

“FDD” means the franchise disclosure documents (including documents prepared as “Franchise Disclosure Documents,” or “FDDs,”) required to be prepared in accordance with applicable provincial Franchise Sales Laws.

“Franchise” means any grant by the Franchisor or predecessors in interest of any of the foregoing Persons, to any Person of the right to engage in or carry on a business, or to sell or offer to sell any product or service, which constitutes a “franchise,” “business opportunity,” or “seller assisted marketing plan.”

“Franchise Agreement” means any Contract (regardless of the name of the Contract and includes franchise agreements, area development agreements, master franchise agreements, subfranchise agreements, area franchise agreements, and the like and options for any of the types of Contracts enumerated above in this definition) pursuant to which a Person grants or has granted any Franchise or the right (regardless of whether subject to certain qualifications) to acquire any Franchise, including any addendum, renewal, amendment, extension or renewal thereof.

“Franchisee” means any Person who has been authorized or licensed by the Franchisor, or a predecessor in interest of any of them, to develop, open, operate, or authorize any other Person to develop, open or operate, a Franchise.

“Franchise Sales Laws” means the provincial franchise law statutes governing the offer or sale of Franchises; other Laws (including the Law of any other country) regulating the offer or sale of Franchises, business opportunities, seller-assisted marketing plans or similar arrangements; and all other Laws governing the relationships between franchisors and Franchisees, including without limitation those Laws that address (among other things) unfair and deceptive practices related to, or the default, termination, non-renewal, or transfer of, Franchises.

“Franchise System” means the “\_\_\_\_\_” franchise system pursuant to which the Franchisor and third parties provide \_\_\_\_\_ throughout Canada.

(a) Section \_\_\_\_\_ of the Franchisor Disclosure Schedules lists each Franchise Agreement currently in effect between the Franchisor and any Franchisee and all such Franchise Agreements are in the form of franchise agreement that was an exhibit to the then-current FDD at the time of each applicable Franchise sale. Any and all amendments, waivers, addenda and agreements related to Franchise Agreements are in writing and identified in Section \_\_\_\_\_ of the Franchisor Disclosure Schedule, and no verbal agreements or waivers relating thereto exist and there has been no course of dealing, forbearance or other action or omissions on the part of the Franchisor which would result in any impairment of the enforceability or change in the terms of any such Franchise Agreement.

(b) Other than the Franchise Systems, the Franchisor does not own or operate any franchise system. The Franchisor is not obligated or subject to the terms of any Franchise Agreement other than Franchise Agreements for the Franchise System for that Franchisor.

(c) All FDDs that the Franchisor has used to offer or sell franchises at any time since \_\_\_\_\_, 20\_\_ (i) materially complies with and has materially complied with all applicable Franchise Sale Laws; (ii) accurately states all material information set forth therein; (iii) does not omit any information that would render the statements therein to be materially misleading; (iv) includes all material documents (including audited or review engagement financial statements, as applicable) required by any Franchise Sale Laws to be provided to a prospective franchisee; and (v) have been delivered to prospective franchisees in compliance with Franchise Sales Laws.

(d) Except as set forth on Section \_\_\_\_\_ of the Franchisor Disclosure Schedules, the Franchisor (i) is, and has at all times since \_\_\_\_\_, 20\_\_\_\_, been: (A) registered and/or were otherwise exempt, and properly effected, perfected and/or claimed such exemption, under all applicable Franchise Sales Laws before engaging in making any offer or sale of Franchise Agreements; and (B) in compliance with all applicable Franchise Sales Laws in all material respects, and have not offered or sold any Franchise in violation of any Franchise Sales Law; and (ii) have not offered or sold Franchises or any form of agreement for franchised, licensed or other operations outside of Canada.

(e) There are no stop orders or other proceedings in effect or, to the knowledge of the Franchisor threatened, that would prohibit the Franchisor from offering or selling Franchises immediately or any time following the Closing Date.

(f) All FDDs that the Franchisor has used to offer or sell franchises since \_\_\_\_\_, 20\_\_, have contained in all material respects and to the extent applicable, all information required by the Franchise Sales Laws, and have otherwise been prepared and delivered to existing Franchisees in compliance in all material respects with the applicable Franchise Sales Laws.

(g) No Franchise Agreement includes any provision that would prevent or otherwise impair the ability of the Franchisor to (i) undergo a change in ownership or control or require any consent or approval of any third party (including any Franchisee), or (ii) engage in or consummate the transactions contemplated by this Agreement. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will result in a violation of or a default under, or give rise to a right of termination, modification, cancellation, rescission or acceleration of any obligation or loss of material benefits under, any Franchise Agreement.

(h) Except as set forth on Section \_\_\_\_\_ of the Franchisor Disclosure Schedules, each currently effective Franchise Agreement (i) is a legal, valid and binding obligation of the Franchisor, and, to the knowledge of the Franchisor, of each counterparty thereto, (ii) is in full force and effect and is valid, binding and enforceable against each Franchisee in all material respects and not subject to any valid claim of, or right to, termination or rescission by any Franchisee or to the knowledge of the Franchisors, any third party thereto, in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally.

(i) Except as set forth on Section \_\_\_\_\_ of the Franchisor Disclosure Schedules, all franchising for each Franchise System has been done directly by the Franchisor and its

Subsidiaries, none of which have ever utilized subfranchisors, franchise brokers, franchise lead generators, area representatives, or regional franchisees or licensees.

(j) Schedule \_\_ of the Franchisor Disclosure Schedules lists for each Franchise System, all current claims, litigation, or other disputes between the Franchisor or any of its Subsidiaries and any present or former Franchisee of any Franchise System, as well as any such matter which existed since \_\_\_\_\_, including a brief description of any such claim, litigation, or material dispute. Except as set forth on Section \_\_ of the Franchisor Disclosure Schedules, since \_\_\_\_\_, the Franchisor nor any of its Subsidiaries have been notified of any actual or potential violations of any Franchise Law, including, in connection with the offer, sale, termination or nonrenewal of any present or former Franchisee of any Franchise System.

(k) Except for the existing Franchise Agreements: (1) no Franchisee or other Person has any enforceable right of first refusal, option or other right or arrangement to sign any Franchise Agreement or acquire any Franchise; and (2) the Franchisor nor any of its Subsidiaries has granted any protected territory or exclusive territory or is otherwise limited in its right to grant Franchises or develop (or grant rights to any other Person to develop) any business that competes with any Franchised Business, subject to Franchisees' rights under Franchise Laws. Except pursuant to the existing Franchise Agreements the Franchisor nor any of its Subsidiaries has entered into nor is bound by any agreements, promises or undertakings (whether written or oral) with any Franchisee to reduce current or future franchise fees, royalties, or other fees under any existing Franchise Agreement or any Franchise Agreement to be signed after the date hereof. All of the Franchise Agreements are legal, valid, binding and enforceable as to the Franchisor or the applicable Subsidiary of the Franchisor and, to the other parties thereto, in accordance with their respective terms. No existing Franchise Agreement is subject to any right of rescission, set-off, counterclaim or defense.

(i) the Franchisor nor any of its Subsidiaries (nor any of their respective agents or representatives) has made any representations to any prospective Franchisee that are inconsistent with the information contained in the then-current FDD for the applicable Franchise System.

(ii) the Franchisor nor any of its Subsidiaries has authorized its officers, directors, salespersons, area directors and/or other representatives to furnish to prospective franchisees any materials or information that could be construed as a financial performance representation; and no financial performance representation have been made by the Franchisor, its Subsidiaries or any other Person the since \_\_\_\_\_ to any prospective franchisee;

(l) the Franchisor and its Subsidiaries' enforcement of their rights under and performance of their obligations under the Franchise Agreements, and otherwise regarding the relationship between the Franchisor and any Franchisee, have been in compliance with all applicable franchise termination, unfair practices, and relationship Franchise Laws and the requirements of the applicable Franchise Agreement, including, without limitation, requirements with respect to the proper notice of default,

(m) The manuals and all similar written guidance provided to a Franchisee regarding the operation of a Franchise Systems or an outlet thereof and the Franchisor and its

Subsidiaries' enforcement of the standards and other provisions contained therein do not conflict with any Franchise Agreement or any applicable Law.

(n) Since \_\_\_\_\_, the Franchisor and its Subsidiaries has (i) not established the terms and conditions of employment for the employees of any Franchisee; (ii) not dictated or controlled the hiring, firing and/or disciplinary standards or policy for the employees of any Franchisee; (iii) taken all reasonable steps to minimize the likelihood that the Franchisor and its Subsidiaries are deemed to be a joint employer with any Franchisee or otherwise vicariously liable for the acts or omissions of any Franchisee; (iv) not received any notice from any Franchisee or other Person alleging that a Franchisor or its Subsidiary is an employer of any Franchisee or an employer of any other Person providing labor or services to or for any Franchisee; and (v) not received any notice from any Franchisee or other Person alleging that the Franchisor or its Subsidiary is a joint employer with any Franchisee or otherwise vicariously liable for the acts or omissions of any Franchisee.

(o) Neither any Franchisee, any employee of a Franchisee nor any other person providing labor or services to or for any Franchisee is an employee or joint employee of the Franchisor.

(p) Except as set forth in Schedule \_\_\_\_ of the Franchisor Disclosure Schedules, there is no, and since \_\_\_\_\_ there has not been: (i) any lawyer, association, group or other organization (whether or not formally incorporated or organized under any provincial or territorial law) representing or purporting to represent multiple Franchisees that has communicated with the Franchisor or any Subsidiary of a Franchisor; or (ii) to the knowledge of the Franchisor, any attempt by current or former Franchisees to form a franchisee association, franchise advisory council or other organization (whether or not formally incorporated or organized under any provincial or territorial law) to represent their interests with respect to the applicable Franchise System.