, IF FRANCHISOR ENGAGES ANY BROKER, SUCH BROKER SHALL BE SOLELY LIABLE FOR ITS CONDUCT IN CONNECTION WITH THE FRANCHISEE EXCEPT THAT FRANCHISOR SHALL REMAIN LIABLE FOR THE BROKER'S CONDUCT SOLELY TO

THE EXTENT OF FRANCHISOR'S OWN CRIMINAL, INTENTIONAL OR GROSSLY
NEGLIGENT CONDUCT REGARDING ENGAGING SUCH BROKER.

16.4. Business Opportunity Disclaimers

The Franchisor makes no representation, warranty, or guaranty—express or implied—concerning any of the following matters:

- (a.) that it will purchase any products made, produced, fabricated, or modified by the Franchisee using supplies or services sold to the Franchisee; or
- (b.) that the Franchisee will derive income from the Franchise that exceeds the price paid for it; or that the Franchisor will refund all or part of the purchase price for the Franchise, or repurchase any of the products, equipment, or supplies provided by the Franchisor, if the Franchisee is unsatisfied with the Franchise.

**ARTICLE 17.
GENERAL PROVISIONS**

17.1. Release of Prior Claims

By executing this Agreement, the Franchisee and the Guarantor and each of its/his/her successors under this Agreement, forever releases and discharges the Franchisor and its affiliates, its designees, franchise sales brokers, if any, and other agents, and their respective officers, directors, representatives, employees and agents, from any and all claims of any kind, in law or in equity, that may exist as of the date of this Agreement relating to this Agreement or any other agreement between the parties, or relating in any other way to the conduct of the Franchisor, its affiliates, its designees, franchise sales brokers, if any, or other agents, and their respective officers, directors, representatives, employees and agents before the date of this Agreement, including any and all claims, whether presently known or unknown, suspected or unsuspected, arising under the franchise, business opportunity, securities, antitrust or other laws of the United States, any state or locality.

17.2. Amendments

The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by the party as to whom enforcement of any such amendment, supplement, waiver, or modification is sought and making specific reference to this Agreement.

17.3. Binding Effect

All of the terms and provisions of this Agreement, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors, and permitted assigns.

17.4. Severability

- (a.) If any provision of this Agreement, or any other agreement entered into under or in connection with this Agreement, is contrary to, prohibited by, or deemed invalid under applicable law or regulation, such provision is inapplicable and deemed omitted to the extent so contrary, prohibited, or invalid, but the remainder of this Agreement is not invalidated thereby and must be given full force and effect so far as possible. If any provision of this Agreement may be construed in two or more ways, any of which would render the provision invalid or otherwise voidable or unenforceable and another of which would render the provision valid and enforceable, such provision has the meaning that renders it valid and enforceable.
- (b.) If any applicable law of any jurisdiction requires greater prior notice of termination or non-renewal of this Agreement than is required hereunder or the taking of some action not required under this Agreement, the greater prior notice and/or other action required by such law

must be substituted for its counterpart under this Agreement. If, under any applicable law of any appropriate jurisdiction, any provision of this Agreement or any requirement prescribed by the Franchisor is invalid or unenforceable, the Franchisor may, in its sole discretion, modify such invalid or unenforceable requirement to the extent required to be valid and enforceable. Unless the Franchisor elects to give them greater applicability, the foregoing substitutions and modifications to this Agreement are effective only in the jurisdiction in which they are required. In all other jurisdictions, this Agreement must be enforced as originally made and entered.

17.5. Effectiveness - Counterparts

This Agreement is not effective or binding or enforceable against the Franchisor until it is accepted by the Franchisor at its home office in Markham, Ontario, Canada. This Agreement may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by telecopy or fax transmission of a facsimile signature page is binding upon any party to such confirmation.

17.6. Interpretation

Each of the parties has been or has had the opportunity to have been represented by their own counsel throughout the negotiations, as well as at the execution of this Agreement and all the other documents executed incidental to this Agreement. Therefore, either while this Agreement is effective or after its expiration or sooner termination, none of the parties may claim or assert that any provision of this Agreement or of the other documents should be construed against the drafter thereof.

17.7. Entire Agreement

This Agreement (together with its Exhibits, and all other written agreements related to this Agreement that are expressly referenced herein) represents the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings, and representations, if any, made by and between the parties. No representation, inducement, promise, or agreement, oral or otherwise not embodied in this Agreement, its Exhibits, or other written agreement related to this Agreement and expressly referenced herein shall have any force or effect.

17.8. Liability of Multiple Franchisees

If the Franchisee consists of more than one person, all such persons are jointly and severally liable for the Franchisee's liabilities and obligations under this Agreement.

17.9. Third Parties

Except as expressly provided in this Agreement to the contrary with respect to any affiliates of the Franchisor, nothing in this Agreement whether express or implied, confers any rights or remedies under or by reason of this Agreement on any persons (including other SUTEKI EXPRESS franchisees) other than the parties and their respective personal or legal representatives, heirs, successors, and permitted assigns.

17.10. Joinder

All the Franchisee's legal and beneficial owners must enter the Joinder agreement set forth below. By doing so, each of such owners agrees that he or she is bound by all the terms of this Agreement as if he or she were the Franchisee thereunder and agrees that he or she is jointly and severally liable with the other owners and the Franchisee for all the Franchisee's obligations under this Agreement.

Schedule "A"

Trademarks

SUTEKI EXPRESS

An application for trademark registration of this trademark was filed in the United States Patent and Trademark Office on May 19, 2005 and presently is pending under Application Number 78/633,419.

Schedule "B"

Premises and Lease Description

Schedule "C"

Trade Area

Schedule "D"

Lease Rider (Section 4.2(a) (i))

Schedule "E"

Development Obligations (Section 4.3)

Schedule "F"

List of Persons With a Legal and/or Beneficial Ownership Interest. (Section 12.3)

Name of Franchisee: _____

Persons:

<u>Name</u>	<u>Ownership Interest Percentage</u>
1. _____	_____ %
2. _____	_____ %
3. _____	_____ %
4. _____	_____ %

Schedule "G"
UCC-1 and Rider (Section 13.1)