



**TA FRANCHISE SYSTEMS LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**TA<sup>®</sup> EXPRESS CENTER**

~~2023~~2024 FDD

# FRANCHISE DISCLOSURE DOCUMENT

TA FRANCHISE SYSTEMS LLC  
A Delaware Limited Liability Company  
24601 Center Ridge Road  
Westlake, Ohio 44145-5634  
(440) 808-9100  
[Franchising@ta-petro.com](mailto:Franchising@ta-petro.com)  
[www.ta-petro.com/franchising](http://www.ta-petro.com/franchising)



As a franchisee, you will operate a TA Express Center, which is a limited service travel center facility located next to or near a highway. TA Express Centers are located on smaller parcels of land and offer more limited services and amenities than our full service TA Centers.

The total investment necessary to ~~begin operation of~~construct a TA Express Center ~~(as described below) is from \$1,152,000 to \$29,620,000~~from the ground up and begin operation is from \$7,337,000 to \$34,318,000. The total investment necessary to renovate and convert an existing travel center into a branded TA Express Center and begin operation is from \$1,117,000 to \$7,985,000. This includes payment to us and/or an affiliate of from ~~\$224,000~~169,000 to ~~\$414,500~~532,000.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the TA Franchise Administration Department by mail at 24601 Center Ridge Road, Westlake, Ohio 44145-5634, by phone at (440) 872-6099, or by email at [franchising@ta-petro.com](mailto:franchising@ta-petro.com).

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*Buying a Franchise, A Consumer Guide*," which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: ~~September 21~~March 15, ~~2023~~2024

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only TravelCenters of America business in my area?</b>	Item 12 and the “territory” provisions in the Franchise Agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a TravelCenters of America franchisee?</b>	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the Table of Contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The Franchise Agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The Franchise Agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the Franchise Agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your Franchise Agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The Franchise Agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit B.

Your state also may have laws that require special disclosures or amendments be made to your Franchise Agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The Franchise Agreement requires you to resolve disputes with the franchisor by litigation only in Ohio. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Ohio than in your own state.
2. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the state of Michigan. This shall not preclude the franchisee from entering into an

agreement, at the time of arbitration, to conduct arbitration at a location outside the state of Michigan.

- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
525 West Ottawa Street  
670 G. Mennen Williams Building  
Lansing, Michigan 48906

(517) 335-7567

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE  
RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

## TABLE OF CONTENTS

	<u>PAGE</u>
Item 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....	1
Item 2: BUSINESS EXPERIENCE .....	6
Item 3: LITIGATION .....	<del>7</del> <u>8</u>
Item 4: BANKRUPTCY .....	<del>18</del> <u>17</u>
Item 5: INITIAL FEES .....	<del>18</del> <u>17</u>
Item 6: OTHER FEES .....	<del>20</del> <u>19</u>
Item 7: ESTIMATED INITIAL INVESTMENT .....	<del>25</del> <u>24</u>
Item 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	<del>27</del> <u>29</u>
Item 9: FRANCHISEE'S OBLIGATIONS .....	<del>32</del> <u>34</u>
Item 10: FINANCING .....	<del>34</del> <u>36</u>
Item 11: FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING .....	<del>34</del> <u>36</u>
Item 12: TERRITORY .....	<del>44</del> <u>46</u>
Item 13: TRADEMARKS .....	<del>47</del> <u>49</u>
Item 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	<del>56</del> <u>57</u>
Item 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	<del>57</del> <u>58</u>
Item 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL .....	58
Item 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	<del>60</del> <u>61</u>
Item 18: PUBLIC FIGURES .....	<del>69</del> <u>70</u>
Item 19: FINANCIAL PERFORMANCE REPRESENTATIONS .....	<del>69</del> <u>70</u>
Item 20: OUTLETS AND FRANCHISEE INFORMATION .....	<del>69</del> <u>70</u>
Item 21: FINANCIAL STATEMENTS .....	<del>78</del> <u>80</u>
Item 22: CONTRACTS .....	<del>78</del> <u>80</u>
Item 23: RECEIPTS .....	<del>78</del> <u>80</u>

### EXHIBITS

- A. LIST OF REGISTERED AGENTS FOR SERVICE OF PROCESS
- B. LIST OF STATE ADMINISTRATORS
- C. CONFIDENTIAL OPERATIONS MANUAL TABLE OF CONTENTS
- D. FINANCIAL STATEMENTS
- E. FRANCHISE AGREEMENT
- F. RELEASE
- G. SUBORDINATION AGREEMENT
- H. GUARANTY OF PERFORMANCE
- I. STATE SPECIFIC ADDENDA AND STATE EFFECTIVE DATES
- J. RECEIPTS

**Item 1: THE FRANCHISOR AND ANY PARENTS, PREDECESSORS  
AND AFFILIATES**

**FRANCHISOR**

To simplify the language in this Franchise Disclosure Document, “TA Franchise” or “we” means TA Franchise Systems LLC, the franchisor. “You” means the person or entity who buys the franchise. If “you” are a corporation or limited liability company, “you” includes your owners. The term “affiliate” means an entity controlled by, controlling, or under common control with, another entity.

TA Franchise is a Delaware limited liability company originally formed as a Delaware corporation on July 13, 1982, and converted to a Delaware limited liability company on January 31, 2007. TA Franchise’s principal place of business is 24601 Center Ridge Road, Westlake, Ohio 44145-5634. Our agents for service of process are disclosed in **Exhibit A**. We conduct business under the names TravelCenters of America, TravelCenters, TA and TA Express.

We have offered franchises for limited service TA Express Centers (as defined below) since 2018. In addition to offering franchises for limited service TA Express Centers as described in this disclosure document, we also offer franchises for full service TA Centers (as defined below), which are described in a separate disclosure document. We have offered franchises for TA Centers since 1990. [As of December 31, 2023, there were 13 TA Centers operating.](#) We do not offer franchises in any other type of business and we do not have any other business activities.

**PARENTS**

TA Franchise is a wholly owned subsidiary of TravelCenters of America Inc., a Maryland corporation (“TA”). TA has never directly offered franchises of any sort.

Until May 15, 2023, TA was a publicly traded company whose stock was listed on the Nasdaq Stock Market. On May 15, 2023, TA and BP Products North America Inc. (“BPPNA”) consummated an Agreement and Plan of Merger, such that TA is now a wholly owned subsidiary of BPPNA. BPPNA is a Maryland corporation incorporated on January 3, 1922 and its principal business address is 30 S. Wacker Drive, Suite 900, Chicago, IL 60606.

BPPNA is an indirect subsidiary of BP Corporation North America Inc., an Indiana corporation (“BPCNA”). BPCNA is a wholly owned subsidiary of BP America Inc. BP America Inc. is a Delaware corporation incorporated on July 19, 1974. The principal business address of BPCNA and BP America Inc. is 501 Westlake Park Blvd., Houston, Texas 77079. BP America Inc. is an indirect subsidiary of BP p.l.c., an English public limited company formed on April 14, 1909, with a principal business address at 1 St. James Square, London SW1Y 4PD. On December 31, 1998, Eagle Holdings, Inc., an Indiana corporation incorporated in August 1998, and a wholly owned subsidiary of The British Petroleum Company p.l.c., merged into Amoco Corporation. The merged entity was renamed BP Amoco Corporation and The British Petroleum Company p.l.c. was renamed BP Amoco p.l.c. On April 19, 2000, ownership of BP Amoco Corporation was transferred from BP Amoco p.l.c. to BP America Inc. On May 1, 2001, BP Amoco p.l.c.

was renamed BP p.l.c. and BP Amoco Corporation was renamed BP Corporation North America Inc.

## AFFILIATES

Petro Franchise Systems LLC, a Delaware limited liability company (“Petro Franchise”), is our Affiliate (as defined below). Petro Franchise offers franchises for the operation of full-service, limited-service, and select-service travel center facilities (“Petro Centers”), under the name “Petro Stopping Center” and several other trademarks and service marks (the “Petro System”). Petro Franchise was formed on August 12, 2008. Petro Franchise’s principal place of business is 24601 Center Ridge Road, Westlake, Ohio 44145-5634. Petro Franchise has offered franchises since 2008. Petro Franchise’s predecessors have offered travel center franchises since 1984. As of December 31, ~~2022~~2023, there ~~are 13~~were 11 franchises operating in the Petro System. Petro Franchise has never operated a business of the type being franchised here.

TA Operating LLC, a Delaware limited liability company (“TA Operating”), is our Affiliate. TA Operating owns trade names, trademarks, service marks, and intellectual property used by our franchisees. TA Operating is also the supplier of certain services and proprietary products to our franchisees. TA Operating was originally formed as a Delaware corporation on July 18, 1993 and converted to a Delaware limited liability company on January 31, 2007. TA Operating’s principal place of business is 24601 Center Ridge Road, Westlake, Ohio 44145-5634. TA Operating or its predecessors have operated restaurants and travel centers since 1993. As of December 31, ~~2022~~2023, TA Operating operates ~~163~~165 TA Centers, 10 TA Express Centers and 65 Petro Centers.

Since approximately December 1979, BPPNA (or its predecessor) has offered franchises for *ampm* mini markets which are retail convenience mini markets (“*ampm* Mini Markets”) that offer fast-food services and operate under the service name and service mark “*ampm*.” As of December 31, ~~2022~~2023, there were ~~420~~1,026 *ampm* mini markets in operation, of which ~~345 are franchised~~435 are operated by BPPNA, its contractors, and franchisees. From January 1, 2007 to December 2012, BPPNA operated *ampm* mini markets. BPPNA did not own or operate any mini market convenience stores under the “*ampm*” brand during the period from December 2012 to December 2019, but, in connection with a merger with one of its affiliates, BPPNA has owned *ampm* mini markets that are operated by independent third parties since January 1, 2020.

BPPNA, or its parent, BPCNA, has directly operated motor fuel sales facilities since the mid-1970s. BPPNA also sells motor fuel from its company-owned and contractor-operated fuel facilities, through distributors, distributors and dealers who operate fuel facilities leased from BPPNA, distributors and dealers who operate fuel facilities owned by the distributor or dealer, and dealers who operate fuel facilities owned or leased by them from a third party. BPPNA contracts with independent third parties who operate stores and businesses at motor fuel sales facilities (including *ampm* Mini Markets). BPPNA also sells gasoline, diesel fuel and motor oils directly to other classes of trade, including industrial users and governmental entities. The motor fuel sales facilities operate under the names “ARCO,” “BP,” and “Amoco.” As of December 31, ~~2022~~2023, there were 1,678 ARCO-branded motor fuel sales facilities in the United States. Of these, BPPNA’s contractors and its franchisees operate ~~515~~522 ARCO-branded motor fuel sales facilities. As of December 31, ~~2022~~2023, there were approximately ~~6,926~~6,949 “BP” and

“Amoco”-branded retail outlets nationwide. Of these, approximately ~~307~~298 are dealer operated or third party managed, ~~6,435~~ are operated or supplied by wholesale distributors, and ~~184~~186 are Commission Marketers (defined below).

As of May 1997, BPPNA also began offering existing dealers the opportunity to conduct authorized business operations on a portion of the dealer’s motor fuel sales facility premises to sell non-fuel merchandise and/or services and to conduct sales of motor fuel on BPPNA’s behalf from the motor fuel portion of the premises on a commission basis (“Commission Marketers”). These leased businesses may operate a convenience store, install vacuum machines for self-service interior car cleaning, operate a car wash facility and/or operate a service station repair business. As of December 31, ~~2022~~2023, there were ~~184~~186 Commission Marketers.

From January 1, 2006 to December 31, 2006, BPPNA offered franchises for mini market convenience stores under the “BP Connect” brand and from January 2000 to January 2010, BPPNA operated mini market convenience stores under the “BP Connect” brand. BPPNA no longer owns, operates or franchises any mini market convenience stores under the “BP Connect” brand.

BPPNA offered franchises for convenience stores that offered for sale a variety of food items and other approved items located within or adjacent to “BP” or “Amoco” gasoline service stations under the name “Split Second” in June 1996 and discontinued the Split Second franchise program on December 31, 2000. BPPNA no longer owns, operates or franchises any Split Second stores.

On June 10, 1998, BPPNA entered into an agreement with Twin Cities Stores Inc. to market gasoline at Oasis Market locations throughout the Minneapolis-St. Paul area. Convenience stores located at these fuel facilities will continue to operate under the Oasis trademark.

BPPNA began offering franchises for service station repair businesses under the name “Certicare” in 1980. BPPNA discontinued the Certicare franchise program as of December 31, 2000, and BPPNA currently does not own or operate any Certicare businesses.

BPPNA may also enter into agreements with other companies for “Amoco”-branded, “BP”-branded, or “ARCO”-branded fuel facilities operating convenience stores under various trademarks.

BPPNA leases real property which is used in connection with the sale of motor fuel under BPPNA’s trademarks and BPPNA supplies motor fuel under contracts for distribution and resale under BPPNA’s trademarks. The Petroleum Marketing Practices Act, 15 U.S.C. Section 2801, *et seq.*, defines these leases and contracts as franchises for purposes of that Act. As of December 31, ~~2022~~2023, BPPNA was a party to approximately ~~79~~77 leases with lessee dealers, 116 contracts with contract dealers and ~~206~~211 contracts with distributors in the United States. BPPNA and its predecessors have been parties to these leases and contracts for over 75 years.

For purposes of this Disclosure Document, TA, TA Operating, Petro Franchise and BPPNA, together with other companies under common control of TA, are sometimes collectively referred to as our “Affiliates.”

## **DESCRIPTION OF FRANCHISE**

We offer franchises for the establishment and operation of travel centers and truck stop facilities, under the trade names “TravelCenters of America”, “TA”, and “TA Express”. As used in this Disclosure Document, the term “Marks” means the trade names, trademarks, service marks, logos, Internet domain names and commercial symbols ~~as~~ that TA Franchise considers to be (or in the future designates as) an integral part of the TA Express System.

Traditionally, our travel center franchises offer a comprehensive array of products (“Products”) and services (“Services”), including but not limited to truck maintenance and repair services from a TA Truck Service Shop, laundry facilities, a store, a driver’s lounge and showers, a full service restaurant, multiple quick serve restaurants, and such other amenities deemed compatible by us, in our sole discretion (each a “TA Center”). We offer franchises for TA Centers in a separate disclosure document.

This disclosure document offers our franchise for smaller, limited-service travel centers known as TA Express Centers which utilize the TA Express Mark. TA Express Centers are typically located on smaller parcels of land and do not typically offer the full range of Products, Services, and amenities offered by a TA Center. While the exact requirements for TA Express Centers vary on a case-by-case basis, TA Express Centers typically include 40 paved truck parking spaces, a 9,000 square foot building, four diesel lanes all with DEF, six gasoline MPDs, 50 paved car parking spaces, one anchor brand QSR and one complementary QSR, 4 showers, a high-rise sign, and a mid-rise sign. Notwithstanding the above, we may increase, decrease, or otherwise modify the site requirements, and the range of Products, Services, and amenities required to be offered at any particular TA Express Center on a case-by-case basis and in our sole discretion. A TA Express Center does not typically have a truck repair and maintenance facility (a “TA Truck Service Shop”), but may include one, subject to our approval. The location of a TA Express Center is referred to as the “Site.”

TA Express Centers are established and operated pursuant to TA Franchise’s system (the “TA Express System”). The TA Express System is characterized by our, or our Affiliates’, collection of procedures, policies, standards, specifications, controls and other distinguishing elements, including distinctive signage, interior and exterior design, décor and color schemes, including as set forth in our plans (the “Development Plans”); recipes and menu items, uniform standards, specifications and procedures for operation; quality and uniformity of products and services; training and assistance; and advertising, promotional, marketing and public relations programs; all of which we may change, improve and further develop in our discretion (see Items 8, 11, 14 and 16). The TA Express System and certain ~~of its mandatory (and suggested)~~ standards, specifications, ~~and~~ operating procedures and the rules that we prescribe from time to time (the “TA Express System Standards”) are set forth in our Confidential Operations Manuals, as well as in other materials (including, as applicable, audio, video, digital, and written materials) that we furnish to franchisees from time to time for use in operating a TA Express Center (collectively, the “Manuals”). The TA Express System is also characterized by certain core programs (the “Core Programs”), which are set forth in the Manuals and otherwise

communicated to franchisees in writing. You are required to participate in all Core Programs. The Core Programs are further described in Item 16.

TA Express Centers must be operated in accordance with the provisions of the Franchise Agreement. The form of Franchise Agreement for your TA Express Center is attached as **Exhibit E** to this Disclosure Document. For each Franchise Agreement that you sign, we may determine a defined geographic territory (the “Protected Area”) which will be described in **Exhibit C** to the Franchise Agreement. The size of the Protected Area, if any, varies depending on local market conditions.

## **COMPETITION**

The principal market for the Products and Services provided at TA Express Centers is commercial truck operators who operate vehicles over the North American highway system. A secondary market is the non-commercial motoring public traveling over the highway system or located near a TA Express Center. You will face competition from nationally branded, regionally branded, and independent truck/car service facilities offering a similar wide range of services, as well as limited facility truckstops, full service truckstops, interstate gas stations, fast food and family restaurants and gasoline/convenience outlets, including TA Express Centers, TA Express Centers, and Petro Centers franchised or operated by our Affiliates.

## **INDUSTRY REGULATIONS**

The truck stop industry is subject to extensive federal and state legislation and regulations relating to environmental matters. TA Express Centers use underground and above-ground storage tanks to store petroleum products and waste oils. Laws and regulations for underground storage tank (“UST”) systems include requirements for tank construction, inventory control, integrity testing, leak detection and monitoring, spill control, and corrective action in case of a release from a UST into the environment. The travel centers are also subject to regulations in certain locations relating to vapor recovery and discharges into the water. Some existing laws and regulations concerning USTs do not become applicable immediately and have future compliance schedules. You may incur substantial additional expenditures to comply with and remain in compliance with these laws and regulations and any additional requirements that may be imposed in the future.

You may also be subject to liability under various federal, state and local environmental laws, ordinances and regulations concerning a variety of environmental matters, including the handling, cleanup and/or removal of hazardous substances as an owner and/or operator of a travel center property. Under the laws and regulations relating to hazardous substances, a current or previous owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances which may include petroleum or petroleum products on, under or in the property. Certain laws typically impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the hazardous or toxic substances. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of those substances at the disposal or treatment facility, regardless of whether that facility is owned or operated by that person.

Travel centers are also subject to state and local licensing ordinances. The issuance of permits for service station and lubrication operations is generally a matter of discretion and will likely be subject to a requirement that the granting of the permit be consistent with health and safety of the community. Although careful planning and site selection can reduce the likelihood of significant zoning opposition, you may incur substantial additional expense and delay if there is significant opposition to the construction of your TA Express Center or the placement and characteristics of signage or other parts of your TA Express Center.

The restaurant operations of a TA Express Center are subject to federal, state and local regulations concerning environmental matters, health standards, sanitation, fire and general safety, and noncompliance with those regulations could result in temporary interruption or permanent termination of a restaurant's operations. In addition, you may experience difficulties in obtaining the required licensing or approvals resulting in delays, cancellations or additional expense before or after opening your TA Express Center.

If you sell or serve alcoholic beverages at your TA Express Center, you must obtain a liquor license. State and local laws, regulations and ordinances vary significantly in the procedures, difficulty and cost to obtain a license to sell liquor, the restrictions placed on how liquor may be sold, and the potential liability under Dram Shop Laws, which are imposed upon you involving injuries, directly or indirectly, related to the sale of liquor and its consumption. To the extent that you are selling or serving alcoholic beverages at your TA Express Center, you must understand and comply with these laws in the operation of your TA Express Center.

Additional laws and regulations may apply in specific locations or in specific instances. You are required to operate in compliance with all laws and regulations. You should inquire about the laws, regulations and ordinances that will apply to owning and operating your TA Express Center in your chosen location.

## **Item 2: BUSINESS EXPERIENCE**

### **Chief Executive Officer: Deborah C. Boffa**

Ms. Boffa ~~was named our~~ has served as Chief Executive Officer ~~on~~ of TA Franchise since September 1, 2023, in Westlake, Ohio. Ms. Boffa has also served as Chief Executive Officer of TA, TA Operating, and Petro Franchise since September 1, 2023, in Westlake Ohio. From May 2023 through August 2023, Ms. Boffa ~~was our~~ served as CEO Designate of TA Franchise, TA, TA Operating, and Petro Franchise, in Westlake, Ohio. From January 2021 to May 2023, Ms. Boffa was the President and CEO of Thorntons and the Vice President of Convenience Americas for BPPNA in Louisville, Kentucky. From August 2017 to December 2020, she was Managing Director and Head of Country for BP Oil New Zealand in Auckland, New Zealand.

### **President and Chairman: Gregory A. Franks**

Mr. Franks ~~was named our~~ has served as President and Chairman ~~in May 2023~~ of TA Franchise since May 2023, in Westlake, Ohio. Mr. Franks has also served as President and Chairman of TA, TA Operating, and Petro Franchise since May 2023, in Westlake, Ohio. Prior to that, Mr. Franks has been Senior Vice President, Mobility & Convenience Americas for BPPNA from April 2021 to May 2023 in Chicago, Illinois. From September 2019 to March 2021, Mr. Franks

was the Senior Vice President and Chief Franchise Officer & Operations Support for 7-Eleven, Inc. in Dallas, Texas. From January 2016 to August 2019, he was the Senior Vice President of US Operations for 7-Eleven, Inc. in Dallas, Texas. Mr. Franks maintains an office in Chicago, Illinois.

### **Vice President and Chief Financial Officer: Babu V. Rajalingam**

Mr. Rajalingam ~~was named our~~ has served as Vice President and Chief Financial Officer ~~on~~ of TA Franchise since September 1, 2023 in Westlake, Ohio. Mr. Rajalingam has also served as Vice President and Chief Financial Officer of TA, TA Operating, and Petro Franchise since September 1, 2023 in Westlake, Ohio. From May 2023 through August 2023, Mr. Rajalingam was our served as CFO Designate of TA Franchise, TA, TA Operating, and Petro Franchise in Westlake, Ohio. From November 2020 to May 2023, Mr. Rajalingam was the Vice President of Planning & Performance Management, Customers & Products of BP p.l.c. in London, England. From October 2019 to November 2020, Mr. Rajalingam was the Senior Strategy Lead, BP Group Strategy for BP p.l.c. in London, England. From August 2015 to October 2019, Mr. Rajalingam was the Segment Planning Manager, Downstream of BP p.l.c. in London, England.

### **Executive Vice President and General Counsel: Mark R. Young**

Mark R. Young has served as Executive Vice President and General Counsel of TA Franchise since 2007. Mr. Young has also served as the Executive Vice President and General Counsel of TA, TA Operating, and Petro Franchise ~~(since 2007~~. All of Mr. Young's present positions are located in Newton, Massachusetts.

### **Senior Vice President: ~~Dennis King~~, Corporate Development: ~~Robert Grace~~**

~~Dennis King~~ Robert Grace has served as Senior Vice President, Corporate Development of TA Franchise since ~~May 2020~~ February 1, 2024. Mr. ~~King~~ Grace has also served as Senior Vice President, Corporate Development of TA, TA Operating, and Petro Franchise since ~~May 2020~~. ~~All of Mr. King's~~ February 1, 2024. From May 2023 until January 2024, Mr. Grace served as Integration Management Officer of BP America Production Company. From June 2022 until April 2023, Mr. Grace served as Vice President, Portfolio & Offer Development of BP America Production Company. From January 2021 until May 2022, Mr. Grace served as Senior Manager, Portfolio & Offer Development of BP International UK LTD. From July 2018 until December 2020, Mr. Grace served as Business Improvement Manager of BP International UK LTD. All of Mr. Grace's past and present positions ~~are located in Westlake, Ohio. From May 2017 to May 2020, Mr. King served as Associate Partner of McKinsey & Company (Cleveland, OH)~~ have been located in Chicago, IL.

### **Divisional Vice President, Franchise Growth & Operations: ~~David J. Raeo~~ Daniel Walter**

~~David J. Raeo~~ Daniel Walter has served as Divisional Vice President, Franchise Growth & Operations of TA Franchise since January 1, ~~2023~~ 2024. Mr. ~~Raeo~~ Walter has also served as Divisional Vice President, Franchise Growth & Operations of TA, TA Operating, and Petro Franchise since January 1, 2024. From September 2021 until December 2023. ~~Previously~~, Mr. ~~Raeo~~ Walter served as Vice President, ~~Franchising at~~ Diesel Logistics and Wholesale for TA

~~Franchise, TA, and TA Operating, and Petro Franchise from August 2018 to December 2022. All of Mr. Raco's.~~ From February 2020 to August 2021, Mr. Walter served as Director of Renewable Fuels for TA and TA Operating. From May 2012 to January 2020, Mr. Walter served as Regional Supply Leader for TA and TA Operating. All of Mr. Walter's past and present positions have been located in Westlake, Ohio.

### Item 3: LITIGATION

#### Litigation Involving TA Franchise

##### **Pending Litigation:**

None

##### **Concluded Litigation:**

~~Cedar Slope Capital, Inc. and Visalia Travel Center, LLC v. TA Franchise Systems LLC; Case No. 290325, Superior Court of the State of California, County of Tulare, Filed February 2, 2022. TA Franchise was the defendant in a civil lawsuit filed by the franchisees of a TA Center franchise in Visalia, California. The franchisees alleged that they had the right to subdivide and sell off portions of the subject property and that TA Franchise was obligated to remove a recorded Memorandum of Right of First Refusal and Right to Buy to allow such sales to close escrow. The franchisees sought to have the Memorandum rescinded and also monetary relief. TA Franchise removed the action to federal court on March 21, 2022. The parties settled this litigation and the case was dismissed in June 2022. Under the settlement, the parties agreed to rescind the franchise agreement.~~

None

#### Litigation Involving TA Franchise's Parents and Affiliates

##### **Currently Effective Injunctions:**

The People of the State of California v. BP West Coast Products, LLC et al., Case No. RG13665900. On February 1, 2013, the People of the State of California ("Plaintiff") filed a complaint against, BPPNA, BPWCPBP West Coast Products LLC, and Atlantic Richfield Company ("ARCO") (collectively, "Defendants") in the Alameda County Superior Court alleging violations of requirements imposed by the California Health and Safety Code and related implementing regulations that govern (a) the operation and maintenance of underground storage tanks ("USTs") and UST systems, (b) the handling of hazardous wastes and hazardous substances generated by operation of USTs, UST systems, and motor vehicle maintenance, (c) the reporting of business and area plans relating to the handling of hazardous materials and required responses to a release or threatened release of hazardous materials present at Defendants' facilities in the State of California, and (d) the California Business and Professions Code prohibitions against unfair business practices relating to the Defendants' ownership and operation of their gasoline station facilities in the State of California. On November 17, 2016, the parties entered into a Final Judgment and Injunction Pursuant to Stipulation resolving all

claims (the “Final Judgement”) pursuant to a compromise and settlement of disputed claims in the complaint for the purpose of furthering the public interest.

Under the Final Judgment the Defendants did not admit to any issue of law or fact in the matter or any violation of law. Under the Final Judgment, pursuant to California Health and Safety Code sections 25299.01, 25299.04, 25145.4, 25181, 25184, 25515.6, and 25515.8, and the Unfair Competition Law as set forth in California Business and Professions Code section 17203, Defendants are enjoined and restrained from failing to comply with the following legal requirements at Defendants’ facilities in the State of California: (a) the provisions of Chapter 6.5 of Division 20 of the California Health and Safety Code, and its implementing regulations and local regulations under the jurisdiction of the applicable Certified Unified Program Agency (“CUPA”), Participating Agency (“PA”) or Unified Program Agency (“UPA” (as defined in California Health and Safety Code section 25123.7(b)(c) and (d)) that are applicable to generators of hazardous waste; (b) the provisions of Chapter 6.7 of Division 20 of the California Health and Safety Code, and its implementing regulations and local regulations under the jurisdiction of the applicable CUPA, PA, or UPA related to the installation, operation, modification, repair or closure of underground tank systems; (c) the provisions of Chapter 6.95 of Division 20 of the California Health and Safety Code, and its implementing regulations and local regulations under the jurisdiction of the applicable CUPA, PA, or UPA related to hazardous materials; and (d) all related regulations and county ordinances and all county and State of California permits and written orders based on those statutes and regulations in addition to those set forth above. Defendants also agreed to pay a total of \$14 million in civil penalties, attorneys’ fees and costs, and for supplemental environmental projects. At any time after the Final Judgment has been in effect for 5 years and Defendants have paid all amounts due under the Final Judgment, the Defendants may file a motion requesting a Court order that the permanent injunctive provisions under the Final Judgment will have no prospective force or effect.

U.S. Commodity Futures Trading Commission v. BP Products North America Inc., Case No. 06-C-350. On June 28, 2006, the U.S. Commodity Futures Trading Commission (“CFTC”) filed a complaint against BPPNA in the United States District Court for the Northern District of Illinois, alleging that BPPNA manipulated the price of February 2004 TET propane and attempted to manipulate the price of April 2003 TET propane. On October 25, 2007, BPPNA entered a consent order for a permanent injunction and other relief with the CFTC resolving all civil enforcement matters concerning the company’s propane and gasoline trading. BPPNA agreed to pay a \$125 million civil monetary penalty.

## **Proceedings relating to the Gulf of Mexico Oil Spill:**

BP p.l.c., BP Exploration & Production Inc. (“BP E&P”) and various other BP entities (for purposes of this disclosure relating to the Gulf of Mexico Oil Spill, collectively referred to as “BP”) are among the companies named as defendants in hundreds of pending civil lawsuits resulting from the April 20, 2010, explosions and fire on the semi-submersible rig Deepwater Horizon and resulting oil spill (the “Incident”). BP E&P was lease operator of Mississippi Canyon, Block 252 in the Gulf of Mexico (“Macondo”), where the Deepwater Horizon was deployed at the time of the Incident. The other working interest owners at the time of the Incident were Anadarko Petroleum Company (“Anadarko”) and MOEX Offshore 2007 LLC (“MOEX”). The Deepwater Horizon, which was owned and operated by certain affiliates of Transocean, Ltd. (“Transocean”), sank on April 22, 2010. The pending lawsuits and/or claims arising from the Incident have generally been brought in U.S. federal and state courts. The plaintiffs in nearly all of the remaining lawsuits are individuals who assert, among others, claims for personal injury, breach of contract and violations of statutes. The lawsuits seek various remedies including compensation for personal injuries and medical monitoring, and punitive damages. Among other claims arising from the spill response efforts, lawsuits have been filed claiming that additional payments are due by BP under certain Master Vessel Charter Agreements entered into in the course of the Vessels of Opportunity Program implemented as part of the response to the Incident.

Purported class action and individual lawsuits were filed in U.S. state and federal courts, as well as one suit in Canada (and others in other countries), against BP entities and various current and former officers and directors alleging, among other things, shareholder derivative claims, securities fraud claims, violations of the Employee Retirement Income Security Act (“ERISA”) and contractual and quasi-contractual claims related to the cancellation of the dividend on June 16, 2010. In August 2010, many of the lawsuits pending in federal court were consolidated by the Federal Judicial Panel on Multidistrict Litigation into two multi-district litigation proceedings, one in federal court in Houston for the securities, derivative, ERISA and dividend cases (“MDL 2185”) and another in federal court in New Orleans (“MDL 2179”) for the remaining cases.

On July 2, 2015, BP announced that BP E&P had executed agreements in principle with the United States federal government and five Gulf Coast states to settle all outstanding federal and state claims arising from the Incident. In addition to settling claims with the states of Alabama, Florida, Louisiana, Mississippi and Texas, BP also settled the claims made by more than 400 local government entities. On October 5, 2015, the United States lodged with the district court in MDL 2179 a proposed Consent Decree between the United States, the Gulf states and BP to fully and finally resolve any and all natural resource damages (“NRD”) claims of the United States, the Gulf states, and their respective natural resource trustees and all Clean Water Act penalty claims, and certain other claims of the United States and the Gulf states. Concurrently, BP entered into a definitive Settlement Agreement with the five Gulf states with respect to state claims for economic, property and other losses. On April 4, 2016, the court entered the Consent Decree and also entered a final judgment on the terms set forth in the Consent Decree, at which time the Consent Decree and Settlement Agreement became effective.

The principal payments are as follows:

- BP E&P is to pay the United States a civil penalty of \$5.5 billion under the Clean Water Act – payable over 15 years.
- BP E&P will pay \$7.1 billion to the United States and the five Gulf states over 15 years for NRD. This is in addition to the \$1 billion already committed for early restoration. BP E&P will also set aside an additional amount (up to \$700 million) consisting of \$232 million and the NRD interest payment (see below) partly to cover any further natural resource damages that is unknown at the time of the agreement.
- A total of \$4.9 billion will be paid over 18 years to settle economic and other claims made by the five Gulf states.
- Up to \$1 billion will be paid to resolve claims made by more than 400 local government entities.

In addition to these agreed settlement payments, BP E&P has also agreed to pay \$350 million to cover outstanding NRD assessment costs and \$250 million to cover the full settlement of outstanding response costs, claims related to the False Claims Act and royalties owed for the Macondo well. These additional payments will be paid over nine years and began in 2015. NRD and Clean Water Act payments were scheduled to start 12 months after the agreements became final. The 2016 payments in respect of the state claims, totaling \$900 million, were paid in July 2016. Total payments for NRD, Clean Water Act and State claims will be made at a rate of around \$1.1 billion a year for the majority of the payment period. Interest will accrue at a fixed rate on the unpaid balance of the civil penalty and NRD payments, compounded annually and payable in year 16. To address possible natural resource damages unknown at the time of the settlement, beginning 10 years after the Consent Decree and the Settlement Agreement became effective, the federal government and the five Gulf states may request accelerated payment of accrued but unpaid interest on the NRD payments.

The parent company guarantees for these payments will be provided by BP Corporation North America Inc. as the primary guarantor and BP p.l.c. as the secondary guarantor. The federal government and the Gulf states may jointly elect to accelerate the civil penalty and NRD payments in the event of a change of control or insolvency of BP p.l.c., and the Gulf states individually have similar acceleration rights under the Settlement Agreement.

The Consent Decree and settlement agreement do not cover the remaining costs of the 2012 class action settlement with the Plaintiffs' Steering Committee for medical claims. They do not cover claims by individuals and businesses that opted out of the 2012 medical settlement and/or whose claims were excluded from it. See below in this disclosure for a discussion of the unresolved claims.

Following a series of motions by the parties in MDL 2185 between February 2012 and March 2014, on May 20, 2014, the judge denied plaintiffs' motion to certify a proposed class of American depository share (ADS) purchasers before the explosion (from November 8, 2007, to April 20, 2010) and granted plaintiffs' motion to certify a class of post-explosion ADS

purchasers (from April 26, 2010, to May 28, 2010). On May 31, 2016, the court issued a decision on the parties' summary judgment motions in relation to action proceeding on behalf of the class of post-explosion ADS purchasers. In that decision, the court denied the plaintiffs' motion and granted in part and denied in part BP's motion. Following that decision, the parties filed a settlement agreement and other papers in support of approval under which BP agreed to pay \$175 million to the plaintiffs. The court approved the settlement on February 13, 2017, and all payments required by the settlement have now been paid.

Following the approval of the settlement for post-explosion ADS purchasers in MDL 2185, there remained individual cases filed by pension funds, investment funds and advisers. Those cases have all been settled and dismissed, and MDL 2185 was formally closed in June 2021.

On June 1, 2010, the U.S. Department of Justice ("DoJ") announced that it was conducting an investigation into the Incident encompassing possible violations of U.S. civil or criminal laws. The DoJ announced on March 7, 2011, that it created a unified task force of federal agencies, led by the DoJ Criminal Division, to investigate the Incident. The SEC and DoJ also investigated potential securities law violations, including potential securities fraud claims, alleged to have arisen in relation to the Incident. On November 15, 2012, BP announced that it reached an agreement with the US Government, subject to court approval, to resolve all federal criminal charges and all claims by the SEC against BP arising from the Deepwater Horizon accident, oil spill, and response.

On January 29, 2013, the U.S. District Court for the Eastern District of Louisiana accepted BP's pleas regarding federal criminal charges, and BP was sentenced in connection with the criminal plea agreement. BP pleaded guilty to 11 felony counts of Misconduct or Neglect of Ships Officers relating to the loss of 11 lives; one misdemeanor count under the Clean Water Act; one misdemeanor count under the Migratory Bird Treaty Act; and one felony count of obstruction of Congress. Pursuant to that sentence, BP will pay \$4 billion, including \$1.256 billion in criminal fines, in installments over a period of five years. Under the terms of the criminal plea agreement, a total of \$2.394 billion will be paid to the National Fish & Wildlife Foundation ("NFWF") over a period of 5 years. In addition, \$350 million will be paid to the National Academy of Sciences ("NAS") over a period of five years. BP has made all required payments to date under its plea agreements. The court also ordered, as previously agreed with the US government, that BP serve a term of five years' probation.

Pursuant to the terms of the plea agreement, the court also ordered certain equitable relief, including additional actions, enforceable by the court, to further enhance the safety of drilling operations in the Gulf of Mexico. These requirements relate to BP's risk management processes, such as third-party auditing and verification, BP's Oil Spill Response Plan, training, and well control equipment and processes such as blowout preventers and cementing. BP has also agreed to maintain a real-time drilling operation monitoring center in Houston or another appropriate location. In addition, BP will undertake several initiatives with academia and regulators to develop new technologies related to deepwater drilling safety.

The United States filed a civil complaint in MDL 2179 against BP E&P and others on December 15, 2010 (“DoJ Action”). The complaint sought a declaration of liability under the OPA 90 and civil penalties under the Clean Water Act.

A Trial of Liability, Limitation, Exoneration, and Fault Allocation was held in three phases and on September 4, 2014, the MDL 2179 Court issued its ruling on Findings of Fact and Conclusion of Law for Phase 1. The Court found that BP E&P, BP America ~~Production~~Productions Company, Transocean Holdings LLC, Transocean Deepwater Inc., Transocean Offshore Deepwater Drilling Inc., and Halliburton are each liable under general maritime law for the blowout, explosion, and oil spill from the Macondo well. The Court found that the conduct of BP E&P and BP America Production Company was reckless, and it apportioned to them 67% of the fault for the blowout, explosion, and oil spill. The Court found that the conduct of Transocean was negligent and apportioned to them 30% of the fault for the blowout, explosion, and oil spill. The court found that Halliburton’s conduct was negligent and apportioned to it 3% of the fault for the blowout, explosion, and oil spill.

The MDL 2179 Court ruled that under US Court of Appeals for the Fifth Circuit precedent BP E&P and BP America Production Company cannot be liable for punitive damages under general maritime law, but to the extent the standards of the First Circuit or Ninth Circuit Courts of Appeals would apply to a particular claim, the court found that BP would be liable for punitive damages under those rules. With respect to the United States’ claims against BP E&P under the Clean Water Act, the MDL 2179 Court found that the discharge of oil was the result of BP E&P’s gross negligence and willful misconduct, and that BP E&P is therefore subject to enhanced civil penalties. The court further found that BP E&P was an ‘operator’ and ‘person in charge’ of the Macondo well and the Deepwater Horizon vessel for the purposes of the Clean Water Act.

In 2012 the Economic and Property Damages Settlement was entered into with the PSC to resolve certain economic and property damage claims. The economic and property damages claim process which is under court supervision through the settlement claims process established by the Economic and Property Damages Settlement continued in 2020. As of September 30, 2020, all business economic loss claims had been determined. On January 22, 2021, the MDL 2179 court issued an order determining the completion of all claims processing operations of the court supervised settlement program. The court also ordered that all future issues concerning Economic and Property Damages Settlement claims would be considered time barred under the settlement program and that the claims administrator should proceed to complete post-closure administrative wind down activities.

In 2012 the Medical Benefits Class Action Settlement (Medical Settlement) was entered into with the PSC. It involves payments to qualifying class members based on a matrix for certain Specified Physical Conditions (SPCs), as well as a 21-year Periodic Medical Consultation Program (PMCP) for qualifying class members, and also includes provisions regarding class members pursuing claims for later-manifested physical conditions (LMPCs).

The Medical Claims Administrator has reported the total number of claims submitted is 37,227. As of February ~~24~~2023~~2024~~, all SPC claims have been determined by the Claims

Administrator. In total, 27,603 claims (comprising 22,833 SPC and 4,770 PMCP only) have been approved for compensation totaling approximately \$67 million; 9,624 claims have been denied.

As of February ~~24~~, ~~2023~~2024, there were approximately ~~103~~53 pending lawsuits brought by class members claiming LMPCs, ~~19~~7 of which are currently set for trial in ~~2023~~or 2024 or 2025.

On October 18, 2012, before a Mexican Federal District Court located in Mexico City, a class action complaint was filed against BP E&P, BP America Production Company and other BP subsidiaries (as well as BP p.l.c., but that entity was never served). BP E&P has since been dismissed. The plaintiffs, who allegedly are fishermen, are seeking, among other things, compensatory damages for the class members who allegedly suffered economic losses, as well as an order requiring BP to remediate environmental damage resulting from the Incident, to provide funding for the preservation of the environment and to conduct environmental impact studies in the Gulf of Mexico for the next 10 years. BP has not been formally served with the action. However, after learning that the Mexican Federal District Court issued a resolution certifying the class on December 2, 2015, BP filed a constitutional challenge ~~(amparo)~~ in Mexico on April 13, 2016, asserting that BP ~~has~~had never been formally served with process in the class action. ~~This amparo~~The constitutional challenge was denied on November 22, 2016, and the appeal was also denied on August 17, 2017. After BP was served with the post-certification complaint on May 15, 2018, BP answered the complaint on June 27, 2018, by seeking dismissal on the ground that no oil reached Mexican waters or land and there was no economic or environmental harm in Mexico, and for other legal reasons, including lack of jurisdiction. On June 29, 2018, the court asked a higher court to decide the threshold question of whether Mexican courts have jurisdiction in this case, but on July 13, 2018, the higher court found this to be a matter of substance that it could not decide. In issuing that ruling, the higher court referred to BP's position as "groundless," without expressly permitting BP to raise the issue at a later stage, and BP appealed that portion of the ruling on July 19, 2018. On February 14, 2019, the appeal court affirmed while holding that BP can pursue its jurisdictional argument at a later stage. After years of inaction, on August 3, 2023, the Mexican Federal District Court dismissed the action for lack of prosecution by plaintiffs. Plaintiffs appealed on August 15, 2023, on the basis that dismissal for lack of prosecution does not apply to class actions, and the appeal court reversed the dismissal on November 30, 2023.

On December 3, 2015, and March 29, 2016, Acciones Colectivas de Sinaloa ("ACS") filed two class actions (which have since been consolidated) in a Mexican Federal District Court on behalf of anyone in Mexico allegedly harmed by the Deepwater Horizon spill against BP E&P, BP America Production Company and other purported BP subsidiaries. In these class actions, plaintiffs seek an order requiring the BP defendants to repair the damage to the Gulf of Mexico, to pay penalties, and to compensate plaintiffs for damage to property, to health and for economic loss. A Mexican BP entity was served with the complaint on January 23, 2018, and opposed class certification and sought dismissal on January 30, 2018, on the basis that the entity did not exist at the time of the spill. BP E&P was formally served with the action on December 8, 2017. BP E&P opposed class certification and sought dismissal on February 1, 2018, principally on the basis that that no oil reached Mexican waters or land and there was no

economic or environmental harm in Mexico. On October 26, 2018, BP American Production Company was served with the complaint. BP American Production Company filed its opposition to class certification and request for dismissal on December 28, 2018. On September 25, 2019, the court certified the class and asked the Mexican Federal Environmental Protection Agency (PROFEPA) to provide its opinion on the case. In a November 25, 2019, submission, PROFEPA stated that it lacked jurisdiction to comment on the case and had no information on the spill or its effects in Mexico; the Agency for Hydrocarbon Security similarly stated on December 6 that it had no such information.

On October 2, 2019, BP appealed the class certification decision. On September 7<sup>10</sup>, 2020, an appellate court notified BP that it had (on June 12, 2020, while Mexican courts were closed) denied BP's appeal of the class certification decision. On October 2, 2020, BP filed a constitutional challenge (~~amparo~~) to the appellate court's class certification decision. On October 8, 2020, the ~~amparo~~constitutional court denied admission of the ~~amparo action~~constitutional challenge, and on January 18, 2021, BP's appeal of that ruling was denied.

While the class certification appeal was pending, the district court proceedings moved forward. On October 11, 2019, motion practice regarding class notice began. On December 30, 2019, the court ruled that notice would be effected through publication in the official government gazette and certain newspapers, rather than through social media and websites, as requested by plaintiffs. On January 2, 2020, plaintiffs moved for reconsideration of that ruling; BP opposed on January 13, 2020; and the motion was denied on October 26, 2021.

On November 22, 2021, plaintiffs filed a constitutional challenge to the notice ruling, which BP opposed on January 3, 2022. On May 13, 2022, the constitutional court remanded the class notice order to the district court so that it could address all of plaintiffs' arguments, without ruling on the underlying class notice order. On October 28, 2022, the district court revoked its prior class notice order and ordered that class notice be effected through plaintiffs' proposed class notice procedures and that BP bear the cost of notice. BP filed a constitutional challenge to the revised class notice order on November 29, 2022. ~~A decision on the constitutional challenge is still pending. In addition, on February 3, 2023, BP appealed a ruling that the trial court's new~~On July 24, 2023, the constitutional court issued a ruling revoking the October 28, 2022, class notice order ~~was consistent with the terms of~~ and instructed the district court to issue a new order, which could not order publication through BP's websites or that BP bear the costs of notice. Both parties appealed in August 2023, and on December 28, 2023, the appeal court affirmed the constitutional ~~court's remand to the trial court, for which a~~ court ruling, and the full decision ~~is still pending~~ was issued on January 24, 2024.

In addition, on June 30, 2022, ACS filed signatures and supporting papers of purported class members who consented to be represented by ACS. On July 18, 2022, BP moved to dismiss the complaint for failure to comply with the requirement to identify 30 purported class members who consented to representation at the time the complaint was filed; plaintiffs opposed BP's motion on August 8, 2022; and BP filed a reply on August 24, 2022. On July 19, 2022, BP separately filed a motion challenging the validity of the signatures and supporting papers filed by plaintiffs. ACS filed additional signatures and supporting papers on August 9 and October 17,

2022, and BP filed further motions challenging the validity of the signatures on August 24 and November 7, 2022.

All claims for economic loss or property damage from individuals or businesses that either opted out of the Economic and Property Damages Settlement and/or were excluded from that settlement have been dismissed, ~~with the exception of one plaintiff whose claims were reinstated in part on appeal. The economic loss claims in that case were dismissed by an August 2021 order from the federal district court in New Orleans that granted BP's motion for summary judgment. The plaintiff appealed, and on September 2, 2022 the Fifth Circuit affirmed in part and reversed in part the August 2021 dismissal order. The Fifth Circuit remanded the case to the district court, where the case proceeded under a case management order issued by the district court. On February 22, 2023, the parties reached an agreement in principle to resolve the case.~~

As of ~~March 1, 2023~~ February 2, 2024, there remained approximately ~~31178~~ pending lawsuits alleging post-explosion clean-up, medical monitoring or personal injury that had been brought by plaintiffs who allege they were not members of the medical settlement class. Of those ~~31178~~ cases, ~~28759~~ cases have been allotted among various judges of the federal district court in New Orleans, ~~1416~~ are pending before other federal courts in Gulf Coast States, and 10 will remain in MDL 2179 until plaintiffs have completed their compliance with the district court's pre-trial orders. Fact and expert discovery are ongoing in most of the remaining cases, and ~~1332~~ of the cases are currently set for trial in 20232024. Plaintiffs alleging post-explosion clean-up, medical monitoring or personal injury ~~have~~ filed appeals to the Fifth Circuit in ~~79182~~ cases in which BP's summary judgment motions were granted and the courts dismissed plaintiffs' claims. As of ~~March 1, 2023~~, February 2, 2024, the Fifth Circuit has dismissed eleven of those appeals ~~have been dismissed for~~ based on plaintiffs' failure to prosecute, ~~and another has been dismissed or~~ for lack of jurisdiction. ~~Briefing is complete in one set of 40 consolidated appeals, and plaintiffs filed their opening briefs in an additional 17 appeals on March 1, 2023. The Fifth Circuit has also set briefing schedules in some but not all of~~ and has affirmed the district courts' dismissal orders in 78 of those appeals. Of the remaining appeals, ~~and additional one is fully briefed and awaiting decision by the Fifth Circuit, while the majority of remaining appeals have been stayed pending the resolution of that appeal. Additional~~ appeals may be filed.

BP America Inc., et al., Docket No. IN13-15

On August 5, 2013, the US Federal Energy Regulatory Commission (FERC) issued an Order to Show Cause and Notice of Proposed Penalty directing BP America Inc., BPCNA, BP America Production Company, and BP Energy Company to respond to a FERC Enforcement Staff report alleging that BP manipulated the next-day, fixed price natural gas market at Houston Ship Channel from mid-September 2008 to November 30, 2008. The FERC Enforcement Staff report proposed a civil penalty of \$28 million and the surrender of \$800,000 of alleged profits. After an evidentiary hearing, a FERC Administrative Law Judge ruled on August 13, 2015, that BP manipulated the market by selling next-day, fixed price natural gas at Houston Ship Channel in 2008 in order to suppress the Gas Daily index and benefit its financial position. BP filed exceptions to the initial decision with the FERC on September 14, 2015. On July 11, 2016, the FERC issued an Order affirming the initial decision and directing BP to pay a civil penalty of

\$20.16 million and to disgorge \$207,169 in unjust profits. On August 10, 2016, BP filed a request for rehearing. On December 17, 2020, the FERC denied the rehearing request, sustaining the prior decision and ordering payment of the penalty and disgorgement amounts. BP complied with the order and filed an appeal with the US Court of Appeals. Oral arguments were heard by the Fifth Circuit in early 2022 and a decision is expected later this year.

### **Concluded Litigation:**

Foster, et al. v. BP North America Petroleum Inc., et al, filed January 25, 2007 (#2:07-cv-02059)  
Richard Galauski et al v. Amerada Hess Corporation, et al, filed December 14, 2006 (#3:06-cv-06005)

Wilson, et al. v. Ampride, et al, filed December 29, 2006, (#2:06-cv-02582)  
Donaldson, et al. v. BP Corporation North America, et al, filed February 2, 2007, (#4:07-cv-00093)

Massey, et al. v. BP Corporation North America, et al, filed January 26, 2007, (#5:07-cv-00102)  
Keen Exploration, LLC, et al. v. Amoco Oil Company d/b/a BP Products North America, Inc., filed January 29, 2007 (#5:07-cv-00014)

American Fiber & Cabling, LLC, et al. v. BP Corporation North America, Inc., et al, filed January 31, 2007 (#2:07-cv-02053)

Cary, et al. v. BP Corporation North America Inc., et al, filed February 7, 2007 (#5:07-cv-00155)  
Williams, et al v. BP Corporation North America, et al, filed February 28, 2007, (#2:07-cv-00179)

Neese, et al. v. Abercrombie Oil Company Inc., et al, filed March 7, 2007 (#5:07-cv-00091)

Aguirre v. BP West Coast Products LLC, et al, filed March 16, 2007 (#3:07-cv-01534)

Butler v. Exxon Mobil Corporation, et al., filed March 30, 2007 (#6:07-cv-00469)

Rushing, et al. v. Ambest, Inc., et al., filed December 13, 2006 (#3:06-cv-07621)

Cook, et al. v. Hess Corporation, et al., filed August 22, 2007, (#2:07-cv-00750)

Couch, et al. v. BP Products North America Inc., filed June 25, 2007 (#6:07-cv-00291)

Lalor v. BP Corporation North America Inc., filed August 7, 2007 (#2:07-cv-03985)

Panto v. BP Corporation North America Inc., filed August 10, 2007 (#2:07-cv-03295)

Ruybalid v. BP Corporation North America Inc., filed June 26, 2007 (#1:07-cv-00826)

Jenkins, et al. v. Amoco Oil Company, et al., filed September 5, 2007 (#2:07-cv-00661)

Korleski v. BP Corporation North America Inc., filed September 24, 2007 (#6:07-cv-03218)

Wyatt, et al. v. BP America Corporation d/b/a Atlantic Richfield Company, et al., filed September 6, 2007 (#3:07-cv-01754)

BP, BPWCP and BPCNA have been named in multiple class action lawsuits filed in various federal courts around the country alleging that consumers have been harmed from the sale of motor fuel at retail without disclosing or adjusting for temperature expansion. The causes of action under each of the complaints are generally the same and include: 1) civil conspiracy; 2) state consumer protection act violations; and 3) quantum meruit/unjust enrichment. All the cases request jury trials and name BP or BPWCP among other major oil marketers and refiners as well as direct motor fuel retailers.

In March 2012, BP, BPWCP and BPCNA and plaintiffs agreed to settle all the pending cases for \$5 million. As a result, the court severed BP, BPWCP and BPCNA from the September 2012 Kansas trial and gave preliminary approval to the settlement in late 2012. The

court then rolled a number of settlements into one for the purpose of ruling on their final approval. In August 2015, the court gave final approval to the settlements, and defendants, including the BP entities, made final settlement payments into an escrow account. After the court issued its final approval order, objectors to the settlements appealed to the Tenth Circuit Court of Appeals. On September 6, 2017, the Court of Appeals approved the settlement. On January 2, 2018, the objectors filed a petition for their case to be heard by the U.S. Supreme Court. The Supreme Court denied the petition for review on March 19, 2018.

State of California, et al v. BP America Production Company, BP Energy Company, BP Corporation North America Inc., BP Products North America Inc., and BP p.l.c., Case No. CGC-12-522063

On November 4, 2014, the California Attorney General filed a notice in the Superior Court of the State of California, County of San Francisco, that it was intervening in a previously sealed California False Claims Act lawsuit filed by Christopher Schroen against BP p.l.c., BP Energy Company, BP Corporation North America Inc., BP Products North America Inc., and BP America Production Company. On January 7, 2015, the Attorney General filed a complaint in intervention alleging that BP violated the False Claims Act and the California Unfair Competition Law by falsely and fraudulently overcharging California state entities for natural gas. Schroen's complaint makes similar allegations, in addition to individual claims. Additional California state entities have intervened. The complaints seek treble damages, punitive damages, penalties, and injunctive relief. BP filed an initial motion to dismiss on April 9, 2015, which was denied. BP filed an additional motion to dismiss on July 3, 2015, which was denied. On January 10, 2018, a settlement of all claims was reached with BP agreeing to pay \$102 million to the State of California.

[Price v. BP. P.L.C. et al, Case 1:12-cv-06799](#)

~~On August 20, 2012, BP issued a product recall on gasoline which had been distributed to over 580 retail locations from its Whiting Refinery. Four consumer class actions were originally filed in Indiana and Illinois, which alleged claims on behalf of all consumers who purchased off-spec gasoline originating from BP. The four class actions were consolidated into a master complaint filed in the Northern District of Illinois on October 22, 2012. The complaint alleged claims for strict liability, negligence, breach of implied and express warranties, and violations of state consumer fraud statutes. On November 26, 2013, the court entered a final order resolving this matter pursuant to a court approved class action settlement. Pursuant to the settlement, BP agreed to establish and administer a settlement claims process to evaluate claims to determine "approved claims" which are eligible for settlement benefit awards and to reject claims that are not approved. Two classes of settlement benefit awards were established: (1) Class A—capped at a total of \$350,000 with each individual award equal to the gasoline purchase price with the original receipt or up to a max of \$50 with a credit/debit card statement; and (2) Class B—capped at a total of \$4,650,000 for gasoline purchase plus reimbursement in any of the following categories where repairs were undertaken prior to September 28, 2012: receipt from a repair facility, receipt for alternate transportation costs, mileage at \$0.565/mile, towing expenses, and/or lost income up to a maximum of \$200. Under the settlement agreement, BP is not required to pay more than \$5 million in aggregate settlement benefit awards to settlement class members. The settlement also includes up to \$2,000,000 paid to plaintiffs' attorneys and BP~~

~~agreed to pay \$1,500 to each of the four named plaintiffs as class representative incentive awards in addition to their claims. BP did not admit any liability as part of the settlement.~~

Other than these actions, no litigation is required to be disclosed in this Item.

**Item 4: BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**Item 5: INITIAL FEES**

**INITIAL FRANCHISE FEE**

You must pay us an initial franchise fee of \$125,000 for a TA Express Center franchise in a lump sum when you sign the Franchise Agreement. The Franchise Fee is nonrefundable and is fully earned by us when paid.

The initial franchisee fee for your or your affiliates' second and third TA Center or TA Express Center franchises will be reduced by \$25,000, subject to you and your affiliates being in compliance with all Franchise Agreements with us and our affiliates. The initial franchise fee for your or your affiliates' fourth and subsequent TA Center or TA Express Center franchises will be reduced by \$50,000, subject to you and your affiliates being in compliance with all Franchise Agreements with us and our affiliates.

Last year, we charged initial franchise fees ranging from ~~\$50,000~~ 75,000 to \$125,000 for TA Express Centers.

**PURCHASE AND INSTALLATION OF PROPRIETARY SYSTEMS**

TA Franchise requires franchisees to purchase certain proprietary Computer Systems, shower systems, and reward systems (the "Proprietary Systems") from TA Operating. We estimate that the cost of the Proprietary Systems purchased from TA Operating prior to opening will range from \$54,000 to \$142,000. These costs are nonrefundable.

**OPENING ASSISTANCE REIMBURSEMENT**

We will provide you with training assistance relating to the TA Express System and TA Express System Standards in connection with the opening and initial operation of your TA Express Center. You must reimburse us for the costs we incur in providing such assistance, including the wages, and travel and living expenses of our training staff. We anticipate that the cost you must reimburse us will range from ~~\$20,000~~ 10,000 to \$90,000 for a TA Express Center. The Opening Assistance Reimbursement is nonrefundable.

## **COMPUTER SYSTEM INSTALLATION FEE**

We will provide you with assistance in installing and setting up certain aspects of your Computer System (as defined in Item 11) and Proprietary Systems prior to the opening of your TA Express Center. You must pay us a fee for providing such assistance in the amount of ~~\$25,000 if your TA Express Center does not have~~ 30,000. If you open a TA Truck Service Shop in connection with your TA Express Center (subject to our approval, which may be granted or withheld in our sole discretion), the Computer Installation Fee shall be increased by \$20,000, with such additional amount payable on or before the first Payment Day after your TA Truck Service shop opens. The Computer System Installation Fee is nonrefundable. ~~If your TA Express Center does have a TA Truck Service Shop, the installation fee will be increased to \$40,000.~~

## **FINANCING REVIEW FEE**

If at any time before the acquisition of the Site, or after, you or your affiliates propose to obtain any financing for the Site, the franchise for the TA Express Center, or the Operating Assets are used to secure your financing, then the form of any loan agreement with, or mortgage in favor of, any lender and any related documents must be approved by us before you sign them. You must pay for any and all costs and expenses, including reasonable attorneys' fees, we incur for the review or negotiation of the financing documents and the negotiation of a subordination agreement. In addition, you must pay us a \$5,000 financing review fee for our review of any financing documents. The financing review fee is payable at the time of our review and is not refundable under any circumstance.

## **OPENING EXTENSION FEE**

If we agree to extend the Opening Deadline, we will charge you an opening extension fee (the "Opening Extension Fee") according to our then-current extension policies. The amount of the Opening Extension Fee currently ranges between \$3,000 and \$12,500 per month. The amount of the Opening Extension Fee varies depending on a number of factors, including: (a) whether the extension is requested in connection with the execution of the Franchise Agreement; (b) the number of prior extensions requested; (c) the number of franchised locations you have; and (d) situation-specific factors. If you open the TA Express Center prior to the expiration of the extension period, we may refund a portion of the Opening Extension Fee according to our then current extension policies. The Opening Extension is payable if and when we grant the opening extension, and is nonrefundable. Last year, we received Opening Extension Fees ranging between \$0 and \$60,000.

**Item 6: OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Ongoing Royalty Fees	You must pay us (i) 4.5% of all Non-QSR Gross Sales up to and including Six Hundred Thousand Dollars (\$600,000) per month (the “Threshold Amount”) and 2% of all Non-QSR Gross Sales in excess of the Threshold Amount; (ii) 2% of all QSR Gross Sales; and (iii) \$.007 on each gallon of Motor Fuel sold at your TA Express Center <sup>1</sup>	Payable monthly 10 business days following the Report Day by electronic funds transfer	Each calendar year the Threshold Amount will be increased by using the CPI Adjustment.  You are not required to pay any Royalty under the Franchise Agreement, with respect to Gross Sales derived from a food concept that you operate at the TA Express Center pursuant to a separate franchise or license agreement with us or our Affiliates, if such separate franchise or license agreement requires payment of royalties to us or our Affiliates.
Administrative Fee	You must pay us 0.2% of all Non-Fuel Gross Sales up to and including Six Hundred Thousand Dollars (\$600,000) per month (the “Administrative Threshold Amount”).	Payable monthly 10 business days following the Report Day by electronic funds transfer	Each calendar year the Administrative Threshold Amount will be increased by using the CPI Adjustment.
Advertising Fees	Currently \$3,000 per month	Payable on the first full calendar month after opening your franchise and continuing on a monthly basis as billed by electronic funds transfer	Each calendar year the Monthly Advertising Fee will be increased by using the CPI Adjustment. In no event will the Monthly Advertising Fee be less than the then-current Monthly Advertising Fee.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee	<p>\$35,000</p> <p>If the proposed transfer is among your Owners, the transfer fee will be \$10,000.</p> <p>If the transfer is proposed prior to the first anniversary of the Opening Date, then the transfer fee will be <del>\$75,000</del> <u>125,000</u>.</p>	Time of transfer	Paid only if you transfer or sell your rights in the franchise.
Renewal Fee	\$20,000	Time of Renewal	
Reimbursement of Costs	You must reimburse us for all costs and expenses, including reasonable attorneys fees, incurred by us in connection with your renewal of the Franchise Agreement.	As incurred	
Financing Review Fee	\$5,000	Time of Review	This amount covers our costs in connection with the review of any financing you propose. We typically complete our review of financing documents within 2 weeks of your submission of a full and complete set of financing documents.

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Training of Managers, Managing Owner, and other Designated Persons; Additional Training	We have not and currently do not charge fees for the additional training, but may do so in the future at commercially reasonable hourly rates.	Time of training	You must ensure that your TA Express Center managers, as described in our Manuals, Managing Owner, and such other persons as we designate from time to time, complete our training programs relating to the TA Express System and TA Express System Standards to our satisfaction. We may require you to attend, at your expense, periodic training courses or training conferences relating to the TA Express System and TA Express System Standards at such times and locations that we designate, and we may charge then-current fees for such courses.
Late Fees	The lesser of 18% interest per annum or the maximum rate allowed by law	After due date	Applies to all overdue amounts which you owe us, including but not limited to all amounts due under the Franchise Agreement or under any other agreement between us or our Affiliates and you. Notwithstanding the above, we are not required to accept late payments.

Type of Fee	Amount	Due Date	Remarks
Audit	Delinquency of royalty and advertising fees, plus interest from the date due. In addition, if there is an understatement of Gross Sales which exceeds 2% during any accounting period, you must pay the cost of the audit	When understatement is discovered	If an inspection or audit of your books and records reveals that any payments due to us have been understated in any report, then you will immediately pay us, upon its demand, the understated amount plus interest from the date the amount was due until paid. If an inspection or audit discloses an understatement of 2% or more, then you will also reimburse us for any costs and expenses, including accounting and attorneys' fees, connected with the inspection or audit.
Approval of Products and Services/Approval of Suppliers	Cost of inspection and test	Time of inspection	You must reimburse us for the costs we incur in testing or inspecting unapproved suppliers and products. We approve or disapprove a substitute product or vendor at your request.
Operation of the TA Express Center in Case of Your Default, Absence, Incapacity or Death	Varies	Time of service	We have the right to charge a reasonable management fee during the period that our appointed manager manages your TA Express Center to prevent harmful interruption and depreciation of the TA Express Center.
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees	Upon conclusion of claim or actions	You must reimburse us for all costs in enforcing your obligations or defending any claim concerning the Franchise Agreement if we prevail.

Type of Fee	Amount	Due Date	Remarks
Insurance	Varies	As incurred in any action	If you fail to obtain and maintain the required insurance, we may do so for you and charge you for the cost plus its expenses.
Indemnification	Varies	Time of cost	You must indemnify us for any claims or liabilities arising out of your violation of any laws or regulations, including environmental regulations. You must also indemnify us for any claims or liabilities arising out to your development, ownership, or operation of the TA Express Center (even if our negligence is alleged) or as a result of your breach of this Agreement or any of the representations and warranties set forth in the Franchise Agreement.

Except where otherwise specified, we or our Affiliates impose all of the fees in this table, you pay them to us or our Affiliates, and we (or our Affiliates) do not refund them, and these fees are uniformly imposed on all new franchisees.

<sup>1</sup> Gross Sales; Non-Fuel Gross Sales; and Motor Fuel Gross Sales. Gross Sales means the total actual gross charges for all Products or Services sold to customers of your TA Express Center for cash or credit, whether these sales are made at or from the TA Express Center (including by way of clarification anywhere on the Site), or any other location; net of rebates or refunds. Any amounts that you collect and transmit to state or local authorities as sales, use, fuel or other similar taxes are excluded from the definition of Gross Sales. In the case where you receive only a commission from a business activity rather than the gross revenues from such activity (e.g., lottery ticket sales, gift card sales, ATMs, CAT branded scale sales and the like), only the commission received by you will be included in Gross Sales provided that such commissions are reasonable and customary.

Non-Fuel Gross Sales means all Gross Sales excluding sales from Motor Fuel Gross Sales.

Non-QSR Gross Sales means all Non-Fuel Gross sales, excluding QSR Gross Sales.

Motor Fuel Gross Sales means all Gross Sales of approved gasoline, fuel used in diesel engines, ethanol and other fuel blends (collectively, “Motor Fuel”) sold at your TA Express Center.

QSR Gross Sales means all Gross Sales derived from a nationally or regionally branded quick service restaurant (“QSR”) operated at the TA Express Center (including by way of clarification anywhere on the Site), for which you are required to make royalty payments to a third party.

**Item 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT FOR THE RENOVATION AND CONVERSION OF AN EXISTING TRAVEL CENTER INTO A TA EXPRESS CENTER<sup>1</sup>**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Paid
Initial Franchise Fee	<del>\$75,000</del> – <del>\$125,000</del>	Lump Sum	At signing of the Franchise Agreement	TA Franchise
<u>Opening Extension Fees<sup>2</sup></u>	<u>\$0 – \$120,000</u>	<u>Lump Sum</u>	<u>At signing of the Franchise Agreement or upon subsequent agreement as to an extension</u>	<u>TA Franchise</u>
<del>Training (1)</del> <u>Training<sup>3</sup></u>	<del>\$7,000 – \$60,000</del> <u>35,000</u>	As Arranged	As Incurred	Transportation Lines, Hotel, Restaurants, Employee Wages
Opening <del>Assistance</del> <u>(2) Assistance<sup>4</sup></u>	<del>\$20,000</del> <u>10,000</u> - <del>\$90,000</del> <u>30,000</u>	As Arranged	As Incurred	TA Franchise
Computer System Installation Fee	<del>\$25,000</del> <u>30,000</u> - <del>\$40,000</del> <u>50,000</u>	Lump Sum	As Incurred	TA Franchise
<u>Financing Review Fee</u>	<u>\$0 – \$5,000</u>	<u>Lump Sum</u>	<u>As Incurred</u>	<u>TA Franchise</u>
Real Estate Leasing Costs for 3 <del>Months</del> <u>(3) Months<sup>5</sup></u>	<del>\$0 – \$162,000</del> <u>262,000</u>	Installment	As Arranged	Landlord
Site Improvements and <del>Construction</del> <u>(4) Construction<sup>6</sup></u>	<del>\$0</del> <u>390,000</u> - <del>\$22,400,000</del> <u>4,000,000</u>	As Arranged	As Arranged	Landlord or Contractors
Equipment, Furniture & <del>Fixtures</del> <u>(5) Fixtures<sup>7</sup></u>	\$200,000 - <del>\$4,448,000</del> <u>1,113,000</u>	As Arranged	As Arranged	Vendors
Computer System and Software	\$105,000 – <del>\$225,000</del> <u>280,000</u>	As Incurred	As Arranged	TA Operating and Vendors
<del>Insurance</del> <u>(6) Insurance<sup>8</sup></u>	\$50,000 – \$400,000	As incurred	As Arranged	Insurance Company
Additional Funds – <del>3 Months</del> <u>(7) 3 Months<sup>9</sup></u>	\$250,000 – \$600,000	As Incurred	As Arranged	Vendors, Employees
<del>Vehicles</del> <u>(8) Vehicles<sup>10</sup></u>	<del>\$0 - \$200,000</del> <u>250,000</u>	As Incurred	As Arranged	Vendors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Paid
Inventory	\$ <del>345,000</del> – \$ <del>500,000</del> <u>400,000</u>	As Incurred	As Arranged	Vendors
Soft Costs, Professional Fees, Permits and <del>Bonds</del> ( <del>9</del> ) <u>Bonds</u> <sup>11</sup>	\$ <del>25,000</del> - \$ <del>350,000</del> <u>300,000</u>	As Incurred	As Arranged	Professional Consultants and Vendors
Licenses	\$0 - \$ <del>20,000</del> <u>15,000</u>	As Incurred	As Arranged	Vendors and Governmental Entities
TOTAL	\$ <del>1,152,000</del> <u>1,117,000</u> – \$ <del>29,620,000</del> <u>7,985,000</u>			

<sup>1</sup> The estimated costs in this table relate to the renovation and conversion of an existing truck stop or travel center into a branded TA Express Center. These estimates do not include the costs of ground-up construction or the costs of razing and rebuilding structures.

<sup>2</sup> Opening Extension Fees. We anticipate that the high end of this fee estimate relates to development in jurisdictions, such as California, where permitting, supply chain, and construction delays require you to seek a significant extension to the Opening Deadline. Additional information regarding these Extension Fees are set forth in Items 5 and 11 of this FDD.

### NOTES

<sup>13</sup> Training. Your key management personnel and Managing Owner must attend training programs relating to the TA Express System and TA Express System Standards. Initially, TA Franchise will make training available for up to 10 employees of yours. You must pay for the expenses for the cost of travel, room, board and wages of participating employees who attend training. ~~TA Franchise estimates these costs to be \$1,600 to \$2,100 per person, per week. The higher investment estimate includes total costs for 10 trainees for 2 weeks and additional training for general managers. We anticipate that the lower end of the range will apply to conversions of existing truckstops, which have experienced management and employees. We anticipate that the higher end of the range will apply to newly established locations without experienced management and employees.~~

<sup>24</sup> Pre-Opening Assistance. We will provide you with training assistance in connection with the TA Express System and TA Express System Standards prior to and during the opening and initial operation of your TA Express Center. You must reimburse us for the costs we incur in providing such assistance, including the travel, wages, and living expenses of our training staff. ~~We anticipate that the lower end of the range will apply to conversions of existing travel centers, which have experienced management and employees. We anticipate that the higher end of the range will apply to newly established locations without existing experienced management and employees.~~

<sup>3</sup>Real Estate. The ranges provided reflect three (3) months of the estimated costs for leasing a TA Express Center site. We cannot reasonably estimate the cost of ~~if you choose to purchase a site~~purchasing a site. The cost of purchasing real estate varies greatly depending on geographic region, whether the real estate is located in rural, suburban, or other urban context, as well as a number of other market factors. Leasing costs will vary depending on the exact size of the site, its location and the conditions affecting the market for commercial property. You will not pay any leasing costs if you already own the site. TA Franchise expects a franchisee who is operating an existing travel center to make certain improvements in order to meet TA Franchise's facility standards. These improvements may in some cases require the purchase or lease of additional real estate so that all services required at a TA-branded facility can be constructed.

<sup>4</sup>Site Improvements and Construction. This estimate includes site improvement costs, such as sewer, electrical, water, storm water, parking, striping, concrete, landscaping, grading, and excavation. It ~~also~~ includes the cost of ~~constructing a new TA Express Center or~~ renovating an existing ~~truck stop~~travel center. The renovations required for each existing service facility will vary according to the nature and type of services they presently provide. ~~The low end of this range applies to the renovation of an existing truck stop in good condition while the high end of the range applies to new construction.~~ Actual site improvement and construction costs will vary depending on the location and geographic area of the construction project, local building codes and weather conditions.

<sup>5</sup>Equipment, Furniture and Fixtures. The equipment, furniture and fixtures necessary for the operation of a TA Express Center are described in the Manuals, which is provided to you, and includes oil storage, signage, repair shop fixtures, tools, canopies, and fuel dispensers. You must purchase or lease approved brands and models, when specified by TA Franchise. The cost of the equipment will depend on financing terms available, the size of the brands purchased, and whether you already have existing equipment that meets our requirements. ~~The low end of this range applies to conversions of up-to-date existing truckstops, while the high end of the range applies to the construction of a new location.~~

<sup>8</sup>Insurance. This item includes amounts that must be paid before the opening of your TA Express Center and may not include amounts payable after the TA Express Center opens. The cost of insurance is heavily dependent on the size and scope of the business operations, including projected sales volume, labor size, and vehicle numbers. Your costs will vary depending on the location, size and scope of operations at the TA Express Center.

<sup>9</sup>Additional Funds. The three (3) months of additional funds are estimated to cover payroll, utilities, and other miscellaneous expenses of the TA Express Center. The actual amounts needed to cover expenses will depend on the size and extent of operations.

<sup>10</sup>Vehicles. The low end of this range is for a franchisee that already has a fully equipped repair truck. The high end of this range is for a franchisee that must purchase a new fully equipped repair truck.

<sup>11</sup>Soft Costs. This estimate is for legal, accounting, administrative, architectural, engineering and other professional fees that you may incur before you open your TA Express Center for

business. Your actual costs may vary depending on the degree to which you utilize outside professional advisors.

**YOUR ESTIMATED INITIAL INVESTMENT FOR THE GROUND-UP  
CONSTRUCTION OF A TA EXPRESS CENTER<sup>1</sup>**

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Paid</u>
<u>Initial Franchise Fee</u>	<u>\$75,000 – \$125,000</u>	<u>Lump Sum</u>	<u>At signing of the Franchise Agreement</u>	<u>TA Franchise</u>
<u>Opening Extension Fees<sup>2</sup></u>	<u>\$0 – \$120,000</u>	<u>Lump Sum</u>	<u>At signing of the Franchise Agreement or upon subsequent agreement as to an extension</u>	<u>TA Franchise</u>
<u>Training<sup>3</sup></u>	<u>\$7,000 – \$60,000</u>	<u>As Arranged</u>	<u>As Incurred</u>	<u>Transportation Lines, Hotel, Restaurants, Employee Wages</u>
<u>Opening Assistance<sup>4</sup></u>	<u>\$20,000 - \$90,000</u>	<u>As Arranged</u>	<u>As Incurred</u>	<u>TA Franchise</u>
<u>Computer System Installation Fee</u>	<u>\$30,000 - \$50,000</u>	<u>Lump Sum</u>	<u>As Incurred</u>	<u>TA Franchise</u>
<u>Financing Review Fee</u>	<u>\$0 – \$5,000</u>	<u>Lump Sum</u>	<u>As Incurred</u>	<u>TA Franchise</u>
<u>Real Estate Leasing Costs for 3 Months<sup>5</sup></u>	<u>\$0 – \$300,000</u>	<u>Installment</u>	<u>As Arranged</u>	<u>Landlord</u>
<u>Site Improvements and Construction<sup>6</sup></u>	<u>\$6,000,000 - \$24,400,000</u>	<u>As Arranged</u>	<u>As Arranged</u>	<u>Landlord or Contractors</u>
<u>Equipment, Furniture &amp; Fixtures<sup>7</sup></u>	<u>\$200,000 - \$5,448,000</u>	<u>As Arranged</u>	<u>As Arranged</u>	<u>Vendors</u>
<u>Computer System and Software</u>	<u>\$105,000 – \$280,000</u>	<u>As Incurred</u>	<u>As Arranged</u>	<u>TA Operating and Vendors</u>
<u>Insurance<sup>8</sup></u>	<u>\$50,000 – \$400,000</u>	<u>As incurred</u>	<u>As Arranged</u>	<u>Insurance Company</u>
<u>Additional Funds – 3 Months<sup>9</sup></u>	<u>\$250,000 – \$600,000</u>	<u>As Incurred</u>	<u>As Arranged</u>	<u>Vendors, Employees</u>
<u>Vehicles<sup>10</sup></u>	<u>\$0 - \$250,000</u>	<u>As Incurred</u>	<u>As Arranged</u>	<u>Vendors</u>
<u>Inventory</u>	<u>\$500,000 - \$1,150,000</u>	<u>As Incurred</u>	<u>As Arranged</u>	<u>Vendors</u>
<u>Soft Costs, Professional Fees, Permits and Bonds<sup>11</sup></u>	<u>\$100,000 - \$1,000,000</u>	<u>As Incurred</u>	<u>As Arranged</u>	<u>Professional Consultants and Vendors</u>
<u>Licenses</u>	<u>\$0 - \$40,000</u>	<u>As Incurred</u>	<u>As Arranged</u>	<u>Vendors and Governmental Entities</u>
<u>TOTAL</u>	<u>\$7,387,000 - \$34,253,000</u>			

<sup>1</sup> The estimated costs in this table relate to the ground-up construction of a TA Express Center.

<sup>2</sup> Opening Extension Fees. We anticipate that the high end of this fee estimate relates to development in jurisdictions, such as California, where permitting, supply chain, and construction delays require you to seek a significant extension to the Opening Deadline. Additional information regarding these Extension Fees are set forth in Items 5 and 11 of this FDD.

<sup>3</sup> Training. Your key management personnel and Managing Owner must attend training programs relating to the TA Express System and TA Express System Standards. Initially, TA Franchise will make training available for up to 10 employees of yours. You must pay for the expenses for the cost of travel, room, board and wages of participating employees who attend training.

<sup>4</sup> Pre-Opening Assistance. We will provide you with training assistance in connection with the TA Express System and TA Express System Standards prior to and during the opening and initial operation of your TA Express Center. You must reimburse us for the costs we incur in providing such assistance, including the travel, wages, and living expenses of our training staff.

<sup>5</sup> Real Estate. The ranges provided reflect three (3) months of the estimated costs for leasing a TA Express Center site. We cannot reasonably estimate the cost of purchasing a site. The cost of purchasing real estate varies greatly depending on geographic region, whether the real estate is located in rural, suburban, or other urban context, as well as a number of other market factors. Leasing costs will vary depending on the exact size of the site, its location and the conditions affecting the market for commercial property. You will not pay any leasing costs if you already own the site. TA Franchise expects a franchisee who is operating an existing travel center to make certain improvements in order to meet TA Franchise's facility standards. These improvements may in some cases require the purchase or lease of additional real estate so that all services required at a TA-branded facility can be constructed.

<sup>6</sup> Site Improvements and Construction. This estimate includes site improvement costs, such as sewer, electrical, water, storm water, parking, striping, concrete, landscaping, grading, and excavation. It includes the cost of constructing a new TA Express Center. Actual site improvement and construction costs will vary depending on the location and geographic area of the construction project, local building codes and weather conditions.

<sup>7</sup> Equipment, Furniture and Fixtures. The equipment, furniture and fixtures necessary for the operation of a TA Express Center are described in the Manuals, which is provided to you, and includes oil storage, signage, repair shop fixtures, tools, canopies, and fuel dispensers. You must purchase or lease approved brands and models, when specified by TA Franchise. The cost of the equipment will depend on financing terms available, the size of the brands purchased, and whether you already have existing equipment that meets our requirements.

<sup>68</sup> Insurance. This item includes amounts that must be paid before the opening of your TA Express Center and may not include amounts payable after the TA Express Center opens. The cost of insurance is heavily dependent on the size and scope of the business operations, including

projected sales volume, labor size, and vehicle numbers. Your costs will vary depending on the location, size and scope of operations at the TA Express Center.

<sup>7-9</sup> Additional Funds. The three (3) months of additional funds are estimated to cover payroll, utilities, and other miscellaneous expenses of the TA Express Center. The actual amounts needed to cover expenses will depend on the size and extent of operations.

<sup>8-10</sup> Vehicles. The low end of this range is for ~~an existing travel center~~ a franchisee that already has a fully equipped repair truck. The high end of this range is for a ~~travel center~~ franchisee that must purchase a new fully equipped repair truck.

<sup>9-11</sup> Soft Costs. This estimate is for legal, accounting, administrative, architectural, engineering and other professional fees that you may incur before you open your TA Express Center for business. Your actual costs may vary depending on the degree to which you utilize outside professional advisors.

The ranges and categories of expenses listed on the tables above in this Item 7 are based solely on the experience of our company-owned TA Express Centers, and information provided by our existing franchisees. You should review these figures carefully with a business advisor before deciding to acquire the franchise.

Any fees paid to TA Franchise or its Affiliates are not refundable. Fees paid to any third party may be refundable, depending upon the contracts, if any, between you and that third party.

## **Item 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### Sources of Products and Services

To ensure the high standards of quality and service maintained in the TA Express Center, you must operate the TA Express Center in strict conformity with the TA Express System Standards that we provide in the Manuals or otherwise in writing. We may update and revise the TA Express System Standards and will notify you of these changes by electronic or written communication (including the Internet). You must review, understand, adhere to and abide by all TA Express Standards. We may modify, add to, or rescind any TA Express System Standard to adapt the TA Express System to changing conditions, competitive circumstances, business strategies, business practices, technological innovations and other changes we deem appropriate in our business judgment. You must comply with all such modifications, additions, and rescissions.

The standards and specifications we provide to you may include, but are not limited to, any or all of the following:

1. design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;

2. types, models and brands of required fixtures, furnishings, equipment, signs, computers, software, materials and supplies;
3. required or authorized Services and Products and product or service categories;
4. designated or Approved Suppliers (which may include us or our Affiliates) of all assets used or usable in the operation of your TA Express Center (the “Operating Assets”) ~~including your~~ Computer Systems, ~~as well as the~~ Proprietary Supplies, Motor Fuel, Products and Services.

In order to maintain the quality and uniformity of the Products and Services offered at the TA Express Center, we may require you to purchase all items, goods, products, ingredients, fixtures, furnishings, equipment, décor items and signage from suppliers (which may include us or our Affiliates) who demonstrate to our continuing satisfaction the ability to meet the TA Express System Standards; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us and not thereafter disapproved (“Approved Suppliers”).

Certain ~~goods, ingredients, and products bear our Marks or are made to our~~ items are proprietary specifications by approved manufacturers to the TA System or its Affiliates, incorporate our trade secrets, or bear the Marks, including ~~but not limited to~~ employee clothing, uniforms, stationary, forms, Products, and advertising materials or are otherwise designated as such by us (“Proprietary Supplies”). You are required to purchase Proprietary Supplies from us, our Affiliates, or Approved Suppliers. We currently specify certain brands of product (such as tires, motor oil, and coffee) that you must offer at your TA Express Center. Although we have negotiated volume purchasing arrangements with Approved Suppliers of these products, we do not presently require you to purchase these branded products from a particular source.

We do, however, have the absolute right to limit the suppliers with whom you deal. We may restrict your sources of materials, fixtures, equipment, furniture, signs, products, goods, and services now and in the future, in order to protect our trade secrets, assure quality, assure a reliable supply of products and services that meet our TA Express System Standards, achieve better terms and delivery service, control usage of the Marks, and monitor the manufacture, packaging, processing and sale of these items. If we, at our option, limit the sources of certain materials, fixtures, equipment, furniture, signs, products, goods, and services to us, or to our Affiliates and/or specified exclusive or approved sources, then you must acquire these only from these approved sources at prices we or they decide to charge. Specifically, we reserve the right to designate ourself or an Affiliate as the sole Approved Supplier of Proprietary Supplies and/or Motor Fuel and we have no obligation to evaluate or consider alternative suppliers of Proprietary Supplies or Motor Fuel. Any purchases you make from us or from our Affiliates, whether required or voluntary, may be at prices exceeding our cost.

If you desire to purchase or lease any unapproved product, supplies, service or equipment or purchase or lease any approved product, supplies, service or equipment from an unapproved supplier, you must notify us in writing and request approval. We have the right to require that our representatives be permitted to inspect the proposed supplier’s facilities and test or evaluate

the proposed supplier's product, supplies, service or equipment. We have the right to request that samples be delivered to us or to an independent testing facility chosen by us. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test will be paid by you or the unapproved supplier. We will, within 30 days of receipt of a completed request and completion of the evaluation and testing, notify you in writing of our approval or disapproval of the supplier and/or the proposed product, supplies, service or equipment. We may, at our option, re-inspect the facilities of any such approved supplier and to re-test or re-evaluate any previously approved products, supplies, service or equipment and to revoke our approval upon the supplier's failure to continue to meet any of our then-existing supplier, product, equipment or service criteria, or as otherwise reasonably determined by us.

We and our Affiliates may negotiate group or volume purchasing arrangements with certain Approved Suppliers. We and our Affiliates will be entitled to all rebates, bonuses and promotional benefits associated with those programs. We may derive revenue from the purchase by you of products or services from Approved Suppliers. We and any of our Affiliates have the right to receive payments or other material consideration from Approved Suppliers on account of their actual or prospective dealings with our franchisees and to retain or use all amounts of revenue we or our Affiliates receive without restriction for any purposes we or our ~~affiliates~~[Affiliates](#) deem appropriate. We, in our sole judgment, may concentrate purchases with one or more Approved Suppliers or to obtain lower prices, advertising support, and/or services for the benefit of us or our Affiliates, or for any other reason that we deem appropriate.

In addition, we may develop certain programs and terms under which we, our Affiliates, certain franchisees or others receive certain negotiated benefits or terms from Approved Suppliers. You must follow all of our policies and procedures for participation in and termination of such programs. The program rules may require you to place or display at your TA Express Center certain approved signs, emblems, lettering, logos and display materials. We or our Approved Suppliers may require you to enter into certain agreements with them (subject to our approval) in connection with your participation in such programs.

We or our Affiliates may be designated as an Approved Supplier or the sole Approved Supplier of any item, in our sole discretion. We may establish supply facilities or servicing capabilities owned by us or our Affiliates which we may designate as an Approved Supplier. We or our Affiliates may derive revenue from the direct sale or lease of products or services to you. We or our Affiliates also may derive revenue or otherwise benefit from the sale or lease of goods or services to you from Approved Suppliers. Subject to any intervening applicable laws, we and our parents and Affiliates may retain 100% of any rebates, commissions or other consideration paid by suppliers. We estimate that your purchases from Approved Suppliers or from suppliers that we designate, and otherwise under our standards, will be approximately 2% to 6% of the total purchases and leases of products and services needed to establish the TA Express Center, and 2% to 6% of the total purchases and leases of products and services needed to operate the TA Express Center. We may use any of our Affiliates' resources, including programs, services, and personnel, that we deem appropriate in our sole discretion.

We do not provide material benefits to you based on your purchase of particular products or services or use of designated or Approved Suppliers. Certain designated or Approved Suppliers

may provide bulk discounts, rebates, and other incentives to you in connection with your purchase of particular products or services.

TA Operating charges a \$33 per-call transaction fee for coordinating and referring repairs to franchisees in connection with the TA Truck Service Emergency Roadside Assistance Program. This fee is only payable to the extent to which a franchisee operates a TA Truck Service Shop at the TA Express Center and desires and accepts a given referral for highway breakdown service repair.

Except for any nominal interests in our affiliates, none of our officers currently own an interest in any supplier.

For the fiscal year ended December 31, ~~2022~~2023, TA Franchise had no revenue from required purchases and leases by franchisees.

For the fiscal year ended December 31, ~~2022~~2023, our Affiliate TA Operating's revenue from required purchases and leases by TA franchisees totaled ~~\$8,561~~18,465. This information was obtained from TA Operating's internal accounting records.

Neither we, our Affiliates, nor the individuals listed in Item 2 are the sole approved suppliers of any products or services, except our Affiliates are the sole approved supplier of the Proprietary Systems (as defined below) and the following products and services: shower towels.

~~Additionally, you~~You must use certain systems in the operation of your TA Express Center. We require you to purchase the Proprietary Systems, including ~~at~~the rewards computer system, a proprietary shop system (to the extent you have a TA Truck Service Shop), and a proprietary shower system from TA Operating. TA Operating is the sole approved supplier of the Proprietary Systems. The Proprietary Systems are sold to you at TA Operating's actual cost. All other Computer Systems and software must be purchased directly from third-party vendors, as set forth in Item 11.

### Insurance

You must obtain and maintain at your expense such insurance policies (which are primary as to any other existing, valid, enforceable or collectible insurance) protecting you, TA Franchise (and its Affiliates) and the respective officers, directors, partners and employees against any loss, liability, or expense arising or occurring upon or in connection with the TA Express Center as TA Franchise may require under or pursuant to the Manuals, or otherwise in writing, for its own and your protection. Upon execution of the Franchise Agreement, you must furnish to TA Franchise for approval a Certificate of Insurance showing compliance with your insurance requirements. The certificate must state that the policy or policies must not be cancelled or materially altered without at least 30 days prior written notice to TA Franchise and reflect proof of payment of premiums. Certificates of Insurance must also be provided to TA Franchise during the term of the Franchise Agreement, upon the renewal of any underlying insurance policy or upon request by TA Franchise. Within 30 days after the execution of the Franchise Agreement (or any renewal agreement), and at any time upon request by TA Franchise, you must deliver to TA Franchise a copy of each required insurance policy. TA Franchise and any of our Affiliates that we designate must be named as an additional insured on all required policies. TA

Franchise may modify the minimum insurance requirements and notify you of changes in writing. All insurance policies must be issued by carriers who are licensed and admitted to write coverage in the state where the Site is located and are rated A- or higher by A.M. Best and Company, Inc. No deductible may be greater than \$500,000.

We currently require you to maintain the following insurance coverages:

- (a) Comprehensive general liability insurance and product liability insurance with limits of ten million dollars (\$10,000,000.00) combined single limit per occurrence, including broad form contractual liability, personal injury, and products completed operations. The policy must list us and our Affiliates, directors, officers, agents and employees as additional insureds.
- (b) All risk (special perils) property insurance, on the TA Express Center and all fixtures, equipment, inventory, and real property used in the operation of the TA Express Center, for full repair and replacement value, without depreciation or co-insurance. In addition, the policy must cover lost income due to property damage.
- (c) Commercial automobile liability insurance with a combined single limit of five million dollars (\$5,000,000.00) per occurrence for all vehicles (owned, hired, rental, leased) used in connection with the operation of the TA Express Center. The policy must list us and our Affiliates, directors, officers, agents and employees as additional insureds. If the TA Express Center uses no vehicles for business purposes this requirement may be reduced with written agreement from us.
- (d) Pollution legal liability insurance with limits of not less than five million dollars (\$5,000,000) per occurrence and in compliance with all state, local and federal regulations, which is inclusive of the entire TA Express Center and Site as well as all USTs (underground storage tanks), or if the state where located has a tank fund, then coverage for USTs to equal five million dollars (\$5,000,000) with excess coverage.
- (e) Worker's compensation insurance in amounts required by all applicable laws in which your TA Express Center is located.
- (f) Employer's Liability insurance, with limits of at least one million dollars (\$1,000,000.) per accident. The policy must list us and our Affiliates, directors, officers, agents and employees as additional insureds.
- (g) Cyber Risk insurance, with limits of not less than \$2,000,000 for each claim, covering claims arising out of or related to (a) investigation of an actual or alleged security failure, privacy event, security breach of other related incident, including but not limited to forensic services, legal counsel, and breach coaching services, breach response, and notification services, call center services, credit and identity theft monitoring and protection services, media and public relations services; (b) business income/business interruption/extra expense; (c) digital and data asset protection and restoration; (d) network security & consumer privacy liability; (e) regulatory defense and indemnification, including fines and assessments; (f) multimedia liability; (g) cyber

extortion, including but not limited to the use of ransomware or other malware to compromise your systems; and (h) social engineering or other forms of electronic manipulation that result in covered loss;

- (h) Liquor liability insurance (but only if serving or selling alcoholic beverages at the TA Express Center), with limits of not less than \$3,000,000.00 for each common cause and \$3,000,000.00 annual aggregate covering bodily injury and property damage if liability for either bodily injury or property damage is imposed by reason of the selling, serving or furnishing of any alcoholic beverage by you;
- (i) Garagekeepers' liability insurance with limits of not less than \$60,000 per occurrence in conjunction with the care, custody and control of vehicles at the TA Express Center;
- (j) Such other insurance as is required under any financing document (if any) for the TA Express Center or any lease for the premises of the TA Express Center; and
- (k) Such other insurance as we may specify from time to time due to identification of risks and available coverages.

You must maintain the insurance coverages in the minimum amounts we prescribe in the Manuals. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances.

#### Leases, Sub-Leases, Franchises, and Management Agreements

You may not enter into a lease, sub-lease, franchise agreement, or management agreement with any third party in connection with any portion of the Site or your TA Express Center without providing us copies of the relevant agreements and related documents and obtaining our prior approval, which may be withheld or conditioned in our sole discretion. We may, ~~in our sole discretion,~~ require that you delete, revise or insert provisions into such agreements, as we deem necessary to protect our rights under the Franchise Agreement. Further, we may, ~~in our sole discretion,~~ review and approve the rental income or other consideration to confirm it is fair market value (to the extent such rental income will be included as Gross Sales). Once such an agreement is approved, you may not modify or amend it without obtaining our prior approval, which may be withheld or conditioned in our sole discretion.

### **Item 9: FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the Franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of the Disclosure Document.**

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
a. Site selection and acquisition	Section 4	Items 7 and 11

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
b. Pre-opening purchases/leases	Section 5.1	Items 5, 7, and 8
c. Site development and other pre-opening requirements	Section 5.2	Items 5- 8, and 11
d. Initial and on-going training	Section 6	Items 6, 7, and 11
e. Opening	Sections 5.2, 5.3, and 5.4	Items 7, 8, and 11
f. Fees	Section 9	Items 5 and 6
g. Compliance with Standards and Policies/Operating Manuals	Sections 7.1, 7.2 and 7.3	Item 8, 11, 13 – 16.
h. Trademarks and Proprietary Information	Sections 10 and 11	Items 13 and 14
i. Restrictions on Products/ Services Offered	Sections 7.4, 7.5 and 7.6	Items 8 and 16
j. Warranty and Customer Service Requirements	Section 3.5	Items 8 and 16
k. Territorial Development and Sales Quotas	Sections 3.3 and 3.4	Item 12
l. On-going Product/Service Purchases	Sections 7.4, 7.5, 7.6 and 7.7	Items 6, 8, 11, and 16
m. Maintenance, Appearance and Remodeling Requirements	Section 7.13	Items 6, 7 and 8
n. Insurance	Section 8	Items 6 – 8
o. Advertising	Section 13	Items 6, 7, and 11
p. Indemnification	Section 20.6	Item 6
q. Owner’s Participation/ Management/Staffing	Sections 7.11 and 7.12	Item 15
r. Records/Reports	Section 14	Items 6 and 8
s. Inspections/Audits	Section 15	Items 6, 8, and 11
t. Transfer	Section 16	Item 17
u. Renewal	Section 17	Item 17
v. Post-termination Obligations	Section 19	Item 17
w. Non-Competition Covenants	Section 19.4	Item 17

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
x. Dispute Resolution	Sections 21.7 – 21.12	Item 17

### **Item 10: FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

### **Item 11: FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

#### **Pre-Opening Assistance**

Before you open your TA Express Center, we or our designee will:

1. Provide you with any current site selection guidelines and any other site selection counseling and assistance we think advisable (Franchise Agreement, Section 4.1).
2. Provide on-site evaluations in response to your reasonable request for site approval. We will not provide on-site evaluations for any proposed site before we receive the required information and materials concerning the proposed site. We may charge you for our reasonable expenses incurred with on-site evaluations, including the cost of travel, lodging, meal per diem and wages (Franchise Agreement, Section 4.1).
3. Provide one set of Development Plans, which must be adapted for your site by a licensed architect that you retain (Franchise Agreement, Section 5.1).
4. Provide one set of the Manuals, which we may revise during the term of the Franchise Agreement (Franchise Agreement, Section 7).
5. Provide a list of Approved Suppliers, Proprietary Supplies, and Approved Products (Franchise Agreement, Sections 7.4-7.6).
6. Review advertising, promotional, marketing and public relations materials to use in the pre-opening promotion of the TA Express Center and approve such materials as we deem appropriate (Franchise Agreement, Section 13.3).
7. Provide pre-opening training relating to the TA Express System and TA Express System Standards as set forth in this Item 11 (Franchise Agreement, Section 6).
8. Provide assistance in installing and setting up certain aspects of your Computer System and Proprietary Systems.

#### **Post-Opening Assistance**

During the operation of your TA Express Center, we will:

1. Advise you from time to time regarding the operation of your TA Express Center. We will furnish you with standards, specifications and operating procedures and methods utilized by TA Express Centers. We will advise you regarding: purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies; types of and procedures for Services and Products; Approved Suppliers and Approved Vendors; advertising and marketing programs; and training in the TA Express System and TA Express System Standards (Franchise Agreement, Section 6)

2. Provide initial and on-going assistance to you, including an “opening team” who will be available to you for up to two weeks after opening. (Franchise Agreement, Section 6)

3. Provide to you during the term of the Franchise Agreement with any amended or revised version of the Manuals (Section 7.1 and 7.3).

We may suggest retail pricing for the products, merchandise and services offered by your TA Express Center. We also may, to the fullest extent permitted by applicable law, establish maximum, minimum or other pricing requirements with respect to the prices you charge for products, beverages, merchandise or services.

We negotiate fuel pricing discounts with nationwide and regional fleet customers. You are required to honor the same fuel pricing discounts that our Company-owned Sites offer to fleet customers in the same state. However, you can choose to match any Company-owned Site’s pricing in that state that is most favorable to you. As such, you must keep your prices in line with, or lower, than our Company-Owned Sites for such fleet customers in the same state. This requirement serves as a price ceiling for our fleet customers in a given state, but does not preclude you from offering steeper discounts where it may be advantageous to do so. We include in this requirement certain protections so that you are not obligated to sell fuel at less than ~~their~~ your cost to purchase it. You are of course able to and encouraged to follow the same exact pricing deals at our Company-owned Sites. We use a state-based pricing model because it takes into account certain biofuel credits and other programs in such state, proximity to rack distribution locations, and state-specific tax rates. We may adjust our fuel pricing discount programs in the future

If you sell any products, beverages, services or merchandise at any price recommended or required by us, you acknowledge that we have made no guarantee or warranty that the recommended or required price will enhance your sales or profits.

### **Site Selection**

You must select the Site. TA Franchise must approve the Site you select, generally within 30 days of signing the Franchise Agreement. The methods used by TA Franchise in approving the location for the proposed Site may include general location, proximity to highway and immediate surroundings, traffic patterns, size, layout, other physical characteristics, access, and area competition. If you and we are unable to agree on a site or you have not obtained a fee interest in, or a fully signed lease agreement for, an approved site within 90 days of executing the

Franchise Agreement, we may terminate the Franchise Agreement. Our Affiliate, TA Operating, owns and leases Franchise Premises to certain of our current franchisees.

### **Pre-Opening Development of Site; Site Maintenance**

After you sign a Franchise Agreement, you must complete development of the Site and open the TA Express Center for business. Among other things, you must: prepare and submit to TA Franchise a site survey and layout showing any modifications to comply with TA Franchise's Development Plans; obtain all required zoning changes, permits and licenses; purchase or lease equipment, fixtures, furniture and signs; complete the construction and/or remodeling of the Site; install equipment, furniture, fixture and signs; obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; and cause the Site to be in full compliance with the Resource Conservation and Recovery Act and all other laws applicable to aboveground and underground storage facilities and other applicable environmental matters. You must develop the TA Express Center in accordance with the minimum requirements set forth in Exhibit C to the Franchise Agreement.

If you are not already operating a truckstop or travel center facility, you must construct such improvements or buildings as are necessary to cause the Site to accommodate the operation of a TA Express Center. Your plans must be approved in advance by TA Franchise, and you must obtain and comply with all permits, licenses and laws.

You must, at all times, make diligent good faith efforts to develop and open the TA Express Center in a timely manner, including by promptly, expeditiously, and continuously working to: (a) obtain any necessary financing; (b) obtain all governmental permits and approvals; and (c) commence and complete construction.

You must maintain the condition and appearance of the TA Express Center consistent with TA Express System Standards. You must maintain the TA Express Center as is periodically required to maintain or improve the appearance and efficient operation of the TA Express Center, including the replacement of worn out or obsolete fixtures and certain signs, repair of the exterior and interior of the TA Express Center, and redecorating, and you may be required to make periodic capital expenditures to remodel, modernize and redecorate the TA Express Center so that the TA Express Center will reflect the then-current image intended to be portrayed by TA Express System Standards. All remodeling, modernization or redecoration of the TA Express Center must be done in accordance with TA Express System Standards as required by TA Franchise and with TA Franchise's prior written approval.

We provide specifications and the names of approved suppliers with respect to equipment, signs, fixtures, and opening inventory.

If the TA Express Center is damaged or destroyed, you must use best efforts to repair, restore or rebuild the TA Express Center in accordance with TA Franchise's then-current standards and specifications at the earliest possible date, and the repairs, restoration or rebuilding must be completed within six months after the damage to the TA Express Center occurs or its premises,

unless you request, and we agree to, a later date in writing within three months after the occurrence of the damage or destruction.

## **Time to Open**

The typical length of time between the signing of the Franchise Agreement or the first payment for the franchise, and the opening of your business, is between approximately 24 and 36 months for franchisees who are building a new facility and between approximately 6 and 12 months for franchisees who are converting an existing facility to a TA Center. These time lines may be affected by several factors, including whether you own or have a lease in place for the Site when signing your Franchise Agreement, weather, the scope and complexity of your construction, construction delays, and financing issues. Additionally, ~~since the beginning of the COVID-19 pandemic, in some jurisdictions (including California)~~ we have seen supply chain ~~related issues~~ and permitting issues ~~in several states (including California)~~ delay construction by an additional 12 to 18 months in some circumstances. ~~It is not clear whether such delays will be common moving forward.~~

You must open the TA Center within 24 months after signing the Franchise Agreement (the “Opening Deadline”). If you believe that it will take you longer to open the TA Center, including as a result of the factors listed above, then you may negotiate an extension to the Opening Deadline in connection with the execution of the Franchise Agreement, in accordance with our then-current extension policies. If you need to request an extension to the Opening Deadline after execution of the Franchise Agreement, we may, in our sole discretion, agree to extend your Opening Deadline by providing written confirmation of the extension to you and we may require you to pay an extension fee in connection with your request. The extension fee would likely range between \$3,000 and \$12,500 per month, depending on a number of factors, including whether the extension is requested at the time of execution of the Franchise Agreement or subsequently, the length of the extension requested, whether prior extension requests have been made, and whether there are mitigating factors underlying the extension request.

We offer early opening incentive credits [for franchisees who are constructing a new TA Express Center from the ground up](#), ranging between \$2,000 and \$4,000 for each 30 day period that you open prior to the Opening Deadline set forth in your Franchise Agreement, and capped at between \$24,000 and \$48,000 of total credits. The amount of the monthly credit and the total cap depends on how many Franchise Agreements you have executed with us.

If you are converting your operation to a TA Express Center, you will convert the operation according to a schedule and plans and specifications upon which TA Franchise and you agree in writing. If you are building a new facility, your plans and specifications must be approved by TA Franchise in advance, and construction must be completed within ten months after signing the Franchise Agreement. Before opening for business, you must have obtained all necessary licenses, permits, and approvals, hired and trained personnel, made all leasehold improvements, and purchased inventory.

## **Advertising and Promotion**

Beginning on the first full calendar month after opening your TA Center, you must pay to us an Advertising Fee (the “Monthly Advertising Fee”) of \$3,000.00 per month. Each calendar year the Monthly Advertising Fee will be increased by using the CPI Adjustment discussed in Item 6 and Section 9.4 of the Franchise Agreement. The Monthly Advertising Fee will never be less than the then-current Monthly Advertising Fee. TA Express Centers owned and operated by TA Operating also pay the Monthly Advertising Fee.

We will direct all advertising, marketing and public relations programs and materials that we deem necessary or appropriate in our sole judgment. We have sole discretion over all activities, including, without limitation, the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. Your Monthly Advertising Fees may be used to pay the costs of, without limitation, preparing and producing video, audio and written advertising materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; marketing and advertising training programs and materials; and supporting public relations, market research and other advertising, promotion and marketing activities.

Our advertising activities are intended to maximize recognition of the Marks and patronage of both TA Centers and TA Express Centers. Although we will endeavor to benefit all TA Express Centers and TA Centers, we undertake no obligation to ensure that our advertising expenditures in or affecting any geographic area are proportionate or equivalent to your Advertising Fee payments to us, or that any TA Express Center will benefit directly or in proportion to its Monthly Advertising Fees. We do not have a franchisee advertising council that advises us on advertising policies.

In support of the TA brand, TA Franchise spends an amount equal to or greater than collected Monthly Advertising Fees on the following marketing and public relations activities:

- General brand messages
- Radio, digital, print and other media campaigns
- Periodic promotions in specific business areas
- Marketing activity related to customer engagement and loyalty
- Public relations including nationally supported charities, key sponsorships and other image building activity.
- Trade shows, both consumer and commercially focused
- Maintenance of the TA’s web site, social media presence, digital listings service and other centrally directed brand programs
- Market research as may be required of the brand
- Other brand support as may be required or initiated

We typically spend all Monthly Advertising Fees in the year we collect them. Nonetheless, we may roll over excess amounts to subsequent years.

For the year ending December 31, ~~2022~~2023, we spent ~~22.8~~18.7% of the Monthly Advertising Fees on production costs, ~~59.2~~69.4% of the Monthly Advertising Fees on media placement, ~~30.8~~% of the Monthly Advertising Fees on administrative expenses, ~~1.4~~1.5% of the Monthly Advertising Fees on research and ~~16.3~~9.6% of the Monthly Advertising Fees on other expenses, including tradeshow events, marketing programs, and public relations agencies. ~~We do not use~~

Approximately, 0.2% of Monthly Advertising Fees identified above were used to solicit new franchise sales by way of participation in industry trade shows and advertisements in trade publications.

Upon written request by you, we will provide you with an unaudited report on the use of Monthly Advertising Fees during the prior fiscal year.

We do not have any advertising cooperatives or advertising councils.

We are not required to spend any amount on advertising in your Protected Area.

### **Local Advertising**

Any advertising, promotion and marketing you conduct must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. We may inspect and approve or disapprove all advertising, promotional, and marketing materials and marketing campaigns.

### **Online Advertising**

We may control or designate the manner of your use of all URLs, domain names, website addresses, metatags, links, key words, email addresses, social media accounts, and any other means of electronic identification or origin (“E-Names”). We may also designate, approve, control or limit all aspects of your use of e-commerce. You must follow all of our policies and procedures for the use and regulation of e-commerce, including all of our policies and procedures for customer referrals via e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks or the TA Express System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce that we designate or operate. We may restrict your advertising activities to the use of only the E-names we designate. We may require that you provide information to us via e-commerce. We may require you to, at your expense, coordinate your e-commerce activities with us and other TA Express Centers, Approved Suppliers, Preferred Vendors and Affiliates. We may require you to participate in Intranet Systems we establish or designate and obtain the services of and pay the then-current fees for such services.

You may be required to place, in the manner designated by us, any and all materials, including point of purchase materials, promoting the TA Express System that we from time to time provide to you. You must use your best efforts to advance the reputation of TA Express Centers in order to increase the goodwill of the Marks. You must participate in all then-current promotions, marketing and new product or service programs, as made available from time to time by us (the

“Promotional Programs”). These Promotional Programs may have additional charges. We have the right to establish or eliminate Promotional Programs, in our sole discretion.

## **Computer Systems**

You must provide your own network and telecommunications services, with technology we designate, and you must utilize certain redundant “back-up” systems meeting our TA Express System Standards. You must use the computer systems, hardware, software, and services we specify in developing and operating the TA Express Center (the “Computer Systems”). We may require you to obtain specified Computer Systems, including the rewards computer system, proprietary shop system, and proprietary shower system, and related services from our Affiliates and may modify specifications for any components of the Computer System or related services from time to time. Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer Systems during the Term. You will incur costs in connection with obtaining the computer hardware and software comprising the Computer Systems (or additions or modifications). Within 30 days after you receive notice from us, you must obtain the components of the Computer Systems that we designate and require. The Computer Systems must be capable of connecting your TA Express Center’s Computer System with our Computer Systems so that we can review the results of your TA Express Center’s operations. We also have the right to charge you a systems fee (the “Computer Systems Fee”) for any proprietary software that we license to you and other maintenance and support services that we, or our Affiliates, furnish to you related to the Computer Systems. You will be required to comply with the terms of any “terms of use,” “privacy policies,” “information security policies,” or “user rules” we may designate in our sole discretion relating to the Computer System and any website we designate. Certain components and proprietary technology utilized by the TA Express Center may be furnished to you pursuant to a sublicense or license we have obtained from a third-party owner, developer or manufacturer. You may be required to take actions and sign documents on behalf of a third party in connection with the license or sublicense. You will also be required to install and maintain certain security software on your Computer Systems (such as virus protection, firewalls, and malware blockers) as designated by us from time to time.

We may require you to obtain certain software and network services from the third party providers. These services may include, but are not limited to, providing and managing network equipment, providing information security services, and providing Payment Card Industry (PCI) and other compliance services.

You must be PCI & Data Security Standard (DSS) compliant and remain compliant at all times. You must submit the necessary documentation at least every calendar year to prove your compliance per our TA Express System Standards. We have the right to request proof of your PCI DSS compliance at any time.

You must comply in all respects with the information security standards set forth in the TA Express System Standards. We have the right to complete an initial security review, including a risk assessment questionnaire. If a risk assessment questionnaire is requested, you must provide back answers within a reasonable timeframe, but no more than 20 calendar days from the date of

our request. We may periodically perform security reviews. If any security review identifies any deficiencies, you will, at your sole cost and expense, promptly take all actions necessary to remediate those deficiencies. You will inform us within 48 hours of detecting an actual or suspected security incident, as defined as the act of violating an explicit or implied security policy or security requirement. You will inform us within 24 hours of detecting an actual or suspected security breach, as defined as a security incident that results in unauthorized access of data, applications, services, networks, and/or devices. In the event of a security incident or security breach, you will fully cooperate and provide us the necessary information and resources to perform a thorough investigation.

Your estimated initial hardware expense for Computer Systems will range from \$85,000 to ~~\$185,000~~220,000 and your initial software expense will range from \$20,000 to ~~\$40,000~~60,000. You must also pay us a Computer System Installation Fee of ~~\$25,000~~30,000 (or ~~\$40,000~~50,000 if you have a TA Truck Service Shop). On-going expenses related to Computer Systems are estimated to be between \$12,000 and ~~\$30,000~~40,000 per year. We have independent access to the information generated and stored in the Computer Systems.

### **Capital Modifications**

We may periodically modify TA Express System Standards, which may accommodate regional or local variations as we determine, and any such modifications may obligate you to invest additional capital in the TA Express Center (“Capital Modifications”) and/or incur higher operating costs. The Capital Modifications may include, among other things, changes to the Marks, the TA Express Center facade and structure, the Operating Assets, the Products and Services to be offered at the TA Express Center, interior specifications and equipment. You must comply with these changes to TA Express System Standards within 60 days unless the Capital Modifications will be greater than \$15,000 in which case you will have four months to comply.

### **Table of Contents of Manual**

The Table of Contents of our Manual is at Exhibit C. Our Manual is 144 pages long.

### **Training**

You must ensure that your TA Express Center managers, as those functions are described in our Manuals, your Managing Owner, and such other personnel as we designate from time to time, complete our training programs relating to the TA Express System and TA Express System Standards to our satisfaction prior to the opening of the TA Express Center. Training is mandatory. TA Franchise will not charge a training fee for the initial employee to hold each of the above-listed job functions, but you will be responsible for all expenses incurred by these individuals in attending training, including salary, travel and living expenses.

The tables below describe the training that will occur after signing the Franchise Agreement. The initial training will be conducted at times and locations designated by TA Franchise, but the training will not begin any sooner than the 30th day after you sign the Franchise Agreement. Management training ranges from 5-28 business days in duration at a place TA Franchise

designates. You or your manager must complete the training program to TA Franchise's specifications.

## TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
<u>1. FUEL DEPARTMENT MANAGER/STORE MANAGER</u>			
Fuel Department On-Site Training; Overall department operation	0	<del>24</del> <u>32</u>	Company Location
Quality, Service and Cleanliness Standards (Fuel Department and Showers), coffee program, <del>Daymaker.</del>	0	<del>6</del> <u>8</u>	Company Location
Manager Functions to include; Report analysis, Extranet Navigation, RTO, DM expectations, ServiceNow ticket reporting, and Open Road Distributing (ORD) Training	0	40	Company Location
<u>2. TRUCK SERVICE DEPARTMENT MANAGER:</u>			
Truck Service Department Off-Site Training: Overall operation of the department (TIA and Freightliner class, which are week long classes) (not all franchises are Freightliner Certified)	120	0	TA Training Center Lodi, OH
Truck Service Department On-Site Training: Overall department operation	0	24	Company Location
Quality, Service and Cleanliness Standards	0	6	Your Site
Manager functions to include ORD Training	0	40	Your Site
<u>3. RETAIL STORE MANAGER/FUEL MANAGER:</u>			
Retail Store Off-Site Training: Overall operation of the department	0	10	Your Site
Retail Store On-Site Training: Overall department operations	0	10	Your Site
Quality, Service and Cleanliness Standards	0	10	Your Site
ORD Training	0	10	Your Site

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
4. <u>ADMINISTRATIVE STAFF:</u>			
ACCESS billing	0	2	Your Site
5. <u>CUSTOMER SERVICE REPRESENTATIVES AND CUSTOMER SERVICE ATTENDANTS (HOURLY EMPLOYEES, ALL PROFIT CENTERS):</u>			
Fuel and Store Departments/Customer Service Training	0	24 hrs a day times 7 days	Your Site
Restaurant	0	7 days of training all shifts/all positions covered	Your Site
Truck Service	0	7 days of training all shifts/all positions	Your Site
Procedural Training – promotional/POS integration training	0	2	Your Site

The training identified above must be completed prior to opening. We will also send trainers to your Site prior to the Opening Date to assist in training your personnel regarding the TA Express System and TA Express System Standards and to otherwise provide opening assistance. You must reimburse us for our actual costs for this training and opening assistance, including the wages and travel and living expenses of our trainers. We may require you, your Managing Owner, or your TA Express Center managers to attend, at your expense, periodic training courses or training conferences at times and locations that we designate, and we may charge then-current fees for the courses. These additional trainings will provide necessary updates regarding the TA Express System and TA Express System Standards. We may also provide additional voluntary training that you or other Persons may take at your option, and we may charge our then-current fees for this additional training.

TA Franchise maintains a formal training staff that currently includes the following individuals:

~~Chad Setera, Director of Learning & Development, who has over 12 years of operational and training experience with TA Operating;~~

~~Mark Delima Jr., Manager, Truck Service Learning and Development, who has over 25 years of operational and training experience with TA Operating;~~

Angela Thornton Manager, Learning and Development, who has ~~1-year~~ 2 years of training experience with TA Operating;

~~Max Camardo, Supervisor, Learning & Development, who has over 3 years of operations and training experience with TA Operating;~~

Cameo Echols, Learning Technologies Specialist, who has over 23 years of operations and training experience with TA Operating;

~~Colleen Noggle, Learning and Development Specialist, who has 4 years of operational and training experience.~~

Marina Curmei, Sr. Learning and Development Specialist, who has 67 years of operational and training experience.

Mike Solvey, Justin Rolland, Charles Roach and Carol Sanders are all ASE Certified Instructors and Master Technicians.

Training is conducted monthly or quarterly, depending on franchisee demand, and the dates of this training are published and made available to you as TA Franchise schedules training.

## **Item 12: TERRITORY**

### **Grant for a Specific Area**

The Franchise Agreement grants you the right to operate the TA Express Center at a single site that you select and we approve. Exhibit C to the Franchise Agreement will list the specific street address of the approved site. Once a site for the TA Express Center is approved by us, it will be set forth in Exhibit C to the Franchise Agreement and we will determine and describe the Protected Area (as defined below), if any, in Exhibit C to the Franchise Agreement. You must operate the TA Express Center only at the approved site.

If you lease the land and your lease expires or terminates for a reason outside of your control, if the site is destroyed, condemned or otherwise rendered unusable as a TA Express Center in accordance with the Franchise Agreement, or if in our sole judgment there is a change in character of the location of the site sufficiently detrimental to its business potential to warrant the TA Express Center's relocation, we will permit you to relocate the TA Express Center to another site location within the Protected Area (if any), provided that you comply with all of our requirements for a site relocation and such relocation site meets are then-current site criteria for relocation sites.

### **Your Rights In the Protected Area**

So long as you are in compliance with the Franchise Agreement, and subject to the rights we reserve below, we will not grant to others the right to operate a TA Express Center from any location, fixed or permanent, at the Site or within the geographic area described in Exhibit C to the Franchise Agreement, in which your territorial protections (if any) apply (the "Protected Area"). If no Protected Area is designated in Exhibit C of your Franchise Agreement, then you have no territorial protection rights for your Franchise. There is no standard minimum Protected Area, apart from what is negotiated and designated in Exhibit C of your Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

## **Our Rights In the Protected Area**

TA Franchise and its Affiliates reserve the right at all times to:

- (a) to grant licenses or franchises to others to own, establish, or operate TA Centers or TA Express Centers, or to own, establish, and operate TA Centers or TA Express Centers anywhere, except your Protected Area (if any);
- (b) to establish, own or operate, or to grant licenses or franchises to others to establish, own, or operate, any business, truck stop, or travel center (including but not limited to a Petro Center or Petro Stopping Center) other than a TA Center or TA Express Center, within or outside the Protected Area (if any), and in connection therewith to use without limitation, the same, similar, combined or co-branded fleet, sales, billing, warranty, road side assistance, loyalty, or marketing programs as we make available to you.
- (c) to sell, and provide the Products and Services authorized for sale by TA Centers or TA Express Centers under the Marks or other trade names, trademarks, service marks and commercial symbols at all locations (including but not limited to the provision of truck repair services at a customer's site or by the roadside within or outside your Protected Area (if any)), or through similar or dissimilar channels which are not accessible by a TA Center or a TA Express Center (like telephone, mail order, kiosk, co-branded sites, or through alternative channels of distribution, Intranet, Internet, web sites, wireless, email or other forms of e-commerce) for distribution within or outside of your Protected Area (if any) and pursuant to such terms and conditions as we consider appropriate;
- (d) to provide or to grant licenses or franchises to others to provide Services in connection with the TA Truck Service Emergency Roadside Assistance or TA Truck Service Mobile Maintenance Program within or outside of your Protected Area (if any) and pursuant to such terms and conditions as we consider appropriate;
- (e) to franchise, license or allow any Person who purchases or assumes the operation of more than one TA Center or TA Express Center to rebrand such Person's other existing facilities as a TA Center or TA Express Center, with the Marks, a "TA" brand or any other Mark, even if such facilities are located within the Protected Area (if any);
- (f) to acquire, as part of a single transaction, three (3) or more truckstops or travel centers from the same or related Persons, one or more of which truckstops or travel centers is located within your Protected Area (if any), and operate each such acquired truckstops or travel centers as Company operated, or franchise or license to another Person the right to operate such acquired truckstops or travel centers as TA Centers or TA Express Centers, using the Marks, or any other mark, and participating in the TA Express System, including, but not limited to, programs we make available to you;
- (g) to merge, acquire, joint venture or affiliate with any existing franchise system or business, whether competitive or not;

(h) to operate any other franchise systems or business for the same, similar or different Products or Services under any name or mark, and in connection therewith to use without limitation the same, similar, combined or co-branded fleet, sales, billing, warranty, roadside assistance, loyalty or marketing programs as we make available to you, and to grant franchises and licenses without providing you any additional rights; and

(i) if your TA Express Center does not have a truck service facility developed and operating, pursuant to the TA Express System, then to establish, own or operate, or to grant licenses or franchises to other to establish, own or operate a TA Truck Service facility, or another truck repair facility, including a facility that utilizes the Marks and/or portions of the TA Express System, in your Protected Area (if any).

If there is a TA Truck Service facility in your Protected Area, as contemplated above, you will not be permitted to develop or operate a TA Truck Service Shop or otherwise offer truck repair services from or at your TA Express Center.

You do not receive the right to acquire additional franchises within your Protected Area (if any). Continuation of your territorial protections does not depend on achievement of a certain sales volume, market penetration or other contingency. There is no minimum sales quota.

We may regulate the extent to which you may deliver or provide Products or Services outside of your Protected Area. You are not permitted to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of the Protected Area without our written consent, which may be withheld in our sole discretion.

We do not pay you any compensation in connection with our or our affiliates' or franchisees' solicitation or acceptance of orders (including with respect to TA Truck Service Emergency Roadside Assistance or TA Truck Service Mobile Maintenance) inside your Protected Area (if any).

### **Other Franchise Offerings and Operations of Similar Businesses**

As described in Item 1, our Affiliate, Petro Franchise, operates the Petro System under certain trademarks and service marks. Petro Franchise and its franchisees may use certain of the Marks, including "TA Truck Service." Petro Franchise and its franchisees, as well as TA Operating and its Affiliates, may operate Petro Centers in your Protected Area.

The TA Truck Service Emergency Roadside Assistance Program provides roadside emergency repairs to customers. As part of the TA Truck Service Emergency Roadside Assistance Program, We (or our designee) maintain a call center through which service calls are routed. We (or our designee) may dispatch a TA Truck Service Emergency Roadside Assistance truck from any travel center or truck repair facility (which may include TA Centers, TA Express Centers, Petro Centers, TA Truck Service Shops, travel centers or facilities operated or franchised by us or our Affiliates, including TA Operating and Petro Franchise) for a service call originating in your Protected Area (if any), without providing you any compensation.

The TA Truck Service Mobile Maintenance Program provides fleet maintenance and repair services at customer facilities. We and our Affiliates, including TA Operating and Petro Franchise, may provide or grant others (including our or Petro Franchise Systems LLC's other

franchisees) the right to provide Services in connection with the TA Truck Service Mobile Maintenance Program to customers within your Protected Area (if any), without providing you any compensation.

We and Petro Franchise share the same principal business address, offices, and training facilities.

As described in Item 1, we also offer franchises for full service TA Centers under a separate disclosure document. TA Operating, and its Affiliates, also operate TA Centers.

If any disputes arise between us and any franchisees as a result of any perceived disparate treatment among brands, we will consider and analyze the issue. If we determine that there has been disparate treatment to a particular franchisee or brand, then we will take the action we deem appropriate to address the issue.

As described in Item 1, BPPNA, operates and offers franchises for *ampm* Mini Markets. BPPNA and its franchisees use the following marks: “*ampm*,” “ARCO,” “BP,” and “Amoco.” BPPNA, its franchisees and its dealers may operate in your Protected Area. BPPNA’s principal business address is 30 S. Wacker Drive, Suite 900, Chicago, Illinois 60606. In addition, in August 2021, BPPNA acquired Thorntons, which currently operates more than 200 high-quality retail stores and truck stops in Kentucky, Illinois, Indiana, Ohio, Tennessee and Florida. Thorntons operates under the “Thorntons®” name and trademark. Thorntons headquarters is located at 2600 James Thornton Way, Louisville, Kentucky.

Although we do not expect any disputes between franchisees of TA Franchise, Petro Franchise, and BPPNA, or disputes between TA Center franchisees and TA Express Center franchisees, if there are any disputes, we will work with the franchisees to resolve the dispute, even if the dispute does not directly involve us.

### Item 13: TRADEMARKS

TA owns all right, title and interest in the ~~Marks~~[service marks and trademarks](#) listed below (the “TA Marks”). The TA Marks listed below have been registered on the Principal or Supplemental Register of the U.S. Patent and Trademark Office as indicated. All appropriate affidavits of use and incontestability have been filed with respect to these registrations.

~~Service Mark: COUNTRY PRIDE  
Registration No.: 1,497,166  
Register: Principal (Concurrent Use)  
Registration Date: July 19, 1988~~

~~Service Mark: COUNTRY PRIDE RESTAURANT (AND DESIGN)  
Registration No.: 3,335,069  
Register: Principal  
Registration Date: November 13, 2007~~

Service Mark: GOASIS  
Registration No.: ~~3,080,814~~[3080814](#)  
Register: Principal

Registration Date: April 11, 2006

Service Mark: ~~Goasis~~GOASIS  
Registration No.: ~~5,821,040~~5821040  
Register: Principal  
Registration Date: July 30, 2019

~~Trademark~~Service Mark: ROAD KINGTA  
Registration No.: ~~781,013~~4044351  
Register: Principal  
Registration Date: ~~December 1~~October 25, 19642011

Service Mark: TA (DESIGN)  
Registration No.: ~~4,044,351~~7203374  
Register: Principal  
Registration Date: October ~~25~~24, 20112023

Service Mark: TA (~~STYLIZED~~STYLISED)  
Registration No.: ~~2,498,123~~2498123  
Register: Principal  
Registration Date: October 16, 2001

Service Mark: TA ~~Express~~EXPRESS  
Registration No.: ~~5,881,041~~5881041  
Register: Principal  
Registration Date: October 8, 2019

Service Mark: TA ~~Express~~EXPRESS  
Registration No.: ~~5,765,510~~5765510  
Register: Principal  
Registration Date: May 28, 2019

Service Mark: TA ~~TRAVELCENTER (STYLIZED)~~TRAVEL CENTER (STYLISED)  
Registration No.: ~~2,390,178~~2390178  
Register: Principal  
Registration Date: September 26, 2000

Service Mark: TA TRAVELCENTERS OF AMERICA  
Registration No.: ~~2,469,954~~2469954  
Register: Principal  
Registration Date: July 17, 2001

Service Mark: TA ~~Truck Service~~TRUCK SERVICE  
Registration No.: ~~5,152,685~~ 5152685  
Register: Principal  
Registration Date: February 28, 2017

Service Mark: TA ~~Truck Service Certified Used Truck (Design)~~TRUCK SERVICE (DESIGN)

Registration No.: [5,690,8147203244](#)  
Register: Principal  
[Registration Date:](#) [October 24, 2023](#)

[Service Mark:](#) [TA TRUCK SERVICE CERTIFIED USED TRUCK \(DESIGN\)](#)  
[Registration No.:](#) [5690814](#)  
[Register:](#) [Principal](#)  
Registration Date: March 5, 2019

Applications for registration on the Principal Register of the U.S. Patent and Trademark Office have been filed for the following TA Marks:

Service Mark: ~~TA (Design)~~[HWY KITCHEN](#)  
~~Serial~~[Application](#) No.: [9739644598245989](#)  
~~Filing~~[Application](#) Date: ~~May 5~~[October 30, 20222023](#)

[Service Mark:](#) [HWY KITCHEN \(STYLISED\)](#)  
[Application No.:](#) [98246005](#)  
[Application Date:](#) [October 30, 2023](#)

Service Mark: TA ~~TravelCenters of America~~[\(STYLISED\)](#)  
~~Serial~~[Application](#) No.: [9730784797828549](#)  
~~Filing~~[Application](#) Date: March ~~118~~, [20222023](#)

Service Mark: TA ~~TRUCK SERVICE Design~~[TRAVELCENTERS OF AMERICA](#)  
~~Serial~~[Application](#) No.: [9732214397307847](#)  
~~Filing~~[Application](#) Date: March ~~211~~, 2022

Service Mark—: TA EXPRESS ~~Design~~[\(DESIGN\)](#)  
~~Serial~~[Application](#) No.—: [97322157](#)  
~~Filing~~[Application](#) Date—: ~~3/21/2022~~[March 21, 2022](#)

~~Application for Registration~~[Applications for registration](#) on the Supplemental Register of the U.S. Patent and Trademark Office ~~has~~[have](#) been filed for the following ~~mark~~[TA Marks](#):

None.

TA does not have a Federal Registration for the TA Marks for which applications are pending as listed above. Therefore, these TA Marks do not have as many legal benefits and rights as a federally registered [service mark or](#) trademark. If your right to use any of these unregistered TA Marks is challenged, you may have to change to an alternative [service mark or](#) trademark which may increase your expenses.

TA claims common law rights from its exclusive use, protection and enforcement of the TA Marks listed above from the date of their first use. None of these TA Marks are registered in any state. Renewal applications have been timely filed for all of the TA Marks prior to expiration or cancellation of any registrations.

~~TA also owns the Internet domain name registrations for: <http://www.tatravelcenters.com>, <http://www.travelcentersofamerica.com>, <http://www.roadking.com>, and <http://www.roadsquad.com>.~~

TA and TA Operating have entered into a License Agreement, dated May 15, 2023 (the “TA / TA Operating License Agreement”), whereby TA Operating has the right to use and sublicense the TA Marks. The term of the TA / TA Operating License Agreement continues until the last day of the end of the term of the last to expire of TA [Franchise and Petro](#) Franchise’s franchise agreements, but not later than December 31, 2043, unless further extended.

TA Operating owns all right, title and interest in the ~~Marks~~[service marks and trademarks](#) listed below (the “TA Operating Marks”). The TA Operating Marks listed below have been registered on the Principal or Supplemental Register of the U.S. Patent and Trademark Office as indicated. All appropriate affidavits of use and incontestability have been filed with respect to these registrations.

~~Service Mark: Captain Cool~~[CAPTAIN COOL](#)  
~~Registration No.:~~ 5261631  
~~Register:~~ Principal  
~~Registration Date:~~ August 8, 2017

~~Service Mark: Captain Cool~~  
~~Registration No.:~~ 5276910  
~~Register:~~ Principal  
~~Registration Date:~~ August 29, 2017

~~Service Mark: Captain Cool (Stylized)~~  
Registration No.: 5252352  
Register: Principal  
Registration Date: July 25, 2017

~~Service Mark: Captain Cool (Stylized)~~[CITIZEN DRIVER](#)  
~~Registration No.:~~ [53203474666869](#)  
Register: Principal  
~~Registration Date:~~ [October 31, 2017](#)

~~Service Mark: Citizen Driver~~  
~~Registration No.:~~ 4666-869  
~~Register:~~ Principal  
Registration Date: January 6, 2015

~~Service Mark: Cool Cup~~[ESHOP](#)  
Registration No.: [52769093741380](#)  
Register: [Principal](#)[Supplemental](#)  
Registration Date: ~~August 29~~[January 19, 2017](#)[2010](#)

~~Service Mark: Cool Cup~~[ESHOP](#)  
Registration No.: [52968955057518](#)  
Register: Principal

Registration Date: ~~September 26, 2017~~October 11, 2016  
 Service Mark: ~~Cool-Cup (Stylized)~~ESHOP (DESIGN)  
 Registration No.: ~~53203483824545~~  
 Register: Principal  
 Registration Date: ~~October 31~~July 27, 20172010

Service Mark: ~~Cool-Cup (Stylized)~~ETA  
 Registration No.: ~~53726207128102~~  
 Register: Principal  
 Registration Date: ~~January 9~~August 1, 20182023

Service Mark: ~~Dollar Bill's~~FORK & COMPASS  
 Registration No.: ~~46333597203203~~  
 Register: Principal  
 Registration Date: ~~November 4~~October 24, 20142023

Service Mark: ~~Dollar Bill's (Design)~~FORK & COMPASS (DESIGN)  
 Registration No.: ~~46333587208790~~  
 Register: Principal  
 Registration Date: ~~November 4~~October 31, 20142023

Service Mark: ~~eShop~~FORK & COMPASS (DESIGN)  
 Registration No.: ~~3,741,3807208820~~  
~~Register:-~~ Supplemental  
~~Registration Date:~~ ~~January 19, 2010~~

~~Service Mark:-~~ eShop  
~~Registration No.:-~~ 5057518  
 Register: Principal  
 Registration Date: October ~~11~~31, 20162023

Service Mark: ~~eShop design~~MORE: BAYS. EXPERTISE. SOLUTIONS.  
~~Registration No.:-~~ 3,824,545  
~~Register:-~~ Principal  
~~Registration Date:~~ July 27, 2010

~~Service Mark:-~~ Fast Lane  
 Registration No.: ~~21310135192623~~  
 Register: Principal  
 Registration Date: ~~January 20~~April 25, 19982017

Service Mark: ~~More:- Bays. Expertise. Solutions.~~OPEN ROAD DISTRIBUTING  
 Registration No.: ~~51926234344138~~  
 Register: Principal  
 Registration Date: ~~April 25~~May 28, 20172013

Service Mark: ~~Open Road Distributing~~OPEN ROAD DISTRIBUTING (DESIGN)  
 Registration No.: ~~43441384344131~~

Register: Principal  
 Registration Date: May 28, 2013

Service Mark: ~~Open Road Distributing (Design)~~ P RESERVE-IT! (STYLISED)  
 Registration No.: ~~4344131~~ 4513962  
 Register: Principal  
 Registration Date: ~~May 28~~ April 15, 2013 2014

Service Mark: ~~Pumpsmart~~ PUMPSMART  
 Registration No.: 6309959  
 Register: Principal  
 Registration Date: March 30, 2021

Service Mark: ~~Refresh. Refuel. Repair~~ REFRESH. REFUEL. REPAIR.  
 Registration No.: 6655416  
Register: Principal  
 Registration Date: February 22, 2022

Service Mark: ~~Refuel. Replenish. Refresh~~ REFRESH. REFUEL. REPAIR.  
 Registration No.: ~~4991594~~ 7170158  
 Register: Principal  
 Registration Date: ~~July 5~~ September 19, 2016 2023

Service Mark: ~~Reserve-It~~ REFRESH. REFUEL. REPAIR.  
 Registration No.: ~~4401690~~ 4991594  
 Register: Principal  
 Registration Date: ~~September 10~~ July 5, 2013 2016

Service Mark: ~~Reserve-It! (Design)~~ RESERVE-IT  
 Registration No.: ~~4513962~~ 4401690  
 Register: Principal  
 Registration Date: ~~April 15~~ September 10, 2014 2013

Service Mark: ~~Road Squad~~ ROAD SQUAD  
 Registration No.: 4107870  
 Register: Principal  
 Registration Date: March 6, 2012

Service Mark: ~~Road Squad Connect~~ ROAD SQUAD CONNECT  
 Registration No.: 4262562  
 Register: Principal  
 Registration Date: December 18, 2012

Service Mark: ~~Road Squad Connect (Design)~~ ROAD SQUAD CONNECT (DESIGN)  
 Registration No.: 4314886  
 Register: Principal  
 Registration Date: April 2, 2013

Service Mark: ~~Road Squad design~~ ROAD SQUAD (DESIGN)

Registration No.: ~~3,802,347~~3802347  
Register: Principal  
Registration Date: June 15, 2010

Service Mark: ~~Road Squad OnSITE~~ROAD SQUAD ONSITE  
Registration No.: 4987024  
Register: Principal  
Registration Date: June 28, 2016

Service Mark: ~~Road Squad OnSITE (Design)~~ROAD SQUAD ONSITE (DESIGN)  
Registration No.: 4987023  
Register: Principal  
Registration Date: June 28, 2016

Service Mark: ~~Stay Fit~~STAY FIT  
Registration No.: 4133936  
Register: Principal  
Registration Date: May 1, 2012

Service Mark: ~~Stay Fit design~~STAY FIT (DESIGN)  
Registration No.: 4196636  
Register: Principal  
Registration Date: August 28, 2012

Service Mark: ~~Tech On Site~~TECH ON-SITE  
Registration No.: 5893495  
Register: Supplemental ~~Register~~  
Registration Date: October 22, 2019

Service Mark: ~~Tech On Site (Design)~~TECH ON-SITE (DESIGN)  
Registration No.: 5953430  
Register: Principal  
Registration Date: January 7, 2020

Service Mark: ~~TruckSmart~~TRUCKSMART  
Registration No.: 4034922  
Register: Principal  
Registration Date: October 4, 2011

Service Mark: ~~UltraONE~~ULTRAONE  
Registration No.: ~~3,949,127~~3949127  
Register: Principal  
Registration Date: April 19, 2011

Service Mark: ~~UltraONE design~~ULTRAONE (DESIGN)  
Registration No.: ~~4,050,949~~4050949  
Register: Principal  
Registration Date: November 1, 2011

Service Mark: ~~Voted Best (Design)~~ [YOU BREAK DOWN. WE SHOW UP.](#)  
Registration No.: [45584073825104](#)  
Register: Principal  
~~Registration Date: July 1, 2014~~

~~Service Mark:- World Blends Coffee Company  
Registration No.: 4600325  
Register:- Principal  
Registration Date:- September 9, 2014~~

~~Service Mark:- World Blends (Design)  
Registration No.: 4600324  
Register:- Principal  
Registration Date:- September 9, 2014~~

~~Service Mark: You Break Down. We Show Up.  
Registration No.: 3,825,104  
Register:- Principal  
Registration Date: July 27, 2010~~

Applications for registration on the Principal Register of the U.S. Patent and Trademark Office have been filed for the following [TA Operating](#) Marks:

~~Service Mark: Refresh. Refuel. Repair.  
Serial No.: 90290413  
Filing Date: October 30, 2020~~

Service Mark: ETA  
[Serial Application](#) No.: 90623352  
[Filing Application](#) Date: April 5, 2021

Service Mark: ~~Fork & Compass (Design)~~ [ETA \(STYLISED\)](#)  
[Serial Application](#) No.: ~~97295578~~ [97602501](#)  
[Filing Application](#) Date: ~~March 4~~ [September 22](#), 2022

Service Mark: ~~Fork & Compass~~ [ETA](#)  
[Serial Application](#) No.: ~~97302360~~ [97975608](#)  
[Filing Application](#) Date: ~~March 9~~ [September 22](#), 2022

~~Service Mark: Fork & Compass (Design)  
Serial No.: 97312408  
Filing Date: March 15, 2022~~

Service Mark: ETA (~~Design~~ [DESIGN](#))  
[Serial Application](#) No.: 97604212  
[Filing Application](#) Date: September 23, 2022

Service Mark: ETA (Design)  
Serial No.: 97602501  
Filing Date: September 22, 2022

Applications for registration on the Supplemental Register of the U.S. Patent and Trademark Office have been filed for the following TA Operating Marks:

None.

TA Operating does not have a Federal Registration for the TA Operating Marks for which applications are pending as listed above. Therefore, these TA Operating Marks do not have as many legal benefits and rights as a federally registered service mark or trademark. If your right to use any of these unregistered TA Operating Marks is challenged, you may have to change to an alternative service mark or trademark which may increase your expenses.

We use the name “ACCESS” ~~and “COMMERCIAL TIRE NETWORK”~~ for certain customer invoicing related functions, but we do not have a Federal Registration for this ~~Mark~~ mark. Therefore, this ~~Mark~~ marks does not have as many legal benefits and rights as a federally registered ~~trademark~~ mark. If your right to use this unregistered ~~Mark~~ mark is challenged, you may have to change to an alternative ~~trademark~~ mark which may increase your expenses.

TA Operating claims common law rights from its exclusive use, protection and enforcement of the TA Operating Marks listed above from the date of their first use. None of these TA Operating Marks are registered in any state. Renewal applications have been timely filed for all of the TA Operating Marks prior to expiration or cancellation of any registrations.

TA Operating and TA Franchise have entered into a License Agreement, dated May 15, 2023 (the “TA Operating / TA Franchise License Agreement”), whereby TA ~~Operating~~ Franchise has the right to use and sublicense the TA ~~Operating~~ Franchise Marks and the TA Operating Marks (together, the “Marks”). The term of the TA Operating / TA ~~Operating~~ Franchise License Agreement continues until the last day of the end of the term of the last to expire of TA Franchise’s franchise agreements, but not later than December 31, 2043, unless further extended.

There are presently no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the service mark/trademark administrator of any state or any court, any pending interference, opposition or cancellation proceeding, or any pending material litigation involving the Marks. ~~Rights to use the “Country Pride” mark include the entire United States, except in the following Texas counties: Dallam, Sherman, Hansford, Ochiltree, Lipscomb, Hartley, Moore, Hutchinson, Roberts, Hemphill, Oldham, Potter, Carson, Gray, Wheeler, Deaf Smith, Randall, Armstrong, Donley, Collingsworth, Parmer, Castro, Swisher, Briscoe, and Childress.~~

Neither TA Franchise, TA Operating, nor TA knows of any infringing uses that could materially affect your use of the Marks at the TA ~~Express~~ Center.

Except as described above, there are no currently effective agreements that significantly limit the rights of TA Franchise to use or sublicense the use of the above Marks listed in this Section in any manner material to you. ~~TA Operating has licensed Perlis Truck Terminal Inc. the right to~~

~~use the “Country Pride” mark for restaurant services at its non-TA brand truckstop in Cusseta, Alabama and Cordele, Georgia, and non-truckstop locations in Alabama, Florida and Georgia.~~

TA Franchise licenses the Marks for the Franchise Agreement under its rights under the TA Operating / TA Franchise License Agreement. The Marks are licensed nonexclusively to franchisees of TA Centers and TA Express Centers, as appropriate. Certain of the Marks are also licensed to franchisees of Petro Franchise.

All usage of the Marks by you and any goodwill established by use of the Marks will be for the exclusive benefit of the owner of the Mark. You will not receive any interest in the Marks. You may not contest the validity or ownership of the Marks or trade secrets or business techniques that are part of the franchise program.

You will not use the Marks, in any form, as part of any corporate or trade name nor may you use the Marks in connection with the sale of any unauthorized product or service or in any manner not expressly authorized in writing by TA Franchise. You will obtain fictitious or assumed name registrations as requested or required.

You must not engage in any form of merchandising, advertising, or promotional practice which is unethical or may be injurious to TA Franchise’s business, ~~TA Centers or~~ other TA [Centers or TA Express Centers](#), or to the goodwill associated with the Marks.

You must not use TA Franchise’s name or the Marks in any advertising or promotion in any manner TA Franchise does not approve or in connection with any product or service in any manner TA Franchise does not approve.

You must not advertise, or use in any other form of promotion, the Marks without the appropriate federal registration mark or the symbol or the designation “TM” or “SM” where applicable.

TA Franchise has the right to control any administrative proceedings or litigation involving a [service mark or](#) trademark licensed by us to you. You must notify TA Franchise immediately when you learn about an infringement of or challenge to your use of the Marks. TA Franchise will take the action it thinks is appropriate, but it is not required to defend you against a claim against your use of the Marks. You will assist TA Franchise, TA Operating, and TA as necessary in defending the Marks.

You must modify or discontinue the use of the Marks if TA Franchise instructs you to. TA Franchise will not reimburse you for any loss of revenue attributable to any modified or discontinued Mark or copyright or for any expenditures you make to change Marks or copyrights or to promote or use a modified or substitute ~~trademark or~~ service mark [or trademark](#).

TA Franchise or its agents have the right to enter and inspect your Site at all reasonable times, observe how you are rendering your services and conducting your operations, to confer with your employees and customers and review and oversee services and activities to ensure that they are satisfactory and meet with the quality control provisions and performance standards established by TA Franchise as required to preserve the validity and integrity of the Marks described above.

If any products do not conform to TA Franchise's standards and specifications, you must immediately stop offering and selling these products.

**Item 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

**Patents and Copyrights**

No patents or copyrights are material to the franchise. If it becomes advisable at any time in the sole discretion of TA Franchise to acquire a patent or copyright, you are obligated to use the patent or copyright as required by TA Franchise.

You do not receive the right to use an item covered by a patent or copyright, but you can use the confidential information in the Manuals, as described in Item 11 of this Disclosure Document. Although TA Franchise has not filed an application for copyright registration for the Manuals, TA Franchise claims common law copyrights to the Manuals which is TA Franchise's confidential information. You must promptly notify TA Franchise when you learn of an unauthorized use of the confidential information or the Manuals. TA Franchise is not obligated to take any action against any unauthorized user of the confidential information or the Manuals, but will respond to this information as TA Franchise thinks appropriate. TA Franchise is not obligated to indemnify you for losses brought by a third party concerning your use of this information.

**Confidential Information**

You will receive proprietary, confidential and trade secret information of TA Franchise and its Affiliates. You must maintain the confidentiality of this information unless authorized otherwise in writing by TA Franchise.

You must not divulge confidential information except to your employees who must know it to operate the TA Express Center. If requested by us, you will cause each manager of the TA Express Center to execute a confidentiality agreement, in a form acceptable to TA Franchise, to protect against disclosure of such information.

The Manuals are our proprietary and confidential information. The Manuals, whether in hard copy or electronic form, belongs to TA Franchise and you must return it to TA Franchise upon the expiration or termination of the Franchise Agreement. TA Franchise has the right to amend the Manuals in its sole discretion. You must keep the Manuals updated and current. If there is a dispute concerning the contents of the Manuals, the terms of the master copy maintained by TA Franchise will control.

**Item 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You must designate an individual to serve as the Managing Owner of your TA Express Center. The Managing Owner must have a 20% equity interest in you (if you are an entity) or the TA Express Center (if you are individuals), be approved by us, and complete all of our training requirements regarding the TA Express System and TA Express System Standards. The Managing Owner must devote full time and best efforts to the management and supervision of your employees and the TA Center. The Managing Owner must have the power to bind you in

all dealings with us. If you or your affiliates are developing and operating multiple TA Centers or TA Express Centers, you need designate only one Managing Owner for your or your affiliates' operation, not one for each TA Center or TA Express Center.

You must also have managers, as specified in the Manuals, who directly supervise and control the TA Express Center on a day-to-day basis. You must keep TA Franchise informed of the identities of your manager(s) within seven days of their becoming manager(s). Your managers need not have any equity in the franchisee. The managers and their replacements must successfully and promptly complete all of our training programs.

If you are an entity, your Principal Owners (defined as a general partner or any individual with a 5% or greater direct or indirect interest in you) must execute a Guaranty (attached as **Exhibit B** to the Franchise Agreement), guaranteeing your obligations under the Franchise Agreement.

You and your manager(s) must, upon our request, execute a Confidentiality Agreement.

You are not an agent, legal representative, joint venturer, partner, employee, or servant of TA Franchise for any purpose under the Franchise Agreement. You will have no authority, express or implied, to act as TA Franchise's agent. You will not exercise any authority, nor does the Franchise Agreement give TA Franchise any authority, over the terms and conditions of your employer/employee relationships, including the ability to hire, fire, discipline, affect compensation and/or benefits, direct and/or supervise your employees, or any other matter governing the essential terms and conditions of your employee's employment with you. You are an independent contractor and are in no way authorized to make any contract, agreement, warranty, or representation for TA Franchise or to create any obligation, express or implied, for TA Franchise. You must identify yourself and your TA Express Center in all dealings as an independent franchisee of TA Franchise and place notice of your independent ownership as directed by us.

The franchisee or Principal Owner's spouse, who is not a party to the Franchise Agreement, must also sign a guaranty and assumption of the Franchisee's obligations.

#### **Item 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must not sell Services, Products or other items or services at the TA Express Center or otherwise through the TA Express Center that we have not previously approved for sale. You must not, without our prior written consent, sell, dispense, give away or otherwise provide products or other items except by means of retail sales to customers at the TA Express Center. You must immediately implement changes to the Services, Products or other items that we require. You must maintain an inventory of Products and capacity to perform the Services sufficient to meet the daily demands of the TA Express Center.

At your expense, you must secure and maintain in force all required licenses, permits and certificates relating to the operation of the TA Express Center and the Site and operate the TA Express Center and maintain the Site, in full compliance with all applicable federal, state and local laws, ordinances and regulations. You are responsible for daily monitoring of the underground storage facilities and dispensing of fuel and for reporting to and notifying TA Franchise of any spills, leakage, losses and/or other difficulties relating to underground storage

facilities. You are responsible for compliance with all federal, state, and local laws and regulations regarding environmental compliance.

TA Franchise can reject any category of product or services offered for sale at the TA Express Center. If you elect to offer and sell additional product or service categories to customers of the TA Express Center, TA Franchise will not unreasonably withhold its approval of any category of product or service.

You must immediately cease offering for sale or selling any product or service if TA Franchise deems the product or service to be detrimental to the Marks or the image of the TA Express System. TA Franchise has the right to delete or add authorized goods or services and you must comply with such deletions or additions. There are no limits on TA Franchise's right to do so.

You must fully comply with all programs which TA Franchise requires in the Manuals, or are otherwise communicated to you and designated by TA Franchise as Core Programs, including but not limited to the following: (1) any then-current inspection or site checklist programs; (2) any then-current competitive price guarantee programs; (3) any then-current fueler or any other named loyalty program; (4) any then-current nationwide guaranty – refund, exchange, replacement; (5) any then-current nationwide programs, including but not limited to the shower program and coffee program; (6) any then-current points or loyalty program; (7) any then-current fleet marketing or discount pricing programs for fuel, shop services, or any other Service or Product; (8) any then-current tire pricing programs; (9) any then-current preventative maintenance pricing programs; (10) any then-current lubricant pricing programs; (11) the TA Truck Service Emergency Roadside Assistance Program (to the extent you have a TA Truck Service Shop at the Site) and (12) any then-current billing programs.

Subject to applicable law, you must comply with our minimum, maximum, and other pricing requirements for Products, Motor Fuel, and Services offered by the TA Center. You must also comply with our pricing methods and procedures, Core Programs, advertising and marketing promotions, and fleet, aggregator, and other Institutional Account (as defined in the Franchise Agreement) pricing arrangements, including but not limited to all fuel pricing requirements.

You must accept or participate in all required payment systems, including but not limited to credit cards, charge cards, gift cards, gift certificates, and coupons. Certain of the payment systems may be co-branded with our Affiliates.

If you have a TA Truck Service Shop at the Site, then you must participate in the TA Truck Service Emergency Roadside Assistance Program according to the requirements of the program and TA Express System Standards. As part of the TA Truck Service Emergency Roadside Assistance Program, we (or our designee) maintain a call center through which service calls are routed. We (or our designee) may dispatch a TA Truck Service Emergency Roadside Assistance truck from any travel center or truck repair facility (which may include TA Centers, TA Express Centers, Petro Centers, TA Truck Service Shops, travel centers or facilities operated or franchised by us or our Affiliates, including TA Operating and Petro Franchise) for a service call originating in your Protected Area (if any) without providing you any compensation.

We may designate the TA Truck Service Mobile Maintenance Program as a Core Program and require you to participate in it, to the extent that you have a TA Truck Service Shop at the Site. If you choose to participate in the TA Truck Service Mobile Maintenance Program (to the extent

it is not designated as a Core Program) and we approve your participation or if we later require you to participate in the TA Truck Service Mobile Maintenance Program as a Core Program, then you must do so according to the program requirements and TA System Standards. Before providing any Services to a customer of the TA Truck Service Mobile Maintenance Program, you must (a) obtain our written consent for the customer; and (b) enter into an agreement with the customer on a form of TA Truck Service Mobile Maintenance Agreement we approve.

You must operate the TA Express Center in compliance with all applicable laws, including environmental laws; maintain records regarding storage tanks, underground storage tanks and all related pumps and piping as required by law; immediately notify TA Franchise or its Affiliate and appropriate regulatory agencies of inventory loss or release from or on the Site of a regulated substance and complete required reports; immediately clean up and dispose of all contaminants, pollutants, toxic substances and hazardous substances and waste which are dumped, spilled, released, buried or otherwise deposited or disposed of, appear on or originate from the Site in compliance with applicable laws.

You may request approval to operate motel/lodging facilities, fast food and deli operations or other business facilities on the Site. If TA Franchise approves the request, you will operate the additional businesses according to TA Franchise’s standards and these businesses will be included in the definition of your TA Express Center. You will not operate any business or facility on the Site unless approved by TA Franchise in writing. You will not, without TA Franchise’s prior written consent, sublet space at the Site, or subcontract or otherwise allow any other Person to manage or operate any portion of the TA Express Center.

We have the right to change the types of Products and Services you may and must offer without limitation, in our sole discretion.

**Item 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

**THE FRANCHISE RELATIONSHIP**

Provision	Section in Agreement	Summary
a. Length of franchise term	Section 3.2	The initial term of the franchise is 10 years from the date of the signing of the Franchise Agreement.
b. Renewal or extension of term	Section 17.1	You can renew for 2 additional successive terms of 5 years each if certain conditions are met.
c. Requirements for you to renew or extend	Section 17	You must: have complied with all the provisions of the Franchise Agreement during any initial term or renewal term; not be in default under Section 18 of the Franchise Agreement; satisfy all monetary obligations to TA Franchise and

Provision	Section in Agreement	Summary
		<p>Affiliates; sign TA Franchise’s then-current Franchise Agreement and other required agreements which may include materially different terms and conditions than the original franchise agreement (including with respect to economic terms, operational requirements, and the Protected Area, if any) and comply with TA Franchise’s then-current qualifications and training requirements regarding the TA Express System and TA Express System Standards; and, sign a general release. You must give TA Franchise written notice of your intent to renew the franchise no later than 180 days before the expiration of the initial term or the renewal term. We will respond within 90 days after we receive your notice and either: grant you a renewal term; grant you a renewal term on the condition that deficiencies of the TA Express Center, or your operation of the TA Express Center are corrected; or not grant you a renewal term. If applicable, our response will describe the remodeling and/or expansion of the TA Express Center and other improvements or modifications required to bring the TA Express Center into compliance with then applicable specifications and standards, and state the actions you must take to correct operating deficiencies and the time period in which such deficiencies must be corrected. You must pay us a renewal fee of \$20,000. In addition, we may charge a fee for services we render to you and expenses we incur in conjunction with the grant of the renewal term. You must pay for these charges when you receive our invoice.</p>
d. Termination by you	N/A	Franchisees may terminate the franchise agreement under any grounds permitted by state law.
e. Termination by TA Franchise without cause	None	The Franchise Agreement does not provide for termination by TA Franchise without cause; however, TA Franchise and you can terminate the Franchise Agreement if you and TA Franchise mutually agree to do so.
f. Termination by TA Franchise with cause	Sections 18.1, 18.2, 18.3, 18.4	If TA Franchise is entitled to terminate the Franchise Agreement, it may terminate the Franchise Agreement or suspend one or more equal rights under the Franchise Agreement instead of terminating the Franchise Agreement. TA Franchise may terminate the Franchise Agreement without giving you any opportunity to cure the default (based on the nature of the default or the default is non-curable) upon

Provision	Section in Agreement	Summary
		<p>delivery of notice to you if you default under the terms of the Franchise Agreement or for any other lawful reason. We may also terminate the Franchise Agreement if we send you a Default Notice and you fail to cure the default in 30 days.</p> <p>Any default by you under the terms and conditions of the Franchise Agreement or any other agreement between TA Franchise and you or between TA Franchise and your affiliates, which is so material as to permit TA Franchise to terminate the Franchise Agreement or any other agreement, will be deemed to be a default of each and every agreement between TA Franchise and you or TA Franchise and your affiliates. Furthermore, in the event of termination, for any cause, of the Franchise Agreement or any other such agreement between TA Franchise and you, TA Franchise may, at its option, terminate any or all other agreements between you (or your affiliates) and TA Franchise, or between you (or your affiliates) and TA Franchise's Affiliates.</p>
g. "Cause" defined (curable defaults)	Section 18.3	<p>We may terminate the Franchise Agreement after we notify you of our intention to do so because of the occurrence of any of the following events and your failure to cure the default specified in our notice to you: <a href="#">you fail to make diligent efforts to develop and open the TA Express Center in a timely manner.</a> you fail to keep the TA Express Center open during the required hours; you purchase or lease any product or service from an unapproved supplier; you fail to obtain and maintain permits and licenses required by applicable law; if you are a business entity, failure to maintain active status in your state of organization; you fail to timely make required reports; you violate any other provision of the Franchise Agreement; you fail to maintain any standards or procedures contained in the Manuals; your continued violation of any law, ordinance, rule or regulation of a governmental agency; or you fail to obtain any approvals or consents required by the Franchise Agreement. If you are in default under any other agreement between with TA Franchise, you may be in default under the Franchise Agreement.</p>
h. "Cause" defined (non-curable defaults)	Section 18.2	<p>The following events are non-curable defaults: you have made any material misrepresentation or omission in connection with your purchase of the Franchise; you fail to begin operating the TA Express Center by the Opening Deadline; you</p>

Provision	Section in Agreement	Summary
		<p>fail to participate in or otherwise comply with a Core Program; you fail to successfully complete initial or any other training regarding the TA Express System or TA Express System Standards to our satisfaction; you abandon or fail to actively operate the TA Express Center for 5 or more consecutive business days, unless the TA Express Center has been closed for a purpose we have approved or because of casualty or government order or is requiring mechanical repair or remodeling approved by us; you surrender or transfer control of the operation of the TA Express Center without our prior written consent; you are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense; you engage in any dishonest or unethical conduct which may adversely affect the reputation of the TA Express Center or other TA Express Centers or the goodwill associated with the Marks; you understate Gross Sales by one percent or more, or our audits or investigations show that you understated Gross Sales by one percent or more two or more times during any 18 month period; you make an unauthorized assignment of the Franchise Agreement or of an ownership interest in you, the TA Express Center or your Operating Assets; in the event of your Owner's death or disability the Franchise is not assigned as required; you lose the right to possession of the TA Express Center or the Site; you make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manuals in violation of the Franchise Agreement; you fail to pay any amounts due to us or any Approved Supplier and do not correct such failure within five days after written notice of such failure is delivered to you; you fail to pay taxes due in connection with the operations of the TA Express Center, unless you are in good faith contesting your liability for such Taxes; you fail to comply with any provision of the Franchise Agreement or any TA Express System Standard and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you; you fail on two or more separate occasions within any period of 12 consecutive accounting periods or on five occasions during the franchise term to submit reports or other data, information or supporting records when due; or to pay when due any amounts due to us or otherwise to comply with the Franchise Agreement, whether or not such failures to comply were corrected</p>

Provision	Section in Agreement	Summary
		<p>after written notice of such failure was delivered to you; you fail to maintain sufficient liquid funds and bank authorizations to pay amounts to us via electronic transfer on two or more separate occasions during the franchise term; or you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your Operating Assets; the TA Express Center or the Operating Assets are attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you, the TA Express Center or the Operating Assets, is not vacated within 30 days following the entry of such order.</p>
<p>i. Your obligation on termination/non-renewal</p>	<p>Section 19</p>	<p>Your obligations include: pay us any Royalties, Monthly Advertising Fees, or any other amounts owed us or our Affiliates, interest due on any of the foregoing and all other amounts owed to us which are then unpaid within 15 days; stop operations of TA Express Center as a TA-branded facility; cease to identify yourself or any business as a current or former TA Express Centers, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a TA Express Center in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us; take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark; and deliver to us all signs, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a TA Express Center and allow us, without liability to you or third parties, to remove all such items from the TA Express Center. You may be required to promptly and at your own expense make such alterations we specify to distinguish the TA Express Center clearly from its former appearance and from other TA Express Centers so as to prevent confusion by the public. In addition, you may be required to notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular,</p>

Provision	Section in Agreement	Summary
		classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify.
j. Assignment of contract by TA Franchise	Section 16.1	There is no restriction on TA Franchise’s right to assign.
k. “Transfer” by you definition	Section 16.2	Any transfers are subject to the prior written consent of TA Franchise. The term transfer includes your voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) the Franchise Agreement; (b) you; (c) the TA Express Center; or (d) the Operating Assets;
l. TA Franchise’s approval of transfer by you	Section 16.2	You must obtain TA’s prior approval for all transfers.
m. Conditions for TA Franchise’s approval of the transfer	Sections 16.3	<p><a href="#"><u>You must notify us before publicly marketing the TA Express Center or Site for a Transfer.</u></a></p> <p>Transferee has sufficient business experience, aptitude and financial resources to operate the TA Express Center; you have paid all amounts due us and have submitted all required reports and statements, and made payments to all Approved Suppliers and Preferred Vendors or made arrangements to do so satisfactory to us and them; the transferee (or its owners) have agreed to complete our standard training program regarding the TA Express System and TA Express System Standards, at their expense; the transferee has agreed to be bound by all of the terms and conditions of the Franchise Agreement; the transferee has entered into our then-current form of Franchise Agreement; the transferee agrees to upgrade the TA Express Center to conform to our then-current standards and specifications; you or the transferee pay us a transfer fee equal to \$35,000 (or <del>\$75,000</del> <a href="#"><u>125,000</u></a> if the transfer is proposed prior to the first anniversary of the opening of the TA Express Center) to defray expenses we incur in connection with the transfer, including but not limited to, our third party expenses, and the costs of training the transferee (or its owners) and other personnel in the TA Express System and TA Express System Standards. If the proposed transfer is among your Owners, the transfer fee will be equal to \$10,000; you (and your transferring Owners) have signed a general release; we have approved the material terms and</p>

Provision	Section in Agreement	Summary
		<p>conditions of the transfer; if you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the TA Express Center are subordinate to the transferee's obligation to pay Royalties, Monthly Advertising Fees and other amounts due to us and otherwise to comply with the Franchise Agreement; you and your transferring Owners (and your and your Owners' spouses) have signed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in the Franchise Agreement; and you and your transferring Owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other TA Express Centers <del>or</del> you own and operate) identify yourself or themselves or any business as a current or former TA Express Center, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a TA Express Center in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.</p>
<p>n. TA Franchise's right of first refusal to acquire your business</p>	<p>Section 16.8</p>	<p>If you receive an offer to purchase any interest in the Franchise Agreement, the Site and/or the TA Express Center (including the real property related to the Site or the TA Express Center, whether a leasehold, fee interest or otherwise) or an ownership interest in you, you must offer those terms to TA Franchise; TA Franchise then has 30 days from receipt of the written offer to meet such offer, which right applies during the term of your Franchise Agreement and for the 5 year period following expiration or termination.</p>
<p>o. TA Franchise's option to purchase your business</p>	<p>Section 19.5</p>	<p>TA Franchise has an option to purchase your TA Center, your Operating Assets, and your interest in the Site. TA Franchise may exercise its option to purchase if your Franchise Agreement is terminated or expires.</p>
<p>p. Your death and disability</p>	<p>Sections 16.5 and 16.6</p>	<p>Upon your, an Owner of a controlling interest in you, or your Managing Owner's death or disability, TA Franchise may require you (or such Owner's executor, administrator, conservator, guardian or other personal representative) to transfer your interest in the</p>

Provision	Section in Agreement	Summary
		<p>Franchise Agreement (or such Owner’s interest in you) to a third party. Your heirs, beneficiaries or other representative may appoint a manager to operate the TA Express Center if the TA Express Center is not being managed by a trained manager. Pending appointment, we may appoint a manager and charge a reasonable management fee.</p>
<p>q. Non-competition covenants during the term of the franchise</p>	<p>Section 12 and 19.4</p>	<p><u>Non-Compete Covenant</u>  During the term of the Franchise Agreement and, for a period of 2 years thereafter, neither you nor any of your Owners (nor any of your or your Owners’ spouses or children) will have any direct or indirect interest as a disclosed or beneficial Owner, investor, partner, director, officer, employee, franchisee, licensee, consultant, operator, licensor, manager, representative, landlord, sub-landlord, tenant, or agent or in any other capacity in any Competitive Business operating:</p> <p>(A) within the Protected Area (if any) and including at the Site;</p> <p>(B) within 75 miles of the Protected Area (if any), and if not, within 75 miles of the Site and including at the Site;</p> <p>(C) within 75 miles of any other TA Express Center or TA Center (franchised or otherwise) in operation or which is under construction and granted the right to operate in such area <del>on the later of the effective date of the termination or expiration of the Franchise Agreement or the date on which a Person restricted by this Section complies with this Section;</del> or</p> <p>(D) anywhere in the United States or Canada in connection with a regional or national chain operating a Competitive Business (including but not limited to Pilot, <del>Bosselman</del>, Flying J, <u>Bosselman</u>, Love’s, or Sapp Bros.)</p> <p><u>Covenant Not to Solicit</u>  During the term of the Franchise Agreement and, for a period of 2 years thereafter, neither you nor any of your Owners will entice or induce or in any manner influence any Person, who is in our or our Affiliates’ employ at a management level, to leave such employ or discontinue such service.</p>

Provision	Section in Agreement	Summary
		<p><b>Covenant Not to Divert Business</b>            During the term of the Franchise Agreement, neither you nor any of your Owners (nor any of your or your Owners’ spouses or children) will divert or attempt to divert any business or any customer of a TA Center to any Competitive Business or other individual or business entity which offers any of the Services, including to a gas station, restaurant, or convenience store, by direct or indirect inducement or otherwise, or do or perform directly or indirectly any other act injurious or prejudicial to the goodwill associated with our Marks or System, or in any way negligently or intentionally interfere with your TA Express Center or our business or prospective business.</p> <p>These covenants may be subject to applicable state laws.</p> <p>The Franchise Agreement defines a Competitive Business as: “Any truckstop or travel center business or service center that (i) provides the same or similar services as the Services offered at a TA Express Center, or (ii) which in any way utilizes the Confidential Information, the TA System or the Marks (other than a TA Center operated under a Franchise Agreement with us).”</p>
<p>r. Non-competition covenants after the franchise is terminated or expires</p>	<p>Section 19.4</p>	<p>See 17(q) above re: two year period after termination or expiration of the franchise agreement. Additionally, you may not lease, license or otherwise permit the site to be used by a regional or national chain operating a Competitive Business under a substantially uniform name and image for a two year period after termination or expiration of the franchise agreement.</p> <p>These covenants may be subject to applicable state laws.</p>
<p>s. Modification of the Franchise Agreement</p>	<p>Sections 7 and 21.15</p>	<p>TA Franchise may modify the TA Express System Standards (including the Marks) and the Manuals; implement changes to the Services, Products or other items, approve additional Approved Suppliers, develop additional Preferred Vendor Programs, and modify Computer System specifications for hardware and software. Modification of the Franchise Agreement requires both parties to sign a written agreement.</p>

Provision	Section in Agreement	Summary
t. Integration/merger clause	Section 21.15	The Franchise Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of the Franchise Agreement. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	None	Not Applicable
v. Choice of forum	Section 21.9	For cases where federal jurisdictions would not exist if the case were brought in federal court, the state or county court of any city or county where we have our principal place of business, and, for all other cases, the United States District Court nearest to our principal place of business. This provision is subject to the requirements of applicable state laws.
w. Choice of law	Section 21.7	Ohio law applies (subject to state law).

**Item 18: PUBLIC FIGURES**

TA Franchise does not use any public figures to promote its franchises.

**Item 19: FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to disclose information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

We do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting ~~Dave Raeco, at~~ [Daniel Walter](mailto:Daniel.Walter@ta-petro.com), 24601 Center Ridge Road, Westlake, Ohio 44145-5634, ~~(440) 808-3169, mailto: draco@ta-petro.com~~, ~~808-3203~~, [dwalter@ta-petro.com](mailto:dwalter@ta-petro.com), the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary  
for Years ~~2020~~2021 to ~~2022~~2023<sup>1</sup>

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<del>TA Express Franchised</del>	<del>2020</del>	<del>4</del>	<del>13</del>	<del>+9</del>
<u>TA Express Franchised</u>	2021	13	17	+4
	2022	17	19	+2
<del>TA Express Company-Owned</del>	<del>2020</del> <u>2023</u>	<del>8</del> <u>19</u>	<del>8</del> <u>31</u>	<del>0</del> <u>+12</u>
<u>TA Express Company-Owned</u>	2021	8	8	0
	2022	8	10	+2
<del>Total Outlets</del>	<del>2020</del> <u>2023</u>	<del>12</del> <u>10</u>	<del>21</del> <u>10</u>	<del>+90</del>
<u>Total Outlets</u>	2021	21	25	+4
	2022	25	29	+4
	<u>2023</u>	<u>29</u>	<u>41</u>	<u>+12</u>

Table No. 2

Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)  
for Years ~~2020~~2021 to ~~2022~~2023

State	Year	Number of Transfers
<del>Utah</del>	<del>2020</del>	<del>0</del>
<u>Utah</u>	2021	1
	2022	0
<del>TOTAL</del>	<del>2020</del> <u>2023</u>	<del>0</del>
<u>TOTAL</u>	2021	1
	2022	0
	<u>2023</u>	<u>0</u>

Table No. 3

**Status of TA Express Franchised Outlets  
for Years ~~2020~~2021 to ~~2022~~2023<sup>1</sup>**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations, Other Reasons	Outlets at End of the Year
Arizona	<del>2020</del> 2021	<del>0</del> 1	<del>1</del> 0	0	0	0	0	1
	<del>2021</del> 2022	1	0	0	0	0	0	1
	<del>2022</del> 2023	1	0	0	0	0	0	1
California	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Georgia	<del>2020</del> 2023	0	1	0	0	0	0	1
Colorado	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Georgia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	<del>2020</del> 2023	<del>1</del> 0	0	0	0	0	0	<del>1</del> 0
Illinois	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Iowa	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Kansas	<del>2020</del> 2022	0	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

<sup>1</sup> If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations, Other Reasons	Outlets at End of the Year
<u>Kansas</u>	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Louisiana</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<del>North Dakota</del> <u>Missouri</u>	<del>2021</del> <u>2021</u>	<del>0</del> <u>0</u>	0	0	0	0	0	<del>0</del> <u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>North Dakota</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<u>Oklahoma</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<del>Oregon</del>	<del>2021</del> <u>2021</u>	0	1	0	0	0	0	1
<u>Oregon</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<del>Pennsylvania</del>	<del>2021</del> <u>2021</u>	<del>0</del> <u>0</u>	0	0	0	0	0	<del>0</del> <u>0</u>
<u>Pennsylvania</u>	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<del>South Dakota</del>	<del>2021</del> <u>2021</u>	<del>1</del> <u>2</u>	<del>0</del> <u>0</u>	0	0	0	0	<del>1</del> <u>3</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations, Other Reasons	Outlets at End of the Year
<u>South Dakota</u>	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
<del>Texas</del>	<del>2020</del> 2023	<del>43</del>	<del>40</del>	0	0	0	0	<del>53</del>
<u>Texas</u>	2021	5	1	0	0	0	0	6
	2022	6	1	0	0	0	0	7
	<u>2023</u>	<u>7</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
<u>Tennessee</u>	<u>2021</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<del>Utah</del>	<del>2020</del> 2023	0	1	0	0	0	0	1
<u>Utah</u>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<del>Wisconsin</del>	<del>2020</del> 2023	<del>01</del>	0	0	0	0	0	<del>01</del>
<u>Wisconsin</u>	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<b>TOTAL</b>	<del>2020</del> 2023	<del>41</del>	<del>90</del>	0	0	0	0	<del>131</del>
<b>TOTAL</b>	2021	13	4	0	0	0	0	17
	2022	17	2	0	0	0	0	19
	<u>2023</u>	<u>19</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>31</u>

**Table No. 4**  
**Status of TA Express Company-Owned Outlets**  
**for Years ~~2020~~2021 to ~~2022~~2023!**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Colorado	<del>2020</del> <u>2021</u>	3	0	0	0	0	3
	<del>2021</del> <u>2022</u>	3	0	0	0	0	3
	<del>2022</del> <u>2023</u>	3	0	0	0	0	3
<del>Connecticut</del>	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
<u>Connecticut</u>	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
<del>Florida</del>	<del>2020</del> <u>2023</u>	1	0	0	0	0	1
<u>Florida</u>	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
<del>Georgia</del>	<del>2020</del> <u>2023</u>	<del>0</del> <u>1</u>	0	0	0	0	<del>0</del> <u>1</u>
<u>Georgia</u>	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
<del>North Dakota</del>	<del>2020</del> <u>2023</u>	1	0	0	0	0	1
<u>North Dakota</u>	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
<del>South Carolina</del>	<del>2020</del> <u>2023</u>	<del>0</del> <u>1</u>	0	0	0	0	<del>0</del> <u>1</u>
<u>South Carolina</u>	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
<del>Texas</del>	<del>2020</del> <u>2023</u>	1	0	0	0	0	1
<u>Texas</u>	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
<del>Utah</del>	<del>2020</del> <u>2023</u>	1	0	0	0	0	1
<u>Utah</u>	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
<b>COMPANY TOTALS:</b>	<del>2020</del> <u>2023</u>	<del>8</del> <u>8</u>	0	0	0	0	<del>8</del> <u>8</u>
<b>COMPANY TOTALS:</b>	2021	8	0	0	0	0	8

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2022	8	2	0	0	0	10
	2023	10	0	0	0	0	10

**Table No. 5**

**TA Express Projected Openings as of December 31, ~~2022~~2023**

State	Franchise Agreements Signed but Outlet not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
<u>Alabama</u>	<u>1</u>	<u>1</u>	<u>0</u>
Arizona	2	1	0
Arkansas	1	1	0
California	95	40	0
Colorado	1	20	0
Georgia	21	21	0
<del>Indiana</del> Idaho	1	0	0
<del>Mississippi</del> Indiana	1	0	0
<u>Kansas</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Louisiana</u>	<u>1</u>	<u>1</u>	<u>2</u>
<del>Missouri</del> Mississippi	21	1	0
<del>Nevada</del> Missouri	1	1	0
<u>Montana</u>	<u>1</u>	<u>0</u>	<u>0</u>
<del>Oklahoma</del> <u>Nevada</u>	31	40	0
<u>Ohio</u>	<u>1</u>	<u>0</u>	<u>0</u>
<u>Oklahoma</u>	<u>2</u>	<u>0</u>	<u>0</u>
<del>Tennessee</del> Oregon	20	1	0
<del>Texas</del> Tennessee	61	20	40
<u>Texas</u>	<u>5</u>	<u>2</u>	<u>0</u>
Washington	2	1	0
<b>TOTAL</b>	<del>33</del> 29	<del>17</del> 11	<del>4</del> 3

The data in these Item 20 tables only includes franchises under this offering. It does not include information on full service TA Center franchises or company owned units, which are offered under the TA Center disclosure document.

The names, addresses and telephone numbers of our TA Express Center franchisees, as of December 31, ~~2022~~2023, are as follows:

<b>Entity</b>	<b>Contact Name</b>	<b>Address</b>	<b>Telephone No.</b>
LV Petroleum, LLC	Orly Jackson	19210 North U.S. <del>Highway</del> <u>Hwy</u> 93 White Hills, AZ 86445	702-845-6951
<a href="#">Coso Junction Store, Inc.</a>	<a href="#">Jagdeep S. Dhillon</a>	<a href="#">20 Gills Station Road Olancha, CA 93549</a>	<a href="#">760-447-1408</a>
<a href="#">LV Petroleum, LLC</a>	<a href="#">Lissette Amiel</a>	<a href="#">708 N. Main Street Lamar, CO 81052</a>	<a href="#">702-845-6951</a>
Gas Express LLC	Amin Chitalwala	3000 Kia <del>Blvd</del> <u>Bkvd.</u> LaGrange, GA 30240 <a href="#">[West Point]</a>	404-247-9473
Roadways Plaza, LLC	Rajinder Singh	2855 Overpass Road Riverton, IL 62561	815-412-4161
<a href="#">LV Petroleum, LLC</a>	<a href="#">Lissette Amiel</a>	<a href="#">2010 Indorf Avenue Holstein, IA 51025</a>	<a href="#">702-845-6951</a>
My Store III, Inc.	Moussa Sobaiti	32501 W. 200th Terrace Edgerton, KS 66021	831-905-1377
<a href="#">LV Petroleum, LLC</a>	<a href="#">Lissette Amiel</a>	<a href="#">801 W. 1st Street Fairview, KS 66425</a>	<a href="#">702-845-6951</a>
<a href="#">LV Petroleum, LLC</a>	<a href="#">Lissette Amiel</a>	<a href="#">2198 Highway 532 Minden, LA 71055</a>	<a href="#">702-845-6951</a>
<a href="#">Wilmoth Oil Company, LLC / Wilmoth Enterprises, Inc.</a>	<a href="#">Brent Wilmoth</a>	<a href="#">1000 E. Mt. Vernon Blvd. PO Box 391 Mt. Vernon, MO 65712</a>	<a href="#">417-466-7632</a>
<a href="#">Norwood AMPM LLC</a>	<a href="#">Lexander Singh</a>	<a href="#">741 State Highway E. Norwood, MO 65717</a>	<a href="#">661-388-1372</a>
<a href="#">LV Petroleum, LLC</a>	<a href="#">Lissette Amiel</a>	<a href="#">1212 North 47th Street Grand Forks, ND 58203</a>	<a href="#">702-845-6951</a>
Heinz Enterprises, Inc. & H & H Enterprises, Inc.	Tom L. Heinz	620 Mitchell Avenue North Steele, ND, 58482	701-475-2274
<a href="#">LV Petroleum, LLC</a>	<a href="#">Lissette Amiel</a>	<a href="#">13553 64th Street Williston, ND 58801</a>	<a href="#">702-845-6951</a>
<a href="#">2Go Express Travel Plaza Incorporated</a>	<a href="#">Kazim Kahn</a>	<a href="#">16700 W. South Ave Tonkawa, OK 74653</a>	<a href="#">917-660-1246</a>
Biggs Petroleum, LLC	Bharwinder Singh Lal Din Sidhu Nirmal Singh	91464 Biggs-Rufus Hwy Biggs Junction, OR 97065	360-601-5404
Lancaster Travel Places LLC	Anil P. Jivani	2622 Lincoln Highway East Ronks, PA 17572	717-682-4400
Heinz Enterprises, Inc. & H & H Enterprises, Inc.	Tom L. Heinz	47051 SD Hwy 50 Burbank, SD 57010 <a href="#">[Vermillion]</a>	701-475-2274
Heinz Enterprises, Inc. & H & H Enterprises, Inc.	Tom L. Heinz	27638 US 385 Hot Springs, SD 57747	701-475-2274
Heinz Enterprises, Inc. & H & H Enterprises, Inc.	Tom L. Heinz	45789 US Hwy 12 Summit, SD 57266	701-475-2274
<a href="#">Cookeville Travel Center LLC</a>	<a href="#">C. Michael Gibson</a>	<a href="#">1750 Salem Road Cookeville, TN 38506</a>	<a href="#">934-526-3314</a>

Entity	Contact Name	Address	Telephone No.
Almeda Swift Pro LLC & Almeda Swift Store LLC	Karim Ali Sarfaraz Sunesara Irfan Ali Imran Ali	12602 South Freeway Almeda, TX 77047	281-918-0288
Oasis Operations, LLC & Oasis Properties, LLC	Shahid Maknojia / Karim Ali	5490 N. Hwy 146 Baytown, TX 77523	281-918-0288
Gateway of Kilgore, Inc.	Brian Hatchett	1086 US 59 South Carthage, TX 75633	903-983-5300
Bryan TCA Operating Company, LLC	Brian Hatchett	1616 West Commerce St. Fairfield, TX 75840	903-983-5300
<a href="#">500 AJ Store, Inc.</a>	<a href="#">Tarlochan Pakka</a>	<a href="#">500 I-45 N. Huntsville, TX 77320</a>	<a href="#">732-331-8444</a>
Gateway of Kilgore, Inc. & Robert & Hatchett Partnership	Dr. (Jerry Tedd) JT Roberts (Robert) Brian Hatchett	4403 Highway 42 North Kilgore, TX 75662	903-983-5300
Zanbaka USA Realty LLC & Zanbaka USA 30 LLC	Yousef Zoubi	300 SE Access Road Mt. Vernon, TX 75457	214-499-1243
Gateway of Kilgore, Inc. & Robert & Hatchett Partnership	Brian Hatchett	2615 N. Stallings Drive Nacogdoches, TX 75964	903-983-5300
Salina Gas Inc.	Jinder Singh	2055 S. State Street Salina, UT 84654	760-832-1760
Osseo Truck Stop LLC	Parveen (Paul) Bhardwaj	12613 Gunderson Road Osseo, WI 54758	608-449-077

The names and addresses of our TA Express Company owned outlets as of December 31, ~~2022~~2023, are as follows:

Site	Location	Address	City	State	Zip
0648	TA Express Brush	1041 N. Colorado Avenue	Brush	CO	80723
0264	TA Express Grand Junction	2222 US-6	Grand Junction	CO	81505
0649	TA Express Walsenburg	455 US-85	Walsenburg	CO	81089
0171	TA Express New Haven	3 East Industrial Road	Branford	CT	06405-6508
0465	TA Express Fair Play	272 Herring Road	Fair Play	SC	29643
0158	TA Express Tampa	11706 Tampa Gateway Blvd.	Seffner	FL	33584
418	TA Express Statesboro	2930 US 301	Register	GA	30452
0259	TA Express Alexander	14256 Hwy. 85 North	Alexander	ND	58831
0350	TA Express Vinton	601 Westway Blvd	Canutillo	TX	79835
0186	TA Express Parowan	1130 North 100 W.	Parowan	UT	84761

Listed below is the name and address of those TA Express franchisees who signed a Franchise Agreement but their outlet was not yet operational as of December 31, ~~2022~~2023:

Entity	Contact Name	Address	Telephone No.
LV Petroleum, LLC	Lisette Amiel	<del>4495 W. Hacienda Ave., Suite 7A Las Vegas, NV 89118</del>	702-845-6951

Entity	Contact Name	Address	Telephone No.
		<del>[Littlefield, AZ]</del> 901 Bankhead Hwy Birmingham, AL 35204	
<a href="#">LV Petroleum, LLC</a>	<a href="#">Lisette Amiel</a>	<a href="#">3225 E. Rincon Road Littlefield, AZ 86432</a>	<a href="#">702-845-6951</a>
Yuma Truck, Inc.	Khalid Saddique	1010 N 339th Ave. Yuma, AZ 85365	916-670-2117
Royal Hawk LLC	Raminderjit "Romy" S. Sekhon	5712 C.W. Post Road Jonesboro, AR 72404	951-751-7455
<del>Travel Plaza Afton, Inc.</del>	<del>Ravinder S. Grewal</del>	<del>45101 Afton Canyon Rd Baker, CA 92309</del>	<del>310-748-1348</del>
CSG Petroleum <del>INC</del> <a href="#">Inc.</a>	Palvinder Singh Gill	209 Weedpatch Hwy Bakersfield, CA 93307	661-319-7427
Kramer Junction Travel Center LLC	Ravinder S. Grewal	6158 CA-58 E. Boron, CA 93516 [Kramer Junction, CA]	310-748-1348
AAJM Group, LLC	Amritpaul Singh Gurjit Singh Swarnpal Singh Sekhon	5220 North Annapolis Ave. Fresno, CA 93723 [Grenada, CA]	559-614-4683
<del>MEQ Larkspur LLC</del>	<del>Andrew Sobel</del>	<del>21515 Hawthorne Boulevard, Suite 200 Torrance, CA 90502 [Larkspur, CO]</del>	<del>310-963-4100</del>
Lohgarh, Inc.	Jagtar S Samra	44230 National Trails Highway Newberry Springs, CA 92365	818-518-8648
<del>Coso Junction Stores, INC</del>	<del>Jagdeep S. Dhillon</del>	<del>Highway 395 &amp; Gill Station Coso Road Olancha, CA 93549</del>	<del>760-447-1408</del>
<del>GNS Travel Center, Inc.</del>	<del>Ravinder S. Grewal</del>	<del>21550 Oxnard St. Woodland Hills, CA 91367 [Rosamond, CA]</del>	<del>310-748-1348</del>
Greens Fuel San Bernardino, LLC	Atman Kadakia	20301 Kendal Drive San Bernardino, CA 92407	949-322-1760
<del>LV Petroleum, MEQ Larkspur</del> LLC	<del>Lisette Amiel</del> <a href="#">Andrew Sobel</a>	<del>4425 West Sunset Road Las Vegas, NV 89118</del> <del>[Lamar]</del> <a href="#">21515 Hawthorne Boulevard, Suite 200 Torrance, CA 90502 [Larkspur, CO]</a>	<del>702-845-6951</del> <a href="#">310-963-4100</a>
<del>DG Gas, LLC</del>	<del>Stephen Galbraith</del>	<del>1000 Johnson Ferry Rd</del>	<del>404-213-4116</del>

<b>Entity</b>	<b>Contact Name</b>	<b>Address</b>	<b>Telephone No.</b>
		<del>Suite B250 Marietta, GA 30068 [Cordele, GA]</del>	
AM PM Convenience Stores Inc.	Manpreet Singh	2657 Cobbham Rd. Thomson, GA 30824	762-994-0050
<a href="#"><u>Dubois Travel Stop, LLC / Eastern Idaho Investment, LLC</u></a>	<a href="#"><u>Amardeep Singh Daulat Singh Sandhu</u></a>	<a href="#"><u>424 W. Main Street Dubois, ID 83423</u></a>	<a href="#"><u>360-567-9077</u></a>
Rocket Fuels, Inc.	Nicholas Robert Jones	5240 S Victor Pike Dale, IN 47523	812-486-9335
<a href="#"><u>Arshas Operating, LLC / Edgemont Holdings, LLC</u></a>	<a href="#"><u>Rajan Khadka Karim Merchant James F. Silvio, Jr.</u></a>	<a href="#"><u>6411 Hwy 2 Hosston, LA 71043</u></a>	<a href="#"><u>318-393-5010</u></a>
Majhail LLC	Harjot Singh Bajwa Jaskaranjeet Singh Gill	1965 Eastridge Circle Madison, MS 39110 [Mooreville, MS]	360-632-8360
<del>Norwood AMPM LLC</del>	<del>Lexander Singh</del>	<del>741 State Highway E. Norwood, MO 65717</del>	<del>661-388-1372</del>
Akal Group of Missouri, Inc.	Yousif Malik Mohammad Malik	1027 N. Walnut Street Steele, MO 63877	202-716-0165
<a href="#"><u>Yellowstone Travel Plaza, LLC / Chana Montana Real Estate Holdings, LLC</u></a>	<a href="#"><u>Jaspreet S. Chana</u></a>	<a href="#"><u>1226 US Highway 10 Livingston, MT 59047</u></a>	<a href="#"><u>509-793-4164</u></a>
LV Petroleum, LLC	Lisette Amiel	4495 W. Hacienda Ave.; Suite 7A Las Vegas, NV 89118 [Wendover, NV]	702-845-6951
<a href="#"><u>MM CS Services, LLC / Wintergreen Road Center, LLC</u></a>	<a href="#"><u>Dustin Hewatt Marvin Hewatt</u></a>	<a href="#"><u>64516 Wintergreen Road Old Washington, OH 43768</u></a>	<a href="#"><u>770-560-2180</u></a>
C-Store Operations, LLC / Bordertown Holdings, LLC	Hanif Lakhani	3145 Broadway Kansas City, MO 64111 [South Coffeyville, OK]	913-940-0416
<del>2Go Express Travel Plaza Incorporated</del>	<del>Kazim Kahn</del>	<del>16700 W. South Ave Tonkawa, OK 74653</del>	<del>917-660-1246</del>
Travel Plaza Wagoner 69 LLC / Property 69 LLC	Tarlochan Pakka Pritpal Singh Dhaval Patel	321 Liberty Corner Road Far Hills, NJ 07931 [Wagoner, OK]	732-331-8444
<del>Cookeville Travel Center</del>	<del>C. Michael Gibson</del>	<del>1750 Salem Road</del>	<del>934-526-3314</del>

<b>Entity</b>	<b>Contact Name</b>	<b>Address</b>	<b>Telephone No.</b>
<del>LLC</del>		<del>Cookeville, TN 38506</del>	
Portland Travel Center LLC Portland TC Properties LLC	<del>Krupaben Patel</del> Chirag Surendrabh Shah <del>Hinal Yashpal</del> Tanwar Hinal Yashpal Tanwar	1105 Vaughn Parkway Portland, TN 37148	931-267-1548
Belton Partners LLC	Nasruddin "Nash" Mahesania	8101 South Interstate Highway 35 Service Rd. Belton, TX 76513	512-203-5049
Ferali Gas Inc.	Nabil "Bill" Elhorr	101 Ranch House Road Willow Park, TX 76087 [Decatur, TX]	214-682-7000
<del>500 AJ Store, Inc.</del>	<del>Tarlochan Pakka</del>	<del>500 I-45 N. Huntsville, TX 77320</del>	<del>732-331-8444</del>
P & P Hospitality LLC	Tarlochan Pakka	500 I-45 N. Huntsville, TX 77320 [Kingsville, TX 78363]	732-331-8444
Travel Plaza 37 and 188 LLC	Paul Singh	500 I-45 N. Huntsville, TX 77320 [Mathis, TX]	559-260-1075
<u>Pleasanton Business LLC</u>	<u>Nasruddin "Nash" Mahesania</u>	<u>109963 Interstate 37 Pleasanton, TX 78064</u>	<u>512-203-5049</u>
<u>Bens Truck Stop LLC</u>	<u>Sheela Karmacharya</u>	<u>1300 Boblett Street Blaine, WA 98230</u>	<u>509-899-5448</u>
<u>Exit 115, LLC</u>	<u>Inderjit Gill</u>	<u>2109 W. Creeksedge Way Ellensburg, WA 98926 [Kittitas, WA]</u>	<u>206-271-7503</u>
<u>Travel Plaza 37 and 188 LLC</u>	<u>Paul Singh</u>	<u>500 I-45 N. Huntsville, TX 77320 [Mathis, TX]</u>	<u>559-260-1075</u>
Pleasanton Business LLC	Nasruddin "Nash" Mahesania	109963 Interstate 37 Pleasanton, TX 78064	512-203-5049
Bens Truck Stop LLC	Sheela Karmacharya	2108 W. Clearview Dr. Ellensburg, WA 98926 [Blaine, WA]	509-899-5448
Exit 115, LLC	Inderjit Gill	2109 W. Creeksedge Way Ellensburg, WA 98926 [Kittitas, WA]	206-271-7503

Listed below is the name and last known address and telephone number of every franchisee who has had an outlet terminated, canceled, transferred, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently

completed fiscal year or who has not communicated with TA Franchise within 10 weeks of the date of this Franchise Disclosure Document.

NONE

<u>Entity</u>	<u>Contact Name</u>	<u>Address</u>	<u>Telephone No.</u>
<u>Travel Plaza Afton, Inc.</u>	<u>Ravinder S. Grewal</u>	<u>45101 Afton Canyon Rd Baker, CA 92309</u>	<u>310-748-1348</u>
<u>GNS Travel Center, Inc.</u>	<u>Ravinder S. Grewal</u>	<u>21550 Oxnard St. Woodland Hills, CA 91367 [Rosamond, CA]</u>	<u>310-748-1348</u>
<u>DG Gas, LLC</u>	<u>Stephen Galbraith</u>	<u>1000 Johnson Ferry Rd Suite B250 Marietta, GA 30068 [Cordele, GA]</u>	<u>404-213-4116</u>

If you buy this franchise, your contact information may be disclosed to other buyers during the term when you leave the franchise system.

Within the past three years, existing or former franchisees have signed agreements involving confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with TA Franchise Systems LLC. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

No independent franchisee organizations have asked to be included in this Disclosure Document.

### **Item 21: FINANCIAL STATEMENTS**

**Exhibit D** includes BPCNA’s audited consolidated balance sheets as of December 31, 2023 and 2022 ~~and 2021~~, and related consolidated statements of profit and loss, comprehensive income, changes in stockholders’ equity and cash flows for the years ended December 31, 2023, 2022, and 2021, ~~and 2020~~ and the related notes to the consolidated financial statements.

BPCNA guarantees TA Franchise’s performance under the terms and conditions of the Guaranty of Performance attached to this disclosure document as **Exhibit H**.

### **Item 22: CONTRACTS**

A copy of the Franchise Agreement is attached as **Exhibit E**. A copy of the general release is attached as **Exhibit F**. A copy of our form Subordination Agreement is attached as **Exhibit G**.

### **Item 23: RECEIPTS**

You will find copies of a detachable receipt in **Exhibit J** at the very end of the Disclosure Document.

**TA FRANCHISE SYSTEMS LLC**

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

**LIST OF STATE AGENTS FOR SERVICE OF PROCESS**

<p><b>CALIFORNIA</b> Commissioner of Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500</p>	<p><b>NEW YORK</b> Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492</p>
<p><b>HAWAII</b> Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division, Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722</p>	<p><b>NORTH DAKOTA</b> Securities Commissioner North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 5th Floor Bismarck, ND 58505-0510 (701) 328-2910</p>
<p><b>ILLINOIS</b> Attorney General of the State of Illinois 500 S. Second Street Springfield, IL 62706 (217) 782-4465</p>	<p><b>RHODE ISLAND</b> Director of Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex, Building 69-1 Cranston, RI 02920 (401) 462-9500</p>
<p><b>INDIANA</b> Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, IN 46204 (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b> Department of Labor and Regulation Division of Securities 124 S. Euclid Avenue, Second Floor Pierre, SD 57501 (605) 773-3563</p>
<p><b>MARYLAND</b> Securities Commissioner Division of Securities 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360</p>	<p><b>VIRGINIA</b> Clerk of the State Corporation Commission 1300 E. Main Street, <del>Ninth</del><sup>1st</sup> Floor Richmond, VA 23219 (804) 371-9733</p>
<p><b>MICHIGAN</b> Corporations Division Franchise P.O. Box 30054 Lansing, MI 48909 (517) 335-7567</p>	<p><b>WASHINGTON</b> Director of Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760</p>
<p><b>MINNESOTA</b> Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600</p>	<p><b>WISCONSIN</b> Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139</p>

**TA FRANCHISE SYSTEMS LLC**

**EXHIBIT B TO THE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS**

<p><b>CALIFORNIA</b>          Commissioner of Department of Financial Protection and Innovation          Department of Financial Protection and INnovation          320 West 4th Street, Suite 750          Los Angeles, CA 90013-2344          (213) 576-7500</p>	<p><b>NEW YORK</b>          NYS Department of Law          Investor Protection Bureau          28 Liberty Street, 21st Floor          New York, NY 10005          (212) 416-8285</p>
<p><b>HAWAII</b>          Commissioner of Securities          Department of Commerce and Consumer Affairs          Business Registration Division, Securities Compliance Branch          335 Merchant Street, Room 205          Honolulu, HI 96813          (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>          North Dakota Securities Department          600 East Boulevard Avenue          State Capitol, 5th Floor, Dept. 414          Bismarck, ND 58505-0510          (701) 328-2910</p>
<p><b>ILLINOIS</b>          Office of Attorney General          Franchise Division          500 South Second Street          Springfield, IL 62706          (217) 782-4465</p>	<p><b>RHODE ISLAND</b>          Director of Department of Business Regulation          1511 Pontiac Avenue          John O. Pastore Complex, Building 69-1          Cranston, RI 02920          (401) 462-9500</p>
<p><b>INDIANA</b>          Indiana Secretary of State          Franchise Section          Room E-111          302 West Washington Street          Indianapolis, IN 46204          (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>          Department of Labor and Regulation          Division of Securities          124 S. Euclid Avenue, Suite 104          Pierre, SD 57501          (605) 773-3563</p>
<p><b>MARYLAND</b>          Maryland Securities Commissioner          200 St. Paul Place          Baltimore, MD 21202          (410) 576-6360</p>	<p><b>VIRGINIA</b>          State Corporation Commission          Division of Securities and Retail Franchising          1300 E. Main Street, 9<sup>th</sup> Floor          Richmond, VA 23219          (804) 371-9051</p>
<p><b>MICHIGAN</b>          Corporations Division          Franchise          P.O. Box 30054          Lansing, MI 48909          (517) 335-7567</p>	<p><b>WASHINGTON</b>          Department of Financial Institutions          Securities Division          PO Box 9033          Olympia, WA 98501          (360) 902-8760</p>
<p><b>MINNESOTA</b>          Department of Commerce          Securities Unit          85 7th Place East, Suite 280          St. Paul, MN 55101          (651) 539-1600</p>	<p><b>WISCONSIN</b>          Department of Financial Institutions          Division of Securities          4822 Madison Yards Way, North Tower          Madison, WI 53705          (608) 266-2139</p>

**TA FRANCHISE SYSTEMS LLC  
CONFIDENTIAL OPERATIONS MANUAL TABLE OF CONTENTS**

EXHIBIT C TO THE DISCLOSURE DOCUMENT

## Table of Contents

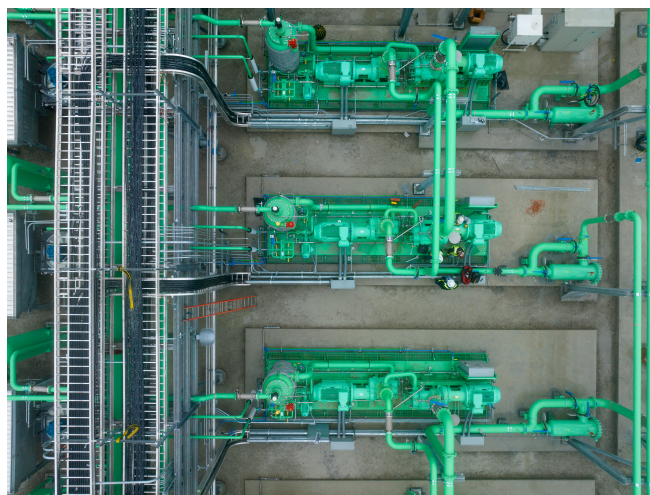
Statement of Confidentiality	Pg. 3-17
Pre – Opening Procedures	Pg. 18-49
Operating Standards and Procedures	Pg. 50-79
Required Record Keeping and Reporting	Pg. 80-107
Open Road Distributing (ORD)	Pg. 108-113
Advertising	Pg. 114-126
Other Income	Pg. 127-135
Fuel Programs and Procedures	Pg. 136-142
Forms Available	Pg. 143

# FINANCIAL STATEMENTS

## EXHIBIT D TO THE DISCLOSURE DOCUMENT



## BP Corporation North America Inc.



## 2023 Consolidated Financial Statements

## **CONSOLIDATED FINANCIAL STATEMENTS**

**For the years ended December 31, 2023, 2022 and 2021**

**BP Corporation North America Inc.**

**Table of Contents**

Report of Independent Auditors	4
Consolidated Income Statement	6
Consolidated Statement of Comprehensive Income (Loss)	7
Consolidated Statement of Changes in Equity	8
Consolidated Balance Sheet	9
Consolidated Cash Flow Statement	10
Notes to the consolidated financial statements	11
1. Significant accounting policies, judgements, estimates and assumptions	11
2. Non-current assets held for sale	27
3. Business combinations	28
4. Disposals and impairment	29
5. Sales and other operating revenues	31
6. Income statement analysis	31
7. Exploration for and evaluation of oil and natural gas resources	32
8. Taxation	32
9. Property, plant, and equipment	35
10. Capital commitments	36
11. Goodwill and impairment review of goodwill	36
12. Intangible assets	37
13. Investments in joint ventures	38
14. Investments in associates	39
15. Other investments	39
16. Inventories	40
17. Trade, affiliates, and other receivables	40
18. Trade, affiliates, and other payables	40
19. Provisions	41
20. Pensions and other post-retirement benefits	41
21. Cash and cash equivalents	47
22. Finance debt	47
23. Capital disclosures and net debt	48
24. Leases	48
25. Financial instruments and financial risk factors	49
26. Derivative financial instruments	52
27. Capital and reserves	59
28. Contingent liabilities and legal proceedings	61
29. Related parties	62
30. Ultimate parent, subsidiaries, joint arrangements, and associates	63

## INDEPENDENT AUDITOR'S REPORT

*Board of Directors and Shareholders*

### Opinion

We have audited the consolidated financial statements of BP Corporation North America Inc. (an indirectly owned subsidiary of BP p.l.c) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern at least, but not limited to, twelve months from the end of the reporting period, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Deloitte & Touche LLP*

March 8, 2024

## Consolidated Income Statement

For the year ended December 31		\$ million		
	Note	2023	2022	2021
Sales and other operating revenues	5	<b>83,612</b>	92,710	65,429
Earnings from joint ventures and associates - after interest and tax	13,14	<b>(1,062)</b>	(111)	(32)
Interest and other income	6	<b>2,830</b>	1,879	501
Gains on sale of businesses and fixed assets	4	<b>191</b>	116	376
<b>Total revenues and other income</b>		<b>85,571</b>	94,594	66,274
Purchases	16	<b>49,135</b>	54,170	36,334
Production and manufacturing expenses		<b>13,059</b>	14,659	13,837
Production and similar taxes		<b>365</b>	707	374
Depreciation, depletion and amortization		<b>7,391</b>	5,622	5,637
Net impairment and losses on sale of businesses and fixed assets	4	<b>1,636</b>	(356)	(1,286)
Exploration expense	7	<b>358</b>	156	85
Distribution and administration expenses		<b>4,999</b>	2,862	2,452
<b>Profit (loss) before interest and taxation</b>		<b>8,628</b>	16,774	8,841
Finance costs	6	<b>2,516</b>	1,715	1,952
Net finance expense relating to pensions and other post-retirement benefits	20	<b>25</b>	29	63
<b>Profit (loss) before taxation</b>		<b>6,087</b>	15,030	6,826
Taxation	8	<b>1,128</b>	4,589	2,286
<b>Profit (loss) for the year</b>		<b>4,959</b>	10,441	4,540
Attributable to				
BP Corporation North America shareholders	27	<b>4,331</b>	9,163	3,501
Preference share dividends	27	<b>839</b>	839	839
Non-controlling interests	27	<b>(211)</b>	439	200
		<b>4,959</b>	10,441	4,540

**Consolidated Statement of Comprehensive Income (Loss)<sup>a</sup>**

For the year ended December 31		\$ million		
	Note	2023	2022	2021
Profit (loss) for the year		<b>4,959</b>	10,441	4,540
Other comprehensive income (loss)				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Currency translation differences		<b>(13)</b>	(6)	9
Cash flow hedges	26	<b>637</b>	26	(175)
Share of items relating to equity-accounted entities, net of tax	13,14	—	12	9
Income tax relating to items that may be reclassified	8	<b>(149)</b>	(9)	42
		<b>475</b>	23	(115)
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of the net pension and other post-retirement benefit liability or asset	20	<b>116</b>	587	1,698
Income tax relating to items that will not be reclassified	8	<b>(27)</b>	(126)	(390)
		<b>89</b>	461	1,308
Other comprehensive income (loss)		<b>564</b>	484	1,193
<b>Total comprehensive income (loss)</b>		<b>5,523</b>	10,925	5,733
Attributable to				
BP Corporation North America shareholders	27	<b>4,895</b>	9,647	4,694
Non-controlling interests	27	<b>628</b>	1,278	1,039
		<b>5,523</b>	10,925	5,733

<sup>a</sup> See Note 27 for further information.

**Consolidated Statement of Changes in Equity<sup>a</sup>**

\$ million

	Share capital	Share premium account	Other reserves	Profit and loss account	BP Corporation North America shareholders' equity	Non-controlling interests	Total equity
<b>At January 1, 2023</b>	<b>1</b>	<b>43,288</b>	<b>(280)</b>	<b>(3,845)</b>	<b>39,164</b>	<b>14,014</b>	<b>53,178</b>
Profit (loss) for the year	—	—	—	4,331	4,331	628	4,959
Other comprehensive income	—	—	475	89	564	—	564
<b>Total comprehensive income</b>	<b>—</b>	<b>—</b>	<b>475</b>	<b>4,420</b>	<b>4,895</b>	<b>628</b>	<b>5,523</b>
Dividends paid	—	—	—	(12,000)	(12,000)	—	(12,000)
Preference share dividends	—	—	—	—	—	(839)	(839)
Share-based payments, net of tax	—	—	—	252	252	—	252
Dividends paid to non-controlling interests	—	—	—	—	—	(150)	(150)
Transactions involving non-controlling interests, net of tax	—	—	—	—	—	(172)	(172)
<b>At December 31, 2023</b>	<b>1</b>	<b>43,288</b>	<b>195</b>	<b>(11,173)</b>	<b>32,311</b>	<b>13,481</b>	<b>45,792</b>
<b>At January 1, 2022</b>	<b>1</b>	<b>43,288</b>	<b>(294)</b>	<b>(3,055)</b>	<b>39,940</b>	<b>13,749</b>	<b>53,689</b>
Profit (loss) for the year	—	—	—	9,163	9,163	1,278	10,441
Other comprehensive income (loss)	—	—	14	470	484	—	484
<b>Total comprehensive income (loss)</b>	<b>—</b>	<b>—</b>	<b>14</b>	<b>9,633</b>	<b>9,647</b>	<b>1,278</b>	<b>10,925</b>
Contribution from parent	—	—	—	820	820	—	820
Dividends paid	—	—	—	(11,000)	(11,000)	—	(11,000)
Preference share dividends	—	—	—	—	—	(839)	(839)
Share-based payments, net of tax	—	—	—	267	267	—	267
Other	—	—	—	1	1	20	21
Dividends paid to non-controlling interests	—	—	—	—	—	(42)	(42)
Transactions involving non-controlling interests, net of tax	—	—	—	(511)	(511)	(152)	(663)
<b>At December 31, 2022</b>	<b>1</b>	<b>43,288</b>	<b>(280)</b>	<b>(3,845)</b>	<b>39,164</b>	<b>14,014</b>	<b>53,178</b>
<b>At January 1, 2021</b>	<b>1</b>	<b>43,288</b>	<b>(173)</b>	<b>(8,543)</b>	<b>34,573</b>	<b>14,223</b>	<b>48,796</b>
Profit (loss) for the year	—	—	—	3,501	3,501	1,039	4,540
Other comprehensive income (loss)	—	—	(121)	1,314	1,193	—	1,193
<b>Total comprehensive income (loss)</b>	<b>—</b>	<b>—</b>	<b>(121)</b>	<b>4,815</b>	<b>4,694</b>	<b>1,039</b>	<b>5,733</b>
Preference share dividends	—	—	—	—	—	(839)	(839)
Share-based payments, net of tax	—	—	—	158	158	—	158
Other	—	—	—	(5)	(5)	9	4
Dividends paid to non-controlling interests	—	—	—	—	—	(100)	(100)
Transactions involving non-controlling interests, net of tax	—	—	—	520	520	(583)	(63)
<b>At December 31, 2021</b>	<b>1</b>	<b>43,288</b>	<b>(294)</b>	<b>(3,055)</b>	<b>39,940</b>	<b>13,749</b>	<b>53,689</b>

<sup>a</sup> See Note 27 for further information.

## Consolidated Balance Sheet

At December 31		\$ million
	Note	2023 2022
<b>Non-current assets</b>		
Property, plant and equipment	9	60,314 57,065
Goodwill	11	4,966 4,557
Intangible assets	12	4,897 5,148
Investments in joint ventures	13	2,773 3,173
Investments in associates	14	218 258
Other investments	15	793 1,210
		<b>73,961</b> 71,411
<b>Fixed assets</b>		
Loans		386 331
Trade and other receivables	17	259 157
Affiliates receivables	17	15,441 20,266
Derivative financial instruments	26	8,337 8,349
Prepayments		384 341
Deferred tax assets	8	— 3
Defined benefit pension plan surpluses	20	1,139 1,231
		<b>99,907</b> 102,089
<b>Current assets</b>		
Loans		135 82
Inventories	16	9,224 11,945
Trade and other receivables	17	9,345 10,410
Affiliates receivables	17	37,435 25,548
Derivative financial instruments	26	4,012 4,728
Prepayments		475 216
Current tax receivable		138 26
Other investments	15	501 275
Cash and cash equivalents	21	2,271 2,348
		<b>63,536</b> 55,578
Assets classified as held for sale	2	— 788
		<b>63,536</b> 56,366
		<b>163,443</b> 158,455
<b>Total assets</b>		
<b>Current liabilities</b>		
Trade and other payables	18	23,007 21,773
Affiliates payables	18	17,932 10,691
Derivative financial instruments	26	2,947 4,064
Accruals		2,546 2,555
Lease liabilities	24	1,225 937
Finance debt - non-affiliates	22	495 521
Finance debt - affiliates	22	280 —
Current tax payable		166 228
Provisions	19	2,559 4,390
		<b>51,157</b> 45,159
Liabilities directly associated with assets classified as held for sale	2	— 274
		<b>51,157</b> 45,433
<b>Non-current liabilities</b>		
Trade and other payables	18	10,101 9,980
Affiliates payables	18	98 212
Derivative financial instruments	26	6,465 6,584
Accruals		824 805
Lease liabilities	24	4,077 2,249
Finance debt - non-affiliates	22	32,094 26,981
Finance debt - affiliates	22	1,071 1,351
Deferred tax liabilities	8	3,363 2,750
Provisions	19	6,863 7,204
Defined benefit pension plan and other post-retirement benefit plan deficits	20	1,538 1,728
		<b>66,494</b> 59,844
		<b>117,651</b> 105,277
<b>Total liabilities</b>		
<b>Net assets</b>		
Equity		45,792 53,178
BP Corporation North America shareholders' equity	27	32,311 39,164
Non-controlling interests	27	13,481 14,014
	27	<b>45,792</b> 53,178
<b>Total equity</b>		

## Consolidated Cash Flow Statement

For the year ended December 31

		\$ million		
	Note	2023	2022	2021
<b>Operating activities</b>				
Profit (loss) before taxation		<b>6,087</b>	15,030	6,826
Adjustments to reconcile profit (loss) before taxation to net cash provided by operating activities				
Exploration expenditure written off	7	<b>272</b>	69	20
Depreciation, depletion and amortization		<b>7,391</b>	5,622	5,637
Impairment and (gain) loss on sale of businesses and fixed assets	4	<b>1,444</b>	(472)	(1,662)
Earnings from joint ventures and associates		<b>1,062</b>	111	32
Dividends received from joint ventures and associates		<b>232</b>	209	205
Interest receivable		<b>(2,624)</b>	(1,185)	(432)
Interest received		<b>2,613</b>	1,173	427
Finance costs	6	<b>2,516</b>	1,715	1,952
Interest paid		<b>(1,910)</b>	(1,343)	(1,396)
Net finance expense relating to pensions and other post-retirement benefits	20	<b>25</b>	29	63
Share-based payments		<b>258</b>	221	154
Net operating charge for pensions and other post-retirement benefits, less contributions and benefit payments for unfunded plans	20	<b>(8)</b>	(64)	(28)
Net charge for provisions, less payments		<b>(2,197)</b>	762	2,491
Movements in inventories and other current and non-current assets and liabilities		<b>1,320</b>	(2,332)	(4,815)
Income taxes paid		<b>(555)</b>	(878)	(313)
<b>Net cash provided by operating activities</b>		<b>15,926</b>	18,667	9,161
<b>Investing activities</b>				
Expenditure on property, plant and equipment, intangible and other assets		<b>(7,614)</b>	(5,754)	(4,632)
Acquisitions, net of cash acquired	3	<b>(766)</b>	(3,503)	(125)
Investment in joint ventures and associates		<b>(779)</b>	(351)	(1,053)
<b>Total cash capital expenditure</b>		<b>(9,159)</b>	(9,608)	(5,810)
Proceeds from disposals of fixed assets	4	<b>120</b>	21	86
Proceeds from disposals of businesses, net of cash disposed	4	<b>558</b>	184	2,334
Proceeds from loan repayments		<b>8</b>	11	15
Net changes in receivables from affiliates		<b>(5,381)</b>	5,946	5,192
<b>Net cash (used in) provided by investing activities</b>		<b>(13,854)</b>	(3,446)	1,817
<b>Financing activities</b>				
Lease liability payments		<b>(1,153)</b>	(726)	(698)
Proceeds from long-term financing		<b>5,386</b>	1,995	6,332
Repayments of long-term financing		<b>(135)</b>	(4,513)	(7,497)
Net decrease in long-term financing from affiliates		<b>—</b>	(105)	(3)
Increase (decrease) in payables to affiliates		<b>7,582</b>	687	(7,273)
Net decrease in short-term debt		<b>(660)</b>	(12)	—
Payments relating to transactions involving non-controlling interests		<b>(180)</b>	(9)	(560)
Dividends paid	27	<b>(12,989)</b>	(11,881)	(939)
<b>Net cash used in financing activities</b>		<b>(2,149)</b>	(14,564)	(10,638)
Currency translation differences relating to cash and cash equivalents		<b>—</b>	(67)	(1)
(Decrease) increase in cash and cash equivalents		<b>(77)</b>	590	339
Cash and cash equivalents at beginning of year		<b>2,348</b>	1,758	1,419
<b>Cash and cash equivalents at end of year</b>		<b>2,271</b>	2,348	1,758

**Organization information**

BP Corporation North America Inc. is a wholly owned subsidiary of BP America, Inc. ("BP America"). BP America is an indirect, wholly owned subsidiary of BP p.l.c. BP p.l.c. and its subsidiaries are hereafter referred to as "bp," the "bp group," or "the group." BP Corporation North America Inc. is incorporated in the United States, and the address for its principal place of business is 501 Westlake Park Boulevard, Houston, TX 77079.

Where we refer to "the Company," we mean BP Corporation North America Inc. Unless otherwise stated, the text does not distinguish between the activities and operations of the Company and those of its subsidiaries, and information in this document reflects 100% of the assets and operations of the Company and its subsidiaries that were consolidated at the date or for the periods indicated, including non-controlling interests.

The accompanying consolidated financial statements and the supporting footnotes are the responsibility of management. The Company's principal business is energy, involving the worldwide exploration, production, and sale of crude oil and natural gas, the transportation of oil, natural gas, and products, and the manufacture and sale of petroleum products.

Events subsequent to December 31, 2023 were evaluated through the date these consolidated financial statements were available to be issued on March 8, 2024.

**1. Material accounting policy information, significant judgements, estimates and assumptions****Authorization of financial statements and statement of compliance with International Financial Reporting Standards**

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the Company) for the year ended December 31, 2023 have been prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU) and in accordance with the provisions of the UK Companies Act 2006 as applicable to companies reporting under international accounting standards. IFRS as adopted by the UK does not differ from IFRS as adopted by the EU. IFRS as adopted by the UK and EU differs in certain respects from IFRS as issued by the IASB. The differences have no impact on the Company's consolidated financial statements for the years presented. The material accounting policy information and accounting judgements, estimates and assumptions of the Company are set out below.

**Basis of preparation**

The consolidated financial statements have been prepared on a going concern basis and in accordance with IFRS and IFRS Interpretations Committee (IFRIC) interpretations issued and effective for the year ended December 31, 2023. The accounting policies that follow have been consistently applied to all years presented, except where otherwise indicated.

The consolidated financial statements are presented in US dollars and all values are rounded to the nearest million dollars (\$ million), except where otherwise indicated.

The Company has Internal Finance Accounts ("IFAs") with a bp affiliate due to the bp group centralized cash management. The IFA movements are presented as investing and financing activities as appropriate in the Company's Consolidated Cash Flow Statement.

**Material accounting policy information: use of judgements, estimates and assumptions**

Inherent in the application of many of the accounting policies used in preparing the consolidated financial statements is the need for the Company's management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used. The accounting judgements and estimates that have a significant impact on the results of the Company are set out in boxed text below, and should be read in conjunction with the information provided in the Notes on financial statements.

The areas requiring the most significant judgement and estimation in the preparation of the consolidated financial statements are: exploration and appraisal intangible assets; the recoverability of asset carrying values, including the estimation of reserves; supplier financing arrangements; derivative financial instruments; provisions and contingencies; pensions and other post-retirement benefits; and taxation. Judgements and estimates, not all of which are significant, made in assessing the impact of the current economic and geopolitical environment, and climate change and the transition to a lower carbon economy on the consolidated financial statements are also set out in boxed text below. Where an estimate has a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year this is specifically noted within the boxed text.

**Judgements and estimates made in assessing the impact of climate change and the transition to a lower carbon economy**

Climate change and the transition to a lower carbon economy were considered in preparing the consolidated financial statements. These may have significant impacts on the currently reported amounts of the Company's assets and liabilities discussed below and on similar assets and liabilities that may be recognized in the future. The Company's assumptions for investment appraisal form part of an investment decision-making framework for currently unsanctioned future capital expenditure on property, plant and equipment, and intangibles including exploration and appraisal assets, that is designed to support the effective and resilient implementation of the Company's strategy. The price assumptions used for investment appraisal include oil and gas price assumptions, which are producer prices and are therefore net of any future carbon prices that the purchaser may be required to pay, and an assumption of a single carbon emissions cost imposed on the producer in respect of operational greenhouse gas (GHG) emissions (carbon dioxide and methane) in order to incentivize engineering solutions to mitigate GHG emissions on projects. The Company's oil and gas price assumptions for value-in-use impairment testing are aligned with those investment appraisal assumptions. The assumptions for future carbon emissions costs in value-in-use impairment testing differ from the investment appraisal assumptions and are described below.

Management has also not identified any off-balance sheet commodity purchase obligations to be onerous contracts as result of the transition to a lower carbon economy at December 31, 2023.

### Impairment of property, plant and equipment and goodwill

The energy transition is likely to impact the future prices of commodities such as oil and natural gas which in turn may affect the recoverable amount of property, plant and equipment and goodwill in the oil and gas industry. Management's best estimate of oil and natural gas price assumptions for value-in-use impairment testing were revised during 2023. Prices are disclosed in real 2022 terms. The near term Brent oil assumption was held constant at \$70 per barrel to reflect near-term supply constraints before declining after 2030 to \$50 per barrel by 2050 continuing to reflect the assumption that as the energy system decarbonizes, falling oil demand will cause oil prices to decline. The price assumptions for Henry Hub gas up to 2050 were held constant at \$4.00 per mmbtu reflecting an assumption that declining domestic demand in the US is offset by higher LNG exports. The revised assumptions for Brent oil and Henry Hub gas sit within the range of external scenarios considered by management and are in line with a range of transition paths consistent with the temperature goal of the Paris climate change agreement, of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

As noted above, the Company's investment appraisal process includes a carbon emissions price series for the investment economics which is applied to the Company's anticipated share of the Company's forecast of the investment assets' scope 1 and 2 GHG emissions where they exceed defined thresholds, and is assumed to apply whether or not the Company is the asset operator. However, for value-in-use impairment testing on the Company's existing cash generating units (CGUs), consistent with all other relevant cash flows estimated, the Company is required to reflect management's best estimate of any expected applicable carbon emission costs payable by the Company, including where the Company is not the operator, in the future for each jurisdiction in which the Company has interests. This requires management's best estimate of how future changes to relevant carbon emission cost policies and/or legislation are likely to affect the future cash flows of the Company's applicable CGUs, whether currently enacted or not. Future potential carbon pricing and/or costs of carbon emissions allowances are included in the value-in-use calculations to the extent management has sufficient information to make such an estimate. Currently this results in limited application of carbon price assumptions in value-in-use impairment tests given that carbon pricing legislation in most impacted jurisdictions where the Company has interests is not in place and there is not sufficient information available as to the relevant policy makers' future intentions regarding carbon pricing to support an estimate. A key input into the determination of impairment is the assumption, aligned with the Company's aim to reach net zero greenhouse gas emissions by 2050 or sooner, that the current recognized portfolio of oil and gas properties and refining assets will have an immaterial carrying value by 2050.

Where we consider that the outcome of a value-in-use impairment test could be significantly affected by a carbon price in place in any jurisdiction, this is incorporated into the value-in use impairment testing cash flows.

However, as the Company's forecast future prices are producer prices, the Company considers it reasonable to assume that if, in addition to the costs already in place, further scope 1 and 2 emission costs were partially to be borne directly by oil and gas producers including the Company in future and the prevalence of such costs were to become widespread, the gross oil and gas prices realized by producers would be correspondingly higher over the long term, resulting in no expected overall materially negative impacts on the Company's net cash flows. See significant judgements and estimates: recoverability of asset carrying values for further information including sensitivity analysis in relation to reasonably possible changes in the price assumptions and carbon costs.

Production assumptions within upstream property, plant and equipment and goodwill value-in-use impairment tests reflect management's current best estimate of future production of the existing upstream portfolio. The Company sees the expected reduction in upstream hydrocarbon production by around 25% by 2030 from its 2019 baseline being achieved through future active management, including divestments, and high-grading of the portfolio. Changes in upstream production since 2019 will be included in the best estimate to the extent the divestments have been announced or completed however, as the specific future changes to the remainder of the portfolio are not yet known, the current best estimate used for accounting purposes does not include the full extent of the expected upstream production reduction. See significant judgements and estimates: recoverability of asset carrying values and Note 11 for sensitivity analyses in relation to reasonably possible changes in production for upstream oil and gas properties and goodwill respectively.

Impairment charges were recognized on certain upstream oil and gas properties partly as a result of price and discount rate changes. See Note 4 for further information.

For the customers & products business, though the energy transition may impact demand for certain refined products in the future, management anticipates sufficiently robust demand for the remainder of each refinery's useful life.

Management will continue to review price assumptions as the energy transition progresses and this may result in impairment charges or reversals in the future.

### Exploration and appraisal intangible assets

The energy transition may affect the future development or viability of exploration prospects. The recoverability of the Company's exploration and appraisal intangible assets was considered during 2023. No significant write-offs were identified. These assets will continue to be assessed as the energy transition progresses. See significant judgement: exploration and appraisal intangible assets and Note 7 for further information.

### Property, plant and equipment – depreciation and expected useful lives

The energy transition may curtail the expected useful lives of oil and gas industry assets thereby accelerating depreciation charges. However, a significant majority of the Company's existing upstream oil and natural gas properties are likely to have immaterial carrying values within the next 12 years and, as outlined in the Company's strategy, oil and natural gas production will remain an important part of the Company's business activities over that period. The significant majority of refining assets, recognized on the Company's balance sheet at December 31, 2023 that are subject to depreciation, will be depreciated within the next 12 years; demand for refined products is expected to remain sufficient to support the remaining useful lives of existing assets. Therefore, management does not expect the useful lives of the Company's reported property, plant and equipment to change and do not consider this to be a significant accounting judgement or estimate. Significant capital expenditure is still required for ongoing projects as well as renewal and/or replacement of aged assets and therefore the useful lives of future capital expenditure may be different. See material accounting policy: property, plant and equipment for more information.

**Provisions: decommissioning**

The energy transition may bring forward the decommissioning of oil and gas industry assets thereby increasing the present value of associated decommissioning provisions. The majority of the Company's existing upstream oil and gas properties are expected to start decommissioning within the next two decades. The Company's expectation to reduce its upstream hydrocarbon production by around 25% by 2030 from its 2019 baseline is expected to be achieved through future active management, including divestments, and high-grading of the portfolio. Any resulting increases or decreases to the weighted average timing of decommissioning will be driven by the profile of assets held in the revised portfolio. Currently, the expected timing of decommissioning expenditures for the upstream oil and gas assets in the Company's portfolio has not materially been brought forward. Management does not expect a reasonably possible change of two years in the expected timing of all decommissioning to have a material effect on the upstream decommissioning provisions, assuming cost assumptions remain unchanged.

Decommissioning cost estimates are based on the known regulatory and external environment. These cost estimates may change in the future, including as a result of the transition to a lower carbon economy. For refineries, decommissioning provisions are generally not recognized as the associated obligations have indeterminate settlement dates, typically driven by the cessation of manufacturing. Management does not expect manufacturing to cease at refineries within a determinate period of time, as existing property, plant and equipment is expected to be renewed or replaced. Management will continue to review facts and circumstances to assess if decommissioning provisions need to be recognized. Decommissioning provisions relating to refineries at December 31, 2023 are not material. See significant judgements and estimates: provisions for further information.

**Judgements and estimates made in assessing the impact of the geopolitical and economic environment**

In preparing the consolidated financial statements, the following areas involving judgement and estimates were identified as most relevant with regards to the impact of the current geopolitical and economic environment.

**Oil and gas price assumptions**

Oil and gas price assumptions applied in value-in-use impairment testing have been updated to reflect the current outlook on Brent oil supply constraints and an assumption that declining domestic natural gas demand in the US is offset by higher LNG exports. See significant judgements and estimates: recoverability of asset carrying values for further information.

**Discount rate assumptions**

The discount rates used for impairment testing and provisions were reassessed during the year in light of changing economic and geopolitical outlooks. The nominal discount rate applied to provisions was increased during the year to reflect higher US Treasury yields. The principal impact of this rate increase was a \$0.6 billion decrease in the decommissioning provision with an associated decrease in the carrying amount of property, plant and equipment of \$0.4 billion and a pre-tax credit to the income statement of \$0.2 billion. Impairment discount rates were also increased from those reported in 2022. See significant judgements and estimates: recoverability of asset carrying values and provisions for further information.

**Pensions and other post-retirement benefits**

The volatility in the financial markets during 2023 impacted the assumptions used for determining the fair value of plan assets and the present value of defined benefit obligations in the Company's defined benefit pension plans. See significant estimate: pensions and other post-retirement benefits and Note 20 for further information.

**Basis of consolidation**

The Company financial statements consolidate the financial statements of BP Corporation North America Inc. and its subsidiaries drawn up to December 31 each year. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, including when control is obtained via potential voting rights, and continue to be consolidated until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Intra-company balances and transactions, including unrealized profits arising from intra-company transactions, have been eliminated. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to the shareholders of the Company.

**Interests in other entities****Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The identifiable assets acquired and liabilities assumed are recognized at their fair values at the acquisition date.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount recognized for any non-controlling interest and the acquisition-date fair values of any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. The amount recognized for any non-controlling interest is measured at the present ownership's proportionate share in the recognized amounts of the acquiree's identifiable net assets. At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units, or groups of cash-generating units, expected to benefit from the combination's synergies. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill arising on business combinations prior to January 1, 2013, is stated at the previous carrying amount under US generally accepted accounting practice, less subsequent impairments.

Goodwill may arise upon investments in joint ventures and associates, being the surplus of the cost of investment over the Company's share of the net fair value of the identifiable assets and liabilities. Any such goodwill is recorded within the corresponding investment in joint ventures and associates.

Goodwill may also arise upon acquisition of interests in joint operations that meet the definition of a business. The amount of goodwill separately recognized is the excess of the consideration transferred over the Company's share of the net fair value of the identifiable assets and liabilities.

**Interests in joint arrangements**

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting as described below.

Certain of the Company's activities, particularly in the oil production & operations and gas & low carbon energy businesses, are conducted through joint operations. The Company recognizes, on a line-by-line basis in the consolidated financial statements, its share of the assets, liabilities and expenses of these joint operations incurred jointly with the other partners, along with the Company's revenue from the sale of its share of the output and any liabilities and expenses that the Company has incurred in relation to the joint operation.

For joint arrangements in a separate entity, judgement may be required as to whether the arrangement should be classified as a joint venture or if the legal form, contractual arrangements or other facts and circumstances indicate that the Company has rights to the assets and obligations for the liabilities of the arrangement, rather than rights to the net assets, and therefore should be classified as a joint operation. No such judgement made by the Company is considered significant.

### Interests in associates

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting as described below.

#### Significant judgement: accounting for interests in other entities

Judgement is required in assessing the level of control or influence over another entity in which the Company holds an interest. Depending upon the facts and circumstances in each case, the Company may obtain control, joint control or significant influence over the entity or arrangement. Transactions which give the Company control of a business are business combinations. If the Company obtains joint control of an arrangement, judgement is also required to assess whether the arrangement is a joint operation or a joint venture. If the Company has neither control nor joint control, it may be in a position to exercise significant influence over the entity, which is then accounted for as an associate.

Significant influence is defined in IFRS as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those decisions. Significant influence is presumed when an entity owns 20% or more of the voting power of the investee. Significant influence is presumed not to be present when an entity owns less than 20% of the voting power of the investee. IFRS identified several indicators that may provide evidence of significant influence, including representation on the board of directors of the investee and participation in policy-making processes.

### The equity method of accounting

Under the equity method, an investment is carried on the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the entity, less distributions received and less any impairment in value of the investment. Loans advanced to equity-accounted entities that have the characteristics of equity financing are also included in the investment on the Company balance sheet. The Company income statement reflects the Company's share of the results after tax of the equity-accounted entity, adjusted to account for depreciation, amortization and any impairment of the equity-accounted entity's assets based on their fair values at the date of acquisition. The Company statement of comprehensive income includes the Company's share of the equity-accounted entity's other comprehensive income. The Company's share of amounts recognized directly in equity by an equity-accounted entity is recognized in the Company statement of changes in equity.

Financial statements of equity-accounted entities are typically prepared for the same reporting year as the Company. Where material differences arise in the accounting policies used by the equity-accounted entity and those used by Company, adjustments are made to those financial statements to bring the accounting policies used into line with those of the Company. Unrealized gains on transactions, apart from those that meet the definition of a derivative, between the Company and its equity-accounted entities are eliminated to the extent of the Company's interest in the equity-accounted entity. This includes unrealized gains arising on contribution of a business on formation of an equity-accounted entity.

### Foreign currency translation

In individual subsidiaries, joint ventures and associates, transactions in foreign currencies are initially recorded in the functional currency of those entities at the spot exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot exchange rate on the balance sheet date. Any resulting exchange differences are included in the income statement, unless hedge accounting is applied. Non-monetary items, other than those measured at fair value, are not retranslated subsequent to initial recognition.

In the consolidated financial statements, the assets and liabilities of non-US dollar functional currency subsidiaries, joint ventures, associates, and related goodwill, are translated into US dollars at the spot exchange rate on the balance sheet date. The results and cash flows of non-US dollar functional currency subsidiaries, joint ventures and associates are translated into US dollars using average rates of exchange. In the consolidated financial statements, exchange adjustments arising when the opening net assets and the profits for the year retained by non-US dollar functional currency subsidiaries, joint ventures and associates are translated into US dollars are recognized in a separate component of equity and reported in other comprehensive income. Exchange gains and losses arising on long-term intra-group foreign currency borrowings used to finance the Company's non-US dollar investments are also reported in other comprehensive income if the borrowings form part of the net investment in the subsidiary, joint venture or associate. On disposal or for certain partial disposals of a non-US dollar functional currency subsidiary, joint venture or associate, the related accumulated exchange gains and losses recognized in equity are reclassified from equity to the income statement.

### Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Significant non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, plant and equipment and intangible assets are not depreciated or amortized, and equity accounting of associates and joint ventures is ceased once classified as held for sale.

### Intangible assets

Intangible assets, other than goodwill, include expenditure on the exploration for and evaluation of oil and natural gas resources, biogas rights agreements, digital assets, patents, licenses and trademarks and are stated at the amount initially recognized, less accumulated amortization and accumulated impairment losses.

Intangible assets are carried initially at cost unless acquired as part of a business combination. Any such asset is measured at fair value at the date of the business combination and is recognized separately from goodwill if the asset is separable or arises from contractual or other legal rights.

Intangible assets with a finite life, other than capitalized exploration and appraisal costs as described below, are amortized on a straight-line basis over their expected useful lives. For patents, licenses and trademarks, expected useful life is the shorter of the duration of the legal agreement and economic useful life, and can range from three to fifteen years. The expected useful life of biogas rights agreements is the shorter of the duration of the legal agreement and economic useful life and can be up to 50 years. Digital asset costs generally have a useful life of three to five years.

The expected useful lives of assets and the amortization method are reviewed on an annual basis and, if necessary, changes in useful lives or the amortization method are accounted for prospectively.

### **Oil and natural gas exploration and appraisal expenditure**

Oil and natural gas exploration and appraisal expenditure is accounted for using the principles of the successful efforts method of accounting as described below.

### **License and property acquisition costs**

Exploration license and leasehold property acquisition costs are capitalized within intangible assets and are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or planned or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations, and sufficient progress is being made on establishing development plans and timing. If no future activity is planned, the remaining balance of the license and property acquisition costs is written off. Lower value licenses are pooled and amortized on a straight-line basis over the estimated period of exploration. Upon internal approval for development and recognition of proved or sanctioned probable reserves of oil and natural gas, the relevant expenditure is transferred to property, plant and equipment.

### **Exploration and appraisal expenditure**

Geological and geophysical exploration costs are recognized as an expense as incurred. Costs directly associated with an exploration well are initially capitalized as an intangible asset until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If potentially commercial quantities of hydrocarbons are not found, the exploration well costs are written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. If it is determined that development will not occur, that is, the efforts are not successful, then the costs are expensed.

Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as an intangible asset. Upon internal approval for development and recognition of proved or sanctioned probable reserves, the relevant expenditure is transferred to property, plant and equipment. If development is not approved and no further activity is expected to occur, then the costs are expensed.

The determination of whether potentially economic oil and natural gas reserves have been discovered by an exploration well is usually made within one year of well completion, but can take longer, depending on the complexity of the geological structure. Exploration wells that discover potentially economic quantities of oil and natural gas and are in areas where major capital expenditure (e.g. an offshore platform or a pipeline) would be required before production could begin, and where the economic viability of that major capital expenditure depends on the successful completion of further exploration or appraisal work in the area, remain capitalized on the balance sheet as long as such work is under way or firmly planned.

### **Significant judgement: exploration and appraisal intangible assets**

Judgement is required to determine whether it is appropriate to continue to carry costs associated with exploration wells and exploratory-type stratigraphic test wells on the balance sheet. This includes costs relating to exploration licenses or leasehold property acquisitions. It is not unusual to have such costs remaining suspended on the balance sheet for several years while additional appraisal drilling and seismic work on the potential oil and natural gas field is performed or while the optimum development plans and timing are established. The costs are carried based on the current regulatory and political environment or any known changes to that environment. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the discovery. Where this is no longer the case, the costs are immediately expensed.

The carrying amount of capitalized costs are included in Note 7.

### **Property, plant and equipment**

Property, plant and equipment owned by the Company is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Company, the initial estimate of any decommissioning obligation, if applicable, and, for assets that necessarily take a substantial period of time to get ready for their intended use, directly attributable general or specific finance costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalized and the carrying amount of the replaced asset is derecognized. Inspection costs associated with major maintenance programs are capitalized and amortized over the period to the next inspection. Overhaul costs for major maintenance programs, and all other maintenance costs are expensed as incurred.

Expenditure on the construction, installation and completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including service and unsuccessful development or delineation wells, is capitalized within property, plant and equipment and is depreciated from the commencement of production.

Oil and natural gas properties, including certain related pipelines, are depreciated using a unit-of-production method. The cost of producing wells is amortized over proved developed reserves. License acquisition, common facilities and future decommissioning costs are amortized over total proved reserves. The unit-of-production rate for the depreciation of common facilities takes into account expenditures incurred to date, together with estimated future capital expenditure expected to be incurred relating to as yet undeveloped reserves expected to be processed through these common facilities. Information on the carrying amounts of the Company's oil and natural gas properties, together with the amounts recognized in the income statement as depreciation, depletion and amortization is contained in Note 9.

Estimates of oil and natural gas reserves determined in accordance with US Securities and Exchange Commission (SEC) regulations, including the application of prices using 12-month historical price data in assessing the commerciality of technical volumes, are typically used to calculate depreciation, depletion and amortization charges for the group's oil and gas properties. Therefore, where this approach is adopted, charges are not dependent on management forecasts of future oil and gas prices.

However, for certain oil and natural gas assets, the use of reserves determined in accordance with SEC regulations would result in a charge that is not reflective of the pattern in which the future economic benefits are expected to be consumed. In these limited instances other approaches are applied to determine the reserves base used to calculate depreciation, depletion and amortization, including the use of management's best estimate of price

assumptions as disclosed in Significant judgements and estimates: recoverability of asset carrying values, to determine the commerciality of technical proved reserves.

The impact of changes in estimated proved reserves is dealt with prospectively by amortizing the remaining carrying value of the asset over the expected future production.

Other property, plant and equipment is depreciated on a straight-line basis over its expected useful life. The typical useful lives of the Company's other property, plant and equipment on initial recognition are as follows:

Land improvements	15 to 25 years
Buildings	20 to 50 years
Refineries	20 to 30 years
Pipelines	10 to 50 years
Service stations	15 years
Office equipment	3 to 10 years
Fixtures and fittings	5 to 15 years

The expected useful lives and depreciation method of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives or the depreciation method are accounted for prospectively. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period in which the item is derecognized.

**Impairment of property, plant and equipment, intangible assets, goodwill, and equity-accounted entities**

The Company assesses assets or groups of assets, called cash-generating units (CGUs), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable; for example, changes in the Company's business plans, plans to dispose rather than retain assets, changes in the Company's assumptions about discount rates, commodity prices, low plant utilization, evidence of physical damage or, for oil and gas assets, significant downward revisions of estimated reserves or increases in estimated future development expenditure or decommissioning costs. If any such indication of impairment exists, the Company makes an estimate of the asset's or CGU's recoverable amount. Individual assets are grouped into CGUs for impairment assessment purposes at the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal and its value in use. If it is probable that the value of the CGU will be primarily recovered through a disposal transaction, the expected disposal proceeds are considered in determining the recoverable amount. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

The business plans, which are approved on an annual basis by the group's senior management, are the primary source of information for the determination of value in use. They contain forecasts for oil and natural gas production, power generation, refinery throughputs, sales volumes for various types of refined products (e.g. gasoline and lubricants), revenues, costs and capital expenditure. Carbon taxes and costs of emissions allowances are included in estimates of future cash flows, where applicable, based on the regulatory environment in each jurisdiction in which the Company operates. As an initial step in the preparation of these plans, various assumptions regarding market conditions, such as oil prices, natural gas prices, power prices, refining margins, refined product margins and cost inflation rates are set by senior management. These assumptions take account of existing prices, global supply-demand equilibrium for oil and natural gas, other macroeconomic factors and historical trends and variability. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group to the extent that they are not already reflected in the discount rate and are discounted to their present value typically using a pre-tax discount rate that reflects current market assessments of the time value of money.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the Company and not applicable to entities in general. Fair value may be determined by reference to agreed or expected sales proceeds, recent market transactions for similar assets or using discounted cash flow analyses. Where discounted cash flow analyses are used to calculate fair value less costs of disposal, estimates are made about the assumptions market participants would use when pricing the asset, CGU or group of CGUs containing goodwill and the test is performed on a post-tax basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset or CGU is increased to the lower of its recoverable amount and the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset or CGU in prior years. Impairment reversals are recognized in profit or loss. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's or CGU's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the recoverable amount of the group of CGUs to which the goodwill relates should be assessed. In assessing whether goodwill has been impaired, the carrying amount of the group of CGUs to which goodwill has been allocated is compared with its recoverable amount. Where the recoverable amount of the group of CGUs is less than the carrying amount (including goodwill), an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

The Company assesses investments in equity-accounted entities for impairment whenever there is objective evidence that the investment is impaired, after recognizing its share of any losses of the equity-accounted entity itself. If any such objective evidence of impairment exists, the carrying amount of the investment is compared with its recoverable amount, being the higher of its fair value less costs of disposal and value in use. If the carrying amount exceeds the recoverable amount, the investment is written down to its recoverable amount.

**Significant judgements and estimates: recoverability of asset carrying values**

Determination as to whether, and by how much, an asset, CGU, or group of CGUs containing goodwill is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, capital expenditure, carbon pricing (where applicable), production profiles, reserves and resources, and future commodity prices, including the outlook for global or regional market supply-and-demand conditions for crude oil, natural gas, power and refined products. Judgement is required when determining the appropriate grouping of assets into a CGU or the appropriate grouping of CGUs for impairment testing purposes. For example, individual oil and gas properties may form separate CGUs whilst certain oil and gas properties with shared infrastructure may be grouped together to form a single CGU. Alternative groupings of assets or CGUs may result in a different outcome from impairment testing. See Note 11 for details on how these groupings have been determined in relation to the impairment testing of goodwill.

As described above, the recoverable amount of an asset is the higher of its value in use and its fair value less costs of disposal. Fair value less costs of disposal may be determined based on expected sales proceeds or similar recent market transaction data.

Details of impairment charges and reversals recognized in the income statement are provided in Note 4 and details on the carrying amounts of assets are shown in Note 9, Note 11, and Note 12.

The estimates for assumptions made in impairment tests in 2023 relating to discount rates and oil and gas properties are discussed below. Changes in the economic environment including as a result of the energy transition or other facts and circumstances may necessitate revisions to these assumptions and could result in a material change to the carrying values of the Company's assets within the next financial year.

**Discount rates**

For discounted cash flow calculations, future cash flows are adjusted for risks specific to the CGU. Value-in-use calculations are typically discounted using a pre-tax discount rate based upon the cost of funding the Company derived from an established model, adjusted to a pre-tax basis and incorporating a market participant capital structure and country risk premiums. Fair value less costs of disposal discounted cash flow calculations use a post-tax discount rate.

The discount rates applied in impairment tests are reassessed each year and, in 2023, the post-tax discount rate was 8% (2022 7%) other than for renewable power assets. Where the CGU is located in a country that was judged to be higher risk, an additional premium of 1% to 4% was reflected in the post-tax discount rate (2022 1% to 2%). The judgement of classifying a country as higher risk and the applicable premium takes into account various economic and geopolitical factors. The pre-tax discount rate, other than for renewable power assets, typically ranged from 9% to 20% (2022 7% to 18%) depending on the risk premium and applicable tax rate in the geographic location of the CGU. For renewable power assets tested on a value-in-use basis in 2023 (including those in equity accounted entities), where the risk profile of expected cash flows supports a lower rate, tests were performed using a post-tax WACC-based discount rate of 6.5%. For assets tested in 2022, the tests were performed on a fair value less costs of disposal basis using a post-tax cost of equity-based discount rate of 6%.

**Oil and natural gas properties**

For oil and natural gas properties in the oil production & operations and gas & low carbon energy businesses, expected future cash flows are estimated using management's best estimate of future oil and natural gas prices, production and reserves and certain resources volumes. Forecast cash flows include the impact of all approved emission reduction projects. The estimated future level of production in all impairment tests is based on assumptions about future commodity prices, production and development costs, field decline rates, current fiscal regimes and other factors.

In 2023, the Company identified oil and gas properties in these businesses with carrying amounts totalling \$5,938 million (2022 \$2,947 million) where the headroom, based on the most recent impairment test performed in the year on those assets, was less than or equal to 20% of the carrying value. A change in the discount rate, reserves, resources or the oil and gas price assumptions in the next financial year may result in a recoverable amount of one or more of these assets above or below the current carrying amount and therefore there is a risk of impairment reversals or charges in that period. Management considers that reasonably possible changes in the discount rate or forecast revenue, arising from a change in oil and natural gas prices and/or production could result in a material change in their carrying amounts within the next financial year, see Sensitivity analyses, below.

The recoverability of intangible exploration and appraisal expenditure is covered under Oil and natural gas exploration, appraisal and development expenditure above.

**Oil and natural gas prices**

The price assumptions used for value-in-use impairment testing are based on those used for investment appraisal. The Company's carbon emissions cost assumptions and their interrelationship with oil and gas prices are described in 'Judgements and estimates made in assessing the impact of climate change and the transition to a lower carbon economy' on page 11. The investment appraisal price assumptions are recommended by the bp senior vice president economic & energy insights after considering a range of external price sets, and supply and demand profiles associated with various energy transition scenarios. They are reviewed and approved by management. As a result of the current uncertainty over the pace of transition to lower-carbon supply and demand and the social, political and environmental actions that will be taken to meet the goals of the Paris climate change agreement, the scenarios considered include those where those goals are met as well as those where they are not met.

During the year, the Company's price assumptions applied in value-in-use impairment testing (in real 2022 terms) for the near term Brent oil assumption was held constant at \$70 per barrel to reflect near term supply constraints before declining after 2030 to \$50 per barrel by 2050 continuing to reflect the assumption that as the energy system decarbonizes, falling oil demand will cause oil prices to decline. The price assumptions for Henry Hub gas up to 2050 were held constant at \$4.00 per mmBtu reflecting an assumption that declining domestic demand in the US is offset by higher LNG exports. These price assumptions are derived from the central case investment appraisal assumptions, adjusted where applicable to reflect short-term market conditions. A summary of the Company's revised price assumptions for Brent oil and Henry Hub gas, applied in 2023 and 2022, in real 2022 terms, is provided below. The assumptions represent management's best estimate of future prices at the balance sheet date, which sit within the range of external scenarios considered as appropriate for the purpose. They are considered by the Company to be in line with a range of transition paths consistent with the temperature goal of the Paris climate change agreement, of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. However, they do not correspond to any specific Paris-consistent scenario. An inflation rate of 2% (2022 2%) is applied to determine the price assumptions in nominal terms.

The majority of the Company's reserves and resources that support the carrying value of the Company's existing oil and gas properties are expected to be produced over the next 12 years.

The recoverability of deferred tax assets is also affected by the Company's oil and natural gas price assumptions as these could impact the estimate of future taxable profits. See Note 8 for further information.

<b>2023 price assumptions</b>	<b>2024</b>	<b>2025</b>	<b>2030</b>	<b>2040</b>	<b>2050</b>
Brent oil (\$/bbl)	70	70	70	63	50
Henry Hub gas (\$/mmBtu)	4.00	4.00	4.00	4.00	4.00
<b>2022 price assumptions</b>	<b>2023</b>	<b>2025</b>	<b>2030</b>	<b>2040</b>	<b>2050</b>
Brent oil (\$/bbl)	78	71	71	59	46
Henry Hub gas (\$/mmBtu)	4.08	4.08	4.08	3.57	3.57

Global oil production increased by 2.2% in 2023. Strong US tight oil supply and non-OPEC+ supply more than offset OPEC+ pledged additional output reductions. Global oil demand continued its recovery, increasing by 2.4% in 2023. Chinese demand growth was unexpectedly strong making up 75% of total oil demand growth, with the rest coming from other non-OECD countries. Brent dropped by nearly \$20 per barrel in 2023 as oil markets recovered from the shocks in 2022 and supply/demand was balanced. The Company's long term view is for a more stable market in 2024 as the price responsiveness of shale activity, OPEC+ discipline and ample spare capacity limits the scope for large movements, even with the political tensions in the Middle East. The Company's long-term assumption for oil prices is lower than the 2023 price average, based on the judgement that, in the long term, oil demand is likely to fall so that the price levels needed to encourage sufficient investment to meet declining global oil demand is also lower.

US gas prices in 2023 decreased around 60% compared to 2022, to \$2.5 per mmbtu. Prices fell as gas production growth outpaced demand. Milder than normal winter weather and an extended outage at Freeport LNG left US gas storage stocks well above historic average levels at the end of winter 2022/2023. Henry Hub prices fell during the summer which incentivized coal-to-gas switching in the power sector, and hot weather in the third-quarter helped the market avoid storage containment issues. Meanwhile gas production continued to grow, reaching record levels by the end of 2023 despite a 20% decrease in gas rigs over the first half of the year. Growth was supported by strong associated gas production as well as pipeline de-bottlenecking. Finally, mild weather in the fourth-quarter further loosened balances and storage stocks exited the year 13% above five-year average levels. The level of US gas prices in 2023 is below the Company's long term price assumption based on the judgment of the price level required to incentivize new production.

### Oil and natural gas reserves

In addition to oil and natural gas prices, significant technical and commercial assessments are required to determine the Company's estimated oil and natural gas reserves. Reserves estimates are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity and drilling of new wells all impact on the determination of the Company's estimates of its oil and natural gas reserves. The Company bases its reserves estimates on the requirement of reasonable certainty with rigorous technical and commercial assessments based on conventional industry practice and regulatory requirements.

Reserves assumptions for value-in-use tests reflect the reserves and resources that management currently intend to develop. The recoverable amount of oil and gas properties is determined using a combination of inputs including reserves, resources and production volumes. Risk factors may be applied to reserves and resources which do not meet the criteria to be treated as proved or probable.

### Sensitivity analyses

Management considers discount rates, oil and natural gas prices and production to be the key sources of estimation uncertainty in determining the recoverable amount of upstream oil and gas assets. The sensitivity analyses below, in addition to covering the key sources of estimation uncertainty, also indicate how the energy transition, potential future carbon emissions costs for operational GHG emissions and/or reduced demand for oil and gas may further impact forecast revenue cash inflows to a greater extent than currently anticipated in the Company's value-in-use estimates for oil and gas CGUs, if carbon emissions costs were to be implemented as a deduction against revenue cash flows. The analyses therefore represent a net revenue sensitivity. A change in net revenue from upstream oil and gas properties can arise either due to changes in oil and natural gas prices, carbon emissions costs/carbon prices, changes in oil and natural gas production, or a combination of these.

Management tested the impact of changes in net revenue cash flows in value-in-use impairment testing under the following sensitivity analyses: an increase in net revenues of 8% in all years up to 2040, and 25% in all remaining years to 2050; and a decrease in net revenues of 20% in all years up to 2030, 35% in all subsequent years to 2040 and 50% in all remaining years to 2050.

Net revenue reductions of this magnitude in isolation could indicatively lead to a reduction in the carrying amount of the Company's currently held upstream oil and gas properties in the range of \$9-10 billion which is approximately 23-25% of the net book value of property, plant and equipment as at December 31, 2023. If this net revenue reduction was due to reductions in prices in isolation, it reflects an indicative decrease in the carrying amount of using price assumptions for Brent oil trending broadly towards the bottom of the range of prices associated with the World Business Council for Sustainable Development (WBCSD) 'family' of scenarios considered to be consistent with limiting global average temperature to 1.5°C above pre-industrial levels. This 'family' of scenarios is also used in the Company's TCFD scenario analysis.

Net revenue increases of this magnitude in isolation could indicatively lead to an increase in the carrying amount of the Company's currently held upstream oil and gas properties in the range of \$400 million-1 billion which is approximately 1-3% of the net book value of property, plant and equipment as at December 31, 2023. This potential increase in the carrying amount would arise due to reversals of previously recognized impairments and represents approximately one third of the total impairment reversal capacity available at December 31, 2023. If this net revenue increase was due to increases in prices in isolation, it reflects an indicative increase in the carrying amount of using price assumptions for Brent oil trending broadly towards the top end until 2040, and then towards the mean average at 2050, of the range of prices associated with the WBCSD 'family' of scenarios considered to be consistent with limiting global average temperature to 1.5°C above pre-industrial levels. This 'family' of scenarios is also used in the Company's TCFD scenario analysis.

These sensitivity analyses do not, however, represent management's best estimate of any impairment charges or reversals that might be recognized as they do not fully incorporate consequential changes that may arise, such as changes in costs and business plans and phasing of development. For example, costs across the industry are more likely to decrease as oil and natural gas prices fall. The analyses also assume the impact of increases in carbon price on operational GHG emissions are fully absorbed as a decrease in net revenue (and vice versa) rather than reflecting how carbon prices or other carbon emissions costs may ultimately be incorporated by the market. The above sensitivity analyses therefore do not reflect a linear relationship between net revenue and value that can be extrapolated. The interdependency of these inputs and factors plus the diverse characteristics of the Company's upstream oil and gas properties limits the practicability of estimating the probability or extent to which the overall recoverable amount is impacted by changes to the price assumptions or production volumes.

Management also tested the impact of a one percentage point change in the discount rate used for value-in-use impairment testing of upstream oil and gas properties. This level of change reflects past experience of a reasonable change in rate that could arise within the next financial year. If the discount rate was one percentage point higher across all tests performed, the net impairment loss recognized in 2023 would have been approximately \$0.3 billion higher. If the discount rate was one percentage point lower, the net impairment loss recognized would have been approximately \$0.3 billion lower.

### Goodwill

Irrespective of whether there is any indication of impairment, the Company is required to test annually for impairment of goodwill acquired in business combinations. The Company carries goodwill of \$5.0 billion on its balance sheet (2022 \$4.6 billion), principally relating to the oil production & operations business. Of this, \$3.3 billion relates to goodwill in the oil production & operations and gas & low carbon energy businesses (2022 \$3.4 billion), for which oil and gas price and production assumptions are key sources of estimation uncertainty. Sensitivities and additional information relating to impairment testing of goodwill in these businesses are provided in Note 11.

### Inventories

Inventories, other than inventories held for short-term trading purposes, are stated at the lower of cost and net realizable value. Cost is typically determined by the first-in first-out method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses. Net realizable value is determined by reference to prices existing at the balance sheet date, adjusted where the sale of inventories after the reporting period gives evidence about their net realizable value at the end of the period.

Inventories held for short-term trading purposes are stated at fair value less costs to sell and any changes in fair value are recognized in the income statement.

Supplies are valued at the lower of cost on a weighted-average basis and net realizable value.

### Leases

Agreements that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases. The right to control is conveyed if Company has both the right to obtain substantially all of the economic benefits from, and the right to direct the use of, the

**Notes to the consolidated financial statements**

identified asset throughout the period of use. An asset is identified if it is explicitly or implicitly specified by the agreement and any substitution rights held by the lessor over the asset are not considered substantive.

Agreements that convey the right to control the use of an intangible asset including rights to explore for or use hydrocarbons are not accounted for as leases. See material accounting policy information: intangible assets.

A lease liability is recognized on the balance sheet on the lease commencement date at the present value of future lease payments over the lease term. The discount rate applied is the rate implicit in the lease if readily determinable, otherwise an incremental borrowing rate is used. For the majority of the leases in the Company, there is not sufficient information available to readily determine the rate implicit in the lease, and therefore the incremental borrowing rate is used. The incremental borrowing rate is determined based on factors such as the Company's cost of borrowing, lessee legal entity credit risk, currency and lease term. The lease term is the non-cancellable period of a lease together with any periods covered by an extension option that the Company is reasonably certain to exercise, or periods covered by a termination option that the Company is reasonably certain not to exercise. The future lease payments included in the present value calculation are any fixed payments, payments that vary depending on an index or rate, payments due for the reasonably certain exercise of options and expected residual value guarantee payments. Repayments of principal are presented as financing cash flows and payments of interest are presented as operating cash flows.

Payments that vary based on factors other than an index or a rate such as usage, sales volumes or revenues are not included in the present value calculation and are recognized in the income statement and presented as operating cash flows. The lease liability is recognized on an amortized cost basis with interest expense recognized in the income statement over the lease term, except for where capitalized as exploration, appraisal or development expenditure.

The right-of-use asset is recognized on the balance sheet as property, plant and equipment at a value equivalent to the initial measurement of the lease liability adjusted for lease prepayments, lease incentives, initial direct costs and any restoration obligations. The right-of-use asset is depreciated typically on a straight-line basis over the lease term. The depreciation charge is recognized in the income statement except for where capitalized as exploration, appraisal or development expenditure. Right-of-use assets are assessed for impairment in line with the accounting policy for impairment of property, plant and equipment, intangible assets and goodwill.

Agreements may include both lease and non-lease components. Payments for lease and non-lease components are allocated on a relative stand-alone selling price basis except for leases of retail service stations where the Company has elected not to separate non-lease payments from the calculation of the lease liability and right-of-use asset.

If the lease term at commencement of the agreement is less than 12 months, a lease liability and right-of-use asset are not recognized, and a lease expense is recognized in the income statement on a straight-line basis.

If a significant event or change in circumstances, within the control of the Company, arises that affects the reasonably certain lease term or there are changes to the lease payments, the present value of the lease liability is remeasured using the revised term and payments, with the right-of-use asset adjusted by an equivalent amount.

Modifications to a lease agreement beyond the original terms and conditions are accounted for as a re-measurement of the lease liability with a corresponding adjustment to the right-of-use asset. Any gain or loss on modification is recognized in the income statement. Modifications that increase the scope of the lease at a price commensurate with the stand-alone selling price are accounted for as a separate new lease.

The Company recognizes the full lease liability, rather than its working interest share, for leases entered into on behalf of a joint operation if the Company has the primary responsibility for making the lease payments. This may be the case if for example the group, as operator of the joint operation, is the sole signatory to the lease agreement. In such cases, the Company's working interest share of the right-of-use asset is recognized if it is jointly controlled by the Company and the other joint operators, and a receivable is recognized for the share of the asset transferred to the other joint operators. If the Company is a non-operator, a payable to the operator is recognized if they have the primary responsibility for making the lease payments and the Company has joint control over the right-of-use asset, otherwise no balances are recognized.

**Financial assets**

Financial assets are recognized initially at fair value, normally being the transaction price. In the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below. The Company derecognizes financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party and either substantially all of the risks and rewards of the asset have been transferred, or substantially all the risks and rewards of the asset have neither been retained nor transferred but control of the asset has been transferred. This includes the derecognition of receivables for which discounting arrangements are entered into.

The Company classifies its financial asset debt instruments as measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

**Financial assets measured at amortized cost**

Financial assets are classified as measured at amortized cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in profit or loss when the assets are derecognized or impaired and when interest income is recognized using the effective interest method. This category of financial assets includes trade and other receivables.

**Financial assets measured at fair value through other comprehensive income**

Financial assets are classified as measured at fair value through other comprehensive income when they are held in a business model the objective of which is both to collect contractual cash flows and sell the financial assets, and the contractual cash flows represent solely payments of principal and interest.

**Financial assets measured at fair value through profit or loss**

Financial assets are classified as measured at fair value through profit or loss when the asset does not meet the criteria to be measured at amortized cost or fair value through other comprehensive income. Such assets are carried on the balance sheet at fair value with gains or losses recognized in the income statement. Derivatives, other than those designated as effective hedging instruments, are included in this category.

**Investments in equity instruments**

Investments in equity instruments are subsequently measured at fair value through profit or loss unless an election is made on an instrument-by-instrument basis to recognize fair value gains and losses in other comprehensive income.

**Derivatives designated as hedging instruments in an effective hedge**

Derivatives designated as hedging instruments in an effective hedge are carried on the balance sheet at fair value. The treatment of gains and losses arising from revaluation is described below in the accounting policy for derivative financial instruments and hedging activities.

**Cash equivalents**

Cash equivalents are held for the purpose of meeting short-term cash commitments and are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and generally have a maturity of three months or less from the date of acquisition. Cash equivalents are classified as financial assets measured at amortized cost or, in the case of certain money market funds, fair value through profit or loss.

**Impairment of financial assets measured at amortized cost**

The Company assesses on a forward-looking basis the expected credit losses associated with financial assets measured at amortized cost at each balance sheet date. Expected credit losses are measured based on the maximum contractual period over which the Company is exposed to credit risk. As lifetime expected credit losses are recognized for trade receivables and the tenor of substantially all other in-scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses for the Company. The measurement of expected credit losses is a function of the probability of default, loss given default and exposure at default. The expected credit loss is estimated as the difference between the asset's carrying amount and the present value of the future cash flows the Company expects to receive discounted at the financial asset's original effective interest rate. The carrying amount of the asset is adjusted, with the amount of the impairment gain or loss recognized in the income statement.

A financial asset or group of financial assets classified as measured at amortized cost is considered to be credit-impaired if there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset (or group of financial assets) have occurred. Financial assets are written off where the Company has no reasonable expectation of recovering amounts due.

**Equity instruments**

Instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements. Instruments that cannot be settled in the Company's own equity instruments and that include no contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity that are potentially unfavorable are classified as equity. Equity instruments issued by the Company are recognized at the proceeds received, net of directly attributable issue costs.

**Financial liabilities**

Financial liabilities are recognized when the Company becomes party to the contractual provisions of the instrument. The Company derecognizes financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. The measurement of financial liabilities depends on their classification, as follows:

**Financial liabilities measured at fair value through profit or loss**

Financial liabilities that meet the definition of held for trading are classified as measured at fair value through profit or loss. Such liabilities are carried on the balance sheet at fair value with gains or losses recognized in the income statement. Derivatives, other than those designated as effective hedging instruments, are included in this category.

**Derivatives designated as hedging instruments in an effective hedge**

Derivatives designated as hedging instruments in an effective hedge are carried on the balance sheet at fair value. The treatment of gains and losses arising from revaluation is described below in the accounting policy for derivative financial instruments and hedging activities.

**Financial liabilities measured at amortized cost**

All other financial liabilities are initially recognized at fair value, net of directly attributable transaction costs. For interest-bearing loans and borrowings this is typically equivalent to the fair value of the proceeds received, net of issue costs associated with the borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized in interest and other income and finance costs respectively.

This category of financial liabilities includes trade and other payables and finance debt.

**Significant judgement: supplier financing arrangements**

The Company's trade payables include some supplier arrangements that utilize letter of credit facilities. Judgement is required to assess the payables subject to these arrangements to determine whether they should continue to be classified as trade payables and give rise to operating cash flows or finance debt and financing cash flows. The criteria used in making this assessment include the payment terms for the amount due relative to terms commonly seen in the markets in which the Company operates and whether the arrangements significantly change the nature of the liability. Liabilities subject to these arrangements with payment terms of up to approximately 60 days are generally considered to be trade payables and give rise to operating cash flows.

**Financial guarantees**

The Company issues financial guarantee contracts to make specified payments to reimburse holders for losses incurred if certain associates, joint ventures or third-party entities fail to make payments when due in accordance with the original or modified terms of a debt instrument such as a loan. The liability for a financial guarantee contract is initially measured at fair value and subsequently measured at the higher of the contract's estimated expected credit loss and the amount initially recognized less, where appropriate, cumulative amortization.

**Derivative financial instruments and hedging activities**

The Company uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates, interest rates and commodity prices, as well as for trading purposes. These derivative financial instruments are recognized initially at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Contracts to buy or sell a non-financial item (for example, oil, oil products, gas or power) that can be settled net in cash, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected

**Notes to the consolidated financial statements**

purchase, sale or usage requirements, are accounted for as financial instruments. Gains or losses arising from changes in the fair value of derivatives that are not designated as effective hedging instruments are recognized in the income statement.

If, at inception of a contract, the valuation cannot be supported by observable market data, any gain or loss determined by the valuation methodology is not recognized in the income statement but is deferred on the balance sheet and is commonly known as a 'day-one gain or loss'. This deferred gain or loss is recognized in the income statement over the life of the contract until substantially all the remaining contractual cash flows can be valued using observable market data at which point any remaining deferred gain or loss is recognized in the income statement. Changes in valuation subsequent to the initial valuation at inception of a contract are recognized immediately in the income statement.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging exposure to changes in the fair value of a recognized asset or liability.
- Cash flow hedges when hedging exposure to variability in cash flows that is attributable to either a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

Hedge relationships are formally designated and documented at inception, together with the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, the existence at inception of an economic relationship and subsequent measurement of the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk, the hedge ratio and sources of hedge ineffectiveness. Hedges meeting the criteria for hedge accounting are accounted for as follows:

**Fair value hedges**

The change in fair value of a hedging derivative is recognized in profit or loss. The change in the fair value of the hedged item attributable to the risk being hedged is recorded as part of the carrying value of the hedged item and is also recognized in profit or loss, where it offsets. The Company applies fair value hedge accounting when hedging interest rate risk and certain currency risks on fixed rate finance debt.

Fair value hedge accounting is discontinued only when the hedging relationship or a part thereof ceases to meet the qualifying criteria. This includes when the risk management objective changes or when the hedging instrument is sold, terminated or exercised. The accumulated adjustment to the carrying amount of a hedged item at such time is then amortized prospectively to profit or loss as finance interest expense over the hedged item's remaining period to maturity.

**Cash flow hedges**

The effective portion of the gain or loss on a cash flow hedging instrument is reported in other comprehensive income, while the ineffective portion is recognized in profit or loss. Amounts reported in other comprehensive income are reclassified to the income statement when the hedged transaction affects profit or loss.

Where the hedged item is a highly probable forecast transaction that results in the recognition of a non-financial asset or liability, such as a forecast foreign currency transaction for the purchase of property, plant and equipment, the amounts recognized within other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. Where the hedged item is an equity investment, the amounts recognized in other comprehensive income remain in the separate component of equity until the hedged cash flows affect profit or loss or when accounting under the equity method is discontinued. Where the hedged item is recognized directly in profit or loss, the amounts recognized in other comprehensive income are reclassified to production and manufacturing expenses or sales and other operating revenues as appropriate.

Cash flow hedge accounting is discontinued only when the hedging relationship or a part thereof ceases to meet the qualifying criteria. This includes when the designated hedged forecast transaction or part thereof is no longer considered to be highly probable to occur, or when the hedging instrument is sold, terminated or exercised without replacement or rollover. When cash flow hedge accounting is discontinued amounts previously recognized within other comprehensive income remain in equity until the forecast transaction occurs and are reclassified to profit or loss or transferred to the initial carrying amount of a non-financial asset or liability as above. If the forecast transaction is no longer expected to occur, amounts previously recognized within other comprehensive income will be immediately reclassified to profit or loss.

**Costs of hedging**

The foreign currency basis spread of cross-currency interest rate swaps are excluded from hedge designations and accounted for as costs of hedging. Changes in fair value of the foreign currency basis spread are recognized in other comprehensive income to the extent that they relate to the hedged item.

For time-period related hedged items, the amount recognized in other comprehensive income is amortized to profit or loss on a straight line basis over the term of the hedging relationship.

**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or the Company's assumptions about pricing by market participants.

**Significant estimate and judgement: derivative financial instruments**

In some cases, the fair values of derivatives are estimated using internal models due to the absence of quoted prices or other observable, market-corroborated data. This primarily applies to the Company's longer-term derivative contracts. The majority of these contracts are valued using models with inputs that include price curves for each of the different products that are built up from available active market pricing data (including volatility and correlation) and modelled using the maximum available external information. Additionally, where limited data exists for certain products, prices are determined using historical and long-term pricing relationships. The use of alternative assumptions or valuation methodologies may result in significantly different values for these derivatives. A reasonably possible change in the price assumptions used in the models relating to index price would not have a material impact on net assets and the Company's income statement primarily as a result of offsetting movements between derivative assets and liabilities.

In some cases, judgement is required to determine whether contracts to buy or sell commodities meet the definition of a derivative or to determine appropriate presentation and classification of transactions in certain cases. In particular, contracts to buy and sell LNG are not considered to meet the definition as they are not considered capable of being net settled due to a lack of liquidity in the LNG market and the inability or lack of history of net settlement and are accounted for on an accruals basis, rather than as a derivative. Under IFRS, the Company fair values the derivative financial instruments used to risk-manage the LNG contracts themselves, resulting in a measurement mismatch.

For more information, including the carrying amounts of level 3 derivatives, see Note 26.

**Offsetting of financial assets and liabilities**

Financial assets and liabilities are presented gross in the balance sheet unless both of the following criteria are met: the Company currently has a legally enforceable right to set off the recognized amounts; and the Company intends to either settle on a net basis or realize the asset and settle the liability simultaneously. A right of set off is the Company's legal right to settle an amount payable to a creditor by applying against it an amount receivable from the same counterparty. The relevant legal jurisdiction and laws applicable to the relationships between the parties are considered when assessing whether a current legally enforceable right to set off exists.

**Provisions and contingencies**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax risk-free rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized within finance costs. Provisions are discounted using a nominal discount rate of 4% (2022 3.5%).

Provisions are split between amounts expected to be settled within 12 months of the balance sheet date (current) and amounts expected to be settled later (non-current).

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed, if material, unless the possibility of an outflow of economic resources is considered remote.

**Decommissioning**

Liabilities for decommissioning costs are recognized when the Company has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as oil and natural gas production or transportation facilities, this liability will be recognized on construction or installation. Similarly, where an obligation exists for a well, this liability is recognized when it is drilled. An obligation for decommissioning may also crystallize during the period of operation of a well, facility or item of plant through a change in legislation or through a decision to terminate operations; an obligation may also arise in cases where an asset has been sold but the subsequent owner is no longer able to fulfil its decommissioning obligations, for example due to bankruptcy. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at future prices, depending on the expected timing of the activity, and discounted using a nominal discount rate.

An amount equivalent to the decommissioning provision is recognized as part of the corresponding intangible asset (in the case of an exploration or appraisal well) or property, plant and equipment. The decommissioning portion of the property, plant and equipment is subsequently depreciated at the same rate as the rest of the asset. Other than the unwinding of discount on or utilization of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

**Environmental expenditures and liabilities**

Environmental expenditures that are required in order for the Company to obtain future economic benefits from its assets are capitalized as part of those assets. Expenditures that relate to an existing condition caused by past operations that do not contribute to future earnings are expensed.

Liabilities for environmental costs are recognized when a clean-up is probable and the associated costs can be reliably estimated. Generally, the timing of recognition of these provisions coincides with the commitment to a formal plan of action or, if earlier, on divestment or on closure of inactive sites.

The amount recognized is the best estimate of the expenditure required to settle the obligation. Provisions for environmental liabilities have been estimated using existing technology, at future prices and discounted using a nominal discount rate.

**Emissions**

Liabilities for emissions are recognized when the cumulative volumes of gases emitted by the Company at the end of the reporting period exceed the allowances granted free of charge held for own use or a set baseline for emissions. The provision is measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. It is based on the excess of actual emissions over the free allowances held or set baseline in tonnes (or other appropriate quantity) and is valued at the actual cost of any allowances that have been purchased and held for own use on a first-in-first-out (FIFO) basis, and, if insufficient allowances are held, for the remaining requirement on the basis of the spot market price of allowances at the balance sheet date. The majority of these provisions are typically settled within 12 months of the balance sheet date however certain schemes may have longer compliance periods. The cost of allowances purchased to cover a shortfall is recognized separately on the balance sheet as an intangible

asset unless the emission allowances acquired or generated by the group are risk-managed by the trading and shipping function, then they are recognized on the balance sheet as inventory.

### Restructuring provisions

Restructuring provisions are recognized where a detailed formal plan exists, and a valid expectation of risk of redundancy has been made to those affected but where the specific outcomes remain uncertain. Where formal redundancy offers have been made, the obligations for those amounts are reported as payables and, if not, as provisions if unpaid at the year-end.

### Significant judgements and estimates: provisions

The Company holds provisions for the future decommissioning of oil and natural gas production facilities and pipelines at the end of their economic lives. The largest decommissioning obligations facing the Company relate to the plugging and abandonment of wells and the removal and disposal of oil and natural gas platforms and pipelines around the world. Most of these decommissioning events are many years in the future and the precise requirements that will have to be met when the removal event occurs are uncertain. Decommissioning technologies and costs are constantly changing, as are political, environmental, safety and public expectations. The timing and amounts of future cash flows are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognized. Any changes in the expected future costs are reflected in both the provision and, where still recognized, the asset.

If oil and natural gas production facilities and pipelines are sold to third parties, judgement is required to assess whether the new owner will be unable to meet their decommissioning obligations, whether the Company would then be responsible for decommissioning, and if so the extent of that responsibility. This typically requires assessment of the local legal requirements and the financial standing of the owner. If the standing deteriorates significantly, for example, bankruptcy of the owner, a provision may be required. The Company has assessed that \$0.6 billion of decommissioning provisions should be recognized as at December 31, 2023 (2022 \$0.8 billion) for assets previously sold to third parties where the sale transferred the decommissioning obligation to the new owner. See Note 28 for further information.

Decommissioning provisions associated with downstream refineries are generally not recognized, as the potential obligations cannot be measured, given their indeterminate settlement dates. Obligations may arise if refineries cease manufacturing operations and any such obligations would be recognized in the period when sufficient information becomes available to determine potential settlement dates. See Note 28 for further information.

The Company performs periodic reviews of its downstream refineries for any changes in facts and circumstances including those relating to the energy transition, that might require the recognition of a decommissioning provision. Portfolio strength and flexibility are such that the point of cessation of manufacturing at the Company's operating refineries is not yet expected within a determinate time period, as existing property plant and equipment is expected to be renewed or replaced.

The provision for environmental liabilities is estimated based on current legal and constructive requirements, technology, price levels and expected plans for remediation. Actual costs and cash outflows can differ from current estimates because of changes in laws and regulations, public expectations, prices, discovery and analysis of site conditions and changes in clean-up technology.

The timing and amount of future expenditures relating to decommissioning and environmental liabilities are reviewed annually. The interest rate used in discounting the cash flows is reviewed quarterly. The nominal interest rate used to determine the balance sheet obligations at the end of 2023 was 4% (2022 3.5%), which was based on long-dated US government bonds. The weighted average period over which decommissioning and environmental costs are generally expected to be incurred is estimated to be approximately 20 years (2022 20 years) and 5 years (2022 5 years) respectively. Costs at future prices are typically determined by applying an inflation rate of 1.5% (2022 1.5%) to decommissioning costs and 2% (2022 2%) for all other provisions. A lower rate is typically applied to decommissioning as certain costs are expected to remain fixed at current or past prices.

The estimated phasing of undiscounted cash flows in real terms for upstream decommissioning is approximately \$1.9 billion (2022 \$2.0 billion) within the next 10 years, \$3.0 billion (2022 \$2.8 billion) in 10 to 20 years and the remainder of approximately \$4.6 billion (2022 \$4.2 billion) after 20 years. The timing and amount of decommissioning cash flows are inherently uncertain and therefore the phasing is management's current best estimate but may not be what will ultimately occur.

Further information about the Company's provisions is provided in Note 19. Changes in assumptions in relation to the Company's provisions could result in a material change in their carrying amounts within the next financial year. A 1.0 percentage point increase in the nominal discount rate applied could decrease the Company's provision balances by approximately \$954 million (2022 \$1,065 million). The pre-tax impact on the Company income statement would be a credit of approximately \$268 million (2022 \$346 million). This level of change reflects past experience of a reasonable change in rate that could arise within the next financial year.

The discounting impact on the Company's decommissioning provisions for oil and gas properties in the oil production & operations and gas & low carbon energy businesses of a two-year change in the timing of expected future decommissioning expenditures is approximately \$292 million (2022 \$231 million). Management currently does not consider a change of greater than two years to be reasonably possible in the next financial year and therefore the timing of upstream decommissioning expenditure is not a key source of estimation uncertainty.

If all expected future decommissioning expenditures were 10% higher, then these decommissioning provisions would increase by approximately \$510 million (2022 \$633 million) and a pre-tax charge of approximately \$70 million (2022 \$187 million) would be recognized. A one percentage point increase in the inflation rate applied to upstream decommissioning costs to determine the nominal cash flows could increase the decommissioning provision by approximately \$1,226 million (2022 \$1,301 million) with a pre-tax charge of approximately \$350 million (2022 \$385 million).

As described in Note 28, the Company is subject to claims and actions for which no provisions have been recognized. The facts and circumstances relating to particular cases are evaluated regularly in determining whether a provision relating to a specific litigation should be recognized or revised. Accordingly, significant management judgement relating to provisions and contingent liabilities is required, since the outcome of litigation is difficult to predict.

**Employee benefits**

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. Deferred bonus arrangements that have a vesting date more than 12 months after the balance sheet date are valued on an actuarial basis using the projected unit credit method and amortized on a straight-line basis over the service period until the award vests. The material accounting policy information for pensions and other post-retirement benefits are described below.

**Pensions and other post-retirement benefits**

The cost of providing benefits under the Company's defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period to determine current service cost and to the current and prior periods to determine the present value of the defined benefit obligation. Past service costs, resulting from either a plan amendment or a curtailment (a reduction in future obligations as a result of a material reduction in the plan membership), are recognized immediately when the company becomes committed to a change.

Net interest expense relating to pensions and other post-retirement benefits, which is recognized in the income statement, represents the net change in present value of plan obligations and the value of plan assets resulting from the passage of time, and is determined by applying the discount rate to the present value of the benefit obligation at the start of the year, and to the fair value of plan assets at the start of the year, taking into account expected changes in the obligation or plan assets during the year.

Remeasurements of the defined benefit liability and asset, comprising actuarial gains and losses, and the return on plan assets (excluding amounts included in net interest described above) are recognized within other comprehensive income in the period in which they occur and are not subsequently reclassified to profit and loss.

The defined benefit pension plan surplus or deficit recognized on the balance sheet for each plan comprises the difference between the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds) and the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price. Defined benefit pension plan surpluses are only recognized to the extent they are recoverable, either by way of a refund from the plan or reductions in future contributions to the plan.

Contributions to defined contribution plans are recognized in the income statement in the period in which they become payable.

**Significant estimate: pensions and other post-retirement benefits**

Accounting for defined benefit pensions and other post-retirement benefits involves making significant estimates when measuring the Company's pension plan surpluses and deficits. These estimates require assumptions to be made about many uncertainties.

Pensions and other post-retirement benefit assumptions are reviewed by the Company at the end of each year. These assumptions are used to determine the projected benefit obligation at the year end and hence the surpluses and deficits recorded on the Company's balance sheet and pension and other post-retirement benefit expense for the following year.

The assumptions that are the most significant to the amounts reported are the discount rate, inflation rate and mortality levels. Assumptions about these variables are based on the environment in the U.S. The assumptions used vary from year to year, with resultant effects on future net income and net assets. Changes to some of these assumptions, in particular the discount rate and inflation rate, could result in material changes to the carrying amounts of the Company's pension and other post-retirement benefit obligations within the next financial year. Any differences between these assumptions and the actual outcome will also affect future net income and net assets.

The values ascribed to these assumptions and a sensitivity analysis of the impact of changes in the assumptions on the benefit expense and obligation used are provided in Note 20.

**Income taxes**

Income tax expense represents the sum of current tax and deferred tax.

Income tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related tax is recognized in other comprehensive income or directly in equity.

Current tax is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it is determined in accordance with the rules established by the applicable taxation authorities. It therefore excludes items of income or expense that are taxable or deductible in other periods as well as items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences except:

- Where the deferred tax liability arises on the initial recognition of goodwill.
- Where the deferred tax liability arises on the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, at the time of the transaction, affects neither accounting profit nor taxable profit or loss and, at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

In respect of deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable or increased to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

Where tax treatments are uncertain, if it is considered probable that a taxation authority will accept the Company's proposed tax treatment, income taxes are recognized consistent with the Company's income tax filings. If it is not considered probable, the uncertainty is reflected within the carrying amount of the applicable tax asset or liability using either the most likely amount or an expected value, depending on which method better predicts the resolution of the uncertainty.

The computation of the Company's income tax expense and liability involves the interpretation of applicable tax laws and regulations in many jurisdictions throughout the world. The resolution of tax positions taken by the Company, through negotiations with relevant tax authorities or through litigation, can take several years to complete and in some cases it is difficult to predict the ultimate outcome. Therefore, judgement is required to determine whether provisions for income taxes are required and, if so, estimation is required of the amounts that could be payable.

In addition, the Company has carry-forward tax losses and tax credits in certain taxing jurisdictions that are available to offset against future taxable profit. However, deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilized. Management judgement is exercised in assessing whether this is the case and estimates are required to be made of the amount of future taxable profits that will be available. Such judgements are inherently impacted by estimates affecting future taxable profits such as oil and natural gas prices and decommissioning expenditure, see 'Significant judgements and estimates: recoverability of asset carrying values and provisions'.

In May 2023, the IASB issued International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12 Income Taxes to clarify the application of IAS 12 to tax legislation enacted or substantively enacted to implement Pillar Two of the Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting project, which aims to address the tax challenges arising from the digitalization of the economy. The amendments include a mandatory temporary exception from accounting for deferred tax on such tax law. In line with the amendments to IAS 12, the exception from accounting for deferred tax for the Pillar Two rules has been applied and there are no impacts on the consolidated financial statements for 2023. Based on an assessment of historic data and forecasts for the year ending December 31, 2024, the Company does not expect a material exposure to Pillar Two income taxes for the year ending December 31, 2024.

#### **Significant judgement and estimate: taxation**

The value of deferred tax assets and liabilities is an area involving inherent uncertainty and estimation and balances are therefore subject to risk of material change as a result of underlying assumptions and judgements used, in particular the forecast of future profitability used to determine the recoverability of deferred tax, for example future oil and gas prices, see 'Significant judgement and estimates - Recoverability of asset carrying values'. It is impracticable to disclose the extent of the possible effects of profitability assumptions on the Company's deferred tax assets. It is reasonably possible that to the extent that actual outcomes differ from management's estimates, material income tax charges or credits, and material changes in current and deferred tax assets or liabilities, may arise within the next financial year and in future periods.

Judgement is required when determining whether a particular tax is an income tax or another type of tax (for example, a production tax). The attributes of the tax, including whether it is calculated on profits or another measure such as production or revenues, the extent of deductibility of costs and the interaction with existing income taxes, are considered in determining the classification of the tax. Accounting for deferred tax is applied to income taxes as described above but is not applied to other types of taxes; rather such taxes are recognized in the income statement in accordance with the applicable accounting policy such as Provisions and contingencies.

For more information see Note 8 and Note 28.

#### **Customs duties and sales taxes**

Customs duties and sales taxes that are passed on or charged to customers are excluded from revenues and expenses. Assets and liabilities are recognized net of the amount of customs duties or sales tax except:

- Customs duties or sales taxes incurred on the purchase of goods and services which are not recoverable from the taxation authority are recognized as part of the cost of acquisition of the asset.
- Receivables and payables are stated with the amount of customs duty or sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included within receivables or payables in the balance sheet.

#### **Revenue and other income**

Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control of oil, natural gas, natural gas liquids, LNG, petroleum and chemical products, and other items usually coincides with title passing to the customer and the customer taking physical possession. The Company principally satisfies its performance obligations at a point in time; the amounts of revenue recognized relating to performance obligations satisfied over time are not significant.

When, or as, a performance obligation is satisfied, the group recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

Contracts for the sale of commodities are typically priced by reference to quoted prices. Revenue from term commodity contracts is recognized based on the contractual pricing provisions for each delivery. Certain of these contracts have pricing terms based on prices at a point in time after delivery has been made. Revenue from such contracts is initially recognized based on relevant prices at the time of delivery and subsequently adjusted as appropriate. All revenue from these contracts, both that recognized at the time of delivery and that from post-delivery price adjustments, is disclosed as revenue from contracts with customers.

**Notes to the consolidated financial statements**

Sales and purchase of commodities accounted for under IFRS 15 are presented on a gross basis in Revenue from contracts with customers and Purchases respectively. Physically settled derivatives which represent trading or optimization activities are presented net alongside financially settled derivative contracts in Other operating revenues within Sales and other operating income. Certain physically settled sale and purchase derivative contracts which are not part of trading and optimization activities are presented gross within Other operating revenues and Purchases respectively. Changes in the fair value of derivative assets and liabilities prior to physical delivery are also classified as other operating revenues.

Physical exchanges with counterparties in the same line of business in order to facilitate sales to customers are reported net, as are sales and purchases made with a common counterparty, as part of an arrangement similar to a physical exchange.

Where the Company acts as agent on behalf of a third party to procure or market energy commodities, any associated fee income is recognized but no purchase or sale is recorded.

Interest income is recognized as the interest accrues (using the effective interest rate, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend income from investments is recognized when the shareholders' right to receive the payment is established.

Contract asset and contract liability balances are included within amounts presented for trade receivables and other payables respectively.

**Finance costs**

Finance costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use. All other finance costs are recognized in the income statement in the period in which they are incurred.

**Updates to material accounting policy information**
**Impact of new International Financial Reporting Standards**

There are no new or amended standards or interpretations adopted from January 1, 2023 onwards, including the amendments to IAS 12 'Income Taxes' as described on page 26 and IFRS 17 'Insurance Contracts,' that have a significant impact on the consolidated financial statements for 2023. Further, there are no new or amended standards not yet adopted that are expected to have a material impact.

**2. Non-current assets held for sale**

The carrying amount of assets classified as held for sale at December 31, 2023 is \$0 (2022 \$788 million), with associated liabilities of \$0 (2022 \$274 million).

**gas & low carbon energy**

The assets held for sale balance at December 31, 2022 included assets of \$58 million relating to the agreement to sell bp's upstream business in Algeria to Eni. The transaction closed on February 28, 2023.

**customers & products**

At December 31, 2022, assets of \$730 million and associated liabilities of \$274 million were classified as held for sale relating to the sale of bp's 50% interest in the bp-Husky Toledo refinery in Ohio to Cenovus Energy, its partner in the facility. The sale completed on February 28, 2023.

The total assets and liabilities held for sale at December 31, 2023 and 2022, which are all in the gas & low carbon energy and customers & products businesses, are set out in the table below.

	\$ million	
	2023	2022
Property, plant and equipment	—	289
Investments in associates	—	58
Inventories	—	206
Cash	—	35
Trade and other receivables	—	200
<b>Assets classified as held for sale</b>	<b>—</b>	<b>788</b>
Trade and other payables	—	(257)
Lease liabilities	—	(13)
Provisions	—	(3)
Deferred tax liabilities	—	(1)
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>—</b>	<b>(274)</b>

**3. Business combinations**

The Company undertook a number of business combinations during 2023. Total consideration paid in cash amounted to \$1,249 million (2022 \$3,644 million), offset by cash acquired of \$483 million (2022 \$141 million).

The fair value of the net assets (including goodwill) recognized from business combinations in the full year, inclusive of measurement period adjustments for business combinations in previous periods, was \$1,205 million (2022 \$4,105 million). This principally related to the acquisition of TravelCenters of America.

**2022**
**Archaea Energy**

On December 28, 2022, bp acquired 100% of the issued common stock of Archaea Energy Inc., a leading producer of renewable natural gas (RNG) in the US, that was listed on the New York Stock Exchange.

The total cash consideration for the transaction, all paid at completion, was \$3,137 million.

The transaction was accounted for as a business combination using the acquisition method. As the transaction completed shortly prior to the end of the reporting period, the acquisition-date fair values of the assets and liabilities acquired reported in 2022 were provisional. The final and provisional fair values of the identifiable assets and liabilities acquired as at the date of acquisition are shown in the table below. The measurement period adjustments between the provisional and final values were recognized in 2023 as the impact on the comparative period was not material. The intangible assets recognized are primarily the biogas rights agreements Archaea Energy has with landfill owners. The goodwill recognized reflects the part of the project development pipeline that did not qualify for separate recognition at the acquisition date and goodwill arising from recognition of deferred tax liabilities on fair value uplifts. The goodwill balance is not expected to be deductible for tax purposes.

The transaction included a step acquisition of the Mavrix LLC joint venture, which bp and Archaea Energy each held a 50% interest in prior to this transaction. The final fair value of bp's interest in Mavrix LLC immediately before the acquisition date was \$303 million and the gain recognized in 'Interest and other income,' initially in 2022 and revised in 2023, as a result of remeasuring this interest to fair value, was \$196 million.

	\$ million	
	Provisional	Final
<b>Assets</b>		
Property plant and equipment	885	929
Goodwill	409	707
Intangible assets	3,475	3,178
Investments in equity-accounted entities	917	883
Inventory	42	31
Trade and other receivables	67	47
Cash and cash equivalents	107	96
<b>Liabilities</b>		
Trade and other payables	(1,032)	(1,145)
Finance debt	(1,044)	(1,044)
Deferred tax liabilities	(293)	(214)
Provisions	(16)	(21)
Non-controlling interest	(7)	(7)
Total consideration	3,510	3,440
<b>Of which:</b>		
Cash	3,137	3,137
Fair value of previously held interest in Mavrix LLC	373	303

**4. Disposals and impairment**

The following amounts were recognized in the income statement in respect of disposals and impairments.

	\$ million		
	2023	2022	2021
<b>Gains on sale of businesses and fixed assets</b>			
gas & low carbon energy	26	8	2
oil production & operations	150	104	346
customers & products	6	4	3
other businesses and corporate	9	—	25
	<b>191</b>	116	376
<b>Losses on sale of businesses and fixed assets</b>			
oil production & operations	5	15	31
customers & products	107	10	7
	<b>112</b>	25	38
<b>Impairment losses</b>			
gas & low carbon energy	708	500	—
oil production & operations	807	333	17
customers & products	15	82	594
other businesses and corporate	5	35	86
	<b>1,535</b>	950	697
<b>Impairment reversals</b>			
gas & low carbon energy	—	(1,331)	(600)
oil production & operations	—	—	(1,418)
other businesses and corporate	(11)	—	(3)
	<b>(11)</b>	(1,331)	(2,021)
<b>Impairment and losses on sale of businesses and fixed assets</b>	<b>1,636</b>	(356)	(1,286)

**Disposals**

Disposal proceeds and principal gains and losses on disposals by business are described below.

	\$ million		
	2023	2022	2021
Proceeds from disposals of fixed assets	120	21	86
Proceeds from disposals of businesses, net of cash disposed	558	184	2,334
	<b>678</b>	205	2,420
<b>By business</b>			
gas & low carbon energy	86	16	1
oil production & operations	208	155	2,406
customers & products	365	34	8
other businesses and corporate	19	—	5
	<b>678</b>	205	2,420

Proceeds from disposals of fixed assets in 2023 include \$85 million relating to the disposal of the equity investment in Algeria. Proceeds from disposals of businesses in 2023 include \$351 million relating to the disposal of the bp-Husky Toledo refinery to Cenovus Energy. At December 31, 2023, deferred consideration relating to disposals amounted to \$49 million receivable within one year (2022 \$80 million and 2021 \$56 million) and \$133 million receivable after one year (2022 \$92 million and 2021 \$732 million). In addition, contingent consideration receivable relating to disposals amounted to \$763 million at December 31, 2023 (2022 \$1,174 million and 2021 \$1,255 million). The contingent consideration at December 31, 2023 relates to the prior period disposals of our Alaskan business. These amounts of contingent consideration are reported within Other investments on the Company's balance sheet - see Note 15 for further information.

**Gains and losses on sale of businesses and fixed assets, and closures**
**gas & low carbon energy**

In 2023, 2022, and 2021, there were no material gains or losses.

**oil production & operations**

In 2023, gains principally resulted from adjustments to disposals in prior periods. Gains include \$110 million fair value movements in relation to deferred and contingent consideration in relation to prior disposals in Alaska.

In 2022, gains principally resulted from adjustments to disposals in prior periods. Gains include \$59 million relating to the prior disposal of certain bpx energy operations.

## BP CORPORATION NORTH AMERICA INC. & SUBSIDIARIES

### Notes to the consolidated financial statements

In 2021, gains principally resulted from adjustments to disposals in prior periods. Gains include \$268 million fair value movements in relation to deferred and contingent consideration in relation to prior disposals in Alaska.

#### customers & products

In 2023, 2022, and 2021, there were no material gains or losses.

#### other businesses and corporate

In 2023, 2022, and 2021, there were no material gains or losses.

Summarized financial information relating to the sale of businesses is shown in the table below

The principal transaction categorized as a business disposal in 2023 was the disposal of the bp-Husky Toledo refinery to Cenovus Energy.

	\$ million		
	2023	2022	2021
Non-current assets	449	182	417
Current assets	409	22	15
Non-current liabilities	(12)	—	(284)
Current liabilities	(259)	—	(30)
<b>Total carrying amount of net assets disposed</b>	<b>587</b>	204	118
Recycling of foreign exchange on disposal	—	—	—
Costs on disposal	27	11	27
	<b>614</b>	215	145
Gains on sale of businesses	65	91	337
<b>Total consideration</b>	<b>679</b>	306	482
Non-cash consideration	(154)	(169)	(119)
Consideration received (receivable)	33	22	1,971
Proceeds from the sale of businesses related to completed transactions	558	159	2,334
Proceeds received in advance of business disposals	—	25	—
<b>Proceeds from the sale of businesses, net of cash disposed<sup>a</sup></b>	<b>558</b>	184	2,334

<sup>a</sup> Proceeds are stated net of cash and cash equivalents disposed of \$0 (2022 \$0 and 2021 \$2 million).

#### Impairments

Impairment losses and impairment reversals in each business are described below. For information on significant estimates and judgements made in relation to impairments see Impairment of property, plant and equipment, intangibles, goodwill and equity-accounted entities within Note 1. See also Note 9 and Note 12 for further information on impairments by asset category.

#### gas & low carbon energy

The 2023 impairment loss of \$708 million primarily relates to producing assets in Trinidad (\$565 million) and arose as a result of changes to the group's oil and gas price and discount rate assumptions and activity phasing. The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2023 in total, based on their value in use, is \$3,857 million.

The 2022 impairment loss of \$500 million primarily relates to the decision to dispose of our business in Algeria. The 2022 impairment reversal of \$1,331 million relates to the Trinidad CGU (\$1,331 million) and principally arose as a result of changes to the group's oil and gas price assumptions. The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2022 in total, based on their value in use, is \$7,934 million.

The 2021 impairment reversal of \$600 million relates to the Trinidad CGU (\$600 million) and principally arose as a result of changes to the group's oil and gas price assumptions and re-assessment of reserves. The recoverable amount of these CGUs on which significant impairment charges or reversals were recognized, based on their value in use, is \$4,050 million. The recoverable amount of all impaired CGUs and CGUs recognizing reversals in total, based on their value in use is \$4,050 million.

#### oil production & operations

Impairment losses and reversals in all years relate primarily to producing and midstream assets.

The 2023 impairment loss of \$807 million primarily arose as a result of changes to the group's oil and gas price and discount rate assumptions, activity phasing and disposal decisions in relation to certain assets in bpx energy (\$802 million). The recoverable amount of all CGUs for which impairment charges or reversals were recognized in 2023 in total, based on their value in use, is \$2,223 million.

The 2022 impairment loss of \$333 million principally relates to expected portfolio changes in bpx energy.

The 2021 impairment reversals of \$1,418 million principally arose as a result of changes to the group's oil and gas price assumptions and re-assessment of reserves. They include amounts in bpx energy (\$1,356 million). The principal CGU on which a significant impairment reversal was recognized was \$982 million for Hawkville in bpx energy. The recoverable amount of these CGUs on which significant impairment charges or reversals were recognized, based on their value in use, is \$8,857 million. The recoverable amount of all impaired CGUs and CGUs recognizing reversals, based on their value in use, is \$9,245 million.

**Notes to the consolidated financial statements**
**customers & products**

In 2023, there were no material impairment losses.

2022 impairment losses of \$82 million principally relates to the decision to sell our 50% interest in the bp-Husky Toledo refinery in Ohio to Cenovus Energy Inc.

2021 impairment losses of \$594 million principally relates to anticipated portfolio changes in the products business.

**other businesses and corporate**

Impairment losses totaling \$5 million, \$35 million, and \$86 million were recognized in 2023, 2022, and 2021 respectively.

**5. Sales and other operating revenues**

	\$ million		
	2023	2022	2021
Crude oil	818	1,114	741
Oil products	48,145	53,303	37,159
Natural gas, LNG and NGLs	4,731	9,133	7,121
Non-oil products and other revenues from contracts with customers	2,832	1,390	1,410
<b>Revenues from contracts with customers</b>	<b>56,526</b>	64,940	46,431
Other operating revenues <sup>a</sup>	27,086	27,770	18,998
<b>Total sales and other operating revenues</b>	<b>83,612</b>	92,710	65,429

<sup>a</sup> Principally relates to physically settled derivative sales contracts including sales of the Company's own production in trading books.

The Company's sales to customers of crude oil and oil products were substantially all made by the customers & products business. The Company's sales to customers of natural gas, LNG and NGLs were made by the gas & low carbon energy business. A significant majority of the Company's sales of non-oil products and other revenues from contracts with customers were made by the customers & products business.

**6. Income statement analysis**

	\$ million		
	2023	2022	2021
<b>Interest and other income</b>			
Interest income from			
Financial assets measured at amortized costs	2,623	1,185	430
Financial assets measured at fair value through profit or loss	1	–	1
Other income	206	694	70
	<b>2,830</b>	1,879	501
Currency exchange (gains) losses charged to the income statement <sup>a</sup>	(21)	(122)	–
Expenditure on research and development	76	75	86
Costs relating to the Gulf of Mexico oil spill (pre-interest and tax) <sup>b</sup>	84	84	70
<b>Finance costs</b>			
Interest expense on lease liabilities	182	99	113
Interest payable on other liabilities measured at amortized cost <sup>c</sup>	1,852	1,255	1,348
Capitalized at 4.88% (2022 3.56% and 2021 2.63%) <sup>d</sup>	(210)	(270)	(170)
Unwinding of discount on provisions	244	178	162
Unwinding of discount on other payables measured at amortized cost	448	453	499
	<b>2,516</b>	1,715	1,952

<sup>a</sup> Excludes exchange gains and losses arising on financial instruments measured at fair value through profit or loss.

<sup>b</sup> Included within production and manufacturing expenses.

<sup>c</sup> 2023 includes a gain of \$0 (2022 gain \$8 million and 2021 loss of \$210 million) associated with the buyback of finance debt.

<sup>d</sup> Tax relief on capitalized interest is approximately \$57 million (2022 \$73 million and 2021 \$46 million).

**7. Exploration for and evaluation of oil and natural gas resources**

The following financial information represents the amounts included within the Company totals relating to activity associated with the exploration for and evaluation of oil and natural gas resources. All such activity is recorded within the gas & low carbon energy and oil production & operations businesses.

For information on significant judgements made in relation to oil and natural gas accounting see Intangible assets in Note 1.

	\$ million		
	2023	2022	2021
Exploration and evaluation costs			
Exploration expenditure written off	272	69	20
Other exploration costs	86	87	65
Exploration expense for the year	358	156	85
Intangible assets – exploration and appraisal expenditure <sup>a</sup>	879	773	781
Liabilities	84	67	69
Net assets	795	706	712
Cash used in operating activities	85	86	65
Cash used in investing activities	392	375	103

<sup>a</sup> Amount capitalized at December 31, 2023, December 31, 2022, and December 31, 2021 relates to assets in various regions. The largest of these is \$0.5 billion capitalized in the Gulf of Mexico, USA (2022 \$0.4 billion capitalized in the Gulf of Mexico, USA, 2021 \$0.3 billion capitalized in the Gulf of Mexico).

**8. Taxation**
**Tax on profit**

	\$ million		
	2023	2022	2021
<b>Current tax<sup>a</sup></b>			
Charge for the year	695	1,249	592
Adjustment in respect of prior years <sup>b</sup>	10	(115)	(25)
	705	1,134	567
<b>Deferred tax</b>			
Origination and reversal of temporary differences in the current year	556	3,379	1,645
Adjustment in respect of prior years <sup>b</sup>	(133)	76	74
	423	3,455	1,719
<b>Tax charge (credit) on profit or loss</b>	<b>1,128</b>	<b>4,589</b>	<b>2,286</b>

<sup>a</sup> Income tax obligations within the US are paid by the parent, BP America, and thus no outstanding US income tax receivable, payable or cash flows are presented within these financial statement for the Company.

<sup>b</sup> The adjustments in respect of prior years reflect the reassessment of the current tax and deferred tax balances in light of changes in facts and circumstances during the year.

In 2023, the total tax charge recognized within other comprehensive income / (loss) was \$176 million (2022 \$135 million charge and 2021 \$348 million charge). In 2023, the tax charge was primarily comprised of the deferred tax impact of natural gas hedges. In 2022 and 2021, the tax charge was primarily comprised of remeasurements of the net pension and other post-retirement benefit liability or asset. See Note 27 for further information.

The total tax charge recognized directly in equity was \$5 million (2022 \$204 million benefit and 2021 \$1 million charge).

For information on significant estimates and judgements made in relation to taxation, see Income taxes within Note 1.

**Reconciliation of the effective tax rate**

The following table provides a reconciliation of the US statutory corporate income tax rate to the effective tax rate of the Company on profit or loss before taxation.

	\$ million		
	2023	2022	2021
<b>Profit (loss) before taxation</b>	<b>6,087</b>	15,030	6,826
Tax charge (credit) on profit or loss	<b>1,128</b>	4,589	2,286
Effective tax rate	<b>19 %</b>	31 %	33 %
	% of profit before taxation		
US statutory corporation tax rate	<b>21</b>	21	21
Increase (decrease) resulting from			
Taxes on foreign operations at other than 21%	<b>(7)</b>	9	8
State income taxes, net of Federal income tax offset	<b>3</b>	1	2
Items not deductible for tax purposes	<b>2</b>	1	1
Tax credits	<b>—</b>	—	(1)
Adjustments in respect of prior years	<b>(2)</b>	—	1
Share based compensation	<b>(1)</b>	—	—
Non-controlling interest	<b>—</b>	—	(1)
Valuation allowance	<b>3</b>	(1)	2
<b>Effective tax rate</b>	<b>19</b>	31	33

**Deferred tax**

	\$ million	
	2023	2022
Analysis of movements during the year in the net deferred tax (asset) liability		
<b>At January 1</b>	<b>2,747</b>	(931)
Exchange adjustments	<b>10</b>	—
Charge (credit) for the year in the income statement	<b>423</b>	3,455
Charge (credit) for the year in other comprehensive income	<b>176</b>	135
Charge (credit) for the year in equity	<b>5</b>	(204)
Acquisitions and disposals	<b>2</b>	292
<b>At December 31</b>	<b>3,363</b>	2,747

The following table provides an analysis of deferred tax in the income statement and the balance sheet by category of temporary difference:

	\$ million					
	Income statement			Balance sheet		
	2023	2022	2021	2023	2022	
<b>Deferred tax liability</b>						
Depreciation	<b>601</b>	975	507	<b>9,439</b>	8,835	
Pension plan surpluses	<b>(66)</b>	(148)	(136)	<b>254</b>	294	
Other taxable temporary differences	<b>(38)</b>	39	42	<b>114</b>	152	
	<b>497</b>	866	413	<b>9,807</b>	9,281	
<b>Deferred tax asset</b>						
Lease liabilities	<b>(625)</b>	(9)	(31)	<b>(1,268)</b>	(643)	
Pension plan and other post-retirement benefit plan deficits	<b>62</b>	157	126	<b>(349)</b>	(411)	
Decommissioning, environmental and other provisions	<b>548</b>	295	(389)	<b>(3,649)</b>	(4,197)	
Tax credits	<b>127</b>	1,524	1,400	<b>(2)</b>	(130)	
Loss carry forward	<b>49</b>	884	253	<b>(330)</b>	(379)	
Other deductible temporary differences	<b>(235)</b>	(262)	(53)	<b>(846)</b>	(774)	
	<b>(74)</b>	2,589	1,306	<b>(6,444)</b>	(6,534)	
<b>Net deferred tax charge (credit) and net deferred tax (asset) liability<sup>a</sup></b>	<b>423</b>	3,455	1,719	<b>3,363</b>	2,747	
Of which – deferred tax liabilities				<b>3,363</b>	2,750	
– deferred tax assets				<b>—</b>	3	

<sup>a</sup> Included within the net deferred tax (asset) liability is a deferred tax asset balance of \$1,320 million (2022 \$1,444 million) related to the Gulf of Mexico oil spill.

No deferred tax assets were recognized on the balance sheet at December 31, 2023. The 2022 balance of \$3 million relates to entities that have deductible temporary differences but have not suffered a loss in the current or preceding period.

## BP CORPORATION NORTH AMERICA INC. & SUBSIDIARIES

### Notes to the consolidated financial statements

A summary of temporary differences, unused tax credits and unused tax losses for which deferred tax has not been recognized is shown in the table below.

At December 31	\$ million	
	2023	2022
Gross unused US state tax losses <sup>a</sup>	2,116	2,121
Gross unused tax losses - jurisdictions other than US	49	27
Unused tax credits		
– arising in the US <sup>b</sup>	4,218	4,177
Gross other deductible temporary differences <sup>c</sup>	2,492	1,145
Gross other taxable temporary differences associated with investments in subsidiaries and equity-accounted entities	661	661

<sup>a</sup> The US state tax losses expire in the period 2024-2043 with applicable tax rates ranging from 2.5% to 9%.

<sup>b</sup> The US unused tax credits expire in the period 2025-2033.

<sup>c</sup> Substantially all of the deductible temporary differences have no expiry date.

	\$ million		
	2023	2022	2021
Impact of previously unrecognized deferred tax or write-down of deferred tax assets on tax charge			
Current tax benefit relating to the utilization of previously unrecognized deferred tax assets	138	232	23
Deferred tax benefit arising from the reversal of a previous write-down of deferred tax assets	–	–	–
Deferred tax benefit relating to the recognition of previously unrecognized deferred tax assets	–	20	–
Deferred tax expense arising from the write-down of a previously recognized deferred tax asset	21	–	–

**9. Property, plant and equipment (PP&E)**

	\$ million							
	Land and land improvements	Buildings	Oil and gas properties <sup>a, c</sup>	Plant, machinery and equipment	Fittings, fixtures and office equipment <sup>c</sup>	Transportation	Oil depots, storage tanks and service stations	Total
<b>Cost - owned PP&amp;E</b>								
At January 1, 2023	775	303	90,334	25,905	841	1,283	1,513	120,954
Acquisitions	206	—	—	27	12	48	1,055	1,348
Additions	54	22	5,367	1,567	101	41	404	7,556
Transfers from intangible assets	—	—	10	—	—	—	—	10
Deletions and disposals	(3)	(1)	(106)	(36)	(127)	(231)	(122)	(626)
<b>At December 31, 2023</b>	<b>1,032</b>	<b>324</b>	<b>95,605</b>	<b>27,463</b>	<b>827</b>	<b>1,141</b>	<b>2,850</b>	<b>129,242</b>
<b>Depreciation - owned PP&amp;E</b>								
At January 1, 2023	266	170	53,891	10,250	661	880	527	66,645
Charge for the year	19	6	4,961	938	74	34	197	6,229
Impairment losses	—	—	1,358	147	—	—	—	1,505
Impairment reversals	—	—	—	—	—	—	—	—
Deletions and disposals	—	1	(74)	(32)	(97)	(213)	(34)	(449)
<b>At December 31, 2023</b>	<b>285</b>	<b>177</b>	<b>60,136</b>	<b>11,303</b>	<b>638</b>	<b>701</b>	<b>690</b>	<b>73,930</b>
Owned PP&E - net book amount at December 31, 2023	747	147	35,469	16,160	189	440	2,160	55,312
Right-of-use assets - net book amount at December 31, 2023 <sup>b</sup>	—	353	2	756	4	590	3,297	5,002
<b>Total PP&amp;E - net book amount at December 31, 2023</b>	<b>747</b>	<b>500</b>	<b>35,471</b>	<b>16,916</b>	<b>193</b>	<b>1,030</b>	<b>5,457</b>	<b>60,314</b>
<b>Cost - owned PP&amp;E</b>								
At January 1, 2022	798	254	86,828	25,233	803	1,220	1,356	116,492
Acquisitions	1	40	—	998	—	37	—	1,076
Additions	6	9	3,391	1,128	60	35	256	4,885
Transfers from intangible assets	—	—	295	—	—	—	—	295
Deletions and disposals	(30)	—	(180)	(1,454)	(22)	(9)	(99)	(1,794)
<b>At December 31, 2022</b>	<b>775</b>	<b>303</b>	<b>90,334</b>	<b>25,905</b>	<b>841</b>	<b>1,283</b>	<b>1,513</b>	<b>120,954</b>
<b>Depreciation - owned PP&amp;E</b>								
At January 1, 2022	266	163	51,043	10,547	635	863	468	63,985
Charge for the year	19	7	3,866	820	45	22	90	4,869
Impairment losses	—	—	333	68	—	2	—	403
Impairment reversals	—	—	(1,331)	—	—	—	—	(1,331)
Deletions and disposals	(19)	—	(20)	(1,185)	(19)	(7)	(31)	(1,281)
<b>At December 31, 2022</b>	<b>266</b>	<b>170</b>	<b>53,891</b>	<b>10,250</b>	<b>661</b>	<b>880</b>	<b>527</b>	<b>66,645</b>
Owned PP&E - net book amount at December 31, 2022	509	133	36,443	15,655	180	403	986	54,309
Right-of-use assets - net book amount at December 31, 2022 <sup>b</sup>	—	316	—	836	7	436	1,161	2,756
<b>Total PP&amp;E - net book amount at December 31, 2022</b>	<b>509</b>	<b>449</b>	<b>36,443</b>	<b>16,491</b>	<b>187</b>	<b>839</b>	<b>2,147</b>	<b>57,065</b>
Assets held under construction included above								
<b>At December 31, 2023</b>								<b>7,944</b>
At December 31, 2022								14,692
Depreciation charge for the year on right-of-use assets								
<b>2023</b>	<b>(53)</b>	<b>—</b>	<b>(1)</b>	<b>(475)</b>	<b>(5)</b>	<b>(242)</b>	<b>(405)</b>	<b>(1,181)</b>
2022	(50)	—	—	(281)	(10)	(170)	(240)	(751)

<sup>a</sup> For information on significant estimates and judgements made in relation to the estimation of oil and natural gas reserves, see Property, plant and equipment within Note 1.

<sup>b</sup> \$549 million (2022 \$538 million) of drilling rig right-of-use assets and \$502 million (2022 \$362 million) of shipping vessel right-of-use assets are included in Plant, machinery and equipment and Transportation respectively.

<sup>c</sup> Subsequent to the issuance of its consolidated financial statements for the year ended December 31, 2022, the Company identified an error in the presentation of the Cost - Owned PP&E and Depreciation - owned PP&E line items. The presentation has been corrected to reflect the changes in these line items. This correction did not impact the reported profit or net book amounts of PP&E.

**Notes to the consolidated financial statements**

The net value of property, plant, and equipment assets owned by the Company, not including right-of-use assets, that are US based at December 31, 2023 amounted to \$47,105 million (2022 \$44,971 million).

**10. Capital commitments**

Authorized future capital expenditure for property, plant and equipment (excluding right-of-use assets) by the Company for which contracts had been signed at December 31, 2023 amounted to \$6,820 million (2022 \$6,691 million, 2021 \$4,809 million). The Company has contracted capital commitments amounting to \$699 million (2022 \$697 million, 2021 \$56 million) in relation to joint ventures and \$33 million (2022 \$16 million, 2021 \$9 million) in relation to associates.

**11. Goodwill and impairment review of goodwill**

	\$ million	
	2023	2022
<b>Cost</b>		
At January 1	6,754	6,197
Acquisitions and other additions	409	557
<b>At December 31</b>	<b>7,163</b>	6,754
<b>Impairment losses</b>		
At January 1	(2,197)	(2,197)
<b>At December 31</b>	<b>(2,197)</b>	(2,197)
<b>Net book amount at December 31</b>	<b>4,966</b>	4,557
Net book amount at January 1	4,557	4,000

**Impairment review of goodwill**

	\$ million	
	2023	2022
Goodwill at December 31		
gas & low carbon energy	552	632
oil production & operations	2,757	2,757
customers & products	1,656	1,167
other businesses and corporate	1	1
	<b>4,966</b>	4,557

Goodwill acquired through business combinations has been allocated to groups of cash-generating units (CGUs) that are expected to benefit from the synergies of the acquisition. For oil production & operations goodwill is allocated to CGUs in aggregate at the business level, for gas & low carbon energy goodwill is allocated to the hydrocarbon CGUs within the business. For customers & products, goodwill has been allocated to US Fuels, Archaea, and Other.

For information on significant estimates and judgements made in relation to impairments see Impairment of property, plant, and equipment, intangibles and goodwill in Note 1.

**gas & low carbon energy and oil production & operations**

	\$ million		\$ million	
	2023	2022	2023	2022
Goodwill	552	632	2,757	2,757
Excess of recoverable amount over carrying amount	1,766	5,141	18,342	30,210

The table above shows the carrying amount of goodwill for the businesses at the period end and the excess of the recoverable amount, based on a pre-tax value-in-use calculation, over the carrying amount (headroom) at the date of the most recent test. The decrease in headroom for both businesses relates to movements due to the impacts of updates to price and discount rate assumptions.

No material impairment of the goodwill balances in either gas & low carbon energy or oil production & operations was recognized during 2023 (2022 \$0).

The value in use for relevant CGUs in both gas & low carbon energy and oil production & operations is based on the cash flows expected to be generated by the projected production profiles up to the expected dates of cessation of production of each field, based on appropriately risked estimates of reserves and resources. Midstream and supply and trading activities and equity-accounted entities are generally not included in the impairment reviews of goodwill, as they do not represent part of the grouping of CGUs to which the goodwill balances relate and which are used to monitor the goodwill balances for internal management purposes. Where such activities form part of wider CGUs to which goodwill relates they are reflected in the test. As the production profile and related cash flows can be estimated from the Company's past experience, management believes that the cash flows generated over the estimated life of field is the appropriate basis upon which to assess goodwill and individual assets for impairment in both gas & low carbon energy and oil production & operations. The estimated date of cessation of production depends on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, production costs, the contractual duration of the production concession and the selling price of the hydrocarbons produced. As each field has specific reservoir characteristics and economic circumstances, the cash flows of each field are computed using appropriate individual economic models and key assumptions agreed by the Company's management.

**Notes to the consolidated financial statements**

Estimated production volumes and cash flows up to the date of cessation of production on a field-by-field basis, including operating and capital expenditure, are derived from the business plans. The production profiles used are consistent with the reserve and resource volumes approved as part of the Company's centrally controlled process for the estimation of proved and probable reserves and total resources.

The average production for the purposes of goodwill impairment testing in the gas & low carbon energy business over the next 15 years is 67 mmbob per year (2022 75 mmbob per year) and in the oil production & operations business is 305 mmbob per year (2022 248 mmbob per year). Production assumptions used for the goodwill impairment tests in both gas & low carbon energy and oil production & operations reflect the Company's best estimate of future production of the existing portfolio at the time of the calculation. The Company's expectation to reduce upstream hydrocarbon production by 25% by 2030 from its 2019 baseline is expected to be achieved through future active management, including divestments, and high-grading of the portfolio. Changes in upstream production since 2019 will be included in the best estimates however as the specific future changes to the portfolio are not yet known, these best estimates do not include the full extent of the expected upstream production reductions.

The weighted average pre-tax discount rate used in the review for the oil production & operations business is 10% and 14% for the gas & low carbon energy business (2022 9% for the oil production & operations business and 13% for the gas & low carbon energy business).

The most recent reviews for impairment for the oil production & operations and gas & low carbon energy businesses were carried out in the fourth quarter. The key assumptions used in the value-in-use calculations are oil and natural gas prices, production volumes and the discount rate. The value-in-use calculations have been prepared solely for the purposes of determining whether the goodwill balances were impaired. Estimated future cash flows were prepared on the basis of certain assumptions prevailing at the time of the tests. The actual outcomes may differ from the assumptions made. For example, reserves and resources estimates and production forecasts are subject to revision as further technical information becomes available and economic conditions change. Due to economic developments, regulatory change and emissions reduction activity arising from climate concern and other factors, future commodity prices and other assumptions may differ from the forecasts used in the calculations.

Sensitivities to different variables have been estimated using certain simplifying assumptions. For example, lower oil and gas price or production sensitivities do not fully reflect the specific impacts for each contractual arrangement and will not capture all favorable impacts that may arise from cost deflation or savings. A detailed calculation in either business at any given price or production profile may, therefore, produce a different result.

It is estimated that a 26% (2022 29%) reduction in revenue throughout each year of the remaining life of those assets, either as a result of adverse price or production conditions or a combination of each, would cause the recoverable amount to be equal to the carrying amount of goodwill and related net non-current assets of the oil production & operations business. For gas & low carbon energy a 19% (2022 23%) reduction would have the same result.

It is estimated that no reasonably possible change in the discount rate would cause the recoverable amount to be equal to the carrying amount of goodwill and related net non-current assets of either business.

**12. Intangible assets**

	2023				2022			
	Exploration and appraisal expenditure <sup>a</sup>	Biogas rights agreements	Other intangibles	Total	Exploration and appraisal expenditure <sup>a</sup>	Biogas rights agreements	Other intangibles	Total
<b>Cost</b>								
At January 1	3,325	3,398	2,649	9,372	3,326	—	2,298	5,624
Acquisitions <sup>b</sup>	—	—	130	130	—	3,398	192	3,590
Remeasurements of acquisition accounting <sup>b</sup>	—	(394)	—	(394)	—	—	—	—
Additions	401	23	210	634	362	—	175	537
Transfers to property, plant and equipment	(9)	—	—	(9)	(295)	—	—	(295)
Reclassified as assets held for sale	—	—	—	—	—	—	(7)	(7)
Deletions and disposals	(259)	(38)	(157)	(454)	(68)	—	(9)	(77)
<b>At December 31</b>	<b>3,458</b>	<b>2,989</b>	<b>2,832</b>	<b>9,279</b>	<b>3,325</b>	<b>3,398</b>	<b>2,649</b>	<b>9,372</b>
<b>Amortization</b>								
At January 1	2,550	—	1,674	4,224	2,545	—	1,533	4,078
Exploration expenditure written off	272	—	—	272	69	—	—	69
Charge for the year	—	106	177	283	—	—	154	154
Impairment losses	13	—	—	13	—	—	4	4
Reclassified as assets held for sale	—	—	—	—	—	—	(7)	(7)
Deletions and disposals	(255)	(1)	(154)	(410)	(64)	—	(10)	(74)
<b>At December 31</b>	<b>2,580</b>	<b>105</b>	<b>1,697</b>	<b>4,382</b>	<b>2,550</b>	<b>—</b>	<b>1,674</b>	<b>4,224</b>
<b>Net book amount at December 31</b>	<b>878</b>	<b>2,884</b>	<b>1,135</b>	<b>4,897</b>	<b>775</b>	<b>3,398</b>	<b>975</b>	<b>5,148</b>
Net book amount at January 1	775	3,398	975	5,148	781	—	765	1,546

<sup>a</sup> For further information see Intangible assets within Note 1 and Note 7.

<sup>b</sup> Primarily relates to the acquisition of Archaea Energy Inc. See Note 3 for further information.

**13. Investments in joint ventures**

The Company has joint ventures investments primarily in wind, pipeline and customer and products businesses. No individual joint venture is material to the Company as of December 31, 2023.

The following table provides aggregated summarized financial information relating to the Company's share of joint ventures.

	\$ million		
	2023	2022	2021
<b>Sales and other operating revenues</b>	<b>700</b>	503	526
Profit before interest and taxation	<b>(1,055)</b>	(163)	6
Finance costs	<b>4</b>	9	12
<b>Profit (loss) before taxation</b>	<b>(1,059)</b>	(172)	(6)
Taxation	<b>2</b>	1	3
<b>Profit (loss) for the year</b>	<b>(1,061)</b>	(173)	(9)
Other comprehensive income (loss)	<b>—</b>	12	9
<b>Total comprehensive income</b>	<b>(1,061)</b>	(161)	—
Non-current assets	<b>3,149</b>	3,505	3,145
Current assets	<b>672</b>	617	454
<b>Total assets</b>	<b>3,821</b>	4,122	3,599
Current liabilities	<b>586</b>	399	312
Non-current liabilities	<b>449</b>	539	707
<b>Total liabilities</b>	<b>1,035</b>	938	1,019
<b>Net assets</b>	<b>2,786</b>	3,184	2,580
Less: Non-controlling interests	<b>13</b>	11	—
<b>Company's investment in joint ventures</b>			
Company's share of net assets (as above)	<b>2,773</b>	3,173	2,580
	<b>2,773</b>	3,173	2,580

Transactions between the Company and its joint ventures are summarized below.

	\$ million					
	2023		2022		2021	
Product	Sales	Amount receivable at December 31	Sales	Amount receivable at December 31	Sales	Amount receivable at December 31
LNG, crude oil and oil products, natural gas	<b>369</b>	<b>142</b>	40	17	38	3

	\$ million					
	2023		2022		2021	
Product	Purchases	Amount payable at December 31	Purchases	Amount payable at December 31	Purchases	Amount payable at December 31
LNG, crude oil and oil products, natural gas, refinery operating costs, plant processing fees	<b>160</b>	<b>4</b>	220	85	257	5

In the normal course of business, the Company enters into various arm's length transactions with joint ventures including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts and agency agreements.

The terms of the outstanding balances receivable from joint ventures are typically 30 to 45 days. The balances are unsecured and will be settled in cash. There are no significant provisions for doubtful debts relating to these balances and no significant expense recognized in the income statement in respect of bad or doubtful debts. Dividends receivable are not included in the table above.

The Company's share of net impairment charges taken by joint ventures in 2023 was \$1,150 million (2022 \$277 million and 2021 \$0) in the gas and low carbon energy business, which principally relate to the Company's US offshore wind investments. The project assets were measured at fair value less costs of disposal following the rejection in October 2023 of requests to renegotiate the power purchase agreements associated with three wind farms off the coast of New York (Empire Wind 1 and 2, Beacon Wind 1) and the announcement in January 2024 that bp and Equinor will restructure those investments. Subject to approvals, bp will assume full ownership of the Beacon projects and Equinor the Empire projects.

**14. Investments in associates**

The following table provides aggregated summarized financial information for the Company's associates as it relates to the amounts recognized in the Company's income statement. The Company has no material associate.

	\$ million		
	2023	2022	2021
<b>Sales and other operating revenues</b>	<b>6</b>	90	125
Profit (loss) before interest and taxation	<b>98</b>	99	(2)
Finance costs	<b>12</b>	9	—
<b>Profit (loss) before taxation</b>	<b>86</b>	90	(2)
Taxation	<b>87</b>	28	21
<b>Profit (loss) for the year</b>	<b>(1)</b>	62	(23)
<b>Total comprehensive income (loss)</b>	<b>(1)</b>	62	(23)

Transactions between the Company and its associates are summarized below.

	\$ million					
	2023		2022		2021	
Product	Sales	Amount receivable at December 31	Sales	Amount receivable at December 31	Sales	Amount Receivable at December 31
Crude oil and oil products, and natural gas	—	—	—	1	—	1

	\$ million					
	2023		2022		2021	
Product	Purchases	Amount payable at December 31	Purchases	Amount payable at December 31	Purchases	Amount payable at December 31
Crude oil and oil products, and natural gas	—	—	—	—	—	—

The terms of the outstanding balances receivable from associates are typically 30 to 45 days. The balances are unsecured and will be settled in cash. There are no significant provisions for doubtful debts relating to these balances and no significant expense recognized in the income statement in respect of bad or doubtful debts. Dividends receivable are not included in the table above.

The Company has commitments amounting to \$0 as of December 31, 2023 (2022 \$17 million and 2021 \$25 million), primarily in relation to contracts with its associates for terminal storage. For information on capital commitments in relation to associates see Note 10.

The Company's share of impairment charges taken by associates was \$0 for 2023, 2022, and 2021.

**15. Other investments**

	\$ million			
	2023		2022	
	Current	Non-current	Current	Non-current
Equity investments <sup>a</sup>	—	<b>29</b>	—	35
Contingent Consideration	<b>501</b>	<b>762</b>	275	1,173
Other	—	<b>2</b>	—	2
December 31	<b>501</b>	<b>793</b>	275	1,210

<sup>a</sup> The majority of equity investments are unlisted.

Contingent consideration relates to amounts arising on disposals which are classified as financial assets and measured at fair value through profit or loss. Fair value is determined using an estimate of discounted future cash flows that are expected to be received and is considered a level 3 valuation under the fair value hierarchy. Future cash flows are estimated based on inputs including oil and natural gas prices, production volumes, and operating costs related to the disposed operations. The discount rate used is based on a risk-free rate adjusted for asset-specific risks. Included in Other investments as of December 31, 2023, is contingent consideration principally related to the disposal of the Alaskan business.

Other investments includes equity investments of \$29 million (2022 \$35 million) and \$2 million in executive life insurance policies (2022 \$2 million). Life insurance policies have been designated as financial assets at fair value through profit or loss and their valuation methodology is in level 3 of the fair value hierarchy. Fair value loss of \$32 thousand was recognized in the income statement during 2023 (2022 \$2 million loss). See Note 26 for additional details on the valuation technique.

**16. Inventories**

	\$ million	
	2023	2022
Crude oil	1,051	1,241
Natural gas	14	7
Emissions allowances	338	298
Refined petroleum and petrochemical products	1,184	1,132
	<b>2,587</b>	2,678
Trading inventories	5,943	8,662
	<b>8,530</b>	11,340
Supplies	694	605
December 31	<b>9,224</b>	11,945
Cost of inventories expensed in the income statement	<b>49,135</b>	54,170

The inventory valuation at December 31, 2023 is stated net of a provision of \$144 million (2022 \$69 million) to write down inventories to their net realizable value, of which \$91 million (2022 \$14 million) relates to hydrocarbon inventories. The net charge to the income statement in the year in respect of inventory net realizable value provisions was \$75 million (2022 \$14 million credit), of which \$77 million charge (2022 \$8 million credit) related to hydrocarbon inventories.

Trading inventories are valued using quoted benchmark prices adjusted as appropriate for location and quality differentials. They are predominantly categorized within level 2 of the fair value hierarchy.

**17. Trade, affiliates, and other receivables**

	\$ million			
	2023		2022	
	Current	Non-current	Current	Non-current
<b>Financial assets</b>				
Trade receivables	7,860	63	8,868	2
Amounts receivable from joint ventures and associates	142	—	17	1
Affiliates receivables	37,435	15,441	25,548	20,266
Other receivables	1,017	179	1,195	125
	<b>46,454</b>	<b>15,683</b>	35,628	20,394
<b>Non-financial assets</b>				
Gulf of Mexico oil spill trust fund reimbursement asset	—	—	1	—
Sales taxes and production taxes	321	5	322	7
Other receivables	5	12	7	22
	<b>326</b>	<b>17</b>	330	29
<b>December 31</b>	<b>46,780</b>	<b>15,700</b>	35,958	20,423

Trade and other receivables, other than certain receivables related to disposals, are predominantly non-interest bearing. See Note 25 for further information.

**18. Trade, affiliates, and other payables**

	\$ million			
	2023		2022	
	Current	Non-current	Current	Non-current
<b>Financial liabilities</b>				
Trade payables	17,334	28	16,806	14
Affiliates payables	17,932	98	10,691	212
Payables for capital expenditure and acquisitions	1,680	17	1,118	16
Payables related to the Gulf of Mexico oil spill	1,130	7,602	1,213	8,350
Other payables	2,179	1,632	2,089	1,580
	<b>40,255</b>	<b>9,377</b>	31,917	10,172
<b>Non-financial liabilities</b>				
Sales taxes, customs duties, production taxes and social security	560	—	519	—
Other payables	124	822	28	20
<b>December 31</b>	<b>40,939</b>	<b>10,199</b>	32,464	10,192

**Notes to the consolidated financial statements**

Materially all of the Company's trade payables have payment terms of less than 60 days and give rise to operating cash flows.

Trade and other payables, other than those relating to the Gulf of Mexico oil spill, are predominantly interest free. See Note 25 (c) for further information.

Payables related to the Gulf of Mexico oil spill include amounts payable under the 2016 consent decree and settlement agreement with the United States and five Gulf coast states, including amounts payable for natural resource damages, state claims and Clean Water Act penalties. On a discounted basis the amounts included in payables related to the Gulf of Mexico oil spill for these elements of the agreements are \$3,782 million payable over 9 years, \$2,098 million payable over 10 years and \$2,812 million payable over 9 years respectively at December 31, 2023. Reported within net cash provided by operating activities in the Company's cash flow statement is a net cash outflow of \$1,280 million (2022 outflow of \$1,370 million, 2021 outflow of \$1,484 million) related to the Gulf of Mexico oil spill, which includes payments made in relation to these agreements.

Payables related to the Gulf of Mexico oil spill at December 31, 2023 also include amounts payable for settled economic loss and property damage claims which are payable over a period of up to four years.

**19. Provisions**

	\$ million					
	Decommissioning	Environmental	Litigation and claims	Emissions	Other	Total
<b>At January 1, 2023</b>	<b>6,314</b>	<b>354</b>	<b>453</b>	<b>4,078</b>	<b>395</b>	<b>11,594</b>
Exchange adjustments	—	—	—	—	(1)	(1)
Acquisitions	5	33	2	—	—	40
New and increase in existing provisions <sup>a</sup>	405	80	115	1,837	134	2,571
Write-back of unused provisions <sup>a</sup>	—	(19)	(4)	(735)	(57)	(815)
Unwinding of discount <sup>b</sup>	217	11	11	—	4	243
Change in discount rate	(565)	(7)	(14)	—	(3)	(589)
Utilization	(39)	(73)	(136)	(3,107)	(76)	(3,431)
Reclassified to other payables	(189)	—	—	—	—	(189)
Deletions	—	—	—	—	(1)	(1)
<b>At December 31, 2023</b>	<b>6,148</b>	<b>379</b>	<b>427</b>	<b>2,073</b>	<b>395</b>	<b>9,422</b>
Of which – current	364	86	85	1,967	57	2,559
– non-current	5,784	293	342	106	338	6,863

<sup>a</sup> Recognized in the Company income statement, other than changes in decommissioning provisions related to owned asset.

<sup>b</sup> Recognized in the Company income statement.

The decommissioning provision comprises the future cost of decommissioning oil and natural gas wells, facilities and related pipelines. The environmental provision includes provisions for costs related to the control, abatement, clean-up or elimination of environmental pollution relating to soil, groundwater, surface water and sediment contamination. The litigation and claims category includes provisions for matters related to, for example, commercial disputes, product liability, and allegations of exposures of third parties to toxic substances. Emissions provisions primarily relate to the Company's obligations under the U.S. Environmental Protection Agency Renewable Fuel Standard Program and are driven by the amount of the obligations outstanding and current price of the related credits. The provision will principally be settled through allowances already held as inventory in the Company's balance sheet.

For information on significant estimates and judgements made in relation to provisions, see Provisions and contingencies within Note 1.

**Gulf of Mexico oil spill**

The Company has recognized certain assets, payables and provisions and incurs certain residual costs relating to the Gulf of Mexico oil spill that occurred in 2010. For further information see Notes 6, 18, 25, and 28. The litigation and claims provision presented in the table above includes the latest estimate for the remaining costs associated with the Gulf of Mexico oil spill. The amounts payable may differ from the amount provided and the timing of payments is uncertain.

**20. Pensions and other post-retirement benefits**

The Company has a number of pension plans covering most employees. Pension benefits may be provided through defined contribution plans or defined benefit plans. For defined contribution plans, retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee. For defined benefit plans, retirement benefits are based on such factors as an employee's pensionable salary and length of service. Defined benefit plans may be funded or unfunded. The assets of funded plans are generally held in separately administered trusts.

For information on significant estimates and judgements made in relation to accounting for these plans see Pensions and other post-retirement benefits in Note 1.

For the principal plans, a range of retirement arrangements is provided. All current employees now accrue pension benefits under a cash balance formula. Benefits previously accrued under final salary formulas are legally protected. Retiring employees typically take their pension benefit in the form of a lump sum payment upon retirement. Certain pension plans are funded and their assets are overseen by a fiduciary Investment Committee. During 2023, the committee was composed of six employees appointed by the president of BP Corporation North America Inc. (the appointing officer). The Investment Committee is required by law to act in the best interests of the plans' participants and is responsible for setting certain policies, such as the investment policy of the plans. Employees are also eligible to participate in defined contribution plans in which employee contributions are matched with company contributions. The Company also provides post-retirement healthcare to retired employees and their dependents (and, in certain cases, life insurance coverage); the entitlement to these benefits is usually based on the employee remaining in service until a specified age and completion of a minimum period of service.

**Notes to the consolidated financial statements**

The level of contributions to funded defined benefit plans is the amount needed to provide adequate funds to meet pension obligations as they fall due. Minimum pension contributions are determined by legislation and may be supplemented by discretionary contributions. During 2023, contributions of \$8 million (2022 \$8 million and 2021 \$18 million) were made to the pension plans, all of which were discretionary. There was no minimum funding requirement for the principal plans during the year ended December 31, 2023. No statutory funding requirement is expected in the next 12 months, and the level of discretionary contributions is expected to be approximately \$8 million.

The surplus relating to the principal plans is recognized on the balance sheet on the basis that economic benefit can be gained from the surplus through a reduction in future contributions.

The obligation and cost of providing pension and other post-retirement benefits is assessed annually using the projected unit credit method. A valuation of the principal plans is carried out annually. The date of the most recent actuarial valuation was December 31, 2023.

The material financial assumptions used to estimate the benefit obligations of the various plans are set out below. The assumptions are reviewed by management at the end of each year, and are used to evaluate the accrued benefit obligation at December 31 and pension expense for the following year.

			%
<hr/>			
Financial assumptions used to determine benefit obligation	<b>2023</b>	2022	2021
Discount rate for pension plan liabilities	<b>5.0</b>	5.2	2.7
Discount rate for other post-retirement benefit plan liabilities	<b>4.9</b>	5.2	2.7
Rate of increase in salaries	<b>4.4</b>	4.4	4.5
Inflation for plan liabilities	<b>2.0</b>	2.0	2.1
<hr/>			
Financial assumptions used to determine benefit expense	<b>2023</b>	2022	2021
Discount rate for pension plan service cost	<b>5.2</b>	2.8	2.4
Discount rate for pension plan other finance expense	<b>5.2</b>	2.7	2.2
Discount rate for other post-retirement benefit plan service cost	<b>5.2</b>	2.8	2.4
Discount rate for other post-retirement benefit plan other finance expense	<b>5.2</b>	2.7	2.2
Inflation for plan service cost	<b>2.0</b>	2.1	1.7

The discount rate assumptions are based on third-party AA corporate bond indices and for the principal plans we use yields that reflect the maturity profile of the expected benefit payments. The inflation rate assumptions for the plans are based on the difference between the yields on index-linked and fixed-interest long-term government bonds.

The assumptions for the rate of increase in salaries are based on the inflation assumption plus an allowance for expected long-term real salary growth, which includes an allowance for promotion-related salary growth.

In addition to the financial assumptions, we regularly review the demographic and mortality assumptions. The mortality assumptions reflect best practice and have been chosen with regard to applicable published tables adjusted where appropriate to reflect the experience of the Company and an extrapolation of past longevity improvements into the future.

The mortality assumptions for the principal plans are as follows:

			Years
<hr/>			
Mortality assumptions	<b>2023</b>	2022	2021
Life expectancy at age 60 for a male currently aged 60	<b>25.0</b>	25.0	24.9
Life expectancy at age 60 for a male currently aged 40	<b>26.7</b>	26.6	26.6
Life expectancy at age 60 for a female currently aged 60	<b>28.1</b>	28.0	27.9
Life expectancy at age 60 for a female currently aged 40	<b>29.6</b>	29.5	29.4

The assumption for future healthcare cost trend rate for the first year after the reporting date reflects the rate of actual cost increases seen in recent years. The ultimate trend rate reflects the Company's long-term expectations of the level at which cost inflation will stabilize based on past healthcare cost inflation seen over a longer period of time.

The assumed future healthcare cost trend rate assumptions are as follows:

			%
<hr/>			
	<b>2023</b>	2022	2021
First year's healthcare cost trend rate	<b>7.4</b>	5.8	6.0
Ultimate healthcare cost trend rate	<b>4.5</b>	4.5	4.5
Year in which ultimate trend rate is reached	<b>2030</b>	2030	2030

The trend rates shown above illustrate the expected cost changes due to the change in underlying costs of medical care, as well as adjustments related specifically to Medicare Advantage plans. These include the impact of anticipated funding adjustments from the Centers for Medicare and Medicaid Services for Medicare Advantage plans.

Pension plan assets are generally held in trusts, the primary objective of which is to accumulate assets sufficient to meet the obligations of the plans. The assets of the trusts are invested in a manner consistent with fiduciary obligations and principles that reflect current practices in portfolio management.

A significant proportion of the assets are held in equities, which are expected to generate a higher level of return over the long term, with an acceptable level of risk. In order to provide reasonable assurance that no single security or type of security has an unwarranted impact on the total portfolio, the investment portfolios are highly diversified.

**Notes to the consolidated financial statements**

The current asset allocation policy for the principal pension plans at December 31, 2023 was as follows:

Asset category	%
Total equity (including private equity)	<b>19</b>
Bonds/cash	<b>81</b>

The principal pension plans do not invest directly in either securities or property/real estate of the Company or of any subsidiary. Derivative financial instruments are used as part of the asset mix to manage the level of risk, as a substitute for physical investing and for management of foreign currency, interest rate, and other market risks.

For the principal plans, there is an agreement to reduce the proportion of plan assets held as equities and increase the proportion held as bonds at certain funded status trigger points, over time, with a view to better matching of the asset portfolio with the pension liabilities.

The principal plans follow a liability driven investment (LDI) approach, a form of investing designed to match the movement in pension plan assets with the movement in projected benefit obligations over time.

The fair values of the various categories of assets held by the defined benefit plans at December 31 are presented in the table below, including the effects of derivative financial instruments. Movements in the fair value of plan assets during the year are shown in detail in the subsequent table.

	\$ million
<b>Fair value of pension plan assets</b>	
At December 31, 2023	
Listed equities – developed markets	<b>158</b>
– emerging markets	<b>70</b>
Private equity <sup>a</sup>	<b>1,014</b>
Government issued nominal bonds <sup>b</sup>	<b>1,606</b>
Corporate bonds <sup>b</sup>	<b>2,821</b>
Cash	<b>72</b>
Other	<b>35</b>
	<b>5,776</b>
At December 31, 2022	
Listed equities – developed markets	174
– emerging markets	80
Private equity <sup>a</sup>	1,126
Government issued nominal bonds <sup>b</sup>	1,505
Corporate bonds <sup>b</sup>	2,582
Cash	200
Other	34
	5,701
At December 31, 2021	
Listed equities – developed markets	394
– emerging markets	108
Private equity <sup>a</sup>	1,537
Government issued nominal bonds <sup>b</sup>	2,747
Corporate bonds <sup>b</sup>	2,488
Cash	133
Other	54
	7,461

<sup>a</sup> Private Equity is valued at fair value based on the most recent third-party net asset valuation, revenue or earnings based valuations that generally result in the use of significant unobservable inputs.

<sup>b</sup> Bonds held by pension plans are predominantly valued using observable market data based inputs other than quoted market prices in active markets.

**Notes to the consolidated financial statements**

	\$ million		
	2023		
	Pension plans	Other post-retirement benefit plans	Total
<b>Analysis of the amount charged to profit before interest and taxation</b>			
Current service cost <sup>a</sup>	147	19	166
<b>Operating charge relating to defined benefit plans</b>	<b>147</b>	<b>19</b>	<b>166</b>
Payments to defined contribution plans	159	—	159
<b>Total operating charge</b>	<b>306</b>	<b>19</b>	<b>325</b>
Interest income on plan assets <sup>a</sup>	(291)	—	(291)
Interest on plan liabilities	242	74	316
<b>Other finance expense</b>	<b>(49)</b>	<b>74</b>	<b>25</b>
<b>Analysis of the amount recognized in other comprehensive income</b>			
Actual asset return less interest income on plan assets <sup>a</sup>	45	—	45
Change in financial assumptions underlying the present value of the plan liabilities	(79)	106	27
Change in demographic assumptions underlying the present value of the plan liabilities	(5)	—	(5)
Experience gains and losses arising on the plan liabilities	34	14	48
<b>Remeasurements recognized in other comprehensive income</b>	<b>(5)</b>	<b>120</b>	<b>115</b>
<b>Movements in benefit obligation during the year</b>			
Benefit obligation at January 1	4,718	1,480	6,198
Operating charge relating to defined benefit plans	147	19	166
Interest cost	242	74	316
Contributions by plan participants	3	—	3
Benefit payments (funded plans) <sup>b</sup>	(272)	—	(272)
Benefit payments (unfunded plans) <sup>b</sup>	(35)	(131)	(166)
Remeasurements	50	(120)	(70)
<b>Benefit obligation at December 31<sup>a</sup></b>	<b>4,853</b>	<b>1,322</b>	<b>6,175</b>
<b>Movements in fair value of plan assets during the year</b>			
Fair value of plan assets at January 1	5,701	—	5,701
Interest income on plan assets <sup>a c</sup>	291	—	291
Contributions by plan participants	3	—	3
Contributions by employers (funded plans)	8	—	8
Benefit payments (funded plans) <sup>b</sup>	(272)	—	(272)
Remeasurements <sup>c</sup>	45	—	45
Fair value of plan assets at December 31	5,776	—	5,776
<b>Surplus (deficit) at December 31</b>	<b>923</b>	<b>(1,322)</b>	<b>(399)</b>
<b>Represented by</b>			
Asset recognized	1,139	—	1,139
Liability recognized	(216)	(1,322)	(1,538)
	<b>923</b>	<b>(1,322)</b>	<b>(399)</b>
<b>The surplus (deficit) may be analyzed between funded and unfunded plans as follows</b>			
Funded	1,110	—	1,110
Unfunded	(187)	(1,322)	(1,509)
	<b>923</b>	<b>(1,322)</b>	<b>(399)</b>
<b>The defined benefit obligation may be analyzed between funded and unfunded plans as follows</b>			
Funded	(4,666)	—	(4,666)
Unfunded	(187)	(1,322)	(1,509)
	<b>(4,853)</b>	<b>(1,322)</b>	<b>(6,175)</b>

<sup>a</sup> The costs of managing plan investments are offset against the investment return, the costs of administering pension plan benefits are generally included in current service cost and the costs of administering other post-retirement benefit plans are included in the benefit obligation.

<sup>b</sup> The benefit payments amount shown above comprises \$421 million benefits and \$17 million of plan expenses incurred in the administration of the benefit.

<sup>c</sup> The actual return on plan assets is made up of the sum of the interest income on plan assets and the remeasurement of plan assets as disclosed above.

**Notes to the consolidated financial statements**

	\$ million		
	2022		
	Pension plans	Other post-retirement benefit plans	Total
<b>Analysis of the amount charged to profit before interest and taxation</b>			
Current service cost <sup>a</sup>	201	27	228
<b>Operating charge relating to defined benefit plans</b>	201	27	228
Payments to defined contribution plans	134	—	134
<b>Total operating charge</b>	335	27	362
Interest income on plan assets <sup>a</sup>	(206)	—	(206)
Interest on plan liabilities	179	56	235
<b>Other finance expense</b>	(27)	56	29
<b>Analysis of the amount recognized in other comprehensive income</b>			
Actual asset return less interest income on plan assets <sup>a</sup>	(1,599)	—	(1,599)
Change in financial assumptions underlying the present value of the plan liabilities	1,626	571	2,197
Experience gains and losses arising on the plan liabilities	(31)	20	(11)
<b>Remeasurements recognized in other comprehensive income</b>	(4)	591	587
<b>Movements in benefit obligation during the year</b>			
Benefit obligation at January 1	6,461	2,120	8,581
Exchange adjustments	(1)	—	(1)
Operating charge relating to defined benefit plans	201	27	228
Interest cost	179	56	235
Contributions by plan participants	3	—	3
Benefit payments (funded plans) <sup>b</sup>	(377)	—	(377)
Benefit payments (unfunded plans) <sup>b</sup>	(153)	(132)	(285)
Remeasurements	(1,595)	(591)	(2,186)
<b>Benefit obligation at December 31<sup>a</sup></b>	4,718	1,480	6,198
<b>Movements in fair value of plan assets during the year</b>			
Fair value of plan assets at January 1	7,461	—	7,461
Exchange adjustments	(1)	—	(1)
Interest income on plan assets <sup>a c</sup>	206	—	206
Contributions by plan participants	3	—	3
Contributions by employers (funded plans)	8	—	8
Benefit payments (funded plans) <sup>b</sup>	(377)	—	(377)
Remeasurements <sup>c</sup>	(1,599)	—	(1,599)
Fair value of plan assets at December 31	5,701	—	5,701
<b>Surplus (deficit) at December 31</b>	983	(1,480)	(497)
<b>Represented by</b>			
Asset recognized	1,231	—	1,231
Liability recognized	(248)	(1,480)	(1,728)
	983	(1,480)	(497)
<b>The surplus (deficit) may be analyzed between funded and unfunded plans as follows</b>			
Funded	1,205	—	1,205
Unfunded	(222)	(1,480)	(1,702)
	983	(1,480)	(497)
<b>The defined benefit obligation may be analyzed between funded and unfunded plans as follows</b>			
Funded	(4,496)	—	(4,496)
Unfunded	(222)	(1,480)	(1,702)
	(4,718)	(1,480)	(6,198)

<sup>a</sup> The costs of managing plan investments are offset against the investment return, the costs of administering pension plan benefits are generally included in current service cost and the costs of administering other post-retirement benefit plans are included in the benefit obligation.

<sup>b</sup> The benefit payments amount shown above comprises \$645 million benefits and \$17 million of plan expenses incurred in the administration of the benefit.

<sup>c</sup> The actual return on plan assets is made up of the sum of the interest income on plan assets and the remeasurement of plan assets as disclosed above.

**BP CORPORATION NORTH AMERICA INC. & SUBSIDIARIES**
**Notes to the consolidated financial statements**

	\$ million		
	2021		
	Pension plans	Other post-retirement benefit plans	Total
<b>Analysis of the amount charged to profit before interest and taxation</b>			
Current service cost <sup>a</sup>	225	32	257
<b>Operating charge relating to defined benefit plans</b>	<b>225</b>	<b>32</b>	<b>257</b>
Payments to defined contribution plans	139	—	139
<b>Total operating charge</b>	<b>364</b>	<b>32</b>	<b>396</b>
Interest income on plan assets <sup>a</sup>	(164)	—	(164)
Interest on plan liabilities	174	53	227
<b>Other finance expense</b>	<b>10</b>	<b>53</b>	<b>63</b>
<b>Analysis of the amount recognized in other comprehensive income</b>			
Actual asset return less interest income on plan assets <sup>a</sup>	763	—	763
Change in financial assumptions underlying the present value of the plan liabilities	419	382	801
Change in demographic assumptions underlying the present value of the plan liabilities	—	(40)	(40)
Experience gains and losses arising on the plan liabilities	226	(52)	174
<b>Remeasurements recognized in other comprehensive income</b>	<b>1,408</b>	<b>290</b>	<b>1,698</b>

<sup>a</sup> The costs of managing plan investments are offset against the investment return, the costs of administering pension plan benefits are generally included in current service cost and the costs of administering other post-retirement benefit plans are included in the benefit obligation.

**Sensitivity analysis**

The discount rate, inflation, salary growth, healthcare cost trend rate and the mortality assumptions all have a significant effect on the amounts reported. A one-percentage point change, in isolation, in certain assumptions as at December 31, 2023 for the principal plans would have had the effects shown in the table below. The effects shown for the expense in 2024 comprise the total of current service cost and net finance income or expense.

	\$ million	
	<b>One percentage point</b>	
	<b>Increase</b>	<b>Decrease</b>
<b>Discount rate<sup>a</sup></b>		
Effect on pension and other post-retirement benefit expense in 2024	<b>1</b>	<b>(16)</b>
Effect on pension and other post-retirement benefit obligation at December 31, 2023	<b>(490)</b>	<b>703</b>
<b>Inflation rate<sup>b</sup></b>		
Effect on pension and other post-retirement benefit expense in 2024	<b>(6)</b>	<b>5</b>
Effect on pension and other post-retirement benefit obligation at December 31, 2023	<b>65</b>	<b>(56)</b>
<b>Salary growth</b>		
Effect on pension and other post-retirement benefit expense in 2024	<b>(5)</b>	<b>5</b>
Effect on pension and other post-retirement benefit obligation at December 31, 2023	<b>67</b>	<b>(59)</b>
<b>Healthcare cost trend rate</b>		
Effect on other post-retirement benefit expense in 2024	<b>50</b>	<b>32</b>
Effect on other post-retirement benefit obligation at December 31, 2023	<b>972</b>	<b>649</b>

<sup>a</sup> The amounts presented reflect that the discount rate is used to determine the asset interest income as well as the interest cost on the obligation.

<sup>b</sup> The amounts presented reflect the total impact of an inflation rate change on the assumption for rate of increase in salaries, pensions in payment and deferred pensions.

One additional year of longevity in the mortality assumptions for the principal plans would increase 2024 pension and other post-retirement benefit expense by \$3 million and the pension and other post-retirement benefit obligation at December 31, 2023 by \$70 million.

**Notes to the consolidated financial statements**
**Estimated future benefit payments and the weighted average duration of defined benefit obligations**

The expected benefit payments, which reflect expected future service, as appropriate, but exclude plan expenses, up until 2033 and the weighted average duration of the defined benefit obligations at December 31, 2023 are as follows:

	\$ million		
Estimated future benefit payments	Pension plans	Other post-retirement benefit plans	Total
2024	355	125	480
2025	349	128	477
2026	344	125	469
2027	353	118	471
2028	345	112	457
2029-2033	1,796	497	2,293
			Years
Weighted average duration	8.6	8.1	

**21. Cash and cash equivalents**

	\$ million	
	2023	2022
Cash	1,974	1,830
Cash equivalents (excluding term bank deposits)	297	518
December 31	2,271	2,348

Cash and cash equivalents comprise cash in hand; current balances with banks and similar institutions; term deposits of three months or less with banks and similar institutions; money market funds; and U.S. Treasury bills. The carrying amounts of cash approximates its fair value. Substantially all of the other cash equivalents are categorized within level 1 of the fair value hierarchy.

Cash and cash equivalents at December 31, 2023 includes \$1,383 million (2022 \$1,256 million) that is restricted. The restricted cash balances in 2023 include \$845 million that was required to cover initial margin on US trading exchanges.

**22. Finance debt**

	\$ million					
	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Borrowings	775	33,165	33,940	521	28,332	28,853

The entire balance of current borrowings is the current portion of long-term borrowings that is due to be repaid in the next 12 months. Finance debt does not include accrued interest, which is reported within other payables. At December 31, 2023 and 2022, all of the long-term debt was unsecured. During the year, the Company bought back \$0 (2022 \$2.9 billion) equivalent of finance debt.

The following table shows the weighted-average interest rates achieved through a combination of borrowings and derivative financial instruments entered into to manage interest rate exposures.

	Fixed rate debt			Floating rate debt		Total
	Weighted average interest rate %	Weighted average time for which rate is fixed Years	Amount \$ million	Weighted average interest rate %	Amount \$ million	Amount \$ million
						2023
Non-affiliates (US dollar)	4	13	30,842	8	1,747	32,589
Affiliates (US dollar)	—	—	—	11	1,351	1,351
			30,842		3,098	33,940
						2022
Non-affiliates (US dollar)	3	15	25,589	8	1,913	27,502
Affiliates (US dollar)	—	—	—	10	1,351	1,351
			25,589		3,264	28,853

**Fair values**

The estimated fair value of finance debt is shown in the table below together with the carrying amount as reflected in the balance sheet.

Long-term borrowings in the table below include the portion of debt that matures in the 12 months from December 31, 2023, whereas in the Company balance sheet the amount is reported within current finance debt.

The carrying amount of the Company's short-term borrowings approximates their fair value. The fair value of the significant majority of the Company's non-affiliate long-term borrowings are determined using quoted prices in active markets and so fall within level 1 of the fair value hierarchy. Where quoted prices are not available, quoted prices for similar instruments in active markets are used and such measurements are therefore categorized in level 2 of the fair value hierarchy. The Company's affiliate long-term borrowings are all floating rate and it is judged that the carrying value approximates fair value.

	\$ million			
	2023		2022	
	Fair value	Carrying amount	Fair value	Carrying amount
Total borrowings with non-affiliates	29,363	32,589	23,183	27,502
Total borrowings with affiliates	1,316	1,351	1,316	1,351
<b>Total finance debt</b>	<b>30,679</b>	<b>33,940</b>	24,499	28,853

On January 10, 2024, the Company issued additional bonds for \$1,250 million due 2029 and \$1,000 million due 2034.

**23. Capital disclosures and net debt**

The Company defines capital as total equity. The Company's capital is 100% owned by the group. For additional information see debt disclosures in Note 22 and changes in capital and reserves in Note 27.

**24. Leases**

The Company leases a number of assets as part of its activities. This primarily includes drilling rigs in the oil production & operations and gas & low carbon businesses and retail service stations, oil depots and storage tanks in the customer & products business as well as office accommodation and vessel charters across the Company. The weighted-average remaining lease term for the total lease portfolio is around 7 years (2022 5 years). Some leases will have payments that vary with inflation rates. Certain leases contain residual value guarantees, which may be triggered in certain circumstances such as if market values have significantly declined at the conclusion of the lease.

The table below shows the timing of the undiscounted cash outflows for the lease liabilities included on the balance sheet.

	\$ million	
	2023	2022
<b>Undiscounted lease liability cash flows due:</b>		
Within 1 year	1,418	1,034
1 to 2 years	1,025	715
2 to 3 years	623	475
3 to 4 years	536	229
4 to 5 years	494	204
5 to 10 years	1,795	636
Over 10 years	544	452
	<b>6,435</b>	3,745
Impact of discounting	<b>(1,133)</b>	(559)
<b>Lease liabilities at December 31</b>	<b>5,302</b>	3,186
Of which – current	1,225	937
– non-current	4,077	2,249

The Company may enter into lease arrangements a number of years before taking control of the underlying asset due to construction lead times or to secure future operational requirements. The total undiscounted amount for future commitments for leases not yet commenced as at December 31, 2023 is \$12 million (2022 \$27 million).

	\$ million	
	2023	2022
Total cash outflow for amounts included in lease liabilities <sup>a</sup>	1,321	823
Expense for variable payments not included in the lease liability <sup>a</sup>	–	–
Short-term lease expense <sup>a</sup>	112	113
Additions to right-of-use assets in the period	3,317	1,075

<sup>a</sup> The cash outflows for amounts not included in lease liabilities approximate the income statement expenses disclosed above.

An analysis of right-of-use assets and depreciation is provided in Note 9. An analysis of lease interest expense is provided in Note 6.

**25. Financial instruments and financial risk factors**

The accounting classification of each category of financial instruments, and their carrying amounts are set out below.

		\$ million		
At December 31, 2023	Note	Measured at amortized cost	Mandatorily measured at fair value through profit or loss	Total carrying amount
<b>Financial assets</b>				
Other investments	15	—	1,294	1,294
Loans		373	148	521
Trade, affiliates, and other receivables	17	62,137	—	62,137
Derivative financial instruments	26	—	12,349	12,349
Cash and cash equivalents	21	2,271	—	2,271
<b>Financial liabilities</b>				
Trade, affiliates, and other payables	18	(49,632)	—	(49,632)
Derivative financial instruments	26	—	(9,412)	(9,412)
Accruals		(3,370)	—	(3,370)
Lease liabilities	24	(5,302)	—	(5,302)
Finance debt	22	(33,940)	—	(33,940)
		<b>(27,463)</b>	<b>4,379</b>	<b>(23,084)</b>
<hr/>				
At December 31, 2022	Note	Measured at amortized cost	Mandatorily measured at fair value through profit or loss	Total carrying amount
<b>Financial assets</b>				
Other investments	15	—	1,485	1,485
Loans		334	79	413
Trade, affiliates, and other receivables	17	56,022	—	56,022
Derivative financial instruments	26	—	13,077	13,077
Cash and cash equivalents	21	2,325	23	2,348
<b>Financial liabilities</b>				
Trade, affiliates, and other payables	18	(42,089)	—	(42,089)
Derivative financial instruments	26	—	(10,648)	(10,648)
Accruals		(3,360)	—	(3,360)
Lease liabilities	24	(3,186)	—	(3,186)
Finance debt	22	(28,853)	—	(28,853)
		<b>(18,807)</b>	<b>4,016</b>	<b>(14,791)</b>

The fair value of finance debt is shown in Note 22. For all other financial instruments within the scope of IFRS 9, the carrying amount is either the fair value, or approximates the fair value.

Information on gains and losses on derivative financial assets and financial liabilities classified as measured at fair value through profit or loss is provided in the derivative gains and losses section of Note 26. Fair value gains and losses related to other assets and liabilities classified as measured at fair value through profit or loss totaled a net gain of \$78 million (net gain of \$25 million and \$10 million in 2022 and 2021, respectively).

Interest income and expenses arising on financial instruments are disclosed in Note 6.

**Financial risk factors**

The Company is exposed to a number of different financial risks arising from ordinary business exposures as well as its use of financial instruments including market risks relating to commodity prices, foreign currency exchange rates and interest rates, credit risk, and liquidity risk.

The Company's trading activities in the oil, natural gas, LNG, and power markets are managed within the trading and shipping business, while the activities in the financial markets are managed by the treasury business, working under the compliance and control structure of the trading and shipping business. All derivative activity is carried out by specialist teams that have the appropriate skills, experience and supervision. These teams are subject to close financial and management control.

The trading and shipping business maintains formal governance processes that provide oversight of market risk, credit risk and operational risk associated with trading activity. A policy and risk committee approves value-at-risk delegations, reviews incidents and validates risk-related policies, methodologies and procedures. A commitments committee approves the trading of new products, instruments and strategies and material commitments.

In addition, the trading and shipping business undertakes derivative activity for risk management purposes under a control framework as described more fully below.

**(a) Market risk**

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of a business. The primary commodity price risks that the Company is exposed to include oil, natural gas and power prices that could adversely affect the value of the Company's financial assets, liabilities or expected future cash flows. The Company has developed a control framework aimed at managing the volatility inherent in certain of its ordinary business exposures. In accordance with the control framework the Company enters into various transactions using derivatives for risk management purposes.

The major components of market risk are commodity price risk, foreign currency exchange risk and interest rate risk, each of which is discussed below.

**(i) Commodity price risk**

The Company's trading and shipping business is responsible for delivering value across the overall crude, oil products, gas, LNG and power supply chains. As such, it routinely enters into spot and term physical commodity contracts in addition to optimizing physical storage, pipeline and transportation capacity. These activities expose the Company to commodity price risk which is managed by entering into oil, natural gas and power swaps, options and futures.

The Company measures market risk exposure arising from its trading positions in liquid periods using value-at-risk techniques based on Monte Carlo simulation models. These techniques make a statistical assessment of the market risk arising from possible future changes in market prices over a one-day holding period within a 95% confidence level. The value-at-risk measure is supplemented by stress testing and scenario analysis through simulating the financial impact of certain physical, economic and geo-political scenarios. Trading activity occurring in liquid periods is subject to value-at-risk limits for each trading activity and the aggregate of all trading activity. Alternative measures are used to monitor exposures which are outside liquid periods and for which value-at-risk techniques are not appropriate.

**(ii) Foreign currency exchange risk**

The Company is exposed to fluctuations in foreign currency cash flows related primarily to transactions in currencies other than the functional currency of certain subsidiaries. Management assesses foreign currency risk based on transactional cash flows and translational volatility, and enters into currency swaps to reduce fluctuations in net long or short currency positions. Foreign currency contracts are valued using an income approach, based on forward rates less the contract rate multiplied by the notional value.

**(iii) Interest rate risk**

The Company is also exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally finance debt. The proportion of floating rate non-affiliate and affiliate debt at December 31, 2023 was 5% and 100%, respectively (2022 6% and 100%, respectively) of total non-affiliate and affiliate finance debt outstanding. The weighted average interest rate on non-affiliate and affiliate finance debt at December 31, 2023 was 3.84% and 10.59%, respectively (2022 3.60% and 10.15%, respectively). The weighted average maturity of non-affiliate and affiliate debt was thirteen years and three years, respectively (2022 fourteen years and three years, respectively).

The Company's earnings are sensitive to changes in interest rates on the element of the Company's finance debt that is contractually floating rate or has been swapped to floating rates. If the interest rates applicable to these floating rate instruments were to have changed by one percentage point on January 1, 2024, it is estimated that the Company's finance costs for 2024 would increase by approximately \$30 million (2022 \$32 million).

Prior to June 2023, the main benchmark interest rate to which the Company was exposed was 3 month USD LIBOR, primarily in relation to finance debt and derivative contracts. During 2023, the Company's internal working group for IBOR reform continued to monitor market developments and managed the transition to alternative benchmark rates. Publication of USD LIBOR tenors, including 3 month USD LIBOR, ceased from June 30, 2023.

Finance debt exposed to IBOR benchmark rates was renegotiated with relevant counterparties and transitioned to reference alternative risk free benchmarks. Amendments to finance debt terms arising were limited only to changes necessary to ensure economic equivalence with the former interest benchmarks, for example credit spread adjustments to the contractual interest rates.

Derivatives that previously referenced USD LIBOR also transitioned to referencing the Secured Overnight Financing Rate (SOFR) via the International Swaps and Derivatives Association (ISDA) fallback protocol. The derivatives comprise relevant derivative contracts hedging finance debt. In October 2020, the ISDA published its fallback protocol containing clauses to amend derivative contracts on the cessation of LIBOR should an entity and its counterparties adhere to the protocol. The protocol's pricing mechanism is at fair market value and the Company has signed up to the protocol as this removes transition uncertainty for any interest rate and cross-currency interest rate swap contracts of the Company. New contracts are being executed based on the new risk free rates. As at December 31, 2023, the Company has no remaining contractual exposure to interest rate benchmark reform.

**(b) Credit risk**

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or fail to pay amounts due causing financial loss to the Company and arises from cash and cash equivalents, derivative financial instruments and deposits with financial institutions and principally from credit exposures to customers relating to outstanding receivables. Credit exposure also exists in relation to guarantees issued by the Company under which the outstanding exposure incremental to that recognized on the balance sheet at December 31, 2023 were \$473 million (2022 \$483 million) in respect to guarantees of borrowings. Of this amount, \$371 million (2022 \$416 million) of third party guarantees relates to guarantees of borrowings. There is no liability recorded at December 31, 2023 in relation to these guarantees (2022 \$6 million). For all guarantees, maturity dates vary, and the guarantees will terminate on payment and/or cancellation of the obligation. In general, a payment under the guarantee contract would be triggered by failure of the guaranteed party to fulfil its obligation covered by the guarantee (being the earliest period the guarantee can be called).

The Company has a credit policy, approved by the CFO that is designed to ensure that consistent processes are in place throughout the Company to measure and control credit risk. Credit risk is considered as part of the risk-reward balance of doing business. On entering into any business contract the extent to which the arrangement exposes the Company to credit risk is considered. Key requirements of the policy include segregation of credit approval authorities from any sales, marketing or trading teams authorized to incur credit risk; the establishment of credit systems and processes to ensure that all counterparty exposure is rated and that all counterparty exposure and limits can be monitored and reported; and the timely identification and reporting of any non-approved credit exposures and credit losses. While each business is responsible for its own credit risk management and reporting consistent with the Company's policy, treasury holds Company-wide credit risk authority and oversight responsibility for exposure to banks and financial institutions.

For the purposes of financial reporting the Company calculates expected loss allowances based on the maximum contractual period over which the Company is exposed to credit risk. Lifetime expected credit losses are recognized for trade receivables and the credit risk associated with the significant majority of financial assets measured at amortized cost is considered to be low. Since the tenor of substantially all of the Company's in-scope financial assets is less than 12 months there is no significant difference between the measurement of 12-month and lifetime expected credit losses. Expected loss allowances for financial guarantee contracts are typically lower than their fair value less, where appropriate, amortization. Financial assets are considered to be credit-impaired when there is reasonable and supportable evidence that one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. This includes observable data concerning significant financial difficulty of the counterparty; a breach of contract; concession being granted to the counterparty for economic or contractual reasons relating to the counterparty's financial difficulty, that would not otherwise be considered; it becoming probable that the counterparty will enter bankruptcy or other financial re-organization or an active market for the financial asset disappearing because of financial difficulties. The Company also applies a rebuttable presumption that an asset is credit-impaired when contractual payments are more than 30 days past due. Where the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof for example where all legal avenues for collection of amounts due have been exhausted, the financial asset (or relevant portion) is written off.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss after recovery if there is a default) and the exposure at default (i.e. the asset's carrying amount). The Company allocates a credit risk rating to exposures based on data that is

**Notes to the consolidated financial statements**

determined to be predictive of the risk of loss, including but not limited to external ratings. Probabilities of default derived from historical, current and future-looking market data are assigned by credit risk rating with a loss given default based on historical experience and relevant market and academic research applied by exposure type. Experienced credit judgement is applied to ensure probabilities of default are reflective of the credit risk associated with the Company's exposures. Credit enhancements that would reduce the Company's credit losses in the event of default are reflected in the calculation when they are considered integral to the related asset.

The maximum credit exposure associated with financial assets is equal to the carrying amount. The Company does not aim to remove credit risk entirely but expects to experience a certain level of credit losses. The Company continually monitors the exposure and the creditworthiness of its counterparties. Trade and other receivables are carried at the original invoice amount, less allowances for doubtful receivables in the amounts of \$308 million and \$96 million as of December 31, 2023, and 2022, respectively. Allowances are recorded when there is objective evidence that the Company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as remote.

**Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements**

The following table shows the amounts recognized for financial assets and liabilities which are subject to offsetting arrangements on a gross basis, and the amounts offset in the balance sheet.

Amounts which cannot be offset under IFRS, but which could be settled net under the terms of master netting agreements if certain conditions arise, and collateral received or pledged, are also presented in the table to show the total net exposure of the Company.

						\$ million
	Gross amounts of recognized financial assets (liabilities)	Amounts set off	Net amounts presented on the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Master netting arrangements	Cash collateral (received) pledged	
At December 31, 2023						
Derivative assets	13,180	(831)	12,349	(3,265)	(569)	8,515
Derivative liabilities	(10,243)	831	(9,412)	3,265	104	(6,043)
Trade and other receivables	9,749	(5,704)	4,045	(392)	(140)	3,513
Trade and other payables	(11,708)	5,704	(6,004)	392	35	(5,577)
At December 31, 2022						
Derivative assets	15,111	(2,034)	13,077	(2,387)	(700)	9,990
Derivative liabilities	(12,682)	2,034	(10,648)	2,387	122	(8,139)
Trade and other receivables	10,848	(5,904)	4,944	(627)	(146)	4,171
Trade and other payables	(13,559)	5,904	(7,655)	627	60	(6,968)

**(c) Liquidity risk**

Liquidity risk is the risk that suitable sources of funding for the Company's business activities may not be available. The Company's liquidity is managed centrally with operating units forecasting their cash and currency requirements to the central treasury function. Unless restricted by local regulations, generally subsidiaries pool their cash surpluses to the treasury function, which will then arrange to fund other subsidiaries' requirements, or invest any net surplus in the market or arrange for necessary external borrowings, while managing the Company's overall net currency positions. While there is the potential for concerns about the energy transition to impact banks' or debt investors' appetite to finance hydrocarbon activity, we do not anticipate any material change to the Company's funding or liquidity in the short to medium term as a result of such concerns.

The Company benefits from open credit provided by suppliers who generally sell on five to 60-day payment terms in accordance with industry norms. The Company utilizes various arrangements in order to manage its working capital and reduce volatility in cash flow. This includes discounting of receivables and, in the supply and trading business, managing inventory, collateral and supplier payment terms within a maximum of 60 days.

It is normal practice in the oil and gas supply and trading business for customers and suppliers to utilize letter of credit (LC) facilities to mitigate credit and non-performance risk. Consequently, LCs facilitate active trading in a global market where credit and performance risk can be significant. In common with the industry, the Company routinely provides LCs to some of its suppliers.

The Company has committed LC facilities totaling \$7,650 million at December 31, 2023 (2022 \$7,850 million), allowing LCs to be issued for a maximum 24-month duration. There were also uncommitted secured LC facilities in place at December 31, 2023 for \$2,415 million (2022 \$2,500 million), which are secured against inventories or receivables when utilized. The facilities are held with 18 international banks. The uncommitted LC facilities can only be terminated by either party giving a stipulated termination notice to the other.

Standard & Poor's Ratings long-term credit rating for the Company is A- (positive), and Moody's Investors Services long-term credit rating is A3 (positive).

At December 31, 2022, the Company had substantial amounts of undrawn borrowing facilities available, consisting of an undrawn committed \$8.0 billion (2022 \$8.0 billion) credit facility and \$4.0 billion (2022 \$4.0 billion) of standby facilities. As at December 31, 2023, \$0.2 billion of the credit facility was available for one year and \$7.8 billion was available for two years. As at December 2023, \$0.1 billion of the standby facilities were available for three years and \$3.9 billion were available for four years. These facilities are with 27 international banks and borrowings under them would be at pre-agreed rates.

**Notes to the consolidated financial statements**

The table below shows the timing of cash outflows relating to finance debt, trade and other payables and accruals. As part of actively managing the Company's debt portfolio it is possible that cash flows in relation to finance debt could be accelerated from the profile provided.

	2023				2022			
	Trade and other payables <sup>a</sup>	Accruals	Finance debt non affiliates	Interest relating to finance debt	Trade and other payables <sup>a</sup>	Accruals	Finance debt non affiliates	Interest relating to finance debt
Within one year	22,207	2,546	342	1,272	21,140	2,555	352	992
1 to 2 years	1,594	210	2,079	1,190	1,364	112	342	989
2 to 3 years	1,148	75	2,665	1,058	1,187	151	2,079	911
3 to 4 years	1,170	70	2,173	952	1,186	57	2,665	780
4 to 5 years	1,134	57	3,191	917	1,181	67	2,173	674
5 to 10 years	4,995	234	8,537	3,023	6,067	221	7,729	2,256
Over 10 years	30	178	10,577	5,837	670	197	10,577	6,158
	<b>32,278</b>	<b>3,370</b>	<b>29,564</b>	<b>14,249</b>	32,795	3,360	25,917	12,760

<sup>a</sup> 2023 includes \$10,662 million (2022 \$11,884 million) related to Gulf of Mexico oil spill, of which \$9,520 million (2022 \$10,660 million) matures in greater than one year.

The Company manages liquidity risk associated with derivative contracts based on the expected maturities of both derivative assets and liabilities as indicated in Note 26. Management does not currently anticipate any cash flows that could be of a significantly different amount, or could occur earlier than the expected maturity analysis provided.

Cash and cash equivalents are disclosed in Note 21.

Related parties activities are disclosed in Note 29. These include liquidity provided for the Company's savings plans, purchase of third party insurance, and outstanding preference stock that is owned by BP America and one of its subsidiaries.

## 26. Derivative financial instruments

In the normal course of business the Company enters into derivative financial instruments (derivatives) to manage its normal business exposures in relation to commodity prices, foreign currency exchange rates and interest rates, including management of the balance between floating rate and fixed rate debt, consistent with risk management policies and objectives. An outline of the Company's financial risks and the objectives and policies pursued in relation to those risks is set out in Note 25. Additionally, the Company has a well-established entrepreneurial trading operation that is undertaken in conjunction with these activities using a similar range of contracts.

For information on significant estimates and judgements made in relation to the valuation of derivatives see Derivative financial instruments within Note 1.

The fair values of derivative financial instruments at December 31 are set out below.

Exchange traded derivatives are valued using closing prices provided by the exchange as at the balance sheet date. These derivatives are categorized within level 1 of the fair value hierarchy. Exchange traded derivatives are typically considered settled through the (normally daily) payment or receipt of variation margin.

Over-the-counter (OTC) financial swaps, forwards and physical commodity sale and purchase contracts are generally valued using readily available information in the public markets and quotations provided by brokers and price index developers. These quotes are corroborated with market data and are categorized within level 2 of the fair value hierarchy.

In certain less liquid markets, or for longer-term contracts, forward prices are not as readily available. In these circumstances, OTC financial swaps and physical commodity sale and purchase contracts are valued using internally developed methodologies that consider historical relationships between various commodities, and that result in management's best estimate of fair value. These contracts are categorized within level 3 of the fair value hierarchy.

Financial OTC and physical commodity options are valued using industry standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and contractual prices for the underlying instruments, as well as other relevant economic factors. The degree to which these inputs are observable in the forward markets determines whether the option is categorized within level 2 or level 3 of the fair value hierarchy.

	\$ million			
	2023		2022	
	Fair value asset	Fair value liability	Fair value asset	Fair value liability
<b>Derivatives held for trading<sup>a</sup></b>				
Currency derivatives	399	(174)	114	(46)
Oil price derivatives	971	(650)	1,733	(690)
Natural gas price derivatives	7,353	(5,873)	7,618	(6,600)
Power price derivatives	3,626	(2,715)	3,612	(3,312)
	<b>12,349</b>	<b>(9,412)</b>	13,077	(10,648)
<b>Cash flow hedges</b>				
Gas price futures	—	—	—	—
	—	—	—	—
<b>Fair value hedges</b>				
Interest rate swaps	—	—	—	—
	—	—	—	—
	<b>12,349</b>	<b>(9,412)</b>	13,077	(10,648)
Of which – current	<b>4,012</b>	<b>(2,947)</b>	4,728	(4,064)
– non-current	<b>8,337</b>	<b>(6,465)</b>	8,349	(6,584)

<sup>a</sup> Includes embedded derivatives for which the critical terms are matched by standalone derivatives that are also classified as held for trading.

**Derivatives held for trading**

The Company maintains active trading positions in a variety of derivatives. The contracts may be entered into for risk management purposes, to satisfy supply requirements or for entrepreneurial trading. Certain contracts are classified as held for trading, regardless of their original business objective, and are recognized at fair value with changes in fair value recognized in the income statement. Trading activities are undertaken by using a range of contract types in combination to create incremental gains by arbitraging prices between markets, locations and time periods. The net of these exposures is monitored using market value-at-risk techniques as described in Note 25.

The following tables show further information on the fair value of derivatives and other financial instruments held for trading purposes.

Derivative assets held for trading have the following fair values and maturities.

	\$ million						
	2023						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Currency derivatives	37	28	30	25	26	253	399
Oil price derivatives	728	141	48	21	11	22	971
Natural gas price derivatives	1,865	914	587	451	420	3,116	7,353
Power price derivatives	1,383	755	395	261	183	649	3,626
	<b>4,013</b>	<b>1,838</b>	<b>1,060</b>	<b>758</b>	<b>640</b>	<b>4,040</b>	<b>12,349</b>

	\$ million						
	2022						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Currency derivatives	24	9	9	9	8	55	114
Oil price derivatives	1,212	371	109	34	6	1	1,733
Natural gas price derivatives	2,240	893	682	452	318	3,033	7,618
Power price derivatives	1,252	809	421	257	187	686	3,612
	4,728	2,082	1,221	752	519	3,775	13,077

**BP CORPORATION NORTH AMERICA INC. & SUBSIDIARIES**
**Notes to the consolidated financial statements**

Derivative liabilities held for trading have the following fair values and maturities.

	\$ million						
	<b>2023</b>						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Currency derivatives	(14)	(2)	(7)	(5)	(7)	(139)	(174)
Oil price derivatives	(584)	(40)	(12)	(2)	(1)	(11)	(650)
Natural gas price derivatives	(1,377)	(736)	(457)	(339)	(291)	(2,673)	(5,873)
Power price derivatives	(972)	(489)	(324)	(237)	(165)	(528)	(2,715)
	<b>(2,947)</b>	<b>(1,267)</b>	<b>(800)</b>	<b>(583)</b>	<b>(464)</b>	<b>(3,351)</b>	<b>(9,412)</b>
	\$ million						
	2022						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Currency derivatives	(12)	(5)	(2)	(1)	(1)	(25)	(46)
Oil price derivatives	(567)	(97)	(21)	(4)	(1)	—	(690)
Natural gas price derivatives	(2,137)	(772)	(526)	(317)	(212)	(2,636)	(6,600)
Power price derivatives	(1,350)	(695)	(333)	(225)	(189)	(520)	(3,312)
	<b>(4,066)</b>	<b>(1,569)</b>	<b>(882)</b>	<b>(547)</b>	<b>(403)</b>	<b>(3,181)</b>	<b>(10,648)</b>

The following table shows the fair value of derivative assets and derivative liabilities held for trading, analyzed by maturity period and by methodology of fair value estimation. This information is presented on a gross basis, that is, before netting by counterparty.

	\$ million						
	<b>2023</b>						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
<b>Fair value of derivative assets</b>							
Level 1	26	29	10	1	—	—	66
Level 2	3,018	1,074	483	203	121	127	5,026
Level 3	1,443	924	657	589	536	3,939	8,088
	<b>4,487</b>	<b>2,027</b>	<b>1,150</b>	<b>793</b>	<b>657</b>	<b>4,066</b>	<b>13,180</b>
Less: netting by counterparty	(474)	(189)	(90)	(35)	(17)	(26)	(831)
	<b>4,013</b>	<b>1,838</b>	<b>1,060</b>	<b>758</b>	<b>640</b>	<b>4,040</b>	<b>12,349</b>
<b>Fair value of derivative liabilities</b>							
Level 1	(14)	(27)	(8)	—	—	—	(49)
Level 2	(2,402)	(834)	(416)	(186)	(89)	(50)	(3,977)
Level 3	(1,005)	(595)	(466)	(432)	(392)	(3,327)	(6,217)
	<b>(3,421)</b>	<b>(1,456)</b>	<b>(890)</b>	<b>(618)</b>	<b>(481)</b>	<b>(3,377)</b>	<b>(10,243)</b>
Less: netting by counterparty	474	189	90	35	17	26	831
	<b>(2,947)</b>	<b>(1,267)</b>	<b>(800)</b>	<b>(583)</b>	<b>(464)</b>	<b>(3,351)</b>	<b>(9,412)</b>
<b>Net fair value</b>	<b>1,066</b>	<b>571</b>	<b>260</b>	<b>175</b>	<b>176</b>	<b>689</b>	<b>2,937</b>

**Notes to the consolidated financial statements**

	\$ million						
	2022						
	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
<b>Fair value of derivative assets</b>							
Level 1	47	12	19	4	—	—	82
Level 2	4,777	1,709	767	283	68	63	7,667
Level 3	1,228	790	602	525	478	3,739	7,362
	6,052	2,511	1,388	812	546	3,802	15,111
Less: netting by counterparty	(1,324)	(429)	(167)	(60)	(27)	(27)	(2,034)
	4,728	2,082	1,221	752	519	3,775	13,077
<b>Fair value of derivative liabilities</b>							
Level 1	(118)	(11)	(19)	(5)	—	—	(153)
Level 2	(4,186)	(1,364)	(611)	(259)	(97)	(99)	(6,616)
Level 3	(1,086)	(623)	(419)	(343)	(333)	(3,109)	(5,913)
	(5,390)	(1,998)	(1,049)	(607)	(430)	(3,208)	(12,682)
Less: netting by counterparty	1,324	429	167	60	27	27	2,034
	(4,066)	(1,569)	(882)	(547)	(403)	(3,181)	(10,648)
<b>Net fair value</b>	662	513	339	205	116	594	2,429

**Level 3 derivatives**

The following table shows the changes during the year in the net fair value of derivatives held for trading purposes within level 3 of the fair value hierarchy.

	\$ million				
	Oil price	Natural gas price	Power price	Currency	Total
Fair value of contracts at January 1, 2023	49	943	(561)	61	492
Gains (losses) recognized in the income statement	46	3	428	161	638
Settlements	(13)	(346)	74	(3)	(288)
Transfers out of level 3	(13)	(5)	32	—	14
<b>Net fair value of contracts at December 31, 2023</b>	<b>69</b>	<b>595</b>	<b>(27)</b>	<b>219</b>	<b>856</b>
Deferred day-one gains (losses)					1,015
<b>Derivative asset (liability)</b>					<b>1,871</b>
					\$ million
	Oil price	Natural gas price	Power price	Currency	Total
Fair value of contracts at January 1, 2022	221	560	(12)	(154)	615
Gains (losses) recognized in the income statement	37	556	317	215	1,125
Purchases <sup>a</sup>	—	(4)	(870)	—	(874)
Settlements	(98)	(216)	24	—	(290)
Transfers out of level 3	(111)	47	(20)	—	(84)
Net fair value of contracts at December 31, 2022	49	943	(561)	61	492
Deferred day-one gains (losses)					957
Derivative asset (liability)					1,449

<sup>a</sup> Primarily relates to the acquisition of EDF Energy Services.

The amount recognized in the income statement for the year relating to level 3 held for trading derivatives still held at December 31, 2023 was a \$616 million gain (2022 \$1,141 million gain related to derivatives still held at December 31, 2022).

At December 31, 2023, other non-current investments includes \$2 million relating to executive life insurance policies (2022 \$2 million). Life insurance policies have been designated as financial assets at fair value through profit or loss and is considered a level 3 valuation under the fair value hierarchy. The valuation methodology is based on the higher of the amount that would be received if the policies were cashed in and discounted future cash flows on maturity of the policies. Future cash flows are estimated on inputs that include life expectancy, investment performance and cost of insurance cover. Fair value loss of \$32 thousand was recognized in the income statement during 2023 (2022 \$2 million fair value loss). See Note 15 for further information.

**Derivative gains and losses**

The Company enters into derivative contracts including futures, options, swaps and certain forward sales and forward purchases contracts, relating to both currency and commodity trading activities. Gains or losses arise on contracts entered into for risk management purposes, optimization activity and entrepreneurial trading. They also arise on certain contracts that are for normal procurement or sales activity for the Company but that are required to be fair valued under accounting standards. These gains and losses are included within sales and other operating revenues in the income statement. Also included within this line item are gains and losses on inventory held for trading purposes. The total amount relating to all these items was a net gain of \$2,174 million (2022 \$8,155 million net gain and 2021 \$10,930 million net gain).

As outlined in Note 1 - Significant estimate and judgement: derivative financial instruments, LNG contracts are only recognized in the financial statements when associated cargoes are lifted. The embedded value in these contracts is not recognized and is subject to underlying commodity price volatility, as observed during 2022 and 2023. The Company realized significant profits in 2023 as LNG cargoes were delivered. The Company generally price risk manages the exposure to LNG cargoes due for delivery in the near term where there is a liquid market. It does so on a portfolio basis using derivative instruments among other price risk management strategies. Under IFRS, these derivative instruments, which are subject to similar price volatility, are recorded at fair value through profit and loss at each reporting period, which creates an accounting mismatch in the financial statements between the accounting for LNG contracts and the derivatives used for risk management. For the year ended December 31, 2023, there were material gains recognized on the associated derivative positions due to the movement in the underlying commodity prices. For the year ended December 31, 2022 due to active risk management and the movement in the underlying commodity prices, there were no material gains or losses recorded on the associated derivative positions.

**Cash flow hedges**

**Commodity price risk of highly probable forecast sales**

During the period the Company held Henry Hub NYMEX futures designated as hedging instruments in cash flow hedge relationships of certain highly probable forecast future sales. Henry Hub NYMEX futures are subject to daily settlement, where their fair value at the end of each day is required to be cash settled, such that the carrying amount of these hedging instruments within continuing hedge relationships is always zero at the end of each day.

The Company is exposed to the variability in the gas price, but only applied hedge accounting to the risk of Henry Hub price movements for a percentage of future gas sales from its bpx energy business.

The Company applied hedge accounting in relation to these highly probable future sales where there was an economic relationship between the hedged item and hedging instrument. The existence of an economic relationship was determined at inception and prospectively by comparing the critical terms of the hedging instrument and those of the hedged item. The Company entered into hedging derivatives that matched the notional amounts of the hedged items on a 1:1 hedge ratio basis. The hedge ratio was determined by comparing the notional amount of the derivative with the notional amount designated on the forecast transaction.

The hedge was highly effective due to the price index of the hedging instruments matching the price index of the hedged item. The Company did not designate any net positions as hedged items in cash flow hedges of commodity price risk.

The tables below summarize the change in the fair value of hedging instruments and the hedged item used to calculate ineffectiveness in the period.

\$ million			
	Change in fair value of hedging instrument used to calculate ineffectiveness	Change in fair value of hedging item used to calculate ineffectiveness	Hedge ineffectiveness recognized in profit or (loss)
At December 31, 2023			
<b>Cash flow hedges</b>			
Commodity price risk			
Highly probable forecast sales	1,065	(1,065)	—
\$ million			
	Change in fair value of hedging instrument used to calculate ineffectiveness	Change in fair value of hedging item used to calculate ineffectiveness	Hedge ineffectiveness recognized in profit or (loss)
At December 31, 2022			
<b>Cash flow hedges</b>			
Commodity price risk			
Highly probable forecast sales	(825)	825	—

## BP CORPORATION NORTH AMERICA INC. & SUBSIDIARIES

### Notes to the consolidated financial statements

The tables below summarize the carrying amount and nominal amount of the derivatives designated as hedging instruments in cash flow hedge relationships.

	Carrying amount of hedging instrument			
	Assets	Liabilities	Nominal amount of hedging instrument	
	\$ million	\$ million	\$ million	mmBtu
At December 31, 2023				
<b>Cash flow hedges</b>				
Commodity price risk				
Highly probable forecast sales	529	—	—	(392)
	Carrying amount of hedging instrument			
	Assets	Liabilities	Nominal amount of hedging instrument	
	\$ million	\$ million	\$ million	mmBtu
At December 31, 2022				
<b>Cash flow hedges</b>				
Commodity price risk				
Highly probable forecast sales	—	(108)	—	(469)

All hedging instruments are presented within derivative financial instruments on the Company balance sheet.

All of the nominal amount of hedging instruments at December 31, 2023 relating to highly probably forecast sales matures within 12 months (2022 348 mmBtu within 12 months and 121 mmBtu within one to two years) of the relevant balance sheet date.

### Fair value hedges

During the period the Company did not hold interest rate swap contracts as fair value hedges of the interest rate risk arising from fixed rate debt issuances. Note 25 outlines the Company's approach to interest rate risk management. The interest rate swaps were used to convert fixed rate borrowings into floating rate debt. The Company manages all risks derived from debt issuance, such as credit risk, however, the Company applies hedge accounting only to certain components of interest rate risk in order to minimize hedge ineffectiveness. The interest rates are identified and hedged on an instrument-by-instrument basis. For interest rate exposures, the Company designates as a fair value hedge the benchmark interest rate component only. This is an observable and reliably measurable component of interest rate risk.

The Company's fair value hedge accounting relationships have been directly affected by interest rate benchmark reform. Prior to 2023, the Company's swaps which reference interest rates were primarily exposed to 3 month USD LIBOR. During 2023, all the swaps that previously referenced USD LIBOR transitioned to referencing SOFR through activation of the ISDA fallback clauses. The transition was enacted on an 'economically equivalent' basis. No other changes were made to the terms of swap contracts upon transition to SOFR. The hedge relationships were not discontinued and SOFR is now assessed as the hedged interest rate benchmark risk. The interest rate benchmark reform did not change the risk management strategy for fair value hedges. New derivative hedging instruments are being executed based on the new risk free rates.

The Company applies hedge accounting where there is an economic relationship between the hedged item and the hedging instrument. The existence of an economic relationship is determined initially by comparing the critical terms of the hedging instrument and those of the hedged item and it is prospectively assessed using linear regression analysis. The Company issues fixed rate debt and enters into interest rate and cross-currency interest rate swaps with critical terms that match those of the debt and on a 1:1 hedge ratio basis. The hedge ratio is determined by comparing the notional amount of the derivative with the notional amount of the debt. The hedge relationship is designated for the full term and notional value of the debt. Both the hedging instrument and the hedged item are expected to be held to maturity.

The Company has identified the following sources of ineffectiveness, which are not expected to be material:

- derivative counterparty's credit risk which is not offset by the hedged item. This risk is mitigated by entering into derivative transactions only with high credit quality counterparties; and
- sensitivity to interest rate between the hedged item and the derivatives. This is driven by differences in payment frequencies between the instrument and the bond.

The tables below summarize the change in the fair value of hedging instruments and the hedged item used to calculate ineffectiveness in the period.

	\$ million		
	Change in fair value of hedging instrument used to calculate ineffectiveness	Change in fair value of hedging item used to calculate ineffectiveness	Hedge ineffectiveness recognized in profit or (loss)
	At December 31, 2023		
<b>Fair value hedges</b>			
Interest rate risk on finance debt	—	—	—
	\$ million		
	Change in fair value of hedging instrument used to calculate ineffectiveness	Change in fair value of hedging item used to calculate ineffectiveness	Hedge ineffectiveness recognized in profit or (loss)
At December 31, 2022			
<b>Fair value hedges</b>			
Interest rate risk on finance debt	—	—	—

All hedging instruments are presented within derivative financial instruments on the balance sheet and are categorized within level 2 of the fair value hierarchy. Ineffectiveness arising on fair value hedges is included within finance costs in the income statement.

**BP CORPORATION NORTH AMERICA INC. & SUBSIDIARIES**
**Notes to the consolidated financial statements**

The tables below summarize the carrying amount, and the accumulated fair value adjustments included within the carrying amount, of the hedged items designated in fair value hedge relationships.

	\$ million				
	Carrying amount of hedging item		Accumulated fair value adjustment included in the carrying amount of hedged items		
	Assets	Liabilities	Assets	Liabilities	Discontinued hedges
At December 31, 2023					
<b>Fair value hedges</b>					
Interest rate risk on finance debt	—	—	—	—	(114)
					\$ million
	Carrying amount of hedging item		Accumulated fair value adjustment included in the carrying amount of hedged items		
	Assets	Liabilities	Assets	Liabilities	Discontinued hedges
At December 31, 2022					
<b>Fair value hedges</b>					
Interest rate risk on finance debt	—	—	—	—	(147)

The hedged item for all fair value hedges is presented within finance debt on the balance sheet.

**Movement in reserves related to hedge accounting**

The tables below provide a reconciliation of the cash flow hedge and costs of hedging reserves on a pre-tax basis by risk category. The signage convention of the table is consistent with that presented in Note 27.

	\$ million
	<b>Cash flow hedge reserve</b>
	<b>Highly probable forecast sales</b>
At January 1, 2023	(108)
Recognized in other comprehensive income	
Cash flow hedges marked to market	1,065
Cash flow hedges reclassified to the income statement	(428)
	637
Cash flow hedges transferred to the balance sheet	—
<b>At December 31, 2023</b>	<b>529</b>
	\$ million
	Cash flow hedge reserve
	Highly probable forecast sales
At January 1, 2022	(134)
Recognized in other comprehensive income	
Cash flow hedges marked to market	(825)
Cash flow hedges reclassified to the income statement	851
	26
Cash flow hedges transferred to the balance sheet	—
<b>At December 31, 2022</b>	<b>(108)</b>

Substantially all of the cash flow hedge reserve balances at December 31, 2023 and amounts reclassified from these cash flow hedge reserves into profit or loss during the year relate to continuing hedge relationships. The amounts reclassified are presented in sales and other operating revenues in the income statement.

**27. Capital and reserves**

	\$ million						
	Share capital	Share premium account	Other reserves	Profit and loss account	BP Corporation North America shareholders' equity	Non-controlling interests	Total equity
<b>At January 1, 2023</b>	<b>1</b>	<b>43,288</b>	<b>(280)</b>	<b>(3,845)</b>	<b>39,164</b>	<b>14,014</b>	<b>53,178</b>
Profit (loss) for the period	—	—	—	4,331	4,331	628	4,959
<b>Items that may be reclassified subsequently to profit or loss</b>							
Currency translation differences	—	—	(13)	—	(13)	—	(13)
Cash flow hedges	—	—	488	—	488	—	488
<b>Items that will not be reclassified to profit or loss</b>							
Remeasurements of the net pension and other post-retirement benefit liability or asset	—	—	—	89	89	—	89
<b>Total comprehensive income (loss)</b>	<b>—</b>	<b>—</b>	<b>475</b>	<b>4,420</b>	<b>4,895</b>	<b>628</b>	<b>5,523</b>
Dividends paid	—	—	—	(12,000)	(12,000)	—	(12,000)
Preference share dividends	—	—	—	—	—	(839)	(839)
Share-based payments, net of tax	—	—	—	252	252	—	252
Dividends paid to non-controlling interests	—	—	—	—	—	(150)	(150)
Transactions involving non-controlling interests, net of tax	—	—	—	—	—	(172)	(172)
<b>At December 31, 2023</b>	<b>1</b>	<b>43,288</b>	<b>195</b>	<b>(11,173)</b>	<b>32,311</b>	<b>13,481</b>	<b>45,792</b>
<b>At January 1, 2022</b>	<b>1</b>	<b>43,288</b>	<b>(294)</b>	<b>(3,055)</b>	<b>39,940</b>	<b>13,749</b>	<b>53,689</b>
Profit (loss) for the period	—	—	—	9,163	9,163	1,278	10,441
<b>Items that may be reclassified subsequently to profit or loss</b>							
Currency translation differences	—	—	(6)	—	(6)	—	(6)
Cash flow hedges	—	—	20	—	20	—	20
Share of items relating to equity-accounted entities, net of tax	—	—	—	12	12	—	12
Other	—	—	—	(3)	(3)	—	(3)
<b>Items that will not be reclassified to profit or loss</b>							
Remeasurements of the net pension and other post-retirement benefit liability or asset	—	—	—	461	461	—	461
<b>Total comprehensive income (loss)</b>	<b>—</b>	<b>—</b>	<b>14</b>	<b>9,633</b>	<b>9,647</b>	<b>1,278</b>	<b>10,925</b>
Contributions from parent <sup>a</sup>	—	—	—	820	820	—	820
Dividends paid	—	—	—	(11,000)	(11,000)	—	(11,000)
Preference share dividends	—	—	—	—	—	(839)	(839)
Share-based payments, net of tax	—	—	—	267	267	—	267
Other	—	—	—	1	1	20	21
Dividends paid to non-controlling interests	—	—	—	—	—	(42)	(42)
Transactions involving non-controlling interests, net of tax	—	—	—	(511)	(511)	(152)	(663)
<b>At December 31, 2022</b>	<b>1</b>	<b>43,288</b>	<b>(280)</b>	<b>(3,845)</b>	<b>39,164</b>	<b>14,014</b>	<b>53,178</b>
<b>At January 1, 2021</b>	<b>1</b>	<b>43,288</b>	<b>(173)</b>	<b>(8,543)</b>	<b>34,573</b>	<b>14,223</b>	<b>48,796</b>
Profit (loss) for the period	—	—	—	3,501	3,501	1,039	4,540
<b>Items that may be reclassified subsequently to profit or loss</b>							
Currency translation differences	—	—	13	—	13	—	13
Cash flow hedges	—	—	(134)	—	(134)	—	(134)
Share of items relating to equity-accounted entities, net of tax	—	—	—	9	9	—	9
Other	—	—	—	(3)	(3)	—	(3)
<b>Items that will not be reclassified to profit or loss</b>							
Remeasurements of the net pension and other post-retirement benefit liability or asset	—	—	—	1,308	1,308	—	1,308
<b>Total comprehensive income (loss)</b>	<b>—</b>	<b>—</b>	<b>(121)</b>	<b>4,815</b>	<b>4,694</b>	<b>1,039</b>	<b>5,733</b>
Preference share dividends	—	—	—	—	—	(839)	(839)
Share-based payments, net of tax	—	—	—	158	158	—	158
Other	—	—	—	(5)	(5)	9	4
Dividends paid to non-controlling interests	—	—	—	—	—	(100)	(100)
Transactions involving non-controlling interests, net of tax <sup>b</sup>	—	—	—	520	520	(583)	(63)
<b>At December 31, 2021</b>	<b>1</b>	<b>43,288</b>	<b>(294)</b>	<b>(3,055)</b>	<b>39,940</b>	<b>13,749</b>	<b>53,689</b>

<sup>a</sup> Relates to contribution received from BP America Inc. in connection with the acquisition of the public units of BP Midstream Partners LP.

<sup>b</sup> Principally relates to the buy-out of the non-controlling interest in the Thorntons fuels and convenience retail business.

**Share capital**

The balance on the share capital account represents the aggregate nominal value of all ordinary shares in issue.

**Share premium account**

The balance on the share premium account represents the amounts received in excess of the nominal value of the ordinary shares.

**Other reserves**

Other reserves records exchange differences arising from the translation of the financial statements of foreign operations. Upon disposal of foreign operations, the related accumulated exchange differences are reclassified to the income statement. Additionally, other reserves records the changes in fair value of available-for-sale investments except for impairment losses, foreign exchange gains or losses, or changes arising from revised estimates of future cash flows. On disposal or impairment of the investments, the cumulative changes in fair value are reclassified to the income statement. On adoption of IFRS 9 the balance in this reserve was transferred to the profit and loss account reserve. Under the new standard the Company recognizes fair value gains and losses on these investments in profit or loss. Other reserves also records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge. For further information see Note 1.

**Profit and loss account**

The balance held on this reserve is the accumulated retained profits of the Company.

**Non-controlling interests**

Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to the Company's shareholders.

**Other comprehensive income**

The pre-tax amounts of each component of other comprehensive income, and the related amounts of tax, are shown in the table below.

	\$ million		
	2023		
	Pre-tax	Tax	Net of tax
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences	(13)	—	(13)
Cash flow hedges	637	(149)	488
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the net pension and other post-retirement benefit liability or asset	116	(27)	89
<b>Other comprehensive income (loss)</b>	<b>740</b>	<b>(176)</b>	<b>564</b>
			\$ million
			2022
	Pre-tax	Tax	Net of tax
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences	(6)	—	(6)
Cash flow hedges	26	(6)	20
Share of items relating to equity-accounted entities, net of tax	12	—	12
Other	—	(3)	(3)
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the net pension and other post-retirement benefit liability or asset	587	(126)	461
<b>Other comprehensive income (loss)</b>	<b>619</b>	<b>(135)</b>	<b>484</b>
			\$ million
			2021
	Pre-tax	Tax	Net of tax
<b>Items that may be reclassified subsequently to profit or loss</b>			
Currency translation differences	9	4	13
Cash flow hedges	(175)	41	(134)
Share of items relating to equity-accounted entities, net of tax	9	—	9
Other	—	(3)	(3)
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of the net pension and other post-retirement benefit liability or asset	1,698	(390)	1,308
<b>Other comprehensive income (loss)</b>	<b>1,541</b>	<b>(348)</b>	<b>1,193</b>

**28. Contingent liabilities and legal proceedings****Contingent liabilities**

There were contingent liabilities at December 31, 2023 in respect of guarantees and indemnities entered into as part of the ordinary course of the Company's business. No material losses are likely to arise from such contingent liabilities. Further information on financial guarantees is included in Note 25.

In the normal course of the Company's business, the Company and its subsidiaries and affiliates are subject to legal and regulatory proceedings arising out of current and past operations, including matters related to commercial disputes, product liability, antitrust, commodities trading, premises-liability claims, consumer protection, general health, safety, climate change and environmental claims and allegations of exposures of third parties to toxic substances, such as lead pigment in paint, asbestos and other chemicals. The amounts claimed could be significant and could be material to the Company's results of operations, financial position or liquidity. While it is difficult to predict the ultimate outcome in some cases, the Company expects that the impact of current legal and regulatory proceedings on its results of operations, liquidity or financial position will not be material.

The Company files tax returns in many jurisdictions across the world. Various tax authorities are currently examining these returns, which contain matters that could be subject to differing interpretations of applicable tax laws and regulations. The resolution of tax positions through negotiations with relevant tax authorities, or through litigation, can take several years to complete and the amounts could be significant and could, in aggregate, be material to the Company's results of operations, financial position or liquidity. While it is difficult to predict the ultimate outcome in some cases, the Company does not expect there to be any material impact upon its results of operations, financial position or liquidity.

The Company is subject to numerous national and local health, safety and environmental laws and regulations concerning its products, operations and other activities. These laws and regulations may require the Company to take future action to remediate the effects on the environment of prior disposal or release of chemicals or petroleum substances by the Company or other parties. Such contingencies may exist for various sites including refineries, chemical plants, oil fields, commodities extraction sites, service stations, terminals and waste disposal sites. In addition, the Company may have obligations relating to prior asset sales or closed facilities. The ultimate requirement for remediation and its costs are inherently difficult to estimate. However, the estimated cost of environmental obligations has been provided in these accounts in accordance with the Company's accounting policies. While the amounts of future possible costs that are not provided for could be significant and material to the Company's results of operations in the period in which they are recognized, it is not possible to estimate the amounts involved. The Company does not expect these costs to have a material impact on its results of operations, financial position or liquidity.

If production and manufacturing facilities and pipelines are sold to third parties and the subsequent owner is unable to meet their decommissioning obligations it is possible that, in certain circumstances, the Company could be partially or wholly responsible for decommissioning. The Company estimates that for production facilities, approximately \$8 billion (2022 \$7 billion) of associated decommissioning obligations were previously transferred to third parties. While the amounts associated with decommissioning provisions reverting to the Company could be material, the Company is not currently aware of any such material cases that have a greater than remote chance of reverting to the Company. Furthermore, as described in Provisions and contingencies within Note 1, decommissioning provisions associated with customers & products facilities are not generally recognized as the potential obligations cannot be measured given their indeterminate settlement dates.

By their nature, it is not practicable to estimate the potential financial impact or possible timing of the above contingencies as there are significant uncertainties that are dependent on various factors that are not within the Company's control.

**Contingent liabilities related to the Gulf of Mexico oil spill**

For information on legal proceedings relating to the Deepwater Horizon oil spill, see Legal proceedings below. Any outstanding Deepwater Horizon related claims are not expected to have a material impact on the Company's financial performance.

**Legal proceedings****Proceedings relating to the Deepwater Horizon oil spill****Introduction**

BP Exploration & Production Inc. (BPXP) was lease operator of Mississippi Canyon, Block 252 in the Gulf of Mexico, where the semi-submersible rig Deepwater Horizon was deployed at the time of the April 20, 2010 explosion and fire and resulting oil spill (the Incident). Lawsuits and claims arising from the Incident were brought principally in US federal and state courts. The remaining proceedings arising from the Incident are discussed below.

**Medical Benefits Class Action Settlement**

In 2012 the Medical Benefits Class Action Settlement (Medical Settlement) was entered into with the plaintiffs steering committee. It includes an exclusive remedy provision regarding class members pursuing exposure-based personal injury claims for later-manifested physical conditions (LMPCs). As of December 31, 2023, there were 60 pending lawsuits brought by class members claiming LMPCs.

**Other civil complaints – personal injury**

The vast majority of post-explosion clean-up, medical monitoring and personal injury claims from individuals that either opted out of the Medical Settlement and/or were excluded from that settlement have been dismissed (including more than 600 cases in which the courts granted BPXP's motions for summary judgment). As of December 31, 2023, 88 cases remained pending in the district courts and around 100 appeals filed to the Fifth Circuit in cases where the district courts have granted summary judgment in favor of the Company also remain pending.

**Non-US government lawsuits**

Two class actions are pending in Mexican Federal District Courts against various bp group entities including BPXP and BP America Production Company by separate plaintiff classes. Although the two actions are separate, both broadly seek penalties, damages and compensation for alleged environmental, health and economic harm in Mexico as a result of the incident. One of the actions also seeks an order requiring the Company defendants to repair alleged damage to the Gulf of Mexico.

The Company has answered the complaints in both actions by seeking dismissal on various grounds including that no oil reached Mexican waters or land and there was no economic or environmental harm in Mexico.

These legal actions remain at a relatively early stage and while it is not possible to predict the outcome, the Company believes that it has valid defenses, and it intends to defend such actions vigorously.

**Other legal proceedings**

**FERC and CFTC matters**

Following an investigation by the US Federal Energy Regulatory Commission (FERC) and the US Commodity Futures Trading Commission (CFTC) of several bp entities, the Administrative Law Judge of the FERC ruled on August 13, 2015 that the Company manipulated the market by selling next-day, fixed price natural gas at Houston Ship Channel in 2008 in order to suppress the Gas Daily index and benefit its financial position. In 2016, the FERC issued an Order affirming that decision and directing the Company to pay a civil penalty of \$20.16 million and to disgorge \$207,169 in unjust profits. Following an appeal by the Company to the US Court of Appeals, the Fifth Circuit issued an opinion upholding the FERC’s manipulation finding on a few trades. The Fifth Circuit also found that the FERC did not have jurisdiction over most of the transactions identified as being violations. In July 2023, the Company and FERC reached a settlement agreement that reduced the civil penalty to \$10.75 million and fully resolved all claims by the FERC related to the matter.

**Climate change**

BP p.l.c., BP America Inc., and BP Products North America Inc. are co-defendants with other oil and gas companies in over 20 lawsuits brought in various state and federal courts on behalf of various governmental and private parties. The lawsuits generally assert claims under a variety of legal theories seeking to hold the defendant companies responsible for impacts allegedly caused by and/or relating to climate change. Underlying many of the legal theories are allegations regarding deceptive communication and disinformation to the public. The lawsuits seek remedies including payment of money and other forms of equitable relief. If such suits were successful, the cost of the remedies sought in the various cases could be substantial. Over the last several years, defendants removed each lawsuit to federal court and the removals were contested by plaintiffs, eventually resulting in multiple decisions by several Circuit Court of Appeals rejecting defendants’ attempts to have the cases moved to federal court. In 2023, the US Supreme Court declined to review the various Circuit Court of Appeals decisions. Accordingly, the cases will proceed in the various state courts. Due to these jurisdictional challenges, the lawsuits all remain at relatively early stages. While it is not possible to predict the outcome of these legal actions, the Company believes that it has valid defenses, and it intends to defend such actions vigorously.

**Louisiana Coastal restoration**

Six coastal parishes and the State of Louisiana have filed over 40 separate lawsuits in state courts in Louisiana against various oil and gas companies seeking damages for coastal erosion. The Company and its subsidiaries are defendants in 17 of these cases. The lawsuits allege that the defendants’ historical operations in oil and gas fields within the Louisiana onshore coastal zone failed to comply with state permits and/or were conducted without the required coastal use permits. The scope and scale of plaintiffs’ damages demands are significant and unprecedented, including substantial remediation costs and the claimed costs for restoring coastal wetlands allegedly impacted by oil and gas field operations.

Defendants removed all of these lawsuits to federal court and the removals were contested by plaintiffs, eventually resulting in a decision from the US Fifth Circuit Court of Appeals rejecting defendants’ “federal officer” jurisdiction removal grounds in one of two lead cases – Plaquemines Parish v. Riverwood, et al. Defendants’ petition for writ of certiorari to the US Supreme Court seeking review of the US Fifth Circuit’s Riverwood decision was denied in early 2023. There is a small subset of the removed cases in which the defendants continue to contest jurisdiction and await a final ruling from the Fifth Circuit on a related “federal officer” removal jurisdiction theory.

Following remand, the state court in the other lead case of Cameron Parish v. Auster et al., in which the Company was the principal defendant, had established a November 2023 trial date. Before trial commenced during the fourth quarter 2023, the Company entered into a settlement agreement and release with the plaintiffs in respect of all claims arising within Cameron Parish. The terms of the settlement agreement and release are confidential and the Company does not expect those terms to have a significant effect on the company’s financial position or profitability.

In addition, four private landowners have filed separate claims in the state courts in Jefferson and Plaquemines Parishes of Louisiana for restoration damages related to alleged impacts to their marshlands associated with historic oil field operations. The Company and its subsidiaries are defendants in two of these private landowner cases.

All of the other remanded cases remain at early stages in the litigation. While it is not possible to predict the outcomes of these novel legal actions, the Company believes that it has valid defenses, and it intends to defend such actions vigorously.

**29. Related parties**

The Company has transactions in the ordinary course of business with other members of the bp group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

**Parents and other affiliates**

	\$ million		
	2023	2022	2021
Sales and other operating revenues	19,158	13,585	6,950
Purchases	5,545	7,552	5,968

The bp group has a centralized treasury function. As part of this function, business cash requirements of the Company are funded and surplus cash is invested, on a pooled basis. Amounts received from, and amounts transferred to, the bp group are settled in the ordinary course of business, and bear interest based on SOFR adjusted for an applicable margin. These amounts are classified as affiliates receivables and affiliates payables in the Company’s consolidated balance sheet. The interest bearing balances included in affiliate receivables and affiliate payables are presented below.

	\$ million		
	2023	2022	2021
Affiliate receivables	32,888	22,507	
Affiliate payables	16,384	8,802	
Interest and other income	2,497	1,147	299
Finance costs	701	268	135

See Note 17 and Note 18 for details of additional transactions with related parties - affiliate companies.

## BP CORPORATION NORTH AMERICA INC. & SUBSIDIARIES

### Notes to the consolidated financial statements

Amounts classified as finance debt affiliates are related to loan facility agreements between subsidiaries within the bp group. Under these agreements amounts are made available to the borrower for a period of longer than one year. Settlement of these amounts is expected through 2026, see Note 22 for further information. The Company also has long-term balances (non-current affiliate receivables and non-current affiliate payables) arising from activity outside of the centralized treasury function as a result of various transactions with affiliates of the bp group. These balances are periodically reviewed for settlement.

Certain subsidiaries of the Company have equity shares owned by affiliates of the bp group. The Company paid common share dividends to its parent amounting to \$12,000 million in 2023, \$11,000 million in 2022, and the Company made no common share dividends to its parent in 2021.

A subsidiary of the Company has outstanding preferred shares in the amount of \$13,000 million and included in the consolidated balance sheet as non-controlling interest. These preferred shares are owned by BP America and one of its subsidiaries. The preferred shares have a 6.45% cumulative dividend rate. Dividends paid amounted to \$839 million in 2023, 2022, and 2021.

There were no contributions or distributions in the form of property transfer to the parent in 2023, 2022, and 2021. In 2023, the Company received a transfer of a gas & low carbon energy business venture amounting to \$63 million in the form of an investment in subsidiary from an affiliate of the bp group. In 2022, the Company received contributions amounting to \$820 million from its immediate parent in the form of investment in a subsidiary in connection with the acquisition of the public units of BP Midstream Partners LP.

#### Other

No subsidiary of the Company has non-controlling interests owned by affiliates of the bp group.

The bp group provides certain employees with shares and share options as part of their remuneration packages. Certain employees of the Company participate in these share-based compensation plans of bp. Restricted share awards are generally exercisable three to four years after the date of grant. Option awards are generally exercisable one to four years after the date of grant and lapse after 10 years. For share-based plans, the awards granted by the bp group have an exercise price equal to the market price on the date of grant. The Company has no obligation to settle these share-based payment arrangements. As such, the awards of these share-based payments are treated as capital contribution from the bp group and accounted for as equity transactions by the Company. Share-based compensation expense for the Company was \$256 million (\$198 million after income tax benefit) in 2023, \$262 million (\$203 million after income tax benefit) in 2022, and \$152 million (\$117 million after income tax benefit) in 2021. The net tax benefits relating to options exercised amounted to \$58 million in 2023, \$59 million in 2022, and \$35 million in 2021.

In order to provide liquidity for the Company's savings plans, the Company agreed to advance the savings plans up to \$50 million. Amounts borrowed by the savings plans under the revolving loan facility do not bear interest and are repayable within two business days. At December 31, 2023 and 2022, there were no amounts outstanding under the agreement.

The purchase of third party insurance is generally limited to situations where insurance is required for legal or contractual reasons. For certain operations, the Company purchases insurance coverage from a bp affiliate.

The bp group has guaranteed \$30,838 million at December 31, 2023 (2022 \$25,470 million) of contractual payments and related interest in respect of the non-affiliated debts issued by the Company.

Transactions with joint ventures and associates are disclosed in Note 13 and Note 14.

### 30. Ultimate parent, subsidiaries, joint arrangements, and associates

The Company's ultimate parent and more important subsidiaries and joint arrangements at December 31, 2023 and the Company's percentage (to nearest whole number) of ordinary share capital or joint arrangement interest are set out below. The Company has interests with a number of associates, but none of these are individually material to the Company.

Ultimate parent	%	Country of incorporation	Principal activities
BP p.l.c.	100	England & Wales	Investment holding

Subsidiaries	%	Country of incorporation	Principal activities
International			
BP America Foreign Investments Inc. <sup>a</sup>	100	US	Investment holding
Trinidad & Tobago			
BP Trinidad & Tobago LLC	70	US	Exploration and production
US			
Archaea Energy Inc.	100	US	Exploration and production, refining and marketing, pipeline, and alternative energy
BP America Production Company	100	US	
BP Company North America Inc.	100	US	
BP Exploration & Production Inc.	100	US	
BP Products North America Inc.	100	US	
BP Wind Energy North America Inc.	100	US	
BPX Energy Inc.	100	US	
The Standard Oil Company	100	US	
BP Capital Markets America Inc.	100	US	Finance

<sup>a</sup> More significant ownership interests consist of investments in Trinidad & Tobago and Egypt subsidiaries.

**TA FRANCHISE SYSTEMS LLC**  
**FRANCHISE AGREEMENT**

EXHIBIT E TO THE DISCLOSURE DOCUMENT

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**TRAVELCENTERS OF AMERICA®**

**TA® EXPRESS CENTER**

**FRANCHISE AGREEMENT**

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FRANCHISOR:

TA FRANCHISE SYSTEMS LLC  
24601 Center Ridge Road  
Westlake, Ohio 44145-5634

FRANCHISE OWNER:

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

UNIT NUMBER:

\_\_\_\_\_

MAILING ADDRESS OF CENTER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# TABLE OF CONTENTS

Contents		<u>Page</u>
1.	DEFINITIONS.....	1
2.	INTRODUCTION.....	9
2.1	The TA Express Centers System.....	9
2.2	<del>Acknowledgments</del> <u>Representations</u> .....	9
<del>2.3</del>	<del>Representations</del> .....	<del>10</del>
<del>2.4</del>	<del>No Warranties</del> .....	<del>10</del>
<del>2.5</del> <u>2.3</u>	TA Express Center Organization.....	<del>11</del> <u>9</u>
3.	GRANT AND TERM.....	<del>12</del> <u>10</u>
3.1	Grant of Franchise.....	<del>12</del> <u>10</u>
3.2	Term.....	<del>12</del> <u>10</u>
3.3	Protected Area.....	<del>12</del> <u>11</u>
3.4	Rights We Reserve.....	<del>12</del> <u>11</u>
4.	SITE SELECTION; LEASE OR SITE ACQUISITION.....	<del>14</del> <u>12</u>
4.1	Site Selection.....	<del>14</del> <u>12</u>
4.2	Acknowledgements Regarding Area of Operations.....	<del>15</del> <u>13</u>
4.3	Leases.....	<del>15</del> <u>13</u>
4.4	Ownership and Financing of Site.....	<del>17</del> <u>15</u>
5.	TA EXPRESS CENTER DEVELOPMENT; SECURITY INTEREST.....	<del>18</del> <u>16</u>
5.1	Development.....	<del>18</del> <u>16</u>
5.2	TA Express Center Opening.....	<del>19</del> <u>17</u>
5.3	Opening Deadline.....	<del>19</del> <u>17</u>
5.4	Extensions to Opening Deadline.....	<del>20</del> <u>18</u>
5.5	Security Interest/Assignment.....	<del>20</del> <u>18</u>
6.	TRAINING AND ASSISTANCE.....	<del>22</del> <u>20</u>
6.1	Training of Managing Owner and Managers.....	<del>22</del> <u>20</u>
6.2	Pre-Opening On-Site Training and Opening Assistance.....	<del>22</del> <u>20</u>
6.3	Computer System Installation.....	<del>22</del> <u>20</u>
6.4	Additional Training.....	<del>22</del> <u>20</u>
6.5	General Guidance.....	<del>22</del> <u>20</u>
7.	OPERATION OF TA EXPRESS CENTER AND TA EXPRESS SYSTEM STANDARDS.....	<del>23</del> <u>21</u>
	<del>23</del> <u>21</u>	
7.1	Manuals.....	<del>23</del> <u>21</u>
7.2	Compliance with TA Express System Standards.....	<del>23</del> <u>21</u>
7.3	Modification of TA Express System Standards.....	<del>25</del> <u>23</u>
7.4	<del>Proprietary Supplies</del> .....	<del>25</del> <u>Required Purchases</u>
	<u>23</u>	
7.5	Approved Products.....	<del>25</del> <u>23</u>
7.6	Approved Suppliers.....	<del>26</del> <u>23</u>

7.7	Preferred Vendor Programs	<u>2624</u>
7.8	Payments or Benefits to Us	<u>2624</u>
7.9	Computer Systems	<u>2725</u>
7.10	Trade Accounts and Taxes	<u>2725</u>
7.11	Managing Owner	<u>2825</u>
7.12	Personnel; Managers	<u>2826</u>
7.13	Interior and Exterior Upkeep	<u>2926</u>
7.14	Hours of Operation	<u>2926</u>
7.15	Leases, Sub-Leases, Franchises, and Management Agreements.	<u>2927</u>
7.16	Pricing	<u>2927</u>
7.17	Core Programs	<u>2927</u>
7.18	TA Truck Service Emergency Roadside Assistance Program.	<u>2927</u>
7.19	TA Truck Service Mobile Maintenance.	<u>2927</u>
8.	INSURANCE.	<u>3028</u>
8.1	Insurance Required	<u>3028</u>
8.2	Insurance Coverage Requirements	<u>3129</u>
8.3	Insurance Policy Terms	<u>3229</u>
8.4	Evidence of Coverage	<u>3230</u>
9.	FEES.	<u>3230</u>
9.1	Initial Fees.	<u>3230</u>
9.2	Ongoing Fees	<u>3330</u>
9.3	Timing	<u>3431</u>
9.4	Advertising Fees	<u>3431</u>
9.5	Preferred Vendor Fees	<u>3431</u>
9.6	Computer System Installation Fee.	<u>3431</u>
9.7	Electronic Funds Transfer	<u>3432</u>
9.8	Interest on Late Payments	<u>3532</u>
9.9	Application of Payments	<u>3532</u>
9.10	Payment Offsets	<u>3532</u>
9.11	Credit	<u>3533</u>
10.	MARKS.	<u>3633</u>
10.1	Ownership and Goodwill of Marks and Copyrights	<u>3633</u>
10.2	Limitations on Your Use of Marks and Copyrights	<u>3633</u>
10.3	Notification of Infringements and Claims	<u>3634</u>
10.4	Discontinuance of Use of Marks	<u>3734</u>
10.5	Indemnification	<u>3734</u>
11.	CONFIDENTIAL INFORMATION.	<u>3734</u>
11.1	Types of Confidential Information	<u>3734</u>
11.2	Disclosure and Limitations on Use	<u>3835</u>
11.3	Confidentiality Obligations	<u>3836</u>
11.4	Exceptions to Confidentiality	<u>3936</u>
12.	EXCLUSIVE RELATIONSHIP	<u>3936</u>
13.	ADVERTISING AND PROMOTION.	<u>4037</u>
13.1	Use of Monthly Advertising Fees	<u>4037</u>

13.2	Advertising Limitations.....	<del>40</del> <u>38</u>
13.3	Local Advertising and Promotion.....	<del>41</del> <u>38</u>
13.4	Websites.....	<del>41</del> <u>38</u>
13.5	Promotion of the Franchise System.....	<del>41</del> <u>38</u>
14.	RECORDS, REPORTS AND FINANCIAL STATEMENTS.....	<del>42</del> <u>39</u>
14.1	Accounting System.....	<del>42</del> <u>39</u>
14.2	Reports.....	<del>42</del> <u>39</u>
14.3	Access to Information.....	<del>43</del> <u>40</u>
15.	INSPECTIONS AND AUDITS.....	<del>43</del> <u>40</u>
15.1	Our Right to Inspect the TA Express Center.....	<del>43</del> <u>40</u>
15.2	Our Right to Audit.....	<del>43</del> <u>40</u>
16.	TRANSFER.....	<del>44</del> <u>41</u>
16.1	By Us.....	<del>44</del> <u>41</u>
16.2	By You.....	<del>44</del> <u>41</u>
16.3	Conditions for Approval of Transfer.....	<del>45</del> <u>42</u>
16.4	Transfer to a Business Entity.....	<del>46</del> <u>43</u>
16.5	Transfer Upon Death or Disability.....	<del>46</del> <u>43</u>
16.6	Operation Upon Death or Disability.....	<del>47</del> <u>44</u>
16.7	Effect of Consent to Transfer.....	<del>47</del> <u>44</u>
16.8	Our Right of First Refusal.....	<del>47</del> <u>44</u>
17.	RENEWAL TERMS.....	<del>49</del> <u>46</u>
17.1	Extension.....	<del>49</del> <u>46</u>
17.2	Grant.....	<del>50</del> <u>47</u>
17.3	Agreements/Releases.....	<del>50</del> <u>47</u>
17.4	Training and Refresher Programs.....	<del>50</del> <u>47</u>
17.5	Renewal Fee.....	<del>50</del> <u>47</u>
17.6	Subsequent Renewal Terms.....	<del>50</del> <u>47</u>
18.	TERMINATION OF AGREEMENT.....	<del>51</del> <u>48</u>
18.1	Termination of Service Rights.....	<del>51</del> <u>48</u>
18.2	On Notice.....	<del>51</del> <u>48</u>
18.3	After Notice.....	<del>53</del> <u>50</u>
18.4	Cross Default.....	<del>53</del> <u>50</u>
19.	RIGHTS AND OBLIGATIONS UPON TERMINATION.....	<del>54</del> <u>51</u>
19.1	Payment of Amounts Owed to Us or to our Affiliates.....	<del>54</del> <u>51</u>
19.2	Marks.....	<del>54</del> <u>51</u>
19.3	Confidential Information.....	<del>55</del> <u>52</u>
19.4	Competitive Restrictions.....	<del>55</del> <u>52</u>
19.5	Our Right to Purchase.....	<del>56</del> <u>53</u>
19.6	Continuing Obligations.....	<del>58</del> <u>54</u>
20.	RELATIONSHIP OF THE PARTIES/INDEMNIFICATION; RECORD NOTICE.....	<del>58</del> <u>55</u>
20.1	Compliance with Laws.....	<del>58</del> <u>55</u>
20.2	Independent Contractors.....	<del>59</del> <u>55</u>
20.3	No Liability for Acts of Other Party.....	<del>59</del> <u>56</u>

20.4	Taxes	<del>59</del> <u>56</u>
20.5	Restricted Persons Representations and Warranties	<del>59</del> <u>56</u>
20.6	Indemnification	<del>60</del> <u>57</u>
20.7	Memorandum of Right of First Refusal and Right to Buy	<del>60</del> <u>57</u>
21.	ENFORCEMENT	<del>60</del> <u>57</u>
21.1	Severability; Substitution of Valid Provisions	<del>60</del> <u>57</u>
21.2	Waivers	<del>61</del> <u>57</u>
21.3	Limitation of Liability; Force Majeure	<del>61</del> <u>58</u>
21.4	Approval and Consents	<del>61</del> <u>58</u>
21.5	Waiver of Punitive Damages	<del>61</del> <u>58</u>
21.6	Limitations of Claims	<del>62</del> <u>58</u>
21.7	Governing Law	<del>62</del> <u>59</u>
21.8	Jurisdiction	<del>62</del> <u>59</u>
21.9	Venue	<del>62</del> <u>59</u>
21.10	Waiver of Jury Trial	<del>63</del> <u>60</u>
21.11	Injunctive Relief	<del>63</del> <u>60</u>
21.12	Cumulative Remedies	<del>63</del> <u>60</u>
21.13	Costs and Attorneys' Fees	<del>63</del> <u>60</u>
21.14	Binding Effect	<del>64</del> <u>60</u>
21.15	Entire Agreement	<del>64</del> <u>60</u>
21.16	No Liability to Others; No Other Beneficiaries	<del>64</del> <u>61</u>
21.17	Construction	<del>64</del> <u>61</u>
21.18	Time is of the Essence	<del>64</del> <u>61</u>
21.19	Counterparts and Electronic Signature	<del>64</del> <u>61</u>
22.	NOTICES AND PAYMENTS	<del>64</del> <u>61</u>

## **EXHIBITS**

EXHIBIT "A"	OWNERS' STATEMENT
EXHIBIT "B"	GUARANTY AND ASSUMPTION OF YOUR OBLIGATIONS
EXHIBIT "C"	SITE AND PROTECTED AREA (IF ANY)
EXHIBIT "D"	CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE
EXHIBIT "E"	MEMORANDUM OF RIGHT OF FIRST REFUSAL AND RIGHT TO BUY
EXHIBIT "F"	CONFIDENTIALITY AGREEMENT
EXHIBIT "G"	STATE SPECIFIC ADDENDA

**TRAVELCENTERS OF AMERICA®**  
**TA®EXPRESS CENTER**

**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement”) is effective as of \_\_\_\_\_ (the “Agreement Date”). The parties to this Agreement are TA FRANCHISE SYSTEMS LLC, a Delaware limited liability company, with its principal business address at 24601 Center Ridge Road, Westlake, Ohio 44145-5634 (referred to in this Agreement as “we”, “us” or “our”), and \_\_\_\_\_, a \_\_\_\_\_, with its principal business address at \_\_\_\_\_ (referred to in this Agreement as “you,” “your” or “Franchise Owner”).

**1. DEFINITIONS.**

In this Agreement, the following terms have the meanings set forth below:

<b>Term</b>	<b>Definition</b>
<b>Affiliate</b>	With respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other Person at any time during the period for which the determination of affiliation is being made. For purposes of this definition the term “control” (including the correlative meanings of the terms “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management policies of such Person, whether through the ownership of voting securities or by contract or otherwise.
<b>Agreement</b>	This Franchise Agreement between you and us.
<b>Agreement Date</b>	Date of this Agreement.
<b>Approved Suppliers</b>	Those suppliers we designate or approve from time to time, <u>which may include us or our Affiliates</u> , (i) to sell you Products, <u>Motor Fuel</u> , Proprietary Supplies and Operating Assets and (ii) to provide Services to you.
<b>Business Entity</b>	A business entity or organization such as a corporation, partnership, limited liability company, association, trust or unincorporated organization.

Term	Definition
<b>Collateral</b>	The Operating Assets, including furniture, fixtures, equipment, supplies, accounts, receivables, inventory, operating assets, records, inventory and all tangible and intangible assets constituting the TA Express Center and the Site, including the Lease, or real estate constituting the Site and all accessions and replacements.
<b>Competitive Business</b>	Any truckstop or travel center business or service center that (i) provides the same or similar services as the Services offered at a TA Express Center, or (ii) which in any way utilizes the Confidential Information, the TA Express System or the Marks (other than a TA Center or TA Express Center operated under a Franchise Agreement with us).
<b>Computer Systems</b>	The software and hardware equipment we specify that you must utilize in the operation of your TA Express Center, which may include internet, fuel desk systems, inventory systems, shower systems, loyalty systems, point of sale systems and such other computer systems we establish from time to time.
<b>Core Programs</b>	The programs we prescribe from time to time in the Manuals or otherwise in writing and which are designated by us as a core program. Core Programs include without limitation and by way of example only: (1) any then-current inspection or site checklist programs; (2) any then-current competitive price guarantee programs; (3) any then-current fueler or any other named loyalty program; (4) any then-current nationwide guaranty – refund, exchange, replacement; (5) any then-current nationwide programs, including but not limited to the Shower Program, Coffee Program, etc.; (6) any then-current points or loyalty program; (7) any then-current fleet marketing or discount programs for fuel, shop services, or any other Service or Product; (8) any then-current tire programs; (9) any then-current preventative maintenance programs; (10) any then-current lubricant programs; (11) the TA Truck Service Emergency Roadside Assistance Program; and (12) any then-current billing programs.

<b>Term</b>	<b>Definition</b>
<b>CPI Adjustment</b>	Adjustments made as of January 1 of each year in proportion to the changes in the Index. The Index refers to the Consumer Price Index (U.S. Average, all items) maintained by U.S. Department of Labor (or such equivalent index as may be adopted in the future) between January 1, 1995 and January of the then-current year. Each adjustment will be made effective on January 1 based on the January Index, but the 1 <sup>st</sup> adjustment will not be made until the 2 <sup>nd</sup> January following the Agreement Date (i.e., for an Agreement Date of July 1, <del>2018</del> <u>2024</u> , the 1 <sup>st</sup> adjustment would be effective as of January 1, <del>2020</del> <u>2026</u> ). Our failure to adjust any fixed dollar amounts due to changes in the Index at any time does not constitute our waiver of the right to do so at any other time, including for past periods. However, we will not impose such adjustments retroactively.
<b>Diesel Fuel</b>	Fuel used in diesel engines.
<b>e-commerce</b>	Internet, Intranet, World Wide Web, wireless technology, digital cable, use of e-names, e-mail, home pages, bulletin boards, chatrooms, linking, framing, on-line purchasing cooperatives, marketplaces, barter exchanges, and related technologies, methods, techniques, registrations, networking, and any electronic communication, commerce, computations, or any means of interactive electronic documents contained in a network of computers or similar devices linked by communications software or hardware.
<b>e-names</b>	URLs, domain names, website addresses, metatags, links, key words, e-mail addresses, social media accounts, and any other means of electronic identification or origin.
<b>Force Majeure Event</b>	Any delay or failure in the performance of this Agreement, if such delay or failure is caused by government regulations or orders, war, strikes, terrorist attacks, natural disasters, acts of God, or other acts or causes of a similar nature which are outside of your or our control.
<b>Franchise</b>	The franchise we grant to you to operate a TA Express Center.
<b>Franchise Fee</b>	The nonrecurring and nonrefundable franchise fee you pay us upon signing this Agreement.
<b>Franchise Owner</b>	You, one or more Persons, or a Business Entity, as the case may be.

Term	Definition
<b>Franchisee</b>	You, one or more Persons, or a Business Entity, as the case may be.
<b>Gross Sales</b>	Gross Sales means the total actual gross charges for all Products or Services sold to customers of your TA Express Center for cash or credit, whether these sales are made at or from the TA Express Center (including by way of clarification anywhere on the Site), or any other location; net of rebates or refunds. Any amounts that you collect and transmit to state or local authorities as sales, use, fuel or other similar taxes are excluded from the definition of Gross Sales. In the case where you receive only a commission from a business activity rather than the gross revenues from such activity (e.g., lottery ticket sales, gift card sales, ATMs, CAT branded scale sales and the like), only the commission received by you shall be included in Gross Sales provided that such commissions are reasonable and customary.
<b>Institutional Accounts</b>	A customer or a group of customers that operate under common ownership or control, through independent dealerships, affiliated entities, franchise systems, fleets, school systems, governmental units or some other association, for whom, or at whose locations, or at multiple locations, we have arranged for TA Express Centers to provide Products or Services, and/or special pricing structures.
<b>Intranet System</b>	Internet or intranet networks we establish or designate.
<b>Lease Assignment</b>	Our then-current form of Conditional Assignment of Lease Agreement that you and any lessor must sign before entering into a lease for any Site.
<b>Manuals</b>	Our Manuals consisting of such materials (including, as applicable, extranet websites, online resources, audiotapes, videotapes, magnetic media, computer software and written materials) that we furnish to franchisees from time to time for use in operating a TA Express Center including but not limited to our Confidential Operations Manual, covering the TA Express System and TA Express System Standards.

<b>Term</b>	<b>Definition</b>
<b>Marks</b>	Certain trademarks, trade names, service marks, and other commercial symbols used in the operation of the TA Express Centers, including but not limited to the trade and service marks “TA Express”, “Travel Centers of America®”, “TA”, “Road King®”, “Truckstops of America®”, and “TA TravelCenters of America®”, as applicable, and other associated logos, copyrighted works, designs, trade dress, trademarks, service marks, commercial symbols, and e-names, which will gain or have gained and continue to gain public acceptance and goodwill, and additional trademarks, service marks, e-names, copyrighted works and commercial symbols we may create, use and license in conjunction with the operation of TA Express Centers.
<b>Motor Fuel</b>	Motor Fuel includes approved gasoline, Diesel Fuel, ethanol, and other fuel blends sold at your TA Express Center.
<b>Motor Fuel Gross Sales</b>	All Gross Sales of Motor Fuel at your TA Express Center.
<b>Non-Fuel Gross Sales</b>	All Gross Sales excluding Motor Fuel Gross Sales.
<b>Non-QSR Gross Sales</b>	All Non-Fuel Gross Sales, excluding QSR Gross Sales.
<b>Opening Date</b>	The date your TA Express Center opens for business.
<b>Opening Deadline</b>	The date that is twenty four (24) months from the Agreement Date.
<b>Operating Assets</b>	All assets, properties and rights, whether tangible or intangible, whether real, personal or mixed, used or usable in the operation of your TA Express Center, including but not limited to, fixtures, furniture, equipment, supplies, inventory, personal property, raw materials, packaging materials, parts, computer systems, licenses, authorizations, permits, approvals, contracts, intangible rights, books and records, accounts and accounts receivable.
<b>Owner</b>	Any Person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another Person (or a transferee of this Agreement or an interest in you), including any Person who has a direct or indirect interest in you or this Agreement and any Person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in your revenue, profits, rights or assets.

Term	Definition
<b>Owners Statement</b>	The list of Franchise Owners and related information set forth as <u>Exhibit “A”</u> to this Agreement.
<b>Ownership Interests</b>	Ownership Interests in relation to (i) a corporation, are the legal or beneficial ownership of shares in the corporation; (ii) a partnership, are the legal or beneficial ownership of a general or limited partnership interest; (iii) a limited liability company, are the legal or beneficial ownership of units or membership interests in the limited liability company; or (iv) a trust, are the ownership of a beneficial interest of such trust.
<b>Person</b>	Any individual or Business Entity.
<b>Personnel</b>	All employees, officers, directors and independent contractors of, employed by, or contracting with you or your Affiliates.
<b>Preferred Vendors</b>	One or more Approved Suppliers we designate from time to time as an exclusive supplier or the exclusive supplier of types, models or brands of Products, Services or Operating Assets that we approve for TA Express Centers.
<b>Principal Owner</b>	An Owner which: <ul style="list-style-type: none"> <li>(i) is a general partner in you; or</li> <li>(ii) has a direct or indirect equity interest in you of five percent (5%) or more (regardless of whether such owner is entitled to vote therein); or</li> <li>(iii) is designated as a Principal Owner in <u>Exhibit “A”</u> of this Agreement.</li> </ul>
<b>Products</b>	The Proprietary Supplies and other products, supplies, materials and equipment that we designate or approve for use and sale by your TA Express Center.
<b>Proprietary Supplies</b>	The items you must purchase from our Approved Suppliers and use in operating your TA Express Center, which <u>are proprietary to the TA System or its Affiliates, incorporate our trade secrets, bear any of the Marks including employee clothing, uniforms, stationary, forms, Products and advertising materials, or are otherwise designated as such by us from time to time.</u>
<b>Protected Area</b>	The geographic area described in <u>Exhibit “C”</u> to this Agreement, if any, in which your territorial protections apply.

<b>Term</b>	<b>Definition</b>
<b>QSR Gross Sales</b>	All Gross Sales derived from a nationally or regionally branded quick service restaurant (“QSR”) operated at the TA Express Center (including by way of clarification anywhere on the Site), for which you are required to make royalty payments to a third party.
<b>Services</b>	One of more of the following services offered to the public at, originating from, or in connection with a TA Express Center: Motor Fuel pumping services, generation, storage, and distribution of other fuels or energy sources (including but not limited to electricity), truck maintenance and repair services (including on-site maintenance and repair at your TA Truck Service Shop and off-site services in connection with the TA Truck Service Emergency Roadside Assistance Program and TA Truck Service Mobile Maintenance Program), a full-service restaurant, approved franchised quick service restaurants, a convenience store, showers, laundry facilities, recreation rooms, truck weighing scales and such other services deemed compatible by us, in our sole discretion.
<b>Site</b>	The location of your TA Express Center as described in <u>Exhibit “C”</u> to this Agreement.
<b>TA Center(s)</b>	Full service travel centers and truck stop service facilities which offer all the Products and the Services set forth in the TA System (including but not limited to a TA Truck Service Shop, laundry facilities, and a driver’s lounge) and which use our Marks but operate under a separate form of agreement.
<b>TA Express Center(s)</b>	Limited-service travel center and truck stop service facilities which operate on a reduced scale and are typically located on a smaller parcel than a traditional full service TA Center. TA Express Centers do not necessarily offer all the Products and Services offered at a full service TA Center (the range of Products and Services offered at any TA Express Center are subject to our approval and modification on a case-by-case basis in our sole discretion). TA Express Centers use our Marks and operate under this Agreement.

Term	Definition
<b>TA Express System</b>	A collection of procedures, policies, standards, specifications, controls and other distinguishing elements for the establishment and operation of TA Express Centers. The distinguishing characteristics of the TA Express System include, without limitation, marks and distinctive business formats; advertising and promotional programs; methods; procedures; designs; trade dress; standards and specifications; accounting methods; sales techniques; use of approved, proprietary and other products; intellectual property owned or licensed to us; equipment and specifications for authorized equipment and supplies; methods of inventory and operations control; proprietary and other computer systems and certain business practices and policies all of which we (or our Affiliates) may improve, further develop or otherwise modify from time to time.
<b>TA Express System Standards</b>	The <del>mandatory and suggested</del> specifications, standards, operating procedures and rules that we prescribe from time to time for the operation of TA Express Centers and information relating to your other obligations under this Agreement and related agreements.
<b>TA Truck Service Emergency Roadside Assistance Program</b>	Our program for offering and dispatching roadside truck repair and emergency roadside services from TA Express Centers.
<b>TA Truck Service Mobile Maintenance Program</b>	Our program for offering mobile fleet maintenance services at customer locations.
<b>TA Truck Service Shop</b>	A truck repair and maintenance facility developed and operated in compliance with TA Express System Standards.

Term	Definition
<b>Tax or Taxes</b>	Federal, state, local or foreign net income tax, alternative or add-on minimum tax, fuel tax, franchise tax, gross income, adjusted gross income or gross receipts tax, employment related tax (including employee withholding or employer payroll tax, FICA, or FUTA), ad valorem, transfer, franchise, license, excise, severance, stamp, occupation, premium, personal property, real property, capital stock, profits, disability, registration, value added, estimated, customs duties, and sales or use tax, or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest, penalty, addition to tax or additional amount imposed with respect thereto by a Governmental Authority, whether as a primary obligor or as a result of being a “transferee” (within the meaning of applicable law) of another person or as a result of being a member of an affiliated, consolidated, unitary or combined group.
<b>Term</b>	The period that ends 10 years from the Agreement Date.

## 2. INTRODUCTION.

2.1 The TA Express Centers System. We, our predecessors and our Affiliates have expended considerable time, skill and effort in developing the TA Express Centers and the TA Express System. We use, promote and license the Marks in the operation of TA Express Centers. In order to maintain the goodwill associated with the Marks, all TA Express Centers must operate as part of our TA Express System in accordance with the Manuals and TA Express System Standards, all of which we may improve, further develop, or otherwise modify from time to time.

~~2.2 Acknowledgments.~~ You acknowledge and agree that:

~~(a) you have read this Agreement and if required by applicable law our Franchise Disclosure Document;~~

~~(b) you understand and accept~~ the terms, conditions and covenants contained in this Agreement ~~as being~~ are reasonably necessary to maintain our high standards of quality and service and the uniformity of those standards at each TA Express Center and to protect and preserve the goodwill of the Marks;

~~(c) you have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a TA Express Center may evolve and change over time;~~

~~(d) an investment in a TA Express Center involves business risks;~~

~~(e) your business abilities and efforts are vital to the success of the venture and the success or failure of your TA Express Center is predominately based on your skills in operating and managing it;~~

~~(f) any information you acquire from other TA Express Center franchisees relating to their sales, profits or cash flows does not constitute information obtained from us, nor do we make any representation as to the accuracy of any such information;~~

~~(g) in all of their dealings with you, our officers, directors, employees and agents act only in a representative, and not in an individual, capacity; and~~

~~(h) we have advised you to have this Agreement reviewed and explained to you by an attorney.~~

2.2 ~~2.3~~ Representations. Our approval of your request to purchase a Franchise is made in reliance on all of your representations and warranties. ~~Any violation of these representations or warranties, by you or your owners, or your or your owners' agents or employees, will constitute grounds for immediate termination of this Agreement and any other agreements you have entered into with us or any of our Affiliates.~~ As an inducement to our entry into this Agreement, you represent and warrant to us that:

(a) all statements you have made and all materials you have submitted to us in connection with your purchase of the Franchise, including with respect to your experience, qualifications, other business activities, and finances, are accurate and complete and that you have made no material misrepresentations or material omissions in obtaining the Franchise;

(b) you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the TA Express Center and not engage in any other business or activity that conflicts with your obligations to operate the TA Express Center in compliance with this Agreement;

(c) there are no judgments outstanding against you or any of your Owners or Affiliates and there are no lawsuits, arbitrations, or claims pending or, to your knowledge, threatened against any of the foregoing and you will promptly notify us if any lawsuits, arbitrations, or claims are made, filed, or threatened against you or any of your Owners during the Term; and

(d) you will comply with and/or assist us to the fullest extent possible in our efforts to comply with all present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority.

~~2.4 No Warranties. We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guaranty, express or implied, as to the revenues, sales, profits or success of the business venture contemplated by this Agreement or the extent to which we will continue to develop and expand the TA Express System. You acknowledge and understand the following:~~

~~(a) any statement regarding the potential or probable revenues, sales or profits of the business venture, or of any services, benefits or commitments we are to make available to you are made solely in the Franchise Disclosure Document delivered to you prior to signing this Agreement;~~

~~(b) any statement regarding the potential or probable revenues, sales or profits of the business venture or statistical information regarding any existing TA Express Center owned by us or our Affiliates or that is not contained in our Franchise Disclosure Document is unauthorized, unwarranted and unreliable and should be reported to us immediately; and~~

~~(c) you have not received or relied on any representations about us or our franchising program or policies made by us, or our officers, directors, employees or agents, that are contrary to the statements made in our Franchise Disclosure Document or to the terms of this Agreement. If there are any exceptions to any of the foregoing, you must: (i) immediately notify us; and (ii) note such exceptions by attaching a statement of exceptions to this Agreement prior to signing it.~~

2.3 ~~2.5~~ TA Express Center Organization. If you are a Business Entity, you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) that at all times during the Term of this Agreement, your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the Owners Statement will completely and accurately describe all of your Owners and their interests in you. A copy of our current form of Owners' Statement is attached to this Agreement as Exhibit "A";

(d) you and your Owners agree to revise the Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our prior written approval);

(e) when you sign this Agreement, each of your Principal Owners and their spouses will sign and deliver to us our standard form of Principal Owner's Guaranty attached to this Agreement as Exhibit "B", undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. All Persons that become Principal Owners following the date of this Agreement and their spouses will promptly execute and deliver to us the Principal Owners Guaranty; and

(f) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your Owners (including but

not limited to articles of incorporation or organization and partnership, operating or shareholder agreements).

### **3. GRANT AND TERM.**

3.1 Grant of Franchise. You have applied for a Franchise to own and operate a TA Express Center at the Site. Reference to the Site in this Agreement includes the TA Express Center. Subject to the terms of and upon the conditions contained in this Agreement, we grant you a Franchise to:

- (a) operate the TA Express Center located only at the Site (and no other locations);
- (b) market the Products and Services;
- (c) use the applicable Marks in connection with operating the TA Express Center;
- (d) use the TA Express System in the operation of your TA Express Center; and
- (e) offer through the TA Express Center only the Products and Services, and no others.

3.2 Term. The term of the Franchise and this Agreement is the Term. This Agreement may be terminated before it expires, as provided herein.

3.3 Protected Area. So long as you are in compliance with this Agreement and subject to the rights we reserve in Section 3.4 below, from and after the Agreement Date, we will not grant to others the right to operate a TA Express Center from any location, fixed or permanent, at the Site or within the Protected Area (if any). If no Protected Area is designated in Exhibit "C", then you have no territorial protection rights for your Franchise.

3.4 Rights We Reserve. We and our Affiliates retain the right in our sole judgment to grant ourselves or grant others the right to do anything that is not expressly granted to you exclusively in this Agreement, including without limitation:

- (a) to grant licenses or franchises to others to own, establish, or operate TA Centers or TA Express Centers, or to own, establish, and operate TA Centers or TA Express Centers anywhere, except your Protected Area (if any);
- (b) to establish, own or operate, or to grant licenses or franchises to others to establish, own, or operate, any business, truck stop, or travel center (including but not limited to a Petro Center or Petro Stopping Center) other than a TA Center or TA Express Center, within or outside the Protected Area (if any), and in connection therewith to use without limitation, the same, similar, combined or co-branded fleet, sales, billing, warranty, road side assistance, loyalty, or marketing programs as we make available to you.

(c) to sell, and provide the Products and Services authorized for sale by TA Centers or TA Express Centers under the Marks or other trade names, trademarks, service marks and commercial symbols at all locations (including but not limited to the provision of truck repair services at a customer's site or by the roadside within or outside your Protected Area (if any)), or through similar or dissimilar channels which are not accessible by a TA Center or a TA Express Center (like telephone, mail order, kiosk, co-branded sites, or through alternative channels of distribution, Intranet, Internet, web sites, wireless, email or other forms of e-commerce) for distribution within or outside of your Protected Area (if any) and pursuant to such terms and conditions as we consider appropriate;

(d) to provide or to grant licenses or franchises to others to provide Services in connection with the TA Truck Service Emergency Roadside Assistance and TA Truck Service Mobile Maintenance Program within or outside of your Protected Area (if any) and pursuant to such terms and conditions as we consider appropriate;

(e) to franchise, license or allow any Person who purchases or assumes the operation of more than one TA Center or TA Express Center to rebrand such Person's other existing facilities as a TA Center or TA Express Center, with the Marks, a "TA" brand or any other Mark, even if such facilities are located within the Protected Area (if any);

(f) to acquire, as part of a single transaction, three (3) or more truckstops or travel centers from the same or related Persons, one or more of which truckstops or travel centers is located within your Protected Area (if any), and operate each such acquired truckstops or travel centers as Company operated, or franchise or license to another Person the right to operate such acquired truckstops or travel centers as TA Centers or TA Express Centers, using the Marks, or any other mark, and participating in the TA Express System, including, but not limited to, programs we make available to you;

(g) to merge, acquire, joint venture or affiliate with any existing franchise system or business, whether competitive or not;

(h) to operate any other franchise systems or business for the same, similar or different Products or Services under any name or mark, and in connection therewith to use without limitation the same, similar, combined or co-branded fleet, sales, billing, warranty, roadside assistance, loyalty or marketing programs as we make available to you, and to grant franchises and licenses without providing you any additional rights; and

(i) if your TA Express Center does not have a TA Truck Service Shop developed and operating pursuant to the TA Express System, then to establish, own or operate, or to grant licenses or franchises to other to establish, own or operate a TA Truck Service Shop or another truck repair facility, including a facility that utilizes the Marks and/or portions of the TA Express System, in your Protected Area (if any).

If a TA Truck Service Shop is placed in your Protected Area, as contemplated above, you will not be permitted to develop or operate a TA Truck Service Shop or otherwise offer truck repair services from or at your TA Express Center.

#### 4. SITE SELECTION; LEASE OR SITE ACQUISITION.

##### 4.1 Site Selection.

(a) **Site.** Without our prior written consent, you may not operate the TA Express Center from any location other than the Site. You (with or without our assistance) must, locate a site that we (in our sole judgment) have approved. If you and we have agreed on a Site as of the Agreement Date, it will be designated on Exhibit "C" at this time. Otherwise, the site will be designated on Exhibit "C" upon our approval of the Site. The Site must meet our criteria for the location of a TA Express Center (which may or may not include demographic characteristics, traffic patterns, parking, competition from and proximity to other businesses and other TA Express Centers and other commercial characteristics and the size, appearance and other physical characteristics of the proposed Site, and any other factors or characteristics we consider appropriate). For each Site selection visit you request to obtain our approval, you must reimburse us our reasonable travel, hotel and meal expenses for such visits. Our criteria, and our evaluation of them, may vary periodically and from location to location. If you and we are unable to agree on a location for the Site, or you have not obtained a fee interest in, or a fully signed lease agreement for, the Site, within 90 days of the Agreement Date, we may terminate this Agreement. Before entering into any lease for a Site (including the building or improvements comprising the TA Express Center), you and the lessor must sign our then-current form of Lease Assignment. You must provide the lessor our form of Lease Assignment, attached hereto as Exhibit "D", when you begin negotiations with the prospective lessor. We will approve or disapprove a Site you propose within 30 days after we receive from you a complete site report and any other materials we request. If you have not heard from us within such 30-day period, the Site is deemed disapproved. No Site will be deemed approved by us until we provide to you Exhibit "C" with that Site designated in it and Exhibit "C" is signed by both you and us. You may not commence operations at any Site unless and until we have approved the Site.

(b) **Relocation of the Site.** If the lease expires or terminates for a reason outside of your control, if the Site is destroyed, condemned or otherwise rendered unusable as a TA Express Center in accordance with this Agreement, or if in our sole judgment, there is a change in character of the location of the Site sufficiently detrimental to its business potential to warrant the TA Express Center's relocation, we will permit you to relocate the TA Express Center to another Site location within the Protected Area (if any), provided that you comply with all of our TA Express System Standards for a Site relocation and such relocation Site meets are then-current Site criteria for relocation Sites. If we consent to the TA Express Center's relocation, we have the right to charge you for the expenses we incur in connection with the relocation and finding a relocation Site.

4.2 Acknowledgements Regarding Area of Operations. You acknowledge and agree that:

(a) our recommendation or approval of the Protected Area (if any) or Site and any information regarding the Protected Area (if any) or Site communicated to you, do

not constitute a representation or warranty of any kind, express or implied, as to the suitability of the Protected Area (if any) or Site for a TA Express Center or for any other purpose; and

(b) our recommendation or approval of the Protected Area (if any) or Site indicates only that we believe that the Protected Area (if any) or Site falls within the acceptable criteria for sites and areas that we have established as of the time of our recommendation or approval of the Protected Area (if any) or Site.

#### 4.3 Leases.

(a) **Lease of Site.** You must acquire premises for the TA Express Center. At your option, you may lease the Site or acquire it by other means.

(b) **Lease Approval.** You must obtain our approval of the lease(s) (if any) (each a “Lease”) before you sign it, or any renewal of it. You must also deliver a copy of each signed Lease to us within 15 days after its execution along with the Lease Assignment. You must not sign any Lease or renewal of a Lease unless you have also obtained the Lease Assignment signed by the lessor. Our review and approval of the Lease is solely to ensure that the Lease contains terms that we accept or require for our benefit and the TA Express System; it is not a substitute for careful review and analysis by you and your advisors. Our approval of the Lease does not constitute a warranty or any assurance that the Lease contains terms and conditions for your benefit nor that the location will be successful. You agree and acknowledge that you are solely responsible for negotiating the Lease and ensuring that its terms and conditions meet your interests and objectives.

(c) **Mandatory Lease Terms.** We may require that any Lease or any renewal contain certain provisions that:

- (i) expressly permit or require the lessor to provide us with all revenue information and other information it may have related to the operation of your TA Express Center as we may request at any time;
- (ii) require the lessor to contemporaneously provide us with copies of any written notice of default under the Lease sent to you and which grants to us, at our option, the right (but not the obligation) to cure any default under the Lease (should you fail to do so) within 15 days after the expiration of the period in which you may cure the default;
- (iii) in the event of your default of the Lease or this Agreement, and upon written notice from us (the “Assignment Notice”) the Lease will, at our option, be assigned to us, we will become the lessee, we will be liable for all obligations under the Lease accruing once we take possession, you will promptly cooperate in vacating the premises and the landlord will recognize us as the lessee as of the date of the Assignment Notice and we will have the right to assign

our rights and obligations hereunder to an Affiliate or our designee;

- (iv) authorize your right to display the Marks in accordance with the specifications required by the Manuals, subject only to the provisions of applicable law;
- (v) limit the use of the Site to the operation of the Franchise;
- (vi) require that any lender or other Person will not disturb your possession of the TA Express Center (or any aspect of it) so long as the lease term continues and you are not in default (along with such documents as are necessary to ensure that such lenders and other Persons are bound);
- (vii) a Lease term which is at least equal to the Term, either through an initial term of that length or rights, at your option, to renew the lease for the Term;
- (viii) the Lease cannot be modified without our prior written approval;
- (ix) the Lease or a memorandum of the Lease may be recorded by us; and
- (x) that lessor acknowledges that the Lease is subordinate to the terms of this Agreement and that the Lease is not subordinate, and shall not become subordinate, to any lien without our advance written consent.

(d) **Indemnification.** You agree to indemnify and hold us and our Affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action in which any of them are named as a party or in which any of them may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease upon demand by us.

(e) **Default.** If you breach or default under the Lease, or if we pay the Lessor any money as a result of your breach of the Lease, then you will be in breach of this Agreement, and we will be entitled to possession of the Site as described in this Section, and to all of your rights, title and interest in the Lease, without limitation on any other remedies available to us under this Agreement, at law or in equity, or under any other agreements between you and us. This Agreement constitutes a lien on your interest in the Lease until satisfaction in full of all amounts you owe us. In addition, our rights to assume all obligations under the Lease are totally optional on our part, to be exercised in our sole judgment.

(f) **No Subordination or Assignment.** You will not permit the Lease to become subordinate to any lien without first obtaining our written consent, which may be given or withheld in our sole discretion. You agree not to pledge any portion of your interest in the Lease to a lender without our consent. Our consent will not be unreasonably withheld where the lender agrees to subordinate its lien to our rights under this Agreement, including our right of first refusal and purchase right. You will not terminate, modify or amend any of the provisions or terms of the Lease without our prior written consent. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

4.4 **Ownership and Financing of Site.** Instead of leasing the Site, you may propose to purchase and own part, any or all of a Site, yourself or through Affiliates. The form of such a transaction, including participation by your Affiliates, must be approved by us. If at any time prior to acquisition, or subsequently, you or your Affiliates propose to obtain any financing with respect to the Site and the Franchise or the Operating Assets are used to secure your financing, then the form of any loan agreement with, or mortgage in favor of, any lender and any related documents, must be approved by us before you sign them (an "Approved Financing"). Our consent may be conditioned upon the inclusion of various terms and conditions of the loan agreement, mortgage and/or related documents (the "Loan Documents"), including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your Affiliates;

(b) a provision granting us, at our option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should you fail to do so) within 15 days after the expiration of a period in which you may cure such default or deficiency;

(c) the loan to value ratio (the amount of the loan as a percentage of the appraised value of the Collateral) shall be no higher than 80%; and

(d) we shall have the right to record a memorandum describing our rights under this Agreement, in the form attached hereto as Exhibit "E" (the "Memorandum of Right of First Refusal and Right to Buy").

In the event that the terms of any financing you seek to obtain require us to be made a party to any document relating to the financing, we retain the right to approve, in advance, any provisions affecting us in any such documentation, which provisions shall be in form acceptable to us (in our sole discretion) and our counsel. Any and all costs and expenses, including reasonable attorneys fees, incurred by us in connection with the review or negotiation of the Loan Documents and the negotiation of any subordination agreement, shall be promptly paid by you. In addition, you must pay us a \$5,000.00 financing review fee in connection with our review of any Loan Documents. We will typically complete our review of Loan Documents within two (2) weeks of your submission of a full and complete set of Loan Documents.

## 5. TA EXPRESS CENTER DEVELOPMENT; SECURITY INTEREST.

### 5.1 Development.

(a) **Plans.** You are obligated at your expense to develop and equip the TA Express Center in accordance with all of our required plans, space plans, and specifications to suit the use, shape and dimensions of the TA Express Center (“Development Plans”) and to ensure that such Development Plans and specifications comply with applicable ordinances, codes and permit requirements, and TA Express System Standards. If you are converting an existing travel center to a TA Express Center ([a Conversion Development, as indicated on Exhibit “C”](#)), then the Development Plans will show the necessary changes and upgrades required to convert the Site to a TA Express Center. In addition to all of the other requirements set forth herein and pursuant to the TA Express System Standards, the TA Express Center must be developed in accordance with the minimum requirements set forth at [Exhibit “C”](#) (the “Minimum Requirements”). We reserve the right to revise or increase the Minimum Requirements from time to time in our sole discretion, upon prior notice to you.

(b) **Changes.** We may make changes to the Development Plans that we specify from time to time during the development of the TA Express Center. You and your respective vendors and service providers must not begin development, remodeling or otherwise construct the TA Express Center until we have approved the Development Plans. Our changes to the Development Plans during the build-out or development of your TA Express Center may result in increased costs to you, and you agree to be responsible for such increased costs. You and your respective vendors and services providers must make no changes to the approved Development Plans unless such changes are presented to and approved by us.

(c) **Compliance with Laws.** You are solely responsible for complying with all laws, ordinances, rules and regulations relating directly or indirectly to the development and operation of the TA Express Center, including any laws, rules or regulations regarding public accommodations for Persons with disabilities. For example, we may require you to hire your own architect to review and approve the Development Plans. You are solely responsible for any and all claims, liabilities, costs and images relating to non-compliance or alleged non-compliance with any such laws, rules, ordinances or regulations, and you must remedy, at your expense, any such non-compliance or alleged non-compliance. We will not approve any service provider or supplier to you (e.g., architects, builders, designers, etc.) unless they, at our option, agree to assign to us the plans, drawings or designs, used by you in connection with their manufacture or modification of the TA Express Center, or at our option, their agreement to license to us such plans, drawings or designs for use in connection with TA Express Centers.

(d) **Diligent Efforts.** You must, at all times, make good faith diligent efforts to develop and open the TA Express Center in a timely manner, including by promptly, expeditiously, and continuously working to: (i) obtain any necessary financing (pursuant

to Section 4.4); (ii) obtain all governmental permits and approvals; and (iii) commence and complete construction.

5.2 TA Express Center Opening. You agree not to open the TA Express Center or any other aspect of the TA Express Center for business until:

(a) we approve the TA Express Center as developed, including any alterations to the Development Plans made by you, and you have acquired an opening inventory sufficient to meet our TA Express System Standards;

(b) your Managing Owner and managers have completed training, regarding the TA Express System and TA Express System Standards, to our satisfaction as set forth in Section 6;

(c) pre-opening training of Personnel at the Site, regarding the TA Express System and TA Express System Standards, has been completed to our satisfaction;

(d) the Franchise Fee and all other amounts then due to us, your landlord, governmental authorities and your suppliers including Approved Suppliers, have been paid;

(e) you have obtained all required building, utility, sign, health, sanitation, business permits, certificates and licenses required to operate the TA Express Center;

(f) we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept;

(g) we have received signed counterparts of all required documents pertaining to your acquisition or lease of the TA Express Center (including any required agreements between you and us); and

(h) we have provided you with written authorization to open the TA Express Center for business.

5.3 Opening Deadline. You agree to open the TA Express Center for business by the Opening Deadline. If you are undertaking New Construction Development (as identified in Exhibit "C") and open the TA Express Center for business in advance of the Opening Deadline, we will credit you \$4,000 for each full 30 day period you are open prior to the Opening Deadline (with a maximum credit of \$48,000) (the "Early Opening Incentive"). If the TA Express Center is being opened in connection with the second and third Franchise Agreements you or your Affiliates execute with us, the Early Opening Incentive will be reduced to \$3,000 for each full 30 day period you are open prior to the Opening Deadline (with a maximum credit of \$36,000). If the TA Express Center is being opened in connection with the fourth or any subsequent Franchise Agreement you or your Affiliates execute with us, the Early Opening Incentive will be reduced to \$2,000 for each full 30 day period you are open prior to the Opening Deadline (with a maximum credit of \$24,000). Subject to you otherwise complying with your obligations under the Franchise Agreement, any Early Opening Incentive Payment will be credited against the Royalties due under the Franchise Agreement. Notwithstanding anything herein to the contrary,

the Early Opening Incentive is only available to you if you are undertaking New Construction Development. If you are undertaking Conversion Development, you will not be entitled to any Early Opening Incentive.

5.4 Extensions to Opening Deadline. We may, in our sole discretion, agree in writing to extend the Opening Deadline, subject to your payment of an extension fee in accordance with our then current extension policies. Security Interest/Assignment.

(a) **Grant:** By signing this Agreement you:

- (i) grant to us, a first priority security interest in the Collateral, which interest we will agree to subordinate to an Approved Financing, which has met the requirements set forth in Section 4.4, in the form of an agreement with your lender that we approve. The security interest you grant to us in the Collateral secures your payment and performance of all of your obligations, claims, debts, duties, liabilities conditions and terms, expenses and future advances to you or your Affiliates and those amounts which may be incurred by us in connection with the administration or collection of any of your obligations under or in connection with the Agreement;
- (ii) agree to sign and deliver to us all other documents and take all other steps, acts and measures that may be necessary to ensure that we are able to fully perfect a first priority security interest in the Collateral;
- (iii) consent to any notices given by us or our Affiliates to other creditors designed to perfect our security interest and to grant us first priority. You agree to authorize us to file, in jurisdictions where this authorization will be given effect, a UCC-1 Financing Statement signed only by us describing the Collateral in the same manner as described in this Agreement. You agree to sign (if required by law) and deliver to us for filing additional financing statements and any other documents necessary or desired by us for us to establish or maintain a valid security interest in the Collateral (free and clear of all other liens and claims whatsoever), including deposit with us of any certificate of title issuable with respect to the Collateral and notation on that title of this security interest; and
- (iv) if you lease any of the Collateral, agree to sign and deliver to us our standard form of Lease Assignment.

(b) **Exercise of Remedies.** In any case of your default under the terms of the Lease, the Lease Assignment or the Loan Documents, we are entitled to exercise any one or more of the following remedies in our sole discretion:

- (i) to take possession of the Site or other Collateral or any part thereof, personally, or by our agents, employees or attorneys;
- (ii) to, in our discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the TA Express Center, together with the Collateral, including all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;
- (iii) to exclude you and your Personnel from the Site or other Collateral;
- (iv) as attorney-in-fact for you, or in our own name, and under the powers herein granted, to hold, operate, manage and control the TA Express Center and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, granting full power and authority to us to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;
- (v) to cancel or terminate any unauthorized agreements or subleases entered into by you, for any cause or ground which would entitle us to cancel the same;
- (vi) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site that may seem judicious, in our sole judgment;
- (vii) to insure and reinsure the same for all risks incidental to our possession, operation and management thereof; and/or
- (viii) notwithstanding any provision of this Agreement, to declare all of your rights, but not obligations under this Agreement, to be immediately terminated as of the date of your default under the Lease, the Lease Assignment or the Loan Documents.

(c) **Power of Attorney.** You irrevocably appoint us as your true and lawful attorney-in-fact in your name and stead and hereby authorize us, upon any default under your Lease, the Lease Assignment or the Loan Documents or under this Agreement, with or without taking possession of the Site or any other Collateral under the Lease, to rent, lease, manage and operate the Site or any other Collateral under the Lease to any Person, firm or corporation upon such terms and conditions as, in our discretion, we may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as we would have upon taking possession of the Site or any other Collateral under the Lease pursuant to the provisions set forth in the Lease. The power of attorney conferred upon us pursuant to this Agreement is a power coupled

with an interest and cannot be revoked, modified or altered without our prior written consent.

## **6. TRAINING AND ASSISTANCE.**

6.1 Training of Managing Owner and Managers. You must ensure that the Managing Owner, as described in Section 7.11, and your TA Express Center managers, as described in our Manuals, and such other Persons as we designate from time to time, complete our training programs regarding the TA Express System and TA Express System Standards to our satisfaction.

6.2 Pre-Opening On-Site Training and Opening Assistance. We will send trainers to your Site prior to the Opening Date to assist in training your Personnel regarding the TA Express System and TA Express System Standards and to otherwise provide opening assistance. You must reimburse us for our actual costs in connection with this training and opening assistance, including but not limited to the wages and travel and living expenses of our trainers.

6.3 Computer System Installation. We will send information technology personnel to your Site prior to the Opening Date to provide assistance in installing and setting-up certain aspects of your Computer System.

6.4 Additional Training. We may require you, your Managing Owner, or your TA Express Center managers to attend, at your expense, periodic training courses or training conferences at such times and locations that we designate, and we may charge then-current fees for such courses. These additional trainings will provide necessary updates regarding the TA Express System and TA Express System Standards. We may also provide additional voluntary training that you or other Persons may take at your option, and we may charge our then current fees for this additional training.

6.5 General Guidance. We may advise you from time to time regarding the operation of the TA Express Center based on reports you submit to us or inspections we make. We will furnish you with:

- (a) standards, specifications and operating procedures and methods utilized by TA Express Centers;
- (b) guidance in connection with your purchasing of required fixtures, furnishings, equipment, signs, products, materials and supplies;
- (c) types of and procedures for Services and Products;
- (d) lists of Approved Suppliers and Approved Vendors;
- (e) advertising and marketing programs; and
- (f) training in the TA Express System and TA Express System Standards, as detailed herein.

Such items will, in our sole judgment, be furnished in our Manuals, bulletins or other written materials and/or during telephone consultations, e-mails, web-based or other electronic means and/or consultations at our office or your TA Express Center. You must comply with all of the items described in this Section 6.3. At your request, we will furnish reasonable guidance and assistance, as detailed in this Agreement, and, in such a case, may charge the per diem fees and charges we establish from time to time. Notwithstanding anything herein to the contrary, we will not advise you regarding any matters governing the essential terms and conditions of your employer/employee relationships. Nothing in this Agreement shall give us the ability to hire, fire or discipline your employees, affect their compensation or benefits, or provide supervision or direction, nor will we endeavor to do so.

## **7. OPERATION OF TA EXPRESS CENTER AND TA EXPRESS SYSTEM STANDARDS.**

7.1 Manuals. We will loan you during the Term, one copy of the Manuals. The Manuals may be provided to you in electronic form and by any means of e-commerce we designate. The Manuals will contain, among other things, TA Express System Standards that we prescribe from time to time for the operation of a TA Express Center and information relating to your other obligations under this Agreement and related agreements. You agree to follow the standards, specifications and operating procedures we establish or revise periodically for the TA Express System as described in the Manuals. You also must comply with all updates and amendments to the TA Express System as described in newsletters or notices we distribute, including via computer systems. You must maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. The Manuals may be modified, updated and revised from time to time to reflect changes in TA Express System Standards. You agree to keep your copy of the Manuals (in hard copy or electronic form) current and in a secure location and by secure means at the TA Express Center. In the event of a dispute relating to its contents, the master copy of the Manuals we maintain at our principal office (or if via e-commerce, on our Computer System) will be controlling. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals. If your copy of the Manuals is lost, destroyed or significantly damaged, you agree to obtain a replacement copy at our then applicable charge.

7.2 Compliance with TA Express System Standards. You acknowledge and agree that your advertising, operation and maintenance of the TA Express Center in accordance with TA Express System Standards are essential to preserve our goodwill including the goodwill of the TA Express System and the Marks. Therefore, at all times during the Term, you agree to operate and maintain your TA Express Center in accordance with each and every TA Express System Standard, as we periodically modify and supplement them during the Term. You agree to comply with our TA Express System Standards prescribed from time to time in the Manuals, or otherwise communicated to you in writing or other tangible form. TA Express System Standards may regulate any one or more of the following with respect to the TA Express Centers:

- (a) design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out

leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;

(b) types, models and brands of required fixtures, furnishings, equipment, signs, software, materials and supplies;

(c) required or authorized Services and Products and product or service categories;

(d) designated or Approved Suppliers (which may include us [or our Affiliates](#)) of Operating Assets, Computer Systems, [Proprietary Supplies, Motor Fuel](#), Products and Services;

(e) Core Programs;

(f) terms and conditions of the sale and delivery of, and terms and methods of payment for, Products, materials, supplies and Services, that you obtain from us, Approved Suppliers, unaffiliated suppliers or others;

(g) sales, marketing, advertising, contests, loyalty and promotional programs and materials and media used in such programs;

(h) use and display of the Marks or Copyrights;

(i) staffing levels for the TA Express Center and matters relating to qualifications, training in the TA Express System and TA Express System Standards, dress and appearance of the Personnel;

(j) days and hours of operation of the TA Express Center;

(k) participation in market research and testing and product and service development programs;

(l) acceptance of or participation in credit cards, charge cards, gift cards, gift certificates, coupons, and other payment systems (including payment systems co-branded with our Affiliates) and check verification services or contests, give-aways, and the like;

(m) bookkeeping, accounting, data processing and record keeping systems, including software, and forms; methods, formats, content and frequency of reports to us of sales, revenue, financial performance and condition; and furnishing tax returns and other operating and financial information to us;

(n) types, amounts, terms and conditions of insurance coverage required to be carried for the TA Express Center and standards for underwriters of policies providing required insurance coverage; our protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage, except for workers' compensation and Employer Liability coverage, for the TA Express Center at your expense if you fail to

obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims;

(o) the maximum prices you may charge and advertise for certain Services or Products;

(p) complying with applicable laws; obtaining required licenses and permits; adhering to good business practices; observing high standards of honesty, integrity, fair dealing and ethical business conduct in all dealings with customers, suppliers and us; and notifying us if any action, suit or proceeding is commenced against you or the TA Express Center;

(q) regulation of such other aspects of the operation and maintenance of the TA Express Center that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and TA Express Centers;

(r) your acquisition and use of the Computer Systems we designate; and

(s) your compliance with and agreement to all of our e-mail, spam, copyright notice and takedown, privacy, intranet and internet, website, hyperlink, wireless, ~~hi-fi~~ / [wi-fi](#), Bluetooth, internet telephony, and other communications policies designated by us from time to time, regardless of the technology or media.

7.3 Modification of TA Express System Standards. We may periodically modify TA Express System Standards, which may accommodate regional or local variations as we determine, and any such modifications may obligate you to invest additional capital in the TA Express Center (“**Capital Modifications**”) and/or incur higher operating costs; provided, however, that such modifications will not alter your fundamental status and rights under this Agreement. You understand and acknowledge that our changes to TA Express System Standards may include, among other things, changes to the Marks, the TA Express Center facade and structure, Operating Assets, the Products and Services to be offered at the TA Express Centers, interior specifications and equipment. You agree to comply with these changes to TA Express System Standards. We agree to give you 60 days to comply with Capital Modifications we require, but if a Capital Modification requires an expenditure of more than \$15,000 we agree to give you four months from the date such request is made to comply with such Capital Modification. You are obligated to comply with all modifications to TA Express System Standards within the time period we specify. Capital Modifications are in addition to the costs you will incur to repair, replace or refurbish your TA Express Center, inventory, supplies, equipment and fixtures from time to time. Capital Modifications do not include any expenditures you must, or choose, to make solely in order to comply with applicable laws, or governmental rules or regulations.

7.4 ~~Proprietary Supplies~~Required Purchases. We may require that you purchase from us, or Approved Suppliers, the Proprietary Supplies. ~~We and/or Motor Fuel. Notwithstanding anything herein to the contrary, we may designate ourself or an Affiliate as the sole Approved Supplier of Proprietary Supplies and/or Motor Fuel and we~~ have no obligation to evaluate or consider alternative suppliers of Proprietary Supplies or Motor Fuel.

7.5 Approved Products. You must not sell Services, Products or other items or services at the TA Express Center or otherwise through the TA Express Center that we have not previously approved for sale. You must not, without our prior written consent, sell, dispense, give away or otherwise provide products or other items except by means of retail sales to customers at the TA Express Center. You must immediately implement changes to the Services, Products or other items requested by us. You must maintain an inventory of Products and capacity to perform the Services sufficient to meet the daily demands of the TA Express Center.

7.6 Approved Suppliers. We will only approve suppliers who demonstrate to our continuing reasonable satisfaction the ability to meet our standards and specifications; who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us and not thereafter disapproved. We will furnish to you a list of Approved Suppliers. If you desire to purchase or lease any unapproved product, supplies, service or equipment or purchase or lease any approved product, supplies, service or equipment from an unapproved supplier, you must notify us in writing and request approval. We have the right to require that our representatives be permitted to inspect the proposed supplier's facilities and test or evaluate the proposed supplier's product, supplies, service or equipment. We have the right to request that samples be delivered to us or to an independent testing facility chosen by us. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test will be paid by you or the supplier. We will, within thirty (30) days of receipt of a completed request and completion of the evaluation and testing, notify you in writing of our approval or disapproval of the supplier and/or the proposed product, supplies, service or equipment. We reserve the right, at our option, to reinspect the facilities of any such approved supplier and to re-test or re-evaluate any previously approved products, supplies, service or equipment and to revoke our approval upon the supplier's failure to continue to meet any of our then-existing supplier, product, equipment or service criteria, or as otherwise reasonably determined by us. We and our Affiliates may negotiate group or volume purchasing arrangements with Approved Suppliers. We and our Affiliates will be entitled to all rebates, bonuses and promotional benefits associated with those programs. We reserve the right to use any of our Affiliates' resources, including programs, services, and personnel, that we deem appropriate in our sole discretion.

7.7 Preferred Vendor Programs. In addition to our approval of Approved Suppliers, we may develop certain programs and terms under which we, our Affiliates, certain franchisees or others receive certain negotiated benefits or terms from Approved Suppliers ("**Preferred Vendor Programs**"). You must follow all of our policies and procedures for participation in or termination of Preferred Vendor Programs ("**Program Rules**"). We can refuse or terminate your participation in Preferred Vendor Programs without terminating this Agreement. Our Program Rules may include requirements that you must agree to only place or display at the TA Express Center (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve in connection with Preferred Vendor Programs. We may require, and certain Approved Suppliers we designate as Preferred Vendors may require, that you agree to enter into certain agreements with them (subject to our approval) in connection with our designation of them as Preferred Vendors or your participation in the preferred vendor program ("**Preferred Vendor Agreements**"). We may require that we be a party to such Preferred Vendor Agreements with Preferred Vendors.

7.8 Payments or Benefits to Us. You acknowledge and agree that: (a) monies, benefits or other remuneration that we receive in connection with your purchases of Proprietary Supplies, Approved Products, your participation in Preferred Vendor Programs or your purchases from Approved Suppliers is fair and appropriate compensation to us in connection with our active efforts to evaluate Preferred Vendors and Approved Suppliers, our ongoing efforts to monitor and evaluate whether they continue to meet our requirements for participation as Preferred Vendors and Approved Suppliers, our administration of Preferred Vendor Programs and our activities to continue to improve and enhance the TA Express System; and (b) such monies or remuneration are fully earned by us. We and our Affiliates may retain all revenue and other remuneration we receive from Approved Suppliers or Preferred Vendors without restriction (unless the supplier or vendor requires otherwise). We, in our sole judgment, may concentrate purchases with one or more Approved Suppliers or Preferred Vendors to obtain lower prices, advertising support and/or services for the benefit of us, our Affiliates and TA Express Centers, or for any other reason that we deem appropriate. We may establish supply facilities or servicing capabilities owned by us or our Affiliates which we may designate as an Approved Supplier or Preferred Vendor.

7.9 Computer Systems. You must provide your own network and telecommunications services, with technology we designate and you must utilize redundant “back-up” systems meeting our TA Express System Standards. You must use the computer systems, software, and services we specify in developing and operating the TA Express Center (the “Computer Systems”). We may require you to obtain specified Computer Systems and may modify specifications for any components of the Computer System or related services from time to time. Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer Systems during the Term. You agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer Systems (or additions or modifications). Within 30 days after you receive notice from us, you must obtain the components of the Computer Systems that we designate and require. The Computer Systems must be capable of connecting your TA Express Center’s Computer System with our Computer Systems so that we can review the results of your TA Express Center’s operations in accordance with this Agreement. We also have the right to charge you a systems fee (the “**Computer Systems Fee**”) for any proprietary software that we license to you and other maintenance and support services that we, or our Affiliates, furnish to you related to the Computer Systems. You agree to comply with the terms of any “terms of use,” “privacy policies,” “information security policies,” or “user rules” we may designate in our sole discretion relating to the Computer System and any website we designate. You recognize that certain components and proprietary technology utilized by the TA Express Center may be furnished to you pursuant to a sublicense or license we have obtained from a third-party owner, developer or manufacturer. You agree to take such actions and sign such documents as we reasonably may request on behalf of such third party in connection with such license or sublicense. You will also be required to install and maintain certain security software on your Computer Systems (such as virus protection, firewalls, and malware blockers) as designated by us from time to time. You must be Payment Card Industry (PCI) Data Security Standard (DSS) compliant and remain compliant at all times. You must submit the necessary documentation at least every calendar year to prove your compliance per our TA Express System Standards. We have the right to request proof of your PCI DSS compliance at any time.

7.10 Trade Accounts and Taxes. You must: (a) maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers including Approved Suppliers and Preferred Vendors promptly; and (b) timely pay all Taxes incurred in connection with your TA Express Center's operations. Your failure to do so is a material breach of this Agreement. If you fail to maintain your trade accounts in a current status, timely pay Taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such obligations on your behalf. If we elect to do so, then you must reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

7.11 Managing Owner. You must designate an individual to serve as the "Managing Owner" of the TA Express Center. The Managing Owner must devote full time and best efforts to the supervision and conduct of the development and operation of the TA Express Center. The Managing Owner shall assume responsibility for the TA Express Center's management, operation, and Personnel. The Managing Owner shall have authority over all business decisions related to your TA Express Center and must have the power to bind you in all dealings with us.

The Managing Owner must meet the following qualifications:

(a) The Managing Owner must own at least a 20% equity interest in you (if you are an entity) or in the TA Express Center if you are individuals;

(b) The Managing Owner must be a person approved by us who completes our initial training requirements regarding the TA Express System and TA Express System Standards and who must participate in and successfully complete all additional training regarding the TA Express System and TA Express System Standards as we may reasonably designate; and

If, at any time for any reason, the Managing Owner no longer qualifies to act as such, you must promptly designate another Managing Owner subject to the same qualifications listed above. Any sale or transfer of any portion of the Managing Owner's interest in you that would reduce the Managing Owner's equity interest or voting rights in you to less than 20% of the total is deemed a "transfer" of an interest and is subject to the terms and conditions of Section 16 hereof; and any failure to comply with such terms and conditions is a default by you under this Agreement. The initial Managing Owner is listed at Exhibit "A". Notwithstanding the foregoing, if you or your Affiliates are developing and operating multiple TA Centers or TA Express Centers, you need designate only one Managing Owner for your or your Affiliates' operation, not one for each TA Center or TA Express Center.

7.12 Personnel; Managers. The TA Express Center must, at all times be under the direct day-to-day supervision and control of managers, as specified in the Manuals. All managers must complete training regarding the TA Express System and TA Express System Standards (as set forth in Section 6) and be approved by us. If you change manager(s), you must immediately notify us and ensure that the new manager(s) promptly completes all training regarding the TA Express System and TA Express System Standards. All Personnel must meet every requirement imposed by applicable federal, state and local law and those required by us as a condition to their employment. All Persons you employ that have access to any of the

Confidential Information, including your managers, must sign a Confidentiality Agreement in the form attached hereto as Exhibit “F”. You are responsible to have such Confidentiality Agreement signed and sent to us before such Person is granted any access to Confidential Information. You are liable to us for any unauthorized disclosure of such information by any of your Owners, directors, employees, representatives or agents.

7.13 Interior and Exterior Upkeep. You must at all times maintain the TA Express Center’s interior and exterior and the surrounding area in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the TA Express Center established in the Manuals and by federal, state and local laws.

7.14 Hours of Operation. You must operate the TA Express Center 24 hours per day, 365 days per year, unless otherwise approved in advance in writing by us.

7.15 Leases, Sub-Leases, Franchises, and Management Agreements. You may not enter into a lease, sub-lease, franchise agreement, or management agreement with any third party in connection with any portion of the Site or your TA Express Center without providing us copies of the relevant agreements and related documents and obtaining our prior approval, which may be withheld or conditioned in our sole discretion. We reserve the right, in our sole discretion, to require that you delete, revise or insert provisions into such agreements, as we deem necessary to protect our rights under this Agreement. Once such an agreement is approved, you may not modify or amend it without obtaining our prior approval, which may be withheld or conditioned in our sole discretion.

7.16 Pricing. Subject to applicable law, you must comply with our minimum, maximum, and other pricing requirements for Products, Motor Fuel, and Services offered by the TA Express Center. You must also comply with our pricing methods and procedures, Core Programs, advertising and marketing promotions, and fleet, aggregator, and other Institutional Account pricing arrangements, including but not limited to all fuel pricing requirements.

7.17 Core Programs. You must participate in the Core Programs we develop from time to time, as set forth in the Manuals or otherwise communicated by us in writing. Failure to comply with any Core Program shall be a material default of this Agreement and grounds for termination of the Agreement pursuant to the provisions of Section 18.2(d).

7.18 TA Truck Service Emergency Roadside Assistance Program. If you have a TA Truck Service Shop, you must participate in the TA Truck Service Emergency Roadside Assistance Program, pursuant to the requirements of the program and TA Express System Standards. As part of the TA Truck Service Emergency Roadside Assistance Program, we (or our designee) maintain a call center through which service calls are routed. We (or our designee) reserve the right, in our sole discretion, to dispatch a TA Truck Service Emergency Roadside Assistance truck from any travel center or truck repair facility (which may include TA Centers, TA Express Centers, Petro Centers, TA Truck Service Shops, travel centers or facilities operated or franchised by us or our Affiliates, including TA Operating LLC and Petro Franchise Systems LLC) for a service call originating in your Protected Area (if any) without providing you any compensation.

7.19 TA Truck Service Mobile Maintenance. We reserve the right to designate the TA Truck Service Mobile Maintenance Program as a Core Program and require you to participate in it, so long as you have a TA Truck Service Shop. If you choose to participate in the TA Truck Service Mobile Maintenance Program (to the extent it is not designated as a Core Program) and we approve your participation or if we subsequently require you to participate in the TA Truck Service Mobile Maintenance Program as a Core Program, then you must do so in compliance with the program requirements and TA Express System Standards. Prior to providing any Services to a customer in connection with the TA Truck Service Mobile Maintenance Program, you must (a) obtain our written consent with respect to such customer; and (b) enter into an agreement with such customer on a form of TA Truck Service Mobile Maintenance Agreement approved by us. We and our Affiliates, including TA Operating LLC and Petro Franchise Systems LLC, reserve the right to provide or grant others (including our or Petro Franchise Systems LLC's other franchisees) the right to provide Services in connection with the TA Truck Service Mobile Maintenance Program to customers within your Protected Area (if any) without providing you any compensation.

## **8. INSURANCE.**

8.1 Insurance Required. During the Term, you must maintain in force, at your expense policies of insurance issued by carriers who are licensed and admitted to write coverage in the state where the Site is located and are rated A- or higher by A.M. Best and Company, Inc. All listed insurance limits may be made up of a primary policy, or combination of primary and excess coverage. No deductibles shall be greater than five hundred thousand (\$500,000) unless otherwise agreed to in writing by us. The following types of insurance coverage are required:

(a) Comprehensive general liability insurance and product liability insurance with limits of ten million dollars (\$10,000,000.00) combined single limit per occurrence, including broad form contractual liability, personal injury, and products completed operations. The policy must list us and our affiliates, directors, officers, agents and employees as additional insureds.

(b) All risk (special perils) property insurance, on the TA Express Center and all fixtures, equipment, inventory, and real property used in the operation of the TA Express Center, for full repair and replacement value, without depreciation or co-insurance. In addition, policy shall cover lost income due to property damage.

(c) Commercial automobile liability insurance with a combined single limit of five million dollars (\$5,000,000.00) per occurrence for all vehicles (owned, hired, rental, leased) used in connection with the operation of the TA Express Center. The policy must list us and our affiliates, directors, officers, agents and employees as additional insureds. If the TA Express Center uses no vehicles for business purposes this requirement may be reduced with written agreement from us.

(d) Pollution legal liability insurance with limits of not less than five million dollars (\$5,000,000) per occurrence and in compliance with all state, local and federal regulations, which is inclusive of the entire TA Express Center and Site as well as all

USTs (underground storage tanks), or if the state where located has a tank fund, then coverage for USTs to equal five million dollars (\$5,000,000) with excess coverage.

(e) Worker's compensation insurance in amounts required by all applicable laws in which your TA Express Center is located.

(f) Employer's Liability insurance, with limits of at least one million dollars (\$1,000,000.) per accident. The policy must list us and our affiliates, directors, officers, agents and employees as additional insureds.

(g) Cyber Risk insurance, with limits of not less than \$2,000,000 for each claim, covering claims arising out of or related to (a) investigation of an actual or alleged security failure, privacy event, security breach of other related incident, including but not limited to forensic services, legal counsel, and breach coaching services, breach response, and notification services, call center services, credit and identity theft monitoring and protection services, media and public relations services; (b) business income/business interruption/extra expense; (c) digital and data asset protection and restoration; (d) network security & consumer privacy liability; (e) regulatory defense and indemnification, including fines and assessments; (f) multimedia liability; (g) cyber extortion, including but not limited to the use of ransomware or other malware to compromise your systems; and (h) social engineering or other forms of electronic manipulation that result in covered loss;

(h) Liquor liability insurance (but only if serving or selling alcoholic beverages at the TA Express Center), with limits of not less than \$3,000,000.00 for each common cause and \$3,000,000.00 annual aggregate covering bodily injury and property damage if liability for either bodily injury or property damage is imposed by reason of the selling, serving or furnishing of any alcoholic beverage by you;

(i) Garagekeepers' liability insurance with limits of not less than \$60,000 per occurrence in conjunction with the care, custody and control of vehicles at the TA Express Center;

(j) Such other insurance as is required under any financing document (if any) for the TA Express Center or any lease for the premises of the TA Express Center, including the Lease and the Loan Documents; and

(k) Such other insurance as we may specify from time to time due to identification of risks and available coverages.

8.2 Insurance Coverage Requirements. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes and circumstances. You must at all times abide by our then-current insurance requirements, as communicated in the Manuals or otherwise in writing to you.

8.3 Insurance Policy Terms. All insurance policies must:

- (a) contain no provision which in any way limits or reduces coverage for us in the event of any claim by us or any of our Affiliates, directors, officers or agents;
- (b) extend to provide indemnity for all obligations assumed by you under this Agreement and all items for which you are required to indemnify us under the provisions of this Agreement or otherwise;
- (c) name us and any of our Affiliates we designate as an additional insured (with the exception of the workers' compensation insurance);
- (d) contain a waiver of the insurance company's right of subrogation against us;
- (e) provide that the coverage afforded applies separately to each insured against whom a claim is brought as though a separate policy had been issued to each insured;
- (f) provide that the insurance company will provide us with at least 30 days' prior written notice of termination, expiration, cancellation or material modification of any policy;
- (g) provide that you cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend the policies without our prior written consent; and
- (h) contain such other terms and conditions as we may require from time to time.

8.4 Evidence of Coverage. Within five (5) days after the Agreement Date, you must forward a copy of the certificate of insurance to us. Before the expiration of the term of each insurance policy, you must furnish us with a copy of each new, renewal or replacement policy you have obtained to extend your coverage, along with evidence of the premium payment.

**9. FEES.**

9.1 Initial Fees.

(a) **Franchise Fee.** You agree to pay us the Franchise Fee in the amount of \$125,000 for a TA Express Center. The Franchise Fee must be paid to us on the Agreement Date. The Franchise Fee is nonrefundable and is fully earned by us when paid.

(b) **Discounted Fee for Multi-Site Franchisees.** The Franchise Fee due and owing under the second and each subsequent Franchise Agreement you or your Affiliates execute with us for a TA Center or TA Express Center shall be discounted as follows:

- (i) The Franchise Fee due and owing under the second and third Franchise Agreements you or your Affiliates execute with us shall

be reduced by \$25,000 from the Franchise Fee set forth in our then-current form of Franchise Agreement, subject to you and each of your Affiliates being in compliance with all Franchisee Agreements with us and our Affiliates; and

- (ii) The Franchise Fee due and owing under the fourth and each subsequent Franchise Agreement you or your Affiliates execute with us shall be reduced by \$50,000 from the Franchise Fee set forth in our then-current form of Franchise Agreement, subject to you and your Affiliates being in compliance with all Franchise Agreements with us and our Affiliates.

9.2 Ongoing Fees. In return for our providing you the right to use the TA Express System during the Term, you agree to pay us the following:

- (a) Royalty. A continuing royalty (“Royalty”), as follows:

- (i) for Non-Fuel Gross Sales:

- (1) 4.5% of all Non-QSR Gross Sales up to, and including, Six Hundred Thousand Dollars (\$600,000) per month of Non-QSR Gross Sales (the “Threshold Amount”); and
- (2) 2% of: (i) all Non-QSR Gross Sales in excess of the Threshold Amount; and (ii) all QSR Gross Sales.
- (3) Notwithstanding the above, you shall not be required to pay any Royalty with respect to Gross Sales derived from a food concept that you operate at the TA Express Center pursuant to a separate franchise or license agreement with us or our Affiliates, if such separate franchise or license agreement requires payment of royalties to us or our Affiliates.

- (ii) for Motor Fuel Gross Sales:

- (1) \$.007 on each gallon of Motor Fuel sold.

- (b) Administrative Fee. An administrative fee (“**Administrative Fee**”) of 0.2% of all Non-Fuel Gross Sales up to, and including, Six Hundred Thousand Dollars (\$600,000) per month of Non-Fuel Gross Sales (the “Administrative Threshold Amount”).

On January 1 of each calendar year, the Threshold Amount and Administrative Threshold Amount shall be increased by using the CPI Adjustment. In no event shall the then-current Threshold Amount or Administrative Threshold Amount be decreased, including upon a renewal under Section 17 of this Agreement or otherwise in connection with a successor Franchise Agreement.

9.3 Timing. On the day we designate (the “**Report Day**”) of each Accounting Period, you must report the amount of your Gross Sales for the preceding Accounting Period. “Accounting Period” is that period we designate in the Manual (currently a calendar month Accounting Period). You must pay us the Royalty so that we receive it on or before the 10th business day following the Report Day or such other day as we may designate (the “Payment Day”) for the immediately preceding Accounting Period.

9.4 Advertising Fees. Beginning on the first full calendar month after the Opening Date, you must pay to us an Advertising Fee (the “**Monthly Advertising Fee**”) of Three Thousand Dollars (\$3,000.00) per month. On January 1 of each calendar year the Monthly Advertising Fee shall be increased by using the CPI Adjustment. In no event shall the Monthly Advertising Fee be less than the then-current Monthly Advertising Fee, including upon a renewal under Section 17 of this Agreement or otherwise in connection with a successor Franchise Agreement.

9.5 Preferred Vendor Fees. You will be obligated to obtain certain services from certain of our Approved Suppliers and Preferred Vendors. You must pay them in accordance with their rules. If you do not do so, then you will be in breach of this Agreement.

9.6 Computer System Installation Fee. You must pay us a Computer System Installation Fee in the amount of ~~Twenty-Five~~Thirty Thousand Dollars (~~\$25,000~~30,000) in connection with the assistance we provide you with installing and setting up certain aspects of your Computer System. The Computer System Installation Fee is due on or before the second Payment Day after the Opening Date. If you open a TA Truck Service Shop in connection with your TA Express Center (subject to our approval, which may be granted or withheld in our sole discretion), the Computer Installation Fee shall be increased by ~~Fifteen~~Twenty Thousand Dollars (~~\$15,000~~20,000), with such additional amount payable on or before the ~~second~~first Payment Day after your TA Truck Service shop opens.

9.7 Electronic Funds Transfer. You must pay any amounts due us by ACH electronic funds transfer (or such other method as we may specify from time to time) on the due date. You must comply with the procedures we specify in our Manuals and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by this method. On the Report Day designated in the Manuals, you must report to us by electronic means or in written form, as we direct in the Manuals, the TA Express Center’s true and correct Gross Sales for the immediately preceding Accounting Period, and such other information we require. We may require you to give us authorization, in a form that we designate, to initiate debit entries or credit correction entries to the TA Express Center’s bank operating account (the “**Account**”) for payments of Royalties and all other amounts due under this Agreement, including any applicable interest charges. If so, you must make the funds available in the Account for withdrawal by electronic transfer no later than the Payment Day. The amount actually transferred from the Account to pay Royalties will be based on the TA Express Center’s Gross Sales reported to us on the Report Day. If you have not reported the TA Express Center’s Gross Sales to us for any reporting period, we may transfer from the Account an amount calculated in accordance with our reasonable estimate of the TA Express Center’s Gross Sales during any such reporting period. If we determine at any time that you have under-reported Gross Sales or underpaid Royalties or other amounts due to us, we will be authorized to immediately initiate a transfer from the Account in the appropriate amount in accordance with the foregoing procedures, including

applicable interest and late charges. Any overpayment will be credited to the Account through a credit, effective as of the first Report Day after you and we determine that such credit is due.

9.8 Interest on Late Payments. All amounts which you owe us, including but not limited to all amounts due under this Agreement or under any other agreement between us or our Affiliates and you, will bear interest automatically and without notice from us, after their due date at the annual rate of eighteen 18% or the highest contract rate of interest permitted by law, whichever is less. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the TA Express Center. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

9.9 Application of Payments. Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us, including interest. ~~You acknowledge and agree that we have the right to set off any amounts you or your Owners owe us against any amounts we might owe you or your Owners.~~

9.10 Payment Offsets. We may setoff from any amounts that we may owe you any amount that you owe to us, or our Affiliates, for any reason whatsoever, including without limitation, Royalties, Monthly Advertising Fees, and late payment interest, amounts owed to us or our Affiliates for purchases of Products or Services, or for any other reason. Payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our Affiliates from time to time. In particular, we may retain (or direct to our Affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us, or our Affiliates, at any time. We may do so without notice to you at any time. However, you do not have the right to offset payments owed to us for amounts purportedly due to you from us.

9.11 Credit. If you desire to purchase Products or Services from us on credit, you must establish a line of credit with our, or our Affiliate's, credit department. We, in our sole discretion, shall have the right to establish (and modify or change, from time to time) the terms of credit which we offer to you. As a condition to supplying Products or Services to you on credit, we will require that you provide us with certain financial statements on a monthly basis, and we may require additional security from you and/or charge you a fee for such credit. If you fail to fulfill the terms of payment or if your financial condition deteriorates, as determined in our sole discretion, we may, without prejudice to any other lawful remedy, withhold Products and Services until payment is made, demand cash payment, demand advance payment or terminate this Agreement. We may apply any payment made by you or on your behalf to any indebtedness owed to us. No payment made to us by check or other instrument shall contain a restrictive endorsement of any kind. A restrictive endorsement shall have no legal effect, even if the instrument restrictively endorsed is processed for payment and we retain the proceeds. Among other things, we may shorten or change then-existing payment terms for your purchases of Products or Services in order to ensure that such payments are received prior to the expiration or termination of this Agreement.

## 10. MARKS.

10.1 Ownership and Goodwill of Marks and Copyrights. As between you and us, we own or have been licensed by our Affiliates, or otherwise, all rights, title and interest in and to the Marks and all information capable of being rendered into tangible form (i.e., copyrights) created in connection with or used in connection with the TA Express System or your TA Express Center (collectively, the “**Copyrights**”). The Copyrights include, for example, written materials, electronic data, Software, Manuals, brochures, photography, the content and compilation of websites, graphics, and the like. Your right to use the Marks and the Copyrights is derived solely from this Agreement and limited to your operation of the TA Express Center pursuant to and in compliance with this Agreement and all TA Express System Standards we prescribe from time to time during the Term. Your unauthorized use of the Marks and the Copyrights will be a breach of this Agreement and an infringement of our rights in and to the Marks and the Copyrights. You acknowledge and agree that your usage of the Marks and the Copyrights and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Marks or the Copyrights upon you (other than the right to operate the TA Express Center in compliance with this Agreement). All provisions of this Agreement applicable to the Marks and the Copyrights apply to any additional proprietary trade and service marks, Copyrights and commercial symbols we authorize you to use.

10.2 Limitations on Your Use of Marks and Copyrights. You agree to use the Marks and Copyrights we designate and in the manner we designate as the sole identification of the TA Express Center, except that you agree to identify yourself as the independent Owner in the manner we prescribe. You may not use modifying words, terms, designs or symbols (other than logos we license to you), ~~or in any modified form~~ in connection with the Marks or Copyrights, nor may you use any Mark or Copyright in connection with the performance or sale of any unauthorized services or products or in any modified form or other manner we have not expressly authorized in writing. No Mark or Copyright may be used in any advertising concerning the transfer, sale or other disposition of the TA Express Center or an Ownership Interest in you. You agree to display the Marks and Copyrights prominently in the manner we prescribe at the TA Express Center, on supplies or materials we designate and in connection with forms and advertising and marketing materials. You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law. You must not use the Marks or any part of them as part of your corporate name or the legal name of your Business Entity.

10.3 Notification of Infringements and Claims. You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark or Copyright, or of any claim by any Person of any rights in or to any Mark or Copyright, and you agree not to communicate with any Person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office or U.S. Copyright Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark or Copyright. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office, U.S. Copyright Office or other proceeding or otherwise to protect and maintain our interests in the Marks and Copyrights.

10.4 Discontinuance of Use of Marks. If it becomes advisable at any time in our sole judgment for us and/or you to modify or discontinue the use of any Mark or Copyright and/or use one or more additional or substitute trade or service marks, including the complete replacement of any Mark or Copyright and usage of other marks or copyrights (due to merger, acquisition or otherwise), you agree to comply with our directions within a reasonable time after receiving notice. We will not reimburse you for any loss of revenue attributable to any modified or discontinued Mark or Copyright or for any expenditures you make to change Marks or Copyrights or to promote or use a modified or substitute trademark or service mark.

10.5 Indemnification. We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any of our Marks or Copyrights, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of any of the Marks or Copyrights infringes their trademark or related rights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not indemnify you against the consequences of your use of the Marks or Copyrights except in accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within 10 days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

## 11. CONFIDENTIAL INFORMATION.

11.1 Types of Confidential Information. We and our Affiliates possess (and will continue to develop and acquire) certain confidential information (the “**Confidential Information**”) relating to the development and operation of TA Express Centers, which includes (without limitation):

- (a) the TA Express System and the know-how related to its use;
- (b) plans, specifications, size and physical or operational characteristics of TA Express Centers;
- (c) site selection criteria and site development methods;
- (d) methods in obtaining licensing and meeting regulatory requirements;
- (e) sources and design of equipment, furniture, forms, materials and supplies Products and Services;
- (f) marketing, advertising, Institutional Accounts, Core Programs, contests and promotional programs for TA Express Centers;
- (g) delivery methods and techniques for Services;

(h) training of Personnel for TA Express Centers, regarding the TA Express System and TA Express System Standards;

(i) the Computer Systems, which include all computer hardware and software we require, make available or recommend for TA Express Centers and the installation, training and support we require, make available or recommend for TA Express Centers;

(j) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of TA Express Centers;

(k) knowledge of specifications for the Products, [Proprietary Supplies](#), the Operating Assets, Approved Suppliers and Preferred Vendors;

(l) knowledge of operating results and financial performance of TA Express Centers other than those operated by you (or your Affiliates);

(m) e-commerce related data (e.g., customer data, click-stream data, cookies, user data, hits and the like);

(n) patents and Copyrights secured by us or our Affiliates; and

(o) customer loyalty programs and customer records of all types.

11.2 Disclosure and Limitations on Use. We will disclose much of the Confidential Information to you and Personnel of the TA Express Center by furnishing the Manuals to you and by providing training, guidance and assistance to you, as detailed in this Agreement. In addition, in the course of the operation of your TA Express Center, you or your Personnel may develop ideas, copyrightable works, concepts, methods, techniques or improvements (“**Improvements**”) relating to your TA Express Center, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of TA Express Centers. Improvements will then also constitute Confidential Information.

11.3 Confidentiality Obligations. You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your TA Express Center, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us or our Affiliates and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute confidentiality of the Confidential Information during and after the Term;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the Manuals; and

(d) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of nondisclosure and noncompetition agreements we may prescribe for employees or others who have access to the Confidential Information.

11.4 Exceptions to Confidentiality. The restrictions on your disclosure and use of the Confidential Information will not apply to the following:

(a) disclosure or use of information, processes, or techniques which are generally known to the public and used in the TA Express Centers (as long as the availability is not because of a disclosure by you), provided that you have first given us written notice of your intended disclosure and/or use; and

(b) disclosure of the Confidential Information in judicial or administrative proceedings when and only to the extent you are legally compelled to disclose it, provided that you have first given us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially.

12. **EXCLUSIVE RELATIONSHIP.** You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among TA Express Centers if Owners of TA Express Centers were permitted to hold interests in or perform services for a Competitive Business. You also acknowledge that we have granted this Franchise to you in consideration of and reliance upon your agreement to deal exclusively with us.

(a) In-Term Covenant Not to Compete. You and your Owners agree that, during the Term, neither you nor any of your Owners (nor any of your or your Owners' spouses or children) will:

(i) have any direct or indirect interest as a disclosed or beneficial Owner, investor, partner, director, officer, employee, franchisee, licensee, consultant, operator, licensor, manager, representative, landlord, sub-landlord, tenant or agent or in any other capacity in any Competitive Business operating:

(A) within the Protected Area;

(B) within 75 miles of the Protected Area (if any), and if not, within 75 miles of the Site;

(C) within 75 miles of any other TA Center or TA Express Center (franchised or otherwise) in operation or which is under construction and granted the right to operate in such area; or

(D) anywhere in the United States or Canada in connection with a regional or national chain operating a Competitive Business (including but not limited to Pilot, Bosselman, Flying J, Love's, or Sapp Bros.)

(b) In-Term Covenant Not to Solicit. You and your Owners agree that, during the Term, neither you nor any of your Owners will entice or induce or in any manner influence any Person, who is in our or our Affiliates' employ at a management level, to leave such employ or discontinue such service.

(c) In-Term Covenant Not to Divert Business. You and your Owners further agree that, during the Term, neither you nor any of your Owners (nor any of your or your Owners' spouses or children) will divert or attempt to divert any business or any customer of a TA Center or TA Express Center to any Competitive Business or other Person which offers any of the Services, including but not limited to a gas station, restaurant, truck repair facility, or convenience store, by direct or indirect inducement or otherwise, or do or perform directly or indirectly any other act injurious or prejudicial to the goodwill associated with our Marks or System, or in any way negligently or intentionally interfere with your TA Express Center or our business or prospective business.

### **13. ADVERTISING AND PROMOTION.**

13.1 Use of Monthly Advertising Fees. We will direct all advertising, marketing and public relations programs and materials that we deem necessary or appropriate in our sole judgment. We have sole discretion over all activities, including without limitation, the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that your Monthly Advertising Fees may be used to pay the costs of, without limitations, preparing and producing video, audio and written advertising materials; administering regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; marketing and advertising training programs and materials; and supporting public relations, market research and other advertising, promotion and marketing activities. The Monthly Advertising Fee is non-refundable.

13.2 Advertising Limitations. You acknowledge that our Advertising activities are intended to maximize recognition of the Marks and patronage of both TA Centers and TA Express Centers. Although we will endeavor to benefit all TA Express Centers and TA Centers, we undertake no obligation to ensure that our advertising expenditures in or affecting any geographic area are proportionate or equivalent to your Advertising Fee payments to us, or that any TA Express Center will benefit directly or in proportion to its Monthly Advertising Fees.

13.3 Local Advertising and Promotion. You agree that any advertising, promotion and marketing you conduct will be completely clear and factual and not misleading and conform to

the highest standards of ethical marketing and the promotion policies which we prescribe from time to time. We reserve the right to inspect and approve or disapprove all advertising, promotional, and marketing materials and marketing campaigns.

13.4 Websites. We have the right to control or designate the manner of your use of all e-names. We also have the right to designate, approve, control or limit all aspects of your use of e-commerce. You must follow all of our policies and procedures for the use and regulation of e-commerce, including all of our policies and procedures for customer referrals via e-commerce. We may require that you provide graphical, photographic, written or other forms of artistic or literary content to us for use in e-commerce activities associated with the Marks or the TA Express System which we may designate. We may restrict your use of e-commerce to a centralized website, portal or network or other form of e-commerce that we designate or operate. We may restrict your advertising activities to the use of only the e-names we designate. We may require that you provide information to us via e-commerce. You agree to be bound by any e-mail, SPAM, unsolicited e-mail, terms of use, privacy and copyright notice and takedown policies and the like that we establish from time to time. We may require you to, at your expense, coordinate your e-commerce activities with us and other TA Express Centers, Approved Suppliers, Preferred Vendors and Affiliates. We may require you to participate in Intranet Systems we establish or designate and obtain the services of and pay the then-current fees for such services. You agree that you will not “opt-out” or otherwise ask to no longer receive e-mails from us or other participants in the TA Express System. You recognize and agree that we own all rights, title and interest in and to any and all websites and any e-names we commission or utilize, or require or permit you to utilize, in connection with the TA Express System which bear our Marks or any derivative of our Marks. You also recognize and agree that we own all rights, title and interest in and to any and all data or other information collected via e-commerce related to the TA Express System or the Marks, including any customer data, click-stream data, cookies, user data, hits and the like. Such data or other information also constitutes our Confidential Information.

13.5 Promotion of the Franchise System. We may require you to place in the manner designated by us any and all materials, including point of purchase materials, promoting the TA Express System that we from time to time provide to you. You will use your best efforts to advance the reputation of TA Express Centers in order to increase the goodwill of the Marks. You must participate in all then-current promotions, marketing and new product or service programs, as made available from time to time by us (the “Promotional Programs”). These Promotional Programs may have additional charges. We have the right to establish or eliminate Promotional Programs, in our sole discretion.

## 14. RECORDS, REPORTS AND FINANCIAL STATEMENTS.

14.1 Accounting System. You must at all times maintain the records reasonably specified in the Manuals, including, without limitation, sales, inventory and expense information. You must report Gross Sales and other business information to us using the format, reporting system and accounting system (the “**Accounting System**”) that we require from time to time. You must establish access to the Accounting System via the Internet at your cost. You must deliver to us the financial and operating reports in the form, manner, content and time we specify from time to time, including via access to the Accounting System. We may require you to update all information in the Accounting System at least daily, including but not limited to revenues, expenditures and other pertinent data. We may periodically change the Accounting System and the suppliers of accounting services. You will make available for our review and inspection during normal business hours all original books and records that we want to ascertain and verify financial statements or reports. You will maintain all of your books and records in accordance with generally accepted accounting principles. You will maintain and preserve such records during the entire Term and for seven (7) years following the expiration or earlier termination of this Agreement. Such records include deposit reports and receipts, cash receipts journal, general ledgers, cash disbursement journals, weekly payroll registers, monthly bank statements, supplier invoices (paid and unpaid), accounts payable journals, balance sheets, profit and loss statements, inventory records, records of wholesale accounts and such other records as we may require. We may use the information obtained as we deem appropriate, except that information you designate as confidential will not be disclosed to third parties in a manner that identifies you as the subject or source except: (i) with your permission, (ii) as may be required by law, (iii) in connection with audits or collections under this Agreement; or shared within the TA Express System ~~(you understand that we~~ Notwithstanding anything herein to the contrary, we shall have the right to disseminate your operational and financial data throughout the TA Express System and to prospects), including by providing financial data from your TA Express Center in our Franchise Disclosure Document. We may require you to use approved computer hardware and software in order to maintain the Accounting System and other communication processes.

14.2 Reports. You agree to furnish to us on such forms that we prescribe from time to time:

- (a) on the Report Day, a report on your Gross Sales during the preceding Accounting Period;
- (b) within 30 days after the end of each Accounting Period, a profit and loss statement and supporting documents for the TA Express Center for the immediately preceding Accounting Period and year-to-date and a balance sheet as of the end of such Accounting Period; and
- (c) within 120 days after the end of each calendar year, reviewed financial statements prepared by an independent certified public accountant. To the extent those statements include businesses other than that covered by the Franchise Agreement; those statements should include consolidating exhibits that show the operations of the franchised business separately from the others. The reviewed financial statements must

include the following; annual profit and loss statement, statement of cash flows and a balance sheet for your Center as of the end of the calendar year.

14.3 Access to Information. You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports. We have the right as often as we deem appropriate (including on a daily basis) to access all computer registers and other Computer Systems that you are required to maintain in connection with the operation of the TA Express Center and to retrieve all information relating to the TA Express Center's operations. At our request, you will promptly send us true and correct copies of all federal and state income, sales, excise and other tax returns.

## **15. INSPECTIONS AND AUDITS.**

15.1 Our Right to Inspect the TA Express Center. To determine whether you and the TA Express Center are complying with this Agreement and all TA Express System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

- (a) inspect the TA Express Center and any other aspect of or facility used by the TA Express Center (if any);
- (b) observe, photograph and videotape the operations of the TA Express Center and any other aspect of or facility used by the TA Express Center for such consecutive or intermittent periods as we deem necessary;
- (c) remove samples of any products, materials or supplies for testing and analysis;
- (d) interview Personnel and customers of the TA Express Center and engage in "secret shopper" type programs; and
- (e) inspect and copy any books, records, tax returns and documents relating to your operation of the TA Express Center.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, videotaping, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You must immediately correct or repair any unsatisfactory conditions we specify.

15.2 Our Right to Audit. We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your TA Express Center, bookkeeping and accounting records, sales and Tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. You must immediately pay us any shortfall in the amounts you owe us (regardless of the degree), including late fees and interest. You agree to reimburse us for the cost of such inspection or audit, including, without limitation,

the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees if:

- (a) our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis; and/or
- (b) our audit or inspection reveals that you understated Gross Sales by over 2%.

The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## **16. TRANSFER.**

16.1 By Us. This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests.

16.2 By You. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your Owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your Owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (nor any interest in it) nor any ownership or other interest in you or the TA Express Center or other aspect of the TA Express Center, may be transferred without our prior written approval, which may be given or withheld in our sole discretion. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "**transfer**" includes your (or your Owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; (c) the TA Express Center; or (d) the Operating Assets.

An assignment, sale, gift or other disposition includes the following events:

- (i) transfer of ownership of 25% or more (either in a single transaction or in a series of transactions occurring during the term of this Agreement) of any capital stock or a partnership interest or any other interest that affects control over the Business Entity;
- (ii) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (iii) any issuance or sale of your stock or any security convertible to your stock;
- (iv) transfer of an interest in you, this Agreement, the TA Express Center, your Lease or the Operating Assets in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;

- (v) transfer of an interest in you, this Agreement, the TA Express Center, your Lease or the Operating Assets, in the event of your death or the death of one of your Owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or
- (vi) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the TA Express Center, or the Operating Assets, including your transfer, surrender or loss of possession, control or management of the Lease or your TA Express Center.

16.3 Conditions for Approval of Transfer. If you (and your Owners) are in compliance with this Agreement, then subject to the other provisions of this Section, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be, as we determine in our sole discretion, individuals of good character and otherwise meet our then applicable standards for TA Express Center franchisees. A transfer of ownership, possession or control of the TA Express Center or the Operating Assets may be made only in conjunction with a transfer of this Agreement. You must notify us before publicly marketing the TA Express Center or Site for a Transfer. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

- (a) the transferee has sufficient business experience, aptitude and financial resources to operate the TA Express Center;
- (b) you have paid all amounts due us and have submitted all required reports and statements, and made payments to all Approved Suppliers and Preferred Vendors or made arrangements to do so satisfactory to us and them;
- (c) the transferee (or its owners) have agreed to complete our standard training program regarding the TA Express System and TA Express System Standards, at their expense;
- (d) the transferee has agreed to be bound by all of the terms and conditions of this Agreement;
- (e) the transferee has entered into our then-current form of Franchise Agreement;
- (f) the transferee agrees to upgrade the TA Express Center to conform to our then-current standards and specifications;
- (g) you or the transferee pay us a transfer fee equal to Thirty-Five Thousand Dollars (\$35,000) to defray expenses we incur in connection with the transfer, including but not limited to, our third party expenses, and the costs of training the transferee (or its Managing Owner) in the TA Express System and TA Express System Standards. If the transfer is proposed prior to the first anniversary of the Opening Date, then you shall pay us a transfer fee equal to ~~Seventy-Five~~One Hundred Twenty Five Thousand Dollars

(\$~~75,000~~125,000). If the proposed transfer is among your Owners, the transfer fee will be equal to Ten Thousand Dollars (\$10,000);

(h) you (and your transferring Owners) have signed a general release, in form satisfactory to us, of any and all claims against us, our Affiliates, and our shareholders, officers, directors, employees and agents;

(i) we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the TA Express Center;

(j) if you or your Owners finance any part of the sale price of the transferred interest, you and/or your Owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your Owners have reserved in the TA Express Center are subordinate to the transferee's obligation to pay Royalties, Monthly Advertising Fees and other amounts due to us and otherwise to comply with this Agreement;

(k) you and your transferring Owners (and your and your Owners' spouses) have signed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in this Agreement; and

(l) you and your transferring Owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other TA Express Centers you own and operate) identify yourself or themselves or any business as a current or former TA Express Center, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a TA Express Center in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

16.4 Transfer to a Business Entity. If you are in compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than the TA Express Center and, if applicable, other TA Express Centers so long as you (i) own, control and have the right to vote 51% or more of its issued and outstanding Ownership Interests (like stock or partnership interests) and you guarantee its performance under this Agreement or (ii) as we otherwise approve in writing. All other Owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing Ownership Interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any Person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner sign an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of the your obligations under this Agreement.

16.5 Transfer Upon Death or Disability. Upon your death or disability or, if you are a Business Entity, the death or disability of the Managing Owner or the Owner of a controlling interest in you, we may require you (or such Owner's executor, administrator, conservator, guardian or other personal representative) to transfer your interest in this Agreement (or such Owner's interest in you) to a third party. Such disposition (including, without limitation, transfer by bequest or inheritance) must be completed within the time we designate, not less than 1 month but not more than 6 months from the date of death or disability. Such disposition will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the Ownership Interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you, the Managing Owner, or an Owner of a controlling interest in you from managing and operating the TA Express Center.

16.6 Operation Upon Death or Disability. Upon your death or disability or the death or disability of the Managing Owner, you or your executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed 30 days from the date of death or disability, identify a Managing Owner (subject to our approval) to operate the TA Express Center. Such Managing Owner will be required to complete training regarding the TA Express System and TA Express System Standards at your expense. Pending the identification of a Managing Owner as provided above or if, in our judgment, the TA Express Center is not being managed properly any time after your death or disability or after the death or disability of the Managing Owner, we have the right, but not the obligation, to appoint a manager for the TA Express Center. All funds from the operation of the TA Express Center during the management by our appointed manager will be kept in a separate account, and all expenses of the TA Express Center, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty and Monthly Advertising Fees payable under this Agreement) during the period that our appointed manager manages the TA Express Center. Operation of the TA Express Center during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the TA Express Center or to any of your creditors for any products, materials, supplies or services the TA Express Center purchases during any period it is managed by our appointed manager.

16.7 Effect of Consent to Transfer. Our consent to a transfer of this Agreement and the TA Express Center or any interest in you does not constitute a representation as to the fairness of the terms of any contract between you and the transferee, a guarantee of the prospects of success of the TA Express Center or a waiver of any claims we may have against you (or your Owners), or of our right to demand the transferee's exact compliance with any of the terms or conditions of this Agreement.

16.8 Our Right of First Refusal. If you (or any of your Owners) determine to sell, assign or transfer for consideration an interest in this Agreement, the Site and/or the TA Express Center (including the real property related to the Site or the TA Express Center, whether a leasehold, fee interest or otherwise) or an ownership interest in you at any time during the Term; or if you (or any of your Owners) at any time during the five (5) year period commencing on the effective date of termination or expiration of this Agreement determine to sell, assign or transfer

for consideration any interest (leasehold, fee or otherwise) in the Site or substantially all of your assets, including the former Operating Assets or more than a 50% ownership interest in you, you (or such Owner) agree to obtain a bona fide, executed written offer ~~and, term sheet, or letter of intent (the "Offer"), along with an~~ earnest money deposit (in the amount of 5% or more of the offering price) from a responsible and fully disclosed offeror. By way of clarification, you are required to obtain an Offer prior to entering into a binding agreement with an offeror. Within 5 days of receipt of the ~~offer~~Offer, you must submit to us: (a) a true and complete copy of such ~~offer~~Offer; (b) information regarding ownership of the proposed offeror, including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly-held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10K; (c) details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price; and (d) Profit & Loss ("P&L") statements and balance sheets for the TA Express Center for the past two (2) full years, and any stub period for the current year (collectively, the "Offer Details"). The P&Ls shall include (i) diesel and gasoline gallons sold, diesel and gasoline revenue, and diesel and gasoline costs, (ii) sales and costs of goods sold for each of the store, quick service restaurants, full service restaurants, truck service operations, rent from third parties and/or affiliates, and other operations, as applicable, and (iii) operating expenses, including labor, leasing costs, depreciation and amortization, and other expenses as applicable. To be a valid, bona fide ~~offer~~Offer, the proposed purchase price must be denominated in a dollar amount. In the event the consideration offered by a third party is not specified in cash, we have the right to substitute the reasonable equivalent in cash. The ~~offer~~Offer must apply only to an interest in you, in this Agreement, the TA Express Center, and/or the Site and may not include an offer to purchase any of your (or your Owners') other property or rights, or of just the Operating Assets, unless the offer for the Operating Assets is post-Term. However, if the offeror proposes to buy any other property or rights from you (or your Owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your Owners) for the interest in you or in this Agreement, the Site, and the TA Express Center must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling Owner(s) within 30 days from the date of the delivery to us of the complete Offer Details, and such other information as we reasonably request, to purchase such interest for the price and on the business terms and conditions contained in such ~~offer~~Offer, provided that:

(a) ~~our~~Our credit will be deemed equal to the credit of any ~~proposed purchaser~~offeror;

(b) ~~we~~We will have not less than 30 days after giving notice of our election to purchase to prepare for closing; ~~and~~

(c) ~~we~~We are entitled to ~~receive, and you and your Owners agree to make, provide and negotiate a form of purchase and sale agreement with you, which shall include~~ all customary representations and warranties given by the seller of real estate, the assets of a business, or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:

- (i) ownership and condition of and title to stock or other forms of ownership interest and/or assets;
- (ii) liens and encumbrances relating to the stock or other ownership interest and/or assets; and
- (iii) validity of contracts and the liabilities, contingent or otherwise, of the Business Entity being purchased.

By way of clarification, we shall not be bound by the provisions of any purchase and sale agreement that you have executed with an offeror.

(d) We shall have the unrestricted right to assign our purchase right.

(e) ~~(d)~~ We have the right to obtain, at our sole cost and as a condition precedent to closing the sale, a survey, title commitment, and environmental assessment. In the event such survey, title commitment or environmental assessment is unacceptable to us in our sole discretion, we may elect not to close on the purchase. In the event of any material change in the terms and conditions of the offer to purchase, or if more than 120 days shall pass without a closing on such offer, you are required to resubmit such revised offer to us for consideration.

If we exercise our right of first refusal, you and your selling Owner(s) agree that, for a period of 2 years commencing on the date of the closing, you and they will be bound by the noncompetition covenant contained in this Agreement. You and your selling Owner(s) further agree that you and they will, during this same time period, abide by the covenants contained in this Agreement.

If we do not exercise our right of first refusal, then subject to our approval rights as set forth in Section 16.2, you or your Owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer, provided that, if the sale to such purchaser is not completed within 120 days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the 30 day period following either the expiration of such 120 day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

## **17. RENEWAL TERMS.**

17.1 Extension. Upon expiration of this Agreement, subject to the conditions of this Section, you will have the right to operate the TA Express Center for two (2) additional five (5) year periods on the terms and conditions of the franchise agreement we are then using in granting franchises for TA Express Centers (each, a “**Renewal Term**”), if you (and each of your Owners) have substantially complied with this Agreement during its Term and any Renewal Term and either:

- (a) you maintain possession of and agree to remodel and/or expand the TA Express Center, add or replace improvements, equipment and signs and otherwise modify

the TA Express Center as we require to bring it into compliance with specifications and standards then applicable for TA Express Centers; or

(b) if you are unable to maintain possession of the TA Express Center, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for TA Express Center until operations are transferred to the substitute premises.

17.2 Grant. You must give us written notice of your election to renew your Franchise for a Renewal Term, during the last year of the Term or the then-current Renewal Term, but no later than 180 days before expiration. We will respond (“**Response Notice**”), within 90 days after we receive your notice, of our decision, either:

(a) to grant you a Renewal Term;

(b) to grant you a Renewal Term on the condition that deficiencies of the TA Express Center, or in your operation of the TA Express Center, are corrected; or

(c) not to grant you a Renewal Term.

If applicable, our Response Notice will:

(d) describe the remodeling and/or expansion of the TA Express Center and other improvements or modifications required to bring the TA Express Center into compliance with then applicable specifications and standards for TA Express Center; and

(e) state the actions you must take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

Your right to a Renewal Term is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice.

17.3 Agreements/Releases. If you satisfy all of the other conditions to the grant of a Renewal Term, you and your owners agree to sign the form of franchise agreement and any ancillary agreements we are then customarily using in connection with the grant of franchises for TA Express Centers, which agreements may contain economic terms, operational requirements, and a Protected Area (if any) which differ from this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, Affiliates, successors and assigns. Failure by you or your Owners to sign such agreements and releases and deliver them to us for acceptance and signature within 60 days after their delivery to you will be deemed an election not to seek a Renewal Term.

17.4 Training and Refresher Programs. Our grant of a Renewal Term is also conditioned on the satisfactory completion by you (or your Owners) of any new training and refresher programs regarding the TA Express System or TA Express System Standards as we may reasonably require.

17.5 Renewal Fee. You shall pay us a renewal fee of Twenty Thousand Dollars (\$20,000). In addition, we have the right to charge a fee for services we render to you and expenses we incur, including but not limited to reasonable attorneys fees, in conjunction with the grant of the Renewal Term. Payment of those charges is due upon your receipt of our invoice.

17.6 Subsequent Renewal Terms. The fees and other conditions for any later granting of subsequent Renewal Terms will be determined by us, in our sole discretion.

## 18. TERMINATION OF AGREEMENT.

18.1 Termination of Service Rights. If we are entitled to terminate this Agreement in accordance with any of its provisions, we will have the option to terminate or suspend any one or more of the rights under this Agreement instead of terminating this Agreement, including but not limited to:

- (a) your right to participate in any programs or services provided by us or offered by us from time to time, such as the Core Programs;
- (b) your right to buy ~~Diesel~~Motor Fuel, Proprietary Supplies, Products and Services from us;
- (c) your right to participate in any services that we provide in connection with any website, marketing or similar services; and
- (d) termination of any rights to a Protected Area (if any) granted to you under this Agreement; and
- (e) general operational support as provided in this Agreement.

If we terminate or suspend any of your rights under this Agreement in accordance with this section, we will provide you five days prior written notice of such suspension or termination. If any such rights, options or arrangements are terminated or suspended in accordance with this section, such termination or suspension will be without prejudice to and will not be a waiver or release of any of our rights to terminate this Agreement otherwise in accordance with its terms, or to terminate any other rights, options or arrangements under this Agreement or any other agreement between you and us at any time thereafter, for the same default or as a result of any additional defaults of the terms of this Agreement or other agreements between you and us.

18.2 On Notice. We have the right to terminate this Agreement, without giving you any opportunity to cure the default (based on the nature of the default or the default is non-curable) effective upon delivery of written notice of termination to you, if:

- (a) you (or any of your Owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;
- (b) you fail to open and begin operating the TA Express Center (with our approval) by the Opening Deadline;

- (c) you, or your Owners, fail to successfully complete any training regarding the TA Express System or TA Express System Standards to our satisfaction;
- (d) you fail to participate in, or otherwise comply with, a Core Program;
- (e) you abandon or fail to actively operate the TA Express Center for 5 or more consecutive business days, unless the TA Express Center has been closed for a purpose we have approved or because of casualty or government order or is requiring mechanical repair or remodeling approved by us;
- (f) you surrender or transfer control of the operation of the TA Express Center without our prior written consent;
- (g) you (or any of your Owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense;
- (h) you (or any of your Owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the TA Express Center or other TA Express Centers or the goodwill associated with the Marks;
- (i) you understate reported Gross Sales by one percent (1%) or more, or our audits or investigations show that you understated Gross Sales by one percent (1%) or more two (2) or more times during any eighteen (18) month period;
- (j) you (or any of your Owners) make an unauthorized assignment of this Agreement or of an ownership interest in you, the TA Express Center or the Operating Assets;
- (k) in the event of your death or disability or the death or disability of the Owner of a controlling interest in you, this Agreement or such Owner's interest in you is not assigned as required under this Agreement;
- (l) you fail to cure any default under your Lease or you lose the right to possession of the TA Express Center or the Site;
- (m) you fail to cure any default under the Loan Documents;
- (n) you (or any of your Owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the Manual in violation of this Agreement;
- (o) you fail to pay any amounts due to us or any Approved Supplier and do not correct such failure within five (5) days after written notice of such failure is delivered to you;

(p) you fail to pay when due any Taxes due in connection with the operations of the TA Express Center, unless you are in good faith contesting your liability for such Taxes;

(q) you (or any of your Owners) fail to comply with any other provision of this Agreement or any TA Express System Standard and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you;

(r) you (or any of your Owners) fail on two (2) or more separate occasions within any period of twelve (12) consecutive Accounting Periods or on five (5) occasions during the Term to submit when due reports or other data, information or supporting records; or to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you;

(s) you fail to maintain sufficient liquid funds and bank authorizations to pay amounts to us via electronic transfer on two (2) or more separate occasions during the Term; or

(t) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your Operating Assets; the TA Express Center or the Operating Assets are attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within 30 days; or any order appointing a receiver, trustee or liquidator of you, the TA Express Center or the Operating Assets, is not vacated within 30 days following the entry of such order.

18.3 After Notice. Except as described in Section 18.2 above, and except as otherwise provided by applicable law, we may also terminate this Agreement after we notify you of our intention to do so because of the occurrence of any of the following events and your failure to cure the default specified in our notice to you (the “**Default Notice**”) within 30 days of our Default Notice:

(a) you fail to make diligent efforts to develop and open the TA Express Center in a timely manner, as set forth in Section 5.1(d);

(b) ~~(a)~~ you fail to keep the TA Express Center open during the required hours;

(c) ~~(b)~~ you purchase or lease any product or service from an unapproved supplier;

(d) ~~(c)~~ you fail to obtain and maintain permits and licenses required by applicable law;

(e) ~~(d)~~ if you are a Business Entity, failure to maintain active status in your state of organization;

- (f) ~~(e)~~ you fail to timely make required reports;
- (g) ~~(f)~~ you violate any other provision of this Agreement;
- (h) ~~(g)~~ you fail to maintain any standards or procedures contained in the Manuals;
- (i) ~~(h)~~ your continued violation of any law, ordinance, rule or regulation of a governmental agency; or
- (j) ~~(i)~~ you fail to obtain any approvals or consents required by this Agreement.

18.4 Cross Default. Any default by you under the terms and conditions of this Agreement or any other agreement between us and you or between us and your Affiliates, which is so material as to permit us to terminate this Agreement or any other agreement, will be deemed to be a default of each and every agreement between us and you or us and your Affiliates. Furthermore, in the event of termination, for any cause, of this Agreement or any other such agreement between the parties hereto, we may, at our option, terminate any or all other agreements between you (or your Affiliates) and us, or between you (or your Affiliates) and our Affiliates.

## 19. RIGHTS AND OBLIGATIONS UPON TERMINATION.

19.1 Payment of Amounts Owed to Us or to our Affiliates. You agree to pay us within 15 days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalties, Monthly Advertising Fees, any other amounts owed us or our Affiliates, interest due on any of the foregoing and all other amounts owed to us which are then unpaid.

19.2 Marks. Upon the termination or expiration of this Agreement:

(a) you may not directly or indirectly at any time or in any manner (except with respect to any other TA Express Center you own and operate) identify yourself or any business as a current or former TA Express ~~Centers~~Center, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark or other indicia of a TA Express Center in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;

(b) you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(c) you agree to deliver to us within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date all signs, marketing materials, forms and other materials containing any Mark or otherwise identifying or relating to a TA Express Center and allow us, without liability to you or third parties, to remove all such items from the TA Express Center;

(d) if we do not have or do not exercise an option to purchase the TA Express Center, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will promptly and at your own expense make such alterations we specify to distinguish the TA Express Center clearly from its former appearance and from other TA Express Centers so as to prevent confusion by the public;

(e) if we do not have or do not exercise an option to purchase the TA Express Center, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone, telecopy or other numbers and any regular, classified or other telephone directory listings associated with any Mark, authorize the transfer of such numbers and directory listings to us or at our direction and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and

(f) you agree to furnish us, within 30 days after, as applicable, the effective date of expiration of this Agreement or the Notification Date, evidence satisfactory to us of your compliance with the foregoing obligations.

19.3 Confidential Information. You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the Manual and any other confidential materials that we have loaned or otherwise provided to you.

19.4 Competitive Restrictions.

(a) Post-Term Non-Compete Covenants. You and your Owners agree that for a period of two (2) years commencing on the effective date of termination or expiration of this Agreement, or the date on which a Person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your Owners (nor any of your or your Owners' spouses or children) will:

(i) have any direct or indirect interest as a disclosed or beneficial Owner, investor, partner, director, officer, employee, franchisee, licensee, consultant, operator, licensor, manager, representative, landlord, sub-landlord, tenant, or agent or in any other capacity in any Competitive Business operating:

(A) within the Protected Area (if any), including at the Site;

(B) within 75 miles of the Protected Area (if any), and if not, within 75 miles of the Site, and including at the Site;

(C) within 75 miles of any other TA Center or TA Express Center (franchised or otherwise) in operation or which is under construction and granted the right to operate in such area on the later of the

effective date of the termination or expiration of this Agreement or the date on which a Person restricted by this Section complies with this Section; or

(D) anywhere in the United States or Canada in connection with a regional or national chain operating a Competitive Business (including but not limited to Pilot, Bosselman, Flying J, Love's, or Sapp Bros.).

- (ii) lease, license or otherwise permit the Site, or any portion of it, to be used or occupied by a regional or national chain operating a Competitive Business (including but not limited to Pilot, Bosselman, Flying J, Love's, or Sapp Bros.)

If any Person restricted by this Section 19.4(a) refuses voluntarily to comply with the foregoing obligations, the 2-year period will commence with the entry of a court order if necessary, enforcing this provision. You and your Owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

(b) Post-Term Covenant Not to Solicit. You and your Owners agree that for a period of 2 years commencing on the effective date of termination or expiration of this Agreement, or the date on which a Person restricted by this Section begins to comply with this Section, whichever is later, neither you nor any of your Owners will entice or induce or in any manner influence any Person, who is in our or our Affiliates' employ at a management level, to leave such employ or discontinue such service.

#### 19.5 Our Right to Purchase.

(a) **Exercise of Option**. Upon our termination of this Agreement in accordance with its terms and conditions, or your termination of this Agreement without cause or the expiration of this Agreement, we have the option, exercisable by giving written notice to you within 60 days after the date of such termination, to purchase your TA Express Center (including all or any portion of the real property related to the TA Express Center) from you, including the ownership or leasehold rights to the Site. The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the "**Notification Date**". We have the unrestricted right to assign this option to purchase your TA Express Center. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

(b) **Leasehold Rights**. If we exercise the option to purchase your TA Express Center as described above, then you agree at our election:

- (i) to assign your leasehold interest in the Site to us (for no additional consideration and at no additional cost to us); or

- (ii) to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease (at no additional cost to us).

(c) **Purchase Price.** The purchase price for your TA Express Center under this Section will be the fair market value (“**Fair Market Value**”) of the TA Express Center exclusive of any goodwill, determined in a manner consistent with reasonable depreciation of the TA Express Center’s equipment, signs, inventory, materials and supplies, provided that the TA Express Center will be valued as an independent business and its value will not include any value for:

- (i) the Franchise or any rights granted by this Agreement;
- (ii) the Marks or Copyrights; or
- (iii) participation in the System.

We may exclude from the assets purchased cash or its equivalent and any Operating Assets, such as equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the TA Express Center’s operation or that we have not approved as meeting standards for TA Express Centers, and the purchase price will reflect such exclusions.

(d) **Appraisal.** If we and you are unable to agree on the Fair Market Value of your TA Express Center within ten (10) days of the Notification Date, the Fair Market Value will be determined by an independent appraiser selected by both you and us within ten (10) days of our collective inability to timely agree on the Fair Market Value. If we cannot timely agree on an independent appraiser, then such appraiser will be selected as follows. Within five (5) days of our inability to agree on an independent appraiser, we will choose a certified public accounting firm and you will choose a certified public accounting firm. Those two firms shall, within ten (10) days, select a mutually acceptable appraisal firm (the “**Appraiser**”) to make the independent appraisal, in accordance with this Agreement. The Appraiser shall have at least ten (10) years experience valuing properties similar to the TA Express Center and the individual responsible for valuing real estate shall be a Member Appraisal Institute (MAI) appraiser. You and we shall each bear one-half of the costs of the Appraiser.

(e) **Due Diligence.** For a period of thirty (30) days following our receipt of the Appraiser’s determination of value, we have the right to conduct a due diligence investigation (the “**Due Diligence Period**”) of your franchise, the Operating Assets, and all of your rights, liabilities and obligations. You must give us reasonable access to your facilities, books and records during the Due Diligence Period. In addition, you must otherwise reasonably cooperate with us to make yourself and necessary third parties available during the Due Diligence Period. We are under no obligation to continue with our due diligence if, the results of our due diligence are not satisfactory to us for any reason or if we are not satisfied with the Appraiser’s opinion of value, to be determined in our sole discretion. In that case, we will notify you in writing that we are withdrawing

our offer to purchase your TA Express Center. At any time during the Due Diligence Period, we have the unconditional right to withdraw our offer.

(f) **Payment of Purchase Price.** The purchase price shall be paid in cash at the time of closing, which shall take place no later than thirty (30) days following the expiration of the Due Diligence Period.

(g) **Closing.** At closing you agree to deliver such instruments we reasonably request, including those documents sufficient to transfer to us:

- (i) good and valid title to the Operating Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you; and
- (ii) all licenses and permits of the TA Express Center which may be assigned or transferred; and
- (iii) the fee or leasehold interest and improvements at the Site, free and clear of all encumbrances except those we agree to assume.

19.6 Continuing Obligations. All of our and your (and your Owners' and Affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include, but are not limited to, indemnification, payment and de-identification and covenants not to compete.

## **20. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION; RECORD NOTICE.**

20.1 Compliance with Laws. You agree, at your sole cost and expense, to comply with all federal, state, county and municipal laws, rules, regulations, ordinances, orders, directives and requirements of all governmental authorities and public officers whether present or future, foreseen or unforeseen, ordinary or extraordinary, or shall involve any governmental change in policy, which may be applicable to the Site, the TA Express Center or your operations at the Site (collectively, "Laws"). Your obligations include environmental conditions, including without limitation atmospheric, soil, ground water and surface water conditions, and obligations arising under the Resource Conservation and Recovery Act, 42 U.S.C. 6901 *et seq.* ("RCRA"), the Comprehensive Environmental Response, Compensation & Liability Act, 42 U.S.C. 9601 *et seq.* ("CERCLA"), the Water Pollution Control Act, 33 U.S.C. 1251 *et seq.*, the Occupational Safety and Health Act of 1979, 29 U.S.C. 651, *et seq.*, ("OSHA"), the Clean Air Act, 42 U.S.C. 7401 *et seq.*, the Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. 11001, *et seq.*, Safe Drinking Water Act, 42 U.S.C. 300f, *et seq.*, together with any amendments thereto, regulations promulgated thereunder and all successor legislation and regulations thereof to any and all of the above (collectively, "Environmental Laws").

You are responsible for curing any violations of Laws, including the Environmental Laws, that occur during the Term. Without limitation, you shall be solely responsible for Remediation of any and all discharges of Contaminants. Notwithstanding the foregoing, in the event you have contributed to, directly or indirectly, or otherwise aggravated, any prior

Discharge of Contaminants, you are responsible to the extent of your contribution to, or aggravation of, any prior Discharge of Contaminants. "Discharge" as used herein, means as defined in Environmental Laws, and includes, without limitation, any intentional or unintentional action or omission resulting in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of a Contaminant. "Contaminant" means as defined in Environmental Laws, and shall include, without limitation, any toxic substance, hazardous substance, hazardous waste, pollution, pollutant, contamination, petroleum, asbestos, lead-based paint, and polychlorinated biphenyls. "Remediation" as used herein, means as defined in Environmental Laws. In the event of a violation of Environmental Laws, including a Discharge of Contaminants, during the Term, you shall immediately notify us.

You shall indemnify, defend with counsel acceptable to us, and hold us free and harmless from any and all loss, liabilities, penalties, damages, claims, causes of action, costs or expenses, including attorneys' fees, remediation and response costs, remediation plan preparation costs, monitoring and closure costs and the costs and expenses investigating and defending any government claims or proceedings, resulting from or attributable to your failure to comply with this Section 20.1. Your indemnification obligations under this Section 20.1 shall survive the expiration or sooner termination of the Term.

**20.2 Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You have no authority, express or implied, to act as our agent. You agree and acknowledge that we will not exercise any authority, nor does this Agreement give us any authority, over the terms and conditions of your employer/employee relationships, including, but not limited to, the ability to hire, fire, discipline, affect compensation and/or benefits, direct and/or supervise your employees, or any other matter governing the essential terms and conditions of your employee's employment with you. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, your Personnel and others as the owner of the TA Express Center under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time.

**20.3 No Liability for Acts of Other Party.** You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any Person or property directly or indirectly arising out of the TA Express Center's operation or the business you conduct pursuant to this Agreement.

**20.4 Taxes.** We will not have any liability for any Taxes, whether levied upon you or the TA Express Center, in connection with the business you conduct (except any taxes we are

required by law to collect from you with respect to purchases from us). Payment of all such Taxes is your responsibility.

20.5 Restricted Persons Representations and Warranties. You represent and warrant to us that, as of the date of this Agreement and at all times during the term hereof, and to your actual or constructive knowledge, neither you, any affiliate of you, any individual or entity having a direct or indirect ownership interest in you or any such affiliate (including any shareholder, general partner, limited partner, member or any type of owner), any officer, director or management employee of any of the foregoing, nor any funding source you utilize is or will be identified on the list of the U.S. Treasury's Office of Foreign Assets Control (OFAC); is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; is acting on behalf of any country or individual that is subject to such an embargo; or, is involved in business arrangements or other transactions with any country or individual that is subject to an embargo. You agree that you will immediately notify us in writing immediately upon the occurrence of any event which would render the foregoing representations and warranties incorrect. Notwithstanding anything to the contrary in this Agreement, you may not allow, effect or sustain any transfer, assignment or other disposition of this Agreement to a "Specially Designated National or Blocked Person" (as defined below) or to an entity in which a Specially Designated National or Blocked Person has an interest. For the purposes of this Agreement, "Specially Designated National or Blocked Person" means: (i) a person or entity designated by OFAC (or any successor officer agency of the U.S. government) from time to time as a "specially designated national or blocked person" or similar status; (ii) a person or entity described in Section 1 of U.S. Executive Order 13224, issued on September 23, 2001; or (iii) a person or entity otherwise identified by any government or legal authority as a person with whom you (or any of your owners or affiliates) or we (or our owners or affiliates) are prohibited from transacting business.

20.6 Indemnification. You agree to indemnify, defend and hold harmless us, our Affiliates and our and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all Taxes and any and all claims and liabilities directly or indirectly, arising out of or related to your development, ownership, or operation of the TA Express Center (even if our negligence is alleged), or as a result of your breach of this Agreement or any of the representations and warranties set forth herein. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

20.7 Memorandum of Right of First Refusal and Right to Buy. Upon signing this Agreement, you must sign the Memorandum of Right of First Refusal and Right to Buy in the form attached hereto as Exhibit “E” so we can record notice of our right to purchase and right of first refusal as provided in this Agreement.

## 21. ENFORCEMENT.

21.1 Severability; Substitution of Valid Provisions. Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any of our TA Express System Standards are invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

21.2 Waivers. We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

21.3 Limitation of Liability; Force Majeure. Neither of the parties will be liable for loss or damage, nor be in breach of this Agreement, if failure to perform results from a Force Majeure Event.

Any delay resulting from a Force Majeure Event extends performance accordingly or excuses performance as may be reasonable, except that these causes do not excuse payments of amounts owed to us for any reason.

21.4 Approval and Consents. Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

21.5 Waiver of Punitive Damages. **YOU AND WE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR PUNITIVE**

**OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY (INCLUDING ANY CLAIMS AGAINST OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, AND OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES), AS TO ANY ACTION, SUIT OR CLAIM (WHETHER IN COURT OR BEFORE ANY OTHER TRIBUNAL) THAT ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATIONSHIP, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO THE FRANCHISE RELATIONSHIP, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATIONSHIP, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THIS FRANCHISE RELATIONSHIP, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT. NOTWITHSTANDING THE ABOVE, OUR AFFILIATES AND WE ARE ENTITLED TO PUNITIVE AND EXEMPLARY DAMAGES, AND ANY OTHER RIGHTS AND REMEDIES PROVIDED BY LAW, FOR UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION.**

**21.6 Limitations of Claims. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN 1 YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS SALES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS. HOWEVER, THIS PROVISION DOES NOT LIMIT RIGHTS TO TERMINATE THIS AGREEMENT IN ANY WAY.**

**21.7 Governing Law. IN ANY ACTION, SUIT, OR CLAIM BY OR AGAINST YOU OR US (INCLUDING OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, AND OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES), WHICH IN ANY WAY ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATIONSHIP WITH US, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO THE FRANCHISE RELATIONSHIP, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATIONSHIP, ANY TERMINATION, RESCISSION, CANCELLATION, OR NONRENEWAL OF THE FRANCHISE RELATIONSHIP, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, ONLY OHIO LAW, INCLUDING OHIO STATUTES OF LIMITATION AND REPOSE, WILL APPLY TO ALL CLAIMS ASSERTED, WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE.**

**21.8 Jurisdiction. YOU CONSENT TO VENUE AND PERSONAL JURISDICTION IN ALL LITIGATION BROUGHT BY US OR OUR AFFILIATES AGAINST YOU, WHICH IN ANY WAY ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATIONSHIP WITH US, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF ENTERING INTO THE FRANCHISE RELATIONSHIP,**

**THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENT WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATIONSHIP, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THE FRANCHISE RELATIONSHIP, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, IN THE FOLLOWING COURTS: (A) THE STATE OR COUNTY COURT OF ANY CITY OR COUNTY WHERE WE HAVE OUR PRINCIPAL PLACE OF BUSINESS, AND, (B) THE UNITED STATES DISTRICT COURT NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS.**

**21.9 Venue. YOU AGREE THAT IN ALL LITIGATION BROUGHT AGAINST US, OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, OR OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES, FOR ANY REASON THAT ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATIONSHIP WITH US, INCLUDING, BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO THE FRANCHISE RELATIONSHIP, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATIONSHIP, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THE FRANCHISE RELATIONSHIP, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, SUCH ACTION WILL BE BROUGHT AND VENUE WILL BE PROPER ONLY IN THE FOLLOWING COURTS AND NO OTHERS: (A) FOR CASES WHERE FEDERAL JURISDICTION WOULD NOT EXIST IF THE CASE WERE BROUGHT IN FEDERAL COURT, THE STATE OR COUNTY COURT OF ANY CITY OR COUNTY WHERE WE HAVE OUR PRINCIPAL PLACE OF BUSINESS; AND, (B) FOR ALL OTHER CASES, THE UNITED STATES DISTRICT COURT NEAREST TO OUR PRINCIPAL PLACE OF BUSINESS.**

**21.10 Waiver of Jury Trial. IN ANY ACTION OR SUIT BROUGHT BY OR AGAINST YOU OR US (INCLUDING OUR PRESENT OR FORMER AGENTS AND EMPLOYEES, OUR AFFILIATES, AND OUR AFFILIATES' PRESENT OR FORMER AGENTS AND EMPLOYEES), THAT IN ANY WAY ARISES OUT OF OR RELATES TO YOUR FRANCHISE RELATIONSHIP WITH US, INCLUDING BUT NOT LIMITED TO, ANY AND EVERY ASPECT OF THE PROCESS OF ENTERING INTO SUCH RELATIONSHIP, THIS AGREEMENT, ANY GUARANTY OR OTHER COLLATERAL AGREEMENTS WITH US OR OUR AFFILIATES, OUR PERFORMANCE IN CONNECTION WITH THE FRANCHISE RELATIONSHIP, ANY TERMINATION, RESCISSION, CANCELLATION OR NONRENEWAL OF THE FRANCHISE RELATIONSHIP, AND CONDUCT POST-TERMINATION OR POST-EXPIRATION OF THIS AGREEMENT, YOU AND WE AGREE THAT IN THE EVENT THAT SUCH ACTION IS RESOLVED THROUGH A COURT PROCEEDING, SUCH ACTION WILL BE TRIED TO A COURT WITHOUT A JURY.**

**21.11 Injunctive Relief. If you violate any of the covenants described above, we are entitled to preliminary and permanent injunctive relief, without the requirement that we post a**

bond, and all monies and other consideration you received as a result of any violations of the covenants, as well as all other damages.

21.12 Cumulative Remedies. The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

21.13 Costs and Attorneys' Fees. If a claim for amounts owed by you to us or any of our Affiliates is asserted in any legal proceeding or if either you or we are required to enforce this Agreement in a judicial proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement and including appeals.

21.14 Binding Effect. This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

21.15 Entire Agreement. This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings or agreements between you and us concerning the subject matter of this Agreement. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us. Nothing in this Agreement or any related agreement is intended to disclaim the representations made in our Franchise Disclosure Document, its exhibits and amendments.

21.16 No Liability to Others; No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you as detailed in this Agreement, be liable to any Person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement with respect to our Affiliates or Approved Suppliers, no other party has any rights because of this Agreement.

21.17 Construction. The headings of the sections are for convenience only. If two or more Persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original.

21.18 Time is of the Essence. Time is of the essence in this Agreement. It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

21.19 Counterparts and Electronic Signature. A counterpart of this Agreement and any Exhibit hereto signed by one party to this Agreement and sent electronically via PDF or Docusign format (i) shall have the same effect as an original signed counterpart of this, and (ii) shall be conclusive proof, admissible in judicial proceedings, of such party's execution of this Agreement.

**22. NOTICES AND PAYMENTS.**

All notices permitted or required under this Agreement or by the Manuals must be in writing and will be deemed delivered:

- (a) at the time delivered by hand;
- (b) 1 business day after being placed in the hands of a nationally recognized commercial airborne courier service for next business day delivery; or
- (c) 3 business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us: TA FRANCHISE SYSTEMS LLC  
24601 Center Ridge Road  
Westlake, Ohio 44145-5634  
Attention: Vice President, Franchise Operations

with a required copy to: TA FRANCHISE SYSTEMS LLC  
Two Newton Place  
255 Washington Street  
Newton, Massachusetts 02458-2094  
Attention: General Counsel

If to You: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Either you or we may change the address for delivery of all notices and reports by notice given in the manner set forth above. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least 2 days prior to such date, or in which the receipt from the commercial courier service is not dated prior to 1 day prior to such date) will be deemed delinquent.

[SIGNATURES ON FOLLOWING PAGE]

Intending to be bound, you and we sign and deliver this Agreement in two (2) counterparts on the Agreement Date.

“US”:

“YOU”:

TA FRANCHISE SYSTEMS LLC

\_\_\_\_\_  
*{Business Entity Name}*

By: \_\_\_\_\_  
Name: Deborah Boffa  
Title: CEO  
Date: \_\_\_\_\_

By: ~~By:~~ \_\_\_\_\_  
Name: ~~Name:~~ \_\_\_\_\_  
Title: ~~Title:~~ \_\_\_\_\_  
Date: ~~Date:~~ \_\_\_\_\_

**EXHIBIT "A" TO FRANCHISE AGREEMENT**

**OWNERS' STATEMENT**

This form must be completed by the Franchisee ("I," "me," or "my") if I have multiple owners or if I, or my franchised business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

1. ~~1.~~ **Form of Owner.** I am a (check one):

- ~~(a) General Partnership~~ \_\_\_\_\_
  - ~~(b) Corporation~~ \_\_\_\_\_
  - ~~(c) Limited Partnership~~ \_\_\_\_\_
  - ~~(d) Limited Liability Company~~ \_\_\_\_\_
  - ~~(e) Other~~ \_\_\_\_\_
- ~~Specify: \_\_\_\_\_~~

<input type="checkbox"/>	<u>General Partnership</u>
<input type="checkbox"/>	<u>Corporation</u>
<input type="checkbox"/>	<u>Limited Partnership</u>
<input type="checkbox"/>	<u>Limited Liability Company</u>
<input type="checkbox"/>	<u>Other: _____</u>

~~I was formed under the laws of \_\_\_\_\_.~~  
(state)

2. ~~2.~~ **Business Entity.** I was incorporated or formed on \_\_\_\_\_, \_\_\_\_\_, [FORMATION DATE] under the laws of the State of \_\_\_\_\_ [STATE]. I have not conducted business under any name other than my [corporate, limited liability company or partnership name and \_\_\_\_\_]. The following is a list of all Persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

<b>Name of Person</b>	<b>Position(s) Held</b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

3. **Principal Owners.** Listed below are the full names and mailing addresses of each Person who is a Principal Owner of You, and a description of the nature of such Principal Owner's direct or indirect equity interest in You:

<p>Name: _____          _____          Address: _____          _____          _____          _____</p>	<p><input type="checkbox"/> _____          Number of Shares Owned          in You: _____          and % of Total Shares in          You: _____          or          % of Equity Interest in          You: _____          or          Other Ownership Interest          in You: _____</p> <p>_____ % of Total Shares in You</p>
or	
<p>Name: _____          _____          Address: _____          _____          _____          _____</p>	<p><input type="checkbox"/> _____          Number of Shares Owned          in You: _____          and % of Total Shares in          You: _____          or          % of Equity Interest in          You: _____          or          Other Ownership Interest          in You: _____</p> <p>_____ %</p>
or	
<p><input type="checkbox"/> Other Ownership Interest in You: _____</p>	
<p>Name: _____          _____          Address: _____          _____          _____          _____</p>	<p><input type="checkbox"/> _____          Number of Shares Owned          in You: _____          and % of Total Shares in          You: _____          or          % of Equity Interest in          You: _____          or          Other Ownership Interest          in You: _____</p> <p>_____ % of Total Shares in You</p>
or	
<p>Address: _____</p>	<p><input type="checkbox"/> _____ % of Equity Interest in You</p>

	<u>or</u>
	<input type="checkbox"/> <u>Other Ownership Interest in You:</u>
<b>Name:</b> _____ _____ _____	<input type="checkbox"/> <del>Number</del> of Shares Owned in You: _____ and <del>%</del> of Total Shares in You: _____ or <del>%</del> of Equity Interest in You: _____ or <del>Other Ownership Interest</del> in You: _____
<b>Address:</b> _____ _____ _____ _____	_____ % of Total Shares in You
	<u>or</u>
<b>Address:</b> _____	<input type="checkbox"/> _____ % of Equity Interest in You
	<u>or</u>
	<input type="checkbox"/> <u>Other Ownership Interest in You:</u>
<b>Name:</b> _____	<input type="checkbox"/> _____ of Shares Owned in You _____ % of Total Shares in You
	<u>or</u>
<b>Address:</b> _____	<input type="checkbox"/> _____ % of Equity Interest in You
	<u>or</u>
	<input type="checkbox"/> <u>Other Ownership Interest in You:</u>

4. **Other Owners.** Listed below are the full names and mailing address of each Person, other than the Principal Owners, who directly or indirectly owns an equity interest in You and a description of the nature of the interest (attach additional sheet if required):

<p><b>Name:</b> _____          _____  <b>Address:</b> _____          _____          _____          _____</p>	<input type="checkbox"/>	<p><b>Number</b> of Shares          Owned in You: _____          and % of Total Shares in          You: _____          or          % of Equity Interest in          You: _____          or          Other Ownership Interest          in You: _____</p>
<p><b>Address:</b> _____</p>	<input type="checkbox"/>	<p>% of Total Shares in You</p>
<p><b>Name:</b> _____          _____  <b>Address:</b> _____          _____          _____          _____</p>	<input type="checkbox"/>	<p><b>Number</b> of Shares          Owned in You: _____          and % of Total Shares in          You: _____          or          % of Equity Interest in          You: _____          or          Other Ownership Interest          in You: _____</p>
<p><b>Address:</b> _____</p>	<input type="checkbox"/>	<p>% of Total Shares in You</p>
	<input type="checkbox"/>	<p>or</p>
	<input type="checkbox"/>	<p>% of Equity Interest in You</p>
	<input type="checkbox"/>	<p>or</p>
	<input type="checkbox"/>	<p>Other Ownership Interest in You:</p>

<p><b>Name:</b> _____          _____          _____</p> <p><b>Address:</b> _____          _____          _____          _____          _____</p>	<p><input type="checkbox"/> _____</p> <p><b>Number</b> _____ of Shares          Owned in You: _____          _____  <b>and % of Total Shares in          You:</b> _____          _____          or  <b>% of Equity Interest in          You:</b> _____          _____          or  <b>Other Ownership Interest          in You:</b> _____          _____</p> <p>_____ % of Total Shares in You</p>
<p><b>Address:</b> _____</p>	<p><input type="checkbox"/> _____ % of Equity Interest in You</p> <p>_____ or _____</p> <p><input type="checkbox"/> _____ Other Ownership Interest in You: _____</p>
<p><b>Name:</b> _____          _____          _____</p> <p><b>Address:</b> _____          _____          _____          _____          _____</p>	<p><input type="checkbox"/> _____</p> <p><b>Number</b> _____ of Shares          Owned in You: _____          _____  <b>and % of Total Shares in          You:</b> _____          _____          or  <b>% of Equity Interest in          You:</b> _____          _____          or  <b>Other Ownership Interest          in You:</b> _____          _____</p> <p>_____ % of Total Shares in You</p>
<p><b>Address:</b> _____</p>	<p><input type="checkbox"/> _____ % of Equity Interest in You</p> <p>_____ or _____</p> <p><input type="checkbox"/> _____ Other Ownership Interest in You: _____</p>

5. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of your Business Entity (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

6. **Managing Owner.** Your initial Managing Owner is \_\_\_\_\_.

This Statement of Owners is current and complete as of \_\_\_\_\_.

OWNER

INDIVIDUALS:

Name: \_\_\_\_\_

\_\_\_\_\_  
[Signature]

Name: \_\_\_\_\_

\_\_\_\_\_  
[Print Name]

Name: \_\_\_\_\_

\_\_\_\_\_  
[Signature]

Name: \_\_\_\_\_

\_\_\_\_\_  
[Print Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**BUSINESS ENTITY:**

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT “B” TO FRANCHISE AGREEMENT**  
**GUARANTY AND ASSUMPTION OF YOUR OBLIGATIONS**

**THIS GUARANTY AND ASSUMPTION OF YOUR OBLIGATIONS** is given on \_\_\_\_\_ by the undersigned and intended to be effective as of the Date of the Franchise Agreement.

**You:** \_\_\_\_\_  
(NAME)

**Date of Franchise Agreement:** \_\_\_\_\_

For purposes of this Agreement, “we”, “us” or “our” means TA Franchise Systems, LLC, our successors and assigns; “you” or “your” means the Franchisee named above, and any or all of its Principal Owners.

In consideration of, and as an inducement to, the execution of the above-referenced Franchise Agreement (the “Agreement”) by us, each of the undersigned and any other parties who sign counterparts of this guaranty (referred to herein individually as a “Guarantor” and collectively as “Guarantors”) hereby personally and unconditionally: (a) guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that he or she will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and other obligations, including without limitation, the obligation to pay costs and legal fees as provided in the Agreement and the obligation to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including without limitation the provisions of the Agreement relating to competitive activities (the “Guaranty”).

Each Guarantor waives:

1. acceptance and notice of acceptance by us of the foregoing undertakings; and
2. notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; and
3. protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; and
4. any right to require that an action be brought against you or any other Person as a condition of liability; and

5. all rights to payments and claims for reimbursement or subrogation which we may have against you arising from execution of and performance under this guaranty by the undersigned (including by way of counterparts); and

6. any and all other notices and legal or equitable defenses which may be available.

Each Guarantor consents and agrees that:

(A) his or her direct and immediate liability under this Guaranty will be joint and several not only with you, but also among the Guarantors; and

(B) any payment or performance required under the Agreement will be rendered upon demand if you fail or refuse punctually to do so; and

(C) such liability will not be contingent or conditioned upon pursuit by us of any remedies against you or any other Person; and

(D) such liability will not be diminished, relieved or otherwise affected by any subsequent rider or amendment to the Agreement or by any extension of time, credit or other indulgence which we may from time to time grant to you or to any other Person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this guaranty, which will be continuing and irrevocable throughout the term of the Agreement and for so long thereafter as there are any monies or obligations owing by you to us under the Agreement; and

(E) your written acknowledgment, accepted in writing by us, or the judgment of any court of competent jurisdiction establishing the amount due from you will be conclusive and binding on the undersigned as a Guarantor.

If we are required to enforce this guaranty in a judicial proceeding, and prevail in such proceeding, we will be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the Guarantor will reimburse us for any of the above-listed costs and expenses incurred by it.

Each undersigned Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

IN WITNESS WHEREOF, each Guarantor has hereunto affixed his signature on the same day and year as the Agreement was executed.

**GUARANTOR(S)**

_____	Spouse: _____
_____	Spouse: _____
_____	Spouse: _____
_____	Spouse: _____
_____	Spouse: _____
_____	Spouse: _____

**EXHIBIT "C" TO THE FRANCHISE AGREEMENT**

DATED \_\_\_\_\_

**WITH** \_\_\_\_\_

WITH \_\_\_\_\_

(Name of Franchise Owner)

A. ~~A.~~ **Your Protected Area:**

None; or

~~None; or the~~  The area described as follows: \_\_\_\_\_

Check if map is attached. In the case of any discrepancy between the map and written description, the written description will control.

Map:

\_\_\_\_\_ Your initials

\_\_\_\_\_ Our Initials

B.

~~B.~~ **Your Site:**

Address: \_\_\_\_\_

Legal Description:

Survey/Parcel Map:

\_\_\_\_\_ Your initials

\_\_\_\_\_ Our Initials

C. ~~C.~~ **Minimum Development or Remodel Requirements**

- \_\_\_\_\_ acres
- \_\_\_\_\_ paved truck parking spaces
- \_\_\_\_\_ square feet building
- \_\_\_\_\_ diesel lanes all with DEF
- \_\_\_\_\_ gasoline MPDs
- \_\_\_\_\_ paved car parking spaces
- \_\_\_\_\_ QSRs or Restaurants
- \_\_\_\_\_ showers
- \_\_\_\_\_ High rise sign
- \_\_\_\_\_ Mid-rise sign
- \_\_\_\_\_ Bay Shop
- \_\_\_\_\_ Other
- \_\_\_\_\_ Other
- \_\_\_\_\_ Other

• \_\_\_\_\_ acres

- \_\_\_\_\_ paved truck parking spaces
- \_\_\_\_\_ square feet building
- \_\_\_\_\_ diesel lanes all with DEF
- \_\_\_\_\_ gasoline MPDs
- \_\_\_\_\_ paved car parking spaces
- \_\_\_\_\_ QSRs or Restaurants

• \_\_\_\_\_ Showers

- New Construction of Travel Center or Raze and Rebuild of Travel Center (“New Construction Development”); or
- Renovation and Conversion of Existing Travel Center (“Conversion Development”)

• \_\_\_\_\_ Signs

• Other: \_\_\_\_\_

\_\_\_\_\_ Your initials

\_\_\_\_\_ Our Initials

## EXHIBIT "D" TO THE FRANCHISE AGREEMENT

### CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE

**THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE** (this "Assignment") is made, entered into and effective as of the effective date of the Lease (as defined hereinbelow), by, between and among **TA FRANCHISE SYSTEMS LLC**, with its principal business address located at 24601 Center Ridge Road, Westlake, Ohio 44145-5634 (the "**Franchisor**"), and \_\_\_\_\_ whose current principal place of business is \_\_\_\_\_ (the "**Franchisee**"), and \_\_\_\_\_, whose current principal place of business is \_\_\_\_\_ (the "**Lessor**").

### BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the "**Franchise Agreement**") dated as of \_\_\_\_\_, 202\_\_ with the Franchisee, pursuant to which the Franchisee plans to own and operate a TA Express Center (the "**TA Express Center**") located at \_\_\_\_\_ (the "**Site**"). In addition, pursuant to that certain Lease Agreement (the "**Lease**"), the Franchisee has leased or will lease certain land on which the TA Express Center is or will be located from Lessor. The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

### OPERATIVE TERMS

The Franchisor, Franchisee, and Lessor agree as follows:

3. ~~1.~~ **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.

4. ~~2.~~ **Incorporation of Terms:** Terms not otherwise defined in this Assignment have the meanings ascribed to such terms in the Lease.

5. ~~3.~~ **Indemnification of Franchisor:** The Franchisee agrees to indemnify and hold the Franchisor and its Affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, the Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

6. ~~4.~~ **Conditional Assignment:** The Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Site and the franchise relating to the TA Express Center, and all of the Franchisee's rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by the Franchisee or its Affiliates to the Lessor arising under the Lease and

for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by the Franchisee under the terms of the Lease or the Franchise Agreement, or, in the event the Franchisor makes any payment to the Lessor as a result of the Franchisee's breach of the Lease, then such payment by the Franchisor, or such breach or default under the Lease by the Franchisee, shall at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other Agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisor shall have the unrestricted right to assign its rights hereunder to an Affiliate or to its designee. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

7. ~~5.~~ **No Subordination:** The Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease or state law, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

8. ~~6.~~ **Exercise of Remedies:** In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, the Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

- (a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;
- (b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;
- (c) to exclude the Franchisee, its agents or employees from the Site;
- (d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the TA Express Center and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby

granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

(e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

(f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and

(g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

(h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of the Franchisee's default under the Lease.

9. ~~7.~~ **Power of Attorney:** The Franchisee does hereby appoint irrevocably the Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any Person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

10. ~~8.~~ **Election of Remedies:** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies.

11. ~~9.~~ **Binding Agreements:** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other Persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such Persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent

and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

12. ~~10.~~ **Assignment to Control.** This Assignment governs and controls over any conflicting provisions in the Lease.

13. ~~11.~~ **Attorney's Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing Party.

14. ~~12.~~ **Amendment to Lease.** The Lease is hereby amended to add the following provisions (collectively, the "**Amended Provisions**")

(a) Lessor acknowledges that Tenant is a party to that certain Franchise Agreement (the "Franchise Agreement") with TA Franchise Systems LLC ("Franchisor"). Lessor further acknowledges that it, Tenant, and Franchisor are parties to a Conditional Assignment and Assumption of and Amendment to Lease (the "Assignment"). In the case of any conflict between the Lease Agreement and the Assignment, the Assignment will control.

(b) Upon Franchisor's reasonable request, Lessor shall provide Franchisor with all revenue information and other information it may have related to the operation of the TA Express Center.

(c) Lessor shall contemporaneously provide Franchisor with copies of any written notice of default under the Lease. Franchisor shall have the right (but not the obligation) to cure any default under the Lease within 15 days after any cure period granted to Tenant under the Lease.

(d) In the event of Tenant's default of the Lease or the Franchise Agreement, and upon written notice from Franchisor (the "Assignment Notice") the Lease will, at Franchisor's option, be assigned to Franchisor, Franchisor will become the lessee, Franchisor will be liable for all obligations under the Lease accruing once Franchisor takes possession, Tenant will promptly cooperate in vacating the premises and the Lessor will recognize Franchisor as the lessee as of the date of the Assignment Notice. Franchisor shall have the unrestricted right to assign its rights and obligations hereunder to an Affiliate or to its designee.

(e) Tenant is authorized to display Franchisor's designated marks at the Premises in accordance with the specifications required in Franchisor's manuals, subject only to the provisions of applicable law.

(f) Tenant's right to use the Premises is limited to the operation of a TA Express Center.

(g) No lender or other third party shall disturb Tenant's possession of the TA Express Center (or any aspect of it) so long as the lease term continues and Tenant is not in default, beyond any and all applicable notice and cure periods, under the Lease Agreement.

(h) The Lease Agreement or a memorandum of lease may be recorded by Franchisor.

(i) Notwithstanding anything to the contrary in the Lease Agreement, Franchisor shall be entitled to access the Site and exercise all inspection rights granted to it under the Franchise Agreement, without prior notice to or consent from Lessor.

(j) The Lease Agreement is subordinate to the terms of the Franchise Agreement and the Assignment. The Lease Agreement may not be modified without the written consent of Franchisor, which consent may be withheld or granted in Franchisor's sole discretion.

15. ~~13.~~ **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

**IN WITNESS WHEREOF**, the Parties have caused this Assignment to be executed as of the day and year first above written.

**THE "FRANCHISEE":**

**THE "FRANCHISOR":**

\_\_\_\_\_

**TA FRANCHISE SYSTEMS LLC**

By: \_\_\_\_\_  
~~Name: \_\_\_\_\_~~  
~~Title: \_\_\_\_\_~~  
~~Date: \_\_\_\_\_~~  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
~~Name: \_\_\_\_\_~~  
~~Title: \_\_\_\_\_~~  
~~Date: \_\_\_\_\_~~  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**THE "LESSOR":**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**THE "LESSOR":**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT “E” TO THE FRANCHISE AGREEMENT**  
**MEMORANDUM OF RIGHT OF FIRST REFUSAL**  
**AND RIGHT TO BUY**

Prepared/requested by, record and return to:

David G. Gunther, Esquire  
Hyland Levin Shapiro LLP  
6000 Sagemore Drive, Suite 6301  
Marlton, NJ 08053

**MEMORANDUM OF RIGHT OF FIRST REFUSAL AND RIGHT TO BUY**

THIS MEMORANDUM (this “**Memorandum**”) is made on \_\_\_\_\_,  
between \_\_\_\_\_ (the “Owner”), and TA FRANCHISE SYSTEMS  
LLC (the “Holder”).

PROPERTY:

See Exhibit A attached hereto and made a part

hereof and known as \_\_\_\_\_.

HOLDERS' RIGHTS:

Under the terms of that certain Franchise Agreement, as amended (the "Franchise Agreement"), Holder was granted a right of first refusal to purchase certain assets, including the Property pursuant to Section 16.8 of the Franchise Agreement and a right to purchase certain assets, including the Property pursuant to Section 19.5 of the Franchise Agreement.

FRANCHISE AGREEMENT DATE:

\_\_\_\_\_

TERM OF FRANCHISE AGREEMENT:

Ten (10) years plus two (2) five (5) year renewal options.

All of the terms and conditions of the Franchise Agreement are incorporated herein by reference as though set forth fully herein. In the event of any conflict between the terms hereof and of the terms of the Franchise Agreement, the terms of the Franchise Agreement shall prevail. Nothing contained herein is intended to modify or alter the terms, conditions or provisions of the Franchise Agreement.

IN WITNESS WHEREOF, Owner and Holder have duly executed this Memorandum as of the date first above written.

**OWNER:**

\_\_\_\_\_ OWNER

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

By:

Name:

Title:

Date:

**HOLDER:**

TA FRANCHISE SYSTEMS LLC

By:

Name:

Title:

Date:

**HOLDER:**

**TA FRANCHISE SYSTEMS LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



STATE OF \_\_\_\_\_ :  
: ss  
COUNTY OF \_\_\_\_\_ :

I CERTIFY that on \_\_\_\_\_, ~~202~~2024, \_\_\_\_\_  
personally came before me and acknowledged to my satisfaction, that:

- (a) This person as \_\_\_\_\_ of \_\_\_\_\_ signed and delivered the within instrument on behalf this entity, with the authority to do so; and
- (b) This person acknowledged that he/she signed, sealed and delivered the foregoing instrument as his/her voluntary act and deed of \_\_\_\_\_, for the purposes therein expressed, and received a true and correct copy of this instrument and of all other documents referred to herein.

\_\_\_\_\_  
Name: \_\_\_\_\_  
Notary Public of the State of \_\_\_\_\_  
My commission expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ :  
: ss  
COUNTY OF \_\_\_\_\_ :

I CERTIFY that on \_\_\_\_\_, ~~202~~, \_\_\_\_\_ 2024,  
ROBERT GRACE personally came before me and acknowledged to my satisfaction, that:

- (a) This person as \_\_\_\_\_ VICE PRESIDENT of TA ~~Franchise Systems~~ FRANCHISE SYSTEMS LLC signed and delivered the within instrument on behalf of TA Franchise Systems LLC with the authority to do so; and
- (b) This person acknowledged that he signed, sealed and delivered the foregoing instrument as his voluntary act and deed of TA ~~Franchise Systems~~ FRANCHISE SYSTEMS LLC, for the purposes therein expressed, and received a true and correct copy of this instrument and of all other documents referred to herein.

\_\_\_\_\_  
Name: \_\_\_\_\_

Notary Public of the State of \_\_\_\_\_

My commission expires: \_\_\_\_\_

**EXHIBIT A**  
to  
Memorandum of Right of First Refusal  
Legal Description

**EXHIBIT “F” TO THE FRANCHISE AGREEMENT**

**CONFIDENTIALITY AGREEMENT**

**CONFIDENTIALITY AGREEMENT**

THIS CONFIDENTIALITY AGREEMENT is made and entered into on \_\_\_\_\_, by and among TA FRANCHISE SYSTEMS LLC (“Franchisor”), \_\_\_\_\_ (the “Franchisee”), and the undersigned Franchisee Parties (the “Franchisee Parties”). For purposes of this Agreement only, Franchisee and the Franchisee Parties shall be referred to herein, collectively as “Franchisee.”

**WITNESSETH**

WHEREAS, Franchisor and Franchisee are parties to that certain Franchise Agreement, dated as of the date hereof (the “Franchise Agreement”), pursuant to which, among other things, Franchisor has granted to Franchisee the right to operate a TA Express Center (as defined in the Franchise Agreement);

WHEREAS, in connection with the operation of the Franchised Business, Franchisee will receive certain Confidential Information (as defined in the Franchise Agreement);

WHEREAS, the parties desire to preserve, maintain and protect the confidential nature of such information;

NOW, THEREFORE, in consideration of the premises above, and the mutual covenants and agreements set forth herein and in the Franchise Agreement, and other good and valuable consideration, the parties hereto agree as follows:

1. Franchisee covenants and agrees for and on behalf of itself and each of its officers, directors, shareholders, employees and agents (“Representatives”), that it shall at all times hold, treat and maintain as secret and confidential (unless disclosure is requested by Franchisor or is required pursuant to court order, subpoena in governmental proceeding, arbitration or other requirement of law) all Confidential Information (as defined in the Franchise Agreement). In the event Franchisee is legally compelled to disclose any of the Confidential Information, it is agreed that Franchisee will provide Franchisor with prompt written notice of such request so that Franchisor may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, or Franchisor waives compliance with the provisions of this Agreement, Franchisee agrees that it will furnish only that portion of the Confidential Information and other information which, in the written opinion of its counsel, it is compelled to disclose or else stand liable for contempt or suffer other censure or penalty, and Franchisee will exercise its best efforts to obtain

reliable assurance that confidential treatment will be accorded to that portion of the Confidential Information and other information which is being disclosed.

2. Franchisee covenants and agrees to disclose Confidential Information only to those Representatives who need to know such information for the purpose of operating the Franchised Business, and who (a) are advised by Franchisee of this Agreement and its terms, and (b) agree to be bound by the provisions hereof. Franchisee further covenants and agrees who to make all reasonable, necessary and appropriate efforts to protect and safeguard the Confidential Information from disclosure to anyone other than as permitted hereby. In furtherance of such efforts, Franchisee agrees that it will not, without the prior written consent of Franchisor, duplicate or distribute the Confidential Information to anyone other than as permitted hereby.
3. Franchisee shall be responsible for maintaining the secrecy and confidentiality of the Confidential Information and will be responsible in this regard for the actions and activities of all of its Representatives who receive any Confidential Information; and, Franchisee shall indemnify and hold harmless Franchisor from all damages and expense (including attorneys' fees) which Franchisor may sustain as a result of any unauthorized disclosure of Confidential Information by Franchisee or any of its Representatives.
4. Franchisee covenants and agrees that it shall, in accordance with the terms and provisions of the Franchise Agreement, return to Franchisor all Confidential Information, including all copies, extracts or other reproductions of such Confidential Information, and destroy all written material, memoranda, reports, notes and other writings or recordings whatsoever which were prepared by it or its Representatives based upon or in connection with its or their review, in whole or in part, of such Confidential Information.
5. This Agreement may not be assigned by operation of law or otherwise by Franchisee without the prior written consent of Franchisor. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns. The rights and privileges of Franchisor hereunder shall inure to the benefit of the subsidiaries and affiliates of Franchisor, without assignment or other action, and such subsidiaries and affiliates are hereby acknowledged to be third party beneficiaries hereunder.
6. Franchisee recognizes and agrees that Franchisee's failure or refusal to maintain the confidentiality of the Confidential Information in accordance herewith will inflict irreparable harm upon Franchisor for which there will likely not be any adequate remedy at law, and that Franchisor shall have the right to seek the remedies of injunctive relief therefor.
7. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard for or to the choice of law provisions thereof.
8. This Agreement may be executed in multiple counterparts, each of which shall be deemed as original, and all of which together shall constitute one and the same document.



IN WITNESS WHEREOF, each party hereto, by and through its duly authorized executive officer, has executed this Agreement as of the day and year first written above.

**TA FRANCHISE SYSTEMS LLC**

TA FRANCHISE SYSTEMS LLC

By: \_\_\_\_\_  
Name: Deborah Boffa  
Title: CEO  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

**{FRANCHISEE}**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(together, the “Franchisee Parties”)



**EXHIBIT "G" TO THE FRANCHISE AGREEMENT**  
**STATE SPECIFIC ADDENDA**

**FRANCHISE AGREEMENT**

**ADDENDUM FOR USE IN CALIFORNIA, HAWAII, INDIANA, MICHIGAN, NEW YORK, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA AND WISCONSIN**

This Addendum to Franchise Agreement is entered into by and between **TA FRANCHISE SYSTEMS LLC** and the undersigned as "Franchisee" to amend said Franchise Agreement as follows:

**No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Indiana, Michigan, New York, Rhode Island, South Dakota, Virginia and Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum to Franchise Agreement and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on ~~the~~ \_\_\_\_\_ ~~day of~~ \_\_\_\_\_, 20\_\_\_\_.

**TA FRANCHISE SYSTEMS LLC**

By: \_\_\_\_\_  
Name:  
Title

**FRANCHISEE**

By: \_\_\_\_\_  
Name  
Title:

STATE OF ILLINOIS  
**FRANCHISE AGREEMENT**  
**ADDENDUM**

This Addendum to Franchise Agreement is entered into by and between **TA FRANCHISE SYSTEMS LLC** and the undersigned as "Franchisee" to amend said Franchise Agreement as required by the State of Illinois as follows:

- 1) Illinois law governs the Franchise Agreement(s).
- 2) In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
- 3) Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
- 4) In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.
- 5) No Waiver of Disclaimer of Reliance. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum to Franchise Agreement and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**TA FRANCHISE SYSTEMS LLC**

By: \_\_\_\_\_  
Name:  
Title

**FRANCHISEE**

By: \_\_\_\_\_  
Name  
Title:

STATE OF MARYLAND  
FRANCHISE AGREEMENT

**ADDENDUM**

This Addendum to Franchise Agreement (this “Addendum”) is executed effective as of the \_\_\_ day of \_\_\_\_\_ 202\_\_\_, by and between TA FRANCHISE SYSTEMS LLC, a Delaware limited liability company having its principal place of business at 24601 Center Ridge Road, Westlake, Ohio 44145 (“Franchisor”) and \_\_\_\_\_, with its principal business address at \_\_\_\_\_ (“Franchisee”).

**WITNESSETH**

**WHEREAS**, Franchisor and Franchisee have executed a Franchise Agreement of even date herewith (the “Franchise Agreement”); and

**WHEREAS**, the parties desire to supplement, amend and modify certain terms and provisions of the Franchise Agreement in accordance with the terms of this Addendum;

**NOW, THEREFORE**, in consideration of the foregoing and in for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee agree as follows:

1. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Franchise Agreement.
2. Any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. Franchisee may file a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Section 21.6 of the Franchise Agreement is hereby amended by the addition of the following language:  
  
“Notwithstanding anything herein to the contrary, any and all claims and actions arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.”
5. All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
6. No Waiver of Disclaimer of Reliance. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the

commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum to Franchise Agreement and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on the \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_.

**TA FRANCHISE SYSTEMS LLC**

By: \_\_\_\_\_  
Name:  
Title

**FRANCHISEE**

By: \_\_\_\_\_  
Name  
Title:

STATE OF MINNESOTA  
**FRANCHISE AGREEMENT**

**ADDENDUM**

This Addendum to Franchise Agreement is entered into by and between **TA FRANCHISE SYSTEMS LLC ("TA")** and the undersigned as "Franchisee".

Pursuant to the requirements of the Minnesota Franchise Disclosure Laws, Chapter 80C.01 to 80C.22, the **Franchise Agreement** (the "Agreement") is amended as follows:

1. Section 10.3 of the Franchise Agreement, is hereby supplemented by the addition of the following language thereto:

"The State of Minnesota considers it unfair to not protect the franchisee's rights to use the trademarks. Therefore, in accordance with Minnesota Stat. §80C.12, Subd. 1(g), TA will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name to the extent required by Minnesota law. Franchisor does not indemnify against the consequences of Franchisee's use of the trademarks except in accordance with the requirements of the Franchise Agreement."

2. Sections 18.2 and 18.3 of the Franchise Agreement are hereby amended by the addition of the following language to the original language that appears therein:

"Minnesota Law provides franchisees with certain Termination and non-renewal rights. Minnesota Stat. §80C.14, Subd. 3, 4, and 5 require, except in certain specified cases, that a franchisee be given ninety (90) days notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days notice for non-renewal of the Franchise Agreement."

5. Sections 16.3(h) and 17.3 of the Franchise Agreement are hereby amended by the addition of the following language to the original language that appears therein:

"Minnesota Rule 2860.4400D prohibits TA from requiring you to assent to a general release. In addition, to the extent required by applicable Minnesota law, no provision which is inconsistent with the Minnesota law, shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, 1984, Chapter 80C, including your rights to submit matters to the jurisdiction of the courts of Minnesota."

6. Section 21.6 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears:

“No action may be commenced pursuant to Minnesota Stat. §80C.17 more than three years after the cause of action accrues.”

7. Sections 21.7, 21.8, and 21.9 of the Franchise Agreement are hereby amended by the addition of the following language to the original language that appears therein:

"Minnesota Statutes §80C.21 and Minnesota Rule 2860.4400J prohibit TA from requiring litigation to be conducted outside Minnesota. In addition, nothing in the agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

8. Section 21.11 of the Franchise Amendment is hereby amended by the addition of the following language to the original language that appears:

“Under Minnesota law, you cannot consent to TA obtaining injunctive relief, although TA may seek such relief. A court will determine if a bond is required.”

9. No Waiver of Disclaimer of Reliance. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on the \_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**TA FRANCHISE SYSTEMS LLC**

By: \_\_\_\_\_  
Name:  
Title

**FRANCHISEE**

By: \_\_\_\_\_  
Name  
Title

STATE OF NORTH DAKOTA

FRANCHISE AGREEMENT

ADDENDUM

This Addendum to Franchise Agreement is entered into by TA FRANCHISE SYSTEMS LLC (“TA”) and the undersigned as "Franchisee" to amend the **Franchise Agreement** (the "Agreement") as required by the State of North Dakota to include the following:

1. Section 17.3 of the Franchise Agreement is hereby amended by deleting the following sentence: “You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, Affiliates, successors and assigns.” Section 17.3 is further amended by deleting the phrase “and releases” from the final sentence.
2. Section 19.4 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”
3. Section 21.5 of the Franchise Agreement is hereby deleted in its entirety.
4. Section 21.6 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

“Notwithstanding anything herein to the contrary, the statute of limitation under the laws of the State of North Dakota will apply.”
5. Section 21.7 of the Franchise Agreement is hereby amended by adding the following sentence:

“Pursuant to the North Dakota Franchise Investment Law, any provisions requiring franchisees to consent to the application of laws of a state other than North Dakota are void.”
6. Section 21.9 of the Franchise Agreement is hereby amended by adding the following sentence:

“Pursuant to the North Dakota Franchise Investment Law, any provisions requiring franchisees to consent to the jurisdiction of courts outside of North Dakota are void.”
7. Section 21.10 of the Franchise Agreement is hereby deleted in its entirety.

8. No Waiver of Disclaimer of Reliance. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum and agrees to be bound by all of its terms and conditions, the parties agree this Addendum shall become effective on the \_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**TA FRANCHISE SYSTEMS LLC**

By: \_\_\_\_\_  
Name:  
Title

**FRANCHISEE**

By: \_\_\_\_\_  
Name  
Title

STATE OF WASHINGTON  
FRANCHISE AGREEMENT

**ADDENDUM**

This Addendum to Franchise Agreement (this “Addendum”) is executed effective as of the \_\_\_ day of \_\_\_\_\_ 202\_\_, by and between TA FRANCHISE SYSTEMS LLC, a Delaware limited liability company having its principal place of business at 24601 Center Ridge Road, Westlake, Ohio 44145 (“Franchisor”) and \_\_\_\_\_, with its principal business address at \_\_\_\_\_ (“Franchisee”).

**WITNESSETH**

**WHEREAS**, Franchisor and Franchisee have executed a Franchise Agreement of even date herewith (the “Franchise Agreement”); and

**WHEREAS**, the parties desire to supplement, amend and modify certain terms and provisions of the Franchise Agreement in accordance with the terms of this Addendum, in compliance with the Washington Franchise Investment Protection Act, RCW §§ 19.100.010 to 19.100.940 and the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”).

**NOW, THEREFORE**, in consideration of the foregoing and in for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisor and Franchisee agree as follows:

1. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Franchise Agreement.
2. The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in Franchisee’s relationship with Franchisor including the areas of termination and renewal of the Franchise Agreement. There may also be court decisions which may supersede the Franchise Agreement in your relationship with Franchisor including in the areas of termination and renewal of your franchise.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, Franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. In the event of a conflict of laws, the provisions of the Franchise Act, Chapter 19.100 RCW, shall prevail.

5. A release or waiver of rights executed by Franchisee shall not include rights under the Washington Franchise Investment Protection Act, or any rule or order thereunder, except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Franchise Act, rights or remedies under the Franchise Act such as a right to a jury trial may not be enforceable.
6. Transfer fees are collectable to the extent that they reflect Franchisor's reasonable estimated or actual costs in effecting a transfer.
7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of Franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of Franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
8. RCW 49.62.060 prohibits Franchisor from restricting, restraining, or prohibiting Franchisee from (i) soliciting or hiring any employee of Franchisee of the same franchisor or (ii) soliciting or hiring any employee of Franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
9. No Waiver of Disclaimer of Reliance. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum and consents to be bound by all of its terms, and agrees it shall become effective the \_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**TA FRANCHISE SYSTEMS LLC**

By: \_\_\_\_\_

Name:

Title

**FRANCHISEE**

By: \_\_\_\_\_

Name:

Title:

**TA FRANCHISE SYSTEMS LLC**

**RELEASE**

EXHIBIT F TO THE DISCLOSURE DOCUMENT

**GENERAL RELEASE**

In exchange for \_\_\_\_\_, which the parties hereto acknowledge as adequate consideration, \_\_\_\_\_ (“you”) hereby grant to TA Franchise Systems LLC (“we” or “us”), the following general release:

You, for yourself and your affiliates, and their respective current and former successors, assigns, officers, shareholders, directors, members, managers, agents, employees, heirs and personal representatives (“Franchisee Affiliates”), hereby fully and forever unconditionally release and discharge us and each of our affiliates, and their respective successors, assigns, agents, representatives, employees, officers, shareholders, directors, members, managers and insurers (collectively referred to as “Franchisor Affiliates”) from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever (“Released Claims”), in law or in equity, whether known or unknown, which you or the Franchisee Affiliates may now have against us or Franchisor Affiliates or which may hereafter be discovered. Without limiting the foregoing, Released Claims include, but are not limited to, all claims, demands, obligations, actions, liabilities and damages, known or unknown, in any way arising from or relating to: (i) any relationship or transaction with us or Franchisor Affiliates, (ii) that certain Franchise Agreement, dated \_\_\_\_\_, or any related agreements, and (iii) the franchise relationship, from the beginning of time until the date of the effective date of this Addendum.

You represent that you have not assigned, subrogated, pledged or transferred to any person or entity any of the claims, demands, or causes of action released herein.

You acknowledge that you have had the opportunity to review this General Release with independent counsel before executing it, and hereby execute it freely, voluntarily, and with the intention of being legally bound.

EXECUTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 202\_\_.

\_\_\_\_\_  
[FRANCHISEE]

**TA FRANCHISE SYSTEMS LLC  
SUBORDINATION AGREEMENT**

EXHIBIT G TO THE DISCLOSURE DOCUMENT

## **SUBORDINATION AGREEMENT**

This Subordination Agreement is made this \_\_\_\_ day of \_\_\_\_\_, 202\_, by and among TA FRANCHISE SYSTEMS LLC, a Delaware limited liability company (“**Franchisor**”), [Lender], a \_\_\_\_\_ (“**Lender**”), and [Franchisee], a \_\_\_\_\_ (“**Franchisee**”).

### **BACKGROUND**

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement dated \_\_\_\_\_, 202\_ (the “**Franchise Agreement**”);

WHEREAS, pursuant to the Franchise Agreement, Franchisor possesses a right of first refusal under Section 16.8 and a right to purchase under Section 19.5 with respect to (collectively, the “**Franchisor Purchase Right**”) the property known as [insert property description] owned by Franchisee, known as a [TA Center / TA Express Center] and more particularly described on Exhibit A attached hereto and made a part hereof (the “**Property**”) and a security interest (the “**Franchisor Security Interest**”) in the operating assets of the [TA Center / TA Express Center] (the “**Collateral**”);

WHEREAS, Franchisee has obtained or seeks to obtain from Lender a loan (the “**Loan**”) secured by a first lien mortgage upon the Property (the “**Lender Mortgage**”) and a security interest in the Collateral (the “**Lender Security Interest**”);

WHEREAS, Lender and Franchisee have entered into a \_\_\_\_\_ Agreement and related ancillary documents, all dated \_\_\_\_\_, 202\_ (collectively, the “**Loan Documents**”) pursuant to which Lender has agreed to make the Loan;

WHEREAS, Franchisor is willing to subordinate its security interest in the Collateral pursuant to the terms of this Agreement; and

NOW THEREFORE, in consideration of the foregoing and the undertakings of each party to the other described in this Agreement, the sufficiency of which is hereby acknowledged, the parties mutually agree as follows:

1. In the event a Franchisor Purchase Right is exercised by Franchisor as provided in the Franchise Agreement, Franchisor hereby agrees to pay any purchase price due in connection with such exercise (the “**Purchase Price**”) directly to the following account:

[Insert Lender’s information, including wire instructions]

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This payment direction may not be rescinded or altered, except by a written direction signed by Lender. Notwithstanding anything in the Franchise Agreement to the contrary, Franchisee hereby consents to the payment direction set forth in this Section 1 for so long as the Loan or any portion or obligation thereunder remains outstanding. Franchisee shall, and hereby does, indemnify and hold Franchisor harmless from and against any and all liabilities, claims, suits, fines, penalties, damages, losses, fees, costs and/or expenses (including but not limited to attorneys’ fees) incurred by Franchisor and in any way connected with Franchisor’s complying with the terms of this Section 1. For so long as the Loan or any portion or obligation thereunder remains outstanding, Franchisee hereby absolutely and unconditionally assigns all its right, title and interest in the Purchase Price paid by the Franchisor pursuant to the Franchise Agreement, if any, to the Lender.

2. Franchisor hereby subordinates the Franchisor Security Interest in the Collateral in all respects to Lender and agrees to place a legend to such effect on any financing statements filed by Franchisor to evidence the Franchisor Security Interest. Lender hereby agrees that Lender’s rights under the Loan Documents and Lender’s enforcement of its rights under the Lender Mortgage with respect to the Property and any improvements and fixtures located thereon shall be subordinate to the Franchisor Purchase Right, which shall continue in effect notwithstanding the enforcement of remedies by Lender under the Lender Mortgage until such time as the Property is sold to a third-party (and shall specifically survive foreclosure by Lender or its successor or assign) and Franchisor has an opportunity to exercise its Purchase Right with respect to such sale.

3. Prior to Lender commencing any remedy under the Loan Documents, Lender shall provide to Franchisor written notice of the default which would permit the Lender to commence such remedy, whether or not Lender is obligated to give notice thereof to Franchisee (each, a “**Loan Default Notice**”) and shall permit Franchisor an opportunity, to be exercised in Franchisor’s sole discretion, to cure such default in accordance with the provisions of this Section 3. If the default is: (a) a payment default, or (b) any other monetary default, Franchisor shall have until seven (7) calendar days after the later of: (i) the receipt by Franchisor of the Loan Default Notice, and (ii) the expiration of Franchisee’s cure provision, if any, (in either event, an “**Extended Monetary Cure Period**”) to cure such monetary default. In the event Franchisor elects to cure any such monetary default: (x) Franchisee shall defend and hold harmless Lender for all costs, expenses, losses, liabilities, obligations, damages, penalties, costs, and disbursements imposed on or incurred by or asserted against Lender due to or arising from such Extended Monetary Cure Period, and (y) Franchisee shall pay all default interest and late charges applicable to such monetary default. If the default is of a non-monetary nature, Franchisor shall have the same period of time as the Franchisee has under the Loan Documents to cure such non-monetary default plus an additional fifteen (15) calendar days (an “**Extended**

**Non-Monetary Cure Period**”). Franchisee shall defend and hold harmless Lender for all costs, expenses, losses, liabilities, obligations, damages, penalties, costs, and disbursements imposed on or incurred by or asserted against Lender due to or arising from such Extended Non-Monetary Cure Period. If the default is of a nature that is not susceptible of cure (e.g., a bankruptcy of the Franchisee) as determined by Lender in good faith, Franchisor shall have no cure rights hereunder (although Lender shall still be required to provide the written notice required by this Section 3). Notwithstanding anything to the contrary contained in this Agreement (but subject to the terms of the last sentence of this Section 3), Franchisor shall have no further rights to cure any default under this Section 3 if Franchisor has previously exercised such cure rights with respect to any two (2) consecutive defaults or four (4) separate defaults in total during the term of the Loan. For the avoidance of doubt, if multiple defaults exist simultaneously and are cured simultaneously by Franchisor, such circumstance shall be considered a single cure for purposes of the previous sentence. Notwithstanding anything to the contrary contained herein, any Extended Monetary Cure Period or Extended Non-Monetary Cure Period shall automatically terminate if Franchisee declares bankruptcy, or an insolvency or general assignment for the benefit of creditors of Franchisee has occurred.

4. Franchisor and Franchisee hereby agree that Lender may apply all of the Purchase Price to payment in full of all sums due to Lender by Franchisee under the Loan in such order and priority as is provided in the Loan Documents. Upon payment of the Purchase Price by Franchisor, Lender shall take such actions and file such documents as are necessary to remove any liens, deeds of trust, or mortgages on the Property or Collateral in connection with the Loan Documents, including but not limited to UCC-3 termination statements and discharges of mortgages. In the event the Purchase Price exceeds the total outstanding indebtedness (principal, interest and any other monetary obligations) under the Loan Documents, Lender shall promptly remit such excess to Franchisee. Except as otherwise expressly set forth in this Agreement, nothing in this Agreement shall constitute a waiver of any of Franchisor’s rights or remedies, or of Franchisee’s rights or obligations, under the Franchise Agreement or under any other agreement between them. Specifically, the parties acknowledge that by agreeing to make the direct payment described in Section 1 of this Agreement, Franchisor is merely accommodating the Loan and is not limiting or waiving any of its rights under the Franchise Agreement.

5. This Agreement may only be modified by the mutual written agreement of both parties hereto. No oral statement shall in any manner modify or otherwise effect the terms and conditions set forth herein.

6. Waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed a waiver of such term, covenant or condition in its entirety, or any subsequent breach of the same or any other term, covenant or condition herein contained.

7. The parties agree that this Agreement constitutes the entire agreement and understanding of the parties relating to the subject matter hereof and supersedes all previous communications, proposals, representations and agreements whether oral or written relating to the subject matter hereof.

8. This Agreement shall be governed by and construed in accordance with the laws of the state of [insert property state] without regard to its choice of law provisions and the laws of the United States of America.

9. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or unenforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

10. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and permitted assigns.

11. Any notice required or permitted to be given hereunder shall be in writing and may be given by personal service, by nationally recognized overnight courier service, or by depositing a copy thereof in United States certified or registered mail, with postage fully prepaid. Any notice or document shall be deemed to have been received on the date of delivery if delivered personally or by nationally recognized overnight courier service, or three (3) days after the date the notice is delivered, properly addressed, to the U.S. mails if mailed.

Notice to Franchisor shall be addressed as follows:

Franchise Department  
TA Franchise Systems LLC  
24601 Center Ridge Road  
Westlake, OH 44145-5634  
Attn: Director of Franchising

with a copy to: TA Franchise Systems LLC  
Two Newton Place  
255 Washington Street  
Newton, MA 02458  
Attn: General Counsel

Notice to Franchisee shall be addressed as follows:

Attn:

with a copy to:

Attn:

Notice to Lender shall be addressed as follows:

with a copy to:

These addresses may be changed at any time by any party hereto through written notice to the other parties hereto in accordance with the procedure set forth in this Section 11.

12. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile transmission or in pdf format by electronic transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or in pdf format by electronic transmission shall be deemed to be their original signatures for all purposes.

IN WITNESS WHEREOF, the parties have caused this Subordination Agreement to be executed the day and year set forth above.

TA FRANCHISE SYSTEMS LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[LENDER]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[FRANCHISEE]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF

COUNTY OF \_\_\_\_\_

I CERTIFY that on \_\_\_\_\_, 202\_, \_\_\_\_\_ of TA Franchise Systems LLC, personally came before me and acknowledged to my satisfaction, that:

- (a) This person as an authorized agent for Franchisor signed and delivered the within instrument on behalf of Franchisor with the authority to do so; and
- (b) This person acknowledged that he signed, sealed and delivered the foregoing instrument as his voluntary act and deed of Franchisor, for the purposes therein expressed, and received a true and correct copy of this instrument and of all other documents referred to herein.

\_\_\_\_\_  
Name:

Notary Public of the State of

My commission expires: \_\_\_\_\_

STATE OF

COUNTY OF \_\_\_\_\_

I CERTIFY that on \_\_\_\_\_, 202\_, \_\_\_\_\_ of [Franchisee Name] personally came before me and acknowledged to my satisfaction, that:

- (a) This person as an authorized agent for Franchisee signed and delivered the within instrument on behalf of Franchisee with the authority to do so; and
- (b) This person acknowledged that he signed, sealed and delivered the foregoing instrument as his voluntary act and deed of Franchisee, for the purposes therein expressed, and received a true and correct copy of this instrument and of all other documents referred to herein.

\_\_\_\_\_  
Name:  
Notary Public of the State of

My commission expires: \_\_\_\_\_

STATE OF

COUNTY OF \_\_\_\_\_

I CERTIFY that on \_\_\_\_\_, 202\_, \_\_\_\_\_ of [Lender Name] personally came before me and acknowledged to my satisfaction, that:

- (a) This person as an authorized agent for Lender signed and delivered the within instrument on behalf of Lender with the authority to do so; and
- (b) This person acknowledged that he signed, sealed and delivered the foregoing instrument as his voluntary act and deed of Lender, for the purposes therein expressed, and received a true and correct copy of this instrument and of all other documents referred to herein.

\_\_\_\_\_  
Name:  
Notary Public of the State of

My commission expires: \_\_\_\_\_

Record and return to:

**EXHIBIT A**

[Description of property]

**TA FRANCHISE SYSTEMS LLC**  
**GUARANTY OF PERFORMANCE**

EXHIBIT H TO THE DISCLOSURE DOCUMENT

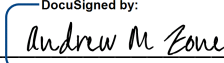
## GUARANTY OF PERFORMANCE

For value received BP Corporation North America Inc., an Indiana corporation located at 501 Westlake Park Boulevard, Houston, TX 77079, absolutely and unconditionally guarantees to assume the duties and obligations of TA Franchise Systems LLC, a Delaware limited liability company located at 24601 Center Ridge Road, Westlake, Ohio 44145-5634 (the “Franchisor”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 “TA Express” Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified, or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of the Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Houston, Texas on the 15 day of March, 2024.

Guarantor:

**BP CORPORATION NORTH AMERICA INC.**

By:  \_\_\_\_\_  
Name: DocuSigned by: Andy Bone  
64D5B945E7B44E1...  
Title: Vice President and Chief Financial Officer

**GUARANTY OF PERFORMANCE**

**EXHIBIT I**

**STATE SPECIFIC ADDENDA**

**ADDENDUM FOR USE IN CALIFORNIA, HAWAII, INDIANA, MARYLAND,  
MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND,  
SOUTH DAKOTA, VIRGINIA, WASHINGTON AND WISCONSIN**

~~For value received BP Corporation North America Inc., an Indiana corporation located at 501 Westlake Park Boulevard, Houston, TX 77079, absolutely and unconditionally guarantees to assume the duties and obligations of TA Franchise Systems LLC, a Delaware limited liability company located at 24601 Center Ridge Road, Westlake, Ohio 44145-5634 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its This Addendum to Franchise Agreement identified in its 2023 "TA Express" Franchise Disclosure Document, as it may be amended, and as that is entered into by and between TA FRANCHISE SYSTEMS LLC and the undersigned as "Franchisee" to amend said Franchise Agreement may be entered into with franchisees and amended, modified, or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied as follows:~~

**No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Indiana, Maryland, Michigan, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin:

~~-or until the liability of the Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of Franchisor. This guarantee is binding on the Guarantor and its successors and assigns. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

~~The Guarantor signs this guarantee at Houston, Texas on the \_\_\_\_\_ day of \_\_\_\_\_, 2023.~~

Guarantor:  
**BP CORPORATION NORTH AMERICA INC.**  
By: \_\_\_\_\_  
Name: **Andy Zone**

Title: Vice President and Chief Financial Officer

~~EXHIBIT I~~

~~STATE-SPECIFIC ADDENDA~~

**Addendum to Disclosure Document  
Pursuant to the California Franchise Investment Law**

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF OUR WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT <http://www.dbo.ca.gov>

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Item 3 is amended to state that neither we nor any person named in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

Item 17 is amended to state that California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).

Item 17 is amended to state that the Franchise Agreement contains provisions requiring application of the laws of Ohio. These provisions may not be enforceable under California law.

Item 17 is amended to state that the Franchise Agreement requires that any authorized litigation be conducted in Ohio. These provisions may not be enforceable under California law. Prospective franchisees at encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Item 17 is amended to state that you must sign a general release of claims if you renew or transfer your franchise, California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of

your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Item 17 is amended to state that California Corporations Code, Section 31125 requires us to give you a Disclosure Document, approved by the Department of Corporations before we ask you to consider a material modification of your Franchise Agreement.

Item 17 is amended to state that the Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Item 17(t) is amended by deleting and replacing the first sentence with the following: "The Franchise Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us, subject to the laws of the State of California."

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **Addendum to Disclosure Document Pursuant to the Illinois Franchise Disclosure Act**

1. Notice Required by Law:

THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS 705/19 AND 705/20.

2. Item 17 is amended to state that the provisions of the Franchise Agreement and all other agreements concerning governing law, jurisdiction, venue, choice of law and waiver of jury trials will not constitute a waiver of any right conferred upon you by the Illinois Franchise Disclosure Act or other Illinois law. The Illinois Franchise Disclosure Act will govern the Franchise Agreement with respect to Illinois licensees and any other person under the jurisdiction of the Illinois Franchise Disclosure Act.

3. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void".

4. Section 4 of the Illinois Franchise Disclosure Act of 1987 states that any provision in a franchise agreement which designates jurisdiction or venue in a

forum outside of the State of Illinois is void with respect to any cause of action which is otherwise enforceable in the State of Illinois; however, a franchise agreement may provide for arbitration in a forum outside of the State of Illinois.

5. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **Addendum to Disclosure Document Pursuant to the Indiana Franchise Practices Act**

1. Indiana law prohibits requiring you to prospectively agree to a release or waiver which purports to relieve any person from liability imposed by the Indiana Franchise Practices Act (IC 23-2-2.7(5)).
2. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **Addendum to Disclosure Document Pursuant to the Maryland Franchise Registration and Disclosure Law**

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document and will apply to all franchises offered and sold under the laws of the State of Maryland:

1. Item 17 is amended to state that the provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).
2. Item 17 is amended to state that you may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within 3 years after the grant of the Franchise.

3. Item 17 is amended to state that any general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise registration and Disclosure Law.
4. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **Addendum to Disclosure Document Pursuant to the Minnesota Franchise Investment Law**

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Disclosure Document for use in the State of Minnesota contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. The Minnesota Department of Commerce requires that Franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the Proprietary Marks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee’s use of the Proprietary Marks except in accordance with the requirements of the Franchise Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within ten (10) days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim, and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Franchise Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
2. Franchise Act, Sec. 80C.14, Subd. 4., requires, except in certain specified cases, that a franchisee be given written notice of a franchisor’s intention not to renew 180 days prior to expiration of the franchise and that the franchisee be given sufficient opportunity to operate the franchise in order to enable the franchisee the opportunity to recover the fair market value of the franchise as a going concern. If the Franchise Agreement and/or the Disclosure Document contain(s)

a provision that is inconsistent with the Franchise Act, the provisions of the Franchise Agreement shall be superseded by the Act's requirements and shall have no force or effect.

3. Franchise Act, Sec. 80C.14, Subd. 3., requires, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure). If the Franchise Agreement and/or the Disclosure Document contain(s) a provision that is inconsistent with the Franchise Act, the provision of the Franchise Agreement shall be superseded by the Act's requirements and shall have no force or effect.
4. If the Franchise Agreement and/or the Disclosure Document requires you to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.
5. If the Franchise Agreement and/or the Disclosure Document require(s) that it be governed by a state's law, other than the State of Minnesota, or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including any right to submit matters to the jurisdiction of the courts of Minnesota.
6. If the Franchise Agreement and/or the Disclosure Document require(s) you to sue the Franchisor outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota. As such, the disclosure in risk factor 1 on the cover page of the Disclosure Document that the Agreement requires you to sue outside the State of Minnesota is not applicable because of the Franchise Act.
7. Item 17 of the Disclosure Document shall be supplemented by the addition of the following new paragraph: Minnesota law provides franchisees with certain transfer rights. In sum, Minn. Stat. §80C.14 (subd. 5) currently requires that consent to the transfer of the franchise may not be unreasonably withheld.
8. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met

independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

### **Addendum to Disclosure Document Pursuant to the New York Franchise Sales Act**

1. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or

pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the

franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**", and Item 17(w), titled "**Choice of law**":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. [No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of \(i\) waiving any claims under any applicable state franchise law, including fraud in the inducement, or \(ii\) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.](#)

### **Addendum to Disclosure Document Pursuant to North Dakota Law**

1. Item 17(C) is amended delete the following phrase: "and, sign a general release."
2. Item 17(R) is amended to add the following language: "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."
3. Item 17(V) is amended by adding the following sentence: "Pursuant to the North Dakota Franchise Investment Law, any provisions requiring franchisees to consent to the jurisdiction of courts outside of North Dakota are void."
4. Item 17(W) is amended by adding the following sentence: "Pursuant to the North Dakota Franchise Investment Law, any provisions requiring franchisees to consent to the application of laws of a state other than North Dakota are void."
5. Item 17 is amended to state that any provision in the Franchise Agreement which requires you to waive your right to a trial by jury or consent to a waiver of exemplary or punitive damages is deleted.
6. [No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of \(i\) waiving any claims under any applicable state franchise law, including fraud in the inducement, or \(ii\) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.](#)

## **Addendum to Disclosure Document Additional Information Required by the State of Rhode Island**

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 *et seq.* (the “Act”), the Franchise Disclosure Document for use in the State of Rhode Island is amended as follows:

Item 17 is amended to state that termination of a franchise agreement as a result of insolvency or bankruptcy may not be enforceable under federal bankruptcy law.

Item 17 is amended to state that any release signed as a condition of transfer or renewal will not apply to any claims you may have under the Rhode Island Franchise Investment Act.

Item 17 is amended to state that any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## **Addendum to Disclosure Document Pursuant to the Laws of South Dakota**

1. Covenants not to compete upon termination of the Franchise Agreement are generally unenforceable in the State of South Dakota.
2. The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of South Dakota; but as to contractual and all other matters, the Franchise Agreement and all provisions will be and remain subject to the application, construction, enforcement and interpretation under the governing law of the State of Ohio.
3. The provisions in this Disclosure Document and in the Franchise Agreement to the extent that they refer to termination for breach of the Franchise Agreement failure to meet performance standards, and/or failure to make royalty payments, must afford a licensee thirty days written notice with an opportunity to cure said default before termination.
4. Pursuant to SDCL 37-5B, any acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement

does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate a chapter or rule under a chapter.

5. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **Addendum to Disclosure Document Pursuant to the Virginia Retail Franchise Act**

Item 17 is amended to state that, pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

### **Addendum to Disclosure Document Pursuant to the Washington Franchise Investment Protection Act**

1. The state of Washington has a statute, RCW 19.100.180, which may supersede the Franchise Agreement in your relationship with us, including areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.
2. A release or waiver of rights you sign will not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions that unreasonably restrict or limit the statute of limitations period for claims under the Act, and rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
3. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

4. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.
5. In any arbitration or mediation involving a franchise purchase in Washington, the arbitration or mediation site will be either the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, you may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of you, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of you under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits us from restricting, restraining, or prohibiting you from (i) soliciting or hiring any employee of you of the same franchisor or (ii) soliciting or hiring any employee of us. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
8. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**TA FRANCHISE SYSTEMS LLC**  
**DISCLOSURE DOCUMENT RECEIPTS**

EXHIBIT J TO THE DISCLOSURE DOCUMENT

**RECEIPT**

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If TA Franchise Systems LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on **Exhibit B**.

The franchisor is TA Franchise Systems LLC, located at 24601 Center Ridge Road, Westlake, Ohio 44145-5634. Its telephone number is (440) 808-9100.

The name, principal address and telephone number of the franchise sellers offering the franchise are:

~~David J. Rae~~ Daniel Walter; 24601 Center Ridge Road, Westlake, Ohio 44145-5634; (440) ~~808-3169~~ 808-3203  
William Lynn; 24601 Center Ridge Road, Westlake, Ohio 44145-5634; (770) 330-3820  
Steve Hunt; 24601 Center Ridge Road, Westlake, Ohio 44145-5634; (865) 806-2122  
Michael Ted Blevins; 24601 Center Ridge Road, Westlake, Ohio 44145-5634; (619) 991-7110

Issuance Date: ~~September 21, 2023~~ March 15, 2024

See **Exhibit A** for our registered agents authorized to receive service of process.

I have received a Disclosure Document with an issuance date of ~~September 21, 2023~~ March 15, 2024, that included the following exhibits:

- |   |   |
|---|---|
| A. List of Registered Agents for Service of Process | E. Franchise Agreement                              |
| B. List of State Administrators                     | F. Release  |
| C. Confidential Operations Manual Table of Contents | G. Subordination Agreement                          |
| D. Financial Statements                             | H. Guaranty of Performance                          |
|   | I. State Specific Addenda and State Effective Dates |
|   | J. Disclosure Document Receipts                     |

DATED: \_\_\_\_\_  
SIGNED: \_\_\_\_\_, individually as  
an officer, member or partner of \_\_\_\_\_  
(a \_\_\_\_\_ corporation)  
(a \_\_\_\_\_ limited liability company)  
(a \_\_\_\_\_ partnership)  
NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
PHONE: \_\_\_\_\_

[KEEP THIS COPY FOR YOUR RECORDS]

## RECEIPT

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If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on **Exhibit B**.

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| C. Confidential Operations Manual Table of Contents | H. Guaranty of Performance                          |
| D. Financial Statements                             | I. State Specific Addenda and State Effective Dates |
| E. Franchise Agreement                              | J. Disclosure Document Receipts                     |

DATED: \_\_\_\_\_  
SIGNED: \_\_\_\_\_, individually as  
an officer, member or partner of \_\_\_\_\_  
(a \_\_\_\_\_ corporation)  
(a \_\_\_\_\_ limited liability company)  
(a \_\_\_\_\_ partnership)  
NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
PHONE: \_\_\_\_\_

[Please sign and date both copies of this receipt, keep one (the previous page) for your records and return one copy (this page) to TA Franchise Systems LLC, Franchise Administrator, 24601 Center Ridge Road, Westlake, Ohio 44145-5634]