

Clause	Agreements Prior to 2004	2004 Agreement	Post 2004 Agreement(s)	Feedback
<b>7-System is subject to modification</b>	No Such language	<b>Paragraph 1 (a)(3):</b> You agree that the 7-Eleven System is subject to modification based on changes in technology, competitive circumstances, customer expectations, and other market variables. Those changes to the 7-Eleven System may include changes in operating standards, products, programs, services, methods, forms, policies and procedures; changes in the design and appearance of the building, signage and equipment; and changes to the Service Mark and Related Trademarks.	Same language continued.	Franchisors have a tendency to use operational manual to exert control over franchisees and their employees. This can be abused to cover "grey areas"
<b>Customer Service/English</b>	No Requirement of "proficiency in english, clean appearance and thanking "each" customer	No Requirement of "proficiency in english, clean appearance and thanking "each" customer	<b>Paragraph 1 (a) (3):</b> <i>You acknowledge and agree that providing excellent customer service is vital to the success of the 7-Eleven System and your Store, and that excellent customer service includes, among other things:</i> (a) proficiency in the English language, (b) a clean and neat personal appearance by you and your employees, (c) prompt, efficient and courteous service to all customers, including greeting and thanking each customer, and any other standards we identify from time to time.	Later Agreements were intended to exert more control over employees
<b>Ongoing Training</b>	No Requirement for ongoing training for Employees.	<b>Paragraph 4 (b):</b> <b>Ongoing Training.</b> We agree to offer additional training that we deem necessary based on changes in the 7-Eleven System. We will test any major system changes in our Company-operated Stores and/or in franchised stores where franchisees volunteer to be a part of the test before making such major changes to the 7-Eleven System.  You agree to be responsible for all expenses, including the costs of travel, lodging, meals and wages, incurred by your trainees and other personnel in connection with any additional training program	<b>Paragraph 4 (b):</b> <b>Ongoing Training.</b> We agree to offer additional training that we deem necessary based on changes in the 7-Eleven System. <b>You agree to:</b> 1. Be responsible for all expenses, including any computer programs we deem necessary, the costs of travel, lodging, meals and wages, incurred by your trainees and other personnel in connection with any additional training program. 2. To participate, and to require your <b>employees to participate</b> , in any additional training programs we make available relating to the proper sale of age restricted products or the sale of other products that are regulated and which could lead to a violation of law if not properly sold, as well as other training programs we designate as required. 3. You and your employees must successfully complete any required additional training to our satisfaction.  <i>We may make additional training programs available through computers or other electronic devices, and you will be required to use such equipment to complete additional training.</i>	Later Agreements were intended to exert more control over employees. The word "employees" was not mentioned in the previous agreements.
<b>Employee Training</b>	No such requirement to train Employees	<b>Paragraph 4 (c)</b> <b>Employee Training.</b> You agree to at all times keep your Store employees adequately trained in the operation of the 7-Eleven Store so that your employees can provide excellent customer service and properly carry out the operations of the Store in accordance with the 7-Eleven System and this Agreement.	Paragraph 4 (c) <b>Employee Training.</b> You agree to at all times keep your Store employees adequately trained in the operation of the 7-Eleven Store so that your employees can provide superior customer service and properly carry out the operations of the Store in accordance with the 7-Eleven System and this Agreement.	

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<b>Operation manual</b>	No operation manual or online-line systems support guide	<b>Paragraph 4(d):</b> <b>On-Line Systems Support Guide.</b> As long as you are not in Material Breach of this Agreement, we agree to provide you with access to our On-Line Systems Support Guide on the 7-Eleven Intranet through your in-Store computer. The On-Line Systems Support Guide provides information regarding, among other things, training and Store operations and accounting procedures. We may provide assistance and information to you through methods other than the On-Line Systems Support Guide. The On-Line Systems Support Guide does not create any additional obligations on you not otherwise provided for in this Agreement (including any amendment to this Agreement).	<b>Paragraph 4(d)</b> <b>7-Eleven Operations Manual.</b> 1. We agree to provide you with access to our 7-Eleven Operations Manual on the 7-Eleven Intranet through your in-Store computer, or through any other means we deem appropriate. 2. The 7-Eleven Operations Manual provides information regarding, among other things, the 7-Eleven System, providing excellent customer service, training, Store operations and accounting procedures. 3. You acknowledge the importance of the 7-Eleven Operations Manual and agree to comply with all standards, specifications, operating procedures and other material contained in the 7-Eleven Operations Manual, as amended from time to time. 4. We may modify the 7-Eleven Operations Manual at any time in our sole discretion. 5. We may provide assistance and information to you through methods other than the 7-Eleven Operations Manual.	Franchisors have a tendency to use operational manual to exert control over franchisees and their employees. This can be used to cover "grey areas"
<b>In-Term Non-Competition</b>	Franchisee were not restricted	Franchisees were not restricted	<b>Paragraph 5 (d) Noncompetition.</b> <b>(1) In-Term Non-compete.</b> Except as otherwise permitted by us in writing, during the term of this Agreement, you agree not to, for yourself, or through, on behalf of or in conjunction with any other person, partnership, corporation, limited liability company or other entity or association, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist, make loans to, or lease to, a Competitive Business which is, or is intended to be, located within 1/2 mile of any 7-Eleven convenience store, except for any interest you: (a) had in a Competitive Business as of the Effective Date of this Agreement; or (b) have in a Competitive Business located within 1/2 mile of a 7-Eleven convenience store that you owned prior to our opening of such 7-Eleven.	Future agreements should reciprocate "in term non-compete" by assigning each franchise a protected territory, which will protect current stores from encroachment due to opening of new stores. To be a "fair" agreement all restrictions should be mutual.
<b>Non Competition Post term</b>	Franchisee were not restricted	<b>Paragraph 5 (d) (1) Post-Term Non-compete.</b> Except as otherwise permitted by us in writing, for a continuous uninterrupted period commencing on the expiration, termination, or transfer of all of your interest in this Agreement and continuing for one (1) year thereafter, you agree not to, for yourself, or through, on behalf of or in conjunction with any other person, partnership, corporation, limited liability company or other entity or association, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist, make loans to, or lease to, a Competitive Business which is, or is intended to be, located at the site of the Store or at the site of any former 7-Eleven Store within two (2) years of it last being operated as a 7-Eleven Store.	<b>Paragraph (5) (d) (2) Post-Term Non-compete.</b> Except as otherwise permitted by us in writing, for a continuous uninterrupted period commencing on the expiration, termination, or transfer of all of your interest in this Agreement and continuing for one (1) year thereafter, you agree not to, for yourself, or through, on behalf of or in conjunction with any other person, partnership, corporation, limited liability company or other entity or association, maintain, operate, engage in, or have any financial or beneficial interest in, advise, assist, make loans to, or lease to, a Competitive Business which is, or is intended to be, located at the site of the Store or at the site of any former 7-Eleven Store within two (2) years of it last being operated as a 7-Eleven Store.	
<b>Online stores/Internet sales</b>	No such reservation.	<b>7. Reserved Rights. (b)</b> .....We and our Affiliates also retain the right to offer and sell, and grant others the right to offer and sell, any products and services similar or dissimilar to those offered by 7-Eleven Stores, whether identified by the Service Mark, Related Trademarks or by other trademarks, trade names or service marks, through any other channel or by any other method of distribution, including by or through the Internet or similar electronic media, on any terms and conditions we deem appropriate	<b>7. Reserved Rights. (b)</b> .....We and our Affiliates also retain the right to offer and sell, and grant others the right to offer and sell, any products and services similar or dissimilar to those offered by 7-Eleven Stores, whether identified by the Service Mark, Related Trademarks or by other trademarks, trade names or service marks, through any other channel or by any other method of distribution, including by or through the Internet or similar electronic media, on any terms and conditions we deem appropriate....	Future agreements will need to address the growing potential of social media and online sales and how franchisees will get a "piece" of the pie. Encroachment
<b>Term</b>	Paragraph 7: 10 years or earlier	Paragraph 9 : 15 years or earlier	Paragraph 9 : 15 Years or earlier	Future agreements should continue to be for 15 years or more.

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<b>Recommended vendor Purchase requirement.</b>	No requirement to purchase from designated vendors.	<p><b>Paragraph 10(b)</b>  <b>Adjustment to 7-Eleven Charge for Failure to Meet Recommended Vendor Purchase Requirement.</b>            If at any time during the Term of this Agreement we determine based upon data available to us ("Determination Date") that your total Purchases of all products, and, separately, total purchases of cigarettes, do not meet the Recommended Vendor Purchase Requirement for any consecutive three (3) full Accounting Periods, you agree that we may unilaterally amend this Agreement to increase the percentage used to calculate your 7-Eleven Charge by two (2) percentage points for the Accounting Period next following the Determination Date, regardless of whether you meet the Recommended Vendor Purchase Requirement for such Accounting Period.</p> <p>For example, if 50% was used to calculate your 7-Eleven Charge before the increase, 52% will be used to calculate your 7-Eleven Charge after the increase. After the Accounting Period in which the increased percentage is applied, the percentage previously used to calculate the 7-Eleven Charge may be reinstated; provided, however, that such percentage may be increased again pursuant to this Paragraph 10(b) if you fail to meet the Recommended Vendor Purchase Requirement for any other consecutive three (3) full Accounting Periods during the Term.</p>	<p><b>Paragraph 10 (b)</b>  <b>Adjustment to 7-Eleven Charge for Failure to Meet Recommended Vendor Purchase Requirement.</b>            If at any time during the Term of this Agreement we determine based upon data available to us ("Determination Date") that your total Purchases of all products, and, separately, total purchases of cigarettes, do not meet the Recommended Vendor Purchase Requirement for any consecutive three (3) full Accounting Periods, you agree that we may unilaterally amend this Agreement to increase the percentage used to calculate your 7-Eleven Charge by two (2) percentage points for the Accounting Period next following the Determination Date, regardless of whether you meet the Recommended Vendor Purchase Requirement for such Accounting Period.</p> <p>For example, if 50% was used to calculate your 7-Eleven Charge before the increase, 52% will be used to calculate your 7-Eleven Charge after the increase. After the Accounting Period in which the increased percentage is applied, the percentage previously used to calculate the 7-Eleven Charge may be reinstated; provided, however, that such percentage may be increased again pursuant to this Paragraph 10(b) if you fail to meet the Recommended Vendor Purchase Requirement for any other consecutive three (3) full Accounting Periods during the Term.</p>	<p>In 2004 this clause was sold to the Franchisees by telling them that they will realise lower cost of goods if we consolidate our purchases. In theory it was suppose to give SEI better leverage to negotiate on our behalf.</p> <p><b>What we need to ask ourselves:</b></p> <ol style="list-style-type: none"> <li>1. Did it accomplished what it was intended to do ?</li> <li>2. Did your stores realise higher margins now compared prior to 2004 ?</li> <li>3. Does this clause empower SEI to organise 7EE ?</li> <li>4. What is the effect of 7EE on your bottom line ?</li> </ol>
<b>Payroll system</b>	No requirement to use 7-Eleven payroll system	Paragraph 19 (h) at all times, use the 7-Eleven Payroll System in accordance with our standards, unless we otherwise consent in writing.	Paragraph 19 (h) at all times, use the 7-Eleven Payroll System in accordance with our standards, unless we otherwise consent in writing;	SEI contact with Employees goes beyond bookkeeping. With this much control over Employees day to day hours, does SEI become a Co-Employer
<b>Net worth</b>	\$10,000 first year- 10th year An amount equal to seventy percent (70%) of Total Assets.	Paragraph 13 (d)\$15,00 through out the term	Paragraph 13 (d)\$15,00 through out the term	Future agreements need to allow Franchisees to build more equity in business. It's almost analogous to looking at the difference between a pile of car parts and a fully assembled car
<b>Maintenance</b>	No requirement to use 7-Eleven negotiated maintenance contracts such as FM/Vixxo	<p><b>No requirement to use 7-Eleven negotiated maintenance contracts such as FM/Vixxo.</b> Paragraph 20 (b) 2 (2) For all 7-Eleven Equipment provided by us, except for the 7-Eleven Store Information System, if you do not use Maintenance Contracts available through us, you agree: (a) to provide us with a copy of each such Maintenance Contract that you propose to enter into, (b) to obtain our written approval of each such Maintenance Contract before you enter into any such Maintenance Contract, and (c) that such Maintenance Contracts must provide for the performance of services, including preventative maintenance services, comparable to those services available through us at the time the Maintenance Contract is entered into and must be with reputable, financially responsible firms, which (i) maintain adequate insurance and bonding; (ii) have personnel who are factory trained to service equipment that is the same or similar type as the 7-Eleven Equipment in the Store; and (iii) maintain tools and an adequate supply of parts for the 7-Eleven Equipment Your Maintenance Contracts for landscaped areas outside the Store must be with reputable, financially responsible firms.</p>	<p><b>Franchisee are required to use and pay 7 -Eleven negotiated contracts and prices.</b> Paragraph 20 (b) Maintenance Contracts. We will arrange for the performance of your required maintenance of the 7-Eleven Equipment or any equipment in the Store that we deem appropriate by contractors that we select. You may be required to sign Maintenance Contracts covering some or all of such maintenance services. We will provide you with a list of the equipment that is being covered by such maintenance services. We will pay for such maintenance on your behalf, and charge such costs to your Open Account at the end of each Accounting Period in the amount stated in Exhibit D. Any services performed on your behalf will not include any maintenance services on the HVAC Equipment.. You must arrange for the maintenance of any other equipment in the Store not covered by such maintenance services. Any Maintenance Contracts you sign for landscaped areas outside the Store or any other services related to the Store must be with reputable, financially responsible firms.</p>	Future agreements should not require Franchisees to use 7-Eleven negotiated maintenance contracts or service providers.

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<b>Renewal terms :Operational review</b>	Franchisee were required to pass an Operation review:Paragraph 26 (iii) the FRANCHISEE has met the Current Standards, described below, current at the time of notice (given approximately <b>two years in advance</b> of the Expiration Date), as determined by 7-ELEVEN, utilizing the then current Operational Review	No Operation review	<b>Paragraph 24 (g )</b> You complete, to our satisfaction, a review of your Store operations to ensure that you are meeting the requirements of the 7-Eleven System and otherwise operating in a manner consistent with the 7-Eleven Image and standards. We will use a performance measurement rating form that we develop from time to time to evaluate your operation, and will inform you in writing of the status of your evaluation. We will begin this review process approximately <b>1 year prior</b> to the Expiration Date, unless any laws require us to begin the review process sooner. If you do not meet our requirements for renewal, we will notify you of our decision not to offer you a renewal prior to the Expiration Date, and allow you the opportunity to sell your interest in the franchise for a premium pursuant to paragraph 25 of this Agreement.	No operation review for future agreements(s)
<b>Renewal Fee</b>	<b>NO renewal fee</b> Paragraph 26 (vi) theFRANCHISEE executes and delivers to 7-ELEVEN the then current class of Agreement available for renewal of franchises, but with no franchise or renewal fee,.....	<b>No Renewal Fee</b> Paragraph 24 (g) .....You will not be required to pay an initial or renewal fee in connection with the renewal of the franchise.	<b>Renewal fee equivalent upto to 20% Paragraph 24 (g)</b> If the Expiration Date occurs ten (10) years from the Effective Date of this Agreement, then you will be required to pay a renewal fee in connection with the renewal of the franchise, equal to 20% of the then-current initial franchise fee that would be charged to a new franchisee for the Store.	No renewal fee for future agreement(s)
<b>Assignment by 7-Eleven</b>	No rights to assign this agreement	<b>Paragraph 25 (a)</b> 7-Eleven has the right to assign any , all or a part of the agreement	<b>Paragraph 25 (a)</b> 7-Eleven has the right to assign any all or part of the agreement.	
<b>7- Eleven Charge</b>	Exhibit D Paragraph (j) 7-Eleven Charge:(i) For a 24-Hour Operation:The 7-Eleven Charge for the Store is 52% of the Gross Profit, except as may be increased pursuant to subsections (ii) or (iii) of this Paragraph (j). (ii) Reduced Hours of Operation	Exhibit D Paragraph i (2) If you have our permission to operate the Store as less than a 24-Hour Operation, the7-Eleven Charge for the Store will be 50% of the Gross Profit plus 0.1% of the GrossProfit for each hour during a normal week of operation that the Store is closed.	GGPS ( Graduated Gross Profit Split)For stores with less than \$150,000 in base gross profit dollars 48 %. On Average stores with 300,001 to 400,000 in base gross profit dollars are paying around 52% as 7-Eleven charge. 7-Eleven charge can go as high as 57% depending on base gross profit dollars.	2004 Agreement gave franchisee a better split(50%) only on paper as SEI started charging 1.5% for advertising. GGPS penalizes franchisees for growth and doesn't account for inflation and price increase due to minimum wage increases. Future agreements need to reflect new split that will account for wage changes and operational changes from a convenience store to a QSR.