

TRAVELCENTERS OF AMERICA INC

FORM 10-Q (Quarterly Report)

Filed 11/15/1999 For Period Ending 9/30/1999

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 1999

Commission file number 333-26497

TRAVELCENTERS OF AMERICA, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE	36-3856519
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

24601 Center Ridge Road, Suite 200
Westlake, OH 44145-5634
(Address of principal executive offices, including zip code)

(440) 808-9100
(Telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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TRAVELCENTERS OF AMERICA, INC.

This Quarterly Report on Form 10-Q contains historical information and forward-looking statements. Statements looking forward in time are included in this Form 10-Q pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. They involve known and unknown risks and uncertainties that may cause the Company's actual results to differ from future performance suggested herein. In the context of forward-looking information provided in this Form 10-Q and in other reports, please refer to the discussion of risk factors detailed in, as well as the other information contained in, the Company's filings with the Securities and Exchange Commission.

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TravelCenters of America, Inc.

Consolidated Balance Sheet

September 30, 1999 (Unaudited)	December 31, 1998
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(in Thousands of Dollars)

Assets

Current assets:

Cash (Note 3)	\$ 31,737	\$ 89,200
Accounts receivable (less allowance for doubtful accounts of \$3,409 for 1999 and \$3,907 for 1998)	59,196	61,012
Inventories	53,772	42,952
Deferred income taxes	6,076	4,459
Other current assets	8,874	12,619
Total current assets	159,655	210,242
Notes receivable, net	4,030	1,239
Property and equipment, net	448,903	361,803
Intangible assets	31,867	21,141
Deferred financing costs	8,355	9,284
Deferred income taxes	—	2,924
Other assets	941	3,428
Total assets	\$653,751	\$610,061
Liabilities and Stockholders' Equity		
Current liabilities:		
Current maturities of long-term debt	\$ 1,594	\$ 1,594
Accounts payable	26,690	20,915
Other accrued liabilities	81,908	88,165
Total current liabilities	110,192	110,674
Commitments and contingencies (Note 8)		
Long-term debt	414,749	390,865
Deferred income taxes	5,675	937
Other long-term liabilities	15,194	9,162
	545,810	511,638
Mandatorily redeemable senior convertible participating preferred stock	77,218	69,974
Other preferred stock, common stock and other stockholders' equity	52,846	43,547
Retained deficit	(22,123)	(15,098)
	30,723	28,449
Total liabilities and stockholders' equity	\$653,751	\$610,061

The accompanying notes are an integral part of these consolidated financial statements.

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TravelCenters of America, Inc.

Unaudited Consolidated Statement of Income and Retained Earnings (Deficit)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
(in Thousands of Dollars Except Per Share Amounts)				
Revenues:				
Fuel	\$ 280,139	\$ 137,591	\$ 660,841	\$ 408,114

Nonfuel	136,686	95,422	355,428	256,646
Rent and royalties	5,049	5,322	15,620	16,436
Total revenues	421,874	238,335	1,031,889	681,196
Cost of revenues (excluding depreciation)	309,722	159,360	732,966	463,943
Gross profit (excluding depreciation)	112,152	78,975	298,923	217,253
Operating expenses	75,062	50,851	198,814	140,852
Selling, general and administrative expenses	9,639	8,759	29,300	27,127
Transition expense	1,379	884	3,025	2,758
Depreciation and amortization expense	15,134	8,464	36,902	33,034
(Gain) on sales of property and equipment	(827)	(971)	(567)	(826)
Stock compensation expense	900	875	2,700	2,625
Income from operations	10,865	10,113	28,749	11,683
Interest expense, net	(9,901)	(6,128)	(27,404)	(18,263)
Income (loss) before income taxes	964	3,985	1,345	(6,580)
Provision (benefit) for income taxes	858	1,598	1,126	(2,362)
Net income (loss)	106	2,387	219	(4,218)
Less: preferred dividends	(2,521)	(2,217)	(7,244)	(6,362)
Retained earnings (deficit) – beginning of the period	(19,708)	(9,196)	(15,098)	1,554
Retained (deficit) – end of the period	\$ (22,123)	\$ (9,026)	\$ (22,123)	\$ (9,026)
Earnings (loss) per common share (basic and diluted)	\$ (2.75)	\$ 0.29	\$ (10.01)	\$ (17.46)

The accompanying notes are an integral part of these consolidated financial statements.

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TravelCenters of America, Inc.

Unaudited Consolidated Statement of Cash Flows

	Nine Months Ended September 30,	
	1999	1998
	(in Thousands of Dollars)	
Cash flows from operating activities:		
Net income (loss)	\$ 219	\$ (4,218)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	36,901	33,034
Deferred income tax provision	830	(5,939)
Provision for doubtful accounts	1,130	1,036
Provision for stock compensation	2,700	2,625
(Gain) on sales of property and equipment	(567)	(826)
Changes in assets and liabilities, adjusted for the effects of business acquisitions:		
Accounts receivable	6,253	765

Inventories	(4,662)	(3,863)
Other current assets	3,839	3,432
Accounts payable	(1,126)	(1,887)
Other current liabilities	(18,479)	7,935
Other, net	2,942	(69)
Net cash provided by operating activities	29,980	32,025
Cash flows from investing activities:		
Business acquisitions	(57,044)	(6,270)
Proceeds from sales of property and equipment	5,883	3,337
Capital expenditures	(66,826)	(49,090)
Net cash used in investing activities	(117,987)	(52,023)
Cash flows from financing activities:		
Revolving loan borrowings	61,500	–
Revolving loan repayments	(36,500)	–
Long-term debt repayments	(1,116)	(375)
Proceeds from issuance of stock	6,660	–
Repurchase of common stock	–	(375)
Net cash provided by (used in) financing activities	30,544	(750)
Net (decrease) in cash	(57,463)	(20,748)
Cash at the beginning of the period	89,200	71,756
Cash at the end of the period	\$ 31,737	\$ 51,008

The accompanying notes are an integral part of these consolidated financial statements.

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TravelCenters of America, Inc.

Selected Notes to Unaudited Consolidated Financial Statements

1. Business Description and Summary of Operating Structure

The Company is a nationwide marketer of truck and auto fuel and related products and services through a network of 159 full-service travel centers (the “Network”) in 40 states. Of the Network locations at September 30, 1999, the Company owns or leases 148 locations, 29 of which are leased to independent lessee-franchisees (“Operators”) of the Company (“Leased Sites”), and 119 of which are operated by the Company (“Company-operated Sites”). Eleven locations are owned or leased and operated by independent franchisees (“Franchisee-Owners”) of the Company (“Franchisee-Owner Sites”). The Company purchases and resells diesel fuel, gasoline and other travel center products and services to consumers, commercial trucking fleets, operators and independent franchisees; provides fleet credit card and customer information services through its proprietary ACCESS billing system; conducts centralized purchasing programs; creates promotional programs; and, as a franchisor, assists the Operators and Franchisee-Owners in providing service to commercial trucking fleets and the motoring public.

The Company was incorporated on December 2, 1992 as National/Auto Truckstops Holdings Corporation. The Company’s name was changed to TravelCenters of America, Inc. in March 1997. In April 1993, the Company acquired (the “National Acquisition”) the truckstop network assets operated under the Unocal 76 trademarks (the “National Network”) from a subsidiary of Unocal Corporation (together with its subsidiaries “Unocal”) and in December 1993 acquired (the “TA Acquisition”) the truckstop network assets operated under the TA trademarks (the “TA Network”) from subsidiaries of The British Petroleum Company p.l.c. (together with its subsidiaries “BP”). In December 1998, the Company acquired (the “Burns Acquisition”) the truckstop network assets operated under the Burns Bros. trademarks (the “Burns Network”) from Burns Bros., Inc., and certain of its affiliates (collectively “Burns”). In June 1999, the Company acquired (the “TPOA Acquisition”) the truckstop network operated under the Travel Port trademarks (the “TPOA Network”) of Travel Ports of America, Inc. (“TPOA”). See Note 6

for further discussion of the TPOA Acquisition. At September 30, 1999, the Network was composed of 137 sites operating under the TA brand name and 22 sites operating under the Burns, TPOA or Unocal 76 trademarks. As part of the TPOA Acquisition, the Company obtained a fourth wholly-owned direct subsidiary, Travel Port Systems, Inc. ("TP Systems").

The accompanying unaudited, consolidated financial statements as of and for the three- and nine-month periods ended September 30, 1999 and 1998 have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, these statements should be read in conjunction with the audited financial statements as of and for the year ended December 31, 1998. In the opinion of management, the accompanying unaudited, consolidated financial statements contain all adjustments, all of which were of a normal recurring nature, necessary to present fairly, in all material respects, the consolidated results of operations and of cash flows for the three- and nine-month periods ended September 30, 1999 and 1998, and are not necessarily indicative of the results to be expected for the full year.

2. Earnings Per Share

A reconciliation of the income and shares used in the computation of earnings per share follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
	(In Thousands of Dollars Except Per Share Amounts)			
Net income (loss)	\$ 106	\$ 2,387	\$ 219	\$ (4,218)
Less: Preferred stock dividends	(2,521)	(2,217)	(7,244)	(6,362)
Net loss available to common stockholders	(2,415)	170	(7,025)	(10,580)
Weighted average shares outstanding	878	596	702	606
Net income (loss) per share	\$ (2.75)	\$ 0.29	\$(10.01)	\$ (17.46)

The assumed conversion of stock options, warrants and convertible series of preferred stock would have an antidilutive effect on the loss per share for the three- and nine-month periods ended September 30, 1999 and 1998.

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TravelCenters of America, Inc. Selected Notes to Unaudited Consolidated Financial Statements

3. Restricted Cash

As part of the refinancing the Company completed in December 1998 (the "1998 Refinancing"), \$42,000,000 was borrowed to prefund future capital expenditures and business acquisitions. Use of this cash was restricted to these purposes and the funds were maintained in a cash collateral account until so used. This amount was included in the cash balance in the balance sheet. In the first quarter of 1999, \$12,000,000 of this balance was used for capital expenditures. In the second quarter of 1999, the remaining \$30,000,000 was used to partially fund the TPOA Acquisition (see Note 6).

4. Inventories

Inventories consist of the following:

	September 30, 1999	December 31, 1998
	(Dollars in Thousands)	
Nonfuel products	\$48,840	\$39,973
Petroleum products	4,932	2,979

Total inventories	\$53,772	\$42,952
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5. Property and Equipment

During the first quarter of 1998 the estimated useful lives of certain machinery, equipment, furniture and fixtures were revised downward from 10 years to five years. The effect of this change in estimate resulted in a \$9,486,000 charge to depreciation expense and reductions in income before extraordinary items, net income and earnings per share of \$9,486,000, \$5,668,000 and \$9.08 per share, respectively. This change resulted in these assets becoming fully depreciated at March 31, 1998.

6. Business Acquisitions

All business acquisitions have been accounted for under the purchase method. The results of operations of the acquired businesses are included in the consolidated financial statements from the respective dates of the acquisitions.

TPOA Acquisition. Effective June 1, 1999, the Company consummated the TPOA Acquisition by acquiring 100 percent of the common stock of TPOA at a price of \$4.30 per share. Under the terms of the related merger agreement and certain ancillary agreements, the Company paid cash of approximately \$27,760,000 for all of TPOA's outstanding common shares and common stock equivalents except approximately 653,000 common shares that were exchanged for 85,000 shares of the Company's common stock. In addition, the Company paid cash of approximately \$31,007,000 to retire all of TPOA's indebtedness outstanding as of the merger date. TPOA operated a network of 16 travel centers in seven states, primarily in the northeastern U.S., and a single fuel terminal in Pennsylvania. Upon consummation of the acquisition, TPOA was merged into TA.

The total cost of the acquisition, which included \$19,366,000 of assets other than property and equipment acquired, was \$85,264,000. This was comprised of cash paid to purchase the TPOA stock and repay the TPOA debt of \$58,767,000, the value of the 85,000 shares of the Company's common stock issued in exchange for TPOA shares of \$2,808,000, liabilities assumed of \$21,185,000 and direct costs of the acquisition of \$2,504,000. The cost was allocated to the assets and liabilities acquired on the basis of their estimated fair values at the acquisition date. The excess of purchase price over the estimated fair values of the net assets acquired, in the amount of \$10,359,000, has been recorded as goodwill and is being amortized on a straight-line basis over 15 years. The cash portion of the TPOA Acquisition was initially funded with \$30,000,000 of the restricted cash provided by the 1998 Refinancing (see Note 3), \$25,000,000 of borrowings under the Company's revolving credit facility and other available cash.

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TravelCenters of America, Inc. Selected Notes to Unaudited Consolidated Financial Statements

Burns Acquisition. On December 3, 1998, the Company completed the Burns Acquisition, whereby the Company acquired from Burns the land, buildings, equipment and inventories at 17 of the 19 sites comprising the Travel Stops division of Burns, the equipment and inventories used in Burns' fuel wholesaling and transportation businesses and certain accounts receivable related to the acquired assets.

The total cost of the assets acquired was \$60,728,000, comprised of the cash consideration paid to Burns of \$56,240,000, liabilities assumed of \$3,920,000 and direct costs of the acquisition of \$568,000. The cost was allocated to the assets and liabilities acquired on the basis of their estimated fair values at the acquisition date. The Burns Acquisition was funded with borrowings under the Company's long-term bank term loan facility as part of the 1998 Refinancing.

The following unaudited pro forma information presents the results of operations of the Company as if the TPOA Acquisition and the Burns Acquisition had each taken place on January 1, 1998.

	Year Ended December 31,	Nine Months Ended September 30,	
	1998	1999	1998
	(In Thousands of Dollars Except per Share Amounts)		
Total revenue	\$1,205,835	\$1,088,348	\$902,056
Gross profit	\$ 389,069	\$ 323,449	\$288,966

Income from operations	\$ 30,413	\$ 32,719	\$ 19,995
Net income (loss)	\$ (2,060)	\$ 1,967	\$ (3,056)
Loss per common share (basic and diluted)	\$ (17.61)	\$ (7.52)	\$ (15.55)

These pro forma results of operations have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which actually would have resulted had the acquisitions occurred on January 1, 1998, or which may result in the future.

7. Supplemental Cash Flow Information

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1999	1998	1999	1998
	(Dollars in thousands)		(Dollars in thousands)	
Cash paid during the period for:				
Interest	\$6,109	\$ 3,223	\$23,597	\$15,434
Income taxes (net of refunds)	\$1,118	\$(2,289)	\$ 4,507	\$ 160
Inventory, property and equipment, and treasury stock received in liquidation of trade accounts and notes receivable	\$ 170	\$ 3,044	\$ 170	\$ 3,044
Note received from the sale of property and equipment	\$2,650	\$ –	\$ 2,650	\$ –

As part of the TPOA Acquisition (see Note 6), the Company issued 85,000 shares of its common stock in exchange for approximately 653,000 shares of TPOA's common stock. The shares issued by the Company were valued at approximately \$2,808,000, which was included in the purchase price of the TPOA Acquisition.

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TravelCenters of America, Inc. Selected Notes to Unaudited Consolidated Financial Statements

8. Commitments and Contingencies

Environmental Matters

The Company's operations and properties are subject to extensive regulation pursuant to federal, state and local laws, regulations and ordinances that (i) govern activities and operations that may have adverse environmental effects, such as discharges to air, soil and water, as well as handling, storage and disposal practices for petroleum products and other hazardous and toxic substances ("Hazardous Substances") or (ii) impose liability and damages for the costs of cleaning up sites affected by, and for damages resulting from, past spills and disposal or other releases of Hazardous Substances ("Environmental Laws").

The Company owns and uses underground storage tanks ("USTs") and aboveground storage tanks ("ASTs") at Company-operated and Leased Sites to store petroleum products and waste. These tanks must comply with requirements of Environmental Laws regarding tank construction, integrity testing, leak detection and monitoring, overfill and spill control, release reporting, financial assurance and corrective action in case of a release from a UST or AST into the environment. At certain locations, the Company also is subject to Environmental Laws relating to vapor recovery and discharges to water. The Company believes that all of its travel centers are in material compliance with applicable requirements of Environmental Laws. While the costs of compliance for these matters have not had a material adverse impact on the Company, it is impossible to predict accurately the ultimate effect these changing laws and regulations may have on the Company in the future.

The Company has received notices of alleged violations of Environmental Laws, or is aware of the need to undertake corrective actions to comply with Environmental Laws, at Company-owned travel centers in a number of jurisdictions. The Company does not expect that any financial penalties associated with these alleged violations, instances of noncompliance, or compliance costs incurred in connection therewith, will be material to the Company's results of operation or financial condition. The Company is conducting investigatory and/or remedial actions with respect to releases and/or spills of Hazardous Substances at various sites. While the Company cannot precisely estimate the ultimate costs it will incur in connection with the investigation and remediation of these properties, based on its current knowledge, the Company does not expect that the costs to be incurred at these properties, individually or in the aggregate, will be material to the Company's results of operation or financial condition. While the aforementioned matters are, to the best knowledge of the Company, the only proceedings for which the

Company is currently exposed to potential liability (particularly given the environmental indemnities obtained as part of the National Acquisition and the TA Acquisition), there can be no assurance that additional contamination does not exist at these or additional Network properties, or that material liability will not be imposed in the future. If additional environmental problems arise or are discovered, or if additional environmental requirements are imposed by government agencies, increased environmental compliance or remediation expenditures may be required, which could have a material adverse effect on the Company.

The Company has estimated the current ranges of remediation costs at currently active sites and what it believes will be its ultimate share for such costs after required indemnification and remediation is performed by Unocal and BP under the environmental agreements and has a reserve, which includes the environmental liabilities assumed as part of the Burns Acquisition and the TPOA Acquisition, of \$7,668,000 for such matters. While it is not possible to quantify with certainty the environmental exposure, in the opinion of management, the potential liability, beyond that considered in the reserve, for all environmental proceedings, based on information known to date, will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

Pending Litigation

The Company is involved from time to time in various legal and administrative proceedings incidental to the ordinary course of its business. In the opinion of management, the Company is not now involved in any litigation, individually, or in the aggregate, which could have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

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**TravelCenters of America, Inc.
Selected Notes to Unaudited Consolidated Financial Statements**

9. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

10. Condensed Consolidating Financial Statement Schedules

The following schedules set forth the consolidating balance sheets of the Company as of September 30, 1999 and December 31, 1998, the consolidating statements of income and retained earnings (deficit) of the Company for the three months and nine months ended September 30, 1999 and 1998, and the consolidating statements of cash flows of the Company for the nine months ended September 30, 1999 and 1998. In the following schedules, "Parent Company" refers to the unconsolidated balances of TravelCenters of America, Inc., "Guarantor Subsidiaries" refers to the combined unconsolidated balances of TA, National and TP Systems, and "Nonguarantor Subsidiary" refers to the balances of TAFSI. "Eliminations" represent the adjustments necessary to (a) eliminate intercompany transactions and, (b) eliminate the Company's investments in its subsidiaries. The Guarantor Subsidiaries (TA, National and TP Systems) are wholly-owned subsidiaries of the Company and have fully and unconditionally, jointly and severally, guaranteed the Company's indebtedness. In the 10-Q filing, the Company has not presented separate financial statements and other disclosures concerning the Guarantor Subsidiaries because management has determined such information is not material to investors.

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**TravelCenters of America, Inc.
Selected Notes to Consolidated Financial Statements**

Condensed Consolidating Balance Sheet Schedules:

September 30, 1999

Parent Company	Guarantor Subsidiaries	Nonguarantor Subsidiary	Eliminations	Consolidated
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(in Thousands of Dollars)

Assets

Current assets:					
Cash	\$ 99	\$ 31,638	\$ –	\$ –	\$ 31,737
Accounts receivable, net	–	58,653	1,103	(560)	59,196
Inventories	–	53,772	–	–	53,772
Deferred income taxes	–	6,076	–	–	6,076
Other current assets	423	8,488	–	(37)	8,874
	<u>522</u>	<u>158,627</u>	<u>1,103</u>	<u>(597)</u>	<u>159,655</u>
Notes receivable, net	1,012	4,725	–	(1,707)	4,030
Property and equipment, net	–	448,903	–	–	448,903
Intangible assets	–	31,867	–	–	31,867
Deferred financing costs	8,355	–	–	–	8,355
Other assets	717	224	–	–	941
Investments in subsidiaries	339,590	3,700	–	(343,290)	–
	<u>339,590</u>	<u>3,700</u>	<u>–</u>	<u>(343,290)</u>	<u>–</u>
Total assets	\$ 350,196	\$648,046	\$ 1,103	\$(345,594)	\$653,751
	<u>\$ 350,196</u>	<u>\$648,046</u>	<u>\$ 1,103</u>	<u>\$(345,594)</u>	<u>\$653,751</u>

Liabilities and Stockholders' Equity

Current liabilities:					
Current maturities of long-term debt	\$ 1,446	\$ 148	\$ –	\$ –	\$ 1,594
Accounts payable	–	26,690	–	–	26,690
Other accrued liabilities	8,020	75,066	(579)	(599)	81,908
	<u>9,466</u>	<u>101,904</u>	<u>(579)</u>	<u>(599)</u>	<u>110,192</u>
Total current liabilities	9,466	101,904	(579)	(599)	110,192
Long-term debt	411,857	4,599	–	(1,707)	414,749
Deferred income taxes	(879)	6,554	–	–	5,675
Intercompany advances	(179,443)	408,738	(5,892)	(223,403)	–
Other liabilities	–	15,194	–	–	15,194
	<u>241,001</u>	<u>536,989</u>	<u>(6,471)</u>	<u>(225,709)</u>	<u>545,810</u>
Mandatorily redeemable senior convertible participating preferred stock	77,218	–	–	–	77,218
Other preferred stock, common stock and other stockholders' equity	54,100	84,899	–	(86,153)	52,846
Retained earnings (deficit)	(22,123)	26,158	7,574	(33,732)	(22,123)
	<u>31,977</u>	<u>111,057</u>	<u>7,574</u>	<u>(119,885)</u>	<u>30,723</u>
Total liabilities and stockholders' equity	\$ 350,196	\$648,046	\$ 1,103	\$(345,594)	653,751
	<u>\$ 350,196</u>	<u>\$648,046</u>	<u>\$ 1,103</u>	<u>\$(345,594)</u>	<u>653,751</u>

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TravelCenters of America, Inc. Selected Notes to Consolidated Financial Statements

December 31, 1998

Parent Company	Guarantor Subsidiaries	Nonguarantor Subsidiary	Eliminations	Consolidated
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(in Thousands of Dollars)

Assets

Current assets:

Cash	\$ 59,665	\$ 29,535	\$ –	\$ –	\$ 89,200
Accounts receivable, net	–	60,176	836	–	61,012
Inventories	–	42,952	–	–	42,952
Deferred income taxes	–	4,459	–	–	4,459
Other current assets	98,323	29,210	7,860	(122,774)	12,619
Total current assets	157,988	166,332	8,696	(122,774)	210,242
Notes receivable, net	967	272	–	–	1,239
Property and equipment, net	–	361,803	–	–	361,803
Intangible assets	–	21,141	–	–	21,141
Deferred financing costs	9,284	–	–	–	9,284
Deferred income taxes	879	2,045	–	–	2,924
Other assets	730	6,398	–	(3,700)	3,428
Investments in subsidiaries	338,205	–	–	(338,205)	–
Total assets	\$508,053	\$557,991	\$8,696	\$(464,679)	\$610,061
Liabilities and Stockholders' Equity					
Current liabilities:					
Current maturities of long-term debt	\$ 1,446	\$ 148	\$ –	\$ –	\$ 1,594
Accounts payable	–	20,908	7	–	20,915
Other accrued liabilities	18,988	189,022	2,916	(122,761)	88,165
Total current liabilities	20,434	210,078	2,923	(122,761)	110,674
Long-term debt	387,942	2,923	–	–	390,865
Deferred income taxes	–	937	–	–	937
Intercompany advances	–	223,404	–	(223,404)	–
Other liabilities	–	9,162	–	–	9,162
Total liabilities	408,376	446,504	2,923	(346,165)	511,638
Mandatorily redeemable senior convertible participating preferred stock	69,974	–	–	–	69,974
Other preferred stock, common stock and other stockholders' equity	44,801	84,880	–	(86,134)	43,547
Retained earnings	(15,098)	26,607	5,773	(32,380)	(15,098)
	29,703	111,487	5,773	(118,514)	28,449
Total liabilities and stockholders' equity	\$508,053	\$557,991	\$8,696	\$(464,679)	\$610,061

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TravelCenters of America, Inc.
Selected Notes to Consolidated Financial Statements

Condensed Consolidating Statement of Income and Retained Earnings (Deficit) Schedules:

Three Months Ended September 30, 1999

Parent Company	Guarantor Subsidiaries	Nonguarantor Subsidiary	Eliminations	Consolidated
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	(In Thousands of Dollars)				
Revenues:					
Fuel	\$ —	\$280,139	\$ —	\$ —	\$280,139
Nonfuel	—	136,105	639	(58)	136,686
Rent and royalties	—	8,674	1,991	(5,616)	5,049
Total revenues	—	424,918	2,630	(5,674)	421,874
Cost of revenues (excluding depreciation)	—	309,722	—	—	309,722
Gross profit (excluding depreciation)	—	115,196	2,630	(5,674)	112,152
Operating expenses	—	80,677	1	(5,616)	75,062
Selling, general and administrative expenses	227	7,248	2,222	(58)	9,639
Transition expense	—	1,379	—	—	1,379
Depreciation and amortization expense	337	14,797	—	—	15,134
Loss on sales of property and equipment	—	(827)	—	—	(827)
Stock compensation expense	—	900	—	—	900
Income (loss) from operations	(564)	11,022	407	—	10,865
Interest expense, net	—	(9,897)	(4)	—	(9,901)
Equity income (loss)	477	—	—	(477)	—
Income (loss) before income taxes	(87)	1,125	403	(477)	964
Provision (benefit) for income taxes	(193)	900	151	—	858
Net income (loss)	106	225	252	(477)	106
Less: preferred dividends	(2,521)	—	—	—	(2,521)
Retained earnings (deficit) - beginning of the period	(19,708)	25,933	7,322	(33,255)	(19,708)
Retained earnings (deficit) — end of the period	\$ (22,123)	\$ 26,158	\$ 7,574	\$ (33,732)	\$ (22,123)

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TravelCenters of America, Inc. Selected Notes to Consolidated Financial Statements

Three Months Ended September 30, 1998

	Parent Company	Guarantor Subsidiaries	Nonguarantor Subsidiary	Eliminations	Consolidated
	(In Thousands of Dollars)				
Revenues:					
Fuel	\$ —	\$137,591	\$ —	\$ —	\$137,591
Nonfuel	—	94,743	679	—	95,422
Rent and royalties	—	8,195	1,832	(4,705)	5,322
Total revenues	—	240,529	2,511	(4,705)	238,335
Cost of revenues (excluding depreciation)	—	159,360	—	—	159,360

Gross profit (excluding depreciation)	–	81,169	2,511	(4,705)	78,975
Operating expenses	53	54,750	753	(4,705)	50,851
Selling, general and Administrative expenses	192	8,349	218	–	8,759
Transition expense	–	884	–	–	884
Depreciation and amortization expense	375	8,089	–	–	8,464
(Gain) on sales of property and equipment	–	(971)	–	–	(971)
Stock compensation expense	–	875	–	–	875
Income (loss) from operations	(620)	9,193	1,540	–	10,113
Interest expense, net	(846)	(5,282)	–	–	(6,128)
Equity income (loss)	3,355	–	–	(3,355)	–
Income (loss) before income taxes	1,889	3,911	1,540	(3,355)	3,985
Provision (benefit) for income taxes	(498)	1,522	574	–	1,598
Net income (loss)	2,387	2,389	966	(3,355)	2,387
Less: preferred dividends	(2,217)	–	–	–	(2,217)
Retained earnings (deficit) - beginning of the period	(9,196)	26,109	3,885	(29,994)	(9,196)
Retained earnings (deficit) — end of the period	<u>\$ (9,026)</u>	<u>\$ 28,498</u>	<u>\$4,851</u>	<u>\$ (33,349)</u>	<u>\$ (9,026)</u>

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TravelCenters of America, Inc.
Selected Notes to Consolidated Financial Statements

Nine Months Ended September 30, 1999

	Parent Company	Guarantor Subsidiaries	Nonguarantor Subsidiary	Eliminations	Consolidated
(In Thousands of Dollars)					
Revenues:					
Fuel	\$ –	\$ 660,841	\$ –	\$ –	\$ 660,841
Nonfuel	–	354,356	1,245	(173)	355,428
Rent and royalties	–	25,434	5,534	(15,348)	15,620
Total revenues	–	1,040,631	6,779	(15,521)	1,031,889
Cost of revenues (excluding depreciation)	–	732,966	–	–	732,966
Gross profit (excluding depreciation)	–	307,665	6,779	(15,521)	298,923
Operating expenses	–	213,687	475	(15,348)	198,814
Selling, general and administrative expenses	713	25,332	3,428	(173)	29,300
Transition expense	–	3,025	–	–	3,025
Depreciation and amortization expense	1,005	35,897	–	–	36,902
Loss on sales of property and equipment	–	(567)	–	–	(567)

Stock compensation expense	–	2,700	–	–	2,700
Income (loss) from operations	(1,718)	27,591	2,876	–	28,749
Interest expense, net	–	(27,401)	(3)	–	(27,404)
Equity income (loss)	1,352	–	–	(1,352)	–
Income (loss) before income taxes	(366)	190	2,873	(1,352)	1,345
Provision (benefit) for income taxes	(585)	639	1,072	–	1,126
Net income (loss)	219	(449)	1,801	(1,352)	219
Less: preferred dividends	(7,244)	–	–	–	(7,244)
Retained earnings (deficit) - beginning of the period	(15,098)	26,607	5,773	(32,380)	(15,098)
Retained earnings (deficit) — end of the period	<u>\$(22,123)</u>	<u>\$ 26,158</u>	<u>\$7,574</u>	<u>\$(33,732)</u>	<u>\$ (22,123)</u>

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TravelCenters of America, Inc. Selected Notes to Consolidated Financial Statements

Nine Months Ended September 30, 1998

	Parent Company	Guarantor Subsidiaries	Nonguarantor Subsidiary	Eliminations	Consolidated
(In Thousands of Dollars)					
Revenues:					
Fuel	\$ –	\$408,114	\$ –	\$ –	\$408,114
Nonfuel	–	255,816	830	–	256,646
Rent and royalties	–	24,774	5,171	(13,509)	16,436
Total revenues	–	688,704	6,001	(13,509)	681,196
Cost of revenues (excluding depreciation)	–	463,943	–	–	463,943
Gross profit (excluding depreciation)	–	224,761	6,001	(13,509)	217,253
Operating expenses	159	153,069	1,133	(13,509)	140,852
Selling, general and administrative expenses	638	25,836	653	–	27,127
Transition expense	–	2,758	–	–	2,758
Depreciation and amortization expense	1,122	31,912	–	–	33,034
(Gain) on sales of property and equipment	–	(826)	–	–	(826)
Stock compensation expense	–	2,625	–	–	2,625
Income (loss) from operations	(1,919)	9,387	4,215	–	11,683
Interest expense, net	(2,674)	(15,589)	–	–	(18,263)
Equity income (loss)	(1,186)	–	–	1,186	–
Income (loss) before income taxes	(5,779)	(6,202)	4,215	1,186	(6,580)
Provision (benefit) for income taxes	(1,561)	(2,373)	1,572	–	(2,362)

Net income (loss)	(4,218)	(3,829)	2,643	1,186	(4,218)
Less: preferred dividends	(6,362)	–	–	–	(6,362)
Retained earnings (deficit) - beginning of the period	1,554	32,327	2,208	(34,535)	1,554
Retained earnings – (deficit) end of the period	<u>\$ (9,026)</u>	<u>\$ 28,498</u>	<u>\$ 4,851</u>	<u>\$ (33,349)</u>	<u>\$ (9,026)</u>

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TravelCenters of America, Inc.
Selected Notes to Consolidated Financial Statements

Condensed Consolidating Statement of Cash Flows Schedules:

Nine Months Ended September 30, 1999

	<u>Parent Company</u>	<u>Guarantor Subsidiaries</u>	<u>Nonguarantor Subsidiary</u>	<u>Eliminations</u>	<u>Consolidated</u>
	(in Thousands of Dollars)				
Cash flows provided by (used in) operating activities	\$ 7,034	\$ 22,946	\$ –	\$ –	\$ 29,980
Cash flows from investing activities:					
Business acquisitions	–	(57,044)	–	–	(57,044)
Proceeds from sales of property and equipment	–	5,883	–	–	5,883
Capital expenditures	–	(66,826)	–	–	(66,826)
Net cash used in investing activities	–	(117,987)	–	–	(117,987)
Cash flows from financing activities:					
Revolving loan borrowings	61,500	–	–	–	61,500
Revolving loan repayments	(36,500)	–	–	–	(36,500)
Long-term debt repayments	(1,085)	(31)	–	–	(1,116)
Proceeds from issuance of stock	6,660	–	–	–	6,660
Repurchase of common stock	–	–	–	–	–
Intercompany advances	(97,175)	97,175	–	–	–
Net cash provided by (used in) financing activities	(66,600)	97,144	–	–	30,544
Net increase (decrease) in cash	(59,566)	2,103	–	–	(57,463)
Cash at the beginning of the period	59,665	29,535	–	–	89,200
Cash at the end of the period	<u>\$ 99</u>	<u>\$ 31,638</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 31,737</u>

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TravelCenters of America, Inc.
Selected Notes to Consolidated Financial Statements

Nine Months Ended September 30, 1998

	Parent Company	Guarantor Subsidiaries	Nonguarantor Subsidiary	Eliminations	Consolidated
	(in Thousands of Dollars)				
Cash flows provided by (used in) operating activities	\$ (515)	\$ 32,540	\$ —	\$ —	\$ 32,025
Cash flows from investing activities:					
Business acquisitions	—	(6,270)	—	—	(6,270)
Proceeds from sales of property and equipment	—	3,337	—	—	3,337
Capital expenditures	—	(49,090)	—	—	(49,090)
Net cash used in investing activities	—	(52,023)	—	—	(52,023)
Cash flows from financing activities:					
Long-term debt repayments	(375)	—	—	—	(375)
Repurchase of common stock	(375)	—	—	—	(375)
Intercompany advances	(26,951)	26,951	—	—	—
Net cash used in financing activities	(27,701)	26,951	—	—	(750)
Net increase (decrease) in cash	(28,216)	7,468	—	—	(20,748)
Cash at the beginning of the period	59,592	12,164	—	—	71,756
Cash at the end of the period	\$ 31,376	\$ 19,632	\$ —	\$ —	\$ 51,008

[Table of Contents](#)**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with the unaudited consolidated financial statements and notes to consolidated financial statements included herein, and the audited financial statements and Management's Discussion and Analysis included with the Company's Form 10-K for the year ended December 31, 1998.

Overview

The Company is a holding company which, through its wholly-owned subsidiaries, owns, operates and franchises more travel centers in the United States than any of its competitors with 159 network sites in 40 states, including 148 Company-owned locations. As a result of the Combination Plan, the Burns Acquisition and the TPOA Acquisition, the Company's network consists of sites operating under four distinct trademarks and brand names. Currently, 137 sites are branded as "TA," and 22 sites are branded as "Unocal 76," "Burns Bros.," or "Travel Port." The Company's plans are to rebrand all of its sites under the "TA" trademarks and is continuing to do so subject to local permitting ordinances and negotiations with franchisees.

Combination Plan

During the three months and nine months ended September 30, 1999, the Company incurred approximately \$1.4 million and \$3.0 million, respectively, of expenses related to the Combination Plan. These costs, identified as transition expense in the Company's consolidated financial statements, are expected to total approximately \$24.0 million, of which approximately \$19.0 million was incurred prior to 1999, \$4.0 million is expected to be incurred in 1999 and approximately \$1.0 million is expected to be incurred in 2000 to finalize the integration of the sites acquired in the Burns Acquisition and the TPOA Acquisition. These expenses relate to, among other things, (i) employee separations, (ii) the costs to convert National, Burns and TPOA Network travel centers to Network travel centers, (iii) the costs to dispose of travel centers or terminate lease or franchise agreements, and (iv) the costs of integrating the management and operations of the Existing Networks into the Network, including relocation, travel, training, and legal expenses.

Network Composition

The change in the number of sites within the Company's network is the most significant factor driving the changes from prior periods in the Company's results of operations. During the third quarter of 1998, the Company converted two Leased Sites to Company-operated Sites and sold one closed site. In the fourth quarter of 1998, the Company acquired 17 Company-operated Sites in the Burns Acquisition. In the first nine months of 1999, the Company sold one Company-operated site, sold one Leased Site to the Operator who signed a franchise agreement to brand the sites as a Franchisee-owner Site, acquired 16 Company-operated Sites in the TPOA Acquisition and opened one newly-constructed Company-operated Site. The following table sets forth the number and type of ownership and management of the travel centers operating in the Company's network.

	As of September 30, 1999	1998	As of December 31, 1998
Company-owned sites:			
Company-operated sites	119	86	103
Leased sites	29	30	30
Sites under development	3	5	5
Total Company-owned sites	151	121	138
Franchisee-owner sites	11	10	10
Total	162	131	148
Company-operated stand-alone shops	-	2	-

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Results of Operations for the Nine- and Three-Month Periods Ended September 30, 1999 and 1998

Revenues

The Company's consolidated revenues for the three- and nine-month periods ended September 30, 1999 were \$421.8 million and \$1,031.8 million, respectively, which represent increases from the prior periods of \$183.5 million, or 77.0% for the three-month period and \$350.7 million, or 51.5% for the nine-month period.

Fuel revenue for the nine months ended September 30, 1999 reflects an increase of \$252.7 million, or 61.9%. For the third quarter, the 1999 amount reflects an increase from the same period in 1998 of \$142.5 million, or 103.6%. The increases in fuel revenue for the three- and nine-month periods primarily result from increased diesel sales volumes combined, with respect to the third quarter results, with an increase in diesel pump prices. For the three months and nine months ended September 30, 1999, diesel sales volumes increased 50.5% and 44.5% between years, respectively, due in large part to the increased number of Network sites, but also due to increased year-to-date sales volumes over 1998 on a same-site basis of 14.8%. For the three- and nine-month periods ended September 30, 1999, the Company sold 370.6 million and 1,016.7 million gallons of diesel fuel, respectively. Average diesel sale prices for the third quarter of 1999 increased 34.8% over the 1998 third quarter, while the average diesel sale price for the nine months of 1999 are 11.1% above the same period in 1998. The movements in average retail prices correspond with the decreasing crude oil prices experienced throughout 1998 and the increasing crude oil prices beginning in March 1999.

Nonfuel revenues for the quarter ended September 30, 1999 increased 43.3% to \$136.7 million from \$95.4 million for the same period in 1998. For the nine-month period ended September 30, 1999 nonfuel revenues increased 38.5% to \$355.4 million from \$256.6 million for the same period in 1998. These increases are due to the increase in the number of Company-operated sites between years, coupled with an 8.8% increase in year-to-date total nonfuel revenues over the prior year on a same-site basis.

Rent and royalty revenue for the third quarter of 1999 reflects a \$0.3 million, or 5.7%, decrease from the prior year third quarter. This decrease is attributable to the rent and royalty revenue lost as a result of the two conversions of Leased Sites to Company-operated Sites during the 1998 third quarter, somewhat offset by annual rent escalations and a 9.7% increase, on a same-site basis, in royalty revenue, as a result of improved franchisee sales. Rent and royalty revenue for the nine-months ended September 30, 1999 is down \$0.8 million or 4.9%, from the 1998 period due to the five Leased Site conversions, the effect of which is somewhat reduced by an increase in same-site royalty revenues of 7.2%.

Gross Profit

The Company's gross profit for the third quarter of 1999 was \$112.1 million, compared to \$79.0 million for 1998, an increase of \$33.1 million, or 41.9%. Year-to-date gross profit through September 30, 1999 was \$298.9 million compared to \$217.3 million for 1998, an increase of \$81.6 million, or 37.6%. The increases in the Company's gross profit were primarily due to increases in nonfuel revenues and diesel fuel margins.

Operating and Selling, General and Administrative Expenses

Operating expenses include the direct expenses of Company-operated Sites, and selling, general and administrative expenses (SG&A) include corporate overhead and administrative costs.

The Company's operating expenses for the three-month period ended September 30, 1999 increased by \$24.2 million, or 47.6%, to \$75.0 million versus the prior year quarter. Operating expenses for the nine-month period ended September 30, 1999 increased by \$57.9 million, or 41.1%, to \$198.8 million. These increases reflect the increased number of Company-operated Sites. On a same-site basis, operating expenses as a percentage of nonfuel revenues for the nine months ended September 30, 1999 were 53.3%, an improvement from the 53.5% for the same period in the prior year. For the nine months ended September 30, 1999, operating expenses increased 8.8% over the 1998 period on a same-site basis, due to the increased nonfuel sales.

The Company's SG&A for the third quarter increased from \$8.8 million in 1998 to \$9.6 million in 1999. Year-to-date SG&A expense increased from \$27.1 million in 1998 to \$29.3 million in 1999. The increases in SG&A are primarily a result of increased staffing to support the Company's growth from the Burns Acquisition and the TPOA Acquisition.

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Transition Expense

Transition expenses for the nine months ended September 30, 1999 were \$3.0 million, compared to \$2.8 million for the same period in 1998. For the three months ended September 30, 1999, these expenses were \$1.4 million, compared to \$0.9 million for the same period in 1998. These costs were incurred in effecting the Combination Plan and in integrating and converting the Burns Network and TPOA Network sites into the Network. The Company anticipates approximately \$4.0 million of such costs to be incurred in 1999, primarily related to integrating and converting the Burns Network and TPOA Network sites.

Depreciation and Amortization Expense

Depreciation and amortization for the third quarter of 1999 was \$15.1 million, compared to \$8.5 million for the same period in the prior year. Depreciation for the nine-month period ended September 30, 1999 was \$36.9 million, compared to \$33.0 million for the same period in 1998. The increases in depreciation and amortization are primarily attributable to the increased level of depreciable assets and intangibles resulting from the Burns Acquisition and the TPOA Acquisition as well as the significant capital additions made in 1998 and the first nine months of 1999. For the year-to-date period, these increases are offset by a one-time charge recognized in the first quarter of 1998.

During the first quarter of 1998, the estimated useful lives of certain machinery, equipment, furniture and fixtures were revised downward from 10 years to five years. The effect of this change in estimate resulted in a \$9.5 million charge to depreciation expense and reductions in income before extraordinary items, net income and earnings per share of \$9.5 million, \$5.7 million and \$9.08 per share, respectively. This change resulted in these assets becoming fully depreciated at March 31, 1998. In addition, an impairment reserve of \$0.6 million recorded in the 1997 fourth quarter with respect to certain sites being held for sale was completely reversed in the 1998 second quarter. This reversal was based on increases in the estimated sales prices of the respective sites.

Income from Operations

Income from operations was \$10.9 million for the third quarter of 1999, compared to \$10.1 million for the third quarter of 1998, an increase of \$0.8 million or 7.9%. Income from operations was \$28.7 million for the nine months ended September 30, 1999, compared to \$11.7 million for the nine months ended September 30, 1998, an increase of \$17.0 million or 145.3%. This increase is much higher than that for the quarter as a result of the \$9.5 million depreciation adjustment charged to expense in the first quarter of 1998.

EBITDA (defined as income from operations plus the sum of (a) depreciation, amortization and other non-cash charges, (b) transition expense and (c) gains or losses from sales of property and equipment) for the Company for the three- and nine-month periods ended September 30, 1999 was \$27.5 million and \$70.8 million, respectively, compared to \$19.4 million and \$49.3 million for the respective 1998 periods.

Interest Expense – Net

Interest expense for the third quarter and first nine months of 1999 was \$3.8 million and \$9.2 million higher than the same periods in the prior year as a result of the increased debt balance and interest rate after the consummation of the 1998 Refinancing and TPOA Acquisition (discussed in Liquidity and Capital Resources below).

Liquidity and Capital Resources

The Company's cash requirements consist principally of working capital needs, payments of principal and interest on outstanding indebtedness and capital expenditures, including expenditures for acquisitions, expansion and environmental upgrades.

Net cash provided by operating activities totaled \$30.0 million for the first nine months of 1999, compared to \$32.0 million for the same period in the prior year. The decrease between years is the result of an increase in cash earnings of \$15.5 million which is more than offset by an increase in cash used for working capital of \$17.5 million, principally caused by the rapid increase in diesel fuel sales.

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Net cash used in investing activities increased to \$118.0 million for the first nine months of 1999, up from \$52.0 million for the first nine months of 1998. The increase is primarily the result of the increased spending for business acquisitions, as well as an increase in capital expenditures of \$17.7 million. Business acquisitions for 1999 represent amounts spent for the TPOA Acquisition. For 1998, business acquisitions represent the cost to acquire the leasehold interests of Operators when converting Leased Sites to Company-operated Sites. The Company completed five such conversions during the first nine months of 1998 and none thus far in 1999. Although this aspect of the Combination Plan has been substantially completed, the Company expects to complete additional conversions of Leased Sites to Company-operated Sites from time to time in the future. The increase in capital expenditures in 1999 versus 1998 reflects the Company's accelerated implementation of the Capital Program. During 1999, the Company's capital spending has been increasingly directed towards revenue-generating projects such as quick-serve restaurant and repair shop installations, site remodeling projects, and construction of new travel centers.

Net cash provided by financing activities was \$30.5 million during the first nine months of 1999, compared to \$0.8 million used during the first nine months of the prior year. In 1999, the Company drew down a net \$25.0 million of its revolving credit facility to partially fund the TPOA Acquisition, made its scheduled debt repayments of \$1.2 million and received \$6.7 million of proceeds from the issuance of stock. In 1998, the Company made its scheduled debt repayments of \$0.3 million and paid \$0.4 million to repurchase shares of its common stock from certain of its Operators from whom the Company had acquired their leasehold interests and travel center businesses.

The Company expects to invest approximately \$315 million in the Network between 1997 and the end of 2001 (with approximately \$217 million of this amount having been spent by September 30, 1999) in connection with the Capital Program to upgrade, rebrand, reimage and increase the number of travel centers. Approximately \$50 million of the capital expenditures intended to be made represent normal ongoing maintenance and related capital expenditures (with approximately \$10 million of this amount to be spent each year). The Company has budgeted expenditures in order to add additional sites, rebrand and reimage sites, add additional non-fuel offerings (such as quick-serve restaurant offerings) at existing sites, make required environmental improvements, and purchase, install and upgrade its information systems. Excluding the TPOA Acquisition, the Company expects to spend approximately \$78 million for capital investments in 1999.

In order to provide for its growth, the Company, among other things, has completed refinancings in each of 1998 and 1997. In the 1998 Refinancing, completed on December 3, 1998, the Company increased its term loan facility, and its borrowings under the facility, by \$150.0 million. The proceeds of the borrowing were used to redeem the Series II Senior Secured Notes (\$50.0 million), fund the Burns Acquisition (approximately \$56.8 million), and prefund \$42.0 million of planned capital expenditures and business acquisitions, with the remainder used for costs of the 1998 Refinancing and accrued interest. The \$42.0 million for prefunded capital expenditures and business acquisitions was required to be maintained in a cash collateral account and to be used only for such expenditures, which it since has been. The TPOA Acquisition was completed effective June 1, 1999 and the Company used \$30.0 million from the collateral account to partially fund this

acquisition. During the first quarter of 1999, \$12.0 million was withdrawn from the collateral account to fund capital expenditures. As of September 30, 1999, the Company had available \$13.4 million of its \$40.0 million revolving credit facility.

The Company anticipates that it will be able to fund its 1999 working capital requirements and capital expenditures primarily from funds generated from the refinancing, funds generated from operations and asset sales, and, to the extent necessary, from borrowings under the revolving facility. The Company's long-term liquidity requirements, including capital expenditures, are expected to be financed by a combination of internally generated funds, borrowings and other sources of external financing as needed.

Freightliner Relationship

In July 1999, the Company signed an agreement with Freightliner Corporation ("Freightliner") to become an authorized provider of express service, minor repair work and a specified menu of warranty repairs to Freightliner's customers (the "Freightliner Program"). Under the agreement, the Company will be incorporated into Freightliner's 24-hour customer assistance center database and be a major referral point for emergency and roadside repairs and will also have access to Freightliner's parts distribution, service and technical information systems. Freightliner, a DaimlerChrysler Company, is the leading heavy truck manufacturer in North America. The Company believes this relationship will result in an increase in nonfuel revenues generated by the Company's truck maintenance and repair shops. Freightliner also acquired a minority ownership interest in the Company through the purchase of 200,000 shares of the Company's common stock for \$6.7 million.

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Environmental Matters

The Company owns and operates USTs and ASTs at Company-operated Sites and Leased Sites which must comply with certain statutory and regulatory requirements. The Company has estimated the current ranges of remediation costs at currently active sites and what it believes will be its ultimate share for such costs after required indemnification and remediation is performed by Unocal and BP under the respective Environmental Agreements and has a reserve for such matters of \$7.7 million as of September 30, 1999. While it is not possible to quantify with certainty the environmental exposure, in the opinion of management, the potential liability, beyond that considered in the reserve, for all environmental proceedings, based on information known to date, will not have a material adverse effect on the financial condition, results of operations or liquidity of the Company.

Year 2000 Readiness Disclosure

The Year 2000 issue results from date sensitive computer programs that improperly handle dates beyond 1999. This issue will impact virtually every business that relies on a computer, including the Company, its customers and suppliers and other third party service providers such as credit and trucking fleet billing card providers, utilities and other basic service providers. The Company's management is working to ensure that its Year 2000 issues are addressed on a company-wide basis, which includes (1) internal information technology (IT) systems such as any hardware and software used to process daily operational data and information; (2) non-IT systems or embedded technology such as micro-controllers contained in various equipment; and (3) Year 2000 compliance of key third parties, including suppliers, customers and third party credit and trucking fleet billing card providers, especially those with which the Company conducts business electronically.

The Company is currently in the process of making its IT systems Year 2000 compliant. As a result of the Combination Plan, management determined a new IT system was required to handle the combined operations of TA and National, as neither TA's nor National's IT systems had the capability of handling the combined operations as effectively as desired. To this end, the Company has begun implementing the SAP Enterprise Resource Planning system in a phased approach. The SAP system is Year 2000 compliant, and the Company began using the financial, asset management and project system modules of the new system during the second quarter of 1999. A second phase of the implementation of SAP, which will replace the Company's fuel management and accounting systems, is targeted for completion in December of 1999. This implementation has not been accelerated due to Year 2000 issues. Only minor modifications are necessary to current systems that will continue to be used, such as the Access fleet billing system and certain retail point of sale systems, and management is confident these modifications will be completed and tested prior to December 31, 1999. The costs of these modifications are not expected to be material to the Company's financial position or results of operations.

The Company is currently in the process of surveying and testing its significant non-IT systems, such as in fuel pumps, cash registers and truck repair equipment, to determine whether such systems are Year 2000 compliant. As a result of the significant capital improvements made at the Company's sites over the past few years, substantially all of the Company's mission critical non-IT systems recently have been upgraded or are in the process of being upgraded and are believed to be Year 2000 compliant, although the Company is still in the process of formally testing, evaluating and replacing its non-IT systems. The Company expects to complete this process by December 31, 1999.

The Company's management believes that its efforts and plans to ensure its internal IT and non-IT systems are Year 2000 compliant are adequate and, therefore, the greatest risk to the Company's operations lies with third parties. The Company has contacted key third parties and has conducted testing of interfaces to ensure Year 2000 compliance. This testing was completed as of October 31, 1999. The most critical of

these third parties are those companies which provide billing services to our customers and interface to our critical fuel desk POS system and the most reasonably likely worst case scenario for the Company is a failure in the interfaces to the third party billing companies. The POS system is currently Year 2000 compliant and testing with all major billing services interfacing to that system is complete. With this testing and implementation completed, a major risk factor with regard to Year 2000 readiness has been minimized, if not eliminated. A contingency plan to deal with an interface failure is being developed.

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While management believes the Company is adequately addressing the Year 2000 issue and will not suffer a material adverse effect from such issues, there is no guarantee that the estimated completion dates and costs will be achieved. In addition, there is no guarantee that key third parties will be successful in completing their Year 2000 efforts. If needed modifications are not made on a timely basis, including to third parties' systems, and/or contingency plans are not implemented, the Year 2000 issue could have an adverse effect on the Company's operations and, potentially, its financial condition.

Recently Issued Accounting Pronouncement

In June 1998, the Financial Accounting Standards Board issued Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"), which requires entities to recognize all derivatives as either assets or liabilities in the balance sheet and measure those instruments at fair value. Changes in the fair values are required to be recognized in income when they occur, except for derivatives that qualify as hedges. For the Company, adoption of this standard, as subsequently amended, is required for the first quarter of 2001. At this time, the Company has not completed its analysis of the effect on its financial statements of adopting FAS 133. However, as the Company utilizes derivatives on a limited basis and only as hedges of either commodity price risk or interest rate risk, the effect of FAS 133 on the Company's statement of income is not expected to be material.

Forward-Looking Statements

The Company is making this statement in order to satisfy the "safe harbor" provision contained in the Private Securities Litigation Reform Act of 1995. The statements contained in this report that are not statements of historical fact may include forward-looking statements that involve a number of risks and uncertainties. Moreover, from time to time the Company may issue other forward-looking statements. Such forward-looking statements are made based on management's expectations and beliefs concerning future events impacting the Company and are subject to uncertainties and factors relating to the Company's operations and business environment, all of which are difficult to predict and many of which are beyond the control of the Company, that could cause actual results of the Company to differ materially from those matters expressed in or implied by forward-looking statements. The following factors are among those that could cause actual results to differ materially from the forward-looking statements: competition from other travel center and truckstop operators, including additional or improved services or facilities of competitors; the economic condition of the trucking industry, which in turn is dependent on general economic factors; diesel and gasoline fuel pricing; availability of fuel supply; and difficulties that may be encountered by the Company or its franchisees in implementing the Combination Plan, integrating the Burns Network and TPOA Network sites into the Network, and implementing the Freightliner Program. The forward-looking statements should be considered in light of these factors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to commodity price risk and interest rate risk. The Company's fuel purchase contracts provide for purchase prices based on average market prices for diesel and gasoline, exposing the Company to commodity price risk. The Company mitigates this risk exposure in a few ways, but primarily by maintaining only a few days of inventory on hand and selling a large portion of its fuel volume under "cost plus" pricing formulae, which minimize the effect on the Company's margins of sudden sharp changes in commodity market prices. The Company manages the price exposure related to sales volumes not covered by cost plus arrangements through the use, on a limited basis, of derivative instruments designated by management as hedges of anticipated purchases. The total volume covered by open derivative contracts at any point in time during 1998 was immaterial. There were no open derivative contracts during the nine months ended September 30, 1999 or at September 30, 1999. The interest rate risk faced by the Company results from the highly-leveraged position of the Company and its level of variable rate indebtedness, the rates for which are based on short-term lending rates, primarily the London Interbank Offered Rate. During the first quarter of 1999, in order to partially mitigate its interest rate risk, the Company entered into two interest rate swap agreements with a counterparty. The first swap agreement fixes the interest rate on a notional amount of the Company's variable rate indebtedness of \$35 million of three-month LIBOR, within a floor of 5.00% and a cap of 6.75%. The second swap agreement is related to the Company's \$125 million Senior Subordinated Notes due 2007 and provides that the Company pay a variable interest rate based on a six-month LIBOR, with a floor of 9.25% and a cap of 11.8%. Regarding the Company's debt obligations with interest rate risk, there were no material changes from the information provided in the Company's Form 10-K for the year ended December 31, 1998.

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Part II. Other Information

Item 1. Legal Proceedings

The Company is involved from time to time in various legal and administrative proceedings incidental to the ordinary course of its business. In the opinion of management, the Company is not now involved in any litigation, individually, or in the aggregate, which could have a material adverse affect on the Company's business, financial condition, results of operations or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the third quarter.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit Number	Exhibit
4.1	Investment and Option Agreement dated July 21, 1999 between the Company and Freightliner Corporation
10.1	Operating Agreement of Freightliner Corporation and the Company, dated July 21, 1999
10.2	Agreement for Lease, dated as of September 9, 1999, among TA, National and TCA Network Funding, LP
10.3	Lease Agreement, dated as of September 9, 1999, among TA, National and TCA Network Funding, LP
27	Financial Data Schedule

(b) Reports on Form 8-K

On August 17, 1999, the Company filed a report on Form 8-K/A related to its acquisition of TPOA.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TravelCenters of America, Inc.
(Registrant)

Date: November 15, 1999

By: /s/ James W. George

Name: James W. George

Title: Senior Vice President and Chief
Financial Officer (Principal
Financial Officer and Duly
Authorized Officer)

EXHIBIT 4.1

INVESTMENT AND OPTION AGREEMENT

THIS INVESTMENT AGREEMENT (the "AGREEMENT") is entered into as of the 21st day of July, 1999, by and between TRAVELCENTERS OF AMERICA, INC., a Delaware corporation ("TA"), and FREIGHTLINER CORPORATION, a Delaware corporation ("FREIGHTLINER").

RECITALS:

A. Freightliner and TA have agreed that TA Operating Corporation, a wholly owned subsidiary of TA ("TAOC"), will become a designated parts and service dealer of Freightliner pursuant to the terms of an Operating Agreement of even date herewith among Freightliner, TAOC and TA Franchise Systems Inc. ("TAFS") (the "OPERATING AGREEMENT").

B. TA desires to permit Freightliner to acquire a certain number of shares of Common Stock, \$.01 par value per share, of TA and to grant Freightliner an option to acquire a certain number of additional shares of Common Stock, \$.01 par value per share, upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, and for other valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties mutually agree as follows:

ARTICLE 1

PURCHASE OF COMMON STOCK OF TA

Section 1.1. PURCHASE AND SALE. Subject to the terms and conditions of this Agreement, Freightliner agrees to purchase from TA, and TA agrees to sell to Freightliner, the number of Initial Shares of Common Stock, \$.01 par value per share, of TA ("TA COMMON STOCK") indicated on EXHIBIT A at the Purchase Price (as defined on EXHIBIT A). TA agrees that all of the Initial Shares issued to Freightliner pursuant to this Agreement shall, upon full payment of the Purchase Price, be validly issued, fully paid and nonassessable, and shall be issued to Freightliner free and clear of all Encumbrances, except those provided for in the Stockholders Agreement (as defined in Section 4.1). Freightliner agrees to pay to TA the Purchase Price in immediately available funds by wire transfer within 1 business day following the Closing Date. Upon receipt of such payment TA will deliver to Freightliner a share certificate for the Initial Shares issued in the name of Freightliner.

Section 1.2. CLOSING. The consummation of the transactions contemplated by Section 1.1 of this Agreement (the "CLOSING") will take place simultaneously with the execution and delivery of this Agreement by all of the parties hereto and with the deliveries described in Sections 4.1 and 4.2 (the "CLOSING DATE") at the offices of TA at 24601 Center Ridge Road, Suite 200, Westlake, Ohio, or at such other place as the parties may agree in writing. All of the agreements, documents, certificates and instruments to be delivered by each party at the Closing are hereby deemed and acknowledged by the parties to be delivered concurrently.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF TA

TA represents and warrants to Freightliner as follows:

Section 2.1. ORGANIZATION. TA is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is duly qualified or registered to do business as a foreign corporation, and is in good standing, in each jurisdiction in which the character or location of the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified or licensed would not have a Material Adverse Effect on TA and its consolidated subsidiaries taken as a whole.

Section 2.2. CORPORATE POWER. TA has the requisite power and authority to perform its obligations under this Agreement and to consummate and the transactions contemplated hereby.

Section 2.3. AUTHORITY. Except as set forth on SCHEDULE 2.3, the execution, delivery, and performance by TA of this Agreement and the transactions contemplated hereby have been duly and validly authorized and approved by all requisite corporate action, and neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) violate any terms or provisions of TA's Certificate of Incorporation or Bylaws, (ii) violate any Law, judgment, order, writ, injunction or decree applicable to TA, or (iii) result in a violation of, or constitute a default under, any material contracts to which TA is a party, excluding from the foregoing clauses (ii) and (iii) violations or defaults which would not have a Material Adverse Effect on TA and its consolidated subsidiaries taken as a whole. This Agreement has been duly executed and delivered by TA and constitutes the valid and binding obligation of TA enforceable in accordance with its terms except as may be limited by laws affecting creditors' rights generally or by judicial limitations on the right to specific performance.

Section 2.4. FINANCIAL STATEMENTS. TA has timely filed all required reports, schedules, forms, statements and other documents required to be filed by it with the SEC since January 1, 1997 (collectively, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, as amended, the "SEC DOCUMENTS"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to such SEC Documents, and none of the SEC Documents (including any and all financial statements included therein) as of such dates contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The consolidated financial statements (including footnotes) of TA included in the SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles (except, in the case of unaudited consolidated quarterly statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto), and fairly present the consolidated financial position of TA and its consolidated subsidiaries as of

the dates thereof and the consolidated income, shareholders' equity and cash flows for the periods then ended.

Section 2.5. STOCK. Upon receipt of the Purchase Price by TA, the Initial Shares will be fully paid and nonassessable.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF FREIGHTLINER

Freightliner hereby represents and warrants to TA as follows:

Section 3.1. ORGANIZATION. Freightliner is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is duly qualified or registered to do business as a foreign corporation, and is in good standing, in each jurisdiction in which the character or location of the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified or licensed would not have a Material Adverse Effect on Freightliner and its consolidated subsidiaries taken as a whole.

Section 3.2. CORPORATE POWER. Freightliner has the requisite power and authority to perform its obligations under this Agreement and to consummate and the transactions contemplated hereby.

Section 3.3. AUTHORITY. Except as set forth on SCHEDULE 3.3, the execution, delivery, and performance by Freightliner of this Agreement and the transactions contemplated hereby have been duly and validly authorized and approved by all requisite corporate action, and neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) violate any terms or provisions of Freightliner's Certificate of Incorporation or Bylaws, (ii) violate any Law, judgment, order, writ, injunction or decree applicable to Freightliner, or (iii) result in a violation of, or constitute a default under, any material contracts to which Freightliner is a party, excluding from the foregoing clauses (ii) and (iii) violations or defaults which would not have a Material Adverse Effect on Freightliner and its consolidated subsidiaries taken as a whole. This Agreement has been duly executed and delivered by Freightliner and constitutes the valid and binding obligation of Freightliner enforceable in accordance with its terms except as may be limited by laws affecting creditors' rights generally or by judicial limitations on the right to specific performance.

Section 3.4. INVESTMENT MATTERS.

(a) The Initial Shares and the Option Shares (as defined in Section 5.1) Freightliner purchases hereunder (collectively the "SUBJECT SHARES") are acquired for investment for Freightliner's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and Freightliner has no present intention of selling, granting any participation in, or otherwise distributing the same.

(b) Freightliner is financially capable of bearing the economic risk associated with its investment in the Subject Shares, and has such knowledge and experience in financial or

business matters that it is capable of evaluating the merits and risks of its investment in the Subject Shares.

(c) Freightliner understands that its investment in the Subject Shares is a speculative investment and involves a high degree of risk, and there is no market for TA Common Stock and there can be no assurance that such a market will develop.

(d) Freightliner understands that the shares of the Subject Shares it is purchasing hereunder are characterized as "RESTRICTED SECURITIES" under the Securities Act of 1933, as amended, and other securities Laws since they are being acquired from TA in a transaction not involving a public offering and such securities may be resold without registration under such Laws only in certain limited circumstances. In this regard, Freightliner represents that it is familiar with Securities and Exchange Commission Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

(e) Freightliner is an "ACCREDITED INVESTOR" as that term is defined in Regulation D of Rule 501(a) promulgated by the SEC. Freightliner has (i) been provided with all suitable information in respect of the transactions contemplated hereby by TA pursuant to Rule 502 (b) of Regulation D of the Securities Act, (ii) has been provided with an opportunity to ask questions of, and has received answers thereto from TA and its representatives regarding the terms and conditions of its purchase of securities, and TA and its business generally, and (iii) has obtained all additional information requested by it to verify the accuracy of all information furnished to it in connection with such purchase.

(f) Freightliner is not relying on and acknowledges that no representation is being made by TA or any of its officers, employees, affiliates, agents or representatives, except for representations and warranties expressly set forth in this Agreement, and, in particular, it is not relying on, and acknowledges that no representation is being made in respect of, (i) any projections, estimates or budgets delivered to or made available to it of future revenue, expenses or expenditures, or future results of operations, and (ii) any other information or documents delivered or made available to it or its representatives, except for representations and warranties expressly set forth in this Agreement.

(g) In deciding to invest in TA, Freightliner has relied exclusively on the representations and warranties of TA expressly set forth in this Agreement and the investigations made by Freightliner and its representatives. Based solely on such representations and warranties of TA and such investigations and knowledge, Freightliner has determined that the securities Freightliner is acquiring are a suitable investment for it.

Section 3.5. TRANSFER LEGEND. Freightliner hereby acknowledges that the Subject Shares issued to it will be subject to additional restrictions as contained in the Stockholders Agreement (as defined below) and that the Subject Shares shall be imprinted with a conspicuous legend in substantially the following form:

THIS CERTIFICATE AND THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM THE REGISTRATION OR QUALIFICATION PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS AND MAY NOT BE SOLD OR TRANSFERRED WITHOUT COMPLIANCE WITH THE

**REGISTRATION OR QUALIFICATIONS PROVISIONS OF APPLICABLE FEDERAL AND
STATE SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM.**

THIS CERTIFICATE AND THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A STOCKHOLDERS AGREEMENT DATED AS OF JULY 21, 1999, A COPY OF WHICH IS ON FILE AT THE OFFICES OF THE COMPANY AND WILL BE FURNISHED TO ANY PROSPECTIVE PURCHASERS ON REQUEST. BY ACCEPTANCE OF THIS CERTIFICATE, EACH HOLDER HEREOF AGREES TO BE BOUND BY THE PROVISIONS OF THE STOCKHOLDERS AGREEMENT.

ARTICLE 4

CLOSING DELIVERIES AND ACTIONS

Section 4.1. CLOSING DELIVERIES OF TA. At the Closing, TA will deliver, or cause to be delivered, to Freightliner the following documents in form and substance reasonably satisfactory to Freightliner and its counsel:

- (a) the Operating Agreement duly executed by TAOC and TAFS and any other agreements contemplated by the parties in connection therewith duly executed by the proper TA affiliate;
- (b) the consent to the transactions contemplated by this Agreement of any third party whose consent is required for the consummation of such transactions;
- (c) a Stockholders Agreement between and among TA, Freightliner and certain stockholders of TA, substantially in the form of EXHIBIT B (the "STOCKHOLDERS AGREEMENT"), duly executed by TA and such stockholders; and
- (d) certified copies of the resolutions of TA's Board of Directors authorizing the consummation of the transactions contemplated by this Agreement.

Section 4.2. CLOSING DELIVERIES OF FREIGHTLINER. At the Closing, Freightliner will deliver, or cause to be delivered to TA, the following documents in form and substance reasonably satisfactory to TA and its counsel:

- (a) the Operating Agreement duly executed by Freightliner and any other agreements contemplated by the parties thereto in connection therewith duly executed by Freightliner; and
- (b) the Stockholders Agreement, duly executed by Freightliner.

ARTICLE 5

OPTION

Section 5.1. GRANT OF OPTION. TA hereby grants to Freightliner, subject to the terms of this Agreement, the right and option (the "OPTION") to purchase up to the number of Option Shares of TA Common Stock indicated on EXHIBIT A at the Option Price (as defined on EXHIBIT A). TA agrees that all of the Option Shares issued to Freightliner pursuant to this Agreement shall, upon full payment of the applicable Option Price, be validly issued, fully paid and nonassessable, and shall be issued to Freightliner free and clear of all Encumbrances, except those provided for in the Stockholders Agreement.

Section 5.2. TERM OF OPTION. The Option may be exercised at any time and from time to time during the period commencing on the date of this Agreement and expiring at 5:00 p.m., Eastern Time, on the earlier of (a) the fifth anniversary of the date hereof, or (b) if applicable, the date provided for in Section 5.3 below (the "OPTION TERM").

Section 5.3. EXPIRATION OF OPTION. The Option shall expire (i) upon the dissolution of TA, (ii) upon the occurrence of a merger or consolidation in which TA Common Stock is converted into cash or other consideration (other than stock or securities of TA), (iii) upon a registered public offering of TA Common Stock under the Securities Act of 1933, as amended, (iv) upon the termination of the Operating Agreement, and (v) at such time as Freightliner ceases to be a stockholder of TA.

Section 5.4. ADJUSTMENT OF NUMBER OF SHARES, ETC. If after the date of this Agreement, the outstanding TA Common Stock is, as a result of a stock split, stock dividend, combination, reclassification, reorganization, redesignation, merger, consolidation, recapitalization or other similar change, increased or decreased or changed into or exchanged for a different number or kind of shares of stock or other securities of TA, in a transaction not otherwise described in Section 5.3 hereof, then (i) there shall automatically be substituted for each share of TA Common Stock subject to an unexercised option granted hereunder the number and kind of shares of stock or other securities into which each outstanding share of TA Common Stock shall be exchanged, (ii) the Base Option Price per Share and the Maximum Option Price per Share shall be increased or decreased proportionately so that the aggregate purchase price for the securities subject to the Option shall remain the same as immediately prior to such event, and (iii) TA's Board of Directors shall make such other adjustments to the securities subject to this Agreement as may be appropriate and equitable and any such adjustment shall be final, binding and conclusive as to Freightliner. Any such adjustment shall provide for the elimination of fractional shares.

Section 5.5. EXERCISE OF OPTION. The Option shall be exercised by delivering to TA in accordance with Section 8.7 below (i) a completed Notice of Exercise of Option in the form of EXHIBIT D attached hereto setting forth the number of shares of TA Common Stock with respect to which the Option is being exercised (subject to the limitation in Section 5.1 above), and (ii) payment in full of the Option Price per share for each share of TA Common Stock so purchased. Such payment shall be made by wire transfer of immediately available funds to an account designated in writing by TA in the amount of the aggregate purchase price for such TA Common Stock. Notwithstanding anything to the contrary above, the Option may be exercised only twice

during any of the 12 month periods ending on the anniversary dates of this Agreement and each such exercise shall be for no less than 25,000 Option Shares as adjusted in Section 5.4.

Section 5.6. ISSUANCE OF SHARE CERTIFICATES. Subject to the last sentence of this Section 5.6, upon receipt by TA, prior to expiration of the Option Term, of the deliveries specified in Section 5.6 above, TA shall promptly cause to be delivered to Freightliner, a certificate for the number of TA Common Stock so purchased. Freightliner shall not have any of the rights of a stockholder with respect to the TA Common Stock which is subject to the Option unless and until a certificate representing such TA Common Stock is issued pursuant to the valid exercise of the Option.

Section 5.7. OTHER PROVISIONS RELATING TO SHARES. All TA Common Stock purchased pursuant to the exercise of the Option shall be subject to all of the transfer restrictions and other rights, terms and provisions contained in the Stockholders Agreement, as it may be amended from time to time. All TA Common Stock issued pursuant to this Article 5 shall bear such a transfer legend as described in Section 3.4 hereof.

Section 5.8. NOTICES. During the Option Term, TA shall (i) give written notice to Freightliner immediately upon any adjustment of the Option Price pursuant to the terms of Section 5.4, (ii) give written notice to Freightliner at least 30 days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Stock, or (B) for determining rights to vote with respect to any event described in Section 5.3(i), (ii) or (iii) or any event which if effected would cause an adjustment to the Option Price under Section 5.4, (iii) give written notice to Freightliner at least at least 30 days prior to the occurrence of any event described in Section 5.3(i), (ii) or (iii) or any event which if effected would cause an adjustment to the Option Price.

ARTICLE 6

DEFINITIONS

In this Agreement the following terms shall have the meanings ascribed to them below:

"ENCUMBRANCES" mean all liens, encumbrances, equitable rights of third parties, options, claims, pledges and other limitations on the ownership, voting, convertibility or transferability of such shares, excluding restrictions and limitations under federal or state securities laws.

"LAW" means any federal, state, local or foreign law, statute, ordinance, rule, order or regulation.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on the business, financial condition or results of operations.

"SEC" means the Securities and Exchange Commission.

ARTICLE 7

INDEMNIFICATION

Section 7.1. SURVIVAL. All of the representations and warranties of TA in Article 2 above and all of the representations and warranties of Freightliner in Article 3 above shall survive the closing until the expiration of the Option Term.

Section 7.2. INDEMNIFICATION BY TA. TA shall indemnify and hold harmless Freightliner and its shareholders, directors, officers, employees, agents and affiliates (the "Freightliner Indemnified Parties") against and from any losses, claims, damages, liabilities, expenses and costs, including reasonable attorneys' fees (collectively, "LOSSES") insofar as the Losses (or actions in respect thereof) arise, directly or indirectly, out of or are based upon (i) any inaccuracy in or breach of any of the representations or warranties of TA in Article 2 above, or (ii) any material default by TA in the performance of its obligations under this Agreement, except to the extent (but only to the extent) any such Losses arise out of or result from the action or inaction of the Freightliner Indemnified Parties. All claims for indemnification under Section 7.2 (i) must be made during the survival period as described in Section 7.1.

Section 7.3. INDEMNIFICATION BY FREIGHTLINER. Freightliner shall indemnify and hold harmless TA and its shareholders, directors, officers, employees, agents and affiliates (the "TA Indemnified Parties") against and from any Losses insofar as the Losses (or actions in respect thereof) arise, directly or indirectly, out of or are based upon (i) any inaccuracy in or breach of any of the representations or warranties of Freightliner in Article 3 above, or (ii) any material default by Freightliner in the performance of its obligations under this Agreement, except to the extent (but only to the extent) any such Losses arise out of or result from the action or inaction of the TA Indemnified Parties. All claims for indemnification under Section 7.3(i) must be made during the survival period as described in Section 7.1.

Section 7.4. THIRD-PARTY CLAIMS. If any legal proceeding is instituted or any claim is asserted by any third party in respect of which the TA Indemnified Parties on the one hand, or the Freightliner Indemnified Parties on the other hand, may be entitled to indemnification hereunder, the party asserting such right to indemnification (the "Indemnitee") shall give the party from whom indemnification is sought (the "Indemnitor") written notice thereof. A delay in giving such notice shall only relieve the Indemnitor to the extent the Indemnitor suffers prejudice because of such delay. The Indemnitor shall have the right, at its option and expense, to participate in the defense of such a proceeding or claim, but not to control the defense, negotiation or settlement thereof, which control shall at all times rest with the Indemnitee, unless the Indemnitor irrevocably acknowledges to the Indemnitee in writing complete responsibility for and agrees to indemnify the Indemnitee, in which case the Indemnitor may assume such control through counsel of its choice and at its expense, but the Indemnitee shall continue to have the right to be represented, at its own expense, by counsel of its choice in connection with the defense of such a proceeding or claim. If the Indemnitor does not assume control of the defense of such a proceeding or claim, the entire defense of the proceeding or claim by the Indemnitee, any settlement made by the Indemnitee, and any judgment entered in the proceeding or claim shall be deemed to have been consented to by, and shall be binding on, the Indemnitor as fully as though it alone had assumed the defense thereof and a judgment had been entered in the proceeding or claim in the amount of such settlement or judgment, except that the right of the

Indemnitor to contest the right of the Indemnitee to indemnification under this Agreement with respect to the proceeding or claim shall not be extinguished. If the Indemnitor does assume control of the defense of such a proceeding or claim, it will not, without the prior written consent of the Indemnitee, settle the proceeding or claim or consent to entry of any judgment relating thereto which does not include as an unconditional term thereof the giving by the claimant to the Indemnitee a release from all liability in respect of the proceeding or claim. The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such proceeding or claim.

ARTICLE 8

MISCELLANEOUS

Section 8.1. **AMENDMENT.** This Agreement may be amended or modified only by a written agreement executed by all of the parties.

Section 8.2. **ASSIGNABILITY.** No party to this Agreement shall convey, assign or otherwise transfer any of its rights or obligations under this Agreement without the express written consent of the other party to this Agreement which may be withheld for any reason. All of the terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

Section 8.3. **COOPERATION.** The parties agree that after the Closing they will from time to time, upon the request of any other party and without further consideration, execute, acknowledge and deliver any further instruments and take such other action as any other party may reasonably request to carry out effectively the transactions contemplated by the Investment Documents.

Section 8.4. **COUNTERPARTS.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

Section 8.5. **ENTIRE AGREEMENT.** This Agreement (including the Schedules incorporated by reference herein) together with the Stockholders Agreement and the Operating Agreement, contain the entire understanding of the parties with respect to the subject matter hereof and thereof. There are no representations, promises, warranties, covenants or undertakings other than those expressly set forth or provided for herein and therein. This Agreement and the other documents executed in connection herewith supersede all prior agreements and understandings between the parties with respect to the transactions described herein and therein.

Section 8.6. **GOVERNING LAW.** Ohio law shall govern the interpretation, construction and enforcement of this Agreement and all transactions and agreements contemplated hereby, without regard to conflict of law principles.

Section 8.7. **NOTICES.** All notices, requests, demands or other communications that are required or may be given pursuant to the terms of this Agreement shall be in writing and delivery shall be deemed to have been duly given (i) on the date of delivery if delivered personally or by commercial courier service or by facsimile transmission if receipt is confirmed to the party giving the notice by the party to whom the notice is being given, or (ii) on the third day after

mailing if mailed by first-class certified mail, return receipt requested, postage prepaid, and properly addressed as follows:

If to Freightliner, to: Freightliner Corporation
P. O. Box 3849
Portland, Oregon 97208-3842
Attention: James Hubler
Facsimile: (503) 735-5999

or:

Freightliner Corporation
4747 North Channel Avenue
Portland, Oregon 97217
Attention: James Hubler
Facsimile: (503) 735-5999

With a copy to: Stoel Rives LLP
900 S.W. Fifth Avenue, Suite 2600
Portland, Oregon 97204-1268
Attention: Margaret B. Kushner
Facsimile: (503) 220-2480

If to TA, to: TravelCenters of America, Inc.
24601 Center Ridge Road, Suite 200
Westlake, Ohio 44145-5634
Attention: Edwin P. Kuhn, President and
 C.E.O.
Facsimile: 440-808-3301

With a copy to: Calfee, Halter & Griswold LLP
1400 McDonald Investment Center
800 Superior Avenue
Cleveland, Ohio 44114-2688
Attention: Philip M. Dawson, Esq.
Facsimile: 216-241-0816

Section 8.8. SEVERABILITY. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable Law, such provision will be ineffective only to the extent of the prohibition or invalidity, without invalidating the remainder of this Agreement.

Section 8.9. WAIVER OF BREACH. Neither any waiver of any breach, nor any failure to enforce any term or condition, of this Agreement shall operate as a waiver of any other breach of any term or condition, nor constitute nor be deemed a waiver or release of any other rights, in law or at equity, of claims that any party may have against any other party for anything arising out of this Agreement. No waiver shall be enforceable against any party hereto unless set forth in a written instrument or agreement signed by that party. No waiver shall be deemed to occur as a result of the failure of any party to enforce any term or condition of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

FREIGHTLINER CORPORATION

By: /s/ James L. Hebe

Title: President

TRAVELCENTERS OF AMERICA, INC.

By: /s/ Edwin P. Kuhn

Title: President & Chief Executive Officer

LIST OF EXHIBITS

Exhibit A -- Initial Shares; Purchase Price; Option Shares; and Option Price

Exhibit B --Stockholders Agreement

Exhibit C -- TA Centers

Exhibit D -- Notice of Exercise of Option

LIST OF SCHEDULES

Schedule 2.2 -- TA Conflicts

Schedule 3.2 -- Freightliner Conflicts

EXHIBIT A

Initial Shares; Purchase Price; Option Shares; and Option Price

Initial Shares:

The number of Initial Shares is 200,000 shares of Common Stock, \$.01 par value per share of TA.

Purchase Price:

The Purchase Price for the Initial Shares shall be Thirty-Three Dollars and Thirty Cents (\$33.30) per Initial Share or Six Million Six Hundred Sixty Thousand Dollars (\$6,660,000.00) in the aggregate.

Option Shares:

The number of OPTION SHARES is 100,000 shares of Common Stock, \$.01 par value per share of TA.

Option Price:

Subject to the provisions of Section 5.4, if the Option is exercised, in whole or in part, at any time on or prior to the first anniversary of the date of this Agreement, the Option Price for such exercise shall be Thirty-Three Dollars and Thirty Cents (\$33.30) per Option Share (the "BASE OPTION PRICE"). Subject to the provisions of Section 5.4, if the Option is exercised, in whole or in part, at any time after the first anniversary of this Agreement, the Option Price for such exercise shall be the Base Option Price per Share; PROVIDED, HOWEVER, that if during any of the 12 month periods ending on the anniversary dates of this Agreement occurring prior to such exercise of the Option (each a "PRIOR ANNIVERSARY YEAR") the number of TA Serviced Trucks (as defined below) serviced at the TA truck service centers listed on EXHIBIT C (the "TA CENTERS") is not at least equal to the Target Number (as defined below) then the Option Price for such exercise shall be increased by an amount equal to: (i) Base Option Price per Share, times (ii) ten percent (10%), times (iii) the number of Prior Anniversary Years in which the Target Number was not achieved; PROVIDED, FURTHER that the maximum Option Price shall be Forty Dollars (\$40.00) per share (the "MAXIMUM OPTION PRICE PER SHARE").

The number of TA Serviced Trucks for any Prior Anniversary Year shall be the sum of the number of Freightliner branded trucks serviced pursuant to the Operating Agreement during such Prior Anniversary Year at each TA Center after such TA Center was converted to a Freightliner Express center pursuant to the Operating Agreement;

The Target Number for any Prior Anniversary Year shall be determined as follows:

(i) for each TA Center determine the percentage of such Prior Anniversary Year during which the TA Center was operated as a Freightliner Express center pursuant to the Operating Agreement;

(ii) for each TA Center multiply the number of Freightliner Trucks serviced in 1998 listed next to such TA Center on EXHIBIT C by the percentage determined in (i) above; PROVIDED, HOWEVER, that if the "month open" date for any TA Center on EXHIBIT C is other than "Jan-98", then for purposes of this calculation the number of Freightliner Trucks serviced in 1998 for such TA Center shall be the annualized number of Freightliner Trucks serviced in 1998 for such TA Center;

(iii) for each TA Center multiply the product determined in (ii) above by the percentage listed in the chart below based on the Prior Anniversary Year during which the TA Center was converted to a Freightliner Express center pursuant to the Operating Agreement (the "CONVERSION YEAR") and the Prior Anniversary Year for which the Target Number is being determined; and

Conversion Year -----	Prior Anniversary Year -----				
	July 1, 1999 to June 30, 2000	July 1, 2000 to June 30, 2001	July 1, 2001 to June 30, 2002	July 1, 2002 to June 30, 2003	July 1, 2003 to June 30, 2004
July 1, 1999 - June 30, 2000	110.000%	121.000%	133.100%	146.410%	161.051%
July 1, 2000 - June 30, 2001	0%	110.000%	121.000%	133.100%	146.410%
July 1, 2001 - June 30, 2002	0%	0%	110.000%	121.000%	133.100%
July 1, 2002 - June 30, 2003	0%	0%	0%	110.000%	121.000%
July 1, 2003 - June 30, 2004	0%	0%	0%	0%	110.000%

(iv) the sum of the amounts determined in (iii) above for each TA Center above is the Target Number.

EXHIBIT B

Stockholders Agreement

EXHIBIT C

TA Centers

SEE ATTACHED

EXHIBIT D

Notice of Exercise of Option

To: TRAVELCENTERS OF AMERICA, INC. Dated: _____

Freightliner Corporation, pursuant to the provisions set forth in the Investment and Option Agreement (the "Investment Agreement") dated July 21, 1999 between TravelCenters of America, Inc. ("TA") and Freightliner Corporation, hereby agrees to purchase _____ shares of Common Stock, \$.01 par value per share, of TA, pursuant to the terms of the Investment Agreement and makes full payment therefor as provided for the Investment Agreement.

FREIGHTLINER CORPORATION

By: _____

Title: _____

**TRAVELCENTERS OF AMERICA
FREIGHTLINER EXPRESS OPERATING AGREEMENT**

This Freightliner Express Operating Agreement ("THIS AGREEMENT") is effective as of the 21st day of July, 1999, by and among Freightliner Corporation, a Delaware corporation ("FREIGHTLINER"), TA Operating Corporation, dba TravelCenters of America, a Delaware corporation ("TA OPERATING"), and TA Franchise Systems, Inc., a Delaware corporation ("TA FRANCHISE"). TA Operating and TA Franchise (collectively, "TA OPERATIONS") are both wholly-owned subsidiaries of TravelCenters of America, Inc., a Delaware corporation (THE "PARENT CORPORATION").

A. Freightliner produces, distributes and markets a full range of commercial vehicles, including heavy and medium-duty trucks.

B. TA Operations operates or franchises the operations of three distinct types of travel centers with repair facilities known as "shops" (the "TRAVELCENTERS LOCATIONS"): (i) sites owned or leased by TA Operating or an affiliate and operated by TA Operating ("COCOS"), of which there are currently 110; (ii) sites owned or leased by an affiliate and leased to independent lessee-franchises that operate such sites, of which there are currently 29; and (iii) sites owned or leased and operated by independent franchisees that operate on such sites, of which there are currently 9 (collectively, with the sites described in the foregoing clause (ii), the "FRANCHISE LOCATIONS").

C. The TravelCenters Locations are operated under the "TravelCenters of America" and "TA" trademarks (or, in the case of certain locations now operated under other names, will be brought under such trademarks) and are truck-stop facilities offering a broad range of fuel and nonfuel products, services and amenities to trucking fleets, professional truck drivers and other motorists, including truck maintenance and repair services and products, full service and fast food dining, travel and convenience stores, telecommunications services and various hospitality and rest-related amenities.

D. Freightliner and TA Operations desires to increase the potential to service Freightliner Vehicles (as hereinafter defined) through the designation and operation of TravelCenters Locations that are COCOs as Freightliner Express Locations ("FE LOCATIONS") in accordance with the terms and conditions of this Agreement.

E. Freightliner also desires to increase its market share of the parts aftermarket and wishes to enter into certain arrangements intended to encourage marketing of Freightliner-Sourced Parts.

In consideration of the foregoing and the mutual agreements herein contained, the parties hereto agree as follows:

1. DEFINITIONS.

As used herein, the following terms will have the following meanings at any time the matter has relevance:

1.1 "ALLIANCE" is a division of Freightliner.

1.2 "CLAIM" or "CLAIMS" shall mean all actions, proceedings, claims or demands of any kind or nature whatsoever.

1.3 "FE SERVICE MENU" shall mean the Freightliner Express Service Menu adopted from time to time by mutual agreement of Freightliner and TA Operations specifying the warranty and repair services to be provided by FE Locations to Freightliner Vehicles, which the parties intend will be limited to services that generally can be performed in 1.5 hours or less or are otherwise agreed to be within the scope of the Services. The initial FE Service Menu is attached as EXHIBIT 1.3.

1.4 "FREIGHTLINER PRODUCTS" shall mean Freightliner Vehicles and Freightliner-Sourced Parts.

1.5 "FREIGHTLINER-APPROVED PARTS" shall mean the proprietary parts (as indicated by proprietary numbering in Freightliner's parts catalogs) and vendor parts offered for sale by Freightliner or its Alliance division, including Freightliner or Alliance branded parts either manufactured by or on behalf of Freightliner or otherwise specifically licensed or approved by Freightliner for use in servicing Freightliner Vehicles.

1.6 "FREIGHTLINER-SOURCED PARTS" shall mean Freightliner-Approved Parts purchased from Freightliner or its Alliance division.

1.7 "FREIGHTLINER VEHICLES" shall mean the trucks and chassis sold by Freightliner or listed for sale by Freightliner in the Freightliner Truck Data Books that bear the "Freightliner" name and utilize Freightliner-Approved Parts.

1.8 "FREIGHTLINER WARRANTY POLICIES" shall mean Freightliner's warranty policies under the Freightliner Warranty Manual and related publications.

1.9 "INDEMNIFIED PARTY" shall have the meaning given to such term in Section 4.4.

1.10 "LOSSES" shall mean any suit, claim, demand, damage, liability, cost or expense, including reasonable attorneys' fees and expenses, judgment or settlement.

1.11 "OTHER INDEMNIFIED PARTIES" shall mean the affiliates, officers, directors, employees, members, stockholders, agents and representatives of the primary Indemnified Party.

1.12 "SERVICES" shall mean the warranty and repair services contemplated to be performed by FE Locations in accordance with this Agreement and the FE Service Menu.

1.13 "STOCKHOLDERS' AGREEMENT" shall mean that certain Institutional Stockholders' Agreement dated on or about the date hereof among certain shareholders of the Parent Corporation.

2. OPERATIONS AND RESPONSIBILITIES OF FE LOCATIONS.

2.1 GENERAL. Each FE Location will serve as a point of purchase for Services and Freightliner-Approved Parts in accordance with the FE Service Menu and will act as an authorized limited parts and service dealer of Freightliner for the purpose of performing Services for Freightliner Vehicles and customers and selling Freightliner-Approved Parts. The FE Locations will operate under such name or names identifying the FE Locations with Freightliner as Freightliner may propose from time to time, each of which names shall be reasonably acceptable to and be approved by TA Operations. Notwithstanding any provision of this Agreement apparently to the contrary, all reasonable out-of-pocket expense necessary to any name change initiated by Freightliner after implementation of the name or names originally used to designate the FE Locations shall be at the sole expense of Freightliner. Designation as an FE Location shall entitle the FE Location to conduct the operations contemplated under this Agreement at and from the current location of the FE Location and to display and utilize Freightliner trademarks and service marks in compliance with the limited license granted by Freightliner for such purpose. This Agreement is intended to apply to the COCOs. TA Operating will operate each COCO that is an FE Location and each other COCO that is engaged in any transactions with Freightliner contemplated by this Agreement in the manner contemplated by this Agreement and applicable to such COCO. Freightliner and TA Operations may from time to time enter into separate agreements with respect to any Franchise Locations that are designated by Freightliner and TA Operations as FE Locations.

2.2 LIMITATIONS; REFERRALS TO FREIGHTLINER AND SELECTRUCKS. FE Locations shall not have the right to engage either currently or in the future in the sale of new or used Freightliner Vehicles. However, FE Locations may from time to time at the election of the FE Location display new and used Freightliner trucks as well as other Freightliner merchandise and shall refer potential purchasers of Freightliner Vehicles to nearby Freightliner dealerships or SelecTrucks locations.

2.3 OPERATIONS; SCOPE OF SERVICES; REFERRALS. FE Locations shall conduct the operations contemplated under this Agreement on a 24-hour day basis. Consistent with TA Operations' past practice or as additionally may be required to meet the requirements of the FE Service Menu, TA Operations shall employ qualified and adequately trained technicians and other service personnel, parts personnel and administrative staff for purposes of conducting such operations. FE Locations will provide local road service as well as shop-based services consistent with FE Service Menu. FE Locations will be included in the referral lists maintained by Freightliner's Customer Assistance Center ("CAC") and referrals will be made by the CAC to FE Locations in accordance with the CAC's applicable policies. Each FE Location generally

will be expected to refer warranty and repair services requiring on average in excess of 1.5 hours or otherwise outside of the agreed scope of the Services under the FE Service Menu to the nearest Freightliner dealership or, if a Freightliner dealership is not reasonably convenient, another appropriate service provider determined by the FE Location (which may consult with the CAC as to suggested referrals). Freightliner will actively encourage its dealers to make referrals to FE Locations for services within the FE Services Menu to the extent convenient for the customer and where the dealer can not perform services within a reasonable time.

2.4 WARRANTY SERVICES AND CLAIMS; REPLENISHMENT POLICY. FE Locations may perform warranty services on Freightliner Products that are within the Services under FE Service Menu. All such warranty services shall be performed in accordance with and will be governed by Freightliner's Warranty Policies, including the making, settlement and payment of claims. TA Operations will administer Freightliner warranty claims on behalf of the FE Locations and warranty payments will be made to TA Operations. Freightliner will process warranty claims by TA Operations in accordance with Freightliner's standard practices applicable to warranty claims by dealers. In making payments to Freightliner, TA Operations shall not deduct any credits for warranty claims or other amounts owed by Freightliner to TA Operations unless TA Operations shall have given written notice to Freightliner applying for such and, in the case of warranty claims, Freightliner has confirmed that such claims have been approved by Freightliner. In connection with the performance of any Freightliner warranty services, each FE Location will be required to use Freightliner-Approved Parts and, with respect to each such part used in performing any Freightliner warranty services, will be required to purchase identical Freightliner-Sourced Parts in at least the same number as the number of such part used for warranty services. Such replenishment policy shall be applied by Freightliner on an aggregate basis with respect to TA Operations.

2.5 INSPECTION, RECALLS AND CAMPAIGNS. If approved in advance by Freightliner and TA Operations, FE Locations may perform inspections or repairs on Freightliner Products in connection with inspections, recalls or campaigns. Such inspections and/or repairs shall be made in accordance with any related Freightliner service bulletins, field modification bulletins, recall or other campaign notices furnished to FE Locations as well as the Freightliner Service Manual. FE Locations shall to the extent reasonably possible assist Freightliner in notifying FE Location customers requiring such inspections or repairs of the need or desirability of any such inspections or repairs using information obtained through Freightliner's Service Advisor and ServicePro systems.

2.6 WORKMANSHIP; TOOLS AND EQUIPMENT; SERVICE MANUALS. FE Locations shall perform all service work in a good and workmanlike manner in accordance with all applicable laws and regulations in order to maintain the confidence of the public in Freightliner, FE Locations and Freightliner Products. FE Locations shall have and maintain in good working order on their premises the service equipment and special tools and service manuals Freightliner and TA Operations mutually agree from time to time are required to perform Services. The initial agreed-upon list of service equipment, special tools and service manuals is attached as EXHIBIT 2.6. FE Locations shall follow all service instructions contained in the Freightliner Service Manuals, systems or other notices or bulletins issued by Freightliner to FE Locations. Freightliner will from time to time provide service and technical advice through periodic visits

from field service personnel and provision of service publications to assist FE Locations in satisfactorily performing Services on Freightliner Vehicles.

2.7 FREIGHTLINER-APPROVED PARTS. Each FE Location shall maintain the inventories of Freightliner-Approved Parts agreed upon from time to time by Freightliner and TA Operations to be necessary to provide Services and shall employ personnel familiar with such parts to manage sales of such parts. The initial list of required Freightliner-Approved Parts is attached as EXHIBIT

2.7. Freightliner customers have the right to expect that any part that an FE Location sells, installs or uses in the repair or servicing of any Freightliner Vehicle meets the high quality standards of Freightliner-Approved Parts. FE Locations therefore will not sell, use or install on Freightliner Vehicles any parts that are not Freightliner-Approved Parts and are not equal in quality and design to Freightliner-Approved Parts. FE Locations also will not sell or offer to sell as Freightliner-Approved Parts any parts that are not in fact Freightliner-Approved Parts.

2.8 PRICE AND OTHER TERMS OF SALE OF FREIGHTLINER-SOURCED PARTS. The price and terms of sale for Freightliner-Sourced Parts shall be as set forth in this Section 2.8 and in EXHIBIT 2.8 attached hereto or as otherwise agreed in writing by Freightliner and TA Operations (TA Operations being hereinafter referred to in this Section 2.8 as "Purchaser" and Freightliner-Sourced Parts being hereinafter referred to in this Section 2.8 as "parts"):

(a) Purchaser may return obsolete or other returnable parts in accordance with applicable return policies under the Alliance Policies and Procedures. Orders for parts may be cancelled by Purchaser prior to shipment subject to applicable handling and cancellation charges.

(b) Freightliner shall have the right to change the design or specifications of any parts ordered by Purchaser at any time with no obligation to make such changes in similar parts previously delivered to Purchaser. In addition, Freightliner shall have the right, subsequent to the receipt of any order, to make design changes and substitution of materials which, in Freightliner's opinion, are necessary to improve the part. Purchaser shall accept any such changed part in full settlement of Freightliner's obligations under any order submitted by Purchaser.

(c) All parts purchased by Purchaser from Freightliner shall be sold to Purchaser freight prepaid for stock orders and freight collect for non-stock or expedited orders, place of manufacture or other point of shipment, if applicable. Freightliner will attempt, whenever practical, to follow Purchaser's request with respect to routing and mode of transportation but reserves the final decision as to the carriers and routes selected. Parts will be invoiced on the date they are shipped. Title to parts shall pass to Purchaser on delivery to Purchaser. The risk of loss or damage, latent or otherwise, shall pass to Purchaser upon delivery to Purchaser. Purchaser shall cooperate fully with Freightliner in the inspection of parts received and in the submission of claims to carriers for any shipping damage that may have occurred.

(d) All parts shipped directly to Purchaser from Freightliner vendors are sold to Purchaser Ex-Works the vendor's dock. Risk of loss or damage, latent or otherwise, shall pass

to Purchaser upon delivery of the parts by the vendor to the carrier where freight is contracted for by Purchaser or upon delivery to Purchaser if freight is contracted for by the vendor.

(e) All parts returned by Purchaser to Freightliner (or to a Freightliner authorized vendor) shall be shipped freight and insurance prepaid Freightliner's dock (or vendor dock). At the time of receipt, parts must be undamaged and packaged in original boxes, if practical. Claims for loss or damage shall be filed by Purchaser directly with the carrier or other agent.

(f) Delivery dates are approximate and are based upon receipt of all necessary information from Purchaser. Normal delivery can generally be expected within 48 hours after the day of shipment from the facing Alliance Parts Distribution Center.

(g) Freightliner shall not be responsible for failure to accept Purchaser's order, for any delay in acceptance of such orders or any failure or delay in delivering parts, if such failure or delay is due in whole or in part to any change in Freightliner's production schedule as to which it shall have notified Purchaser; or to any labor difficulties; or to any labor, material, transportation or utility shortage or curtailment; or to government regulations; or to discontinuance by Freightliner of the manufacture or sale of any parts; or where such failure or delay is due to any cause beyond the control or without the fault or negligence of Freightliner; or where performance by Freightliner would be commercially impractical. In any event, any liability on the part of Freightliner for any failure or delay in delivery of parts shall be limited to the repayment to Purchaser of any part of the purchase price thereof which Purchaser may have paid to Freightliner.

(h) Purchaser shall include as a part of its sale of parts to customers Purchaser's express written warranty in the identical terms, limitations and disclaimers as extended by Freightliner to Purchaser with respect to the sale of such part to Purchaser. Any warranty extended by Purchaser to customers in terms, limitations and disclaimers other than those of the express written warranty furnished to Purchaser by Freightliner shall be the sole responsibility of Purchaser, and Purchaser shall defend, indemnify and save Freightliner harmless from any suit, claim, demand, damage, liability, cost or expense, including reasonable attorneys' fees and expenses, final judgments and settlements, arising out of or resulting from the extension by Purchaser of any materially different warranty than the warranty extended by Freightliner to Purchaser or from the failure of Purchaser to include in Purchaser's agreement with its customers limitations and disclaimers substantially similar to the limitations and disclaimers set forth in the Freightliner Warranty Policies.

2.9 LIMITATIONS RELATING TO FREIGHTLINER-SOURCED PARTS; FREIGHTLINER WARRANTIES. FE Locations shall encourage and attempt to increase the sale of Freightliner-Sourced Parts but, without the prior approval of Freightliner, shall not establish satellite parts stores or engage in the active wholesaling of Freightliner-Sourced Parts (including bulk sales, active discounting, parts deliveries to fleets, telemarketing and sales for resale). Any part sold by an FE Location in connection with the provision of Services to a Freightliner Vehicle where such part is not provided under a Freightliner vehicle warranty will be covered by Freightliner's standard warranty on parts only if such part is a Freightliner-Sourced Part, as documented in a manner

acceptable to Freightliner on or in connection with the invoice supplied to the customer by the FE Location. The invoice supplied to a customer by an FE Location in connection with parts sales will indicate in writing in a conspicuous manner that any parts not indicated to be covered by Freightliner's standard parts warranty instead are covered by TA Operations' warranties to ensure that the customer is advised that any parts that are not Freightliner-Sourced Parts are not included in any warranties furnished by Freightliner. Parts used by an FE Location in performing warranty services on Freightliner Vehicles in accordance with Freightliner Warranty Policies will be covered by the vehicle warranty for the balance of the vehicle warranty period provided that such parts are Freightliner-Approved Parts.

2.10 TAXES. Freightliner's prices do not include federal excise tax and do not include other excise, sales, use or similar tax or any other tax applicable to the sale, delivery or use of Freightliner-Sourced Parts. Purchases of Freightliner-Sourced Parts by FE Locations are presumed to be for the purposes of resale. FE Locations shall therefore furnish to Freightliner such certificates or other evidence that may be required by Freightliner to establish or maintain the exemption of such purchase from state or local sales or use taxes or any such similar taxes. If any FE Location purchases any Freightliner-Sourced Part and uses or employs such Freightliner-Sourced Part in a manner that requires the payment of sales, use or similar taxes with respect to such part or its use, FE Location shall pay any such taxes directly to the appropriate governmental authorities or, if any such taxes are paid by Freightliner in its sole discretion, reimburse Freightliner therefor, and shall defend, indemnify and save harmless Freightliner from and against such taxes and all claims, demands, liability, cost or expense, including reasonable attorneys' fees and expenses, final judgments and settlements with respect thereto.

2.11 PROMOTIONAL ACTIVITIES. FE Locations shall use customer service promotional literature supplied by Freightliner to TA Operations and approved by TA Operations (any such material to be supplied by Freightliner on the same cost-sharing basis as similar material is provided to Freightliner's dealers) to advertise and promote the sale and use of Freightliner-Sourced Parts for the servicing of Freightliner Vehicles and similar vehicles manufactured by other companies. FE Locations shall participate in local, regional and national FE Location advertising and promotional programs approved by Freightliner and TA Operations. FE Locations shall not engage in service or other promotions relating to Freightliner Products without the advance approval of Freightliner and TA Operations.

2.12 TRAINING. Freightliner shall at its expense make available to TA Operations parts, service and technology training programs offered by Freightliner to its dealers that are consistent with the FE Service Menu and, in connection with such programs, make basic program materials available without charge on the same basis as Freightliner generally makes the same or substantially identical materials available to its dealers or their personnel without charge. In addition to such training programs as TA Operations may separately develop and provide at its expense for the FE Locations, Freightliner and TA Operations may jointly develop customized training programs for the FE Locations on such cost-sharing basis between Freightliner and TA Operations as is agreed upon by Freightliner and TA Operations. Personnel of the FE Locations shall, at FE Location expense for food, lodging, travel and program

materials, participate in the various parts, service and technology training programs made available to the FE Locations.

2.13 PRODUCT MODIFICATION. FE Locations shall not modify or alter any Freightliner Product unless the relevant FE Location either obtains Freightliner's prior written approval of such modification or alteration or notifies the customer in writing, prior to or at the time of such modification or alteration, that it is being made without Freightliner's approval and will not be covered by any warranty of Freightliner. In no event shall any FE Location remove, alter or modify any equipment or accessories required on any Freightliner Vehicle by law or regulation. For purposes of this Section, the terms "modify" and "alter" and "modification" and "alteration" shall mean any departures from manufacturer specifications and shall not mean repairs or replacements in accordance with manufacturer specifications. Each FE Location shall defend, indemnify and save Freightliner harmless from any suit, claim, demand, damage, liability, cost or expense, including reasonable attorneys' fees and expenses, final judgments and settlements, arising out of or resulting from such modification or alteration of a Freightliner Product by such FE Location without Freightliner's prior written approval.

2.14 CUSTOMER COMPLAINTS. Customer complaints and claims with respect to warranty Services shall be handled in accordance with the applicable procedures under the Freightliner Warranty Policies. Each FE Location shall receive, investigate and attempt to remedy customer complaints and claims with respect to non-warranty Services by owners or users of Freightliner Products in a manner intended to secure and maintain the goodwill of the customer and the public toward Freightliner, the FE Locations and Freightliner Products. An FE Location shall be free to resolve any such complaints or claims provided that it absorbs all associated cost or expense. In any such case, Freightliner shall have no obligation to reimburse the FE Location or to absorb any such expense unless otherwise agreed by Freightliner in writing. All complaints and claims received by an FE Location that cannot be readily remedied by the FE Location shall be promptly reported in detail to Freightliner, together with the name and address of the owner or user and the serial number or other identification of the Freightliner Product involved.

2.15 LICENSES. FE Locations shall obtain any licenses required for the conduct of the business contemplated by this Agreement.

2.16 CONDITION OF INDIVIDUAL FE LOCATIONS; INSPECTION BY FREIGHTLINER. The premises of each FE Location shall be maintained in a manner that meets TA Operations' internal quality requirements as in effect from time to time (including those reflected in its Quality Service checklist) and the general criteria for FE Locations mutually agreed upon by Freightliner and TA Operations from time to time. Freightliner may conduct such review and inspection of FE Locations as it determines to be necessary or desirable from time to time. TA Operations will respond promptly to any and all reasonable concerns of Freightliner with respect to the operations of any FE Location.

2.17 TERMINATION OF INDIVIDUAL FE LOCATIONS. In the event that an FE Location fails to conform in all material respects with the criteria for designation as an FE Location (other than any such criteria expressly waived by agreement of Freightliner and TA Operations in

connection with its designation as an FE Location) or engages in a pattern of conduct that is fraudulent or that in the reasonable judgment of Freightliner is otherwise materially and substantially injurious to the goodwill of Freightliner, Freightliner may, after consultation with TA Operations, agreement by Freightliner and TA Operations on a mutually acceptable cure and reasonable cure period, and failure by the FE Location to achieve the agreed-upon cure within such period, terminate the status of such TravelCenters Location as an FE Location by notice to TA Operations and the FE Location. Upon any such termination, the FE Location will promptly take all steps necessary to cease operation as an FE Location.

2.18 EFFECT OF TERMINATION OF AGREEMENT. Upon any termination of this Agreement and resulting termination of each FE Location, all outstanding indebtedness or other payment obligations under this Agreement or any related agreement of any FE Location to Freightliner, including payments for Freightliner-Sourced Parts, or of Freightliner to or in respect of any FE Location, including any warranty receivables, shall become immediately due and payable without regard to any contrary term of any such indebtedness or other payment obligation. In addition, Freightliner will at the request of an FE Location repurchase from the FE Location any new and unused Freightliner-Sourced Parts that are then in inventory and in the original, undamaged packages, are then listed for sale in the Freightliner Parts Price Lists, as then current (except discontinued or replaced parts and accessories) and are not within the Freightliner-Sourced Parts that have been purchased by or on behalf of any FE Location in replenishment of Freightliner-Approved Parts used in warranty services. The purchase price for each such part shall be the price at which the FE Locations would be permitted to buy such part from Alliance pursuant to Section 2.8, as shown in the then-current and applicable Freightliner Parts Price List, less handling charges equal to the handling charges for annual parts return as then in effect and published in the Alliance Policies and Procedures, except that handling charges shall not apply in the case of any purchases pursuant to this Section 2.18 following a termination of this Agreement by reason of a breach by Freightliner. Within 30 days following the effective date of a termination of this Agreement, each FE Location that wishes to have Freightliner purchase any eligible Freightliner-Sourced Parts shall supply Freightliner with a list of and proper identification of all such parts and such other information as Freightliner may reasonably require. Within 30 days from the receipt of such list and information, Freightliner will furnish the FE Location with written notice of all such listed parts as Freightliner has determined it is required to purchase together with the price to be paid therefor and transfer instructions. Within 30 days after receipt of such instructions, each FE Location shall ship such parts as specified in such instructions. Until shipment, each FE Location shall retain possession of such parts at its risk and provide Freightliner with an opportunity to inspect. The FE Location shall take such action and shall execute and deliver such instruments as may be reasonably necessary to convey to Freightliner good marketable title to all parts purchased by Freightliner, to comply with the requirements of any applicable state law relating to bulk sales or transfers and to satisfy and discharge any liens or encumbrances on such parts prior to delivery thereof to Freightliner.

3. DESIGNATION AND DEVELOPMENT OF FE LOCATIONS, ETC.

3.1 DESIGNATION. Freightliner and TA Operations will jointly designate specific TravelCenters Locations as FE Locations pursuant to criteria mutually agreed upon by Freightliner and TA Operations from time to time. These criteria will include city and highway location, status of ongoing construction projects and facility considerations. Any TravelCenters Location that does not have service facilities or is barred under applicable law from operating as an FE Location will not be designated or operated as an FE Location.

3.2 TRAVELCENTERS LOCATIONS NOT DESIGNATED AS FE LOCATIONS. Any TravelCenters Location that is not jointly designated as an FE Location by Freightliner and TA Operations will not be permitted to perform warranty services for Freightliner Vehicles or to purchase proprietary Freightliner-Sourced Parts. A TravelCenters Location that does not satisfy the criteria for designation as an FE Location or that for any other reason agreed upon by Freightliner and TA Operations is not designated as an FE Location by Freightliner and TA Operations may nevertheless be permitted to purchase non-proprietary Freightliner-Sourced Parts with the approval of Freightliner.

3.3 ROLL-OUT SCHEDULE. Freightliner and TA Operations intend that eventually most, if not all, TravelCenters Locations that meet the criteria for designation as FE Locations agreed upon by Freightliner and TA Operations under Section 3.1 (including any such new locations acquired or developed after the date of this Agreement and any Franchise Locations) will operate as FE Locations. Freightliner and TA Operations will jointly agree upon a roll-out schedule based on the designation criteria. Freightliner and TA Operations will use reasonable efforts to cause at least one-third of the COCOs with service facilities to be operating as FE Locations within six months after the date of this Agreement and to cause all COCOs with service facilities to be operating as FE Locations within 18 months after the date of this Agreement, subject to such modifications to such projected schedule as jointly may be agreed upon by Freightliner and TA Operations from time to time or be dictated by circumstances beyond the control of Freightliner and TA Operations.

3.4 TEST LOCATIONS. To test and develop a methodology for converting TravelCenters Locations into FE Locations, Freightliner and TA Operations will as promptly as possible in accordance with the projected schedule attached as EXHIBIT 3.4 establish and roll-out the test locations listed on EXHIBIT 3.4.

3.5 SITING OF FUTURE TRAVELCENTERS LOCATIONS; OTHER INFORMATION. TA Operations shall confer with Freightliner concerning the service needs of Freightliner's customers and Freightliner's capacity objectives and the related capacity considerations with respect to the siting of new TravelCenters Locations prior to making any final determination on the siting of any TravelCenters Locations proposed to be developed by or on behalf of TA Operations or commitment to the acquisition of any truck-stops or similar businesses proposed to be acquired by or on behalf of TA Operations; provided that, in the case of any such acquisition, the foregoing requirement shall apply only during the period Freightliner is a shareholder in the Parent Corporation or any successor thereto and a Freightliner nominee is serving on the Board of Directors of the Parent Corporation. During any period Freightliner no longer has a nominee

serving on the Board of Directors of the Parent Corporation, TA Operations shall be obligated to confer with Freightliner in advance of any such determination with respect to a proposed acquisition only if and to the extent agreed by the other party or parties to the acquisition. TA Operations shall use reasonable efforts to obtain the agreement of such other party or parties. Subject to giving Freightliner the opportunity in accordance with the foregoing to provide its input from time to time as to siting, TA Operations shall be free to locate at whatever sites it may choose and make whatever acquisitions it may choose. In addition, during the term of this Agreement TA Operations shall use reasonable efforts to provide advance notice (given in a timely manner under the applicable circumstances) to Freightliner of any proposed permanent closure or disposition of any FE Location or any other fact, circumstance or development that senior management of TA Operations anticipates could reasonably be expected to have a significant impact on a substantial number of FE Locations with respect to the FE Location program contemplated by this Agreement.

3.6 TECHNOLOGY. Freightliner and TA Operations will mutually agree on the scope of all technology investments necessary to cause TA Operations' information systems to be integrated with all applicable Freightliner systems (including parts, service and warranty systems) to enable TA Operations and FE Locations to utilize, either directly at each FE Location or indirectly through TA Operations, the programs and information of Freightliner necessary or desirable to the operation of FE Locations. TA Operations shall bear the expense of all necessary investment in software, hardware and other information systems and equipment agreed upon by Freightliner and TA Operations from time to time and of all related fees and expenses for consulting, installation, operation and maintenance. The initial agreed-upon technology requirements are listed on EXHIBIT 3.6. Freightliner will consult with TA Operations concerning alternatives and cost-saving strategies, including centralizing ordering and other functions. Freightliner will provide TA Operations and the FE Locations with access to the technology, training and operating information made available to Freightliner's dealer network (i.e., internet and extranet) to the extent consistent with the scope of Services to be provided by the FE Locations.

3.7 SERVICE CRITERIA; TRAINING PROGRAMS. Freightliner and TA Operations will jointly develop service criteria intended to provide enhanced service for Freightliner customers at FE Locations. TA Operations will use reasonable efforts to cause FE Locations to achieve the goal of an average, during core business hours of 6 am to 7 pm at each location, of a pre-service wait time for Freightliner customers of 45 minutes or less. Freightliner will make available appropriate training programs to personnel of TA Operating and FE Locations and work with TA Operations on the development of joint training programs for FE Location personnel.

3.8 PROMOTIONAL ACTIVITIES. Freightliner shall provide marketing programs and assistance promoting the FE Locations to aid the retail parts and service sales effort by Freightliner and TA Operations through the FE Locations and thereby promote the sale of Freightliner Products. Freightliner and TA Operations will develop joint advertising programs (any such advertising to be in accordance with Freightliner's and TA Operations' respective advertising policies) and joint marketing programs agreed upon by Freightliner and TA Operations from time to time, including such joint advertising or marketing programs to support the TravelCenters network as Freightliner and TA Operations may determine to be mutually

beneficial and agree upon from time to time. Any joint advertising or marketing programs shall be funded in the manner agreed upon by the participants with respect to such specific program. TA Operations will require participation in joint advertising or marketing programs by the relevant FE Locations and Freightliner will actively encourage its dealers to promote the FE Locations through service referrals and promotional and informational displays and activities at dealer locations. TA Operations shall consult with Freightliner and obtain Freightliner's advance approval with respect to any service or other promotions relating to Freightliner Products that TA Operations proposes to undertake and shall cause each FE Location to do the same with respect to any such promotion that the FE Location proposes to undertake. Freightliner shall consult with TA Operations and obtain TA Operations' advance approval with respect to any service or other promotions specifically relating to FE Locations.

3.9 REFERRALS. FE Locations will be the second referral after Freightliner dealerships under the referral policies and lists of the CAC to the extent consistent in any case with the needs of the specific customer. Freightliner and TA Operations will develop processes for referrals by FE Locations to nearby Freightliner dealerships and SelecTrucks locations both for service and for purchases of Freightliner Products.

3.10 ACCOUNTING RECORDS AND REPORTS; BENCHMARKS. TA Operations shall maintain accounting and other records that at all times accurately reflect the operations of the FE Locations to enable TA Operations to prepare the reports that are required by this Agreement or are reasonably requested hereunder by Freightliner from time to time. TA Operations shall permit examination of its accounts and records relating to the FE Locations, including warranty audits and other review, to be made by Freightliner at any reasonable time upon at least five days' prior notice. Freightliner will, to the extent practical and not inconsistent with Freightliner's safeguarding of Freightliner's own proprietary information, use reasonable efforts to provide to TA Operations such information from Freightliner's systems and programs as may be relevant to evaluating the performance of the FE Locations under this Agreement and the establishment of benchmarks for mutually agreed-upon goals. Freightliner and TA Operations will jointly develop mutually agreed-upon methodologies for tracking, evaluating and recording the performance of the FE Locations.

3.11 LIMITED LICENSE TO FREIGHTLINER TRADEMARKS. Freightliner hereby grants TA Operations and each FE Location the non-exclusive right to use Freightliner's trademarks and service marks in connection with all FE Location operations. Any such use shall be in accordance with this Agreement and such other reasonable requirements as Freightliner may from time to time in writing expressly impose on the use of the trademarks. TA Operations and each FE Location shall not use Freightliner's trademarks or service marks in a manner that could jeopardize Freightliner's ownership or use thereof. TA Operations and each FE Location shall discontinue the use of any such mark or the manner in which used if and when requested to do so by Freightliner. Upon any termination of this Agreement, TA Operations and each FE Location shall immediately discontinue all use of Freightliner's trademarks and service marks not permitted by law or under any separate arrangements with Freightliner and, except to the extent permitted by law or under any such separate arrangement with Freightliner, shall not thereafter use any similar mark. All actions necessary to discontinue such use shall be at the expense of TA Operations, except in the case of any termination of this Agreement caused by Freightliner's

breach of this Agreement, in which case all reasonable out-of-pocket expense incurred in connection with such discontinuation shall be borne by Freightliner.

3.12 SIGNAGE. FE Locations shall be identifiable to the public by signage of one or more sizes and types mutually acceptable to Freightliner and TA Operations. Freightliner and TA Operations will mutually agree upon the selection and placement of signage, both exterior and interior, with appropriate prominence and customer visibility in a manner consistent with Freightliner signage guidelines and all applicable local ordinances. TA Operations will make all arrangements for permitting and installation of jointly agreed-upon signage and will be responsible for signage maintenance and related expense. The costs of purchase and installation of jointly agreed-upon signage at the FE Locations shall be borne as provided on EXHIBIT 3.12. In the event of the termination of any TravelCenters Location as an FE Location, TA Operations will cause the prompt removal of all signage identifying the location as an FE Location. The costs of any such removal shall be borne in the manner contemplated by Section 3.11.

3.13 SIMILAR PROGRAMS WITH OTHERS. During the term of this Agreement,

(a) TA Operations will not participate in a similar service or warranty program with any Freightliner Competitor (as defined in the Stockholders' Agreement) and (b) Freightliner will not (i) participate in a similar service or warranty program with any TA Truck-Stop Competitor (as hereinafter defined) or (ii) permit any distributor of products of Freightliner or Freightliner's subsidiaries to operate any satellite location at any truck stop location under the name or names chosen for the FE Locations pursuant to Section 2.1. For purposes of this Section 3.13, the term "TA Truck-Stop Competitor" shall mean Petro, Flying J, AMBEST, PTP, Sapp Bros., Giant, All American, Rip Griffin (who is also a Freightliner dealer), Bosselman's, Dixie Trucker's Home, Texaco/Equilon, Pilot, Love's, Speedway (Emro), Little America, Total, Mapco, Coastal, Fuel Mart and any other chain or network of national or regional "truck stops" as such term is generally understood in the trucking industry, including any affiliates or successors to any of the foregoing. However, during the term of this Agreement, Freightliner intends to continue to pursue and develop service capacity alternatives and solutions, and TA Operations acknowledges that, except as otherwise provided in this Section 3.13, Freightliner may engage in service or warranty programs with others, including distributors of products of Freightliner and its subsidiaries, affiliates of Freightliner and unrelated third parties. In addition, during the term of this Agreement Freightliner may pursue a separate strategy with respect to its Sterling trucks or any other separate product line (except that the name restriction set forth in Section 3.13(b)(ii) shall nevertheless apply). In the case of Sterling or any separate product line of Class 8 vehicles, Freightliner will first consult with TA Operations in good faith concerning the possible expansion of the service and parts arrangements under this Agreement to include Sterling or such separate product line of Class 8 vehicles. In connection with such consultation, Freightliner will explore with TA Operations all applicable factors and considerations, including capacity and expansion possibilities and constraints, marketing strategy and separate branding, and will endeavor to develop with TA Operations a mutually agreeable proposal for participation by TA Operations. Any such expansion with TA Operations will be subject to mutual agreement by Freightliner and TA Operations on all relevant terms and conditions.

4. INDEMNIFICATION.

4.1 INDEMNIFICATION BY TA OPERATIONS. Upon the written request of Freightliner, TA Operations shall defend, indemnify and hold Freightliner harmless from and against any Losses that may be asserted, commenced or arise by reason of or out of any actual or alleged negligence, error, omission or act of TA Operations (including through any COCO), including (a) any negligent or improper, or alleged negligent or improper, repair or servicing of any Freightliner Product, including any servicing not undertaken in accordance with the Freightliner Service Manual, but excluding any actual or alleged negligence, error, omission or act of TA Operations to the extent it arises out of erroneous instructions or procedures specified in the Freightliner Service Manual, (b) any modification or alteration (as defined in Section 2.13) of any Freightliner Product unless TA Operations has obtained Freightliner's prior written approval of such modification or alteration, (c) any breach or alleged breach of any agreement between TA Operations and any other party, including any warranty, express or implied, extended to customers by TA Operations on terms other than those published by Freightliner as Freightliner's express warranty, and (d) any misleading statement or representation, whether in advertising (other than advertising in accordance with materials furnished by Freightliner) or otherwise. If TA Operations fails in any such case to undertake the defense against any such Losses, Freightliner may conduct, but shall not be required to conduct, such defense, and TA Operations shall be liable to Freightliner for any and all Losses incurred in connection with such defense, together with any and all Losses arising out of the related claim or claims.

4.2 INDEMNIFICATION BY FREIGHTLINER. Upon the written request of TA Operations, Freightliner shall defend, indemnify and hold TA Operations harmless from and against any Losses that may be asserted, commenced or arise by reason of or out of any actual or alleged negligence, error, omission or act of Freightliner, including (a) any actual or alleged defects in material, design, assembly or manufacture of any Freightliner-Sourced Part sold to TA Operations or any FE Location by Freightliner but only if (i) such defects existed at the time of manufacture or sale of such Freightliner-Sourced Part by Freightliner and (ii) TA Operations or the relevant FE Location included in the contract of sale with the user or customer of the Freightliner-Sourced Part the then-applicable Freightliner warranty without any modification of such warranty as it is published by Freightliner, (b) any breach or alleged breach of any agreement between Freightliner and any other party, including any warranty, express or implied, extended to customers by Freightliner, (c) any misleading statement or representation, whether in advertising (other than advertising in accordance with materials furnished by TA Operations) or otherwise, and (d) any erroneous instructions or procedures specified in the Freightliner Service Manual. If Freightliner fails in any such case to undertake the defense against any such Losses, TA Operations may conduct, but shall not be required to conduct, such defense, and Freightliner shall be liable to TA Operations for any and all Losses incurred in connection with such defense, together with any and all Losses arising out of the related claim or claims.

4.3 CLAIMS AGAINST MULTIPLE PARTIES. Whenever a complaint or suit alleges liability on the part of both TA Operations and Freightliner on the bases set forth in Sections 4.1 and 4.2, respectively, each shall be responsible for its own defense, including costs and attorneys' fees, unless one party offers to undertake the total defense and the other party agrees thereto in writing. Any such responsibility on the part of a party for its own defense pursuant to this

Section, or pursuant to any other circumstances not within the scope of this Section, shall in no way affect any legal rights which either party may have against the other to indemnification or contribution.

4.4 PROCEDURE FOR THIRD PARTY CLAIMS. In order for a party (the "Indemnified Party") to be entitled to any indemnification provided for under this Agreement in respect of, arising out of or involving a Claim made by any person (other than either party or their respective affiliates) against the Indemnified Party (a "Third Party Claim"), such Indemnified Party must notify the indemnifying party in writing of the Third Party Claim within a reasonable time after receipt by such Indemnified Party of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent that the indemnifying party shall have been actually prejudiced as a result of such failure (except that the indemnifying party shall not be liable for any expenses incurred during the period in which the Indemnified Party failed to give such notice). Thereafter, the Indemnified Party shall deliver to the indemnifying party, within a reasonable time after the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim. If a Third Party Claim is made against an Indemnified Party, the indemnifying party shall be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the indemnifying party; provided such counsel is not reasonably objected to by the Indemnified Party. Should the indemnifying party so elect to assume the defense of a Third Party Claim, the indemnifying party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof. If the indemnifying party elects to assume the defense of a Third Party Claim, the Indemnified Party shall (a) cooperate in all reasonable respects with the indemnifying party in connection with such defense, (b) not admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the indemnifying party's prior written consent and (c) agree to any settlement, compromise or discharge of a Third Party Claim which the indemnifying party may recommend and which by its terms obligates the indemnifying party to pay the full amount of the liability in connection with such Third Party Claim, which releases the Indemnified Party completely in connection with such Third Party Claim. If the indemnifying party assumes the defense of any Third Party Claim, the Indemnified Party shall be entitled to participate in (but not control) such defense with its own counsel at its own expense. If the indemnifying party does not assume the defense of any such Third Party Claim, the Indemnified Party may defend the same in such manner as it may deem appropriate, including settling such claim or litigation and the indemnifying party shall promptly reimburse the Indemnified Party for all Losses imposed thereon or reasonably incurred thereby in connection with such Third Party Claim upon request.

5. LIMITATION OF LIABILITY AND REMEDY.

FREIGHTLINER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY PARTS, EXCEPT SUCH WRITTEN WARRANTY OR WARRANTIES AS MAY BE SET FORTH IN THE FREIGHTLINER WARRANTY POLICIES IN EFFECT AT THE TIME FREIGHTLINER ACCEPTS A PURCHASE ORDER HEREUNDER. SUCH WRITTEN WARRANTY IS EXCLUSIVE AND IS IN LIEU OF ALL OTHER WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS AGREEMENT, NO CONSEQUENTIAL DAMAGES, PUNITIVE OR EXEMPLARY DAMAGES, INCIDENTAL DAMAGES OR OTHER INDIRECT OR SPECIAL DAMAGE OR LOSS, INCLUDING LOSS OF PROFITS, LOSS OF GOODWILL, LOSS OF BUSINESS OPPORTUNITY, LOSS OF USE OF PLANT OR EQUIPMENT OR LOSS OF EXECUTIVE AND EMPLOYEE TIME, WILL BE RECOVERABLE BY FREIGHTLINER, TA OPERATIONS OR ANY FE LOCATION FOR BREACH OF THIS AGREEMENT OR ANY PART OF THIS AGREEMENT OR FOR ANY CLAIM RELATED TO FREIGHTLINER-SOURCED PARTS OR OTHER FREIGHTLINER PRODUCTS OR THIS AGREEMENT, WHETHER SUCH DUTY OR OBLIGATION BE CONTRACTUAL IN NATURE, STATUTORY OR OTHERWISE.

Except insofar as such liabilities and remedies are excluded or limited or modified in this Section or elsewhere in this Agreement, TA Operations and all FE Locations and Freightliner shall have the remedies available to them with respect to the sale and purchase of any Freightliner-Sourced Part and shall undertake the liabilities and duties provided in the Uniform Commercial Code as enacted into law and as validly in force in the State of Oregon on the date of such sale and purchase.

6. TERM OF AGREEMENT.

6.1 TERM. This Agreement shall have an initial term of five years and thereafter shall be terminable upon six months' advance notice given by either party to the other. This Agreement shall also be terminable by either party in accordance with Section 6.2 or by Freightliner in accordance with Section

8.4(c). Except as otherwise provided in Section 6.2 or Section 8.4(c), any notice of termination may be given no earlier than the date six months prior to the expiration date of the initial term and the effective date of termination shall be the date six months' after the date of the giving of such notice. Until an effective notice of termination is given by either party and the effective date of termination is reached, this Agreement shall continue in full force and effect.

6.2 TERMINATION UPON MATERIAL UNCURED BREACH. Notwithstanding any provision of Section 6.1 apparently to the contrary, either party may terminate this Agreement upon a material uncured breach of this Agreement by the other by written notice of termination delivered by the nonbreaching party to the breaching party not less than 90 days prior to the effective date of termination specified in such notice. Except as hereinafter provided, any such notice of termination shall be effective only if, no later than the giving of such notice of

termination, the nonbreaching party shall also have given the breaching party notice of the breach and an opportunity to cure within a reasonable cure period of not less than 90 days. Notwithstanding the foregoing, however, this Agreement shall instead be terminable upon 10 days' advance notice given by the nonbreaching party if the breaching party defaults in payment (in which case the 10-day period shall serve as the cure period) or becomes subject to insolvency, receivership or bankruptcy proceedings or makes an assignment for the benefit of creditors.

6.3 RIGHTS AND OBLIGATIONS UPON TERMINATION. Termination of this Agreement shall not operate as a cancellation of any indebtedness or other payment obligation between Freightliner, on the one hand, and TA Operations or any FE Location, on the other, but shall cause an acceleration of the payment obligations owed by each to the other under this Agreement. In such event, each party may treat all amounts then or thereafter owing to it by the other party or parties hereto to be immediately due and payable (subject only to credits required by law) and may exercise such lawful rights and remedies as it may have against the other party or parties. Within 15 days after the effective date of the termination of this Agreement, each party shall return to the other party (or, in the case of TA Operations, shall cause each FE Location to return to Freightliner), all materials supplied to the returning party by the other party, including all manuals, microfiche, price lists, training programs, customer lists and unused forms (other than any tools purchased from Freightliner or Freightliner-Sourced Parts that have been purchased and are in inventory).

7. ARBITRATION.

7.1 HANDLING AND FILING OF CLAIMS; TIME LIMITS. Any claim, controversy, protest or dispute (whether for damages, stay of action or otherwise) relating to or arising from this Agreement or the relationship of TA Operations and Freightliner, including any claim based on any local, state or federal statute, any claim of breach of this Agreement or any claim related to the termination of the Agreement, shall be settled by arbitration, subject to the procedures set forth in this Section. To initiate a claim TA Operations or Freightliner must file a written request for arbitration no later than 90 days following any notice of termination of this Agreement if the claim relates to or arises out of the termination of the Agreement or, in the case of any other claim, within 180 days after the date the party making the claim first becomes aware of the claim. A written request to arbitrate, together with the appropriate filing fee, shall be filed with the office of the American Arbitration Association in Chicago, Illinois (the "FACILITATOR"), which shall then become the site of the arbitration proceedings, unless otherwise agreed between the parties. Any arbitration request shall state clearly and completely the nature of the claim and its basis, the amount involved, if any, and the remedies sought.

7.2 EXCLUSIVE REMEDY. Arbitration shall be the sole and exclusive remedy under this Agreement, and the decision and award of the arbitrator shall be final and binding on both parties.

7.3 PROCEDURES. The arbitration will be conducted in accordance with the rules and the procedures of the Facilitator then in effect, except as modified by mutual agreement of the parties, and in compliance with the United States Arbitration Act (9 U.S.C. Section 1, et seq.).

7.4 CHOICE OF ARBITRATOR. The arbitration shall be heard by a single arbitrator mutually agreeable to the parties selected from a panel of arbitrators. If the parties fail to reach agreement within 15 days of any request to arbitrate, an arbitrator having appropriate qualifications in the judgment of the Facilitator shall be named by the Facilitator from such panel in accordance with its normal procedure.

7.5 ARBITRATOR'S AWARD. In no event may punitive damages be awarded in any arbitration conducted pursuant to this Agreement. The decision and award of the arbitrator shall be conclusive as to all matters covered thereby in all other proceedings between the parties, their successors or assigns, and judgment upon the award may be entered in any court of competent jurisdiction.

7.6 PAYMENT OF FEES. The parties agree to compensate the arbitrator commensurate with the professional standing of the arbitrator and in accordance with the procedures of the Facilitator. The compensation of the arbitrator, the administrative fees and charges of the Facilitator and the other expenses of the arbitration shall be borne equally by the parties, provided that in all cases each party shall pay the fees and disbursements of its own legal counsel.

7.7 TIME PERIOD. Unless the parties specifically agree to the contrary, the arbitration hearing shall be concluded not more than 180 days after the date of a written request to arbitrate.

8. GENERAL PROVISIONS.

8.1 PARTIES NOT AGENTS OF EACH OTHER. Each party is an independent contractor and the conduct of its business is within its discretion subject to performance of its obligations under this Agreement. This Agreement does not create an agency relationship between any of the parties hereto or on the part of any FE Location, and nothing herein contained shall be construed or interpreted to grant any authority to any party or any FE Location to commit or bind another party hereto in any manner to any other person.

8.2 RIGHT OF SET-OFF. Subject to Section 2.4 with respect to warranty claims and such specific terms of sale as may be agreed upon between the parties, each party shall have the right to offset against any amounts then owed by it under this Agreement such amounts, if any, as are then owed to it under this Agreement by another party to this Agreement. Each party to any such offset shall maintain records sufficient to establish the amount and timing of any such offset.

8.3 NOTICES. Any notice given by TA Operations to Freightliner or by Freightliner to TA Operations under this Agreement shall be in writing and be directed to the recipient party at the following address or to such other person or address as an officer of the recipient party may have specified by notice given in accordance with this Section:

If to Freightliner, to: Freightliner Corporation
4747 North Channel Avenue
Portland, OR 97217
PO Box 3849
Portland, OR 97208-3849
Telecopy No.: (503) 735-5999
Attention: James T. Hubler

with a copy to: Stoel Rives LLP
900 SW Fifth Avenue, Suite 2600
Portland, OR 97204-1268
Telecopy No.: (503) 220-2480
Attention: Margaret B. Kushner

If to TA Operations, to: TA Operating Corporation
TA Franchise Systems, Inc.
c/o TravelCenters of America, Inc.
24601 Center Ridge Road, Suite 200
Westlake, Ohio 44145-5634
Telecopy No.: (440) 808-3301
Attention: Edwin P. Kuhn, President and
 C.E.O.
 Michael Hinderliter, Senior
 Vice President
 Steven Lee, Vice President and
 General Counsel

Couriered notices shall be deemed delivered when delivered as addressed. Telecommunicated notices shall be deemed delivered when receipt is either confirmed by confirming transmission equipment or acknowledged by the addressee or its office. Personal delivery shall be effective when accomplished. Mailed notice shall be deemed delivered 5 days after being deposited in the United States Mail as certified or registered mail, postage prepaid, in an envelope properly addressed to the person to whom notice is required to be directed in accordance with this Agreement.

8.4 ASSIGNMENT. This Agreement and the rights and obligations hereunder may not be assigned, delegated, sold, transferred or encumbered in whole or in part by Freightliner or TA Operations without the prior written approval of the other party. The foregoing prohibition on assignment without prior written approval shall not apply, however, to any direct or indirect assignment of this Agreement (including by merger) by TA Operations in connection with a Change of Control (as defined in the Stockholders' Agreement); provided that, in the case of any Change of Control that triggers the right of first refusal provided for under Section 5 of the Stockholders' Agreement, (a) Freightliner shall have first been given the opportunity in accordance with said Section 5 to exercise its right of first refusal, (b) there shall have been no

effective exercise by Freightliner of such right of first refusal and (c) Freightliner shall not have elected, by notice delivered to TA Operations prior to the expiration of Freightliner's right of first refusal under said Section 5, to terminate this Agreement (which termination shall be effective only in the event a Change of Control transaction is consummated) effective as of the date of the Change of Control.

8.5 ENTIRE AGREEMENT; AMENDMENTS. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. The parties anticipate that, over time, the terms and conditions applicable to FE Locations will evolve and change as contemplated by this Agreement or as agreed upon from time to time by the parties, and the parties will from time to time amend this Agreement accordingly. However, any understanding, amendment, modification, alteration or waiver not expressly set forth or provided for in this Agreement shall not be valid or binding on the parties with respect to the subject matter of this Agreement unless, in each instance, such understanding, amendment, modification, alteration or waiver is expressed in a written instrument executed by the duly authorized officers of Freightliner and TA Operations, such instrument specifically refers to this Agreement and such instrument specifically states an intent to amend, alter or modify this Agreement. The following documents and any other material issued by Freightliner in substitution for or in addition to the documents identified below shall be deemed to be incorporated herein except as otherwise expressly provided herein or as otherwise agreed to in writing by the parties from time to time and shall be deemed to be amended for purposes of this Agreement when an amendment has been duly executed on behalf of Freightliner and furnished to TA Operations in the same manner required for notices from Freightliner to TA Operations: (a) Freightliner Parts Price Lists; (b) Freightliner Warranty Policies; (c) Alliance Policies and Procedures; and (d) Freightliner Service Manuals.

8.6 EACH PARTY TO BEAR OWN EXPENSES. Freightliner and TA Operations will each bear its own expenses in connection with the preparation and negotiation of this Agreement and all other documents effecting the transactions contemplated by this Agreement.

8.7 WAIVER. The failure of either of Freightliner or TA Operations to enforce, at any time or for any period of time, any provision of this Agreement shall not be construed as a waiver of such provision or of the right of Freightliner or TA Operations thereafter to enforce each and every such provision.

8.8 GOVERNING LAW. This Agreement has been made in and shall be construed and interpreted according to the substantive laws of the State of Oregon without regard to choice of law rules.

8.9 SEVERABILITY. Any provision of this Agreement that in any way contravenes any law of any relevant jurisdiction shall be deemed not to be a part of this Agreement in such jurisdiction and shall not, because of such contravention, be deemed to in any way invalidate this Agreement or any other part thereof.

8.10 COMPLIANCE WITH LOCAL LAW. If the valid law of any jurisdiction is applicable to the performance of any obligation or the exercise of any right under this Agreement, the

obligation shall be exercised in accordance with such law to the extent, and only to the extent, that such law shall make mandatory the performance of such obligation or the exercise of such right other than in accordance with the provisions of this Agreement. All the provisions of this Agreement shall be construed in light of this Section.

8.11 TITLES. Designations and titles of the Articles and Sections contained in this Agreement are for convenience only and in no way control, alter or modify the meaning of the language used.

8.12 CONFIDENTIAL INFORMATION . Each party agrees that (a) all information indicated as confidential and communicated to it by the other party, including, in the case of communications by TA Operations, by any FE Location (hereafter "Confidential Information"), shall be received in confidence and shall be used and copied only for purposes of and in accordance with this Agreement and (b) no such Confidential Information shall be disclosed to any third party by the recipient or its employees or representatives without the prior written consent of the party owning such Confidential Information, EXCEPT as may be necessary by reason of legal, accounting or regulatory requirements beyond the reasonable control of the recipient. Confidential Information shall not include any information disclosed by one party to the other party hereunder or developed hereunder that: (a) is publicly available at the time of disclosure or development, or becomes publicly available after disclosure or development, through no fault of the receiving party; (b) was developed by agents or employees of the receiving or non-owning party independently of, and without knowledge of or reliance on, the disclosed information; (c) is obtained by the receiving or non-owning party outside of the performance of work hereunder without any violation of the rights of the other party; or (d) was rightfully in the receiving or non-owning party's possession prior to the time of disclosure, if such Confidential Information was not obtained in confidence. Each party shall take no less than such precautions as it takes with respect to its own confidential and trade secret information, whether by instruction, agreement or otherwise, to ensure the confidentiality of Confidential Information received from the other. At a minimum, each party shall take reasonable steps to advise its affiliates, employees and representatives of the confidential nature of the Confidential Information and ensure that they abide by the restrictions in this Section 8.12 on its use, reproduction and disclosure. The provisions of this Section 8.12 shall survive termination of this Agreement for any reason. The parties acknowledge that the violation of this Section 8.12 shall cause irreparable injury for which there will be no adequate remedy at law and that each party shall be entitled to preliminary and other injunctive relief against any such violation, which injunctive relief shall be in addition to, and not in lieu of, any other remedies or rights the party may have at law or in equity.

8.13 INTERPRETATION. All terms defined in the singular have the same meanings when used in the plural and vice versa. The words "including," "includes" and "include" as used herein shall be deemed to be followed by the words "without limitation" or "but not limited to" or words of similar import. Unless the context otherwise requires, (a) any reference to an Article or Section is a reference to an Article or Section of this Agreement, (b) the terms "hereof," "herein," "hereto," "hereunder," and "herewith" and "this Agreement" refer to this Agreement as a whole, (c) reference to any law or regulation is to that law as amended or modified from time to time or to any corresponding provisions of any succeeding law or regulation, (d) reference to an

agreement or instrument is a reference to that agreement or instrument as originally executed, and as modified, amended, supplemented and restated from time to time, and to all exhibits and/or schedules thereto, and (e) accounting terms have the meanings given to them by generally accepted accounting principles.

IN WITNESS WHEREOF, FREIGHTLINER AND TA OPERATIONS HAVE EXECUTED THIS FREIGHTLINER EXPRESS OPERATING AGREEMENT EFFECTIVE AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

FREIGHTLINER CORPORATION

BY /s/ JAMES L. HEBE

TITLE: PRESIDENT

**TA OPERATING CORPORATION,
DBA TRAVELCENTERS OF AMERICA**

BY /s/ EDWIN P. KUHN

TITLE: PRESIDENT & CHIEF EXECUTIVE OFFICER

TA FRANCHISE SYSTEMS, INC.

BY /s/ EDWIN P. KUHN

TITLE: PRESIDENT & CHIEF EXECUTIVE OFFICER

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EXHIBIT 10.2

AGREEMENT FOR LEASE

Agreement for Lease dated as of September 9, 1999 (as the same may be amended, restated, modified or supplemented from time to time, this "AGREEMENT"), among TCA Network Funding, Limited Partnership, a Delaware limited partnership ("OWNER") and TA Operating Corporation, a Delaware corporation and National Auto/Truckstops, Inc., a Delaware corporation, as agents.

WHEREAS, Owner may from time to time acquire either (i) a fee interest or (ii) a leasehold interest pursuant to a Ground Lease (hereinafter defined) in certain Unit Premises (hereinafter defined); and

WHEREAS, on or about the date of this Agreement, Owner and Agent (hereinafter defined) propose to enter into a Lease (hereinafter defined), providing for the lease or sublease by Agent of each Unit Premises and the Unit Improvements and Unit FF&E (each hereinafter defined) which will be constructed and furnished on each Unit Premises pursuant to the terms of this Agreement; and

WHEREAS, Owner desires to appoint Agent to act as agent for Owner in connection with the selection of Owner's fee and/or leasehold interests in Unit Premises from time to time, and with the construction of Unit Improvements and the installation of Unit FF&E (hereinafter defined) thereon, if any, and in connection with all matters related to such construction, and Agent wishes to accept such appointment.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Agent hereby agree as follows:

SECTION 1. DEFINITIONS

1.1 DEFINED TERMS. For the purposes of this Agreement each of the following terms shall have the meaning specified with respect thereto:

ACCRUED DEFAULT OBLIGATIONS: Defined in subsection 11.2 hereof.

ACQUISITION CERTIFICATE: The written certification of Agent to be delivered to Owner in connection with the request for an Initial Advance hereunder, which contains the information and representations of Agent as required by Section 4 of this Agreement, and which is substantially in the form of Exhibit C hereto.

AFFILIATE: Defined pursuant to subsection 1.2 hereof.

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AFL UNIT LEASING RECORD: An instrument, substantially in the form of Exhibit B hereto, evidencing the sublease of a Unit under the Lease, which Unit is subject to a Ground Lease, or an instrument evidencing the lease of a Unit under the Lease.

AGENT: Each of TA Operating Corporation and National Auto/Truckstops, Inc., in its joint and several capacity. Each of TA Operating Corporation and National Auto/Truckstops, Inc. are hereinafter sometimes referred to as "Agent" and as "Agents". TA Operating Corporation will act as agent for each Unit Premises described on Exhibit K hereto and National Auto/Truckstops, Inc. will act as agent for each Unit Premises described on Exhibit L hereto; PROVIDED, HOWEVER, that TA Operating Corporation and National Auto/Truckstops, Inc. will be jointly and severally liable to Owner for any and all obligations of Agent or Agents under this Agreement.

AGREEMENT: This Agreement for Lease, as the same may be amended, restated, modified or supplemented from time to time.

APPLICABLE USURY LAW: Defined in Section 19 hereof.

ASSIGNEE: Each Person to which any part of Owner's interest under this Agreement or in any Unit Premises, Unit Improvements, Unit FF&E or Unit shall at the time have been assigned, conditionally or otherwise, by Owner in accordance with Section 17 of this Agreement. For purposes of subsection 8.4, subsection 8.5, subsection 8.7, subsection 8.10, subsection 9.3(d), subsection 11.3(i), paragraph (b) of Section 12, clause (iii) of paragraph (a) of Section 16, the last sentence of paragraph (b) of Section 17 and subsection 18.4 hereof, the term "Assignee" shall include each lender to Owner that is a signatory to a Credit Agreement.

AVAILABLE COMMITMENT: At the time of determination, an amount equal to the excess of (a) the sum of (i) the aggregate commitment to lend under a Credit Agreement or Credit Agreements and (ii) Owner's existing equity capital and additional equity capital contributions which are then available to Owner over (b) the sum, without duplication, of (i) the aggregate amount of all advances theretofore made pursuant to Section 3 hereof with respect to Units subject to this Agreement at such time, (ii) Financing Costs theretofore incurred by Owner and not reimbursed by Agent with respect to Units subject to this Agreement at such time and (iii) the aggregate Acquisition Cost (as defined in the Lease) of all Property and Equipment (as said terms are defined in the Lease) leased under the Lease at such time and for which the Lease Term (as defined in the Lease) has commenced with respect thereto.

BP ENVIRONMENTAL AGREEMENT: The Environmental Agreement, dated as of July 22, 1993, among BP Exploration & Oil Inc., TA Operating Corporation and certain other parties, as the same may be amended, restated, modified or supplemented from time to time.

BUSINESS DAY: Defined pursuant to subsection 1.2 hereof.

CERTIFICATE OF INCREASED COST: The certificate delivered by Agent to Owner pursuant to Section 7 hereof in connection with a request for a Completion Advance, and which is substantially in the form of Exhibit F hereto.

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CERTIFICATE OF SUBSTANTIAL COMPLETION: The certificate or certificates delivered by Agent to Owner pursuant to Section 6 hereof in connection with a request for a Final Advance, and which is substantially in the form of Exhibit E hereto.

CODE: The Internal Revenue Code of 1986, as amended.

COMPLETION ADVANCE: Any advance made by Owner upon satisfaction of the conditions set forth in Section 7 hereof.

CONSTRUCTION AGREEMENT: Each agreement between Agent, acting on behalf of Owner, and a General Contractor, providing for the construction of Unit Improvements, as the same may be amended, restated, modified or supplemented from time to time in accordance with this Agreement.

CONSTRUCTION DOCUMENTS: The collective reference to the Construction Agreement(s), the Unit Plans, the Permits and all other agreements entered into by Agent with respect to constructing, equipping, furnishing and decorating any Unit.

CREDIT AGREEMENT: Defined pursuant to subsection 1.2 hereof.

EFFECTIVE DATE: Defined pursuant to subsection 1.2 hereof.

ENVIRONMENTAL APPROVALS: Defined pursuant to subsection 1.2 hereof.

ENVIRONMENTAL DAMAGES: Defined pursuant to subsection 1.2 hereof.

ENVIRONMENTAL DOCUMENTS: Defined in paragraph (v) of Section 4 hereof.

ENVIRONMENTAL LIEN: Defined pursuant to subsection 1.2 hereof.

ENVIRONMENTAL MATTERS: Defined pursuant to subsection 1.2 hereof.

ENVIRONMENTAL REQUIREMENTS: Defined pursuant to subsection 1.2 hereof.

EQUIPMENT: Defined pursuant to subsection 1.2 hereof.

EQUITY CAPITAL: At the time of determination, the aggregate amount of cash contributions to Owner's capitalization made by Owner's general partner and limited partners constituting a part of Unit Acquisition Cost with respect to all Units subject to this Agreement, plus any undistributed Return on Equity Capital with respect to such Units, less the aggregate amount of any returns of capital made to such partners at such time with respect to such Units.

ERISA: Defined pursuant to subsection 1.2 hereof.

ERISA AFFILIATE: Defined pursuant to subsection 1.2 hereof.

ERISA PLAN: Defined pursuant to subsection 1.2 hereof.

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EVENT OF DEFAULT: Any of the events specified in subsection 11.1 hereof, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

EVENT OF UNIT TERMINATION: Any of the events specified in subsection 11.3 hereof, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

FF&E SPECIFICATIONS: The master list, if any, of furniture, fixtures and equipment which will be used in connection with the Unit Improvements appended hereto as Exhibit G, as the same may be amended, modified, or supplemented from time to time with Owner's prior written consent, which consent shall not be unreasonably withheld or delayed.

FINAL ADVANCE: The advance made by Owner upon satisfaction of the conditions of Section 6 hereof.

FINANCING COSTS: All interest costs (including, without limitation, interest at a default rate and any interest costs accruing after the commencement of a bankruptcy or similar proceeding), other costs, fees and expenses incurred by Owner under a Credit Agreement, the Management Fee and all costs incurred in connection with obtaining and maintaining equity financing, including, without limitation, Return on Equity Capital.

FORCE MAJEURE DELAY: Any delay caused by conditions beyond the reasonable control of Agent, including, without limitation, acts of God or the elements, fire, strikes, labor disputes and delays in delivery of material and disruption of shipping, but excluding any event, cause or condition that results from Agent's financial condition or failure to pay any amount due under this Agreement, the Lease or any Construction Document or any event, cause or condition which could have been avoided or which could be remedied through the exercise of commercially reasonable efforts or the commercially reasonable expenditure of funds, provided that no such delay or delays shall have the effect of extending the Unit Completion Date beyond two hundred seventy (270) days in the aggregate.

GAAP: Defined pursuant to subsection 1.2 hereof.

GENERAL CONTRACTOR: Any contractor or contractors as may be engaged by Agent from time to time for construction of Unit Improvements.

GENERAL PARTNER: TCA Network Capital, Inc., a Delaware corporation, and its successors and assigns, as the general partner of Owner.

GOVERNMENTAL ACTION: Defined in subsection 8.5 hereof.

GOVERNMENTAL AUTHORITY: Any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

GROUND LEASE: Each ground lease (which must be a Mortgageable Ground Lease) pursuant to which a leasehold interest in a Unit Premises is being leased to Owner.

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GUARANTOR: TravelCenters of America, Inc., a Delaware corporation (an Affiliate of Agent), and its successors.

GUARANTY: The Guaranty, dated as of the date hereof, from the Guarantor to Owner, as the same may be amended, restated, modified or supplemented from time to time.

HAZARDOUS SUBSTANCES: Defined pursuant to subsection 1.2 hereof.

INDEBTEDNESS: Defined pursuant to subsection 1.2 hereof.

INDEMNIFIED PERSON: Defined in Section 12 hereof.

INITIAL ADVANCE: The advance made by Owner upon satisfaction of the conditions set forth in Section 4 hereof.

INSURANCE REQUIREMENTS: All insurance required to be obtained pursuant to subsection 9.3 hereof and all terms of any such required insurance policy covering or applicable to any Unit Premises, Unit Improvements, Unit FF&E and Unit, all requirements of the issuer of any such policy, all statutory requirements and all orders, rules, regulations and other requirements of any governmental body related to insurance applicable to any Unit Premises, Unit Improvements, Unit FF&E and Unit.

INTERIM ADVANCE: Any advance made by Owner upon satisfaction of the conditions set forth in Section 5 hereof.

INTERIM ADVANCE CERTIFICATE: The certificate delivered by Agent to Owner pursuant to Section 5 hereof in connection with a request for an Interim Advance, and which is substantially in the form of Exhibit D hereto.

LEASE: The Lease Agreement, dated as of the date hereof, by and between Owner, as lessor or sublessor, and Agent, as lessees or sublessees, as the case may be, as it may be amended, restated, modified or supplemented from time to time, a copy of which is attached as Exhibit A hereto.

LEGAL REQUIREMENTS: All laws, judgments, decrees, ordinances and regulations and any other governmental rules, orders and determinations and all requirements having the force of law, now or hereinafter enacted, made or issued, whether or not presently contemplated, and all agreements, covenants, conditions and restrictions, applicable to each Unit and/or the construction, ownership, operation or use thereof, including, without limitation, compliance with all requirements of labor laws and environmental statutes, compliance with which is required at any time from the date hereof through the term of this Agreement, whether or not such compliance shall require structural, unforeseen or extraordinary changes to any Unit or the operation, occupancy or use thereof.

LIBOR RATE: Defined pursuant to subsection 1.2 hereof.

LIEN: Defined pursuant to subsection 1.2 hereof.

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LOSS PAYMENT: At any time, an amount equal to the difference between (A) 89.9% of (1) where (1) shall equal the sum of (a) all amounts included in the Unit Acquisition Cost of all Units under this Agreement that are capitalizable in accordance with GAAP, plus (b) all Unreimbursed Unit Costs that are capitalizable in accordance with GAAP, plus (2) any other costs and expenses incurred by Owner in connection with the acquisition of any Unit Premises (including any rent paid by Owner to Agent under any Ground Lease), and (B) all Unreimbursed Unit Costs.

MANAGEMENT FEE: For each full quarterly period (or partial quarterly period) commencing on or after the date hereof and ending on or prior to the Effective Date with respect to each Unit, an amount computed by multiplying the following:

(a) the Acquisition Cost of all Units subject to this Agreement at the end of such quarterly period (or partial quarterly period), multiplied by

(b) a fraction having a numerator equal to the number of days in such quarterly period (or partial quarterly period) and a denominator of 365, or in a leap year, 366, multiplied by

(c) .0015.

MAXIMUM RATE: Defined in Section 19 hereof.

MERRILL: Merrill Lynch Money Markets Inc., a Delaware corporation.

MERRILL LEASING: ML Leasing Equipment Corp., a Delaware corporation.

MERRILL LYNCH: Merrill Lynch & Co., Inc., a Delaware corporation.

MORTGAGEABLE GROUND LEASE: Defined pursuant to subsection 1.2 hereof.

MULTIEMPLOYER PLAN: Defined pursuant to subsection 1.2 hereof.

NPL: Defined pursuant to subsection 1.2 hereof.

OPERATIVE DOCUMENTS: Defined pursuant to subsection 1.2 hereof.

OTHER CHARGES: Defined in Section 19 hereof.

OWNER: TCA Network Funding, Limited Partnership or any successor or successors to all of its rights and obligations as Owner hereunder and, for purposes of Section 12 hereof, shall include any Person or entity which computes its liability for income or other taxes on a consolidated basis with TCA Network Funding, Limited Partnership or the income of which for purposes of such taxes is, or may be, determined or affected directly or indirectly by the income of Owner or its successor or successors.

PARTICIPATION AGREEMENT: Defined pursuant to subsection 1.2 hereof.

PBGC: Defined pursuant to subsection 1.2 hereof.

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PCBS: Defined in paragraph (viii) of subsection 8.17 hereof.

PERMITS: All consents, licenses, building and operating permits required for construction, completion, and operation of any Unit in accordance with all Legal Requirements affecting such Unit.

PERMITTED CONTEST: Defined in paragraph (a) of Section 16 hereof.

PERMITTED JURISDICTIONS: The States of Georgia, Texas, Michigan, New Mexico and Ohio and any other State or States which Owner and Assignee may agree in writing from time to time qualifies as a "Permitted Jurisdiction".

PERMITTED LIENS: Defined pursuant to subsection 1.2 hereof.

PERSON: Defined pursuant to subsection 1.2 hereof.

PLEDGE AGREEMENT: The Pledge Agreement, dated as of the date hereof, by and among Agent, as pledgor, and Owner, as pledgee, as the same may be amended, restated, modified or supplemented from time to time.

PLEDGED CONTRACTS: The Unocal Environmental Agreement and the BP Environmental Agreement, in each case solely as such agreements relate to any Unit Premises, Unit Improvements, Unit FF&E or Unit under this Agreement or any Property or Equipment (as said terms are defined in the Lease) leased under the Lease from time to time, and all such other contracts listed on Schedule A to the Pledge Agreement.

POTENTIAL DEFAULT: Any event which, but for the lapse of time, or giving of notice, or both, would constitute an Event of Default.

POTENTIAL EVENT OF UNIT TERMINATION: Any event which, but for the lapse of time, or giving of notice, or both, would constitute an Event of Unit Termination.

RELEASE: Defined pursuant to subsection 1.2 hereof.

REMEDIAL ACTION: Defined pursuant to subsection 1.2 hereof.

REPORTABLE EVENT: Defined pursuant to subsection 1.2 hereof.

RESPONSIBLE OFFICER: With respect to a particular Agent, any executive officer or financial officer of such Agent or, if acting as agent of such Agent, any employee of the Guarantor primarily responsible for administering the obligations of such Agent hereunder.

RETURN ON EQUITY CAPITAL: (i) In respect of any full quarterly period commencing on or after the date hereof and ending on or prior to the Effective Date with respect to each Unit, an amount computed by multiplying the following:

(a) the Equity Capital at the end of such quarterly period, multiplied by

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(b) a fraction having a numerator equal to the number of days in such quarterly period and a denominator of 360, multiplied by

(c) the decimal equivalent of a percentage equal to the LIBOR Rate plus 9.5%; and

(ii) in respect of any partial quarterly period commencing on or after the date hereof and ending on or prior to the Effective Date with respect to each Unit, an amount computed by multiplying the following:

(a) the Equity Capital at the end of such quarterly period, multiplied by

(b) a fraction having a numerator equal to the number of days in such partial quarterly period and a denominator of 360, multiplied by

(c) the decimal referred to in paragraph (i)(c) above.

STATED RATE: Defined in Section 19 hereof.

SUBSTANTIAL COMPLETION: With respect to any Unit, the satisfaction of all requirements of Section 6 hereof.

TAKING: Defined in Section 15 hereof.

TITLE COMPANY: First American Title Insurance Company, or such other title insurance company as may be specifically approved by Owner in writing, together with such reinsurers or coinsurers of such title company as may be approved by Owner in writing.

TRANSACTIONS: Defined in Section 19 hereof.

TRANSACTION DOCUMENTS: Defined in Section 19 hereof.

TRAVELCENTERS CREDIT AGREEMENT: The Credit Agreement, dated as of March 21, 1997, as amended and restated as of November 24, 1998, among the Guarantor, the lenders parties thereto and The Chase Manhattan Bank, as Agent for such lenders and as the Fronting Bank and Swingline Lender, as the same may be amended, restated, modified or supplemented from time to time.

UNIT: Any Unit Premises and the Unit Improvements thereon and related Unit FF&E.

UNIT ACQUISITION COST: With respect to any Unit the sum, without duplication, of (a) the aggregate amount of advances made pursuant to this Agreement with respect to the Unit and (b) all other costs of Owner (including, without limitation, costs incurred by Agent but reimbursed by Owner) with respect to the Unit (except costs for which Owner has been reimbursed by Agent, pursuant to the provisions of subsection 9.5 or Section 12 hereof) arising from the acquisition, construction, equipping, and financing (including, without limitation, Financing Costs, Owner's out-of-pocket expenses and fee obligations in connection therewith

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and payments made by Owner under Section 9 of the Participation Agreement that are to be capitalized into the Unit Acquisition Cost of a Unit in accordance with such Section 9), prior to the lease or sublease of the Unit under the Lease. All costs of Owner related to this Agreement incurred during a calendar year which were not previously allocated to a Unit and not reimbursed by Agent shall be allocated among Units and Parcels of Property (as defined in the Lease) by Owner on or prior to January 10th of the next succeeding year, or the date of any Event of Unit Termination, on a pro-rata basis based upon the Unit Acquisition Cost for all Units or Acquisition Cost (as defined in the Lease) for all Parcels of Property with respect to which an Initial Advance was made during such previous calendar year, and such allocation by Owner shall be in Owner's sole judgment and shall be conclusive.

UNIT BUDGET: The itemized budget for each Unit prepared by Agent and attached hereto as Exhibit J and any other budget to be prepared by Agent and delivered to Owner prior to the Initial Advance with respect to any Unit (as the same may be amended or modified from time to time in accordance with the provisions thereof), which budget may include costs relating to such of the following as Agent deems to be appropriate: (a) the installation of Unit FF&E, if any, thereon; (b) all costs, including, without limitation, the purchase price, survey and survey inspection charges, appraisal, architectural, engineering, environmental analysis, soil analysis and market analysis fees, title insurance premiums, brokerage commissions, transfer fees and taxes that are customarily the responsibility of the purchaser, closing adjustments for taxes, utilities and the like, escrow and closing fees, recording and filing fees, the legal fees of Owner and Agent, and all related costs and expenses incurred in acquiring and maintaining marketable fee or leasehold title to such Unit and in leasing or subleasing such Unit to Agent; (c) the costs of completion of the Unit Improvements in conformity with the Unit Plans, the Construction Agreement or any contracts in replacement thereof, including without limitation, costs of site preparation, acquiring or granting easements necessary for completion of the Unit Improvements, making utility connections, demolition, streets, parking areas, landscaping, development, off-site improvements, design and related construction of the Unit Improvements and related facilities and the costs of necessary studies, surveys, plans and permits, insurance and examination and incidental costs and expenses related thereto incurred in acquiring and maintaining marketable fee or leasehold title to such Unit and in leasing or subleasing such Unit and Unit FF&E to Agent; (d) the costs of architects', attorneys', engineers' and other professionals' fees and disbursements, in connection with the development, planning, renovation, construction, and construction financing of the Unit Improvements, including, without limitation, the fees and disbursements of Owner's counsel in connection with this Agreement and the duties of Owner hereunder, the Construction Agreement, and in all other matters involving or reasonably related to this transaction; (e) costs of all charges and assessments for the construction, improvement, maintenance, repair and restoration of streets, roads, walks, sewer, gas, electrical, telephone and water lines and other improvements levied upon the Unit during the term of this Agreement; (f) the costs of all insurance, real estate, property and excise tax assessments, sales and use taxes on materials used in construction, and other operating and carrying costs paid, accrued, or levied upon the Unit or Owner in connection with the Unit during the period from acquisition by Owner of the Unit Premises during the term of this Agreement; (g) costs of Agent's project representatives (inspectors, consultants, etc.) incurred in its capacity as agent for Owner; (h) any and all other properly capitalizable (in accordance with GAAP) costs arising from or in connection with the construction period for such Unit Improvements until the Effective Date for such Unit; PROVIDED, that any modification or

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supplement to the Unit Budget shall be made in compliance with the provisions of subsection 2.2 hereof.

UNIT COMPLETION DATE: With respect to each Unit subject hereto (other than the Unit Premises located at Seville, Ohio and Laredo, Texas), twenty-four (24) months from the date of this Agreement and, with respect to the Unit Premises located at Seville, Ohio and Laredo, Texas (or any two Unit Premises substituted (by Agent in Agent's sole discretion) for the Unit Premises located at Seville, Ohio and Laredo, Texas), thirty (30) months from the date of this Agreement, unless such Unit Completion Date is extended by any Force Majeure Delay. The right of substitution set forth in the preceding sentence may be exercised by Agent more than once, in each case upon written notice to Owner prior to the expiration of such twenty-four (24) month period.

UNIT FF&E: The specific items, if any, from the FF&E Specifications which are installed or (if such FF&E Specifications have been acquired by Owner for installation) to be installed in a particular Unit Improvement and for which advances are made by Owner hereunder.

UNIT FF&E SPECIFICATIONS: The list of specific items chosen from FF&E Specifications to be installed with the proceeds of advances hereunder in a particular Unit Improvement.

UNIT IMPROVEMENTS: The improvements to be constructed on an individual Unit Premises in accordance with the Unit Plans.

UNIT PLANS: The plans and specifications for the construction of improvements on a Unit Premises, including, without limitation, installation of curbs, sidewalks, gutters, landscaping, utility connections (whether on or off the Unit Premises) and all fixtures necessary for construction, operation and occupancy of the Unit and certain equipment to be used in connection therewith, prepared or to be prepared by an architect and Agent and approved by Owner and any Assignee, including such amendments, modifications and supplements thereto as may from time to time be made by Agent; PROVIDED, that any subsequent material deviation from the Unit Plans selected for the Unit shall be made only with Owner's and Assignee's prior written consent, which consent shall not be unreasonably withheld or delayed. A copy of all Unit Plans that have been approved by Owner and any Assignee are attached as Exhibit I hereto.

UNIT PREMISES: Each individual parcel of land in which either a fee interest or a leasehold interest has been or will be acquired by Owner for the construction of Unit Improvements thereon.

UNOCAL ENVIRONMENTAL AGREEMENT: The Environmental Agreement, dated as of November 23, 1992, between Union Oil Company of California and National Auto/Truckstops, Inc., as the same may be amended, restated, modified or supplemented from time to time.

UNRECOVERED TERMINATION COSTS: At any time, an amount equal to the sum of (i) any amounts included in the Unit Acquisition Cost of all Units under this Agreement that are not paid to Owner by Agent in connection with Agent's payment of the Loss Payment, plus (ii) an

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amount equal to the sum of 10.1% of all of Owner's obligations, costs and expenses described in clause (i) of the fifth paragraph of subsection 11.2 hereof.

UNREIMBURSED UNIT COSTS: All costs and expenses paid by Agent pursuant to subsection 9.5 hereof and not reimbursed by Owner and which were not capitalized by Owner and included as an element of Unit Acquisition Cost of a Unit, as evidenced by a certificate from Agent reasonably satisfactory to Owner and Assignee, (i) stating the total amount of such expenditures, the date or dates on which such expenditures were incurred, the name and address of each party to whom the expenditures were tendered, and such additional information as shall be reasonably requested by Owner and Assignee and (ii) attaching true copies of unreimbursed invoices, receipted bills and other similar supporting documentation. Owner's good faith determination of the amount of Unreimbursed Unit Costs shall be conclusive and binding, absent manifest error.

WITHDRAWAL LIABILITY: Defined pursuant to subsection 1.2 hereof.

1.2 OTHER DEFINITIONAL PROVISIONS.

For purposes of this Agreement, the terms "Affiliate", "Business Day", "Credit Agreement", "Effective Date", "Environmental Approvals", "Environmental Damages", "Environmental Lien", "Environmental Matters", "Environmental Requirements", "Equipment", "ERISA", "ERISA Affiliate", "ERISA Plan", "GAAP", "Hazardous Substances", "Indebtedness", "LIBOR Rate", "Lien", "Mortgageable Ground Lease", "Multiemployer Plan", "NPL", "Operative Documents", "Participation Agreement", "PBGC", "Permitted Liens", "Person", "Release", "Remedial Action", "Reportable Event" and "Withdrawal Liability" shall have the meanings set forth opposite those terms in the Lease, except that, for purposes of this Agreement, the terms "the Lessor", "the Lessee" and "this Lease" if used in those definitions in the Lease shall be deemed to be the terms "Owner", "Agent" and "this Agreement", respectively, and if used in those definitions in the Lease, each of the terms "Parcel", "Parcel of Property" and "Property" shall be deemed to be the phrase "Unit Premises and related Unit Improvements" and each of the terms "Unit of Equipment" and "Unit", shall be deemed to be an item of "Unit FF&E".

All terms defined in this Agreement shall have their defined meanings when used in any certificate or other document made or delivered pursuant hereto.

The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, subsection, paragraph, schedule and exhibit references are to this Agreement unless otherwise specified.

1.3 INTENT OF THE PARTIES.

It is the intent of Agent and Owner that: (i) the Lease constitutes an operating lease between Owner, as lessor, and Agent, as lessee, for purposes of Agent's financial reporting, (ii) notwithstanding any of the provisions of this Agreement, the Lease or the other Transaction Documents to the contrary, Agent is and will be the owner of the Unit Premises, Unit Improvements, Unit FF&E and Units for federal and state income tax purposes, and (iii) the Lease grants to Owner a Lien on all of Agent's right, title and interest in and to the Unit

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Premises, Unit Improvements, Unit FF&E and Units. Agent and Owner agree that Owner shall be deemed to have a valid and binding security interest in and Lien on the Unit Premises, Unit Improvements, Unit FF&E and Units, free and clear of all Liens, other than Permitted Liens, as security for the obligations of Agent under the Lease and this Agreement (it being understood and agreed that in order to secure the payment and performance of the obligations of Agent under this Agreement and the Lease, Agent does hereby grant a Lien on, and convey, transfer, assign, mortgage and warrant to Owner and its successors, transferees and assigns, for the benefit of Owner and its successors, transferees and assigns and as collateral security, the Unit Premises, Unit Improvements, Unit FF&E and Units and any proceeds or products thereof (subject to Agent retaining the right, subject to the express provisions of this Agreement and the Lease to remain in quiet and peaceful possession of each of the foregoing and collect, receive and retain the rents, revenues, profits, proceeds, income and royalties therefrom).

SECTION 2. APPOINTMENT OF AGENT

2.1 APPOINTMENT AND DUTIES OF AGENT. Subject to the terms hereof, including, without limitation, the requirements of Section 4 hereof, Owner hereby appoints Agent as its agent for selection of Unit Premises in a Permitted Jurisdiction for acquisition, as well as for the design, construction, equipping, and installation on each Unit Premises of the Unit Improvements, and, if and to the extent identified in Exhibit G hereto, the Unit FF&E, and Agent hereby accepts such appointment. Unit Improvements must be of a type permitted to be leased under the Lease as set forth in Exhibit A to the Lease. Agent agrees, all in accordance with its commercially reasonable business judgment and this Agreement, to select Unit Premises for acquisition by Owner and to contract for and supervise the good and workmanlike completion of the Unit Improvements and installation of the Unit FF&E on each Unit Premises, suitable for its intended use. Agent may execute any of its duties under the appointment described in this subsection 2.1 by or through its agents, contractors, employees or attorneys in fact, and Agent may enter into such agreements with such Persons as Agent deems necessary or desirable for the design, construction, equipping and installation on each Unit Premises of the Unit Improvements; PROVIDED, that any such delegation of power and authority by Agent shall not be deemed to relieve Agent of any of its responsibilities and obligations hereunder.

2.2 COST AND COMPLETION OF A UNIT. Owner and Agent agree that (a) the maximum cost for the acquisition of any individual Unit Premises and the construction of Unit Improvements thereon and the cost (including installation) of all Unit FF&E therein shall be no more than \$13,000,000 and (b) the maximum aggregate cost for the acquisition of all Units and the construction of Unit Improvements thereon and the cost (including installation) of all Unit FF&E therein shall be no more than \$68,000,000. Agent agrees to effect Substantial Completion of any Unit Improvements on or before the applicable Unit Completion Date in accordance in all material respects with the Unit Plans and all Legal Requirements and Insurance Requirements. After receiving the Initial Advance with respect to a Unit, Agent may, to the extent permitted hereunder, from time to time amend, modify or supplement the Unit Plans, Unit Budget or Unit FF&E Specifications relating thereto; PROVIDED, that no such amendment, modification or supplement shall (i) be made without Agent giving at least five (5) Business Days' prior written notice of such amendment, modification or supplement to Owner and, if such amendment, modification or supplement shall have the effect of increasing the real property components of the Unit Budget, Agent shall provide an endorsement from the Title Company increasing the

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amount of coverage under the title policies delivered pursuant to Section 4 hereof in accordance with the amended Unit Budget, (ii) increase the Unit Budget or, in the aggregate, all Unit Budgets, to an amount in excess of the dollar limits set forth in the first sentence of this subsection 2.2 or result individually or in the aggregate (when combined with all other increases to the Unit Budget) in a material diminution of the fair market value or usefulness for its intended purpose of the Unit or result in a breach under subsection 10.1 of this Agreement, (iii) render Agent unable or have a material adverse effect on its ability to perform all of its obligations under this Agreement or the Lease, (iv) result in the substantial completion of the construction of any Unit occurring after the applicable Unit Completion Date or (v) materially change the purpose of the contemplated Unit or the utility of such Unit for the purposes contemplated by the parties hereto as of the date hereof. Agent shall promptly deliver to Owner and any Assignee any such amended, modified or supplemented Unit Plans, Unit Budget or Unit FF&E Specifications. Notwithstanding the foregoing, upon the request of Owner, Agent shall furnish copies of all such revisions, amendments and modifications not otherwise described above to Owner.

2.3 LEASE OF A UNIT.

(a) Upon Substantial Completion of any Unit Improvements, Agent shall deliver to Owner and Assignee the Certificate of Substantial Completion in the form of Exhibit E hereto with respect to such Unit Improvements (including the AFL Unit Leasing Record), and Agent shall request the Final Advance with respect to such Unit Improvements. If the conditions set forth in Section 6 hereof have been satisfied in the reasonable judgment of Owner and Assignee, Owner, within seven (7) Business Days of receipt of the Certificate of Substantial Completion, a fully completed AFL Unit Leasing Record executed by Agent and the other documents required in Section 6 hereof, shall execute and deliver to Agent such AFL Unit Leasing Record. Such AFL Unit Leasing Record shall have an Effective Date as of the date of execution by Owner of the AFL Unit Leasing Record. The Final Advance shall be made by Owner on the date of execution by Owner of the AFL Unit Leasing Record, or, if such date is not a Business Day, on the next Business Day thereafter. Execution and delivery by Agent of the AFL Unit Leasing Record shall constitute (i) acknowledgment by Agent that each Unit included therein is in good condition and has been accepted for lease or sublease by Agent as of the Effective Date of the AFL Unit Leasing Record, (ii) acknowledgment by Agent that each such Unit is subject to all of the covenants, terms and conditions of the Lease, and (iii) certification by Agent that the representations and warranties contained in Section 2 of the Lease are true and correct on and as of the Effective Date of the AFL Unit Leasing Record as though made on and as of such date and that there exists on such date no (1) Event of Default or, with respect to such Unit, Event of Unit Termination under this Agreement or Event of Default (as defined in the Lease) or (2) Potential Default or, with respect to such Unit, Potential Event of Unit Termination under this Agreement or Potential Default (as defined in the Lease). Upon execution and delivery of an AFL Unit Leasing Record by Owner and the making of a Final Advance by Owner, the Unit to which such AFL Unit Leasing Record shall become a Parcel of Property (as defined in the Lease) and Owner's and Agent's rights and obligations with respect thereto shall be governed by the Lease. Such Parcel of Property shall not thereafter be subject to the terms of this Agreement, except with respect to subsection 2.3(b) hereof and otherwise as expressly provided herein.

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(b) Notwithstanding the foregoing, but subject to the terms of subsection 3.1 hereof, Agent may, by delivering to Owner a Certificate of Increased Cost, at any time up to six (6) months after the Final Advance has been made with respect to a Unit, request one or more Completion Advances in order to pay to Agent construction or other development costs that were not the subject of any previous advance. Owner, within seven (7) Business Days of receipt and upon Owner's approval of a request for the Completion Advance and the Certificate of Increased Cost, shall execute and deliver to Agent a revised AFL Unit Leasing Record for such Unit reflecting such increased cost, and Agent, within five (5) Business Days of receipt of such revised AFL Unit Leasing Record, shall sign the revised AFL Unit Leasing Record and return it to Owner. The Completion Advance shall be made by Owner upon receipt of the revised AFL Unit Leasing Record signed by Agent.

2.4 POWERS OF AGENT. Agent shall have the right to act for and on behalf of Owner with full and complete authority to perform all obligations, to exercise all rights under the Construction Documents, to appear before each applicable Governmental Authority to resolve issues related to the platting, zoning and use of the Unit Premises, to obtain all Permits, to grant and obtain minor easements for the benefit of any Unit Premises or which are deemed reasonably necessary by Agent for the intended use of such Unit Premises, voluntarily to dedicate or convey portions of any Unit Premises for road, highway and other public purposes as required in the good faith judgment of Agent in order to obtain the use of all or part of such Unit Premises for the purposes intended (provided that no such action shall materially adversely affect either the market value of such Unit Premises or the use of such Unit Premises for its intended purpose), appoint, employ and deal with the architects, engineers, consultants and contractors, purchase and arrange for delivery of all materials, supplies, furniture, fixtures, and equipment, and to approve all related vouchers, invoices and statements. No direct payment by Owner shall be made for any property or services of such architects, engineers, consultants, or contractors relating to the acquisition, construction and equipping of any Unit without the prior approval of Agent, and each amount so approved and paid shall be in accordance with the Unit Budget, and shall be part of the Unit Acquisition Cost of such Unit. If Agent has unreasonably delayed or withheld giving the approvals required to make payments to such Persons that are due, Owner may, on prior written notice to Agent, make payments to any architects, engineers, consultants, contractors, vendors or suppliers which are properly due and payable in accordance with the contracts with said parties, and any such payment so made shall be and become a part of the Unit Acquisition Cost of the Unit; PROVIDED, HOWEVER, that Owner shall not make any such payment if it is subject to a Permitted Contest. Agent agrees that, in any contract entered into pursuant to this Agreement in which Owner is identified as an obligor rather than, or in addition to, Agent, the substance of the text of subsection 18.5 hereof shall be included therein. Owner agrees from time to time to execute and deliver to Agent all such documents and to cooperate with Agent to do all such other acts and things as Agent may reasonably request to enable Agent to perform its obligations under this subsection 2.4, and all costs and expenses incurred by Owner in connection therewith shall be capitalized and included as part of the Unit Acquisition Costs of the applicable Unit or Units.

SECTION 3. ADVANCES

3.1 AGREEMENT TO MAKE ADVANCES. Subject to the conditions and upon the terms herein provided, including, without limitation, that the Available Commitment not be

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exceeded, Owner agrees to make available to Agent advances from time to time for each Unit up to an aggregate amount for such Unit determined in accordance with the Unit Budget for such Unit and not in excess of the maximum amount per Unit set forth in subsection 2.2 hereof. Subject to the terms of this Agreement, Owner agrees to make (a) an Initial Advance with respect to a Unit in accordance with Section 4 of this Agreement, (b) Interim Advances from time to time in accordance with Section 5 of this Agreement, (c) a Final Advance in accordance with Section 6 of this Agreement and (d) a Completion Advance in accordance with Section 7 of this Agreement.

3.2 PROCEDURE FOR ADVANCES. Agent shall give Owner notice in accordance with Sections 4, 5, 6 and 7 hereof, as the case may be, of its irrevocable request for an advance pursuant to this Agreement, specifying a Business Day on which such advance is to be made and the amount of the advance. Not later than 2:00 P.M. New York time on the date for the advance specified in such notice, provided all conditions to that advance have been satisfied, Owner shall provide to Agent, in immediately available funds, the amount of the advance then requested. Owner shall have no obligation to make advances with respect to a Unit more often than once every thirty (30) days.

3.3 DETERMINATION OF AMOUNTS OF ADVANCES.

(a) **INITIAL ADVANCE.** The amount of an Initial Advance with respect to a Unit shall be made within the limits of the Unit Budget and in accordance with the Acquisition Certificate, and shall be sufficient to pay in full all acquisition and closing costs of the respective Unit Premises, including, without limitation, the purchase price, survey and survey inspection charges, recording and filing fees, brokerage commissions, appraisal, architectural, engineering, environmental analysis, soil analysis and market analysis fees, transfer fees and taxes that are customarily the responsibility of the purchaser, title insurance premiums, closing adjustments for taxes, utilities, and the like, escrow fees, if any, construction materials and existing structures, and the legal fees of Owner and Agent. All such costs for which the Initial Advance is requested shall be specifically set forth in the Unit Budget attached to the Acquisition Certificate, and in the request for the Initial Advance, and Owner shall have no obligation to advance any funds in the Initial Advance which are not so specifically set forth in such documents.

(b) **INTERIM ADVANCES.** Disbursements for costs of constructing and equipping a Unit shall be made as the same are incurred within the limits of the Unit Budget, based upon the certifications of Agent contained in an Interim Advance Certificate. All such costs for which the Interim Advance is requested shall be in accordance with the Unit Budget attached to the Interim Advance Certificate, and shall be specifically set forth in the request for such Interim Advance, and Owner shall have no obligation to advance any funds in the Interim Advance which are not so in accordance and specifically set forth in such documents.

(c) **FINAL ADVANCE.** The amount of the Final Advance shall be made within the limits of the Unit Budget and in accordance with the Certificate of Substantial Completion, and shall be sufficient, subject to the provisions of paragraph (d) of this subsection 3.3, for payment in full of all costs of acquiring, designing, furnishing, constructing, financing, equipping and installing of the Unit in connection with Substantial Completion of the Unit (other than Unreimbursed Unit Costs which Agent has not designated to be paid in the Final Advance

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and those estimated costs that are not yet due in connection with the acquiring, designing, furnishing, constructing, financing, equipping and installing of such Unit and which will be included as part of a Completion Advance, PROVIDED that the Available Commitment remaining after the Final Advance is equal to or exceeds the aggregate amount of all such estimated costs), free of all Liens other than Permitted Liens. Owner shall have no obligation to make the Final Advance unless Owner is satisfied that all such costs as set forth in the Unit Budget, the Certificate of Substantial Completion, and the request for the Final Advance have been actually incurred, or in the case of punch list items will be incurred, in the acquiring, designing, furnishing, construction, financing, equipping and installing of the Unit, free of all Liens, except for Permitted Liens and shall not cause the Unit Acquisition Cost of the Unit to exceed the Unit Budget.

(d) COMPLETION ADVANCE. The amount of a Completion Advance shall be made in accordance with and shall not exceed the amount set forth in the Certificate of Increased Cost, shall not cause the Unit Acquisition Cost of the Unit to exceed the Unit Budget, and shall be sufficient for payment in full of all costs due that were not the subject of any previous advance with respect to such Unit. Owner shall have no obligation to make a Completion Advance unless Owner is satisfied that all such costs are consistent with the Unit Budget and are adequately set forth in the Certificate of Increased Cost and will be sufficient for payment in full of all costs due with respect to such Unit.

3.4 PARTIAL ADVANCES. If any or all conditions precedent to any advance have not been satisfied on the applicable date for a requested advance, Owner, in its sole discretion, and with the consent of Assignee may, but shall have no obligation to, disburse a part of the requested advance.

SECTION 4. CONDITIONS PRECEDENT TO THE INITIAL ADVANCE WITH RESPECT TO A UNIT

Owner's acquisition of any Unit Premises and Owner's obligation to make the Initial Advance with respect to a Unit shall both be subject to the satisfaction of the conditions set forth in this Section 4 and to the receipt by Owner and any Assignee of the documents set forth in this Section 4, in each case in form and substance reasonably satisfactory to Owner and any Assignee. Owner shall have not more than seven (7) Business Days to review the Acquisition Certificate and its attachments prior to making any Initial Advance.

The following are the documents to be received by Owner and any Assignee and the conditions to be satisfied:

(a) LEASE AND PLEDGE AGREEMENT. With respect to the first advance only under this Agreement, a fully executed copy of the Lease and the Pledge Agreement.

(b) ACQUISITION CERTIFICATE. A duly executed copy of the Acquisition Certificate certified true and correct as to all matters therein by Agent.

(c) MEMORANDUM OF LEASE AGREEMENT. Two original counterparts of a memorandum of lease agreement in the appropriate form for recording in the jurisdiction in

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which the Unit Premises are located, executed by Agent, as lessees, and otherwise reasonably acceptable to Owner and Assignee.

(d) DEED. Where fee title is being acquired by Owner, an original of the limited warranty deed (or the equivalent for the jurisdiction in which the Unit Premises are located) to be executed and delivered at the closing of the acquisition of Owner's fee interest in such Unit Premises, conveying marketable title to Owner, and not subject to any Liens other than Permitted Liens.

(e) GROUND LEASE. Where a leasehold interest is being acquired by Owner, an original of each Ground Lease (which shall be a Mortgageable Ground Lease), including a true and complete copy of the metes and bounds legal description of the Unit Premises, intended to be executed and delivered at the closing of the acquisition of Owner's leasehold interest, in a form approved by Owner, and complying and certified by Agent as complying in all respects with this Agreement and with Section 29 of the Lease, and not subject to any Liens other than Permitted Liens, along with a memorandum of ground lease in statutory recordable form and any necessary estoppel certificates, recognition and attornment agreements, confirmations, and subordinations required by Owner's and any Assignee's counsel regarding the Ground Lease.

(f) TAXES. Certification by Agent that all past and current taxes and assessments (excluding those which are due and payable but not yet delinquent) applicable to the Unit Premises have been paid in full or are being contested by Agent as a Permitted Contest.

(g) TITLE INSURANCE POLICY. Satisfactory evidence that Owner shall receive at closing either (i) an ALTA owner's policy with a pending improvements clause and a lender's policy with a pending disbursements clause for the benefit of any Assignee, or (ii) a construction binder marked at closing for the benefit of Owner and Assignee, constituting the irrevocable commitment of the Title Company to issue an owner's and lender's policy of title insurance upon completion of the Unit Improvements, in each case issued by the Title Company with respect to the Unit Premises in the amount of the total Unit Budget for such Unit and including a recharacterization endorsement (if available under applicable title insurance regulations), acceptable to Owner and Assignee in all respects (including such additional endorsements as may be reasonably requested by Owner or Assignee), together with legible photocopies of all underlying documents of record affecting the Unit Premises. Owner shall have received evidence satisfactory to it that all premiums in respect of such policies have been paid at the closing of title, which policy or binder shall provide the substantive coverage contemplated to be provided above.

(h) SURVEY. A current survey of the Unit Premises certified to Owner, Assignee and the Title Company by an independent, licensed registered public land surveyor, and dated a date within ninety (90) days prior to the date of the Initial Advance. Such survey shall show the following: (i) lot lines of the Unit Premises shown in metes and bounds, and the lines of streets abutting the Unit Premises and the width thereof; (ii) all access and other easements appurtenant to or used in connection with the Unit Premises; (iii) all roadways, paths, driveways, easements, set-backs, encroachments and overhanging projections and similar encumbrances affecting the Unit Premises, whether recorded, apparent from a physical inspection of the Unit Premises, or otherwise known to the surveyor; (iv) any encroachments on

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any adjoining property by the building structures and improvements on the Unit Premises; and (v) if the Unit Premises are described by reference to a filed map, a legend relating the survey to said map.

(i) **SITE PLAN.** A site plan prepared on behalf of Agent, showing the proposed location of the Unit Improvements to be constructed on the Unit Premises.

(j) **AVAILABILITY OF UTILITIES.** Certification by Agent that all utility services and facilities (including, without limitation, gas, electrical, water and sewage services and facilities) (i) which are necessary and required during the construction period have been completed or will be available in such a manner as to assure Owner that construction will not be impeded by a lack thereof and (ii) which are necessary for operation and occupancy of the Unit are or will be completed in such a manner and at such a time as will assure the opening and operation of the Unit on or before the Unit Completion Date.

(k) **FLOOD ZONE.** A certification by the surveyor or an official of an appropriate Governmental Authority as to whether the Unit Premises are located in a flood plain.

(l) **GOVERNMENTAL ACTIONS.** All Governmental Actions required for the construction of the Unit Improvements and for the use of the Unit Premises in accordance with and as contemplated by this Agreement and the Lease have been or will be issued or obtained in such a manner as to assure Owner that construction will not be impeded by a lack thereof and all Governmental Actions required therefor which have been issued or obtained are in full force and effect.

(m) **OPINION OF COUNSEL FOR AGENT.** With respect to the first advance only under this Agreement, an opinion of Paul, Weiss, Rifkind, Wharton & Garrison, counsel for Agent, in form and substance reasonably satisfactory to Owner and Assignee and, with respect to the Initial Advance with respect to a Unit Premises in a state in which no Unit Premises has previously been acquired under this Agreement, an opinion of local counsel for Agent, in form and substance reasonably satisfactory to Owner and Assignee. With respect to an Initial Advance for a Unit Premises in a state in which such opinion of local counsel for Agent has previously been delivered, if Owner and Assignee have reason to believe that the laws of such state have changed since the date of the previous local counsel opinion for Agent in such state, then an opinion of local counsel for Agent shall be delivered, in form and substance reasonably satisfactory to Owner and Assignee.

(n) **OPINION OF COUNSEL FOR GUARANTOR.** With respect to the first advance only under this Agreement, an opinion of Paul, Weiss, Rifkind, Wharton & Garrison, counsel for the Guarantor, in form and substance reasonably satisfactory to Owner and Assignee.

(o) **CONSTRUCTION AGREEMENT.** A fully executed and complete copy of the Construction Agreement for the Unit Premises, if any.

(p) **UNIT PLANS.** A copy of the Unit Plans reasonably satisfactory to Owner and Assignee.

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- (q) **UNIT BUDGET.** A copy of the Unit Budget and certification by Agent that such Unit Budget is (i) true, complete and correct, (ii) accurately representative of all expected costs of the Unit and (iii) within the dollar limits set forth in the first sentence of subsection 2.2 hereof.
- (r) **CERTIFICATES OF INSURANCE.** Certificates of insurance or other evidence reasonably acceptable to Owner certifying that the insurance then carried or maintained on the Unit required by subsection 9.3 hereof complies with the terms of such subsection.
- (s) **REQUEST FOR ADVANCE.** A duly executed AIA Document G722 (or substantially similar document) stating the total amount of the Initial Advance requested, the date on which the advance is to be made, the name, address and, if applicable, the escrow reference number of the escrow or closing agent or party to whom the Initial Advance is to be tendered, wiring instructions and an itemization of the various costs constituting the amount of the Initial Advance in such detail as will be necessary to provide disbursement instructions to the escrow or closing agent, including, specifically, an accounting of all expenditures for costs shown on the Unit Budget for which payment or reimbursement is being requested with respect to the Unit.
- (t) **UNIT FF&E SPECIFICATIONS.** If applicable, a true and complete copy of the Unit FF&E Specifications with respect to the Unit.
- (u) **ENVIRONMENTAL CERTIFICATE.** An environmental certificate substantially in the form of Exhibit H hereto, duly executed by Agent.
- (v) **ENVIRONMENTAL DOCUMENTS.** All and any environmental documents including any Phase I and II environmental assessments and any submissions to any Governmental Authority, delivered to Agent with respect to such Unit Premises, including, without limitation, all such documents delivered to Agent in accordance with the Unocal Environmental Agreement and the BP Environmental Agreement, or otherwise prepared by or delivered to Agent in connection with the environmental remediation being conducted by BP Exploration & Oil Inc. and Union Oil Company of California at any Unit Premises (collectively, the "ENVIRONMENTAL DOCUMENTS"). A list of all Environmental Documents delivered to Owner on or before the date hereof is attached as Exhibit M hereto.
- (w) **USE OF PROCEEDS, NO LIENS AND REPRESENTATIONS OF AGENT.** (i) All costs and expenses which are the subject of the Initial Advance requested have been paid in full or will be paid in full out of the proceeds of the Initial Advance, (ii) there are no Liens on the Unit Premises of which Agent has knowledge that are not Permitted Liens, (iii) all representations and warranties made in this Agreement, in the Lease, and in connection with the Initial Advance, are and remain true and correct in all material respects on and as of the date of the Initial Advance as if made on and as of the date of the Initial Advance and (iv) no Event of Default, Potential Default or, with respect to the Unit for which the Initial Advance is requested, Event of Unit Termination or Potential Event of Unit Termination, under this Agreement has occurred and is continuing on the date such Initial Advance is to be made or will occur by reason of giving effect to such Initial Advance.

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(x) CONTINUING REPRESENTATIONS OF GUARANTOR. All representations and warranties of the Guarantor made in the Guaranty are and remain true and correct in all material respects on and as of the date of the Initial Advance as if made on and as of the date of the Initial Advance and no default under the Guaranty has occurred and is continuing on the date such Initial Advance is to be made or will occur by reason of giving effect to such Initial Advance.

(y) PLEDGED CONTRACTS. A fully executed and complete copy of each of the Pledged Contracts.

(z) MAI APPRAISAL. An MAI appraisal prepared by an independent, licensed appraiser, which appraisal shall be reasonably satisfactory to Owner and Assignee in all respects.

(aa) ADDITIONAL MATTERS. Such other documents and legal matters in connection with a request for an Initial Advance as are reasonably requested by Owner and Assignee.

SECTION 5. CONDITIONS PRECEDENT TO OWNER'S OBLIGATION TO MAKE INTERIM ADVANCES AFTER THE INITIAL ADVANCE WITH RESPECT TO A UNIT

Owner's obligation to make any Interim Advance with respect to a Unit after the Initial Advance with respect to such Unit shall be subject to the satisfaction of the conditions set forth in this Section 5 and to the receipt by Owner and any Assignee of the documents set forth in this Section 5, in each case in form and substance reasonably satisfactory to Owner and any Assignee. Owner shall have not more than seven (7) Business Days to review the Interim Advance Certificate and its attachments prior to making any Interim Advance.

The following are the documents to be received by Owner and any Assignee and the conditions to be satisfied:

(a) INTERIM ADVANCE CERTIFICATE. A duly executed Interim Advance Certificate certified true and correct as to all matters therein by Agent.

(b) CONTINUING REPRESENTATIONS OF AGENT. All representations and warranties made in this Agreement (other than in subsection 8.10 hereof), in the Lease (other than in paragraph (f) and clause (8) of paragraph (r) of Section 2 of the Lease), and in connection with the Interim Advance, are and remain true and correct in all material respects on and as of the date of the Interim Advance as if made on and as of the date of the Interim Advance and no Event of Default, Potential Default or, with respect to the Unit for which such Interim Advance is requested, Event of Unit Termination or Potential Event of Unit Termination, under this Agreement has occurred and is continuing on the date such Interim Advance is to be made or will occur by reason of giving effect to such Interim Advance.

(c) CONTINUING REPRESENTATIONS OF GUARANTOR. All representations and warranties of the Guarantor made in the Guaranty are and remain true and correct in all material respects on and as of the date of the Interim Advance as if made on and as of the date of the Interim Advance and no default under the Guaranty has occurred and is continuing on the date such Interim Advance is to be made or will occur by reason of giving effect to such Interim Advance.

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(d) **SATISFACTORY TITLE.** A notice of title continuation (or nothing further certificate) or an endorsement in respect of Owner's title policy and any Assignee's title policy indicating that since the date of the Initial Advance for such Unit Premises, there have been no changes in the state of title, except for Permitted Liens and no additional survey exceptions (other than Permitted Liens) not theretofore specifically approved in writing by Owner and Assignee, and, if such Unit Premises are subject to a Ground Lease in which Agent is not the ground lessor thereunder, an estoppel certificate from the ground lessor confirming that there are no defaults under the Ground Lease, if any, and such other information relating to title as may be reasonably requested by Owner or Assignee.

(e) **CONSTRUCTION PROGRESS.** If reasonably required by Owner, Owner shall have received and approved (i) an inspection report from an independent party satisfactory to Owner and any Assignee (and reasonably satisfactory to Agent), covering substantial conformity of the work to the Unit Plans, quality of work completed and percentage of work completed, (ii) true copies of paid and unpaid invoices, receipted bills and Lien waivers, and such other reasonably available supporting information as Owner or any Assignee may reasonably request and (iii) a certificate from Agent certifying to Owner and Assignee the amount of Unreimbursed Unit Costs outstanding on the date of such Interim Advance.

(f) **EVIDENCE OF COMPLIANCE.** Agent shall furnish Owner and any Assignee with such additional or updated documents, reports, certificates, affidavits and other information, in form and substance satisfactory to Owner and any Assignee in their reasonable judgment, as Owner and any Assignee may reasonably require to evidence compliance by Agent with all of the provisions of this Agreement.

(g) **REQUEST FOR ADVANCE.** A duly executed AIA Document G722 (or substantially similar document) stating the total amount of the Interim Advance requested, the date on which such Interim Advance is to be made, wiring instructions and a specific breakdown of items and costs for which the Interim Advance is being made.

(h) **NO OTHER SECURITY INTERESTS.** All materials and fixtures incorporated in the construction of the Unit Improvements have been purchased so that title thereto or a leasehold interest therein, as the case may be, shall have vested in Owner immediately upon delivery thereof to the Unit Premises, except for Permitted Liens, and Agent shall have produced and furnished, if required by Owner, the contracts, bills of sale, statements, receipted vouchers, or other documents under which title thereto or a leasehold interest therein is claimed.

(i) **STATEMENT OF EXPENDITURES.** At Owner's reasonable request, Agent shall supply Owner and any Assignee with a statement setting forth the names, addresses and amounts due or to become due as well as the amounts previously paid to every contractor, subcontractor or Person furnishing materials, performing labor or entering into the construction of any part of the Unit Improvements.

(j) **MATERIAL ADVERSE CHANGE.** Since the date of this Agreement, there has been no material adverse change in the assets, properties, operations, prospects, consolidated financial condition, contingent liabilities or business of the Guarantor, which could reasonably be expected to have a material adverse effect on (i) the ability of Agent to perform its obligations

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under this Agreement, the Lease or any of the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (ii) the rights or interests of Owner or Assignee under this Agreement or the Lease.

SECTION 6. CONDITIONS PRECEDENT TO THE FINAL ADVANCE WITH RESPECT TO A UNIT

Owner's obligation to make the Final Advance with respect to a Unit shall be subject to the satisfaction of the conditions set forth in this Section 6 and to the receipt by Owner and any Assignee of the documents set forth in this Section 6, in each case in form and substance reasonably satisfactory to Owner and any Assignee. When all of the conditions set forth in this Section 6 shall have been satisfied to the reasonable satisfaction of Owner and any Assignee, Substantial Completion of a Unit shall be deemed to occur. Owner shall have not more than seven (7) Business Days to review the Certificate of Substantial Completion and its attachments prior to making a Final Advance.

The following are the documents to be received by Owner and any Assignee and the conditions to be satisfied:

(a) **CERTIFICATE OF SUBSTANTIAL COMPLETION.** A duly executed Certificate of Substantial Completion certified true and correct as to all matters therein by Agent.

(b) **SATISFACTORY TITLE.** A notice of title continuation (or nothing further certificate) or an endorsement issued by the Title Company in respect of Owner's title policy and any Assignee's title policy indicating that since the last advance for such Unit Premises, there have been no changes in the state of title, except for Permitted Liens, and no additional survey exceptions (other than Permitted Liens) not theretofore specifically approved in writing by Owner and Assignee and, if such Unit Premises are subject to a Ground Lease in which Agent is not the ground lessor thereunder, an estoppel certificate from the ground lessor certifying that there are no defaults under the Ground Lease, if any, and such other information relating to title as may be reasonably requested by Owner or Assignee at least three (3) Business Days prior to the making of a Final Advance.

(c) **CONSTRUCTION AND EQUIPPING OF THE UNIT.** The Unit Improvements (including all interior finish work, but exclusive of punch list items) have been completed within the Unit Budget and in all material respects in accordance with the Unit Plans and are accepted by Agent and all Unit FF&E for that Unit has been installed and conforms in all material respects to the Unit FF&E Specifications and are accepted by Agent. Agent shall deliver to Owner a specific itemization of all items of Unit FF&E installed in such Unit.

(d) **GOVERNMENTAL ACTIONS.** All Governmental Actions necessary for the occupancy and primary use and operation of the Unit have been issued or obtained.

(e) **LIENS.** The Unit, including interior finish work, has been completed as contemplated in paragraph (c) above, free of all Liens except for Permitted Liens (all of which Permitted Liens are to be itemized as to the nature, amount, claimant and status) and provided

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that such Permitted Liens shall not include any mechanics' Liens other than those mechanics' Liens that are (i) to be satisfied or discharged out of the proceeds of the Final Advance or a Completion Advance or (ii) subject to a Permitted Contest and bonded or otherwise secured to the reasonable satisfaction of Owner and Assignee, and there are no current Permitted Contests with respect to the Unit (or, if any Permitted Contest exists, the nature, amount, claimant and status thereof).

(f) **FINAL SURVEY.** A final as-built survey prepared by an independent, licensed registered public land surveyor (reasonably satisfactory to Owner and Assignee) and certified to and in form and substance reasonably satisfactory to Owner and any Assignee, with a metes and bounds description of the perimeter of the Unit Premises, and showing the completed Unit Improvements, all easements on the Unit Premises, and indicating the location of access to the Unit Premises and all utility and water easements directly affecting the Unit Premises. No encroachments are to exist by the Unit Improvements or on the Unit Premises other than those that are Permitted Liens or that may have been consented to by Owner and any Assignee and all set-back requirements have been complied with. If any discrepancies exist between the legal description set forth on the survey delivered pursuant to paragraph (h) of Section 4 hereof and the legal description set forth on the final as-built survey, Owner and Agent shall cooperate in amending the legal descriptions in all recorded documents creating or affecting the Unit Premises, including, without limitation, any easements and any applicable Ground Lease, to reflect the correct as-built description.

(g) **UTILITIES.** Direct connection has been made to all appropriate utility facilities and the Unit Improvements are ready for occupancy and operation.

(h) **FLOOD ZONE.** If the Unit Premises are located in a flood plain, a policy of flood insurance in an amount equal to the lesser of (A) the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, or (B) the amount of the Unit Acquisition Cost for the Unit.

(i) **CONTINUING REPRESENTATIONS OF AGENT.** All representations and warranties made in this Agreement (other than in subsection 8.10 hereof), in the Lease (other than in paragraph (f) and clause (8) of paragraph (r) of Section 2 of the Lease), and in connection with the Final Advance are and remain true and correct in all material respects on and as of the date of the Final Advance as if made on and as of the date of the Final Advance and no Event of Default, Potential Default or, with respect to the Unit for which the Final Advance is requested, Event of Unit Termination or Potential Event of Unit Termination, under this Agreement has occurred and is continuing on the date such Final Advance is to be made or will occur by reason of giving effect to such Final Advance.

(j) **CONTINUING REPRESENTATIONS OF GUARANTOR.** All representations and warranties of the Guarantor made in the Guaranty are and remain true and correct in all material respects on and as of the date of the Final Advance as if made on and as of the date of the Final Advance and no default under the Guaranty has occurred and is continuing on the date such Final Advance is to be made or will occur by reason of giving effect to such Final Advance.

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(k) **MATERIAL ADVERSE CHANGE.** Since the date of this Agreement, there has been no material adverse change in the assets, properties, operations, prospects, consolidated financial condition, contingent liabilities or business of the Guarantor, which could reasonably be expected to have a material adverse effect on (i) the ability of Agent to perform its obligations under this Agreement, the Lease or any of the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (ii) the rights or interests of Owner or Assignee under this Agreement or the Lease.

(l) **AFL UNIT LEASING RECORD.** An AFL Unit Leasing Record prepared and duly executed by Agent.

(m) **REQUEST FOR ADVANCE.** A duly executed AIA Document G722 (or substantially similar document) stating the total amount of the Final Advance requested, the date on which such advance is to be made, wiring instructions and a specific breakdown of items and costs for which the Final Advance is to be made.

SECTION 7. CONDITIONS PRECEDENT TO COMPLETION ADVANCES WITH RESPECT TO A UNIT

Owner's obligation to make a Completion Advance with respect to a Unit shall be subject to the satisfaction of the conditions set forth in this Section 7 and to the receipt by Owner and any Assignee of the documents set forth in this Section 7, in each case in form and substance reasonably satisfactory to Owner and Assignee. The proceeds of a Completion Advance shall be used to pay in full all costs then due relating to completion of such Unit not covered by previous advances under this Agreement. Owner shall have not more than seven (7) Business Days to review the Certificate of Increased Cost and its attachments prior to making the Completion Advance.

The following are the documents to be received by Owner and any Assignee and the conditions to be satisfied:

(a) **CERTIFICATE OF INCREASED COST.** A duly executed Certificate of Increased Cost certified true and correct as to all matters therein by Agent.

(b) **CONTINUING REPRESENTATIONS OF AGENT.** All representations and warranties made in this Agreement (other than subsection 8.10 hereof), in the Lease (other than in paragraph (f) and clause (8) of paragraph (r) of Section 2 of the Lease), and in connection with the Completion Advance are and remain true and correct in all material respects on and as of the date of the Completion Advance as if made on and as of the date of the Completion Advance and no Event of Default, Potential Default or, with respect to the Unit for which the Completion Advance is requested, Event of Unit Termination or Potential Event of Unit Termination under this Agreement has occurred and is continuing on the date such Completion Advance is to be made or will occur by reason of giving effect to such Completion Advance.

(c) **CONTINUING REPRESENTATIONS OF GUARANTOR.** All representations and warranties of the Guarantor made in the Guaranty are and remain true and correct in all material respects on and as of the date of the Completion Advance as if made on and as of the date of the Completion Advance and no default under the Guaranty has occurred and is continuing on the

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date such Completion Advance is to be made or will occur by reason of giving effect to such Completion Advance.

(d) **REQUEST FOR ADVANCE.** A duly executed AIA Document G722 (or substantially similar document) stating the total amount of the Completion Advance requested, the date on which such advance is to be made, wiring instructions and a specific breakdown of items and costs for which the Completion Advance is to be made.

(e) **REVISED AFL UNIT LEASING RECORD.** A revised AFL Unit Leasing Record prepared by Agent pursuant to subsection 2.3(b) hereof.

(f) **SATISFACTORY TITLE.** A notice of title continuation (or nothing further certificate) or an endorsement issued by the Title Company in respect of Owner's title policy and any Assignee's title policy indicating that since the last advance for such Unit Premises, there have been no changes in the state of title, except for Permitted Liens, and no additional survey exceptions (other than Permitted Liens) not theretofore specifically approved in writing by Owner and Assignee and, if such Unit Premises are subject to a Ground Lease in which Agent is not the ground lessor thereunder, an estoppel certificate from the ground lessor certifying that there are no defaults under the Ground Lease, if any, and such other information relating to title as may be reasonably requested by Owner or Assignee at least three (3) Business Days prior to the making of a Completion Advance.

(g) **MATERIAL ADVERSE CHANGE.** Since the date of this Agreement, there has been no material adverse change in the assets, properties, operations, prospects, consolidated financial condition, contingent liabilities or business of the Guarantor, which could reasonably be expected to have a material adverse effect on (i) the ability of Agent to perform its obligations under this Agreement, the Lease or any of the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (ii) the rights or interests of Owner or Assignee under this Agreement or the Lease.

SECTION 8. REPRESENTATIONS AND WARRANTIES OF EACH AGENT

Each Agent represents and warrants to Owner now and (except with respect to subsection 8.10 hereof) on the date of each advance that:

8.1 **CORPORATE MATTERS.** Agent (i) has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, (ii) has full power, authority and legal right to own and operate its properties and to conduct its business as presently conducted and to execute, deliver and perform its obligations under the Operative Documents and the Construction Documents, and (iii) is duly qualified to do business as a foreign corporation in good standing in each jurisdiction in which its ownership or leasing of properties or the conduct of its business requires such qualification, except where the failure to comply with the foregoing clauses (ii) and (iii) would not impair the ability of Agent to perform its obligations under the Operative Documents and the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner.

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8.2 POWER AND AUTHORITY. The consummation of the transactions herein contemplated and the performance and observance of Agent's obligations under the Operative Documents have been, and the Construction Documents have been or will be, duly authorized by all necessary corporate action on the part of Agent. The execution, delivery and performance by Agent of the Operative Documents and the Construction Documents will not result in any violation of any term of the articles of incorporation or the by-laws of Agent, do not require stockholder approval or the approval or consent of any trustee or holders of indebtedness of Agent except such as have been obtained prior to the date hereof and will not conflict with or result in a breach of any terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien (other than a Permitted Lien) upon any property or assets of Agent under, any indenture, mortgage or other agreement or instrument to which Agent is a party or by which it or any of its property is bound, or any existing applicable law, rule, regulation, license, judgment, order or decree of any Governmental Authority or court having jurisdiction over Agent or any of its activities or properties, except for any possible conflict with, breach of or default under, any indenture, mortgage or other agreement or instrument, which conflict, breach, default or violation could reasonably be expected to have a material adverse effect on (i) the construction, use or value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (ii) the ability of Agent to perform its obligations under the Operative Documents and the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (iii) the rights or interests of Owner or Assignee under this Agreement or the Lease.

8.3 BINDING AGREEMENTS. (i) The Operative Documents have been, and each of the Construction Documents will be, duly authorized, executed and delivered by Agent and, assuming the due authorization, execution and delivery of the Operative Documents by Owner and the Construction Documents by the parties thereto other than Agent, the Operative Documents are, and each of the Construction Documents when executed and delivered will be, legal, valid and binding obligations of Agent, enforceable according to their respective terms.

(ii) The Guaranty has been duly authorized, executed and delivered by the Guarantor and is a legal, valid and binding obligation of the Guarantor, enforceable according to its terms.

8.4 NO LITIGATION. There is no action, suit, proceeding or investigation at law or in equity by or before any court, governmental body, agency, commission or other tribunal now pending or, to the knowledge of Agent, threatened against or affecting Agent or the Guarantor or any property or rights of Agent or the Guarantor with respect to which there exists a reasonable possibility of a decision or judgment which would (a) question the validity or enforceability of this Agreement or the Pledged Contracts, (b) materially adversely affect any Unit Premises, Unit Improvements, Unit FF&E, or Unit, (c) impair the ability of Agent to perform its obligations under the Operative Documents, or (in any material respect) under any of the Construction Documents or the ability of the Guarantor to perform its obligations under the Guaranty, or (d) the rights or interests of Owner or Assignee under this Agreement or the Lease.

8.5 CONSENTS, APPROVALS, AUTHORIZATIONS, ETC. There are no consents, licenses, orders, authorizations, approvals, Environmental Approvals, Permits, waivers, extensions or variances of, or notices to or registrations or filings with (each a "GOVERNMENTAL

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ACTION"), any Governmental Authority or public body or authority which are or will be required in connection with the valid execution, delivery and performance of the Operative Documents and the Construction Documents, or any Governmental Action (i) which is or will be required in connection with any participation by Owner or Assignee in the transactions contemplated by any bill of sale, deed, assignment, assumption, ownership agreement, or operating agreement relating to any Unit Premises, Unit Improvements, Unit FF&E or Unit or (ii) which is or will be required to be obtained by Owner, Agent, Merrill, Merrill Leasing, any Assignee or an Affiliate of the foregoing, during the term of this Agreement, with respect to any Unit Premises, Unit Improvements, Unit FF&E or Unit except such Governmental Actions, (A) as have been or will be in a timely manner duly obtained, given or accomplished, (B) as may be required by applicable law not now in effect, (C) which may be required as a result of the business, properties or activities of Owner, any Assignee or any Affiliate of the foregoing and which are not solely dependent on the nature of any Unit Premises, Unit Improvements, Unit FF&E or Unit under this Agreement or the business of Agent, or (D) which, individually or in the aggregate, if not obtained or effected, (x) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability as a result of failure to comply therewith, (y) will not result in a material diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit and (z) will not impair the ability of Agent to perform its obligations under the Operative Documents, or (in any material respect) any of the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner.

8.6 COMPLIANCE WITH LEGAL REQUIREMENTS AND INSURANCE REQUIREMENTS. The construction, operation, use, and physical condition of each Unit Premises, the Unit Improvements, Unit, and item of Unit FF&E comply with all Legal Requirements and Insurance Requirements, except any Legal Requirement, the noncompliance with which, individually or in the aggregate, (a) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability as a result of failure to comply therewith, (b) will not result in a material diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit and (c) will not impair the ability of Agent to perform its obligations under the Operative Documents or any of the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner.

8.7 NO DEFAULT. Neither Agent nor Guarantor is in violation of or in default under or with respect to any Legal Requirement in any respect which could reasonably be expected to have a material adverse effect on (a) the construction, operation, maintenance, use or value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (b) the ability of Agent to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (c) the rights or interests of Owner or Assignee under this Agreement or the Lease.

8.8 OWNERSHIP; LIENS. No Unit Premises, Unit Improvements, Unit FF&E, or Unit is subject to any Lien, except for Permitted Liens.

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8.9 FINANCIAL STATEMENTS. Agent has furnished to Owner copies of its annual unaudited financial statements for the fiscal year ended December 31, 1998 and the Guarantor's Annual Report on Form 10-K for the fiscal year ended December 31, 1998. The financial statements contained in such documents fairly present the financial position, results of operations and statements of cash flows of Agent and the Guarantor as of the dates and for the periods indicated therein and have been prepared in accordance with GAAP.

8.10 MATERIAL ADVERSE CHANGE. Since December 31, 1998, there has been no material adverse change in the assets, properties, operations, prospects, consolidated financial condition, contingent liabilities or business of the Guarantor, which could reasonably be expected to have a material adverse effect on (a) the construction, operation, maintenance, use or value of any Unit, (b) the ability of Agent to perform its obligations under this Agreement, the Lease or any of the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (c) the rights or interests of Owner or Assignee under this Agreement or the Lease.

8.11 SUITABILITY OF EACH UNIT PREMISES. Each Unit Premises is suitable in all material respects (including, without limitation, ground conditions, utilities, and condition of title) for the construction of the related Unit Improvements.

8.12 ERISA. Agent and its ERISA Affiliates are in compliance in all material respects with the applicable provisions of ERISA and the regulations and published interpretations thereunder. No Reportable Event has occurred, been waived or exists as to which Agent or any ERISA Affiliate was or is required to file a report with the PBGC, and the present value of all benefit liabilities under each ERISA Plan (based on those assumptions used to fund such ERISA Plan) did not, as of the last annual valuation date applicable thereto, exceed by more than \$2,000,000 the value of the assets of such ERISA Plan. Neither Agent nor any ERISA Affiliate has incurred any Withdrawal Liability that could result in a material adverse effect on (a) the construction, operation, maintenance, use or value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (b) the ability of Agent to perform its obligations under the Operative Documents or any of the Construction Documents in a timely manner or (c) the rights or interests of Owner or Assignee under this Agreement or the Lease. Neither Agent nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated where such reorganization or termination has resulted or could reasonably be expected to result, through increases in the contributions required to be made to such ERISA Plan or otherwise, in a material adverse effect on (A) the construction, operation, maintenance, use or value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (B) the ability of Agent to perform its obligations under the Operative Documents or any of the Construction Documents in a timely manner or (C) the rights or interests of Owner or Assignee under this Agreement or the Lease.

8.13 GROUND LEASE. Each Ground Lease has been duly authorized, executed and delivered by Agent and is a legal, valid and binding obligation of Agent enforceable according to its terms. Each Ground Lease is a Mortgageable Ground Lease except to the extent agreed to in writing by Owner and Assignee and is in full force and effect.

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8.14 STATUS OF AGENT. On the date hereof, not less than fifty-one percent (51%) of the common stock of each of TA Operating Corporation and National Auto/Truckstops, Inc. is owned (directly or indirectly) beneficially and of record by the Guarantor.

8.15 TAXES. Agent has filed or caused to be filed all tax returns which are required to be filed by it, and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its assets and properties and has paid all other taxes, fees or other charges imposed on it by any Governmental Authority (except taxes, fees and charges subject to a Permitted Contest).

8.16 PLEDGE AGREEMENT. The Pledge Agreement has been duly authorized, executed and delivered by Agent and, assuming the due authorization, execution and delivery of the Pledge Agreement by Owner, is a legal, valid and binding obligation of Agent, enforceable according to its terms. The Pledge Agreement creates a valid security interest in the Collateral (as defined in the Pledge Agreement) now in existence, securing the payment of the Secured Obligations (as defined in the Pledge Agreement). All action necessary to perfect the security interest in the Collateral has been taken and such security interest has priority over any other Lien on the Collateral, except for Permitted Liens.

8.17 ENVIRONMENTAL DISCLOSURE.

Except as expressly identified in the Pledged Contracts and the Environmental Documents:

(i) To the best knowledge of Agent, after due inquiry, Agent and each Unit complies with, and have at all times complied with, all Environmental Requirements applicable to each Unit, including, without limitation, the use, maintenance and operation of each Unit, and all activities and conduct of business related thereto, including, without limitation, the storage, disposal, removal, transport, treatment and/or remediation of any Hazardous Substance, except where noncompliance, individually or in the aggregate, (1) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (2) will not result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (3) will not impair the ability of Agent to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (4) will not impair the rights or interests of Owner or Assignee under this Agreement or the Lease.

(ii) Agent has obtained all Environmental Approvals necessary in connection with the ownership of and operation at each Unit Premises and any activities or conduct performed thereon, and all such Environmental Approvals are in good standing (subject to Permitted Contests), and Agent is currently in compliance with all terms and conditions of such Environmental Approvals, except where noncompliance, individually or in the aggregate, (1) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (2) will not result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (3) will not impair the ability of Agent to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to

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perform its obligations under the Guaranty in a timely manner and (4) will not impair the rights or interests of Owner or Assignee under this Agreement or the Lease. There are no proceedings pending or threatened as to which there exists a reasonable possibility of a decision or judgment which would question the validity of any such Environmental Approvals.

(iii) Agent has not received, and is not otherwise aware of, any notice, directive, citation, subpoena, summons, order to show cause, complaint or other written communication concerning any alleged violation of Environmental Requirements relating to or affecting any Unit or relating to or arising out of (1) the Release or threatened Release of Hazardous Substances at, on, from, beneath or affecting any Unit, or (2) the conditions, ownership, use, maintenance or operation of a Unit or Equipment by Agent or by any prior owner or operator of any Unit, except with respect to any such alleged violations that (a) are subject to a Permitted Contest, (b) have been remedied or (c)(1) individually or in the aggregate, (i) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (iii) will not impair the ability of Agent to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (iv) will not impair the rights or interests of Owner or Assignee under this Agreement or the Lease, and

(2) which violations will be remedied prior to the time that such violations, individually or in the aggregate, (i) place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (ii) result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (iii) impair the ability of Agent to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (iv) impair the rights or interests of Owner or Assignee under this Agreement or the Lease.

(iv) To the best knowledge of Agent, there has been no material adverse change in the facts or circumstances reported in or assumed in the Environmental Reports and the Environmental Documents.

(v) No Environmental Lien is attached to any portion of any Unit Premises.

(vi) Neither Agent nor, to the knowledge of Agent, any contractor engaged in connection with any Unit, has engaged in or permitted any operations or activities upon, or any use or occupancy of, any Unit or any portion thereof, for the purpose of or in any way involving the Release of any Hazardous Substance in a manner not in compliance with Environmental Requirements or the handling, storage, use or disposal of any Hazardous Substance in a manner not in compliance with Environmental Requirements, except where noncompliance, individually or in the aggregate, (1) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (2) will not result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (3) will not impair the ability of Agent to perform its obligations under the Operative Documents

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in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (4) will not impair the rights or interests of Owner or Assignee under this Agreement or the Lease, nor has Agent caused any Hazardous Substance to be Released or otherwise come to be located on, under, in or about any Unit, nor to the knowledge of Agent has any Hazardous Substance migrated from any Unit onto or underneath other properties, in either case in a condition or under circumstances that could reasonably be expected to (i) place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (ii) result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (iii) impair the ability of Agent to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (iv) impair the rights or interests of the Owner or Assignee under this Agreement or the Lease.

(vii) To the best knowledge of Agent, there is not constructed, placed, deposited, stored, disposed nor located on any Unit any asbestos in any form that has become or threatens to become friable.

(viii) To the best knowledge of Agent, there is not constructed, placed, deposited, released, stored, disposed, leached nor located on any Unit any polychlorinated biphenyls ("PCBS") or transformers, capacitors, ballasts or other equipment that contain dielectric fluid containing PCBs in a condition not in compliance with applicable Environmental Requirements, except where the noncompliance, individually or in the aggregate, (1) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (2) will not result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (3) will not impair the ability of Agent to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (4) will not impair the rights or interests of Owner or Assignee under this Agreement or the Lease.

8.18 AVAILABILITY OF UTILITIES; EASEMENTS. All utility services, rights-of-way, easements, licenses and permits necessary for the construction of each Unit without impediment or delay will be available at the boundaries of each Unit Premises upon the commencement of construction or will be timely obtained, and all utility services, rights-of-way, easements, licenses and permits necessary for the operation of each Unit for its intended purpose will be available on commercially reasonable terms at or within the boundaries of each Unit Premises when needed.

8.19 BUDGETS. All Unit Budgets furnished or to be furnished to Owner and Assignee by or on behalf of Agent at the time so furnished (a) have been and will be prepared with due care in accordance with prudent business and engineering practices, (b) fairly present, and will fairly present, Agent's expectations as to the matters covered thereby as of their date, (c) are based on, and will be based on, assumptions that are reasonable as to all factual and legal matters material to the estimates therein and (d) are in all material respects consistent with, and will be in all material respects consistent with, the provisions of this Agreement, the Lease and the Construction Documents. Each Unit Budget includes all costs and expenses that could

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reasonably be expected (at the time furnished) to be incurred in connection with the construction of the applicable Unit.

8.20 INVESTMENT COMPANY ACT. Neither Agent is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or an "investment advisor" within the meaning of the Investment Act of 1940, as amended.

8.21 YEAR 2000 PROBLEM. Agent has reviewed the areas within its business and operations which could be adversely affected by, and has developed or is developing a program to address on a timely basis, the "Year 2000 Problem" (that is, the risk that computer applications used by Agent may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), and has made related appropriate inquiry of material suppliers and vendors. Based on such review and program, Agent believes that the "Year 2000 Problem" will not have a Material Adverse Effect. As used herein "Material Adverse Effect" shall mean (a) a material adverse effect on the business, condition (financial or otherwise), operations, performance or properties of Agent, or (b) a material impairment of the ability of Agent to perform its obligations under or to remain in compliance with the Operative Documents and the Construction Documents. From time to time, at the request of Owner or any Assignee, Agent shall provide to Owner and such Assignee such updated information or documentation as is requested regarding the status of its efforts to address the Year 2000 Problem.

SECTION 9. AFFIRMATIVE COVENANTS

Each Agent hereby agrees that, so long as this Agreement remains in effect, Agent shall keep and perform fully each and all of the following covenants:

9.1 PERFORMANCE UNDER OTHER AGREEMENTS. Agent shall duly perform and observe all of the covenants, agreements and conditions on its part to be performed and observed hereunder and shall duly perform and observe all of the covenants, agreements and conditions on its part which it is obligated to perform or observe under the Pledged Contracts and the Construction Documents related to each Unit, except for any covenants, agreements and conditions under the Construction Documents, the noncompliance with which, individually or in the aggregate, (i) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (iii) will not impair the ability of Agent to perform its obligations under this Agreement and the Lease in a timely manner and (iv) will not impair the rights or interests of Owner or Assignee under this Agreement or the Lease.

9.2 NO ENCROACHMENTS. The Unit Improvements shall be constructed entirely on the related Unit Premises and shall not encroach upon or overhang (unless consented to by the affected property owner) any easement or right-of-way or the land of others (unless such encroachment or overhang is a Permitted Lien or is insured over by the Title Company in a manner reasonably satisfactory to Owner), and when erected shall be wholly within any building restriction lines, however established. Upon the reasonable request of Owner, Agent shall

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furnish from time to time satisfactory evidence of compliance with the foregoing covenants, including, without limitation, a survey prepared by a registered surveyor or engineer. If any discrepancies exist between the legal description set forth on the survey described in Section 4(h) hereof and the final as-built survey described in Section 6(f) hereof, Owner and Agent shall cooperate, at Agent's expense, in amending the legal descriptions in all recorded documents creating or encumbering or otherwise affecting the Unit Premises, including, without limitation, any easements and any applicable Ground Lease, to reflect the correct as-built description.

9.3 INSURANCE.

(a) **INSURANCE WITH RESPECT TO EACH UNIT PREMISES, THE UNIT IMPROVEMENTS, UNIT FF&E AND UNIT.** Agent will maintain or cause to be maintained on each Unit Premises, Unit Improvements, Unit FF&E and Unit insurance of the same types, in the same amounts and on the same terms and conditions as the insurance required by Section 10 of the Lease, except that the terms "Owner", "Agent" and "this Agreement" shall substitute for the terms "the Lessor", "the Lessee" and "this Lease", respectively, the phrase "Unit Premises, Unit Improvements, Unit FF&E and Unit" shall substitute for the phrase "Parcel of Property", and references to "Equipment" or "Unit of Equipment" shall be deemed deleted, and the phrase "Unit Acquisition Cost" shall substitute for the phrase "Acquisition Cost"; PROVIDED, that in lieu of the insurance required by paragraph (c)(i) of Section 10 of the Lease, Agent shall maintain or cause to be maintained All Risk Builders' Risk Completed Value Non-Reporting Form Insurance including collapse coverage and fire insurance with extended coverage, in an amount not less than one hundred one percent (101%) of the completed insurable value of the respective Unit Improvements and Unit FF&E. The term "completed insurable value" as used herein means the actual replacement cost, including the cost of debris removal, but excluding the cost of constructing foundation and footings. In addition, notwithstanding anything to the contrary set forth in paragraph (a) above, Agent shall procure at its own cost and expense and maintain in full force and effect on each Unit Premises, Unit Improvements, Unit FF&E and Unit insurance coverage for the events described in clause (1)(A) and (B) of Section 15 hereof in an amount not less than one hundred one percent (101%) of the completed insurable value of the respective Unit Improvements and Unit FF&E.

(b) Notwithstanding anything to the contrary set forth in paragraph

(a) above, Agent covenants that it will procure at its own cost and expense and maintain on each Unit Premises, Unit Improvements, Unit FF&E and Unit at all times during the term of this Agreement insurance policies with responsible insurance companies with a Best Insurance Reports rating of "A-" or better and a financial size category of "VIII" or higher, or if not rated by Best, a Standard & Poor's claims paying ability rating of BBB+ or higher (or such other companies acceptable to Owner and Assignee in their sole discretion). Subject to the immediately preceding sentence, the insurance required by this subsection 9.3 may be obtained by Agent by endorsement on its (or any Affiliate's) blanket insurance policies. In addition, the insurance required by this subsection 9.3 may be maintained with any captive insurance company approved in writing by Owner and Assignee.

(c) Agent covenants that it will not use, carry on construction with respect to, or occupy any Unit or permit the use, construction, or occupancy of any Unit Premises, Unit Improvements, Unit FF&E or Unit at a time when the insurance required by paragraph (a) of this

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subsection is not in force with respect to such Unit Premises, Unit Improvements, Unit FF&E or Unit.

(d) Agent hereby waives any and all claims for recovery from Owner, Merrill, Merrill Lynch, Merrill Leasing, the General Partner and its shareholders, officers and directors, the limited partners of Owner and the Assignee for any and all loss or damage covered by any of the insurance policies to be maintained under this Agreement to the extent that such loss or damage is recovered under any such policy. Inasmuch as the foregoing waiver will preclude the assignment of any such claim to the extent of such recovery, by subrogation (or otherwise), to an insurance company (or other Person), Agent shall give written notice of the terms of such waiver to each insurance company which has issued, or which may issue in the future, any such policy of insurance (if such notice is required by the insurance policy) and shall cause each such insurance policy to be properly endorsed by the issuer thereof, or to otherwise contain one or more provisions that, prevent the invalidation of the insurance coverage provided thereunder by reason of such waiver.

9.4 INSPECTION OF BOOKS AND RECORDS. Upon reasonable (and in any event not less than three (3) Business Days') prior notice to Agent and during reasonable business hours, Owner or Assignee or any authorized representatives of either of them, shall have the right of entry and free access to each Unit Premises, the Unit Improvements, Unit FF&E and each Unit and the right to inspect all work done, labor performed and materials furnished in and about each Unit Premises, the Unit Improvements, Unit FF&E and each Unit and at reasonable times the right to inspect all books, contracts and records of Agent and the Guarantor relating to each Unit Premises, the Unit Improvements, Unit FF&E and each Unit. Notwithstanding the foregoing, neither Owner nor any Assignee shall have any duty to make such inspection.

9.5 EXPENSES. Agent shall pay upon demand all obligations, costs and expenses incurred by Owner with respect to any and all transactions contemplated herein and the preparation of any document reasonably required hereunder and the prosecution or defense of any action or proceeding or other litigation affecting Agent or any Unit Premises, Unit Improvements, Unit FF&E or Unit, including (without limiting the generality of the foregoing) all Financing Costs not capitalized by Owner in Unit Acquisition Cost and amounts required to pay or reimburse Owner for its obligations, costs and expenses arising in connection with the termination of any Credit Agreement (whether as a result of a default thereunder or otherwise), all interest, costs incurred in connection with terminating and obtaining Owner's equity financing, costs incurred in connection with obligations of Owner under or in respect of any interest rate swap, cap, collar or other financial hedging arrangement, including, without limitation, costs incurred by Owner under any such arrangement to reduce the notional amount thereof by the amount of any prepayment of any borrowing to which such interest rate swap, cap, collar or other financial hedging arrangement relates, title and conveyancing charges, recording and filing fees and taxes, title search fees, rent under the Ground Leases, mortgage taxes, intangible personal property taxes, escrow fees, revenue and tax stamp expenses, insurance premiums (including title insurance premiums), brokerage commissions, finders' fees, placement fees, court costs, surveyors', photographers', appraisers', architects', engineers', rating agencies', accountants' and reasonable attorneys' fees and disbursements, and will reimburse to Owner all expenses paid by Owner of the nature described in this subsection 9.5 which have been or may be incurred by Owner with respect to any and all of the transactions contemplated

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herein. In the event Agent shall fail to pay or reimburse Owner within ten (10) Business Days after presentation of a bill and demand for payment therefor, Owner may pay or deduct from the advances to be made any of such expenses and any proceeds so applied shall be deemed advances under this Agreement, and deducted from the total funds available to Agent under this Agreement. Notwithstanding anything to the contrary contained in the foregoing, Agent shall not be required to pay or reimburse Owner pursuant to this subsection for any of the foregoing obligations, costs and expenses which Owner has capitalized and included as an element of the Unit Acquisition Cost of a Unit. Expenses incurred by Owner (including, without limitation, Financing Costs) in financing obligations, costs and expenses pending allocation as a capitalized cost to a Unit shall be payable by Agent hereunder.

9.6 CERTIFICATES; OTHER INFORMATION. Agent shall furnish to Owner and each Assignee:

(a) concurrently with the delivery of the financial statements referred to in subsection 9.6(b) hereof, a certificate of a Responsible Officer stating that, to the best knowledge of such Responsible Officer after reasonable inquiry (i) Agent during such period has observed or performed in all material respects all of its covenants and other agreements, and satisfied every condition contained in this Agreement and in the Construction Documents to be observed, performed or satisfied by it, (ii) there exists on the date of such certificate no Event of Default, Potential Default, Event of Unit Termination or Potential Event of Unit Termination or default under any Pledged Contract, or if any such default exists, specifying the nature and period of existence thereof and what action, if any, Agent has taken, is taking, or proposes to take with respect thereto, and (iii) setting forth computations in reasonable detail satisfactory to Owner and Assignee demonstrating compliance with the covenant contained in subsection 9.15 hereof; and

(b) from time to time, (i) promptly upon their becoming available, and, in any event, not more than 105 days after the end of each fiscal year of Agent, copies of Agent's annual unaudited financial statements and the Guarantor's Annual Reports on Form 10-K, and, promptly upon their becoming available, and, in any event, not more than sixty (60) days after the end of each fiscal quarter of the Agent, copies of Agent's quarterly unaudited financial statements and the Guarantor's Quarterly Reports on Form 10-Q and, promptly upon filing, any other reports the Guarantor files with the Securities and Exchange Commission, (ii) promptly, and in any event within ten (10) Business Days upon request, such other information with respect to Agent's and the Guarantor's operations, business, property, assets, financial condition or litigation as Owner or any Assignee shall reasonably request, (iii) promptly, and in any event within five (5) Business Days after a Responsible Officer obtains knowledge of any Event of Default, Potential Default, Event of Unit Termination or Potential Event of Unit Termination, or any default or alleged default by any party to a Pledged Contract, a certificate of a Responsible Officer specifying the nature and period of existence of such Event of Default, Potential Default, Event of Unit Termination or Potential Event of Unit Termination, or default under a Pledged Contract, and what action, if any, Agent has taken, is taking, or proposes to take with respect thereto, (iv) promptly, and in any event within five (5) Business Days after a Responsible Officer obtains knowledge of any material adverse change in the financial condition or business of Agent or the Guarantor of the type described in subsection 8.10 hereof or of any litigation of the type described in subsection 8.4 hereof, a certificate of a Responsible Officer describing such change or litigation as the case may be, and (v) promptly, and in any event within five (5) Business Days

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after a Responsible Officer obtains knowledge of any and all Liens, other than Permitted Liens, on any Unit Premises, Unit Improvements, Unit FF&E, or Unit, a detailed statement of a Responsible Officer describing each such Lien.

9.7 CONDUCT OF BUSINESS AND MAINTENANCE OF EXISTENCE. Agent shall preserve, renew and keep in full force and effect its corporate existence (except as otherwise permitted herein), and take all reasonable action to maintain all rights, privileges and franchises material to the conduct of its business, and comply with all Legal Requirements; PROVIDED, HOWEVER, that nothing contained in this subsection 9.7 shall prevent Agent from ceasing or omitting to exercise any rights, privileges or franchises which in the reasonable judgment of Agent can no longer be profitably exercised or prevent Agent from selling, abandoning or otherwise disposing of any property, the retention of which in the reasonable judgment of Agent is inadvisable to the business of Agent, or prevent any liquidation of any subsidiary of Agent, or any merger, consolidation or sale, permitted by the provisions of subsection 10.2 hereof.

9.8 NOTICES. Agent shall give notice to Owner and each Assignee promptly upon, and in any event not more than five (5) Business Days after Agent becomes aware of:

- (a) any litigation or proceeding affecting any Unit Premises, Unit Improvements, Unit FF&E, or Unit in which the amount of damages requested exceeds \$250,000 or more and is not covered by insurance or in which injunctive or similar relief is sought;
- (b) any notice given by or to Agent pursuant to any of the Pledged Contracts or Construction Documents that a default has occurred thereunder;
- (c) any condition which results or is reasonably likely to result in a Force Majeure Delay in completion of the Unit Improvements;
- (d) the imposition of any Lien (other than Permitted Liens); and
- (e) notices received from any party to any Pledged Contract that (i) such party is amending, modifying or waiving any term of any Pledged Contract, (ii) such party is commencing or proposes to commence any dispute resolution procedure under the terms of any Pledged Contract, (iii) such party is terminating or has proposed to terminate any Pledged Contract, (iv) a default has occurred under any Pledged Contract or any Person has alleged that a default has occurred under any Pledged Contract, or (v) there are claims for damages existing as a result of the performance or the failure to perform any obligations under any Pledged Contract.

Each notice pursuant to this subsection 9.8 shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action, if any, Agent proposes to take with respect thereto.

9.9 LEGAL REQUIREMENTS AND INSURANCE REQUIREMENTS. Agent shall comply with every Insurance Requirement, and every Legal Requirement (subject to Permitted Contests), affecting (a) the execution, delivery and performance of this Agreement and the Construction Documents and (b) any Unit Premises, Unit Improvements, item of Unit FF&E or Unit; and Agent will not do or permit any act or thing which is contrary to any Insurance Requirement or which is contrary to any Legal Requirement, or which might impair, other than

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in the normal use thereof, the value or usefulness of any Unit Premises, Unit Improvements, item of Unit FF&E or Unit.

9.10 PAYMENT OF TAXES. With respect to any Unit Premises, Unit Improvements, Unit FF&E, or Unit, Agent shall make all required reports to the appropriate taxing authorities and shall pay during the term of this Agreement the taxes that Agent would be required to pay if such Unit Premises, Unit Improvements or Unit was a Parcel of Property under paragraph (c) of Section 9 of the Lease. Payment of such taxes shall be on the terms set forth in paragraph (c) of Section 9 of the Lease. Agent will pay and discharge, or cause to be paid and discharged, all taxes, assessments and governmental charges or levies imposed upon it or its income or properties, prior to the date on which penalties attach thereto, except to the extent that any such tax, assessment, charge or levy is the subject of a Permitted Contest.

9.11 FILINGS, ETC. Agent shall promptly and duly execute, deliver, file, and record, at Agent's expense, all such documents, statements, filings, and registrations, and take such further action as Owner shall from time to time reasonably request in order to establish, perfect and maintain Owner's title to and interest in any Unit Premises, Unit Improvements, Unit FF&E and any Unit and any Assignee's interest in this Agreement, any Unit Premises, Unit Improvements, Unit FF&E or any Unit as against Agent or any third party in any applicable jurisdiction.

9.12 USE OF PROCEEDS. The proceeds of each advance shall be used by Agent for payment of costs specified in the applicable request for the advance and in accordance with the respective Unit Budget.

9.13 COMPLIANCE WITH OTHER REQUIREMENTS. Agent shall use every reasonable precaution to prevent loss or damage to any Unit Premises, Unit Improvements, Unit FF&E, or any Unit and to prevent injury to third Persons or property of third Persons. Agent shall cooperate fully with Owner and all insurance companies providing insurance pursuant to subsection 9.3 hereof in the investigation and defense of any claims or suits arising from the ownership or operation of equipment or ownership, use, or occupancy of any Unit Premises, Unit Improvements, Unit FF&E, or any Unit; PROVIDED, that nothing contained in this subsection shall be construed as imposing on Owner any duty to investigate or defend any such claims or suits. Agent shall comply and shall use its best efforts to cause all Persons operating equipment on, using or occupying any Unit Premises, Unit Improvements, Unit FF&E, or any Unit to comply at Agent's expense with every Insurance Requirement and Legal Requirement regarding acquiring, titling, registering, leasing, subleasing, insuring, using, occupying, operating and disposing of any Unit Premises, Unit Improvements, Unit FF&E, or any Unit, and, if applicable, the licensing of operators thereof.

9.14 ESTOPPEL CERTIFICATE. If Owner or Assignee shall reasonably believe an "event of default" or event which, with the giving of notice or lapse of time, would become an "event of default" under a Ground Lease has occurred or may have occurred, or if an Event of Default or Potential Default shall have occurred hereunder, Agent shall, upon request of Owner, request from the ground lessor of the Unit Premises an estoppel certificate confirming that there are no defaults under the Ground Lease applicable to such Unit Premises.

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9.15 COMPLIANCE WITH FINANCIAL COVENANTS. Agent shall cause the Guarantor to comply with the covenants set forth in Sections 7.13, 7.14, 7.15, 7.16 and 7.17 of the TravelCenters Credit Agreement; PROVIDED, that Agent's obligation to cause the Guarantor to comply with such Sections of the TravelCenters Credit Agreement shall survive the termination or ceasing to be in effect for any reason whatsoever of the TravelCenters Credit Agreement and Agent agrees to comply with such covenants, notwithstanding any such termination or ceasing to be in effect until such date as this Agreement and the Lease shall be terminated in accordance with the terms hereof and thereof.

9.16 FURTHER ASSURANCES. Agent shall from time to time, at its own cost and expense, promptly execute and deliver to Owner all such documents and instruments and do all such other acts and things as Owner may reasonably request to obtain the full benefits of this Agreement, to exercise and enforce its rights and remedies hereunder and to protect Owner's rights and interests in and to any Unit Premises, Unit Improvements, Unit FF&E or Unit. Agent shall furnish to Owner upon request the contracts, bills of sale, statements, receipted vouchers and other agreements and documents under which Owner has title to any materials, fixtures or articles of personal property used in the construction or operation of any Unit Premises, Unit Improvements, Unit FF&E or Unit.

9.17 ENVIRONMENTAL COVENANTS.

(a) Agent and each Unit shall comply, and Agent shall use all reasonable efforts to cause the compliance by any contractors engaged in connection with each Unit, with all Environmental Requirements applicable to each Unit and activities and conduct of business performed thereon, including, without limitation, the use, maintenance and operation of each Unit and all activities and conduct performed thereon, including, without limitation, the use, storage, removal, transport, treatment and/or remediation of any Hazardous Substance, except where any noncompliance, individually or in the aggregate,

(i) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (iii) will not impair the ability of Agent to perform its obligations under this Agreement and the Lease in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (iv) will not impair the rights or interests of Owner or Assignee under this Agreement or the Lease.

(b) Agent shall maintain all Environmental Approvals necessary to conduct operations at each Unit and shall comply with all such Environmental Approvals, except where noncompliance, individually or in the aggregate, (i) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (iii) will not impair the ability of Agent to perform its obligations under this Agreement and the Lease in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (iv) will not impair the rights or interests of Owner or Assignee under this Agreement or the Lease.

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(c) Agent shall not cause or suffer or permit the attachment of any Environmental Lien to any Unit or any portion thereof, except for such Environmental Liens as Agent is contesting pursuant to a Permitted Contest.

(d) Agent shall not cause, and shall use all reasonable efforts not to suffer or permit the transportation or arrangement for the transport of any Hazardous Substance from any Unit to any facility or site for the purpose of treatment or disposal which (i) is included on the NPL or (ii) is subject to a Remedial Action requirement (other than routine anticipated regulatory requirements), except any Remedial Action which (A) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (B) will not result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (C) will not impair the ability of Agent to perform its obligations under this Agreement and the Lease in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely and (D) will not impair the rights or interests of Owner or Assignee under this Agreement or the Lease, or (iii) has not obtained or maintained all Environmental Approvals required pursuant to Environmental Requirements.

(e) Agent shall not engage in or permit any operations or activities upon, or any use or occupancy of, any Unit or any portion thereof, for the purpose of or in any way involving the Release or any Hazardous Substance in a manner not in compliance with Environmental Requirements or the handling, storage, use or disposal of any Hazardous Substance in a manner not in compliance with Environmental Requirements, except where any noncompliance, individually or in the aggregate, (i) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (iii) will not impair the ability of Agent to perform its obligations under this Agreement and the Lease in a timely manner and (iv) will not impair the rights or interests of Owner or Assignee under this Agreement or the Lease, and Agent shall not cause any Hazardous Substance to be released or otherwise come to be located on, under, in or about any Unit, nor to the knowledge of Agent has any Hazardous Substance migrated from any Unit onto or underneath other properties, in either case in a condition or under circumstances that could reasonably be expected to (i) place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability, (ii) result in a diminution in the value of any Unit Premises, Unit Improvements, Unit FF&E or Unit, (iii) impair the ability of Agent to perform its obligations under this Agreement or the Lease in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (iv) impair the rights or interests of Owner or Assignee under this Agreement or the Lease.

(f) Agent shall not cause or suffer the use or Release of any asbestos-containing material or any article of PCBs in connection with the remodeling construction of any Unit.

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9.18 CONSTRUCTION COVENANTS. Agent shall:

- (a) take all reasonable and practical steps to minimize the disruption of the construction process arising from Force Majeure Events; and
- (b) cause all liens (including, without limitation, liens or claims for materials supplied or labor or services performed in connection with the construction of the Unit Improvements), other than Permitted Liens, to be discharged within thirty (30) days.

SECTION 10. NEGATIVE COVENANTS

Agent hereby agrees that, so long as this Agreement remains in effect, Agent shall not directly or indirectly:

10.1 CHANGES IN UNIT PLANS OR UNIT BUDGET. (a) Modify or supplement in any material respect any Unit Plans, any Unit Budget or any Unit FF&E Specifications in contravention of the requirements of subsection 2.2 hereof without the prior written consent of Owner and Assignee (which consent shall not be unreasonably withheld or delayed) and (if required) of all Governmental Authorities which previously have approved the matters to be changed, or (b) receive advances with respect to a Unit which exceed the Unit Budget for such Unit.

10.2 PROHIBITION OF FUNDAMENTAL CHANGES. Consolidate with or merge into any other Person except as set forth in Section 26 of the Lease, provided that the term "Owner" shall substitute for the term "the Lessor" and the term "Agent" shall substitute for the term "the Lessee".

10.3 NOTIFICATION OF OPENING OF A UNIT. Open or operate a Unit prior to the delivery to Owner and any Assignee of the Certificate of Substantial Completion and the AFL Unit Leasing Record for the Unit.

10.4 ACQUIRE FEE OR LEASEHOLD INTEREST. Acquire a fee or leasehold interest on behalf of Owner in any Unit Premises until Agent has delivered all documents required by Section 4 hereof and in the reasonable judgment of Owner satisfied the conditions set forth in such Section 4.

10.5 ASSIGNMENT OF OBLIGATIONS. Assign its obligations hereunder to any other party other than from one Agent to the other Agent.

10.6 CHANGE IN OWNERSHIP. Permit the Guarantor to own (directly or indirectly) beneficially and of record less than fifty-one percent (51%) of the common stock of TA Operating Corporation or National Auto/Truckstops, Inc. (the "Applicable Agent"), unless at the time the Guarantor also owns (directly or indirectly) beneficially and of record less than 51% of the common stock of the Agent that is not the Applicable Agent.

10.7 PLEDGED CONTRACTS. (a) Create, incur, assume or permit to exist any Lien (other than the Lien of the Pledge Agreement) upon Agent's rights with respect to any Pledged Contract, or sell or assign Agent's interest in any Pledged Contract, other than as permitted

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pursuant to the Pledge Agreement, or (b) without the prior written consent of Owner, terminate any Pledged Contract (other than as a result of a default by a party other than Agent to such Pledged Contract) or amend, modify, supplement, restate, replace, grant any consent under, or grant or request any waiver pursuant to any Pledged Contract.

SECTION 11. EVENTS OF DEFAULT AND EVENTS OF UNIT TERMINATION

11.1 EVENTS OF DEFAULT. The occurrence of any of the following shall constitute an Event of Default:

(a) **FAILURE TO MAKE PAYMENTS.** Failure to pay the purchase price of a Unit when due in the event of a required purchase by Agent hereunder, or failure by Agent to pay any other amount due hereunder within ten (10) Business Days from demand for such payment.

(b) **UNAUTHORIZED ASSIGNMENTS, ETC.** Assignment by Agent of any interest in this Agreement or any advance to be made hereunder or any interest in either.

(c) **MISREPRESENTATIONS.** Any representation or warranty made herein or which is contained in any certificate, document or financial or other statement furnished under or in connection with this Agreement shall prove to have been false or inaccurate in any material respect on or as of the date made or deemed made.

(d) **INVOLUNTARY BANKRUPTCY, ETC.** An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Agent or the Guarantor, or of a substantial part of the property or assets of Agent or the Guarantor, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law,

(ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Agent or the Guarantor or for a substantial part of the property or assets of Agent or the Guarantor or (iii) the winding-up or liquidation of Agent or the Guarantor and such proceeding or petition shall continue undismissed for thirty (30) days or an order or decree approving or ordering any of the foregoing shall be entered.

(e) **VOLUNTARY BANKRUPTCY, ETC.** Agent or the Guarantor shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law,

(ii) consent to the institution of, or fail to contest in a timely and appropriate manner (but within thirty (30) days in any event), any proceeding or the filing of any petition described in paragraph (d) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Agent or the Guarantor or for a substantial part of the property or assets of Agent or the Guarantor, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing.

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(f) **NEGATIVE COVENANTS.** Agent shall default in the performance or observance of any agreement, covenant or condition contained in Section 10 hereof, and in the case of a default arising under subsection 10.1 or 10.7(a) hereof, such default shall continue for thirty (30) days after written notice shall have been given to Agent by Owner specifying such default and requiring such default to be remedied.

(g) **OTHER DEFAULTS.** Agent shall default in the performance or observance of any other term, covenant, condition or obligation contained in this Agreement and (other than in the case of a default arising under subsection 9.3 or subsection 9.15 hereof), such default shall continue for thirty (30) days after written notice shall have been given to Agent by Owner specifying such default and requiring such default to be remedied; PROVIDED, that if such default is of a nature that is not capable of being cured within such thirty (30) day period and Agent shall have diligently commenced curing such default and proceeds diligently and in good faith thereafter to complete curing such default, such thirty (30) day period shall be extended to such period as should be necessary to cure such default, not to exceed one hundred twenty (120) days; PROVIDED, FURTHER, that an Event of Unit Termination shall not constitute an Event of Default hereunder.

(h) **DEFAULT UNDER LEASE.** An Event of Default (as defined in the Lease) shall occur under the Lease.

(i) **PAYMENT OF OBLIGATIONS.** A default or event of default, the effect of which is to permit the holder or holders of any Indebtedness, or a trustee or agent on behalf of such holder or holders, to cause such Indebtedness to become due prior to its stated maturity, shall occur under the provisions of any agreement pursuant to which such Indebtedness was created or instrument evidencing such Indebtedness of Agent or the Guarantor in excess of \$2,000,000 in the aggregate or any obligation of Agent or the Guarantor for the payment of such Indebtedness shall become or be declared to be due and payable prior to its stated maturity, or shall not be paid when due; PROVIDED, that the provisions of this paragraph (i) shall not be deemed to apply to any default or event of default or obligation for the payment of Indebtedness arising solely as a result of a reduction in the rating of the Guarantor's senior unsecured debt to less than BBB by Standard & Poor's Ratings Group or less than Baa2 by Moody's Investors Service, Inc.

(j) **JUDGMENT DEFAULTS.** Any final non-appealable judgment or judgments for the payment of money in excess of \$2,000,000 in the aggregate shall be rendered against Agent or the Guarantor by any court of competent jurisdiction and the same shall remain undischarged for a period of sixty (60) days during which execution of such judgment or judgments shall not be effectively stayed.

(k) **OWNERSHIP OF AGENT.** The Guarantor shall fail to own (directly or indirectly) beneficially and of record fifty-one percent (51%) or more of the common stock of TA Operating Corporation or National Auto/Truckstops, Inc. (the "Applicable Agent"), unless at the time the Guarantor also owns (directly or indirectly) beneficially and of record less than 51% of the common stock of the Agent that is not the Applicable Agent.

(l) **EVENT OF UNIT TERMINATION RELATED TO CONSTRUCTION COMPLETION.** (i) (A) An Event of Unit Termination shall occur under paragraphs (c) or (g) of subsection 11.3 hereof

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and such Event of Unit Termination does not arise as a result of the fraudulent act, illegal act, misapplication of funds or willful misconduct of Agent or (B) an Event of Unit Termination shall occur under paragraphs (a) or (h) of subsection 11.3 hereof and such Event of Unit Termination does not arise as a result of Agent's actions, failure to act, fraudulent act, illegal act, misapplication of funds or willful misconduct, and (ii) Agent shall not purchase the applicable Unit from Owner pursuant to the provisions of subsection 11.4 hereof.

(m) OTHER EVENTS OF UNIT TERMINATION. (i) (A) An Event of Unit Termination shall occur under paragraphs (b), (d), (e), (f), (i), (j), (k) and (l) of subsection 11.3 hereof, (B) an Event of Unit Termination shall occur under paragraphs (a) or (h) of subsection 11.3 hereof and such Event of Unit Termination arises as a result of Agent's actions, failure to act, fraudulent act, illegal act, misapplication of funds or willful misconduct, or (C) an Event of Unit Termination shall occur under paragraphs (c) or (g) of subsection 11.3 hereof and such Event of Unit Termination arises as a result of the fraudulent act, illegal act, misapplication of funds or willful misconduct of Agent, and (ii) Agent shall not purchase the applicable Unit from Owner pursuant to the provisions of subsection 11.4 hereof.

(n) INSURANCE. Agent shall default in the performance or observance of any agreement, covenant or condition contained in subsection 9.3 hereof.

(o) PLEDGE AGREEMENT. The Pledge Agreement ceases to be in full force and effect, Agent defaults in the performance of any obligation or covenant contained in the Pledge Agreement, or the representation contained in the third sentence of subsection 8.17 hereof shall at any time become untrue in any material respect.

(p) THE GUARANTY. (i) The Guaranty ceases to be in full force and effect or (ii) the Guarantor defaults in the performance of any obligation or covenant contained in the Guaranty or any other document contemplated thereby, any required notice of such default shall have been given, and any applicable grace period shall have expired.

(q) GUARANTOR REPRESENTATIONS. Any representation or warranty made by the Guarantor in the Guaranty or any document contemplated hereby or thereby proves to be false, misleading or inaccurate in any material respect.

11.2 OWNER'S RIGHTS UPON AN EVENT OF DEFAULT. Upon the occurrence and continuation of any Event of Default Owner may in its discretion declare this Agreement to be in default and do any one or more of the following:

(a) Terminate this Agreement and/or Owner's obligations to make any further advances hereunder by written notice to Agent;

(b) Take immediate possession of any Unit Premises, Unit Improvements, Unit FF&E, and Unit and remove any equipment or property of Owner in the possession of Agent, wherever situated, and for such purpose, enter upon any Unit Premises, Unit Improvements or Unit without liability to Agent for so doing;

(c) Whether or not any action has been taken under paragraph (a) or

(b) above, sell any Unit Premises, Unit Improvements, Unit FF&E or Unit (with or without the

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concurrence or request of Agent) at public or private sale (judicially or nonjudicially pursuant to such notices and procedures as may be required by law, to the extent such requirements are not effectively waived by Agent hereunder, provided that the disposition of any Unit Premises, Unit Improvements, Unit FF&E or Unit shall take place in a commercially reasonable manner;

(d) Hold, use, occupy, operate, repair, remove, lease, sublease or keep idle any Unit Premises, Unit Improvements, Unit FF&E, or Unit as Owner in its sole discretion may determine, without any duty to account to Agent with respect to any such action or inaction or for any proceeds thereof; and

(e) Exercise any other right or remedy which may be available under applicable law and in general proceed by appropriate judicial proceedings, either at law or in equity, to enforce the terms hereof or to recover damages for the breach hereof.

Suit or suits for the recovery of any default in the payment of any sum due hereunder or for damages may be brought by Owner from time to time at Owner's election, and nothing herein contained shall be deemed to require Owner to await the date whereon this Agreement or the term hereof would have expired by limitation had there been no such default by Agent or no such termination or cancellation.

The receipt of any payments under this Agreement by Owner with knowledge of any breach of this Agreement by Agent or of any default by Agent in the performance of any of the terms, covenants or conditions of this Agreement, shall not be deemed to be a waiver of any provision of this Agreement.

No receipt of moneys by Owner from Agent after the termination or cancellation hereof in any lawful manner shall reinstate or continue this Agreement, or operate as a waiver of the right of Owner to recover possession of any Unit Premises, Unit Improvements, Unit FF&E, or Unit by proper suit, action, proceedings or remedy or operate as a waiver of the right to receive any and all amounts owing by Agent to or on behalf of Owner hereunder; it being agreed that, after the service of notice to terminate or cancel this Agreement, and the expiration of the time therein specified, if the default has not been cured in the meantime, or after the commencement of suit, action or summary proceedings or of any other remedy, or after a final order, warrant or judgment for the possession of any Unit Premises, Unit Improvements, Unit FF&E, or Unit, Owner may demand, receive and collect any moneys payable hereunder, without in any manner affecting such notice, proceedings, suit, action, order, warrant or judgment; and any and all such moneys so collected shall be deemed to be payments on account of Agent's liability hereunder.

After any Event of Default, Agent shall be liable for, and Owner may recover from Agent, (i) in the case of an Event of Default pursuant to paragraph (l) of subsection 11.1 hereof, an amount equal to 89.9% of the sum of all of Owner's obligations, costs and expenses incurred in connection with its obligations under this Agreement and for which Owner may demand payment or reimbursement pursuant to subsection 9.5 hereof, (ii) in the case of any other Event of Default pursuant to subsection 11.1 hereof or in the event Agent converts any Unit Premises, Unit Improvements, Unit FF&E or Unit after an Event of Default, or in the event such Unit Premises, Unit Improvements, Unit FF&E or Units is lost or destroyed by Agent, all of

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Owner's obligations, costs and expenses incurred in connection with its obligations under this Agreement and for which Owner may demand payment or reimbursement pursuant to subsection 9.5 hereof, (iii) all amounts payable pursuant to Section 12 hereof and (iv) all of the losses, damages (provided, such losses and damages shall not include (a) the Unit Acquisition Cost or any portion thereof and (b) any losses or damages arising during Agent's construction of any Unit Improvements, Unit FF&E or Unit prior to such Event of Default), costs and expenses (including, without limitation, attorneys' fees and expenses, commissions, filing fees and sales or transfer taxes) sustained by Owner by reason of such Event of Default and the exercise of Owner's remedies with respect thereto, including, in the event of a sale by Owner of any Unit Premises, Unit Improvements, Unit FF&E or Unit pursuant to this subsection 11.2, all costs and expenses associated with such sale. The amounts payable in clauses (i) through (iv) above are hereinafter sometimes referred to as the "ACCRUED DEFAULT OBLIGATIONS".

After an Event of Default, Owner may sell its interest in any Unit Premises, Unit Improvements, Unit FF&E, and Unit upon any terms that Owner deems satisfactory, free of any rights of Agent or any Person claiming through or under Agent (including, without limitation, any rights hereunder or under the Lease or the Pledged Contracts). In the event of any such sale, in addition to the Accrued Default Obligations, Owner shall be entitled to recover from Agent, as liquidated damages and not as a penalty, an amount equal to (i) in the case of an Event of Default pursuant to paragraph (l) of subsection 11.1 hereof, an amount equal to the Loss Payment of all Unit Premises, Unit Improvements, Unit FF&E and Units under this Agreement or (ii) in the case of all other Events of Default pursuant to subsection 11.1 hereof, an amount equal to the Unit Acquisition Cost of all Unit Premises, Unit Improvements, Unit FF&E and Units under this Agreement. Proceeds of any such sale received by Owner that when combined with the Loss Payment or Unit Acquisition Cost received by Owner exceed the Unit Acquisition Cost of such Unit Premises, Unit Improvements, Unit FF&E or Unit shall be credited against the Accrued Default Obligations Agent is required to pay under this subsection 11.2. If such excess proceeds exceed the Accrued Default Obligations plus (in the case of clause (i) of the first sentence of this paragraph) the Unrecovered Termination Costs, and if Agent has paid all amounts required to be paid under this subsection 11.2, such excess shall be paid by Owner to Agent. As an alternative to any such sale, in addition to the Accrued Default Obligations, Owner may cause Agent to pay to Owner, and Agent shall pay to Owner, as liquidated damages and not as a penalty, an amount equal to (i) in the case of an Event of Default pursuant to paragraph (l) of subsection 11.1 hereof, an amount equal to the Loss Payment of all Unit Premises, Unit Improvements, Unit FF&E and Units under this Agreement, or (ii) in the case of all other Events of Default pursuant to subsection 11.1 hereof, an amount equal to the Unit Acquisition Cost of all Unit Premises, Unit Improvements, Unit FF&E and Units under this Agreement. If Agent converts any Unit Premises, Unit Improvements, Unit FF&E or Unit after any Event of Default, or if such Unit Premises, Unit Improvements, Unit FF&E or Unit is lost or destroyed by Agent, in addition to the Accrued Default Obligations, Owner may cause Agent to pay to Owner, and Agent shall pay to Owner, as liquidated damages and not as a penalty, an amount equal to the Unit Acquisition Cost of such Unit Premises, Unit Improvements, Unit FF&E or Unit.

In the event of a sale pursuant to this subsection 11.2, upon receipt by Owner of the amounts payable hereunder, Owner shall transfer all of Owner's right, title and interest in and to the Unit Premises, Unit Improvements, Unit FF&E and Unit to Agent or a purchaser other than Agent, as the case may be.

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In the event Agent does not pay Owner an amount equal to the Unit Acquisition Cost of all Unit Premises, Unit Improvements, Unit FF&E and Units plus the Accrued Default Obligations, then, in addition to its other rights in this subsection 11.2, Owner may require Agent to assign to Owner (or to a foreclosure purchaser designated by Owner or Assignee), at no cost, all right, title and interest of Agent in, to and under the Pledged Contracts, and in the event any additional consent of any party to a Pledged Contract is required as a precondition thereunder to an assignment to any other third party assignee designated by Owner or Assignee, to use diligent efforts to obtain any such required consent to such proposed non-foreclosure assignment and assumption of the Pledged Contracts. No remedy referred to in this subsection 11.2 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Owner at law or in equity, and the exercise in whole or in part by Owner of any one or more of such remedies shall not preclude the simultaneous or later exercise by Owner of any or all such other remedies. No waiver by Owner of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

With respect to the termination of this Agreement as to any Unit Premises, Unit Improvements, Unit FF&E, or Unit as a result of an Event of Default, Agent hereby waives service of any notice of intention to reenter. Agent hereby waives any and all rights to recover or regain possession of any Unit Premises, Unit Improvements, Unit FF&E, or Unit or to reinstate this Agreement as permitted or provided by or under any statute, law or decision now or hereafter in force and effect.

The foregoing provisions of this subsection 11.2 are subject to the provisions of subsection 11.4 and 18.11 hereof.

11.3 EVENTS OF UNIT TERMINATION. The occurrence of any of the following shall constitute an Event of Unit Termination with respect to a Unit:

(a) **NO LIENS.** If at any time Agent shall create or permit to exist any Lien against any Unit Premises, Unit Improvements or Unit (even though the same may have existed at the time of any prior advance), except for Permitted Liens, and such Lien is not removed, bonded or otherwise secured to the reasonable satisfaction of Owner and Assignee within sixty (60) days after notice to Agent by Owner.

(b) **DAMAGE OR DESTRUCTION.** If any Unit Improvements are partially or totally damaged or destroyed by fire or any other cause arising as a result of Agent's actions or the failure of Agent to act and the restoration thereof cannot reasonably be expected to be completed so that the Unit Improvements will be completed on or before the applicable Unit Completion Date.

(c) **CESSATION OF CONSTRUCTION.** If there is any cessation of construction of the Unit Improvements for any period after the date construction shall commence in excess of sixty (60) successive calendar days, unless the conditions of each of subparagraphs (1), (2), (3) and (4) hereof shall have been satisfied:

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- (1) the cessation of construction shall have been caused by Force Majeure Delay;
- (2) Agent shall have made adequate provision, reasonably acceptable to Owner, for the protection of materials stored on site and for the protection of the Unit Improvements, to the extent then constructed, against deterioration and against other loss or damage and theft;
- (3) Agent shall have furnished to Owner reasonably satisfactory evidence that such cessation of construction will not (i) adversely affect or jeopardize the rights of Agent under material agreements relating to the construction or operation of the Unit Improvements or (ii) cause the Unit Acquisition Cost for all Units under this Agreement to exceed the sum of the Available Commitment; and
- (4) from time to time upon Owner's reasonable request therefor during any such cessation of construction, Agent shall furnish to Owner reasonably satisfactory evidence that (notwithstanding such cessation of construction) the completion of the Unit Improvements can be accomplished on or before the respective Unit Completion Date and within the Unit Budget.
- (d) **NONCONFORMING WORK.** If the construction of the Unit Improvements, or any part thereof, is made in a manner other than in substantial conformance with the Unit Plans and Agent fails to correct such nonconforming work in a reasonably prompt and satisfactory fashion after notice and demand by Owner, or if Agent shall fail to correct promptly any structural defect in the Unit Improvements upon demand of Owner.
- (e) **SECURITY AGREEMENTS.** If (i) Agent executes any chattel mortgage or other security agreement on any materials, fixtures or articles of personal property used in the construction or operation of the Unit Improvements or if any such materials, fixtures or articles are purchased pursuant to any conditional sales contract or other security agreement or otherwise so that the title thereto will not vest in Owner free from encumbrance or (ii) any such materials, fixtures or articles are not in accordance with the Unit Plans or (iii) Agent does not furnish to Owner upon request the contracts, bills of sale, statements, receipted vouchers and other agreements and documents, or any of them, under which Owner claims title to such materials, fixtures or articles.
- (f) **NON-COMPLIANCE WITH LEGAL REQUIREMENTS.** If Agent fails (subject to Permitted Contests) to comply with any Legal Requirement relating solely to such Unit, except any Legal Requirement, the noncompliance with which, individually or in the aggregate (i) will not place Owner or any Assignee in any danger of civil liability for which Owner or any Assignee is not adequately indemnified hereunder or subject Owner or any Assignee to any danger of criminal liability as a result of failure to comply therewith, (ii) will not result in a material diminution in the value or utility of any Unit and (iii) will not impair Agent's ability to perform its obligations under this Agreement or the Lease in a timely manner.

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(g) **FAILURE TO COMPLETE.** If (i) as of the close of business on a Unit Completion Date, Substantial Completion of the applicable Unit has not been achieved or (ii) the Certificate of Substantial Completion and AFL Unit Leasing Record have not been executed and delivered by the applicable Unit Completion Date.

(h) **PERMITS.** If Agent shall fail to obtain or be unable to obtain any material Permit, or if any material Permit shall be revoked or otherwise cease to be in full force and effect unless Agent shall have obtained reinstatement or reissuance of such Permit within thirty (30) days after the revocation or expiration thereof, or if such reinstatement or reissuance is of a nature that it cannot be completely effected within thirty (30) days, Agent shall have diligently commenced application for such reinstatement or reissuance and shall thereafter be diligently proceeding to complete said reinstatement or reissuance.

(i) **ENVIRONMENTAL MATTERS.** The occurrence of any event or circumstance relating to Environmental Matters with respect to a Unit that has a material adverse effect on (i) the construction, operation, maintenance, leasing, ownership, use or value of the Unit, (ii) the ability of Agent to observe and perform its obligations under this Agreement or the Lease in a timely manner or (iii) the rights or interests of Owner or Assignee under this Agreement or the Lease.

(j) **TAKING.** If the Taking of all or a substantial portion of a Unit occurs as a result of Agent's actions or Agent's failure to act. Upon receipt of proceeds from any award or sale made in connection with such Taking, so long as no Event of Default or Potential Default has occurred and is continuing, and so long as Agent has made all payments to Owner required under subsection 11.4 hereof, Owner shall remit to Agent the net amount of such proceeds remaining after reimbursement for all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by Owner in connection with the negotiation and settlement of any proceedings related to such Taking. If such proceeds are received prior to Agent making the payments required under subsection 11.4 hereof, the net proceeds shall be applied to the amount payable thereunder. A Taking shall be deemed to affect a "substantial portion" of a Unit if after such Taking such Unit has suffered a material diminution in value and is, or will be, unusable for Agent's ordinary business purposes.

(k) **DEFAULTS UNDER CONSTRUCTION DOCUMENTS.** Any default by Agent shall occur under any of the Construction Documents which could reasonably be expected to have a material adverse effect on (i) the construction, operation, maintenance, use or value of any Unit, (ii) the ability of Agent to perform its obligations under this Agreement or the Lease in a timely manner or (iii) the rights or interests of Owner or Assignee under this Agreement or the Lease, any required notice shall have been given and/or any applicable grace period shall have expired and such default shall not have been cured by Agent or waived by the other party to such Construction Document in writing prior to the expiration of such grace period.

(l) **OTHER COVENANTS.** Agent shall default in the performance or observance of any other term, covenant, condition or obligation contained in this Agreement (other than in the case of a default arising under subsection 9.3, subsection 9.15, subsection 10.2, subsection 10.3, subsection 10.4, subsection 10.5, subsection 10.6 or subsection 10.7 hereof) relating solely to such Unit, and such default shall continue for thirty (30) days after written notice shall have been

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given to Agent by Owner specifying such default and requiring such default to be remedied; PROVIDED, that if such default is of a nature that is not capable of being cured within such thirty (30) day period and Agent shall have diligently commenced curing such default and proceeds diligently and in good faith thereafter to complete curing such default, such thirty (30) day period shall be extended to one hundred twenty (120) days.

11.4 AGENT'S RIGHTS UPON AN EVENT OF UNIT TERMINATION. If any Event of Unit Termination with respect to a Unit shall occur, Owner shall have no further obligation to make advances to Agent with respect to such Unit, and Agent shall have the right, but not the obligation, to purchase such Unit (including Owner's interest under any applicable Ground Lease) within thirty (30) days after notice by Owner at a price equal to the Unit Acquisition Cost for such Unit. At the time of such purchase, Agent shall pay to Owner, Owner's obligations, costs, losses, damages, and expenses (including, without limitation, reasonable attorneys' fees and expenses) sustained by Owner by reason of such Event of Unit Termination. Upon the payment by Agent to Owner of the Unit Acquisition Cost for such Unit and all other amounts owing under this subsection 11.4, Owner shall remit to Agent any insurance proceeds received by Owner as a result of such Event of Unit Termination.

SECTION 12. INDEMNITIES

(a) Agent shall indemnify, defend, protect and hold harmless Owner and any successor or successors (each of the foregoing an "INDEMNIFIED PERSON") from and against all liabilities, taxes, losses, obligations, claims, damages, penalties, causes of action, suits, costs and expenses (including, without limitation, reasonable attorneys', experts', consultants' and accountants' fees and expenses) or judgments of any nature relating to or in any way arising out of:

(i) the ordering, delivery, acquisition, purchase agreement for the acquisition, construction, title on acquisition, rejection, installation, possession, titling, retitling, registration, reregistration, custody by Agent of title and registration documents, ownership, use, non-use, misuse, lease under the Ground Lease, financing (including without limitation all obligations of Owner under or in respect of any interest rate swap, cap, collar or other financial hedging arrangement and any amounts payable by Owner under any such arrangement to reduce the notional amount thereof by the amount of any prepayment of any borrowing to which such interest rate swap, cap, collar or other financial hedging arrangement relates), lease, sublease, operation, transportation, repair, control or disposition of any Unit Premises, Unit Improvements, item of Unit FF&E, or Unit; and

(ii) any of the claims, liabilities, demands, fees, taxes, violations of contract, or any other matter or situation described in or contemplated by the indemnification provisions of subparagraphs (b), (c), and
(d) of Section 11 of the Lease, except that this Agreement shall substitute the terms "Owner" for "the Lessor", "Agent" for "the Lessee", "this Agreement" for "this Lease", and shall substitute the phrase "Unit Premises, Unit Improvements, Unit FF&E or Unit" for the phrase "Property or Equipment".

(b) Agent shall indemnify, defend, protect and hold harmless Owner, any Assignee and any successor or successors of Owner and Assignee from and against all

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Environmental Damages relating to or in any way arising out of any Unit, including, without limitation, Environmental Damages relating to or in any way arising out of Environmental Matters, Environmental Requirements or the use, storage, handling, disposal of, import, Release, remediation, treatment, recycling, generation or transportation of Hazardous Substances at, on, under, to or from, any Unit Premises, Unit Improvements, Unit FF&E, or Unit.

(c) The indemnification required under this Section 12 shall be upon the terms provided in the paragraphs of Section 11 of the Lease following paragraph (d) thereof, except that this Agreement shall substitute the terms in the same manner as described in subparagraph (a)(ii) above. This Section 12 is intended to expressly provide indemnification for the negligence (but not the gross negligence or bad faith) of Indemnified Persons.

SECTION 13. LEASEHOLD INTERESTS

The provisions of Section 29 of the Lease shall govern each Ground Lease hereunder, except this Agreement shall substitute the terms "Owner" for "the Lessor", "Agent" for "the Lessee", "Unit Premises, Unit Improvements, Unit FF&E and Unit" for "Parcel of Property" and "Section 13" for "Section 29".

SECTION 14. PURCHASES

In connection with, and as a condition to, the purchase of any Unit Premises, Unit Improvements, Unit FF&E, or Unit pursuant to subsections 11.2, 11.4 or 18.11 hereof, Agent shall pay at the time of purchase, in addition to the Unit Acquisition Cost and all other amounts payable by Agent under this Agreement, all transfer taxes, transfer gains taxes, mortgage recording tax, if any, recording and filing fees and all other similar taxes, fees (including, without limitation, brokerage fees), expenses and closing costs (including reasonable attorneys' fees) in connection with the conveyance of such Unit Premises, Unit Improvements, Unit FF&E, or Unit to Agent and all other amounts owing hereunder. Upon receipt of such amount, Owner shall deliver to Agent a bill of sale and assignment agreement assigning and conveying to Agent all of Owner's right, title and interest in and to such Unit Premises, Unit Improvements, Unit FF&E and Unit relating thereto and shall execute and deliver to Agent a quitclaim deed or an assignment of any applicable Ground Lease. When Owner transfers title, such transfer shall be on an as-is, non-installment sale basis, without warranty by, or recourse to, Owner, except that such title shall be free of any Liens resulting from Owner's willful or knowing act or omission and of any Lien created pursuant to a Credit Agreement.

SECTION 15. TERMINATION OF CERTAIN UNITS

If (1)(A) any Unit Improvements are partially or totally damaged or destroyed by fire or any other cause and the restoration thereof cannot reasonably be expected to be completed so that the Unit Improvements will achieve Substantial Completion on or before the applicable Unit Completion Date, or (B) the use, occupancy or title to any Unit is taken, requisitioned or sold in, by or on account of actual or threatened eminent domain proceedings or other action by any Person or authority having the power of eminent domain (such events collectively referred to as a "TAKING"), and such Taking relates to the entire Unit or such portion thereof that renders the Unit unsuitable for continued use by Agent for the type of use which immediately preceded such

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Taking, and (2) such damage or destruction or Taking, as the case may be, does not arise as a result of Agent's actions or the failure of Agent to act, then in any such event, (i) Agent shall promptly notify Owner in writing of such event, (ii) Owner shall have no further obligation to make advances to Agent with respect to such Unit, and (iii) Agent shall pay to Owner all amounts, if any, owing hereunder with respect to such Unit. Insurance and condemnation proceeds, if any, received by Owner in excess of the Unit Acquisition Cost of the affected Unit, so long as no Event of Default or Event of Unit Termination has occurred and is continuing, shall be paid by Owner to Agent upon the payment by Agent of amounts owing, if any, pursuant to the preceding sentence.

SECTION 16. PERMITTED CONTESTS

(a) Agent shall not be required, nor shall Owner have the right, to pay, discharge or remove any tax, assessment, levy, fee, rent, charge, Lien or encumbrance, or to comply or cause any Unit Premises, Unit Improvements, item of Unit FF&E, or Unit to comply with any Legal Requirement applicable to any Unit Premises, Unit Improvements, item of Unit FF&E, or Unit or the occupancy, use or operation thereof, so long as no Event of Default or Event of Unit Termination exists under this Agreement, and, in the judgment of Agent's counsel, Agent shall have reasonable grounds to contest the existence, amount, applicability or validity thereof by appropriate proceedings, which proceedings in the reasonable judgment of Owner and Assignee, (i) shall not involve any material danger that any Unit Premises, Unit Improvements, item of Unit FF&E, or Unit or any portion thereof would be subject to sale, forfeiture or loss, as a result of failure to comply therewith, (ii) shall not affect the payment of any sums due and payable hereunder or result in any such sums being payable to any Person other than Owner or any Assignee, (iii) will not place Owner or any Assignee in any danger of civil liability which is not adequately indemnified (for purposes of this Section 16 (a), Agent's obligations under Section 12 of this Agreement shall be deemed to be adequate indemnification if no Event of Default or Event of Unit Termination exists and if such civil liability is reasonably likely to be less than \$250,000 per Unit or \$1,000,000 with respect to all Units) or to any criminal liability, (iv) if involving taxes, shall suspend the collection of the taxes, and (v) shall be permitted under and be conducted in accordance with the provisions of any other instrument to which Agent or any Unit Premises, Unit Improvements, item of Unit FF&E, or Unit is subject and shall not constitute a default thereunder (the "PERMITTED CONTEST"). Agent shall conduct all Permitted Contests in good faith and with due diligence and shall promptly after the final determination (including appeals) of any Permitted Contest pay and discharge all amounts which shall be determined to be payable therein. Owner shall cooperate in good faith with Agent with respect to all Permitted Contests conducted by Agent pursuant to this Section 16.

(b) In the event Owner or any Assignee deems, in its reasonable discretion, that its interests under this Agreement or in any Unit Premises, Unit Improvements, item of Unit FF&E or Unit are not adequately protected in connection with a Permitted Contest brought by Agent under this Section 16, Agent shall provide reasonable security to Owner, which security, upon Owner's prior consent, which consent shall not be unreasonably withheld or delayed, can be in the form of a reserve funded out of the proceeds of any advance made hereunder, or provide such other security as may be demanded by Owner or any Assignee to ensure payment of such tax, assessment, levy, fee, rent, charge or Lien and compliance with any Legal Requirement and to prevent any sale or forfeiture of any Unit Premises, Unit Improvements, item

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of Unit FF&E, or Unit or any other amount due by reason of such nonpayment or noncompliance. Agent hereby agrees that Owner may assign such security provided by Agent to any Assignee.

(c) At least ten (10) Business Days prior to the commencement of any Permitted Contest, Agent shall notify Owner and any Assignee in writing thereof if the amount in contest exceeds \$250,000, and shall describe such proceeding in reasonable detail. In the event that a taxing authority or subdivision thereof proposes an additional assessment or levy of any tax for which Agent is obligated to reimburse Owner under this Agreement, or in the event that Owner is notified of the commencement of an audit or similar proceeding which could result in such an additional assessment, then Owner shall in a timely manner notify Agent in writing of such proposed levy or proceeding.

SECTION 17. SALE OR ASSIGNMENT BY OWNER

(a) Subject to paragraph (b) of this Section 17, Owner shall have the right to obtain equity and debt financing for the acquisition and ownership of any Unit Premises, Unit Improvements, Unit FF&E, and Unit by selling or assigning its right, title and interest in any or all amounts due from Agent or any third Person under this Agreement and granting a security interest in this Agreement to a lender or lenders under a Credit Agreement; PROVIDED, that any such sale or assignment shall be subject to the rights and interests of Agent under this Agreement and the Lease.

(b) Any Assignee shall, except as otherwise agreed by Owner and such Assignee, have all the rights, powers, privileges and remedies of Owner hereunder, provided that Agent's obligations as between itself and such Assignee hereunder shall be subject to any claims or defenses that Agent may have against Owner. Upon written notice to Agent of any such assignment, Agent shall thereafter make payments of any and all sums due hereunder to Assignee, to the extent specified in such notice, and such payments shall discharge the obligation of Agent to Owner hereunder to the extent of such payments. Anything contained herein to the contrary notwithstanding, no Assignee shall be obligated to perform any duty, covenant or condition required to be performed by Owner hereunder, and any such duty, covenant or condition shall be and remain the sole obligation of Owner.

(c) The provisions of this Section 17 are subject to the terms and conditions of the Participation Agreement.

SECTION 18. GENERAL CONDITIONS

The following conditions shall be applicable throughout the term of this Agreement:

18.1 SURVIVAL. Except as otherwise provided in the Lease, all agreements, indemnities, representations and warranties set forth herein and the obligation set forth herein to pay Additional Rent (as defined in the Lease) shall survive until the expiration or other termination hereof, provided that (a) any monetary obligation under this Agreement accrued at the time of or related to periods prior to such expiration or other termination shall survive such expiration or other termination to the extent that such obligations have not yet been satisfied, and

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(b) any non-monetary obligation under this Agreement which is expressly provided to be performed after or to survive the expiration or termination of this Agreement shall survive the expiration or other termination hereof.

18.2 NO WAIVERS; CONSENTS AND APPROVALS. (a) No advance hereunder shall constitute a waiver of any of the conditions of Owner's obligation to make further advances nor, in the event Agent is unable to satisfy any such condition, shall any waiver of such condition have the effect of precluding Owner from thereafter declaring such inability to be an Event of Default or Event of Unit Termination as herein provided. Any advance made by Owner and any sums expended by Owner pursuant to this Agreement shall be deemed to have been made pursuant to this Agreement, notwithstanding the existence of an uncured Event of Default or Event of Unit Termination. No advance shall constitute a waiver of the right of Owner to require compliance with the covenant contained in subsection 10.1 hereof with respect to any such defects or material departures from any Unit Plans not theretofore called to the attention of Owner and approved by Owner and Assignee. No advance at a time when an Event of Default or Event of Unit Termination exists shall constitute a waiver of any right or remedy of Owner existing by reason of such Event of Default or Event of Unit Termination, including, without limitation, the right to refuse to make further advances.

All consents or approvals required to be given by Owner pursuant to the provisions of this Agreement shall be deemed given if not otherwise specifically granted or denied within ten (10) Business Days of receipt by Owner of written request from Agent.

18.3 OWNER AND ASSIGNEE SOLE BENEFICIARIES. All conditions of the obligation of Owner to make advances hereunder are imposed solely and exclusively for the benefit of Owner and any Assignee and their assigns, and no other Person shall have standing to require satisfaction of such conditions in accordance with their terms or be entitled to assume that Owner will refuse to make advances in the absence of strict compliance with any or all thereof and no other Person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any or all of which may be freely waived in whole or in part by Owner, with the consent of Assignee, at any time if in its sole discretion it deems it advisable to do so. Inspections and approvals of any Unit Plans, Unit Premises, Unit Improvements, Unit FF&E, and Unit and the workmanship and materials used therein impose no responsibility or liability of any nature whatsoever on Owner or any Assignee, and no Person shall, under any circumstances, be entitled to rely upon such inspections and approvals by Owner or any Assignee for any reason.

18.4 NO OFFSETS, ETC. The obligations of Agent to pay all amounts payable pursuant to this Agreement and to purchase a Unit hereunder shall be absolute and unconditional under any and all circumstances of any character, and such amounts shall be paid without notice, demand, defense, setoff, deduction or counterclaim and without abatement, suspension, deferment, diminution or reduction of any kind whatsoever, except as herein expressly otherwise provided. The obligation of Agent to lease or sublease and pay Basic Rent (as defined in the Lease) for a Unit upon Substantial Completion with respect to such Unit is without any warranty or representation, express or implied, as to any matter whatsoever on the part of Owner or any Assignee or any Affiliate of either, or anyone acting on behalf of any of them.

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AGENT HAS SELECTED AND SHALL SELECT ALL UNIT PREMISES, UNIT IMPROVEMENTS, UNITS AND ITEMS OF UNIT FF&E CONSTRUCTED, ACQUIRED OR ORDERED ON THE BASIS OF ITS OWN JUDGMENT. NEITHER OWNER NOR ANY ASSIGNEE NOR ANY AFFILIATE OF EITHER, NOR ANYONE ACTING ON BEHALF OF ANY OF THEM, MAKES ANY REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, AS TO THE SAFETY, TITLE, CONDITION, QUALITY, QUANTITY, FITNESS FOR USE, MERCHANTABILITY, CONFORMITY TO SPECIFICATION, OR ANY OTHER CHARACTERISTIC, OF ANY UNIT PREMISES, UNIT IMPROVEMENTS, UNIT, OR ITEM OF UNIT FF&E, OR AS TO WHETHER ANY UNIT PREMISES, UNIT IMPROVEMENTS, UNIT, OR ITEM OF UNIT FF&E, OR THE OWNERSHIP, USE, OCCUPANCY OR POSSESSION THEREOF COMPLIES WITH ANY LAWS, RULES, REGULATIONS OR REQUIREMENTS OF ANY KIND.

AS BETWEEN OWNER AND AGENT, ANY ASSIGNEE OR ANY INDEMNIFIED PERSON, AGENT ASSUMES ALL RISKS AND WAIVES ANY AND ALL DEFENSES, SET-OFFS, DEDUCTIONS, COUNTERCLAIMS (OR OTHER RIGHTS), EXISTING OR FUTURE, TO ITS OBLIGATION TO PAY ALL AMOUNTS PAYABLE HEREUNDER, INCLUDING, WITHOUT LIMITATION, ANY RELATING TO:

(A) THE SAFETY, TITLE, CONDITION, QUALITY, QUANTITY, FITNESS FOR USE, MERCHANTABILITY, CONFORMITY TO SPECIFICATION, OR ANY OTHER QUALITY OR CHARACTERISTIC OF ANY UNIT PREMISES, UNIT IMPROVEMENTS, UNIT, OR ITEM OF UNIT FF&E, LATENT OR NOT;

(B) ANY SET-OFF, COUNTERCLAIM, RECOUPMENT, ABATEMENT, DEFENSE OR OTHER RIGHT WHICH AGENT MAY HAVE AGAINST OWNER, ANY ASSIGNEE, OR ANY INDEMNIFIED PERSON FOR ANY REASON WHATSOEVER ARISING OUT OF THIS OR ANY OTHER TRANSACTION OR MATTER;

(C) ANY DEFECT IN TITLE OR OWNERSHIP OF ANY UNIT PREMISES, UNIT IMPROVEMENTS, OR UNIT OR ANY TITLE ENCUMBRANCE NOW OR HEREAFTER EXISTING WITH RESPECT TO THE UNIT PREMISES, UNIT IMPROVEMENTS, UNIT, OR ITEMS OF UNIT FF&E;

(D) ANY FAILURE OR DELAY IN DELIVERY OR ANY LOSS, THEFT OR DESTRUCTION OF, OR DAMAGE TO, ANY UNIT PREMISES, UNIT IMPROVEMENTS, UNIT, OR ITEM OF UNIT FF&E IN WHOLE OR IN PART, OR CESSATION OF THE USE OR POSSESSION OF ANY UNIT PREMISES, UNIT IMPROVEMENTS, UNIT, OR ITEM OF UNIT FF&E BY AGENT FOR ANY REASON WHATSOEVER AND OF WHATEVER DURATION, OR ANY CONDEMNATION, CONFISCATION, REQUISITION, SEIZURE, PURCHASE, TAKING OR FORFEITURE OF ANY UNIT PREMISES, UNIT IMPROVEMENTS, ITEM OF UNIT FF&E OR UNIT, IN WHOLE OR IN PART;

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(E) ANY INABILITY OR ILLEGALITY WITH RESPECT TO THE USE, OWNERSHIP, OCCUPANCY OR POSSESSION OF THE UNIT PREMISES, UNIT IMPROVEMENTS, UNIT, OR ITEMS OF UNIT FF&E BY AGENT;

(F) ANY INSOLVENCY, BANKRUPTCY, REORGANIZATION OR SIMILAR PROCEEDING
BY OR AGAINST AGENT OR OWNER OR ANY ASSIGNEE;

(G) ANY FAILURE TO OBTAIN, OR EXPIRATION, SUSPENSION OR OTHER TERMINATION OF, OR INTERRUPTION TO, ANY REQUIRED LICENSES, PERMITS, CONSENTS, AUTHORIZATIONS, APPROVALS OR OTHER LEGAL REQUIREMENTS;

(H) THE INVALIDITY OR UNENFORCEABILITY OF THIS AGREEMENT OR ANY OTHER INFIRMITY HEREIN OR ANY LACK OF POWER OR AUTHORITY OF OWNER OR AGENT TO ENTER INTO THIS AGREEMENT; OR

(I) ANY OTHER CIRCUMSTANCES OR HAPPENING WHATSOEVER, WHETHER OR NOT SIMILAR TO ANY OF THE FOREGOING.

AGENT HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS WHICH IT MAY NOW HAVE OR WHICH AT ANY TIME HEREAFTER MAY BE CONFERRED UPON IT, BY STATUTE OR OTHERWISE, TO TERMINATE, CANCEL, QUIT, RESCIND OR SURRENDER THIS AGREEMENT EXCEPT IN ACCORDANCE WITH THE EXPRESS TERMS HEREOF.

Notwithstanding anything contained herein to the contrary, the making of payments under this Agreement by Agent shall not be deemed to be a waiver of any claim or claims that Agent may assert against Owner or any other Person. Owner agrees to repay Agent amounts paid to Owner to the extent such payments were in error and are not required by any of the terms and provisions of this Agreement.

18.5 NO RECOURSE. Owner's obligations hereunder are intended to be the obligations of the limited partnership and of the corporation which is the general partner thereof only and no recourse for the payment of any amount due under this Agreement, the Lease, the Construction Documents or any other agreement contemplated hereby, or for any claim based thereon or otherwise in respect thereof, shall be had against any limited partner of Owner or any incorporator, shareholder, officer, director or Affiliate, as such, past, present or future, of such corporate general partner or of any corporate limited partner or of any successor corporation to such corporate general partner or any corporate limited partner of Owner, or against any direct or indirect parent corporation of such corporate general partner or any limited partner of Owner or any other subsidiary or Affiliate or any such direct or indirect parent corporation or any incorporator, shareholder, officer or director, as such, past, present or future, of any such parent or other subsidiary or Affiliate. Nothing contained in this subsection 18.5 shall be construed to limit the exercise or enforcement, in accordance with the terms of this Agreement, the Lease and the Construction Documents and any other documents referred to herein, of rights and remedies against the limited partnership or the corporate general partner of Owner or the assets of the limited partnership or the corporate general partner of Owner.

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18.6 NOTICES.

All notices, offers, acceptances, approvals, waivers, requests, demands and other communications hereunder or under any other instrument, certificate or other document delivered in connection with the transactions described herein shall be in writing, shall be addressed as provided below and shall be considered as properly given (i) if delivered in person, (ii) if sent by reputable express courier service (including, without limitation, Federal Express, Emery, DHL, Airborne Express, and other similar express delivery services), (iii) if mailed through the United States Postal Service, postage prepaid, registered or certified with return receipt requested, or (iv) if sent by telecopy and confirmed; PROVIDED, that in the case of a notice by telecopy, the sender shall in addition confirm such notice by writing sent in the manner specified in clauses (i), (ii) or (iii) of paragraph (a) of this subsection

18.6. All notices shall be effective upon receipt by the addressee; PROVIDED, HOWEVER, that if any notice is tendered to an addressee and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender. For the purposes of notice, the addresses of the parties shall be as set forth below; PROVIDED, HOWEVER, that any party shall have the right to change its address for notice hereunder to any other location by giving written notice to the other party in the manner set forth herein. The initial addresses of the parties hereto are as follows:

If to Owner:

TCA Network Funding, Limited Partnership

c/o ML Leasing Equipment Corp.

North Tower
World Financial Center 250 Vesey Street
New York, New York 10281

Attention:	Jean M. Tomaselli
Telephone:	(212) 449-7925
Telecopy:	(212) 449-2854

With a copy of all notices under this subsection 18.6 to be simultaneously given, delivered, or served to Kira Toone at the following address:

ML Leasing Equipment Corp.

Controller's Office

World Financial Center South Tower - 14th Floor 225 Liberty Street
New York, New York 10080-6114

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If to any Agent:

c/o TravelCenters of America, Inc.
24601 Center Ridge Road - Suite 200
Westlake, Ohio 44145-5634

Attention: General Counsel
Telephone: (440) 808-4472
Telecopy: (440) 808-3301

With a copy of all notices under this subsection 18.6 to any Assignee at such address as such Assignee may specify by written notice to Owner and Agent.

Owner shall within five (5) Business Days give to Agent a copy of all notices received by Owner pursuant to any Credit Agreement and any other notices received with respect to any Unit Premises, Unit Improvements, item of Unit FF&E, or Unit.

18.7 MODIFICATIONS. Neither this Agreement nor any provision hereof may be changed, waived or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver or termination is sought.

18.8 RIGHTS CUMULATIVE. All rights, powers and remedies herein given to Owner are cumulative and not alternative, and are in addition to all statutes or rules of law; any forbearance or delay by Owner in exercising the same shall not be deemed to be a waiver thereof, and the exercise of any right or partial exercise thereof shall not preclude the further exercise thereof, and the same shall continue in full force and effect until specifically waived by an instrument in writing executed by Owner. All representations and covenants by Agent shall survive the making of the advances, and the provisions hereof shall be binding upon and inure to the benefit of the respective successors and permitted assigns, if any, of the parties hereto. Agent may not, however, assign its rights or obligations as agent hereunder.

18.9 GOVERNING LAW. THIS AGREEMENT HAS BEEN EXECUTED AND DELIVERED IN THE STATE OF NEW YORK. AGENT AND OWNER AGREE THAT, TO THE MAXIMUM EXTENT PERMITTED BY THE LAWS OF THE STATE OF NEW YORK, THIS AGREEMENT, AND THE RIGHTS AND DUTIES OF AGENT AND OWNER HEREUNDER, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING WITHOUT LIMITATION SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) IN ALL RESPECTS, INCLUDING WITHOUT LIMITATION IN RESPECT OF ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. AGENT HEREBY IRREVOCABLY SUBMITS, FOR ITSELF AND ITS PROPERTIES, TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND THE SUPREME COURT OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST IT AND RELATED TO OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND TO THE EXTENT PERMITTED

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BY APPLICABLE LAW, AGENT HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURT, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS AGREEMENT OR ANY DOCUMENT OR ANY INSTRUMENT REFERRED TO HEREIN OR THE SUBJECT MATTER HEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURT. TO THE EXTENT PERMITTED BY APPLICABLE LAW, AGENT AGREES NOT TO SEEK AND HEREBY WAIVES THE RIGHT TO ANY REVIEW OF THE JUDGMENT OF ANY SUCH COURT BY ANY COURT OF ANY OTHER NATION OR JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF SUCH JUDGMENT. AGENT AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR NOTICES SET FORTH IN THIS AGREEMENT OR ANY METHOD AUTHORIZED BY THE LAWS OF NEW YORK. OWNER AND AGENT EXPRESSLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. OWNER AND AGENT ACKNOWLEDGE THAT THE PROVISIONS OF THIS SUBSECTION 18.9 HAVE BEEN BARGAINED FOR AND THAT THEY HAVE BEEN REPRESENTED BY COUNSEL IN CONNECTION THEREWITH.

18.10 CAPTIONS. The captions in this Agreement are for convenience of reference only, and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

18.11 PURCHASE BY AGENT. Upon the occurrence of an Event of Default and upon the written request of Agent, which shall be received not later than fifteen (15) Business Days subsequent to receipt of notice from Owner or any Assignee pursuant to this Agreement that such Event of Default has occurred, Agent shall have the right, not later than thirty (30) Business Days after Owner's receipt of such request, to purchase all Unit Premises, Unit Improvements, Unit FF&E and Units under this Agreement at a price equal to their Unit Acquisition Cost. In connection with, and as a condition to, the purchase of such Unit Premises, Unit Improvements, Unit FF&E and Units pursuant hereto, Agent shall pay at the time of purchase, in addition to the Unit Acquisition Cost, all other amounts payable by Agent under Section 14 of this Agreement.

18.12 OWNER COOPERATION. Owner shall from time to time promptly execute and deliver to Agent all such documents and instruments and do all such other acts and things as Agent may reasonably request to obtain the full benefits of this Agreement, to enable Agent to perform its obligations and to protect Agent's rights and interests in and to any Unit Premises, Unit Improvements, Unit FF&E or Unit and all costs and expenses incurred by Owner.

18.13 SALE OF UNDEVELOPED PROPERTY. Agent shall have the right, upon fifteen (15) days' notice to Owner, to terminate this Agreement with respect to any portion of any Unit Premises constituting undeveloped land acquired pursuant to this Agreement (the "UNDEVELOPED PREMISES"), at any time, by arranging, at its own cost and expense, for the sale of such

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Undeveloped Premises in an arms' length transaction on the date of termination and the receipt by Agent of the proceeds of such sale; PROVIDED, that as a condition to any such sale Agent shall determine, in its reasonable business judgment, that such Undeveloped Premises shall not be necessary for the use, maintenance or operation of any Unit, and (ii) Agent shall provide to Owner, upon Owner's request, evidence reasonably satisfactory to Owner that such sale will not materially impair the value, utility or condition of any Unit. The proceeds of any sale pursuant to this subsection 18.13 shall be remitted to and retained by Agent. Upon receipt by Agent of the proceeds of sale, Owner shall transfer title to such Undeveloped Premises to the purchaser at the sale designated by Agent. In connection with any sale pursuant to this subsection 18.13, (1) when Owner transfers title, such transfer shall be on an as-is, non-installment sale basis, without warranty by, or recourse to, Owner, but free of any Liens resulting from Owner's willful or knowing act or omission, (2) the purchase price for any such sale shall be paid entirely in cash and in immediately available funds and (3) Agent shall pay or shall cause the purchaser to pay, in addition to the purchase price, all mortgage recording taxes, if any, recording and filing fees and all other similar taxes, fees, expenses and closing costs (including reasonable attorneys' fees) in connection with the conveyance to any purchaser. Agent hereby acknowledges and agrees that any sale by Owner of Undeveloped Premises pursuant to this subsection 18.13 shall be subject to the provisions of subsection 9.5 and Section 12 of this Agreement.

SECTION 19. CERTAIN LIMITATIONS

It is the intention of the parties hereto to conform strictly to all usury laws that are applicable to each such party, this Agreement and to each of the transactions contemplated by this Agreement (collectively, the "TRANSACTIONS"). Accordingly, notwithstanding anything to the contrary in this Agreement, or any other document, certificate, instrument or agreement entered in connection with the Transactions (collectively the "TRANSACTION DOCUMENTS"), it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under Applicable Usury Law (hereinafter defined) that is contracted for, taken, reserved, charged or received by any party under the Transaction Documents or otherwise in connection with the Transactions shall under no circumstances exceed the maximum amount of interest that would lawfully be charged by such party under Applicable Usury Law, (ii) in the event that maturity of any indebtedness evidenced by or payable pursuant to the Transaction Documents is accelerated for any reason, or in the event of any required or permitted payment or prepayment of all or any part of such indebtedness (including, without limitation, and if applicable, any required or permitted purchase of any Unit Premises, Unit Improvements, Unit FF&E or Unit, or any required or permitted payment of the Unit Acquisition Cost), then such consideration that constitutes interest as to any such indebtedness under Applicable Usury Law may never include more than the maximum amount allowed by such Applicable Usury Law, and (iii) excess interest, if any, provided for in the Transaction Documents or otherwise in connection with the Transactions shall be, in accordance with the following provisions of this Section 19, cancelled automatically and, if theretofore paid, shall be credited by the recipient on the principal or stated amount of the affected indebtedness (or, to the extent that the principal or stated amount of such indebtedness shall have been or would thereby be paid in full, refunded by such recipient to the party entitled thereto). If at any time the rate of interest (denominated as such) contractually called for in any Transaction Document (as the same may vary from time to time pursuant to the terms of such Transaction Document, the "STATED RATE"), exceeds the maximum non-usurious rate of interest permitted by Applicable Usury Law (the "MAXIMUM RATE") in respect of the indebtedness

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evidenced by such Transaction Document, taking into account all other amounts paid or payable pursuant to the Transaction Documents which constitute interest with respect to such indebtedness under Applicable Usury Law regardless of whether denominated as interest (collectively, the "OTHER CHARGES"), then the rate of interest to accrue on such indebtedness shall be limited to such Maximum Rate (taking into account the Other Charges), but any subsequent reduction in the Stated Rate applicable to such indebtedness shall not reduce the rate of interest or yield to accrue on such indebtedness to a rate that is less than such Maximum Rate (taking into account the Other Charges) until such time as the total amount of interest or yield on such indebtedness equals the amount of interest or yield which would have accrued if the Stated Rate applicable to such indebtedness had at all times been in effect. If at the maturity or final payment of any indebtedness the total amount of interest or yield paid or accrued on such indebtedness under the preceding sentence is less than the total amount of interest or yield which would have accrued if the Stated Rate applicable to such indebtedness had at all times been in effect, then to the fullest extent permitted by Applicable Usury Law there shall be due and payable with respect to such indebtedness an amount equal to the excess, if any, of (a) the lesser of (i) the amount of interest which would have accrued on such indebtedness if such Maximum Rate in respect of such indebtedness had at all times been in effect and been chosen as the rate of interest or yield to be applicable throughout the term of such indebtedness (taking into account the Other Charges) and (ii) the amount of interest which would have accrued on such indebtedness if the Stated Rate applicable to such indebtedness had at all times been in effect, over (b) the amount of interest accrued in accordance with the provisions of the Transaction Document evidencing such indebtedness after giving effect to the preceding sentence. All amounts paid or agreed to be paid for the forbearance or detention of sums pursuant to or in connection with the Transaction Documents shall, to the extent permitted by Applicable Usury Law, be amortized, prorated, allocated and spread throughout the full term thereof so that the rate or amount of interest paid or payable with respect to any amount of indebtedness evidenced or payable pursuant to the Transaction Documents does not exceed the applicable usury ceiling, if any. As used herein, the term "APPLICABLE USURY LAW" means that law, if any, that is applicable to any particular Transaction and that limits the maximum non-usurious rate of interest that may be taken, contracted for, charged, reserved or received with the respect to such Transaction, including the Federal laws of the United States of America, the laws of the State of New York, the laws of the State of Texas, and the laws of any other jurisdiction that may be mandatorily applicable to such Transaction notwithstanding other provisions of this Agreement and the other Transaction Documents. As used herein, the term "interest" means interest as determined under Applicable Usury Law, regardless of whether denominated as interest in the Transaction Documents (except to the extent that this Section 19 specifically refers to interest denominated as interest). The right to accelerate maturity of any indebtedness evidenced by any Transaction Document, and the right to demand payment of the Unit Acquisition Cost does not include the right to accelerate any interest, or to receive any other amounts, which would cause the Transactions to be usurious under Applicable Usury Law. To the extent (if any) that Texas law determines the Maximum Rate, such Maximum Rate shall be determined by utilizing the indicated rate (weekly) ceiling from time to time in effect pursuant to Texas Revised Civil Statutes Annotated Article 5069-1.04, as amended. In no event will the provisions of Texas Revised Civil Statutes Annotated Articles 5069-2.01 through 5069-8.06 or 5069-15.01 through 5069-15.11 be applicable to the Transactions. All computations of the maximum amount allowed under Applicable Usury Law will be made on the basis of the actual number of days

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elapsed over a 365 or 366 day year, whichever is applicable pursuant to such Applicable Usury Law. The provisions of this Section 19 shall prevail over any contrary provisions of this Agreement or any of the other Transaction Documents.

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IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

TCA Network Funding, Limited Partnership

By: TCA Network Capital, Inc.,
its General Partner

By: /s/ William R. Fuhs

Name: William R. Fuhs
Title: Vice President

TA Operating Corporation

By: /s/ James W. George

Name: James W. George
Title: Senior Vice President

National Auto/Truckstops, Inc.

By: /s/ James W. George

Name: James W. George
Title: Senior Vice President

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EXHIBIT A

THE LEASE

See Tab 6.1.

A-1

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EXHIBIT B

FORM OF AFL UNIT LEASING RECORD

AFL UNIT LEASING RECORD to
the Lease Agreement,
dated as of September __, 1999
between TCA Network,
Limited Partnership, as lessor,
and TA Operating Corporation and
National Auto/Truckstops, Inc.
as lessee (the "LEASE AGREEMENT").

Lessor: TCA Network Funding, Limited
Partnership
Lessee: TA Operating Corporation and
National Auto/Truckstops, Inc.

A. Unit Premises No.: ____
Effective Date of this AFL

Unit Leasing Record ("AFL ULR")_____.

B. PLEASE COMPLETE THE FOLLOWING STATEMENTS, IF APPLICABLE:

This AFL ULR relates to [Deed/Ground Lease] dated _____.

C. UNIT PREMISES DESCRIPTION AND RENTAL INFORMATION. Type of Property (use category specified in Exhibit A to the Lease Agreement)

D. Specific Description: (See Schedule A hereto if more space needed)

E. Location of Unit Premises _____ State County City

F. Unit Acquisition Cost under the Agreement for Lease is \$ _____.

G. The Lease Term for the Unit Premises placed under lease pursuant to this AFL ULR will be in accordance with Exhibit A to the Lease Agreement.

H. The Basic Rent is as defined in the Lease Agreement. The Quarterly Rent Component will be as set forth on Schedule I hereto.

I. Termination of the lease of the Equipment leased pursuant to this AFL ULR will be in accordance with the Lease Agreement.

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J. ACKNOWLEDGMENT AND EXECUTION

The undersigned Lessor hereby leases to the undersigned Lessee, and the Lessee acknowledges delivery to it in good condition of the Unit Premises described on this AFL ULR. The Lessee agrees to pay the Basic Rent, Additional Rent and additional payments set forth in the Lease Agreement. The covenants, terms and conditions of this lease are those appearing in the Lease Agreement, as it may from time to time be amended, which covenants, terms and conditions are hereby incorporated by reference. The terms used herein have the meaning assigned to them in the Lease Agreement.

TA Operating Corporation,

Lessee

By: _____

Name:
Title:

National Auto/Truckstops, Inc.,
Lessee

By: _____

Name:

Title:

TCA Network Funding, Limited
Partnership, Lessor

By TCA Network Capital, Inc.,
is General Partner

By: _____

Name:
Title:

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EXHIBIT C

**FORM OF ACQUISITION CERTIFICATE
WITH RESPECT TO UNIT PREMISES LOCATED AT _____***

TA Operating Corporation and National Auto/Truckstops, Inc., as agents (collectively, "AGENT"), under a certain Agreement for Lease (the "AGREEMENT") dated as of September __, 1999 entered into between TCA Network Funding, Limited Partnership ("OWNER") and Agent, each hereby certifies to Owner and Assignee as follows:

1. **MEMORANDUM OF LEASE.** Attached hereto at TAB 1 is a copy of a memorandum of lease agreement with respect to the Lease in the appropriate form for recording in the jurisdiction in which the Unit Premises are located, two (2) originals of which are being delivered simultaneously with this Certificate.
2. **[GROUND LEASE/DEED].** Attached hereto at TAB 2 is an original of the Ground Lease (which Ground Lease is not subject to any Liens other than Permitted Liens), including a true and complete copy of the metes and bounds legal description of the Unit Premises, together with a memorandum of ground lease (two (2) originals of which are being delivered simultaneously with this Certificate) for the Unit Premises, in each case in the appropriate form for recording and any necessary estoppel certificates, recognition and attornment agreements, confirmations and subordinations required by Owner's and any Assignee's counsel regarding the Ground Lease. [OR] Attached hereto at TAB 2 is an original of the limited warranty deed (or the equivalent for the jurisdiction in which the Unit Premises are located) conveying marketable title in such Unit Premises to Owner, and not subject to any Liens other than Permitted Liens.
3. **TAXES.** All past and current taxes and assessments (excluding those which are due and payable but not yet delinquent) applicable to the Unit Premises have been paid in full or are being contested by Agent as a Permitted Contest.
4. **TITLE INSURANCE POLICY AND PREMIUMS.** Attached hereto at TAB 3 is a title insurance commitment or ALTA owner's policy with a pending improvements clause and a lender's policy with a pending disbursements clause for the benefit of Assignee and including a recharacterization endorsement (if available under applicable title insurance regulations), each in the amount of the Unit Budget for such Unit Premises, for the benefit of Owner and Assignee, issued by the Title Company with respect

* All capitalized terms used in this Certificate shall have the meanings given to such terms in the Agreement for Lease.

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to the Unit Premises and acceptable to Owner and Assignee in all respects, together with legible copies of all underlying documents of record affecting such Unit Premises, and evidence that all premiums in respect of such policies will be paid at the closing of title.

5. SURVEY. Attached hereto at TAB 4 is the current survey of the Unit Premises, certified to Owner, Assignee and the Title Company by the surveyor, and satisfying the requirements of paragraph (h) of Section 4 of the Agreement.

6. SITE PLAN. Attached hereto at TAB 5 is a site plan prepared on behalf of Agent, showing the proposed location of the Unit Improvements to be constructed on the Unit Premises.

7. UTILITIES. All utility services and facilities (including, without limitation, gas, electrical, water and sewage services and facilities) (a) which are necessary and required during the construction period [HAVE BEEN COMPLETED [OR] WILL BE AVAILABLE IN SUCH A MANNER THAT CONSTRUCTION WILL NOT BE IMPEDED BY A LACK THEREOF] and (b) which are necessary for operation and occupancy of the Unit will be completed in such a manner and at such a time as will assure the opening and operation of the Unit on or before the Unit Completion Date.

8. FLOOD ZONE. Attached hereto at TAB 6 is a certification by the surveyor or an official of an appropriate Governmental Authority as to whether the Unit Premises are located in a flood plain.

9. GOVERNMENTAL ACTIONS. All Governmental Actions required for the construction of the Unit Improvements and for the use of the Unit Premises in accordance with and as contemplated by the Agreement and the Lease have been or will be issued or obtained in such a manner that construction will not be impeded by a lack thereof and all Governmental Actions required therefor which have been issued or obtained are in full force and effect.

10. OPINION OF COUNSEL FOR AGENT. Attached hereto at TAB 7 are opinions of counsel for Agent.

11. OPINION OF COUNSEL FOR GUARANTOR. Attached hereto at TAB 8 are opinions of counsel for the Guarantor.

12. UNIT PLANS. Attached hereto at TAB 9 is a copy of the Unit Plans for the Unit Premises.

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13. CONSTRUCTION AGREEMENT. Attached hereto at TAB 10 is a fully executed and complete copy of the Construction Agreement for the Unit Premises, if any.
14. UNIT BUDGET. Attached hereto at TAB 11 is a copy of the Unit Budget for such Unit, which Unit Budget is (a) true, complete and correct, (b) accurately representative of all expected costs of the Unit and (c) within the dollar limits set forth in the first sentence of subsection 2.2 of the Agreement.
15. CERTIFICATES OF INSURANCE. Attached hereto at TAB 12 are certificates of insurance or other evidence certifying that the insurance carried or maintained on the Unit required by subsection 9.3 of the Agreement complies with the terms of such subsection 9.3.
16. REQUEST FOR ADVANCE. Attached hereto at TAB 13 is a duly executed AIA Document G722 (or substantially similar document), complying with the requirements of paragraph (r) of Section 4 of the Agreement.
17. UNIT FF&E SPECIFICATIONS. Attached hereto at TAB 14 is a true and complete copy of the Unit FF&E Specifications with respect to the Unit Premises, initialed to show Agent's approval. [IF NO UNIT FF&E ARE CONTEMPLATED, PLEASE INDICATE THIS.]
18. ENVIRONMENTAL CERTIFICATE AND REPORT. Attached hereto at TAB 15 are the environmental certificate and report or reports complying with paragraphs (u) and (v) of Section 4 of the Agreement.
19. USE OF PROCEEDS, NO LIENS AND REPRESENTATIONS OF AGENTS. (a) All costs and expenses which are the subject of this Initial Advance have been paid in full or will be paid in full out of the proceeds of this Initial Advance, (b) there are no Liens on the Unit Premises of which Agent has knowledge that are not Permitted Liens, (c) all representations and warranties made by Agent in the Agreement, in the Lease, and in connection with this Initial Advance, are and remain true and correct in all material respects on and as of the date of this Initial Advance as if made on and as of the date of this Initial Advance, and (d) no Event of Default, Potential Default or, with respect to the Unit for which this Initial Advance is requested, Event of Unit Termination or Potential Event of Unit Termination, under the Agreement has occurred and is continuing on the date this Initial Advance is to be made or will occur by reason of giving effect to this Initial Advance.
20. CONTINUING REPRESENTATIONS OF GUARANTOR. All representations and warranties of the Guarantor made in the Guaranty are and remain true and correct in all material respects on and as of the date of this Initial Advance as if made on and as of the date of this Initial Advance and no default

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under the Guaranty has occurred and is continuing on the date this Initial Advance is to be made or will occur by reason of giving effect to this Initial Advance.

21. PLEDGED CONTRACTS. Attached hereto at TAB 16 is a fully executed and complete copy of each of the Pledged Contracts.

22. MAI APPRAISAL. Attached hereto at TAB 17 is an MAI appraisal prepared by an independent, licensed appraiser, with respect to the Unit Premises.

23. ADDITIONAL MATTERS. If applicable, attached hereto at TAB 18 are such other documents and legal matters in connection with the request for this Initial Advance as may be reasonably requested by Owner and any Assignee.

Dated: _____

TA Operating Corporation

By: _____

Name:

Title:

National Auto/Truckstops, Inc.

By: _____

Name:

Title:

(to be filled in by Owner)

Unit Completion Date: _____

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EXHIBIT D

**FORM OF INTERIM ADVANCE CERTIFICATE
WITH RESPECT TO UNIT PREMISES LOCATED AT _____
IN CONNECTION WITH A REQUEST FOR AN INTERIM ADVANCE**

TA Operating Corporation and National Auto/Truckstops, Inc., as agents (collectively, "AGENT"), under a certain Agreement for Lease (the "AGREEMENT") dated as of September __, 1999, entered into with TCA Network Funding, Limited Partnership ("OWNER"), delivers this Interim Advance Certificate pursuant to

Section 5 of the Agreement with respect to the above noted Unit Premises. All terms used in this Certificate shall have the meanings given to such terms in the Agreement. Each Agent hereby certifies to Owner and Assignee as follows:

1. CONTINUING REPRESENTATIONS OF AGENTS. All representations and warranties made by Agent in the Agreement (other than in subsection 8.10 thereof), in the Lease (other than in paragraph (f) and clause (8) of paragraph (r) of Section 2 of the Lease), and in connection with this Interim Advance, are and remain true and correct in all material respects on and as of the date of this Interim Advance as if made on and as of the date of this Interim Advance and no Event of Default, Potential Default or, with respect to the Unit for which the Interim Advance is requested, Event of Unit Termination or Potential Event of Unit Termination under the Agreement has occurred and is continuing on the date this Interim Advance is to be made or will occur by reason of giving effect to this Interim Advance.
2. CONTINUING REPRESENTATIONS OF GUARANTOR. All representations and warranties of the Guarantor made in the Guaranty are and remain true and correct in all material respects on and as of the date of this Interim Advance as if made on and as of the date of this Interim Advance and no default under the Guaranty has occurred and is continuing on the date this Interim Advance is to be made or will occur by reason of giving effect to this Interim Advance.
3. MATERIAL ADVERSE CHANGE. Since the date of the Agreement, there has been no material adverse change in the assets, properties, operations, prospects, consolidated financial condition, contingent liabilities or business of the Guarantor, which could reasonably be expected to have a material adverse effect on (a) the ability of Agent to perform its obligations under this Agreement, the Lease or any of the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (b) the rights or interests of Owner or Assignee under this Agreement or the Lease.
4. SATISFACTORY TITLE. Attached hereto at TAB 1 is a notice of title continuation (or nothing further certificate) or an endorsement issued by the Title Company in respect of owner's title policy and Assignee's title policy indicating that since the date of the Initial Advance for such Unit Premises, there have been no changes in the state of title, except for Permitted Liens, and no additional survey

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exceptions (other than Permitted Liens) not theretofore specifically approved in writing by Owner and Assignee and, if such Unit Premises are subject to a Ground Lease in which Agent is not the ground lessor thereunder, attached hereto at TAB 1 is an estoppel certificate confirming that there are no defaults under the Ground Lease, and such other information as may be reasonably requested by Owner or Assignee.

5. CONSTRUCTION PROGRESS. If reasonably requested by Owner, attached hereto at TAB 2 is (a) an inspection report from an independent party satisfactory to Owner and Assignee, covering substantial conformity of the work to the Unit Plans, quality of work completed and percentage of work completed, (b) true copies of paid and unpaid invoices, receipted bills and Lien waivers and such other reasonably available supporting information as may be reasonably requested by Owner or Assignee and (c) a certificate of the amount of Unreimbursed Unit Costs outstanding on the date of this Interim Advance.

6. EVIDENCE OF COMPLIANCE. Attached hereto at TAB 3 are such additional or updated documents, reports, certificates, affidavits and other information as required by Owner and Assignee in their reasonable judgment to evidence compliance by Agent with all of the provisions of the Agreement.

7. NO OTHER SECURITY INTERESTS. All materials and fixtures incorporated in the construction of the Unit Improvements have been purchased so that title thereto or a leasehold interest therein, as the case may be, shall have vested in Owner immediately upon delivery thereof to the Unit Premises, except for Permitted Liens, and if requested by Owner, attached hereto at TAB 4 are copies of the contracts, bills of sale, statements, receipted vouchers, or other documents under which title thereto is claimed.

8. STATEMENTS OF EXPENDITURES. If reasonably requested by Owner, attached hereto at TAB 5 is a statement setting forth the names, addresses and amounts due or to become due as well as the amounts previously paid to every contractor, subcontractor or Person furnishing materials, performing labor or entering into the construction of any part of the Unit Improvements.

9. REQUEST FOR ADVANCE. Attached hereto at TAB 6 is a duly executed AIA Document G722 (or substantially similar document), complying with the requirements of paragraph (f) of Section 5 of the Agreement.

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10. EVIDENCE OF COMPLIANCE. If requested, attached hereto at TAB 7 are such documents, reports, certificates, affidavits and other information as required by Owner and any Assignee to evidence compliance by Agents with all of the provisions of the Agreement.

Dated: _____

TA Operating Corporation

By: _____

Name:

Title:

National Auto/Truckstops, Inc.

By: _____

Name:

Title:

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EXHIBIT E

**FORM OF CERTIFICATE OF SUBSTANTIAL COMPLETION
WITH RESPECT TO UNIT PREMISES LOCATED AT _____
IN CONNECTION WITH A REQUEST FOR A FINAL ADVANCE**

TA Operating Corporation and National Auto/Truckstops, Inc., as agents (collectively, "AGENT"), under a certain Agreement for Lease (the "AGREEMENT") dated as of September __, 1999, entered into with TCA Network Funding, Limited Partnership ("OWNER"), delivers this Certificate of Substantial Completion pursuant to Section 6 of the Agreement with respect to the above noted Unit Premises. All terms used in this Certificate shall have the meanings given to such terms in the Agreement. Each Agent hereby certifies to Owner and Assignee as follows:

1. **SATISFACTORY TITLE.** Attached hereto at TAB 1 is [a notice of title continuation (or nothing further certificate)/an endorsement] issued by the Title Company in respect of Owner's title policy and Assignee's title policy indicating that since the last advance for such Unit Premises, there have been no changes in the state of title, except for Permitted Liens, and no additional survey exceptions (other than Permitted Liens) not theretofore specifically approved in writing by Owner and Assignee and, if such Unit Premises are subject to a Ground Lease in which Agent is not the ground lessor thereunder, attached hereto at TAB 1 is an estoppel certificate confirming that ----- there are no defaults under the Ground Lease, and such other information as may be reasonably requested by Owner or Assignee.
2. **CONSTRUCTION AND EQUIPPING OF THE UNIT.** The Unit Improvements (including all interior finish work, but exclusive of punch list items) with respect to such Unit have been completed within the Unit Budget and in all material respects in accordance with the Unit Plans and are accepted by Agent and all Unit FF&E for such Unit has been installed and conforms in all material respects to the Unit FF&E Specifications and are accepted by Agent. Attached hereto at TAB 2 is a specific itemization of all items of Unit FF&E installed in such Unit.
3. **GOVERNMENTAL ACTIONS.** All Governmental Actions necessary for the occupancy and primary use and operation of the Unit have been issued or obtained.
4. **LIENS.** The Unit, including interior finish work, has been completed as contemplated in paragraph (c) of Section 6 of the Agreement, free of all Liens except for Permitted Liens (all of which Permitted Liens are itemized on TAB 3 attached hereto as to the nature, amount, claimant and status) and such Permitted Liens do not include any mechanics' Liens other than those mechanics' Liens that are (i) to be satisfied or discharged out of the proceeds of this Final Advance or a Completion Advance or (ii)

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subject to a Permitted Contest and bonded or otherwise secured to the reasonable satisfaction of Owner and Assignee, and there are no current Permitted Contests with respect to such Unit [OR] if any Permitted Contest exists, attached hereto at TAB 4 is a specific itemization of the nature, amount, claimant and status of each Permitted Contest.

5. FINAL SURVEY. Attached hereto at TAB 5 is a final as-built survey prepared by an independent, licensed registered public land surveyor and certified to and in form and substance reasonably satisfactory to Owner and Assignee, with a metes and bounds description of the perimeter of the Unit Premises, and showing the completed Unit Improvements, all easements on the Unit Premises, and indicating the location of access to the Unit Premises and all utility and water easements directly affecting the Unit Premises. No encroachments exist by the Unit Improvements or on the Unit Premises other than those that are Permitted Liens or that may have been consented to by Owner and any Assignee and all set-back requirements have been complied with.

6. UTILITIES. Direct connection has been made to all appropriate utility facilities and the Unit Improvements are ready for occupancy and operation.

7. FLOOD INSURANCE. If the Unit Premises are located in a flood plain, attached hereto at TAB 6 is a policy of flood insurance in an amount equal to the lesser of (a) the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, or (b) the amount of the Unit Acquisition Cost for the Unit.

8. CONTINUING REPRESENTATIONS OF AGENTS. All representations and warranties made by Agent in the Agreement (other than in subsection 8.10 thereof), in the Lease (other than in paragraph (f) and clause (8) of paragraph (r) of Section 2 of the Lease), and in connection with this Final Advance are and remain true and correct in all material respects on and as of the date of this Final Advance as if made on and as of the date of this Final Advance and no Event of Default, Potential Default or, with respect to the Unit for which the Final Advance is requested, Event of Unit Termination or Potential Event of Unit Termination, under the Agreement has occurred and is continuing on the date this Final Advance is to be made or will occur by reason of giving effect to this Final Advance.

9. CONTINUING REPRESENTATIONS OF GUARANTOR. All representations and warranties of the Guarantor made in the Guaranty are and remain true and correct in all material respects on and as of the date of this Final Advance as if made on and as of the date of this Final Advance and no default under the Guaranty has occurred and is continuing on the date this Final

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Advance is to be made or will occur by reason of
giving effect to this Final Advance.

10. **MATERIAL ADVERSE CHANGE.** Since the date of the Agreement, there has been no material adverse change in the assets, properties, operations, prospects, consolidated financial condition, contingent liabilities or business of the Guarantor, which could reasonably be expected to have a material adverse effect on (a) the ability of Agent to perform its obligations under this Agreement, the Lease or any of the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (b) the rights or interests of Owner or Assignee under this Agreement or the Lease.

11. **AFL UNIT LEASING RECORD.** Attached hereto at TAB 7 is a duly executed AFL Unit Leasing Record with respect to such Unit.

12. **REQUEST FOR ADVANCE.** Attached hereto at TAB 8 is a duly executed AIA Document G722 (or substantially similar document), complying with the requirements of paragraph (k) of Section 6 of the Agreement.

Dated: _____

TA Operating Corporation

By: _____

Name:

Title:

National Auto/Truckstops, Inc.

By: _____

Name:

Title:

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EXHIBIT F

**FORM OF CERTIFICATE OF INCREASED COST
WITH RESPECT TO UNIT PREMISES LOCATED AT _____
IN CONNECTION WITH A REQUEST FOR A COMPLETION ADVANCE**

TA Operating Corporation and National Auto/Truckstops, Inc., as agents (collectively, "AGENT"), under a certain Agreement for Lease (the "AGREEMENT") dated as of September __, 1999, entered into with TCA Network Funding, Limited Partnership ("OWNER"), delivers this Certificate of Increased Cost pursuant to Section 7 of the Agreement with respect to the above noted Unit Premises. All terms used in this Certificate shall have the meanings given to such terms in the Agreement. Each Agent hereby certifies to Owner and Assignee as follows:

1. CONTINUING REPRESENTATIONS OF AGENTS. All representations and warranties made by Agent in the Agreement (other than subsection 8.10 thereof), in the Lease (other than in paragraph (f) and clause (8) of paragraph (r) of Section 2 of the Lease), and in connection with this Completion Advance are and remain true and correct in all material respects on and as of the date of this Completion Advance as if made on and as of the date of this Completion Advance and no Event of Default, Potential Default or, with respect to the Unit for which this Completion Advance is requested, Event of Unit Termination or Potential Event of Unit Termination under the Agreement has occurred and is continuing on the date this Completion Advance is to be made or will occur by reason of giving effect to this Completion Advance.
2. CONTINUING REPRESENTATIONS OF GUARANTOR. All representations and warranties of the Guarantor made in the Guaranty are and remain true and correct in all material respects on and as of the date of this Completion Advance as if made on and as of the date of this Completion Advance and no default under the Guaranty has occurred and is continuing on the date this Completion Advance is to be made or will occur by reason of giving effect to this Completion Advance.
3. MATERIAL ADVERSE CHANGE. Since the date of the Agreement, there has been no material adverse change in the assets, properties, operations, prospects, consolidated financial condition, contingent liabilities or business of the Guarantor, which could reasonably be expected to have a material adverse effect on (a) the ability of Agent to perform its obligations this Agreement, the Lease or any of the Construction Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (b) the rights or interests of Owner or Assignee under this Agreement or the Lease.
4. SATISFACTORY TITLE. Attached hereto at TAB 1 is [a notice of title continuation (or nothing further certificate)/an endorsement] issued by the Title Company in respect of Owner's title policy and Assignee's title policy

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indicating that since the last advance for such Unit Premises, there have been no changes in the state of title, except for Permitted Liens, and no additional survey exceptions (other than Permitted Liens) not theretofore specifically approved in writing by Owner and Assignee and, if such Unit Premises are subject to a Ground Lease in which Agent is not the ground lessor thereunder, an estoppel certificate from the ground lessor certifying that there are no defaults under the Ground Lease, if any, and such other information relating to title as may be reasonably requested by Owner or Assignee.

5. REVISED AFL UNIT LEASING RECORD. Attached hereto at TAB 2 is a revised AFL Unit Leasing Record with respect to such Unit, prepared by Agent pursuant to subsection 2.3(b) of the Agreement.

6. REQUEST FOR ADVANCE. Attached hereto at TAB 3 is a duly executed AIA Document G722 (or substantially similar document), complying with the requirements of paragraph (c) of Section 7 of the Agreement.

Dated: _____

TA Operating Corporation

By: _____

Name:

Title:

National Auto/Truckstops, Inc.

By: _____

Name:

Title:

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EXHIBIT G

FF&E SPECIFICATIONS

[Intentionally left blank at this time.]

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EXHIBIT H

**ENVIRONMENTAL CERTIFICATE
WITH RESPECT TO UNIT PREMISES LOCATED AT _____***

1. TA Operating Corporation and National Auto/Truckstops, Inc., as agents (collectively, "AGENT"), the agents under a certain Agreement for Lease, dated as of September __, 1999 (the "AGREEMENT FOR LEASE"), entered into with TCA Network Funding, Limited Partnership ("OWNER"). This certificate is made by Agent to induce Owner to accept the Unit Premises under the Agreement for Lease. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms in the Agreement for Lease.

2. Except as described in the Environmental Reports (hereinafter defined), Agent has no knowledge and has not given or received any notice indicating, and has no reason to believe, that (a) any prior or present owner, operator, tenant, occupant, or licensee of any portion of the Unit Premises has used, handled, treated, generated, imported, processed, produced, stored, spilled, released, transported, disposed of, or discharged (collectively "MANAGED") any Hazardous Substances (hereinafter defined) on, from, beneath or affecting the Unit Premises or any portion thereof, except in material compliance with all applicable Environmental Requirements (hereinafter defined); (b) there has been a Release or threatened Release of any Hazardous Substances (i) at, on, from, beneath or affecting the Unit Premises, or (ii) at any location where any Hazardous Substances managed on or in connection with the Unit Premises have been transported, treated, stored, handled, disposed, transferred, recycled or received, whether by Agent or any other Person for whose conduct Agent is or may be held responsible under applicable Environmental Requirements and which in either case will result in material costs pursuant to Environmental Laws; (c) any prior or present owner, operator, tenant, occupant, or licensee of any portion of the Unit Premises or any other Person for whose conduct any of the foregoing is or may be held responsible under applicable Environmental Requirements, has received any material notice, directive, citation, subpoena, summons, order to show cause, complaint or other written communication from any Governmental Authority or Person with respect to the management of any Hazardous Substances on, from, beneath or affecting the Unit Premises or any portion thereof; (d) there are currently no agreements, consent orders, decrees or other directives (other than Environmental Requirements) of any applicable court or governmental or quasi-governmental agency requiring any tests, studies, inspections, work, monitoring or other removal or remedial activities with respect to the management of any Hazardous Substances on, from, beneath or affecting the Unit Premises or any portion thereof, or any threatened proceeding concerning the Unit Premises or any portion thereof which is related to Environmental Requirements; (e) there are currently any claims, actions, injunctions, decrees, writs, orders, judgments, proceedings, or investigations filed, pending or threatened against Agent or the Unit Premises with respect to the management of any Hazardous Substances on, from or beneath the Unit Premises or in any way affecting the Unit Premises or any portion

* All capitalized terms used in this Certificate shall have the meanings given to such terms in the Agreement for Lease.

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thereof; (f) there are or have ever been any underground or above ground storage tanks (whether or not currently in use) located on the Unit Premises in a condition not in material compliance with Environmental Requirements; (g) there are any dams, wells, discharges, reservoirs, wetlands or watercourses at the Unit Premises that are not registered and/or permitted under and in material compliance with Environmental Requirements to the extent required by such Environmental Requirements; and (i) except as described in the Environmental Reports, there are any facts or circumstances related to Environmental Matters concerning the Unit Premises that are reasonably likely to lead to the assertion of material environmental claims against Owner, Agent, or any Affiliate of Owner or of Agent.

3. Agent or any Affiliate of Agent has not given notice to any insurance broker or insurance carrier that there has been an occurrence relating to the management or release of Hazardous Substances on, from, beneath, or affecting the Unit Premises or any portion thereof.

4. Agent has obtained or will obtain in a timely manner, and will maintain and materially comply with all material permits, licenses, registration and authorizations which are required under applicable Environmental Requirements with respect to the intended construction and operation of the Unit Premises.

5. Agent has not, by contract, agreement, or otherwise, arranged for disposal or treatment, or arranged with a transporter for transport for disposal or treatment, of any Hazardous Substances from the Unit Premises to any location which is listed on the National Priorities List under CERCLA (as hereinafter defined) or which is listed for possible inclusion on the National Priorities List, or which is the subject of any regulatory action which may lead to claims under CERCLA.

6. For purposes of this document, the following terms shall have the following meanings: (i) "ENVIRONMENTAL REQUIREMENTS" shall mean each and every applicable federal, state or local law, statute, ordinance, code, rule, order, regulation, or other requirement (including but not limited to, consent decrees and administrative orders), regulating, relating or imposing obligations, liabilities or standards of conduct with respect to human health or safety, to the environment, or to Hazardous Substances, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended ("CERCLA") (42 U.S.C. sec. 9601, ET SEQ.), as amended by the Superfund Amendments and Reauthorization Act of 1986 (42 U.S.C. secs. 9601-9675), the Resource Conservation and Recovery Act, as amended (42 U.S.C. sec. 6901, ET SEQ.), the Emergency Planning and Community Right-To-Know Act, as amended (42 U.S.C. sec. 11001, ET SEQ.) the Water Pollution Control Act, as amended (33 U.S.C. sec. 1251, ET SEQ.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. sec. 1801, ET SEQ.), the Toxic Substances Control Act, as amended (15 U.S.C. sec. 2601, ET SEQ.), and any so called "Superfund" or "Superlien" law, (ii) "ENVIRONMENTAL REPORTS" shall mean the environmental documents delivered pursuant to paragraph (v) of Section 4 of the Agreement for Lease to and accepted by Owner and the Assignee in connection with the acquisition of the Unit Premises, and (iii) "HAZARDOUS SUBSTANCES" shall mean, without limitation, any solid, liquid or gaseous wastes, substances or materials containing or constituting urea formaldehyde, polychlorinated biphenyls, petroleum products, methane, radioactive

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materials, hazardous wastes, hazardous or toxic substances, or related materials, asbestos or any material containing asbestos, pollutants, or any other substance, material, chemical compound, waste or item defined as or determined by a governmental authority having jurisdiction to be hazardous or toxic pursuant to any Environmental Requirements applicable to the Unit Premises or the business operations conducted thereon.

7. It is hereby acknowledged and confirmed that the indemnification obligation of Agent set forth in Section 12 of the Agreement for Lease and in Section 11 of the Lease (referred to therein) to the parties therein named shall include, without limitation, all liabilities, taxes, losses, obligations, claims, damages, penalties, causes of action, suits, costs and expenses (including, without limitation, reasonable attorneys' and accountants' fees and expenses) or judgments of any nature relating to or in any way arising out of the noncompliance with any applicable Environmental Requirements by Agent or with respect to the Unit Premises and/or any improvements now or hereafter situated on the Unit Premises.

Dated: _____

TA Operating Corporation

By: _____

Name:

Title:

National Auto/Truckstops, Inc.

By: _____

Name:

Title:

H-3

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EXHIBIT I

APPROVED UNIT PLANS

I-1

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EXHIBIT J

UNIT BUDGET FOR EACH UNIT

J-1

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EXHIBIT K

TA OPERATING CORPORATION UNIT PREMISES

1. The Property located at San Antonio, Texas.
2. The Property located at Cartersville, Georgia.
3. The Property located at Monroe, Michigan.

K-1

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EXHIBIT L

NATIONAL AUTO/TRUCKSTOPS, INC. UNIT PREMISES

1. The Property located at Amarillo, Texas.

L-1

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EXHIBIT M

ENVIRONMENTAL DOCUMENTS PROVIDED

TO OWNER PURSUANT TO SECTION 4(U) NATIONAL AUTO/TRUCKSTOPS, INC.

MONROE, MICHIGAN FACILITY

1. Subsurface Investigation, Truckstops of America, 1255 North

Dixie Highway, Monroe, Michigan (BP Site No: 04001/TA 69), prepared by Warzyn Inc., November 1992;

2. Phase I Environmental Audit of the Truckstops of America Facility at Interstate 75 and State Route 50, Monroe, Michigan, prepared by ENSR, September 1993 (Document Number 1005-040-370);

3. Phase 2 Environmental Audit, Truckstops of America, Inc., Site No. 04001, Interstate 75 and Route 50, prepared by Dames & Moore, October 1993 (Job No. 02335-060-121);

4. Data Report, Schedule A Assessment Activities, Truckstops of America, Inc., Site #4001, Interstate 75 and State Street Route 50, Monroe, Michigan, prepared by Dames & Moore, July 12, 1994 (Job No 02335-008-121);

5. Final Assessment Report, former Hop-In Sunoco, 1249 N. Dixie Hwy, Monroe, MI, prepared by Billings Industrial Group, Inc. for Charles A. Gallup, Gallup Properties, Inc., September 27, 1996 (Project No. 65110);

6. Testing Agreement among Charles A. Gallup, Galcorp, Hop-In Michigan Inc., Hop-In Food Stores Inc. and Silcorp Ltd., January 17, 1992;

7. Sales & Purchase Agreement between Clark Refining & Marketing, Inc., Seller, and TA Operating Group, Purchaser, March 23 1998;

8. Letter to Ms. Emily F/ Gloeckler, TravelCenters of America, from TolTast, Inc. re: Groundwater Sampling Results, Former Hop-In #608, 1249 North Dixie Highway, Monroe, Michigan, April 27, 1998;

9. Baseline Environmental Assessment Conducted Pursuant to Section 20126(1)(c) of 1994 PA, Part 201, As Amended, submitted by TravelCenters of America for property at 1249 North Dixie Highway, Monroe, Michigan, prepared by TolTest Inc., June 9, 1998; and

10. Leaking Underground Storage Tank Supplemental Report (Status Letter), former BP Station #4001 (TravelCenters of America), 1255 North Dixie Highway, Monroe Michigan, Facility #3233, submitted to the Michigan Department of Environmental Quality by John Wise, Environmental Science and Technology, 3/5/99.

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11. Letter to Michigan Department of Environmental Quality from TravelCenters of America re: reported release from diesel USTS, July 28, 1999.
12. Letter to TravelCenters of America from Michigan Department of Environmental Quality re: confirmed release from UST, August 3, 1999.
13. Letter to TravelCenters of America from Tolest, Inc. re: status of well abandonment and UST closure activities, August 20, 1999.

B. AMARILLO, TEXAS FACILITY

1. Phase I Environmental Liability Assessment of the Unocal Auto/Truckstop Facility Located at 7000 Interstate 40 East, Amarillo, Texas, prepared by ENSR, October 1992 (Document No. 1713-002-107);
2. Asset Purchase Agreement Phase II Environmental Audit, Unocal Amarillo 76 Auto/Truckstop, Amarillo, Texas, prepared by EMCON for Unocal Asset Management Group, April 1997 (Project 61900-002-001);
3. Underground Storage Tank Closure Assessment Report, Amarillo Auto/Truck Plaza, 7000 I-40 East, Amarillo, Texas, prepared by AGRA Earth & Environmental, Inc. November 24, 1998;
4. Lead Based Paint Inspection Report of Union 76 in Amarillo, Texas, prepared by Larry Boedeker, Cecil Boedeker and Kryl Boedeker, March 20, 1998;
5. Asbestos Survey Union 76 Truckstop, Amarillo, Texas, prepared by APEX Technical Services, Inc., March 18, 1998; and
6. Asbestos Assessment Management, Union 76 Truckstop, Amarillo Texas, Ecosystems Environmental, August 12, 1998.

C. DALLAS (BONNIE VIEW BOULEVARD), TEXAS FACILITY

1. Memo from J.A. Cordell of BP to Larry Woodley of BP re: Real Estate Site Assessment, proposed TA/BP Site No. 02483, I-20 and I-635, Bonnieview, Dallas, Texas, dated 10/9/91.
2. Albert H. Haff Associates, Inc. report, "Level II Environmental Site Assessment, Proposed TA/BP Site No. 02483, Southeast Corner of I-20 and Bonnieview Road, Dallas, Texas," October 1991.
3. H2W Environmental Consultants, Inc. report "Environmental Site Assessment, 21.8 Acre Parcel of Land, Dallas, Texas," May 1991.
4. Letter from ENSR to BP Oil Company re Phase I Environmental Assessment of Truckstops of America Property Located at Southwest Corner of Bonnie View Blvd and Interstate Highway 20/Interstate Highway 635, Dallas, Texas, dated 10/8/93,

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with attached "Exhibit A" "Supporting Documentation for Phase I Environmental Assessment", (1005-040-300); and

5. Phase 2 Environmental Audit, Truckstops of America, Inc. Site #0999, Southwest Corner of Bonnie View Boulevard and Interstate Highway 20/Interstate highway 635, prepared by Dames & Moore, October 1993 (Job No. 02335-060-121).

D. SAN ANTONIO, TEXAS FACILITY

1. Phase I Environmental Site Assessment and a Limited Phase II Environmental Investigation, Truckstops of America, IH-10 East & Foster Road, prepared by Pape-Dawson Consulting Engineers, Inc, February 1997;

2. Wetland Delineation of remainder of 98-acre tract at Interstate 10 and Foster Road, Horizontal Environmental Services, Inc., October 8, 1998;

3. Letter notification - Pre-Construction Notification to US Corp of Engineers re 98 Acre tract at Interstate 10 and Foster Road, San Antonio, Texas, Horizon Environmental Services, October 20, 1998; and

4. Horizon Environmental Services, Section 404 Corp. of Engineers Permit, San Antonio, Texas, November 19, 1998.

E. CARTERSVILLE, GEORGIA FACILITY

1. Environmental Site Assessment - Preliminary Summary, 73 Acre Tract I-75 and Cassville White Road, Cartersville, Georgia, prepared by Moreland Altobelli Associates, Inc., June 20, 1996;

2. Phase I Environmental Site Assessment, 73 Acre Tract I-75 and Cassville White Road, Cartersville, Georgia, prepared by Moreland Altobelli Associates, Inc., June 25, 1996, (Job Number 96807);

3. Report of Preliminary Subsurface Exploration, proposed site for Truckstops of America, Cartersville, Georgia, prepared by Geo-Hydro Engineers for Rhodes Engineering Services, Inc., March 25, 1997, (Project Number 115-97-37-161);

4. Report of Preliminary Subsurface Exploration, proposed Truckstops of America, Cartersville, Georgia, prepared by Geo-Hydro Engineers, Inc., April 30, 1997 (Project Number 115-97-37-161); and

5. Report of Jurisdictional Wetlands Delineation, Truckstops of America, Cartersville, Georgia, prepared by Geo-Hydro Engineers, April 30, 1997 (Project Number 116-97-37162).

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F. SEVILLE (LODI), OHIO FACILITY

1. Phase I Environmental Audit of the Truckstops of America Facility located at the Intersection of Route 224 and County Road 19, Seville, Ohio (Lodi Facility), prepared by ENSR for BP Oil Company, July 14, 1993 (Document Number 1005-040-380);
2. Phase I Environmental Audit of the Truckstops of America Facility Located at the Intersection of Route 224 and County Road 10, Seville, Ohio (Lodi Facility), prepared by ENSR , October 1993 (Document Number 1005-040-380);
3. Report Phase 2 Environmental Audit, Truckstops of America, Inc., Site #01033, Intersection of Route 224 and County Road 19, Seville, Ohio, prepared by Dames & Moore, October 1993 (Job Number 02335-060-121);
4. UST System Closure Assessment, BP Oil Site #01033/TA15, Post Office Box 125, I-71 and I-76 on S.R. 224, Seville, Ohio 44273, BUSTR Incident #5221690, prepared by Engineering Science, February 1994;
5. Data Report, Schedule A Assessment Activities, Truckstops of America, Inc., Site #01033, Intersection of Route 224 and County Road 19, Seville, Ohio, prepared by Dames & Moore, July 11, 1994 (Job Number 02335-098-121);
6. Site Assessment Report, Truckstops of America Site #01033, Seville Ohio, Incident #5221690, prepared by Groundwater Technology, Inc., September 8, 1994; and
7. Site Assessment Activities, BP Oil Site #01083/TA15, I-77 and I-76 (On State Route 24), Lodi, Ohio, prepared by Parsons Engineering Science, Inc., January 1995.

G. LAS CRUCES, NEW MEXICO FACILITY

1. Site Assessment Report, Truckstops of America, Inc., I-10 and Amador, Las Cruces, NM, 88001, prepared by ENCON International, October 1989 (Project #114);
2. Plan of Action Report, Truckstops of America, Inc., I-10 and Amador, Las Cruces, NM, 88001, prepared by ENCON International, November 15, 1989 (Project #114);
3. Remediation Status Report, Truckstops of America, Inc., I-10 and Amador, Las Cruces, NM, 88001, prepared by ENCON International, March 8, 1990 (Project #114);
4. Remediation Status Report, Truckstops of America, Inc., I-10 and Amador, Las Cruces, NM, 88001, prepared by ENCON International, April 13, 1990;

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5. Letter to Ms. Suzanne Fouty, New Mexico Environmental Improvement Division ("EID"), from Alex Woelper, ENCON International, dated July 17, 1990, re: Truckstops of America Project Status, Las Cruces, New Mexico;
6. Discharge Plan Application - Part A, New Mexico EID, prepared by ENCON International, August 1990 (Project #114);
7. Remediation Status Report, Truckstops of America, Inc., I-10 and Amador, Las Cruces, New Mexico 88001, prepared by ENCON International, January 7, 1991 (Project #114);
8. Letter to Mr. Peter DeSantis, BP Oil Company, from Steve Wild, New Mexico EID, dated February 5, 1991 re: Characterization and Remediation of Hydrocarbon Contamination at Truckstops of America, Las Cruces, New Mexico;
9. Letter to Mr. Peter DeSantis, BP Oil Company, from Alex Woelper, ENCON International dated February 26, 1991, re Las Cruces Truckstops Status;
10. Letter to Mr. Peter DeSantis, BP Oil Company, from Ben Ponse, ENCON International, dated February 26, 1991, re ECON Groundwater Lab Results for February 1991;
11. Letter to BP Oil Company from Jamie Barnes, Sergeant Hauskins & Beckwith ("SHB"), April 24, 1991, re Truckstops of America I-10 and Amador, Las Cruces, New Mexico;
12. Draft Report Summarizing Investigative & Remedial Activities, prepared by SHB, December 31, 1991 (Job No E91-4015);
13. Tier Two Emergency & Hazardous Chemical Inventory of BP Oil Company 01052, PO Box 1600, Las Cruces facility, 2/8/92;
14. Letter to Peter DeSantis, BP Oil Company from Rosanne Stickel, New Mexico Underground Storage Tank Bureau dated 10/9/92 re Release of Diesel fuel from underground storage tank at Truckstops of America, Las Cruces, New Mexico;
15. Letter to State of New Mexico Environmental Department, from Scott Hooten, BP Oil Company, dated October 20, 1992, re BP Oil Site No. 01052, Truckstops of America, Las Cruces, New Mexico;
16. Letter to Scott Hooten, BP Oil Company, from State of New Mexico Environmental Department, dated 12/17/92, re Request for Extension, Truckstops of America, Las Cruces, New Mexico;
17. Underground Storage Tank Removal Report, Truckstops of America, Las Cruces, New Mexico, BP Facility Id. No. TSA-010-52, prepared by SHB AGRA, Inc., July 23, 1993 (Job No. E92-4103A);

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18. Phase I Environmental Audit of the Truckstops of America Facility located at 2092 North Motel Blvd. in Las Cruces, New Mexico, prepared by ENSR for BP Oil Company, September 1993 (Document Number 1005-040-490);
19. Letter to Andy McIntyre, BP Oil Company, from Patrick deGruyter, New Mexico Environmental Department, dated 9/30/93, re Confirmed Petroleum Hydrocarbon Release At Truckstops of America Site, Las Cruces, New Mexico;
20. Phase 2 Environmental Audit, Truckstops of America, Inc. Site #01052, 202 North Motel Boulevard, Las Cruces, New Mexico, prepared by Dames & Moore, October 1993 (Job No. 02335-060-121);
21. Remedial Action Plan, Truckstops of America, Las Cruces, New Mexico, BP Facility ID No TSA-01052, prepared by SHB AGRA, November 22, 1993, (Job No. E92-4008);
22. Letter to New Mexico Underground Storage Tank Bureau from BP Oil Company, dated 3/1/94, re Remedial Action Plan;
23. Data Report, Schedule A Assessment Activities, Truckstops of America, Inc., Site No. 01052, 202 North Motel Boulevard, Las Cruces, New Mexico, prepared by Dames & Moore, June 9, 1994 (Job No. 02335-098-121);
24. Gas Station Quarterly Monitoring & Product Recovery Report, Truckstops of America, Las Cruces, New Mexico, BP Facility ID No. TSA-01052, prepared by AGRA, March 1994 (Job No. E92-4008C);
25. Tracer Tightness Test of 6 Underground Storage Tanks, Truckstops of America #01052 Site, 202 North Motel Boulevard, Las Cruces, New Mexico, prepared by US Tank Management, Inc., and Tracer Research Corp., May 16, 1994;
26. BP Oil - Letter Reports on, Free Product Recovery, submitted to New Mexico UST Bureau, Las Cruces Facility #01052, dated December 14, 1994, November 17, 1995, October 10, 1994, September 20, 1994, August 22, 1994 and March 6, 1995;
27. BP Oil Letter Report - Data from bench - top pilot study as described in SHB AGRA Remedial Action Plan, submitted to the New Mexico UST Bureau, dated February 3, 1995;
28. Dames & Moore Letter Report - Diesel Line Inspection, Truckstops of America Site 1052, July 22, 1994;
29. Gas Station Quarterly Monitoring & Product Recovery Report, Truckstops of America, Las Cruces, New Mexico, BP Facility ID No, TSA-010-52, prepared by AGRA, July through September, 1994 (Job No. E92-4008C);

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30. Quarterly Groundwater Monitoring & Sampling Report, Truckstops of America, Inc., Site #01052, 202 North Motel Boulevard, Las Cruces, New Mexico, prepared by Dames & Moore, May 8, 1995;
31. Quarterly Groundwater Monitoring & Sampling Report, Truckstops of America, Inc., Site #01052, 202 North Motel Boulevard, Las Cruces, New Mexico, prepared by Dames & Moore, July 31, 1995;
32. Quarterly Groundwater Monitoring & Sampling Report, Truckstops of America, Inc., Site #01052, 202 North Motel Boulevard, Las Cruces, New Mexico, prepared by Dames & Moore, October 16, 1995;
33. Quarterly Groundwater Monitoring & Sampling Report, Truckstops of America, Inc., Site #01052, 202 North Motel Boulevard, Las Cruces, New Mexico, prepared by Dames & Moore, January 15, 1996;
34. Sparging Investigation Report, Truckstops of America, Inc., Site #01052, 202 North Motel Boulevard, Las Cruces, New Mexico, prepared by AGRA, September 16, 1996; and
35. Groundwater Monitoring Report, April 1998 Event, Truckstops of America facility #01052, Las Cruces, New Mexico, AGRA, June 24, 1998.

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SCHEDULE 1

UNDERGROUND STORAGE TANKS

SITE	SIZE	MATERIAL	CONTENTS	STATUS
Amarillo	10,000 gallon	steel	gasoline	temporarily closed
	20,000 gallon	steel	gasoline	temporarily closed
	30,000 gallon	fiberglass	diesel	to be installed*
	30,000 gallon	fiberglass	diesel	to be installed
	8,000 gallon	fiberglass	oil	to be installed
	4,000 gallon	fiberglass	used oil	to be installed
Cartersville	30,000 gallon	fiberglass	diesel	to be installed
	30,000 gallon	fiberglass	diesel	to be installed
	15,000 gallon	fiberglass	gasoline	to be installed
	8,000 gallon	fiberglass	gasoline	to be installed
	8,000 gallon	fiberglass	oil	to be installed
	4,000 gallon	fiberglass	used oil	to be installed
San Antonio	30,000 gallon	fiberglass	diesel	to be installed
	30,000 gallon	fiberglass	diesel	to be installed
	15,000 gallon	fiberglass	gasoline	to be installed
	8,000 gallon	fiberglass	gasoline	to be installed
	8,000 gallon	fiberglass	oil	to be installed
	4,000 gallon	fiberglass	used oil	to be installed
Monroe	10,000 gallon	plastic-coated steel	diesel	removed
	10,000 gallon	plastic-coated steel	diesel	removed
	10,000 gallon	plastic-coated steel	diesel	removed
	10,000 gallon	fiberglass	diesel	inactive
	10,000 gallon	plastic-coated steel	gasoline	inactive

* This list reflects TravelCenters' current plans for these sites. the number, size, material and contents of the underground storage tanks to be installed could change.

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SITE	SIZE	MATERIAL	CONTENTS	STATUS
	10,000 gallon	plastic-coated steel	gasoline	inactive
	10,000 gallon	plastic-coated steel	gasoline	inactive
	20,000 gallon	fiberglass	diesel	to be installed
	20,000 gallon	fiberglass	diesel	to be installed
	20,000 gallon	fiberglass	diesel	to be installed
	20,000 gallon	fiberglass	diesel	to be installed
	8,000 gallon	fiberglass	oil	to be installed
	4,000 gallon	fiberglass	used oil	to be installed
Las Cruces	20,000 gallon	fiberglass	diesel	active
	20,000 gallon	fiberglass	diesel	active
	20,000 gallon	fiberglass	diesel	active
	20,000 gallon	fiberglass	diesel	active
	20,000 gallon	fiberglass	diesel	active
	20,000 gallon	fiberglass	diesel	active
	10,000 gallon	fiberglass	diesel	active
	10,000 gallon	fiberglass	gasoline	active
	10,000 gallon	fiberglass	gasoline	active
	10,000 gallon	fiberglass	gasoline	active
	8,000 gallon	fiberglass	oil	active
	8,000 gallon	fiberglass	used oil	active
Lodi	20,000 gallon	fiberglass	diesel	active
	20,000 gallon	fiberglass	diesel	active
	20,000 gallon	fiberglass	diesel	active
	20,000 gallon	fiberglass	diesel	active
	10,000 gallon	fiberglass	oil	active
	1,000 gallon	fiberglass	used oil	active
Bonnieview	No Tanks**			

** There are currently no underground storage tanks at Bonnieview. This list will be supplemented with a list of the underground storage tanks planned to be installed at Bonnieview.

EXHIBIT 10.3

**THIS AGREEMENT FOR LEASE IS
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EXECUTION COPY

AGREEMENT FOR LEASE

among

TCA Network Funding, Limited Partnership,

TA Operating Corporation

and

National Auto/Truckstops, Inc.

Dated as of September 9, 1999

**THIS AGREEMENT HAS BEEN ASSIGNED AS SECURITY
FOR INDEBTEDNESS OF THE OWNER. SEE SECTION 17.**

This Agreement has been manually executed in 8 counterparts, numbered consecutively from 1 through 8, of which this is No. __. To the extent, if any, that this Agreement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any jurisdiction), no security interest in this Agreement may be created or perfected through the transfer or possession of any counterpart other than the original counterpart which shall be the counterpart identified as counterpart No. 1.

**THIS AGREEMENT FOR LEASE IS
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EXECUTION COPY

EXHIBIT 10.3

**THIS AGREEMENT FOR LEASE IS
CONFIDENTIAL AND PROPRIETARY**

CONFIDENTIAL AND PROPRIETARY

LEASE AGREEMENT

Dated as of September 9, 1999

among

TCA Network Funding, Limited Partnership,

TA Operating Corporation

and

National Auto/Truckstops, Inc.

**THIS LEASE HAS BEEN ASSIGNED AS SECURITY
FOR INDEBTEDNESS OF THE LESSOR. SEE SECTION 21.**

This Lease has been manually executed in 8 counterparts, numbered consecutively from 1 through 8 of which this is No. __. To the extent, if any, that this Lease constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction) no security interest in this Lease may be created or perfected through the transfer or possession of any counterpart other than the original executed counterpart which shall be the counterpart identified as counterpart No. 1.

**THIS LEASE AGREEMENT IS
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PROPRIETARY
CONFIDENTIAL**

LEASE AGREEMENT

Lease Agreement, dated as of September 9, 1999 (as the same may be amended, restated, modified or supplemented from time to time, "THIS LEASE"), among TCA Network Funding, Limited Partnership, a Delaware limited partnership, as lessor, and TA Operating Corporation, a Delaware corporation and National Auto/Truckstops, Inc., a Delaware corporation, as lessees.

SECTION 1. DEFINED TERMS.

Unless the context otherwise requires, each term defined in this Section 1 shall, when used in this Lease, have the meaning indicated:

"ACCRUED DEFAULT OBLIGATIONS" has the meaning set forth in Section 19 hereof.

"ACQUISITION COST" means, without duplication, (i) in the case of a Parcel of Property or Unit of Equipment acquired and built or installed pursuant to the Agreement for Lease, an amount equal to the costs incurred by the Lessor in connection with the acquisition, construction, installation and financing of such Parcel or Unit pursuant to the Agreement for Lease; (ii) with respect to any Unit of Equipment not installed pursuant to the Agreement for Lease, an amount equal to the sum of (a) amounts paid to the vendor pursuant to the vendor's invoice price therefor, including any progress payments, costs of labor, delivery or installation, sales, use, excise or similar taxes and any other charges included in such invoice (b) similar amounts paid with respect to such Unit to parties other than the vendor of such Unit, (c) similar costs incurred with respect to such Unit by the Lessee, and (d) legal, printing, reproduction, closing and other normally capitalizable administrative fees and expenses paid by the Lessee; and (iii) with respect to any Parcel of Property not acquired and built pursuant to the Agreement for Lease, an amount equal to the amounts included in clause (ii)(d) above which are applicable to such Parcel plus (A) amounts paid to the vendor pursuant to the vendor's contract price therefor, (B) vendee's closing costs, including, without limitation, title insurance premiums, survey and survey inspection charges, recording and filing fees, title closer fees, vendee's attorneys' fees and brokerage commissions, (C) other costs related to the acquisition, including, without limitation, appraisal, architectural, engineering, soil analysis, environmental analysis and market analysis fees, and (D) any amounts paid by vendee on behalf of vendor in addition to, and not as a credit against the contract price, including, without limitation, payments made in satisfaction of prior liens, and payment of any transfer, transfer gains or similar taxes imposed in respect of the conveyance of such Property.

"ADDITIONAL RENT" has the meaning set forth in paragraph (d) of Section 7 hereof.

"ADJUSTED ACQUISITION COST" means, at the time of determination, with respect to any Parcel of Property or Unit of Equipment, its Acquisition Cost less the aggregate amount of all Quarterly Rent Components paid as portions of Basic Rent for such Parcel or Unit for any periods prior to the time of determination of such Adjusted Acquisition Cost.

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"AFFILIATE" of any Person means any other Person controlling, controlled by or under direct or indirect common control with such Person. For the purposes of this definition, "CONTROL," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "CONTROLLING" and "CONTROLLED" have meanings correlative to the foregoing.

"AFL UNIT LEASING RECORD" means an instrument, substantially in the form of Exhibit C hereto, evidencing the lease or sublease under this Lease of a Parcel of Property acquired and built pursuant to the Agreement for Lease and the Unit or Units to be located thereon. The terms "lease" or "leased" when used in this Lease shall be deemed to mean "sublease" or "subleased" when referenced to the Property subleased pursuant to the AFL Unit Leasing Record.

"AGREEMENT FOR LEASE" means the Agreement for Lease, dated as of the date hereof, between the Lessor, as owner, and the Lessee, as agent, providing for the acquisition of a fee or leasehold interest in real property and the construction of improvements on certain parcels of real property, as the same may be amended, restated, modified or supplemented from time to time.

"APPLICABLE USURY LAW" has the meaning set forth in Section 33 hereof.

"APPRAISAL PROCEDURE" means the following procedure whereby an independent appraiser shall be appointed by the Lessor and the Lessee, to determine the fair market value rental of any Property or Equipment, if such determination is required under paragraph (f) of Section 13 of this Lease. If no such appraiser is appointed by the Lessor and the Lessee within ten (10) days of the written request of either the Lessor or the Lessee that an appraiser be appointed, the Lessor and the Lessee shall each appoint an independent appraiser within fifteen (15) days thereafter, and the two appraisers so appointed shall appoint a third independent appraiser, which third appraiser shall have a minimum of three (3) years experience in appraising property and equipment similar to the Travelstops and the Travelstop Equipment. Each appraiser appointed pursuant to the foregoing procedure shall, within ten (10) days after appointment of the last appraiser, independently determine the fair market value rental. If the Lessor or the Lessee shall fail to appoint an independent appraiser within the above mentioned fifteen (15) day period, the appraiser appointed by the other party shall determine such value. If a single appraiser is appointed, such appraiser's determination shall be final. If three appraisers are appointed, the values determined by the three appraisers shall be averaged, the value which differs the most from such average shall be excluded, the remaining two values shall be averaged and such average shall be final. The expenses of all appraisers shall be paid by the Lessee.

"ASSIGNEE" means each Person to which any part of the Lessor's interest under this Lease shall at the time have been assigned, conditionally or otherwise, by the Lessor in accordance with Section 21 of this Lease. For purposes of paragraphs (d), (f), (g) and (s) of Section 2, paragraphs (d) and (e) of Section 5, paragraph (b) of Section 9, clauses (i) and (v) of paragraph (d) of Section 10, Section 11, the last sentence of paragraph (b) of Section 21, clause (iii) of paragraph (a) of Section 28, and paragraph (b) of Section 29 hereof, the term "Assignee" shall include each lender to the Lessor that is a signatory to a Credit Agreement.

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"ASSIGNMENT" means each assignment agreement referred to in Section 21 hereof, between the Lessor and a third party, pursuant to which the Lessor assigns certain of its rights under this Lease to such third party, as the same may be amended, restated, modified or supplemented from time to time.

"BASIC RENT" means, with respect to any Parcel of Property or Unit of Equipment:

(a) At each Basic Rent Payment Date during the Lease Term of such Parcel or Unit, and in respect of the quarterly period (or partial quarterly period) beginning on the first day following the immediately preceding Basic Rent Payment Date (or, in the case of the first Basic Rent Payment Date in the Lease Term with respect to such Parcel or Unit, beginning on the Effective Date), and ending on such Basic Rent Payment Date, the sum of the Quarterly Rent Component plus an amount (the "VARIABLE COMPONENT OF BASIC RENT") equal to the sum of (X) plus (Y) plus (Z), where (X), (Y) and (Z) have the following meanings:

- (X) (i) the Equity Capital before payment of Basic Rent for such quarterly period (or partial quarterly period), multiplied by
- (ii) a fraction having a numerator equal to the number of days in such quarterly period (or partial quarterly period) and a denominator of 360, multiplied by
- (iii) the decimal equivalent of a percentage equal to the LIBOR Rate plus 9.5 %.
- (Y) (i) the Debt Capital before payment of Basic Rent for such quarterly period (or partial quarterly period), multiplied by
- (ii) a fraction having a numerator equal to the number of days in such quarterly period (or partial quarterly period) and a denominator of 360, multiplied by
- (iii) the decimal equivalent of a percentage equal to the Quarterly Cost of Project Debt.
- (Z) (i) the Adjusted Acquisition Cost before payment of Basic Rent for such quarterly period (or partial quarterly period), multiplied by
- (ii) a fraction having a numerator equal to the number of days in such quarterly period (or partial quarterly period) and a denominator of 365, or in a leap year, 366, multiplied by
- (iii) .0015.

(b) For each quarterly period during the Renewal Term, if any, of such Parcel or Unit, an amount equal to the fair market value rental thereof, determined as provided in paragraph (e) of Section 13 hereof.

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"BASIC RENT PAYMENT DATE" means March 20th, June 20th, September 20th and December 20th during the Lease Term or any Renewal Term of any Property or Equipment or, if such day is not a Business Day, the next succeeding Business Day.

"BP ENVIRONMENTAL AGREEMENT" means the Environmental Agreement, dated as of July 22, 1993, among BP Exploration & Oil Inc., TA Operating Corporation and certain other parties, as the same may be amended, restated, modified or supplemented from time to time.

"BUSINESS DAY" means any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York are authorized by law to close.

"CERCLA" has the meaning set forth in paragraph (r) of Section 2 hereof.

"CHANGE OF CONTROL" means, with respect to the Guarantor or both Lessees, any change (whether pursuant to one transaction or a series of transactions) resulting in direct or indirect legal or beneficial ownership of fifty-one percent (51%) or more of the ordinary voting stock of the Guarantor or both Lessees being transferred to parties other than current shareholders (or their family members or trusts for the benefit of such shareholders or their family members).

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMPUTATION PERIOD" has the meaning set forth in subclause (a)(iii) of the definition of Basic Rent in Section 1 hereof.

"CREDIT AGREEMENT" means each credit, loan or participation agreement which has been entered into between the Lessor and a lender or lenders related to the financing of Property or Equipment, as the same may be amended, restated, modified, supplemented or replaced from time to time.

"DEBT CAPITAL" means, at the time of determination, an amount equal to the Adjusted Acquisition Cost of such Parcel or Unit minus the Equity Capital with respect to such Parcel or Unit.

"EFFECTIVE DATE" means, with respect to any Parcel of Property or Unit of Equipment, the date on which such Parcel or Unit becomes subject to this Lease, as evidenced by execution by the Lessor of an AFL Unit Leasing Record or a Unit Leasing Record, as the case may be, with respect to such Parcel or Unit.

"ENVIRONMENTAL APPROVALS" means all Governmental Actions, permits, consents, licenses and other approvals or authorizations required under Environmental Requirements.

"ENVIRONMENTAL DAMAGES" means all claims, judgments, damages (including punitive damages), losses, penalties, fines, interest, fees, liabilities (including strict liability), taxes, obligations, encumbrances, liens, costs and expenses (including, without limitation, costs and expenses of investigation and defense of any claim, whether or not such claim is ultimately defeated, and of any good faith settlement or judgment), of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, direct or indirect, including, without limitation, reasonable attorneys' fees and disbursements and consultants' fees, any of

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which are asserted, imposed or incurred at any time pursuant to Environmental Requirements, including, without limitation:

(i) Damages arising from the past, present or future existence of any Hazardous Substances at any location or noncompliance with or violation of any Environmental Requirements other than to the extent such Damages arise from or relate to acts or omissions occurring, or circumstances or conditions created or existing, at any time following the expiration or earlier termination of this Lease;

(ii) Damages for personal injury or threatened personal injury (including sickness, disease or death), or injury or threatened injury to property or natural resources, foreseeable or unforeseeable, including, without limitation, the cost of demolition and rebuilding of any improvements on real property;

(iii) Reasonable fees incurred for the services of attorneys, consultants, contractors, doctors, experts, laboratories and all other reasonable costs incurred in connection with any damages as described in subparagraph (i) of this definition, and the investigation or remediation of Hazardous Substances or the suspected presence of Hazardous Substances or the violation or threatened violation of Environmental Requirements, including, but not limited to, the preparation of any feasibility studies or reports or the performance of any investigation, cleanup, treatment, remediation, removal, response, abatement, containment, closure, storage, disposal, transport, restoration or monitoring work required by any Governmental Authority, or otherwise expended in connection with such conditions, and including, without limitation, any reasonable attorneys' fees, costs and expenses incurred in enforcing the provisions of this Lease or the Agreement for Lease relating to Environmental Requirements or collecting any sums due under such provisions; and

(iv) Liability to any third Person or Governmental Authority to indemnify such Person or Governmental Authority for costs expended in connection with the items referenced in subparagraphs (i), (ii) and (iii) of this definition.

"ENVIRONMENTAL DOCUMENTS" has the meaning described in the Agreement for Lease.

"ENVIRONMENTAL EVENT" has the meaning set forth in paragraph (v) of Section 2 hereof.

"ENVIRONMENTAL LIEN" means a Lien in favor of any Governmental Authority for (a) liability under any Environmental Requirement or (b) damages arising from or costs incurred by, such Governmental Authority in response to a Release or threatened Release of any Hazardous Substance into the environment.

"ENVIRONMENTAL MATTER" means any matter, fact or situation relating to or arising from (a) any violation or alleged violation of, or compliance or noncompliance with, an Environmental Requirement, (b) any Release or threatened Release of any Hazardous Substance on, under or from the Property or Equipment or the presence of any Hazardous Substance which has come to be located on, from or under the Property or Equipment, or (c) any injury or alleged injury to

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human health or safety or the environment by reason of the matters described in clauses (a) and (b) above.

"ENVIRONMENTAL REQUIREMENTS" means all applicable federal, state and local laws (including duties under the common law), statutes, codes, ordinances, rules, regulations, directives, binding policies, permits, authorizations, judgments, decrees, requirements or orders of any Governmental Authority relating to or addressing the environment, natural resources or human health, including, but not limited to, any law, statute, code, ordinance, rule, regulation, directive, binding policy, permit, authorization or order relating to (a) the use, handling or Release or threatened Release of any Hazardous Substance or (b) worker health. Environmental Requirements shall include all applicable Environmental Requirements now or hereinafter enacted, made or issued whether or not presently contemplated.

"EQUIPMENT" means personal property of any type leased or to be leased hereunder and, when leased, evidenced by Unit Leasing Records or AFL Unit Leasing Records, and all related appliances, appurtenances, accessions, furnishings, materials and parts leased or to be leased by the Lessor to the Lessee as provided herein and including all replacements and subsequent replacements of such related appliances, appurtenances, accessions, furnishings, materials and parts. "UNIT", when referring to the personal property leased under this Lease, means a particular item of Equipment, as the context may require. Notwithstanding the foregoing, any item of property that is deemed to be Property shall be deemed not to be Equipment for purposes of this Lease.

"EQUITY CAPITAL" means, at the time of determination, the aggregate amount of cash contributions to the Lessor's capitalization made by the Lessor's general partner and limited partners constituting a part of Adjusted Acquisition Cost with respect to all Property and Equipment subject to this Lease, plus any undistributed Return on Equity Capital with respect to such Property and Equipment, less the aggregate amount of any returns of equity capital made to such partners at such time with respect to such Property and Equipment; PROVIDED that, for purposes of the definitions of "Basic Rent" and "Debt Capital" in this Lease, the reference therein to "Equity Capital" shall not include any undistributed Return on Equity Capital.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA AFFILIATE" means any trade or business (whether or not incorporated) that is, was or hereafter becomes a member of a group of which the Lessee is a member and which is treated as a single employer under Section 414 of the Code.

"ERISA PLAN" means any pension plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code that is maintained for employees of the Lessee or any ERISA Affiliate.

"EVENT OF DEFAULT" has the meaning set forth in Section 18 hereof.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States, applied on a consistent basis.

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"GENERAL PARTNER" means TCA Network Capital, Inc., a Delaware corporation, and its successors and assigns, which is the general partner of the Lessor.

"GOVERNMENTAL ACTION" has the meaning set forth in paragraph (d) of Section 2 hereof.

"GOVERNMENTAL AUTHORITY" means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GROUND LEASE" means each ground lease (which must be a Mortgageable Ground Lease) pursuant to which a leasehold interest in a Parcel of Property is being leased to the Lessor.

"GUARANTOR" means TravelCenters of America, Inc., a Delaware corporation (an Affiliate of the Lessee), and its successors.

"GUARANTY" means the Corporate Guaranty, dated as of the date hereof, from the Guarantor to the Lessor, as the same may be amended, restated, modified or supplemented from time to time.

"HAZARDOUS SUBSTANCE" means any pollutant, contaminant, substance, hazardous substance, radioactive substance, toxic substance, hazardous waste, medical waste, radioactive waste, special waste, petroleum or petroleum-derived substance or waste, asbestos, polychlorinated biphenyl, or any constituent thereof which is regulated under Environmental Requirements as potentially harmful to human health or the environment.

"INDEBTEDNESS" means for any Person (i) all indebtedness or other obligations of such Person for borrowed money, (ii) all obligations of such Person to pay the deferred purchase price of property or services, including any such obligations created under or arising out of any conditional sale or other title retention agreement, (iii) all obligations of such Person (contingent or otherwise) under reimbursement or similar agreements with respect to the issuance of letters of credit, (iv) all indebtedness or other obligations of such Person under or in respect of any swap, cap, collar or other financial hedging arrangement, (v) all indebtedness or other obligations of any other Person of the type specified in clause (i), (ii), (iii) or (iv) above, the payment or collection of which such Person has guaranteed (except by reason of endorsement for collection in the ordinary course of business) or in respect of which such Person is liable, contingently or otherwise, including, without limitation, liable by way of agreement to purchase products or securities, to provide funds for payment, to maintain working capital or other balance sheet conditions or otherwise to assure a creditor against loss, and (vi) all indebtedness or other obligations of any other Person of the type specified in clause (i), (ii), (iii), (iv) or (v) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien, upon or in property (including, without limitation, accounts and contract rights) owned by such Person, whether or not such Person has assumed or becomes liable for the payment of such indebtedness or obligations.

"INDEMNIFIED PERSON" has the meaning set forth in Section 11 hereof.

"INSURANCE REQUIREMENTS" means all terms of any insurance policy covering or applicable to any Property or Equipment, all requirements of the issuer of any such policy, all statutory

requirements and all orders, rules, regulations and other requirements of any governmental body related to insurance applicable to any Property or Equipment.

"LEASE RATE DATE" has the meaning set forth in paragraph (b) of Section 7 hereof.

"LEASE TERM" means the term commencing on the Effective Date with respect to any Parcel of Property or Unit of Equipment and ending on the seventh anniversary of the date of this Lease.

"LEGAL REQUIREMENTS" means all laws, judgments, decrees, ordinances and regulations and any other governmental rules, orders and determinations and all requirements having the force of law, now or hereinafter enacted, made or issued, whether or not presently contemplated, including, without limitation, compliance with all requirements of labor laws and Environmental Requirements, compliance with which is required at any time from the date hereof through the Lease Term and any Renewal Term, whether or not such compliance shall require structural, unforeseen or extraordinary changes to any Property or Equipment or the operation, occupancy or use thereof.

"LESSEE" means each of TA Operating Corporation and National Auto/Truckstops, Inc., in its joint and several capacity. Each of TA Operating Corporation and National Auto/Truckstops, Inc. are hereinafter sometimes referred to as "LESSEE" and as "LESSEES". TA Operating Corporation will act as lessee for each Parcel of Property and Unit of Equipment described on Exhibit E hereto and National Auto/Truckstops, Inc. will act as lessee for each Parcel of Property and Unit of Equipment described on Exhibit F hereto; PROVIDED, HOWEVER, that TA Operating Corporation and National Auto/Truckstops, Inc. will be jointly and severally liable to the Lessor for any and all obligations of the Lessee or the Lessees under this Lease.

"LESSOR" means TCA Network Funding, Limited Partnership or any successor or successors to all of its rights and obligations as the Lessor hereunder and, for purposes of Section 11 hereof, shall include any partnership (general or limited), corporation, limited liability company, trust, individual or other entity which computes its liability for income or other taxes on a consolidated basis with TCA Network Funding, Limited Partnership or the income of which for purposes of such taxes is, or may be, determined or affected directly or indirectly by the income of the Lessor or its successor or successors.

"LIBOR RATE" shall have the meaning assigned to the term "Reserve Adjusted LIBOR" in the Loan and Security Agreement, dated as of the date hereof, between the Lessor and General Electric Capital Corporation, for itself and as agent for the Loan Participants (as such term is defined therein), as the same may be amended, restated, modified or supplemented from time to time.

"LIEN" means any security interest, mortgage, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction in respect of any of the foregoing).

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"MANAGEMENT AGREEMENT" means the Management Agreement, dated as of the date hereof, between the Lessor and Merrill Leasing, as the same may be amended, restated, modified or supplemented from time to time.

"MAXIMUM RATE" has the meaning set forth in Section 33 hereof.

"MERRILL" means Merrill Lynch Money Markets Inc., a Delaware corporation.

"MERRILL LEASING" means ML Leasing Equipment Corp., a Delaware corporation.

"MERRILL LYNCH" means Merrill Lynch & Co., Inc., a Delaware corporation.

"MORTGAGEABLE GROUND LEASE" means a ground lease for a Parcel of Property to be subleased to the Lessee which is delivered to the Lessor for execution by the Lessor, or assigned to the Lessor by an assignment in form and substance satisfactory to the Lessor, and having such terms and characteristics as may be required by the Lessor and any Assignee, which terms and characteristics shall include, without limitation, the following: (a) free assignability to (i) any lender as security for a borrowed money obligation of the Lessor and, upon foreclosure of such security, freely assignable by such lender to any third party, and (ii) any purchaser in connection with a sale of such Parcel of Property pursuant to the provisions of this Lease or the Agreement for Lease (the Lessor and any Assignee being released from liability upon such assignment); (b) a term (including renewals) of at least ten (10) years in excess of the Lease Term of the Parcel of Property to which such ground lease relates; (c) no provisions for percentage or variable rent; (d) permit any lawful use; (e) no provision for a security deposit; (f) a requirement that any Assignee or any lender will receive copies of all notices of default delivered under or pursuant to such ground lease; (g) a provision that any Assignee or any lender shall have the right to cure any defaults thereunder (whether monetary or nonmonetary in nature), and in the event of such cure to receive a new ground lease on the same terms as the original ground lease; (h) a no recourse section in accordance with the language set forth in Section 31 hereof except substituting the Lessee for the Lessor; (i) a prohibition of any mortgages or other Liens on the underlying fee, except Permitted Liens; and (j) no provision requiring the Lessor to indemnify any Person. A Mortgageable Ground Lease shall be delivered with such estoppel certificates, recognition and attornment agreements, or confirmation of customary mortgagee protection as are reasonably acceptable to the Lessor and any Assignee. Each Ground Lease must be a Mortgageable Ground Lease.

"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Lessee or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"NPL" has the meaning set forth in paragraph (r) of Section 2 hereof.

"OPERATIVE DOCUMENTS" means, collectively, this Lease, the Agreement for Lease, and all other documents, certificates, instruments and agreements entered into by the Lessee on the date hereof in connection with the transactions contemplated hereby.

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"OTHER CHARGES" has the meaning set forth in Section 33 hereof.

"PARTICIPATION AGREEMENT" means that certain Participation Agreement, dated as of the date hereof, among the Lessor, the Agent (as such term is defined therein), the Guarantor and the Lessee, as the same may be amended, restated, modified or supplemented from time to time.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"PCBS" has the meaning set forth in paragraph (r) of Section 2 hereof.

"PERMITTED CONTEST" has the meaning set forth in paragraph (a) of Section 28 hereof.

"PERMITTED LIENS" means the following Liens and other matters affecting the title of any Parcel of Property or Unit of Equipment: (a) Liens securing the payment of taxes, assessments and other governmental charges or levies which are either not delinquent or, if delinquent, are being contested by the Lessee in good faith as a Permitted Contest; (b) all applicable Legal Requirements, including Legal Requirements relating to zoning and subdivision restrictions, (c) easements, rights-of-way, licenses, reservations, covenants, conditions, waivers, restrictions on the use of any Parcel of Property, encroachments and other title or survey defects which either (i) are in effect as of the date hereof and have been disclosed to the Lessor in writing or (ii) do not individually or in the aggregate materially impair the intended use or value of such Parcel of Property by the Lessee; (d) reservations of mineral interests; (e) the Liens created pursuant to a Credit Agreement; (f) leases and licenses in effect with respect to any Parcel of Property which are permitted by this Lease or which are delivered to and accepted by the Lessor and any Assignee prior to such Parcel's Effective Date; (g) mechanics' liens arising in the ordinary course of business on or in respect of any Parcel of Property and for amounts the payment of which is either not yet delinquent or is the subject of a Permitted Contest; (h) the rights and interest of any sublessee permitted by the terms of this Lease; (i) exceptions to the title of any Parcel of Property as set forth in the title insurance policy delivered to the Lessor pursuant to Section 4 of the Agreement for Lease or Section 5 of this Lease; (j) Liens in connection with financing statements covering "CAT scales" and other equipment owned by third parties but located on or at a Parcel of Property pursuant to operating agreements or subleases between such third parties and the Lessee; and (k) such other or additional matters as may be approved in writing by the Lessor and any Assignee.

"PERSON" means any individual, corporation, partnership, limited liability company, private limited company, joint venture, association joint-stock company, trust, unincorporated organization of government or any agency or political subdivision thereof.

"PLEDGE AGREEMENT" means the Pledge Agreement, dated as of the date hereof, by and among the Lessee, as pledgor, and the Lessor, as pledgee, as it may be amended, restated, modified or supplemented from time to time, a copy of which is attached as Exhibit D hereto.

"PLEDGED CONTRACTS" means the Unocal Environmental Agreement and the BP Environmental Agreement, in each case solely as such agreements relate to any Parcel of Property or Unit of Equipment leased under this Lease from time to time, and all such other contracts listed on Schedule A to the Pledge Agreement.

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"POTENTIAL DEFAULT" means any event which, but for the lapse of time, or giving of notice, or both, would constitute an Event of Default.

"PRIMARY USE" has the meaning set forth in paragraph (f) of Section 9 hereof.

"PROPERTY" means any and all parcels of land together with all buildings and other improvements (including, without limitation, the attachments, appliances, equipment, machinery and other affixed property which, in each case, would constitute "fixtures" under Section 9-313 (1)(a) of the Uniform Commercial Code) now or hereafter located on such parcels of land, leased or to be leased hereunder and when leased, evidenced by Unit Leasing Records or AFL Unit Leasing Records, and the respective easements, rights and appurtenances relating to such parcels of land, buildings and improvements. "PARCEL" or "PARCEL OF PROPERTY" means a specific parcel or parcels of Property.

"QUARTERLY COST OF PROJECT DEBT" means the Lessor's weighted average percentage cost per annum (including, without duplication, any interest accruing at a default rate and any facility, commitment or other fees under a Credit Agreement) of borrowings outstanding at any time during the period from and including the 16th day of the calendar month in which such quarterly period begins to and including the 15th day of the calendar month in which such Basic Rent Payment Date occurs (the "COMPUTATION PERIOD") to finance or refinance the acquisition and ownership of Property and Equipment; PROVIDED, that if the Effective Date for such Parcel or Unit falls on or after the Lease Rate Date during the first month of such partial first quarterly period such decimal shall be the decimal determined as of the next succeeding Lease Rate Date.

"QUARTERLY RENT COMPONENT" means, (i) with respect to each quarterly period during the Lease Term of any Parcel of Property or Unit of Equipment (other than a Parcel acquired and built pursuant to the Agreement for Lease), the amount set forth on Schedule I to the Unit Leasing Record relating to such Parcel or Unit for such quarterly period, as such schedule may be amended from time to time pursuant to the terms of this Lease, or (ii) with respect to each quarterly period during the Lease Term of any Parcel of Property acquired and built pursuant to the Agreement for Lease, the amount set forth on Schedule I to the AFL Unit Leasing Record relating to such Parcel for such quarterly period, as such schedule may be amended from time to time pursuant to the terms of this Lease.

"RECOGNITION AND ATTORNMENT AGREEMENT" means a Non-Disturbance, Recognition and Attornment Agreement, substantially in the form attached as Exhibit G hereto, which may be entered into by the Lessor, the Lessee and certain subtenants of the Lessee pursuant to paragraph (e) of Section 8 hereof.

"RECONCILIATION AMOUNT" has the meaning set forth in paragraph (f) of Section 7 hereof.

"RELEASE" means the release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migrating into the indoor or outdoor environment of any Hazardous Substance through or in the air, soil, surface water, groundwater, or any structure.

"REMEDIAL ACTION" means actions required or undertaken by a Governmental Authority, or which are appropriate as a matter of prudent business practice and commercial reasonableness, to (i) clean up, remove, treat or in any other way address Hazardous Substances in the indoor or

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outdoor environment; (ii) prevent the Release or threat of Release or minimize the further Release of Hazardous Substances; or (iii) investigate and determine if a remedial response is needed, and to design such a response and post-remedial investigation, monitoring, operation, maintenance and care.

"RENEWAL TERM" has the meaning set forth in paragraph (e) of Section 13 hereof.

"REPORTABLE EVENT" means any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to an ERISA Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

"RESIDUAL AMOUNT" means, as to any Parcel of Property or Unit of Equipment, an amount equal to (i) at the end of the Lease Term, seventy-five point seven five percent (75.75%) of the Adjusted Acquisition Cost of such Parcel or Unit or (ii) at the end of the Renewal Term, a percentage of the Adjusted Acquisition Cost of such Parcel or Unit to be agreed to between the Lessee and the Lessor prior to the commencement of such Renewal Term.

"RESPONSIBLE OFFICER" means with respect to a particular Lessee, any executive officer or financial officer of such Lessee or, if acting as agent of such Lessee, any employee of the Guarantor primarily responsible for administering the obligations of such Lessee hereunder.

"STATED RATE" has the meaning set forth in Section 33 hereof.

"SURRENDER COVENANTS" has the meaning set forth in paragraph (b) of Section 13 hereof.

"SURRENDER DATE" means the date, if any, the Lessee surrenders any Property and Equipment under this Lease to the Lessor pursuant to Section 13 hereof, which date shall be either the last Business Day in the Lease Term or the last Business Day of any Renewal Term with respect to such Property and Equipment.

"TANKS" has the meaning set forth in paragraph (g) of Section 9 hereof.

"TAKING" has the meaning set forth in paragraph (a) of Section 16 hereof.

"TERMINATION EVENT" has the meaning set forth in paragraph (a) of Section 14 hereof.

"TRANSACTIONS" has the meaning set forth in Section 33 hereof.

"TRANSACTION DOCUMENTS" has the meaning set forth in Section 33 hereof.

"TRAVELCENTERS CREDIT AGREEMENT" means the Credit Agreement, dated as of March 21, 1997, as amended and restated as of November 24, 1998, among the Guarantor, the lenders parties thereto and The Chase Manhattan Bank, as Agent for such lenders and as the Fronting Bank and Swingline Lender, as the same may be amended, restated, modified or supplemented from time to time.

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"TRAVELSTOP" means any Property designed for use as a travel center, fuel station, truck maintenance and repair center and/or convenience store and related improvements on the same Parcel.

"TRAVELSTOP EQUIPMENT" means all the Equipment, if any, used and (if such Equipment has been acquired by the Lessor but not yet delivered by the vendor) to be used, at a particular Travelstop, the lease of which is evidenced by an AFL Unit Leasing Record.

"UNDEVELOPED PROPERTY" has the meaning set forth in paragraph (c) of Section 12 hereof.

"UNECONOMIC EQUIPMENT" has the meaning set forth in paragraph (c) of Section 14 hereof.

"UNIT" has the meaning set forth in the definition of Equipment in Section 1 hereof.

"UNIT LEASING RECORD" means an instrument, substantially in the form of Exhibit C hereto, evidencing, except in the case of any Parcel or Parcels of Property acquired and built pursuant to the Agreement for Lease and the Unit or Units to be located thereon, the lease of any Parcel or Parcels of Property or Unit or Units of Equipment under this Lease.

"UNOCAL ENVIRONMENTAL AGREEMENT" means the Environmental Agreement, dated as of November 23, 1992, between Union Oil Company of California and National Auto/Truckstops, Inc., as the same may be amended, restated, modified or supplemented from time to time.

"WITHDRAWAL LIABILITY" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 2. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF EACH LESSEE.

Each Lessee represents, warrants and covenants to the Lessor:

(a) **CORPORATE MATTERS.** The Lessee (i) has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, (ii) has full power, authority and legal right to own and operate its properties and to conduct its business as presently conducted and to execute, deliver and perform its obligations under the Operative Documents, and (iii) is duly qualified to do business as a foreign corporation in good standing in each jurisdiction in which its ownership or leasing of properties or the conduct of its business requires such qualification, except where the failure to comply with the foregoing clauses (ii) and (iii) would not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner.

(b) **BINDING AGREEMENTS.** (i) The Operative Documents have been duly authorized, executed and delivered by the Lessee and, assuming the due authorization, execution and delivery of the Operative Documents by the Lessor, the Operative Documents are legal, valid and binding obligations of the Lessee, enforceable according to their respective terms.

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(ii) The Guaranty has been duly authorized, executed and delivered by the Guarantor and is a legal, valid and binding obligation of the Guarantor, enforceable according to its terms.

(c) **COMPLIANCE WITH OTHER INSTRUMENTS.** The execution, delivery and performance by the Lessee of the Operative Documents will not result in any violation of any term of the articles of incorporation or the by-laws of the Lessee, do not require stockholder approval or the approval or consent of any trustee or holders of indebtedness of the Lessee except such as have been obtained prior to the date hereof and will not conflict with or result in a breach of any terms or provisions of, or constitute a default under, or result in the creation or imposition of any Lien (other than a Permitted Lien) upon any property or assets of the Lessee under, any indenture, mortgage or other agreement or instrument to which the Lessee is a party or by which it or any of its property is bound, or any existing applicable law, rule, regulation, license, judgment, order or decree of any Governmental Authority or court having jurisdiction over the Lessee or any of its activities or properties, except for any possible conflict with, breach of or default under, any indenture, mortgage or other agreement or instrument, which conflict, breach, default or violation could reasonably be expected to have a material adverse effect on (i) the operation, maintenance, use or value of any Parcel of Property or Unit of Equipment, (ii) the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (iii) the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(d) **GOVERNMENTAL CONSENTS.** There are no consents, licenses, orders, authorizations, approvals, Environmental Approvals, permits, waivers, extensions or variances of, or notices to or registrations or filings with (each a "GOVERNMENTAL ACTION"), any Governmental Authority or public body or authority which are or will be required in connection with the valid execution, delivery and performance of the Operative Documents, or any Governmental Action

(i) which is or will be required in connection with any participation by the Lessor or Assignee in the transactions contemplated by any bill of sale, deed, assignment, assumption, ownership agreement, operating agreement, or other agreement relating to any Property or Equipment or (ii) which is or will be required to be obtained by the Lessor, the Lessee, Merrill, Merrill Leasing, any Assignee or any Affiliate of the foregoing, during the term of this Lease, with respect to any Property or Equipment except such Governmental Actions, (A) as have been or will be in a timely manner duly obtained, given or accomplished, (B) as may be required by applicable law not now in effect, (C) which may be required as a result of the business, properties or activities of the Lessor, any Assignee or any Affiliate of the foregoing and which are not solely dependent on the nature of any Parcel of Property or Unit of Equipment under this Lease or the business of the Lessee, or (D) which, individually or in the aggregate, if not obtained or effected, (x) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified for hereunder or subject the Lessor or any Assignee to any danger of criminal liability as a result of failure to comply therewith, (y) will not result in a material diminution in the value of any Parcel of Property or Unit of Equipment and (z) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner.

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(e) **FINANCIAL STATEMENTS.** The Lessee has furnished to the Lessor copies of its annual unaudited financial statements for the fiscal year ended December 31, 1998 and the Guarantor's Annual Report on Form 10-K for the fiscal year ended December 31, 1998. The financial statements contained in such documents fairly present the financial position, results of operations and statements of cash flows of the Lessee and the Guarantor as of the dates and for the periods indicated therein and have been prepared in accordance with GAAP.

(f) **MATERIAL ADVERSE CHANGE.** Since December 31, 1998, there has been no material adverse change in the assets, properties, operations, prospects, consolidated financial condition, contingent liabilities or business of the Guarantor which could reasonably be expected to have a material adverse effect on (i) the operation, maintenance, use or value of any Parcel of Property or Unit of Equipment, (ii) the ability of the Lessee to perform its obligations under this Lease or the Agreement for Lease in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (iii) the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(g) **LITIGATION.** There is no action, suit, proceeding or investigation at law or in equity by or before any court, governmental body, agency, commission or other tribunal now pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee or the Guarantor or any property or rights of the Lessee or the Guarantor with respect to which there exists a reasonable possibility of a decision or judgment which would (i) question the validity or enforceability of this Lease or the Pledged Contracts, (ii) materially adversely affect any Parcel of Property or Unit of Equipment, (iii) impair the ability of the Lessee to perform its obligations under this Lease or the ability of the Guarantor to perform its obligations under the Guaranty, or (iv) the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(h) **DELIVERY OF INFORMATION.** The Lessee shall deliver to the Lessor and any Assignee from time to time, (i) promptly upon their becoming available, and, in any event, not more than 105 days after the end of each fiscal year of the Lessee, copies of the Lessee's annual unaudited financial statements and the Guarantor's Annual Reports on Form 10-K, and, promptly upon their becoming available, and, in any event, not more than sixty (60) days after the end of each fiscal quarter of the Lessee, copies of the Lessee's quarterly unaudited financial statements and the Guarantor's Quarterly Reports on Form 10-Q and, promptly upon filing, any other reports the Guarantor files with the Securities and Exchange Commission, (ii) promptly, and in any event within ten (10) Business Days upon request, such other information with respect to the Lessee's and the Guarantor's operations, business, property, assets, financial condition or litigation as the Lessor or any Assignee shall reasonably request, (iii) promptly, and in any event within five (5) Business Days after a Responsible Officer obtains knowledge of any Event of Default or Potential Default hereunder, or any default or alleged default by any party to a Pledged Contract, a certificate of a Responsible Officer specifying the nature and period of existence of such Event of Default or Potential Default, or default under a Pledged Contract, and what action, if any, the Lessee has taken, is taking, or proposes to take with respect thereto, (iv) promptly, and in any event within five (5) Business Days after a Responsible Officer obtains knowledge of any material adverse change in the financial condition or business of the Lessee or the Guarantor of the type described in paragraph (f) of this Section 2 or of any litigation of the type described in paragraph (g) of this Section 2, a certificate of a Responsible Officer describing such change or litigation as the case may be, (v) promptly, and in any event within five (5)

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Business Days after a Responsible Officer obtains knowledge of any and all Liens, other than Permitted Liens, on any Parcel of Property or Unit of Equipment, a detailed statement of a Responsible Officer describing each such Lien and (vi) simultaneously with the delivery of each set of financial statements referred to in clause (i) of this paragraph (h), a certificate of a Responsible Officer stating, to the best knowledge of such Responsible Officer after reasonable inquiry, (1) whether there exists on the date of such certificate any Event of Default or Potential Default hereunder or any default under any Pledged Contract, and if any Event of Default, Potential Default or default under any Pledged Contract exists, specifying the nature and period of existence thereof and what action, if any, the Lessee has taken, is taking, or proposes to take with respect thereto and (2) setting forth computations in reasonable detail satisfactory to the Lessor and Assignee demonstrating compliance with the covenant contained in paragraph (u) of this Section 2.

(i) **ACCURACY OF APPRAISAL.** The information furnished by the Lessee to the appraiser for use by such appraiser in its appraisal report with respect to any Parcel of Property or Unit of Equipment is accurate and complete in all material respects.

(j) **COMPLIANCE WITH LEGAL REQUIREMENTS AND INSURANCE REQUIREMENTS.** The operation, use and physical condition of the Property and Equipment are in full compliance with all Legal Requirements and Insurance Requirements and all premiums due with respect to such Insurance Requirements have been paid, except any Legal Requirement, the noncompliance with which, individually or in the aggregate, (i) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified for hereunder or subject the Lessor or any Assignee to any danger of criminal liability as a result of failure to comply therewith, (ii) will not result in a material diminution in the value of any Parcel of Property or Unit of Equipment and (iii) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner.

(k) **LIENS.** No Property or Equipment is subject to any Lien, except for Permitted Liens.

(l) **AGREEMENT FOR LEASE.** The Property acquired and built pursuant to the Agreement for Lease was acquired and built in accordance with the terms of the Agreement for Lease. The representations and warranties of the Lessee, as agent, in the Agreement for Lease are true and correct in all material respects.

(m) **ERISA.** The Lessee and its ERISA Affiliates are in compliance in all material respects with the applicable provisions of ERISA and the regulations and published interpretations thereunder. No Reportable Event has occurred, been waived or exists as to which the Lessee or any ERISA Affiliate was or is required to file a report with the PBGC, and the present value of all benefit liabilities under each ERISA Plan (based on those assumptions used to fund such ERISA Plan) did not, as of the last annual valuation date applicable thereto, exceed by more than \$2,000,000 the value of the assets of such ERISA Plan. Neither the Lessee nor any ERISA Affiliate has incurred any Withdrawal Liability that could result in a material adverse effect on (i) the operation, maintenance, use or value of any Parcel of Property or Unit of Equipment, (ii) the ability of the Lessee to perform its obligations under the Operative

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Documents in a timely manner or (iii) the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease. Neither the Lessee nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated where such reorganization or termination has resulted or could reasonably be expected to result, through increases in the contributions required to be made to such ERISA Plan or otherwise, in a material adverse effect on (A) the operation, maintenance, use or value of any Parcel of Property or Unit of Equipment, (B) the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or (C) the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(n) STATUS OF LESSEE. On the date hereof, not less than fifty-one percent (51%) of the common stock of each of TA Operating Corporation and National Auto/Truckstops, Inc. is owned (directly or indirectly) beneficially and of record by the Guarantor.

(o) TAXES. The Lessee has filed or caused to be filed all tax returns which are required to be filed by it, and has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its assets and properties and has paid all other taxes, fees or other charges imposed on it by any Governmental Authority (except taxes, fees and charges subject to a Permitted Contest).

(p) GROUND LEASE. Each Ground Lease has been duly authorized, executed and delivered by the Lessee and is a legal, valid and binding obligation of the Lessee enforceable according to its terms. Each Ground Lease is a Mortgageable Ground Lease except to the extent agreed to in writing by the Lessor and Assignee, and is in full force and effect.

(q) PLEDGE AGREEMENT. The Pledge Agreement has been duly authorized, executed and delivered by the Lessee and, assuming the due authorization, execution and delivery of the Pledge Agreement by the Lessor, is a legal, valid and binding obligation of the Lessee, enforceable according to its terms. The Pledge Agreement creates a valid security interest in the Collateral (as defined in the Pledge Agreement) now in existence, securing the payment of the Secured Obligations (as defined in the Pledge Agreement). All action necessary to perfect the security interest in the Collateral has been taken and such security interest has priority over any other Lien on the Collateral, except for Permitted Liens.

(r) ENVIRONMENTAL DISCLOSURE. Except as expressly identified in the Pledged Contracts and Environmental Documents:

(1) To the best knowledge of the Lessee, after due inquiry, the Lessee and the Property and the Equipment comply with, and have at all times complied with all Environmental Requirements applicable to the Property and the Equipment, including, without limitation, the use, maintenance and operation of the Property and the Equipment, and all activities and conduct of business related thereto, including, without limitation, the use, handling, management, storage, disposal, removal, transport, treatment and/or remediation of any Hazardous Substance, except where noncompliance, individually or in the aggregate, (i) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified hereunder or subject the Lessor or any Assignee to any

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danger of criminal liability, (ii) will not result in a diminution in the value of any Parcel of Property or Unit of Equipment, (iii) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (iv) will not impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(2) The Lessee has obtained all Environmental Approvals necessary in connection with the ownership of and operations at the Property and any activities or conduct performed thereon, and all such Environmental Approvals are in good standing (subject to Permitted Contests), and the Lessee is currently in compliance with all terms and conditions of such Environmental Approvals, except where noncompliance, individually or in the aggregate, (i) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Parcel of Property or Unit of Equipment, (iii) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (iv) will not impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease. There are no proceedings pending or threatened as to which there exists a reasonable possibility of a decision or judgment which would question the validity of any such Environmental Approvals.

(3) The Lessee has not received, and is not otherwise aware of, any notice, directive, citation, subpoena, summons, order to show cause, complaint or other written communication concerning any alleged violation of Environmental Requirements relating to or affecting the Property or the Equipment or relating to or arising out of (x) the Release or threatened Release of Hazardous Substances at, on, from, beneath or affecting a Parcel of Property, or (y) the condition, ownership, use, maintenance or operation of a Parcel of Property or Unit of Equipment by the Lessee or by any prior owner or operator of the Property or Equipment, except with respect to any such alleged violations that (a) are subject to a Permitted Contest, (b) have been remedied or (c)(1) individually or in the aggregate, (i) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified for hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Parcel of Property or Unit of Equipment, (iii) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (iv) will not impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease, and (2) which violations will be remedied prior to the time that such violations, individually or in the aggregate, (i) place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified for hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (ii) result in a diminution in the value of any Parcel of Property or Unit of Equipment, (iii) impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (iv) impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

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- (4) To the best knowledge of the Lessee, there has been no material adverse change in the facts or circumstances reported in or assumed in the Environmental Documents.
- (5) To the best knowledge of the Lessee, there has been no Release of any Hazardous Substances (i) on, from, or beneath the Property or Equipment for which a Remedial Action must be taken or which affects the Property or Equipment, or (ii) at any location where any Hazardous Substances used, handled, managed, stored, generated, removed or Released at or in connection with the Property or Equipment have been transported, treated, stored, handled, disposed of, transferred, recycled or received, either (in the case of clauses (i) and (ii)) by the Lessee or any other Person for whose conduct the Lessee is or may be held responsible under applicable Environmental Requirements and (in the case of clauses (i) and (ii)) which will result in material costs to the Lessee, the Lessor, any Assignee or any Indemnified Person pursuant to Environmental Requirements.
- (6) To the best knowledge of the Lessee, there are currently no agreements, consent orders, decrees or other directives (other than directives of environmental statutes, regulations or permits issued in the ordinary course of business) of any applicable court or Governmental Authority requiring any Remedial Actions with respect to the use, handling, management, storage, Release, removal, transport, treatment or generation of any Hazardous Substance on, from, beneath or affecting the Property or Equipment.
- (7) There are no underground or above-ground storage tanks (whether or not currently in use) located on or beneath the Property, nor to the Lessee's knowledge after due inquiry, have there ever been such tanks located on the Property in a condition not in compliance with Environmental Requirements.
- (8) Neither the Lessee nor any of its Affiliates has given notice to any insurance broker or insurance carrier that there has been an occurrence relating to the use, handling, management, storage or Release of Hazardous Substances on, from, beneath or affecting the Property.
- (9) The Lessee has not, by contract, agreement, or otherwise, arranged for disposal or treatment, or arranged with a transporter for transport for disposal or treatment, of any Hazardous Substances to any location which is listed on the National Priorities List ("NPL") as defined under the Comprehensive Environmental Response Compensation and Liability Act, as amended, 42 U.S.C. 9601 et seq. ("CERCLA"), or which is listed for possible inclusion on the NPL, or which is subject to any regulatory action which may lead to claims under CERCLA.
- (10) No Environmental Lien is attached to any portion of the Property.
- (11) Neither the Lessee nor, to the knowledge of the Lessee, any contractor engaged in connection with the Property has engaged in or permitted, any operations or activities upon, or any use or occupancy of, the Property or any portion thereof, for the purpose of or in any way involving the Release of any Hazardous Substance in a manner not in compliance with Environmental Requirements or the handling, storage, use or disposal of any

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Hazardous Substance in a manner not in compliance with Environmental Requirements, except where noncompliance, individually or in the aggregate, (A) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (B) will not result in a diminution in the value of any Parcel of Property or Unit of Equipment, (C) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (D) will not impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease, nor has the Lessee caused any Hazardous Substance to be released or otherwise come to be located on, under, in or about the Property, nor to the knowledge of Lessee has any Hazardous Substance migrated from the Property onto or underneath other properties, in either case in a condition or under circumstances that could reasonably be expected to (A) place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified for hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (B) result in a diminution in the value of any Parcel of Property or Unit of Equipment, (C) impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (D) impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(12) To the best knowledge of the Lessee, there is not constructed, placed, deposited, stored, disposed nor located on the Property any asbestos in any form which has become or threatens to become friable.

(13) To the best knowledge of the Lessee, there is not constructed, placed, deposited, released, stored, disposed, leached not located on the Property any polychlorinated biphenyls ("PCBS") or transformers, capacitors, ballasts, or other equipment which contain dielectric fluid containing PCBs in a condition not in compliance with applicable Environmental Requirements, except where noncompliance, individually or in the aggregate, (i) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified for hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Parcel of Property or Unit of Equipment, (iii) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (iv) will not impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(s) NO DEFAULT. Neither the Lessee nor the Guarantor is in violation of or in default under or with respect to any Legal Requirement in any respect which could reasonably be expected to have a material adverse effect on (i) the operation, maintenance, use or value of any Parcel of Property or Unit of Equipment, (ii) the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (iii) the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(t) INVESTMENT COMPANY ACT. Neither Lessee is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment

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Company Act of 1940, as amended, or an "investment advisor" within the meaning of the Investment Act of 1940, as amended

(u) YEAR 2000 PROBLEM. The Lessee has reviewed the areas within its business and operations which could be adversely affected by, and has developed or is developing a program to address on a timely basis, the "Year 2000 Problem" (that is, the risk that computer applications used by the Lessee may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), and has made related appropriate inquiry of material suppliers and vendors. Based on such review and program, the Lessee believes that the "Year 2000 Problem" will not have a Material Adverse Effect. As used herein "Material Adverse Effect" shall mean (i) a material adverse effect on the business, condition (financial or otherwise), operations, performance or properties of the Lessee, or (ii) a material impairment of the ability of the Lessee to perform its obligations under or to remain in compliance with the Operative Documents. From time to time, at the request of the Lessor or any Assignee, the Lessee shall provide to the Lessor and such Assignee such updated information or documentation as is requested regarding the status of its efforts to address the Year 2000 Problem.

(v) ENVIRONMENTAL COVENANTS.

(1) The Lessee and the Property and the Equipment shall comply, and the Lessee shall use all reasonable efforts to cause the compliance by any contractors engaged in connection with the Property, with all Environmental Requirements applicable to the Property and the Equipment and activities and conduct of business performed thereon, including, without limitation, the use, maintenance and operation of the Property and the Equipment and all activities and conduct performed thereon, including, without limitation, the use, storage, removal, transport, treatment and/or remediation of any Hazardous Substance, except where noncompliance, individually or in the aggregate, (i) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified for hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Parcel of Property or Unit of Equipment, (iii) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (iv) will not impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(2) The Lessee shall maintain all Environmental Approvals necessary to conduct operations at the Property and shall comply with all such Environmental Approvals, except where noncompliance, individually or in the aggregate, (i) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Parcel of Property or Unit of Equipment, (iii) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (iv) will not impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

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(3) The Lessee shall not cause or suffer or permit the attachment of any Environmental Lien to the Property or any portion thereof, except for such Environmental Liens as the Lessee is contesting pursuant to a Permitted Contest.

(4) The Lessee shall not cause, and shall use all reasonable efforts not to suffer or permit the transportation or arrangement for the transport of any Hazardous Substance from the Property to any facility or site for the purpose of treatment or disposal which is (i) included on the NPL or (ii) is subject to a Remedial Action requirement (other than routine anticipated regulatory requirements), except any Remedial Action which (A) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (B) will not result in a diminution in the value of any Parcel of Property or Unit of Equipment, (C) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (D) will not impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease, or (iii) which has not obtained or maintained all Environmental Approvals required pursuant to applicable Environmental Requirements.

(5) The Lessee shall not engage in or permit any operations or activities upon, or any use or occupancy of, the Property or any portion thereof, for the purpose of or in any way involving the Release of any Hazardous Substance in a manner not in compliance with Environmental Requirements or the handling, storage, use or disposal of any Hazardous Substance in a manner not in compliance with Environmental Requirements, except where noncompliance, individually or in the aggregate, (i) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified for hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (ii) will not result in a diminution in the value of any Parcel of Property or Unit of Equipment, (iii) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (iv) will not impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease, and the Lessee shall not cause any Hazardous Substance to be released or otherwise come to be located on, under, in or about the Property, nor to the knowledge of the Lessee has any Hazardous Substance migrated from the Property onto or underneath other properties, in either case in a condition or under circumstances that could reasonably be expected to (A) place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified for hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (B) result in a diminution in the value of any Parcel of Property or Unit of Equipment, (C) impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (D) impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(6) The Lessee shall not cause or suffer the use or Release of any asbestos-containing material or any article of PCBs in connection with the remodeling construction of the Property.

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(7) (i) The Lessee shall promptly, but in any case within ten

(10) Business Days of receiving actual notice thereof, notify the Lessor and Assignee if, after the date of this Lease, (A) any Environmental Matter has occurred or any environmental condition is discovered in, on, beneath, from or involving the Property or any part thereof (including, without limitation, the presence or Release of Hazardous Substances or the violation of Environmental Requirements) that could reasonably be expected to result in Environmental Damages against the Lessee, the Lessor, any Assignee or any Indemnified Person in excess of \$300,000, or (B) the Lessee has received notification that it, the Property or any part thereof is the subject of a proceeding that could reasonably be expected to result in any ordered remediation or corrective action or other liability related to an environmental event or condition, the cost of which liability to the Lessee is reasonably expected to exceed \$300,000 (each of (A) and (B) and "ENVIRONMENTAL EVENT").

(ii) Following receipt of a notice pursuant to (i) above, the Lessor and Assignee, in each case in their reasonable discretion, may require the Lessee to conduct, or cause to be conducted, an environmental audit of the Property by an environmental consultant reasonably satisfactory to the Lessor and Assignee, the scope of which audit shall be limited to confirming the magnitude and anticipated cost of the liability resulting from the Environmental Matter and to provide a copy of such environmental consultant's report to the Lessor and Assignee.

(iii) The Lessee shall initiate, or cause to be initiated at no cost to the Lessor or Assignee, in a timely fashion, such actions as may be necessary to comply in all respects with all applicable Environmental Requirements, except where noncompliance, individually or in the aggregate, (A) will not place the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified for hereunder or subject the Lessor or any Assignee to any danger of criminal liability, (B) will not result in a diminution in the value of any Parcel of Property or Unit of Equipment, (C) will not impair the ability of the Lessee to perform its obligations under the Operative Documents in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner and (D) will not impair the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease and to alleviate any significant risk to human health or the environment if the same arises from a condition on or in respect of the Property or any part thereof, whether existing on or prior to the date of this Lease. Once the Lessee commences such actions, the Lessee shall thereafter diligently proceed to comply materially and in a timely manner with all Environmental Requirements.

(w) COMPLIANCE WITH FINANCIAL COVENANTS. The Lessee agrees that it will cause the Guarantor to comply with the covenants set forth in Sections 7.13, 7.14, 7.15, 7.16 and 7.17 of the TravelCenters Credit Agreement; PROVIDED, that the Lessee's obligation to cause the Guarantor to comply with such Sections of the TravelCenters Credit Agreement shall survive the termination or ceasing to be in effect for any reason whatsoever of the TravelCenters Credit Agreement and the Lessee agrees to comply with such covenants, notwithstanding any such termination or ceasing to be in effect until such date as this Lease shall be terminated in accordance with the terms hereof.

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SECTION 3. LEASE OF PROPERTY OR EQUIPMENT.

(a) Subject to the terms and conditions hereof, the Lessor shall lease to the Lessee, and the Lessee shall lease from the Lessor pursuant to this Lease, any Property or Equipment of the type described on Exhibit A hereto; PROVIDED, that:

(i) such Property or Equipment is available for purchase;

(ii) except with respect to any Parcel of Property or Unit of Equipment acquired and built pursuant to the Agreement for Lease, the Lessor has approved the purchase order or acquisition with respect to such Equipment or the acquisition with respect to such Property (which approval shall be in the sole discretion of the Lessor);

(iii) at the time any such Property or Equipment is to be ordered or leased hereunder there exists no Event of Default or Potential Default;

(iv) with respect to any Property acquired and built pursuant to the Agreement for Lease, Substantial Completion (as defined in the Agreement for Lease) shall have occurred; and

(v) the sum of (A) the Acquisition Cost of such Property or Equipment and (B) the aggregate Acquisition Cost of all other Property or Equipment leased hereunder would not, at the time any such Property or Equipment is to be leased hereunder, exceed such amount as the Lessor and the Lessee may from time to time agree.

(b) The lease hereunder of Parcels of Property and related Units of Equipment acquired and built pursuant to the Agreement for Lease shall be evidenced by an AFL Unit Leasing Record. Subject to the terms of paragraph

(a) of Section 3 hereof, upon Substantial Completion (as defined in the Agreement for Lease) of a Parcel or Parcels of Property acquired and built pursuant to the Agreement for Lease, the Lessee shall prepare an AFL Unit Leasing Record. The AFL Unit Leasing Record shall give a full description of the Property (and the applicable Equipment), its Acquisition Cost, its Lease Term, the Quarterly Rent Component with respect to such Property or Equipment and such other details as the Lessor and the Lessee may from time to time agree. Within five (5) Business Days of the Lessor's receipt of the Certificate of Substantial Completion relating to a Parcel or Parcels of Property and a Unit or Units of Equipment to be leased hereunder, satisfaction of the other requirements of the Agreement for Lease and receipt of a completed and executed AFL Unit Leasing Record, the Lessor shall execute the AFL Unit Leasing Record and deliver it to the Lessee. The AFL Unit Leasing Record shall have an Effective Date as of the date of execution by the Lessor of the AFL Unit Leasing Record. Execution and delivery by the Lessee of an AFL Unit Leasing Record shall constitute (i) acknowledgment by the Lessee that the Property and Equipment, if any, specified in such AFL Unit Leasing Record has been delivered to the Lessee in good condition and has been accepted for lease hereunder by the Lessee as of the Effective Date of such AFL Unit Leasing Record, (ii) acknowledgment by the Lessee that the Property and Equipment, if any, specified in such AFL Unit Leasing Record is subject to all of the covenants, terms and

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conditions of this Lease, (iii) certification by the Lessee that the representations and warranties contained in Section 2 of this Lease (except for the representation contained in paragraph (f) and clause (8) of paragraph (r) of Section 2 hereof) are true and correct in all material respects on and as of the Effective Date of such AFL Unit Leasing Record as though made on and as of such date and that there exists on such date no Event of Default or Potential Default, and (iv) certification by the Lessee that on and as of the Effective Date of such AFL Unit Leasing Record, there has been no material adverse change in the assets, properties, operations, prospects, consolidated financial condition, contingent liabilities or business of the Guarantor since the date of this Lease, which could reasonably be expected to have a material adverse effect on (1) the ability of the Lessee to perform its obligations under this Lease or the Agreement for Lease in a timely manner or the ability of the Guarantor to perform its obligations under the Guaranty in a timely manner or (2) the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(c) The lease of each Parcel of Property, other than a Parcel of Property acquired and built pursuant to the Agreement for Lease, or Unit of Equipment, other than a Unit of Equipment appropriately included in an AFL Unit Leasing Record, to the Lessee under this Lease shall be evidenced by a Unit Leasing Record. The Lessee shall prepare and execute a Unit Leasing Record with respect to each such Parcel of Property or Unit of Equipment (which Unit Leasing Record may relate to more than one Unit of Equipment) and deliver it promptly to the Lessor. Contemporaneously with the payment required by paragraph (b) of Section 5 hereof, the Lessor shall execute the acceptance of such Unit Leasing Record and promptly return one copy of such Unit Leasing Record to the Lessee.

(d) The Lessee shall prepare each Unit Leasing Record pursuant to the procedures provided by the Lessor. Each Unit Leasing Record shall give a full description of the Parcel or Parcels of Property or Unit or Units of Equipment covered thereby, the Acquisition Cost of each such Parcel or Unit, the Lease Term for each such Parcel or Unit, its location and such other details as the Lessor and the Lessee may from time to time agree.

(e) Execution by the Lessee of a Unit Leasing Record shall constitute (i) acknowledgment by the Lessee that the Property or Equipment specified in such Unit Leasing Record has been delivered to the Lessee in good condition and has been accepted for lease hereunder by the Lessee as of the Effective Date, (ii) acknowledgment by the Lessee that the Property or Equipment specified in such Unit Leasing Record is subject to all of the covenants, terms and conditions of this Lease, and (iii) certification by the Lessee that the representations and warranties contained in Section 2 of this Lease (except for the representation contained in paragraph (f) and clause (8) of paragraph (r) of Section 2 hereof) are true and correct in all material respects on and as of the Effective Date as though made on and as of the Effective Date and that there exists on the Effective Date no Event of Default or Potential Default.

(f) In connection with any Parcel of Property acquired and built pursuant to the Agreement for Lease, within six (6) months of the Final Advance (as defined in the Agreement for Lease) with respect to such Parcel, the Lessee may deliver to the Lessor a Certificate of Increased Cost (as defined in the Agreement for Lease) pursuant to the Agreement for Lease setting forth the actual amount expended by the Lessee for items included in the Unit Budget (as defined in the Agreement for Lease) with respect to such Parcel while it was subject to the

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Agreement for Lease. If, based upon such Certificate of Increased Cost, a Completion Advance (as defined in the Agreement for Lease) is to be made, the Lessor shall execute within five (5) days of receipt of such Certificate of Increased Cost from the Lessee a revised AFL Unit Leasing Record to amend the Adjusted Acquisition Cost for such Parcel to reflect the increase in the Acquisition Cost.

SECTION 4. OPERATING LEASE.

It is the intent of the Lessee and the Lessor that: (i) this Lease constitutes an operating lease between the Lessor, as lessor, and the Lessee, as lessee, for purposes of the Lessee's financial reporting, (ii) notwithstanding any of the provisions of this Lease, the Agreement for Lease or the other Transaction Documents to the contrary, the Lessee is and will be the owner of the Property and Equipment for federal and state income tax purposes, and (iii) this Lease grants to the Lessor a Lien on all of Lessee's right, title and interest on and to the Property and Equipment. The Lessee and the Lessor agree that the Lessor shall be deemed to have a valid and binding security interest in and Lien on all of the Lessee's right, title and interest in and to the Property and Equipment, free and clear of all Liens, other than Permitted Liens, as security for the obligations of the Lessee under this Lease and the Agreement for Lease (it being understood and agreed that in order to secure the payment and performance of the obligations of the Lessee under this Lease and the Agreement for Lease, the Lessee does hereby grant a Lien on, and convey, transfer, assign, mortgage and warrant to the Lessor and its successors, transferees and assigns as collateral security, for the benefit of the Lessor and its successors, transferees and assigns, the Property and Equipment and any proceeds or products thereof (subject to the Lessee retaining the right, subject to the express provisions of this Lease and the Agreement for Lease to remain in quiet and peaceful possession of each of the foregoing and collect, receive and retain the rents, revenues, profits, proceeds, income and royalties therefrom).

SECTION 5. DELIVERY.

(a) The Lessee shall acquire or order and accept Property (other than Property or Equipment to be acquired and built pursuant to the Agreement for Lease) pursuant to the procedures provided by the Lessor. The Lessor shall not be liable to the Lessee for any failure to obtain, or delay in obtaining, any Property or Equipment or any delay in the delivery of title to the Lessor or possession of the Property or Equipment to the Lessee.

(b) Upon acceptance for lease of a Parcel of Property (other than Property acquired and built pursuant to the Agreement for Lease) or Unit of Equipment (other than Equipment located on Property acquired and built pursuant to the Agreement for Lease) by the Lessee and the Lessor and receipt by the Lessor of:

(i) in the case of a Unit of Equipment, the vendor's invoice or invoices and, if required by the Lessor, a bill of sale, for such Unit of Equipment, and in the case of a Parcel of Property, the executed contract of sale and deed with respect to each fee interest in such Parcel of Property (or with respect to a leasehold interest in a Parcel of Property, the executed Ground Lease), in accordance with such amounts set forth in the Unit Leasing Record for such Unit of Equipment or Parcel of Property, together with such estoppel

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certificates, consents, recognition and attornment agreements and confirmation of customary mortgagee protection as are reasonably acceptable to the Lessor;

(ii) invoices or other evidence satisfactory to the Lessor for any amounts included in the Acquisition Cost of such Parcel or Unit payable to parties other than the vendor in accordance with such amounts set forth in the Unit Leasing Record for such Unit of Equipment or Parcel of Property;

(iii) invoices or other evidence satisfactory to the Lessor for any amounts included in the Acquisition Cost of such Parcel or Unit that have been paid to the vendor or other parties by the Lessee and for any costs included in the Acquisition Cost of such Parcel or Unit incurred by the Lessee, in accordance with such amounts set forth in the Unit Leasing Record for such Unit of Equipment or Parcel of Property;

(iv) with respect to each Parcel of Property or Unit of Equipment, a current MAI appraisal prepared by an independent, licensed appraiser and in form and substance acceptable to the Lessor in all respects;

(v) with respect to each Parcel of Property, an ALTA form title insurance commitment from a title insurance company satisfactory to the Lessor and any Assignee, subject to no title exceptions or other matters other than those approved by the Lessor and any Assignee, and committing to insure the Lessor's and Assignee's interest in such Parcel of Property upon delivery to the title insurance company of the title and financing documents to be recorded and the actual issuance and prompt delivery of such policies to the Lessor and the Assignee;

(vi) with respect to each Parcel of Property, a current as-built survey by an independent, licensed registered public land surveyor, certified to the Lessor and any Assignee, which survey shall show the following: (1) lot lines of such Parcel shown in metes and bounds, and the lines of streets abutting such Parcel and the width thereof, (2) all access and other easements appurtenant to or used in connection with such Parcel, (3) all roadways, paths, driveways, easements, set-backs, encroachments and overhanging projections and similar encumbrances affecting such Parcel, whether recorded, apparent from a physical inspection of such Parcel, or otherwise known to the surveyor, (4) any encroachments on any adjoining property by the building structures and improvements on such Parcel, and (5) if such Parcel is described by reference to a filed map, a legend relating the survey to such map, and a certification whether such Parcel is located in a flood zone;

(vii) with respect to each Parcel of Property, (1) an environmental certificate substantially in the form of Exhibit H to the Agreement for Lease, duly executed by the Lessee, and (2) an environmental report certified to the Lessor and any Assignee and satisfactory to the Lessor and Assignee in all respects, prepared by a reputable environmental consulting or environmental

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engineering firm acceptable to the Lessor and Assignee which addresses the matters set forth on Exhibit I to the Agreement for Lease;

(viii) a Unit Leasing Record with respect to such Parcel or Unit duly prepared and executed by the Lessee;

(ix) opinions of counsel for the Lessee, in form and substance reasonably satisfactory to the Lessor and any Assignee; and

(x) such other documentation as the Lessor may reasonably require.

Upon receipt and approval of all documents required by the preceding clauses, the Lessor shall (A) pay to such vendor the amount of the vendor's invoice or invoices and/or contract of sale for such Parcel or Unit except to the extent previously paid by the Lessee, (B) pay to such other parties such amounts payable, except to the extent previously paid by the Lessee and (C) reimburse or pay to the Lessee for such amounts paid to the vendor or other parties by the Lessee, for such costs incurred by the Lessee and, if agreed between the Lessor and the Lessee, for the appraised value of the Property or Equipment; PROVIDED, HOWEVER, that in no event shall the sum of all payments made pursuant to clauses (A), (B) and (C) above exceed the Acquisition Cost of such Property or Equipment.

(c) The requirements for acceptance for lease hereunder of the Property acquired and built pursuant to the Agreement for Lease shall be the requirements set forth in the Agreement for Lease.

(d) This is a net Lease. The obligations of the Lessee to pay all amounts payable pursuant to this Lease (including specifically and without limitation amounts payable under Sections 7 and 11 hereof) shall be absolute and unconditional under any and all circumstances of any character, and such amounts shall be paid without notice, demand, defense, setoff, deduction or counterclaim and without abatement, suspension, deferment, diminution or reduction of any kind whatsoever, except as herein expressly otherwise provided. The obligation of the Lessee to lease and pay Basic Rent for any and all Property or Equipment accepted for use pursuant to this Lease is without any warranty or representation, express or implied, as to any matter whatsoever on the part of the Lessor or any Assignee or any Affiliate of either, or anyone acting on behalf of any of them.

THE LESSEE HAS SELECTED AND SHALL SELECT ALL PROPERTY OR EQUIPMENT ACQUIRED OR ORDERED ON THE BASIS OF ITS OWN JUDGMENT. NEITHER THE LESSOR NOR ANY ASSIGNEE NOR ANY AFFILIATE OF EITHER, NOR ANYONE ACTING ON BEHALF OF ANY OF THEM MAKES ANY REPRESENTATION OR WARRANTY OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, AS TO THE SAFETY, TITLE, CONDITION, QUALITY, QUANTITY, FITNESS FOR USE, MERCHANTABILITY, CONFORMITY TO SPECIFICATION, OR ANY OTHER CHARACTERISTIC, OF ANY PROPERTY OR EQUIPMENT, OR AS TO WHETHER ANY PROPERTY OR EQUIPMENT OR THE OWNERSHIP, USE, OCCUPANCY OR POSSESSION THEREOF COMPLIES WITH ANY LAWS, RULES, REGULATIONS OR REQUIREMENTS OF ANY KIND.

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AS BETWEEN THE LESSEE AND THE LESSOR, ANY ASSIGNEE OR ANY INDEMNIFIED PERSON, THE LESSEE ASSUMES ALL RISKS AND WAIVES ANY AND ALL DEFENSES, SET-OFFS, DEDUCTIONS, COUNTERCLAIMS, OR OTHER RIGHTS, EXISTING OR FUTURE, AS TO THE LESSEE'S OBLIGATION TO PAY BASIC RENT AND ALL OTHER AMOUNTS PAYABLE HEREUNDER, INCLUDING, WITHOUT LIMITATION, ANY RELATING TO:

(A) THE SAFETY, TITLE, CONDITION, QUALITY, QUANTITY, **FITNESS FOR USE, MERCHANTABILITY, CONFORMITY TO SPECIFICATION, OR ANY OTHER QUALITY OR CHARACTERISTIC OF ANY PROPERTY OR EQUIPMENT, LATENT OR NOT;**

(B) ANY SET-OFF, COUNTERCLAIM, RECOUPMENT, ABATEMENT, DEFENSE OR OTHER RIGHT WHICH THE LESSEE MAY HAVE AGAINST THE LESSOR, ANY ASSIGNEE OR ANY INDEMNIFIED PERSON FOR ANY REASON WHATSOEVER ARISING OUT OF THIS OR ANY OTHER TRANSACTION OR MATTER;

(C) ANY DEFECT IN TITLE OR OWNERSHIP OF PROPERTY OR EQUIPMENT OR ANY TITLE ENCUMBRANCE NOW OR HEREAFTER EXISTING WITH RESPECT TO THE PROPERTY OR EQUIPMENT;

(D) ANY FAILURE OR DELAY IN DELIVERY OR ANY LOSS, THEFT OR DESTRUCTION OF, OR DAMAGE TO, ANY PROPERTY OR EQUIPMENT, IN WHOLE OR IN PART, OR CESSATION OF THE USE OR POSSESSION OF ANY PROPERTY OR EQUIPMENT BY THE LESSEE FOR ANY REASON WHATSOEVER AND OF WHATEVER DURATION, OR ANY CONDEMNATION, CONFISCATION, REQUISITION, SEIZURE, PURCHASE, TAKING OR FORFEITURE OF ANY PROPERTY OR EQUIPMENT, IN WHOLE OR IN PART;

(E) ANY INABILITY OR ILLEGALITY WITH RESPECT TO THE USE, OWNERSHIP, OCCUPANCY OR POSSESSION OF THE PROPERTY OR EQUIPMENT BY THE LESSEE;

(F) ANY INSOLVENCY, BANKRUPTCY, REORGANIZATION OR SIMILAR PROCEEDING BY OR AGAINST THE LESSEE OR THE LESSOR OR ANY ASSIGNEE;

(G) ANY FAILURE TO OBTAIN, OR EXPIRATION, SUSPENSION OR OTHER TERMINATION OF, OR INTERRUPTION TO, ANY REQUIRED LICENSES, PERMITS,

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**CONSENTS, AUTHORIZATIONS, APPROVALS OR OTHER LEGAL
REQUIREMENTS;**

(H) THE INVALIDITY OR UNENFORCEABILITY OF THIS LEASE OR ANY OTHER INFIRMITY HEREIN OR ANY LACK OF POWER OR AUTHORITY OF THE LESSOR OR THE LESSEE TO ENTER INTO THIS CONTRACT;

(I) THE INVALIDITY OR UNENFORCEABILITY OF ANY BILL OF SALE OF ANY PROPERTY OR EQUIPMENT EXECUTED IN CONNECTION WITH THIS LEASE OR ANY OTHER INFIRMITY THEREIN OR LACK OF POWER OR AUTHORITY OF ANY PARTY THERETO TO ENTER INTO SUCH BILL OF SALE; OR

(J) ANY OTHER CIRCUMSTANCES OR HAPPENING WHATSOEVER,
WHETHER OR NOT SIMILAR TO ANY OF THE FOREGOING.

THE LESSEE HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHTS WHICH IT MAY NOW HAVE OR WHICH AT ANY TIME HEREAFTER MAY BE CONFERRED UPON IT, BY STATUTE OR OTHERWISE, TO TERMINATE, CANCEL, QUIT, RESCIND OR SURRENDER THIS LEASE EXCEPT IN ACCORDANCE WITH THE EXPRESS TERMS HEREOF. Each payment of Basic Rent, Additional Rent and any other amount due hereunder made by the Lessee shall be final, and the Lessee, without waiving any other remedies it may have, will not seek or have any right to recover all or any part of such payment from the Lessor or any Assignee for any reason whatsoever, except as set forth in the second succeeding sentence. Notwithstanding anything contained herein to the contrary, the making of payments under this Lease by the Lessee shall not be deemed to be a waiver of any claim or claims that the Lessee may assert against the Lessor or any other Person. The Lessor agrees to repay the Lessee amounts paid to the Lessor to the extent such payments were in error and are not required by any of the terms and provisions of this Lease.

(e) Notwithstanding any other provision contained in this Lease, it is specifically understood and agreed that neither the Lessor nor any Assignee nor any Affiliate of either, nor anyone acting on behalf of any of them makes any warranties or representations or has any responsibility to disclose any relevant information, nor, except as set forth in Section 22 of this Lease, has the Lessor or any Assignee or any Affiliate of either, or anyone acting on behalf of any of them made any covenants or undertakings, as to the accounting treatment to be accorded the Lessee or as to the U.S. Federal or any state income or any other tax consequences, if any, to the Lessee as a result of or by virtue of the transactions contemplated by this Lease.

(f) In the event the title insurance policy insuring the Lessor's interest in any Parcel of Property would not, in the absence of special insurance by the Lessee, become effective until the date of recordation of the deed or the Ground Lease, as applicable, then the Lessee shall

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furnish such indemnity to the title insurance company as it shall require in order to insure the Lessor's interest in such Parcel of Property, effective as of the date of the Effective Date.

SECTION 6. LEASE TERM.

(a) The Lease Term with respect to any Parcel of Property or Unit of Equipment leased hereunder shall commence on the Effective Date set forth in the Unit Leasing Record or the AFL Unit Leasing Record for such Parcel of Property or Unit of Equipment and shall continue through the seventh anniversary of the date of this Lease, unless terminated earlier pursuant to Section 12, 13, 14, 15, 16, 19 or 29 hereof.

(b) Notwithstanding anything contained in this Section 6, the provisions of Sections 10 and 11 hereof and paragraph (a) of Section 15 hereof (if applicable) shall apply with respect to any Property or Equipment from the time such Property or Equipment is ordered by the Lessee.

SECTION 7. RENT AND OTHER PAYMENTS.

(a) The Lessee hereby agrees to pay the Lessor (i) on each Basic Rent Payment Date, in immediately available funds, as provided in paragraph (e) of this Section 7, Basic Rent for the quarterly period (or part thereof) ending on such Basic Rent Payment Date, with respect to each Parcel of Property or Unit of Equipment; PROVIDED, that, if the Effective Date is on or after the first Lease Rate Date with respect to such Parcel or Unit, Basic Rent for the applicable partial quarterly period shall be payable on the next succeeding Basic Rent Payment Date.

(b) The Lessor shall furnish to the Lessee on the 16th day of the month in which each Basic Rent Payment Date occurs the weighted average percentage cost per annum referred to in paragraph (a)(iii) of the definition of "Basic Rent" in Section 1 hereof for such quarterly period, or, if such day is not a Business Day, on the next succeeding Business Day (the "LEASE RATE DATE"). Prior to each Basic Rent Payment Date the Lessor shall furnish the Lessee with a summary of the calculations of Basic Rent payable on such Basic Rent Payment Date.

(c) The Lessee hereby agrees to pay on demand all amounts (other than Basic Rent) payable hereunder, including, without limitation, all amounts payable to any Indemnified Person pursuant to Section 11 hereof.

(d) Without prejudice to the full exercise by the Lessor of its rights under Sections 18 and 19 hereof, the Lessee shall pay to the Lessor from time to time, on demand, as additional rent ("ADDITIONAL RENT") (i) amounts required to reimburse the Lessor for its obligations, costs and expenses (not previously included in Basic Rent or Acquisition Cost) incurred in acquiring, financing (including equity financing and maintaining security for and exercising remedies in connection with any such financing) and leasing the Property or Equipment (including, without limitation, all obligations of the Lessor under or in respect of any interest rate swap, cap, collar or other financial hedging arrangement and any amounts payable by the Lessor under any such arrangement to reduce the notional amount thereof by the amount of any prepayment of any borrowing to which such interest rate swap, cap, collar or other financial hedging arrangement relates), and (ii) to the extent legally enforceable, an amount computed by multiplying (A) all sums not paid by the Lessee to the Lessor as provided in this

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Lease on or before the date such payments are due, by (B) the decimal equivalent of the percentage referred to in paragraph (a)(iii) of the definition of "Basic Rent" as most recently furnished by the Lessor, and by (C) a fraction having a numerator equal to the number of days in the period from but excluding such due date to and including the date of payment thereof (provided that, all full calendar months during such period shall be computed on the basis of a 30-day month) and a denominator of 360, in each case except to the extent that the amounts described in clause (i) or (ii) above are included in the Acquisition Cost or have been paid by the Lessee pursuant to the provisions of Section 11 hereof. The Lessee shall also pay to the Lessor on demand an amount equal to any expenses incurred by the Lessor in collecting such unpaid sums.

(e) Basic Rent and Additional Rent and any other amount payable by the Lessee to the Lessor shall be paid such that immediately available funds in the full amount due are available on the date due, to the account of the Lessor at such bank, or to such account of such other Person at such bank, or otherwise as the Lessor may from time to time designate.

(f) During the Lease Term of any Parcel of Property or Unit of Equipment, the Lessor shall calculate, on each Lease Rate Date (except the first Lease Rate Date hereunder), the difference, if any, between (i) the Basic Rent paid by the Lessee for the previous quarterly period and (ii) an amount equal to what the Basic Rent would have been for such quarterly period had the Basic Rent been calculated using the weighted average percentage cost per annum of the borrowings outstanding at any time (as specified in subparagraph

(a)(iii) of the definition of Basic Rent) during the previous quarterly period (rather than during the applicable Computation Period); PROVIDED, that with respect to the Basic Rent for the last quarter of the Lease Term, such calculation shall occur on the last day of the Lease Term. On or about August 16, 2000, and thereafter on or about August 16 of each year, and on the last day of the Lease Term, the Lessor shall furnish to the Lessee a calculation of the aggregate difference between the amounts determined under clause (i) above and the correlating amounts determined under clause (ii) above (the "RECONCILIATION AMOUNT") for each quarterly period since the date of this Lease or each quarterly period since the last time the Reconciliation Amount was calculated, whichever is later. The Lessor and the Lessee agree that if the Reconciliation Amount is a positive number, then such amount shall be credited against the amount of Basic Rent that the Lessee is required to pay on the next Basic Rent Payment Date (or Basic Rent Payment Dates, if such amount shall exceed the amount of Basic Rent payable in the next succeeding quarter), and if the Reconciliation Amount is a negative number, then such amount shall be payable by the Lessee on the next Basic Rent Payment Date in addition to the amount of Basic Rent due and payable on such Basic Rent Payment Date, except that with respect to the Reconciliation Amount computed on the last day of the Lease Term, such amount shall be paid by the Lessor to the Lessee (in the case of a positive number) or by the Lessee to the Lessor (in the case of a negative number) on the last day of the Lease Term. Any notices required by this paragraph (f) which are furnished to the Lessee by the Lessor shall be conclusive, absent manifest error, as to the contents thereof.

SECTION 8. RESTRICTED USE; COMPLIANCE WITH LAWS.

(a) So long as no Event of Default shall have occurred and be continuing, the Lessee may use the Property or Equipment in the regular course of its business for any lawful purpose. The Lessee will not do or permit any act or thing which might materially impair, other

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than normal wear and tear arising out of the proper and normal use thereof, the value or utility of any Parcel of Property or Unit of Equipment.

(b) The Lessee shall promptly and duly execute, deliver, file and record, at the Lessee's expense, all such documents, statements, filings and registrations, and take such further action, as the Lessor shall from time to time reasonably request in order to establish, perfect and maintain the Lessor's title to and interest in the Property or Equipment and any Assignee's security interest in this Lease or any Property or Equipment as against the Lessee or any third party in any applicable jurisdiction. The Lessee may, after notice in writing to the Lessor and at the Lessee's own cost and expense, change the place of principal location of any Equipment. Notwithstanding the foregoing, no change of location shall be undertaken unless and until all Legal Requirements shall have been met. At the reasonable request of the Lessor (but no more often than once each year), the Lessee shall advise the Lessor in writing where all Equipment leased hereunder as of such date is principally located.

(c) The Lessee shall use every reasonable precaution to prevent loss or damage to Property or Equipment and to prevent injury to third persons or property of third persons. The Lessee shall cooperate fully with the Lessor and all insurance companies providing insurance pursuant to Section 10 hereof in the investigation and defense of any claims or suits arising from the ownership, operation or use of any Equipment or ownership, use, or occupancy of any Property; PROVIDED, that nothing contained in this paragraph (c) shall be construed as imposing on the Lessor any duty to investigate or defend any such claims or suits. The Lessee shall comply and shall use diligent efforts to cause all Persons using or operating Equipment or using or occupying Property to comply with all Insurance Requirements and Legal Requirements applicable to such Property or Equipment and to the acquiring, titling, registering, leasing, insuring, using, occupying, operating and disposing of Property or Equipment, and the licensing of operators thereof.

(d) The Lessor or any Assignee or any authorized representative of either may upon reasonable notice (and without notice if an Event of Default shall have occurred and be continuing) and during reasonable business hours from time to time inspect Property or Equipment and deeds, registration certificates, certificates of title and related documents covering Property or Equipment wherever the same may be located, but neither the Lessor nor any Assignee shall have any duty to make any such inspection.

(e) The Lessee shall not, without the prior written consent of the Lessor, permit, or suffer to exist, any Lien, other than Permitted Liens or those Liens placed thereon by, or arising from, the Lessor's own actions or which are subject to a Permitted Contest, nor may it assign any right or interest herein or in any Property or Equipment. The Lessee shall not, without the prior written consent of the Lessor, which consent shall not be unreasonably withheld or denied, sublease or otherwise relinquish possession of any Property or Equipment, except that (i) the Lessee may relinquish possession of Property or Equipment to any contractor for use in performing work for the Lessee on such Property or Equipment; PROVIDED, that such relinquishment of possession shall in no way affect the obligations of the Lessee or the rights of the Lessor hereunder and with respect to the Property or Equipment and (ii) the Lessee may sublease any Parcel of Property or Unit of Equipment; PROVIDED, that (A) each such sublease shall expressly be made subject and subordinate to the provisions hereof, (B) no such sublease

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shall modify or limit any right or power of the Lessor or Assignee hereunder or affect or reduce any obligation of the Lessee hereunder, and all such obligations shall continue in full force and effect as obligations of a principal and not of a guarantor or surety, as though no such subletting had been made, and (C) any such sublease made otherwise than as expressly permitted by this paragraph (e) shall be void and of no force and effect. Notwithstanding the foregoing, upon the Lessee's written request, the Lessor shall enter into a Recognition and Attornment Agreement with any subtenant of the Lessee which subleases space representing at least 1,000 square feet of the total area of any Parcel of Property, provided that at the time of such written request from the Lessee, such subtenant is requesting or has requested that the Lessor enter into such agreement. As security to the Lessor for the performance of the Lessee's obligations under this Lease, the Lessee hereby assigns to the Lessor all of its right, title and interest in and to all subleases permitted hereby and, subject to the preceding sentence, agrees to use reasonable efforts to cause any sublessee to enter into attornment agreements with the Lessor as the Lessor shall reasonably request. The Lessor shall have the present and continuing right to collect and enjoy all rents and other sums of money payable under any such sublease, and the Lessee hereby irrevocably assigns such rents and other sums to the Lessor for the benefit and protection of the Lessor; PROVIDED, that unless an Event of Default shall have occurred and be continuing hereunder, the Lessee shall be entitled to collect and enjoy such rents and other sums. The Lessee shall, within thirty (30) days after the execution of any such sublease, deliver a conformed copy thereof to the Lessor and any Assignee. Nothing contained in this Lease shall be construed as constituting the consent or request of the Lessor, express or implied, to or for the performance by any contractor, laborer, materialman or vendor of any labor or services or for the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to such Property or Equipment or any part thereof. Notice is hereby given that the Lessor will not be liable for any labor, services or materials furnished or to be furnished to the Lessee, or to anyone holding any such Property or Equipment or any part thereof through or under the Lessee, and that no mechanics' or other liens for any such labor, services or materials shall attach to or affect the interest of the Lessor in and to such Property or Equipment.

(f) If any Lien or charge of any kind or any judgment, decree or order of any court or other governmental authority (including, without limitation, any state or local tax lien affecting such Property or Equipment), whether or not valid, shall be asserted or entered which might interfere with the due and timely payment of any sum payable or the exercise of any of the rights or the performance of any of the duties or responsibilities under this Lease, the Lessee shall, upon obtaining knowledge thereof or upon receipt of notice to that effect from the Lessor, promptly take such action as may be necessary to prevent or terminate such interference.

SECTION 9. MAINTENANCE, IMPROVEMENT AND REPAIR OF PROPERTY OR EQUIPMENT.

(a) Upon the request of the Lessee, the Lessor will, so long as no Event of Default shall have occurred and be continuing, assign or otherwise make available to the Lessee any and all rights the Lessor may have under any vendor's or manufacturer's warranties or undertakings with respect to any Property or Equipment.

(b) The Lessee shall pay all costs, expenses, fees and charges (including, without limitation, charges of any community or property owner to which any Parcel of Property

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is subject) incurred in connection with the ownership, use or occupancy of any Parcel of Property or ownership, use and operation of any Unit of Equipment. The Lessee shall operate and maintain the Property and Equipment in accordance with prudent industry standards and in a manner reasonably consistent with that of similar property and equipment owned and operated by the Lessee. Except as otherwise provided in Section 15 hereof, the Lessee shall at all times, at its own expense, and subject to reasonable wear and tear, keep the Property and Equipment in good operating order, repair, condition and appearance. The foregoing undertaking to maintain the Property and Equipment in good repair shall apply regardless of the cause necessitating repair and regardless of whether the Lessee has possession of the Property or Equipment, and as between the Lessor and the Lessee all risks of damage to Property or Equipment are assumed by the Lessee. With respect to any Parcel of Property, the undertaking to maintain in good repair shall include, without limitation, all interior and exterior repairs, whether structural or nonstructural, foreseen or unforeseen, ordinary or extraordinary and all common area maintenance including, without limitation, removal of dirt, snow, ice, rubbish and other obstructions and maintenance of sidewalks and landscaping. The Lessee hereby agrees to indemnify and hold the Lessor and any Assignee harmless from and against all costs, expenses, claims, losses, damages, fines or penalties, including reasonable counsel fees, arising out of or due to the Lessee's failure to fulfill its obligations under this paragraph (b). Notwithstanding any other provisions of this Lease to the contrary, neither the Lessor nor any Assignee shall have any duty to maintain or repair any Property or Equipment or (except as otherwise provided in the Agreement for Lease) to make any payments whatsoever in connection with any maintenance, alteration or repair of any Property or Equipment, and the Lessee acknowledges that neither the Lessor nor any Assignee shall have any duty to make any such maintenance, alteration or repair.

(c) With respect to any Parcel of Property, the Lessee shall pay: (i) all taxes, assessments, levies, fees, water and sewer rents and charges, and all other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, which are, at any time, imposed or levied upon or assessed against (A) the Parcel, (B) any Basic Rent, any Additional Rent or other sum payable hereunder or (C) this Lease, the leasehold estate hereby created, or which arises in respect of the ownership, operation, occupancy, possession or use of the Parcel; (ii) all gross receipts or similar taxes (i.e., taxes based upon gross income which fail to take into account all customary deductions (e.g., ordinary operating expenses, depreciation and interest) relating to the Parcel) imposed or levied upon, assessed against or measured by any Basic Rent, or any Additional Rent or other sum payable hereunder; (iii) all sales, value added, use and similar taxes at any time levied, assessed or payable on account of the acquisition, leasing or use of the Parcel; and (iv) all charges of utilities and communications services serving the Parcel. Notwithstanding the foregoing, the Lessee shall not be required to pay any franchise, estate, inheritance, transfer, income or similar tax of the Lessor (other than any tax referred to in clause (ii) above) unless (subject to the proviso clause of this sentence) such tax is imposed, levied or assessed in substitution for any other tax, assessment, charge or levy which the Lessee is required to pay pursuant to this paragraph (c); PROVIDED, HOWEVER, that if at any time during the term of this Lease, the method of taxation shall be such that there shall be levied, assessed or imposed on the Lessor a capital levy or other tax directly on the rents received therefrom, or upon the value of any Parcel or any present or any future improvement or improvements on any Parcel, then all such taxes, assessments, levies or charges or the part thereof so measured or based, shall be payable by the Lessee, but only to the extent that such taxes would be payable if the Property affected were the only property of the Lessor, and the Lessee shall pay and

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discharge the same as herein provided. The Lessee will furnish to the Lessor, promptly after demand therefor, proof of payment of all items referred to above which are payable by the Lessee. If any such assessments may legally be paid in installments, the Lessee may pay such assessment in installments. The Lessee will pay and discharge, or cause to be paid and discharged, all taxes, assessments and governmental charges or levies imposed upon it or its income or properties, prior to the date on which penalties attach thereto, except to the extent that any such tax, assessment, governmental charge or levy is the subject of a Permitted Contest.

(d) So long as no Event of Default shall have occurred and be continuing, the Lessee may, at its expense, make or permit alterations to any Unit of Equipment; PROVIDED, that upon completion of such alterations (other than any such alterations that are required by Legal Requirements) (i) such alterations, individually or in the aggregate, would not materially lessen or diminish the fair market value, utility or condition of such Unit of Equipment below the value, utility or condition thereof immediately prior to such action (assuming such Unit of Equipment was then of a condition and repair required to be maintained pursuant to paragraph (b) of Section 9 hereof), (ii) such alterations shall not result in such Unit of Equipment being used in any manner other than a Primary Use or any other use incidental to, and not inconsistent with, the Primary Use, (iii) such work shall be completed in a good and workmanlike manner in accordance with generally accepted and prudent engineering and construction practices and in compliance with all applicable Legal Requirements and Insurance Requirements and (iv) the cost of any such alteration shall not exceed \$250,000 without the Lessor's and Assignee's prior written consent, which consent shall not be unreasonably withheld. Any improvements or additions to any Equipment shall become and remain the property of the Lessor, except that any addition to Equipment made by the Lessee shall remain the property of the Lessee if it can be removed from such Equipment without impairing the functioning of such Equipment or its resale value, excluding such addition. Any improvements or additions which do not remain property of the Lessee shall be evidenced by a revised Unit Leasing Record.

(e) So long as no Event of Default shall have occurred and be continuing, the Lessee may, at its sole expense, make or permit additions to and alterations to any Parcel of Property; PROVIDED, that upon completion of such additions or alterations (other than any such additions or alterations that are required by Legal Requirements) (i) such additions or alterations, individually or in the aggregate, would not materially lessen or diminish the fair market value, utility or condition of such Parcel of Property below the value, utility or condition thereof immediately prior to such action (assuming such Parcel of Property was then of a condition and repair required to be maintained pursuant to paragraph (b) of Section 9 hereof), (ii) such additions or alterations shall not result in such Parcel of Property being used in any manner other than a Primary Use and any other uses incidental to, and not inconsistent with, the Primary Use, (iii) such work shall be completed in a good and workmanlike manner in accordance with generally accepted and prudent engineering and construction practices and in compliance with all applicable Legal Requirements and Insurance Requirements and (iv) no exterior walls of any building or other improvement constituting a part of a Parcel of Property shall be demolished unless (A) the Lessee has made adequate provision according to nationally recognized sound and prudent engineering and architectural standards to preserve and maintain the structural integrity of the Parcel of Property and for the restoration of such Parcel of Property to a structurally sound architectural whole and (B) if such addition or alteration costs more than \$600,000, the obligations of the Lessee to preserve, maintain and restore are reasonably assured to the Lessor's

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reasonable satisfaction. Any and all such additions and alterations shall be and remain part of the Parcel of Property and shall be subject to this Lease. Notwithstanding anything contained herein, the Lessee shall not perform any addition or alteration to any Parcel of Property which would have an estimated cost in excess of \$250,000, without the Lessor's and Assignee's prior written consent, which consent shall not be unreasonably withheld, and which consent may be conditioned upon, among other things, the Lessor's and Assignee's reasonable approval of the plans and specifications for such additions and alterations.

(f) The Lessee agrees to use and operate all Travelstops as travel centers, fuel stations, truck maintenance and repair centers or convenience stores (collectively, the "PRIMARY USE"), shall not use or operate any Travelstop for any other purpose other than for purposes incidental to, and not inconsistent with, the Primary Use. The Lessee further agrees to maintain at each Travelstop at all times the necessary Travelstop Equipment in such condition so as to enable the Lessee to use and operate each Travelstop as a travel center, fuel station, truck maintenance and repair center or convenience store in the manner of and to standards equivalent to its customary and usual business practices; PROVIDED, HOWEVER, that so long as no Event of Default shall have occurred and be continuing, the Lessee shall be permitted to remove any Travelstop Equipment from a Travelstop, at the Lessee's sole cost and expense, for the purpose of repairing such Travelstop Equipment for the time necessary to complete such repair. The Travelstop Equipment consisting of underground fuel storage tanks and related piping (such tanks and piping being collectively referred to as the "TANKS"), located at each Travelstop on the Effective Date of each Travelstop shall be maintained, repaired, upgraded, refurbished or replaced by the Lessee in accordance with applicable Environmental Requirements and when necessary in order to ensure that all the Tanks located at each Travelstop will include the Tanks listed on the AFL Unit Leasing Record with respect to such Travelstop or replacements for such Tanks of the kind, quality and in the quantities included in the AFL Unit Leasing Record with respect to such Travelstop provided that the Lessee may replace Tanks with tanks and piping of different kind, quality and in different quantities if such replacement tanks and piping comply with Environmental Requirements and will be in such condition so as to enable the Lessee to use and operate each Travelstop as a travel center, fuel station, truck maintenance and repair center or convenience store in the manner of and to standards equivalent to its customary and usual business practices. As tanks and piping are substituted at a Travelstop for Tanks subject to this Lease, title to such substitute tanks and piping shall automatically be transferred to the Lessor and such tanks and piping shall be subject to this Lease and title to the existing Tanks for which such tanks and piping are being substituted shall be automatically transferred by the Lessor to the Lessee in accordance with paragraph (e) of Section 30 of this Lease.

(g) The Lessee shall not, directly or indirectly (a) create, incur, assume or permit to exist any Lien (other than the Lien of the Pledge Agreement) upon the Lessee's rights with respect to any Pledged Contract, or sell or assign the Lessee's interest in any Pledged Contract, other than an permitted pursuant to the Pledge Agreement, or (b) without the prior written consent of the Lessor, terminate any Pledged Contract (other than as a result of a default by a party other than the Lessee to such Pledged Contract) or amend, modify, supplement, restate, replace, grant any consent under, or grant or request any waiver pursuant to any Pledged Contract.

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(h) The Lessee shall give notice to the Lessor promptly upon the receipt of any notices from any party to a Pledged Contract that (i) such party is amending, modifying or waiving any term of any Pledged Contract, (ii) such party is commencing or proposes to commence any dispute resolution procedure under the terms of any Pledged Contract, (iii) such party is terminating or has proposed to terminate any Pledged Contract, (iv) a default has occurred under any Pledged Contract or any Person has alleged that a default has occurred under any Pledged Contract, or (v) there are claims for damages existing as a result of the performance or the failure to perform any obligations under any Pledged Contract.

SECTION 10. INSURANCE.

(a) Commercial General Liability Insurance with Respect to Equipment. The Lessee will carry at its own expense commercial general liability insurance and property damage insurance with respect to all Equipment (i) in amounts which are not less than the public liability and property damage insurance applicable to similar equipment owned, leased or held by the corporations engaged in the same or a similar business, similarly situated with the Lessee; PROVIDED, that in no event shall such amounts be less than \$5,000,000 per occurrence, (ii) of the types usually carried by corporations engaged in the same or a similar business, similarly situated with the Lessee, and owning or operating similar equipment and which cover risk of the kind customarily insured against by such corporations, and (iii) which are maintained in effect with insurers of recognized responsibility reasonably satisfactory to the Lessor. The insurance required by this paragraph (a) may be maintained with a captive insurance company, may be obtained by the Lessee by endorsement on its (or any Affiliate's) blanket insurance policies, may be subject to reasonable deductibles and the Lessee may self-insure with respect to the required coverage up to an aggregate amount of \$250,000 or up to such other higher amount as may be approved in writing by the Lessor.

(b) Insurance Against Loss or Damage to Equipment. The Lessee will maintain in effect with insurers of recognized responsibility reasonably satisfactory to the Lessor, at its own expense, physical damage insurance with respect to all Equipment, which is of the type usually carried by corporations engaged in the same or similar business, similarly situated with the Lessee, and owning or operating similar equipment and which cover risk of the kind customarily insured against by such corporations, and in substantially the amount applicable to similar equipment owned, leased or held by the Lessee; PROVIDED, that such insurance shall at all times be in an amount not less than the aggregate Adjusted Acquisition Cost of all Equipment. The insurance required by this paragraph (b) may be maintained with a captive insurance company, may be obtained by the Lessee by endorsement on its (or any Affiliate's) blanket insurance policies, may be subject to reasonable deductibles and the Lessee may self-insure with respect to the required coverage up to an aggregate amount of \$250,000 or up to such other higher amount as may be approved in writing by the Lessor.

(c) Insurance with Respect to Property. The Lessee will maintain or cause to be maintained insurance of the following character, on each Parcel of Property:

(i) All risk insurance coverage against losses by fire and lightning and other risks for the full insurable replacement value of each Parcel of Property, with agreed amount endorsement or endorsements providing equivalent

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protection, including loss by windstorm, flood, hail, explosion, riot (including riot attending a strike), civil commotion, aircraft, vehicles, smoke damage, and vandalism and malicious mischief, in amounts not less than the full insurable replacement value of all buildings and other improvements on each Parcel of Property, but in no event less than the Adjusted Acquisition Cost of each Parcel of Property. The term "full insurable replacement value" as used herein means the actual replacement cost, including the costs of debris removal, but excluding the cost of constructing foundation and footings.

(ii) Comprehensive general public liability insurance covering the legal liability of the Lessor and the Lessee against claims for bodily injury, death or property damage, occurring on, in or about each Parcel of Property or occurring as a result of ownership of facilities located on each Parcel of Property or as a result of the use of products or materials manufactured, stored, processed, constructed or sold, or services rendered, on each Parcel of Property, in the minimum amount of \$5,000,000 with respect to any one occurrence, accident or disaster or incidence of negligence.

(iii) The Lessee shall comply with applicable workers' compensation laws of the states where each Parcel of Property is located, and shall maintain such insurance if and to the extent necessary for such compliance.

(iv) Explosion insurance in respect of any boilers and similar apparatus located on each Parcel in the minimum amount of \$250,000 or in such greater amounts as are then customary for property similar in use to each Parcel.

(v) Such other insurance, in such amounts and against such risks, as is customarily maintained by similarly situated operators of similar properties for businesses similar to that conducted by the Lessee.

The insurance required under this paragraph (c) shall be maintained in effect with insurers of recognized responsibility reasonably satisfactory to the Lessor. Such insurance may provide for such reasonable deductibles and the Lessee may self-insure with respect to the required coverage up to an aggregate amount of \$250,000 or up to such other higher amount as may be approved in writing by the Lessor. In addition, the insurance required by this paragraph

(c) may be maintained with a captive insurance company and may be obtained by the Lessee by endorsement on its (or any Affiliate's) blanket insurance policies.

Insurance claims by reason of damage or destruction to any Parcel of Property shall be adjusted by the Lessee, subject to the approval of the Lessor and Assignee in the case of claims in excess of \$1,000,000, which approval the Lessor and Assignee agree not to unreasonably withhold or delay; PROVIDED, that if the amount claimed exceeds \$1,000,000, the Lessor may participate in such adjustment to the extent necessary in the Lessor's sole judgment to protect the Lessor's interest in such Parcel of Property, at the Lessee's expense.

(d) Additional Insureds; Notice. Any policies of insurance carried in accordance with this Section 10 and any policies taken out in substitution or replacement for any

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such policies (i) shall name the Lessor, Merrill, Merrill Lynch, Merrill Leasing, the General Partner and its shareholders, officers and directors, the limited partners of the Lessor, and each Assignee as additional insureds, as their respective interests may appear (but without imposing upon any such Person any obligation imposed on the insured, including, without limitation, the liability to pay the premium for any such policy), (ii) with respect to insurance carried in accordance with the preceding paragraphs (b), (c)(i), (c)(iv) and (c)(v) shall name the Assignee, if any, or the Lessor, if no assignment has been made, as loss payee, (iii) with respect to insurance carried in accordance with the preceding paragraphs (b) and (c), shall provide that as against the Lessor the insurers shall waive any rights of subrogation, (iv) shall provide that if the insurers cancel such insurance for any reason whatsoever, or any substantial change is made in the coverage or the same is allowed to lapse for nonpayment of premium or such insurance coverage is reduced, such cancellation, change, lapse or reduction shall not be effective as to the Lessor, Merrill, Merrill Lynch, Merrill Leasing, the General Partner and its shareholders, officers and directors, the limited partners of the Lessor, or any Assignee for thirty (30) days after receipt by the Lessor and Assignee, of written notice by such insurers of such cancellation, change, lapse or reduction, and (v) shall provide that in respect of the interest of the Lessor, Merrill, Merrill Lynch, Merrill Leasing, the General Partner and its shareholders, officers and directors, the limited partners of the Lessor, and each Assignee in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other Person (other than of the Lessor, Merrill, Merrill Lynch, Merrill Leasing, the General Partner and its shareholders, officers and directors, the limited partners of the Lessor, or any such Assignee in respect of its own interest) and shall insure the interests of the Lessor, Merrill, Merrill Lynch, Merrill Leasing, the General Partner and its shareholders, officers and directors, the limited partners of the Lessor, and each such Assignee, as they appear, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by the Lessee or any other Person. Each liability policy (A) shall be primary without right of contribution from any other insurance which is carried by the Lessor with respect to its interest as such in the Property or Equipment and (B) shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured.

(e) Application of Insurance Proceeds for Loss or Taking. As between the Lessor and the Lessee it is agreed that any insurance payments received as the result of the occurrence of (i) any event of loss described in paragraph (c) of Section 15 hereof with respect to any Parcel of Property or Unit of Equipment, or (ii) any event of Taking described in Section 16 hereof shall be paid to an account of the Lessor and disposed of, as set forth in paragraph (c) of Section 15 hereof.

(f) Application of Insurance Proceeds for Other than Loss or Taking. As between the Lessor and the Lessee, so long as no Event of Default shall have occurred and be continuing, insurance proceeds of any property damage loss to any Property or Equipment will be held in an account of the Lessor and applied in payment (or to reimburse the Lessee) for repairs or replacement in accordance with the terms of this paragraph (f). The Lessee shall be entitled (i) to receive the amounts so deposited against certificates, invoices or bills reasonably satisfactory to the Lessor, delivered to the Lessor from time to time as such work or repair progresses, and (ii) to direct the investment of the amounts so deposited as provided in paragraph (g) of this Section 10. To the extent that the Lessor reasonably estimates that the cost of such work or repair shall exceed the amount of proceeds, the Lessee shall make adequate provisions

for the payment thereof, which provisions shall be reasonably acceptable to the Lessor. Any moneys remaining in the aforesaid account after final payment for repairs has been made shall be paid to the Lessee.

(g) Investment. The Lessor, at the Lessee's instruction, may invest the amounts deposited with the Lessor pursuant to paragraph (f) of this Section 10 in any investments permitted under a Credit Agreement. Such investments shall mature in such amounts and on such dates so as to provide that amounts shall be available on the draw dates sufficient to pay the amounts requested by and due to the Lessee. Any interest earned on investments of such funds shall be paid to the Lessee. The Lessor shall not be liable for any loss resulting from the liquidation of each and every such investment and the Lessee shall bear the risk of such loss, if any.

(h) Application in Default. Any amount referred to in paragraphs (d), (e) or (f) of this Section 10 which is payable to the Lessee shall not be paid to the Lessee or, if it has been previously paid to the Lessee, shall not be retained by the Lessee, if at the time of such payment an Event of Default shall have occurred and be continuing. In such event, all such amounts shall be paid to and held by the Lessor as security for the obligations of the Lessee hereunder or, at the Lessor's option, applied by the Lessor toward payment of any of such obligations of the Lessee at the time due hereunder as the Lessor may elect. At such time as there shall not be continuing any Event of Default, all such amounts at the time held by the Lessor in excess of the amount, if any, which the Lessor shall have elected to apply as above provided shall be paid to the Lessee.

(i) Certificates, etc. On or before the execution of this Lease, on the Effective Date with respect to any Parcel of Property or Unit of Equipment, and annually on or before the anniversary of the date of this Lease, the Lessee will furnish to the Lessor certificates or other evidence reasonably acceptable to the Lessor certifying that the insurance then carried and maintained on each Parcel of Property or Unit of Equipment complies with the terms hereof.

(j) Use or Operation of Property and Equipment. The Lessee covenants that it will not use or operate any Equipment or use or occupy any Property or permit the use or occupancy of any Property or the use or operation of any Unit of Equipment at a time when the insurance required by this Section 10 is not in force with respect to such Property or Equipment.

(k) Prosecution of Claims. The Lessee may, at its cost and expense, prosecute any claim against any insurer or contest any settlement proposed by any insurer, and the Lessee may bring any such prosecution or contest in the name of the Lessor, the Lessee, or both, and the Lessor will join therein and otherwise cooperate at the Lessee's request; PROVIDED, that the Lessee shall indemnify the Lessor against any losses, costs or expenses (including reasonable attorneys' fees) which the Lessor may incur in connection with such prosecution or contest.

SECTION 11. INDEMNITIES.

The Lessee shall indemnify, defend, protect and hold harmless the Lessor, Merrill, Merrill Lynch, Merrill Leasing, any Assignee, any successor or successors, and any Affiliate of each of them, and their respective officers, directors, incorporators, shareholders, partners (general and limited, including, without limitation, the General Partner and the limited partners

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of the Lessor), employees, agents and servants (each of the foregoing an "INDEMNIFIED PERSON") from and against all liabilities (including, without limitation, Environmental Damages and strict liability in tort), taxes, losses, obligations, claims (including, without limitation, Environmental Damages and strict liability in tort), damages, penalties, causes of action, suits, costs and expenses (including, without limitation, reasonable attorneys', accountants', experts' and consultants' fees and expenses) or judgments of any nature arising out of or relating to any events occurring or conditions or circumstances existing prior to the expiration or earlier termination of this Lease and relating to or in any way arising out of:

(a) The ordering, delivery, acquisition, purchase agreement for the acquisition, construction, title on acquisition, rejection, installation, possession, titling, retitling, registration, registration, custody by the Lessee of title and registration documents, ownership, use, non-use, misuse, lease under the Ground Lease, financing (including, without limitation, all obligations of the Lessor under or in respect of any interest rate swap, cap, collar or other financial hedging arrangement and any amounts payable by the Lessor under any such arrangement to reduce the notional amount thereof by the amount of any prepayment of any borrowing to which such interest rate swap, cap, collar or other financial hedging arrangement relates), lease, sublease, operation, transportation, repair or control of any Property or Equipment, or Environmental Damages relating to or in any way arising out of any Property or Equipment, including without limitation, Environmental Damages relating to or arising out of Environmental Matters, Environmental Requirements, or the past, present or future presence or the Release or threatened Release of Hazardous Substances at, on, under, to or from, or the use, storage, handling, disposal of, import, Release, remediation treatment, recycling, generation or transportation of Hazardous Substances to or from, or the failure to report, disclose or remediate the foregoing with respect to any Property, leased or to be leased hereunder, (i) except to the extent that such costs are included in the Adjusted Acquisition Cost of such Property or Equipment within the limitations provided in paragraph (a)(v) of Section 3 hereof (or within any change of such limitations agreed to in writing by the Lessor and the Lessee),

(ii) except for any internal administrative and overhead expenses of the Lessor and (iii) except the income taxes with respect to which indemnification is excluded under paragraph (c) of this Section 11;

(b) The assertion of any claim or demand based upon any infringement or alleged infringement of any patent or other right, by or in respect of any Property or Equipment; PROVIDED, HOWEVER, that the Lessor will make available to the Lessee the Lessor's rights under any similar indemnification arising from any manufacturer's or vendor's warranties or undertakings with respect to any Property or Equipment;

(c) All U.S. Federal, state, county, municipal, foreign or other fees and taxes of whatsoever nature, including but not limited to license, qualification, franchise, withholding, sales, use, gross income, gross receipts, ad valorem, business, personal property, real estate, value added, excise, motor vehicle, occupation fees and stamp or other taxes or tolls of any nature whatsoever, and penalties and interest thereon, whether assessed, levied against or payable by the Lessor or otherwise, with respect to any Property or Equipment or the acquisition, purchase, sale, rental, use, operation, control, ownership or disposition of any Property or Equipment (including, without limitation, any claim by any Governmental Authority for transfer tax, transfer gains tax, mortgage recording tax, filing or other similar taxes or fees in connection with the acquisition of any Property by the Lessor or otherwise in connection with this Lease) or

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measured in any way by the value thereof or by the business of, investment in, or ownership by the Lessor with respect thereto; PROVIDED, that this indemnity shall not apply to Federal net income taxes, or to state and local net income taxes, except that such indemnity shall apply to state and local net income taxes (A) to the extent imposed by reason in whole or in part of (1) a relation or asserted relation of any such taxing jurisdiction to the Property or Equipment or to the transactions contemplated herein or (2) the actual or deemed use by any Person of the Property or Equipment in such taxing jurisdiction, other than in the case of both clauses (1) and (2), taxes to the extent such taxes would have been imposed by a taxing jurisdiction because of a relationship between the Lessor and such taxing jurisdiction without regard to the circumstances described in clauses (1) and (2), and (B) to the extent imposed as a result of the inability to claim, disallowance or other loss by TCA Network Funding, Limited Partnership of deductions customarily allowed in computing net income (e.g., interest expense, financing, administrative, ordinary operating expenses and other fees and expenses); and PROVIDED further that this indemnity shall not apply to taxes that, pursuant to the second sentence of paragraph (c) of Section 9 hereof, are not the Lessee's responsibility to pay; or

(d) Any violation, or alleged violation by the Lessee, of this Lease or of any contracts or agreements to which the Lessee is a party or by which it is bound or of any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objection, of any governmental or public body or authority and all other Legal Requirements.

The Lessee shall forthwith upon demand reimburse any Indemnified Person for any sum or sums expended with respect to any of the foregoing or, upon request from any Indemnified Person, shall pay such amounts directly. Any payment made to or on behalf of any Indemnified Person pursuant to this Section 11 shall be increased to such amount as will, after taking into account all taxes imposed with respect to the accrual or receipt of such payment (as the same may be increased pursuant to this sentence), equal the amount of the payment, reduced by the amount of any savings in such taxes actually realized by the Indemnified Person as a result of the payment or accrual of the amounts in respect of which the payment to or on behalf of the Indemnified Person hereunder is made. To the extent that the Lessee in fact indemnifies any Indemnified Person under the indemnity provisions of this Lease, the Lessee shall be subrogated to such Indemnified Person's rights in the affected transaction and shall have a right to determine the settlement of claims therein.

The indemnities contained in this Section 11 shall not be affected by any termination of this Lease as a whole or in respect of any Parcel of Property or Unit of Equipment leased hereunder or any failure or refusal of the Lessee to accept any Property or Equipment acquired or ordered pursuant to the terms hereof.

Although the foregoing is intended to expressly provide indemnification for the negligence of Indemnified Persons, notwithstanding any provisions of this Section 11 to the contrary, the Lessee shall not indemnify and hold harmless any Indemnified Person against any claims and liabilities arising from the gross negligence or bad faith of such Indemnified Person.

In the event the Lessor or any Indemnified Person shall be a party defendant to any litigation arising out of any provision contained in this Lease for which the Lessee has given

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indemnification, the Lessor or such other Indemnified Person shall give prompt notice thereof to the Lessee by telephone and in writing and shall consult and cooperate, at the Lessee's expenses with the Lessee, and if the Lessor shall not have appeared or pleaded to any such action then the Lessor does hereby empower any attorney of any court of record appointed by the Lessee (who shall give prompt written notice to the Lessor of such appointment) to appear for the Lessor and in good faith and with due diligence defend such action, to enter counterclaims, to institute actions against third parties and to do all things necessary or desirable in the judgment of such attorney after consultation with the Lessor and the Lessee to preserve the rights of the Lessor and the Lessee, all at the Lessee's own cost and expense. No failure or delay of the Lessor to give the notice required by this Section 11 shall excuse the obligation of the Lessee to indemnify the Lessor with respect to such litigation except to the extent that any increase in liability is a direct result of such failure or delay.

SECTION 12. LESSEE'S RIGHT OF PURCHASE.

(a) So long as no Event of Default has occurred and is continuing, the Lessee shall have the right after January 9, 2002, upon not less than thirty (30) days' written notice to the Lessor, to purchase any Parcel of Property or Unit of Equipment under this Lease on the next Basic Rent Payment Date following the expiration of such notice period during the Lease Term or any Renewal Term for an amount equal to its Adjusted Acquisition Cost; PROVIDED, HOWEVER, that if a Change of Control has occurred, the Lessee shall have the right at any time during the term of this Lease, upon not less than thirty (30) days' written notice to the Lessor, to purchase any Parcel of Property or Unit of Equipment under this Lease on the next Basic Rent Payment Date following the expiration of such notice period during the Lease Term or any Renewal Term for an amount equal to its Adjusted Acquisition Cost; PROVIDED, FURTHER, that the Lessee shall be entitled to purchase Travelstop Equipment pursuant to this paragraph (a) only in conjunction with a purchase pursuant to this Section 12 of the Lessor's interest in the Travelstop at which such Travelstop Equipment is used, or is to be used, and conversely, the Lessee shall be entitled to purchase the Lessor's interest in a Travelstop pursuant to this paragraph (a) only in conjunction with a purchase pursuant to this Section 12 of the Travelstop Equipment used, or to be used, at such Travelstop. In connection with, and as a condition to, any purchase under this Section 12, on the Basic Rent Payment Date upon which such purchase occurs, the Lessee shall pay to the Lessor (i) the Adjusted Acquisition Cost of such Property or Equipment under this Lease, (ii) all Basic Rent due and payable, (iii) any Additional Rent owing, (iv) all amounts payable pursuant to Sections 11, 25 and 27 hereof, (v) all losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses, filing fees and sales or transfer taxes) sustained by the Lessor by reason of such purchase (PROVIDED that, if the provisions set forth in this paragraph (a) are applicable, such losses and damages shall not include any losses or damages for foregone rent, lost profits or loss of the Lessor's benefit of the bargain arising after the Lessee has paid in full all amounts due hereunder, has purchased such Property or Equipment from the Lessor free and clear of all Liens, and has otherwise performed all its obligations under this paragraph (a)), and (vi) all other amounts owing hereunder. Upon receipt of such amounts, the Lessor shall deliver to the Lessee a bill of sale and assignment agreement assigning and conveying to the Lessee all of the Lessor's right, title and interest in and to such Unit of Equipment and shall execute and deliver to the Lessee a quitclaim deed or an assignment of any Ground Lease related to such Parcel of Property. When the Lessor transfers title, such transfer shall be on an as-is, non-installment sale basis, without warranty by, or

recourse to, the Lessor, except that such title shall be free of any Liens resulting from the Lessor's willful or knowing act or omission.

(b) Upon the occurrence of an Event of Default and upon the written request of the Lessee, which shall be received no later than thirty (30) Business Days subsequent to receipt of notice from the Lessor or any Assignee pursuant to this Lease that an Event of Default has occurred, the Lessee shall have the right, not later than thirty (30) Business Days after the Lessor's receipt of such request, to purchase any Parcel of Property or Unit of Equipment under this Lease at a price equal to its Adjusted Acquisition Cost; PROVIDED, that the Lessee shall be entitled to purchase Travelstop Equipment pursuant to this paragraph (b) only in conjunction with a purchase pursuant to this paragraph (b) of the Lessor's interest in the Travelstop at which such Travelstop Equipment is used, or is to be used, and conversely, the Lessee shall be entitled to purchase the Lessor's interest in a Travelstop pursuant to this paragraph (b) only in conjunction with a purchase pursuant to this paragraph (b) of the Travelstop Equipment used, or to be used, at such Travelstop. In connection with, and as a condition to, the purchase of the Property and Equipment pursuant hereto, (i) the Lessee shall pay at the time of purchase, in addition to the purchase price, (A) all Basic Rent due and payable, (B) any Additional Rent owing, (C) all amounts payable pursuant to Sections 11, 25 and 27 hereof, (D) all losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses, filing fees and sales or transfer taxes), sustained by the Lessor by reason of such purchase, (PROVIDED that, if the provisions set forth in this paragraph (b) are applicable, such losses and damages shall not include any losses or damages for foregone rent, lost profits or loss of the Lessor's benefit of the bargain arising after the Lessee has paid in full all amounts due hereunder, has purchased such Property or Equipment from the Lessor free and clear of all Liens, and has otherwise performed all its obligations under this paragraph (b)), and (E) all other amounts owing by the Lessee hereunder as of the date of termination, including, without limitation, all Accrued Default Obligations. Upon receipt of such amounts, the Lessor shall deliver to the Lessee a bill of sale and assignment agreement assigning and conveying to the Lessee all of the Lessor's right, title and interest in and to such Unit of Equipment and shall execute and deliver to the Lessee a quitclaim deed or an assignment of any Ground Lease related to such Parcel of Property. When the Lessor transfers title, such transfer shall be on an as-is, non-installment sale basis, without warranty by, or recourse to, the Lessor, except that such title shall be free of any Liens resulting from the Lessor's willful or knowing act or omission.

(c) The Lessee shall have the right, upon fifteen (15) days' notice to the Lessor, to terminate the lease of any portion of any Parcel of Property constituting undeveloped land acquired pursuant to this Lease or the Agreement for Lease (the "UNDEVELOPED PROPERTY"), at any time during the Lease Term or any Renewal Term, by arranging, at its own cost and expense, for the sale of such Undeveloped Property in an arms' length transaction on the date of termination and the receipt by the Lessor of the proceeds of such sale; PROVIDED, that as a condition to any such sale (i) the Lessee shall determine, in its reasonable business judgment, that such Undeveloped Property shall not be necessary for the use, maintenance or operation of any Travelstop, and (ii) the Lessee shall provide to the Lessor, upon the Lessor's request, evidence reasonably satisfactory to the Lessor that such sale will not materially impair the value, utility or condition of any Travelstop. The proceeds of any sale pursuant to this paragraph (c) shall be remitted to and retained by the Lessor and the Adjusted Acquisition Cost of such Parcel of Property shall be reduced by the Lessor by the amount of such proceeds. Upon receipt by the

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Lessor of the proceeds of sale, the Lessor shall transfer title to such Undeveloped Property to the purchaser at the sale designated by the Lessee. In connection with any sale pursuant to this paragraph (c), (1) when the Lessor transfers title, such transfer shall be on an as-is, non-installment sale basis, without warranty by, or recourse to, the Lessor, but free of any Liens resulting from the Lessor's willful or knowing act or omission, (2) the purchase price for any such sale shall be paid entirely in cash and in immediately available funds and (3) the Lessee shall pay or shall cause the purchaser to pay, in addition to the purchase price, all mortgage recording taxes, if any, recording and filing fees and all other similar taxes, fees, expenses and closing costs (including reasonable attorneys' fees) in connection with the conveyance to any purchaser. The Lessee hereby acknowledges and agrees that any sale by the Lessor of Undeveloped Property pursuant to this paragraph (c) shall be subject to the provisions of paragraph (d) of Section 7 and Section 11 of this Lease.

SECTION 13. LESSEE'S RIGHTS OF SURRENDER AND RENEWAL.

(a) So long as no Potential Default or Event of Default has occurred and is continuing, the Lessee shall have the right, upon not less than two hundred seventy (270) days' prior written notice to the Lessor and subject to satisfaction of the Surrender Covenants set forth in paragraph (b) below, to terminate this Lease and surrender the lease of any Parcel of Property or Unit of Equipment under this Lease to the Lessor on a Surrender Date.

(b) In the event the Lessee provides the termination notice contemplated in paragraph (a) above, the Lessee hereby covenants to the Lessor (the "SURRENDER COVENANTS") as follows: (A) on the Surrender Date, (i) no Event of Default or Potential Default shall have occurred and be continuing, (ii) the Property and Equipment shall not be undergoing any repairs, additions or alterations that could reasonably be expected to diminish the fair market value, utility or remaining economic useful life which the Parcel or Unit would have had at such time had such repair, addition or alteration not been undergoing (assuming the Parcel or Unit is in the condition required hereby), and (iii) each Parcel of Property and Unit of Equipment being surrendered shall be in compliance with all Legal Requirements, (B) on or prior to the Surrender Date, but in no event greater than ninety (90) days prior to the Surrender Date, the Lessee shall, at its expense, deliver to the Lessor an environmental audit satisfactory in scope and content to the Lessor and Assignee in their reasonable discretion, to the effect that each such Parcel of Property and Unit of Equipment being surrendered have been operated and maintained in compliance with, and at the applicable time each Parcel and Unit is in compliance with, and is not subject to any unperformed Remedial Actions with respect to, Environmental Requirements, (C) on or prior to the Surrender Date, but in no event greater than ninety (90) days prior to the Surrender Date, the Lessee shall deliver to the Lessor and Assignee an appraisal from a nationally recognized appraisal firm satisfactory to the Lessor and Assignee in their reasonable discretion, to the effect that each such Parcel of Property and Unit of Equipment has been maintained in accordance with the terms and conditions of Section 9 of this Lease and prudent industry practices, (D) on the Surrender Date, the Lessor shall have good and marketable title to each such Parcel of Property and Unit of Equipment, free and clear of all Liens other than Permitted Liens, and (E) on the Surrender Date, the Lessee shall provide evidence satisfactory in the reasonable discretion of each of the Lessor and the Assignee that the Lessor has all rights of way, easements, licenses, utilities, Governmental Actions, permits, services, manuals, records

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and other information necessary to own, operate and maintain each such Parcel of Property and Unit of Equipment from and after the termination of this Lease.

(c) In the event the Lessee has complied with each of the Surrender Covenants, the Lessee shall, on the Surrender Date, terminate the lease of and surrender such Parcel of Property or Unit of Equipment to the Lessor and pay to the Lessor the Residual Amount and all other amounts owing by the Lessee hereunder. In the event the Lessee has failed to comply with any of the Surrender Covenants, the Lessee shall not be permitted on the Surrender Date to terminate this Lease and surrender such Property and Equipment under this Lease to the Lessor. Upon such surrender, the Lessor shall assume control of such Property and Equipment, subject to the provisions of this paragraph (c), the Lessor or Assignee (acting on behalf of the Lessor) shall have the right to sell such Property and Equipment to a third party and the Lessee shall have no further right, claim or interest in such Property and Equipment (except as set forth in the immediately following sentence) (it being understood that the Lessor shall be entitled to commence the marketing of such Property and Equipment at any time subsequent to the first day of the sixth month prior to the Surrender Date, and the Lessee agrees that it shall cooperate in connection therewith). The proceeds of sale received by the Lessor or Assignee, as the case may be, from any sale of such Property and Equipment shall be retained by the Lessor or Assignee, as the case may be, PROVIDED that if the proceeds of sale exceed the sum of (x) Adjusted Acquisition Cost of such Property and Equipment less the Residual Amount of such Property and Equipment, and (y) all other amounts owing by the Lessee hereunder, including, without limitation, (i) all Basic Rent due and payable, (ii) any Additional Rent owing, (iii) all amounts payable pursuant to Sections 11, 25 and 27 hereof, (iv) all losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses, filing fees and sales or transfer taxes) sustained by the Lessor by reason of such sale, and (v) all other amounts owing hereunder, such excess shall be paid by the Lessor or Assignee, as the case may be, to the Lessee (or, if such sale occurs on the Surrender Date, such excess shall reduce the Residual Amount owing by the Lessee pursuant to the first sentence of this paragraph by the amount of such excess). The Lessee shall use reasonable efforts commencing six (6) months prior to the Surrender Date to seek on behalf of the Lessor bona fide arm's-length bids for the Property and Equipment from prospective purchasers who are financially capable of purchasing the Property and Equipment for cash, on an as-is, non-installment sale basis, without warranty by, or recourse to, the Lessor. The Lessee shall notify the Lessor of the amount of each such bid, and the name and address of the Person submitting such bid. In its notice given pursuant to the immediately preceding sentence, the Lessee shall advise the Lessor if the bid provided for in such notice will result in the payment of Adjusted Acquisition Cost of such Property and Equipment by the proposed purchaser on the Surrender Date. If the Lessee advises the Lessor that such payment of Adjusted Acquisition Cost will be applicable, the Lessor shall arrange for such sale to be made to such purchaser designated by the Lessee, if such purchaser will pay an amount equal to the Adjusted Acquisition Cost of such Property and Equipment on the Surrender Date; provided, that the Lessor shall only be obligated to sell Travelstop Equipment to such purchaser in conjunction with a sale of the Travelstop at which such Travelstop Equipment is used, or is to be used, and conversely, the Lessor shall only be obligated to sell a Travelstop to a purchaser in conjunction with a sale of the Travelstop Equipment used, or to be used, at such Travelstop.

(d) In the event the Lessee shall surrender any Parcel of Property or Unit of Equipment to the Lessor or to a purchaser of any Parcel of Property or Unit of Equipment from

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the Lessor pursuant to the provisions of this Section 13, on the Surrender Date, the Lessee shall pay to the Lessor (i) all Basic Rent due and payable and accrued through the Surrender Date, (ii) any Additional Rent owing, (iii) all amounts payable pursuant to Sections 11, 25 and 27 hereof, (iv) all losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses, filing fees and sales or transfer taxes) sustained by the Lessor by reason of such surrender, and (v) any other amounts owing hereunder as of the Surrender Date. Upon payment by the Lessee to the Lessor of all amounts owing under this Section 13 and delivery of the Property and Equipment to the Lessor or such purchaser, this Lease shall terminate, except to the extent otherwise provided in this Lease. In addition, the Lessor may require the Lessee to assign to the Lessor (or to a purchaser designated by the Lessor or Assignee), at no cost, all right, title and interest of the Lessee in, to and under the Pledged Contracts, and in the event any additional consent of any party to a Pledged Contract is required as a precondition thereunder to an assignment to any other third party assignee designated by the Lessor or Assignee, to use diligent efforts to obtain any such required consent to such proposed assignment and assumption of the Pledged Contracts.

(e) Provided that no Event of Default has occurred and is continuing as at the date of such request, if the Lessee shall, not earlier than 450 days and not later than six (6) months prior to the last day of the Lease Term, request in writing that the Lessor obtain bank borrowings on terms reasonably acceptable to it and the Lessee in order to finance the Lessor's ownership of any Parcel of Property or Unit of Equipment for a renewal term to be agreed upon between the Lessee and the Lessor (the "RENEWAL TERM"), commencing on the first day of the calendar month following the last day of the Lease Term, at the fair market value rental, the Lessor shall make reasonable efforts to arrange for bank commitments to provide such financing. The Lessor will notify the Lessee of all bona fide offers of refinancing that the Lessor deems reasonable and advise the Lessee in writing not later than sixty (60) days prior to the last day of the Lease Term as to whether it has been able to obtain bank commitments on terms and conditions reasonably acceptable to it to finance such Property or Equipment for the Renewal Term. In such notice, the Lessor shall identify such terms and conditions. In order to renew the lease of such Property or Equipment for the Renewal Term, the Lessee must notify the Lessor in writing within ten (10) days of its receipt of the foregoing notice of the Lessor, indicating (i) whether the terms and conditions of such financing are acceptable to it and (ii) whether the Lessee agrees to lease such Property or Equipment for the Renewal Term. The notice of the Lessee contemplated by the preceding sentence (i) shall be irrevocable and (ii) shall supercede any notice of termination and surrender delivered to the Lessor with respect to such Property or Equipment pursuant to paragraph (a) of this Section 13. The Lessor shall schedule the closing of the financing contemplated by the bank commitments on or before the date which is one (1) month prior to the end of the Lease Term. The Lessor shall notify the Lessee in writing promptly of the closing of such financing or that such financing shall have failed to close on such scheduled date. At such closing the Lessee and the Lessor shall agree that such Property or Equipment shall, subject to the terms and conditions of this Lease, be leased hereunder for the Renewal Term. If the closing shall not occur on or before the date which is one (1) month prior to the last day of the Lease Term, then the lease of such Property and Equipment shall terminate on the last day of the Lease Term.

(f) The fair market value rental of any Parcel of Property or Unit of Equipment for purposes of paragraph (e) of this Section 13 shall be as agreed upon by the Lessor and the

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Lessee or, if they are unable to agree, at an amount of Basic Rent determined pursuant to the Appraisal Procedure.

SECTION 14. TERMINATION UPON CERTAIN EVENTS.

(a) Notwithstanding any other provisions of this Lease or the Agreement for Lease, this Lease shall terminate with respect to any Parcel of Property and Unit of Equipment subject to any Termination Event described below and the Lessee shall be required to purchase such Parcel of Property and Unit of Equipment from the Lessor upon the happening of the following event during the term of this Lease with respect to such Parcel of Property and Unit of Equipment and the Lessor's written notice to the Lessee of the Lessor's election to terminate this Lease with respect to such Parcel of Property and Unit of Equipment (a "TERMINATION EVENT"): the occurrence of any event or circumstance relating to Environmental Matters, Environmental Damages or Environmental Requirements with respect to any Parcel of Property and Unit of Equipment that could reasonably be expected to have a material adverse effect on (i) the operation, maintenance, leasing, ownership, use or value of any Parcel of Property and Unit of Equipment, (ii) the ability of the Lessee to perform its obligations under this Lease or the Agreement for Lease in a timely manner, or (iii) the rights or interests of the Lessor or Assignee under this Lease or the Agreement for Lease.

(b) Upon the occurrence of a Termination Event, the Lessee shall be obligated on the next Basic Rent Payment Date to purchase the affected Parcel of Property and Unit of Equipment for an amount equal to its Adjusted Acquisition Cost; PROVIDED, that the Lessee shall be obligated to purchase Travelstop Equipment pursuant to this paragraph (b) in conjunction with a purchase pursuant to this paragraph (b) of the Lessor's interest in the Travelstop at which such Travelstop Equipment is used, or is to be used, and conversely, the Lessee shall be obligated to purchase the Lessor's interest in a Travelstop pursuant to this paragraph (b) in connection with a purchase pursuant to this paragraph (b) of the Travelstop Equipment used, or to be used, at such Travelstop. In connection with such purchase, on the Basic Rent Payment Date upon which such purchase occurs, the Lessee shall pay to the Lessor (i) the Adjusted Acquisition Cost of such Property and Equipment, (ii) all Basic Rent due and payable, (iii) any Additional Rent owing, (iv) all amounts payable pursuant to Sections 11, 25 and 27 hereof, (v) all losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses, filing fees and sales or transfer taxes) sustained by the Lessor by reason of such purchase (PROVIDED that, if the provisions set forth in this paragraph (b) are applicable, such losses and damages shall not include any losses or damages for foregone rent, lost profits or loss of the Lessor's benefit of the bargain arising after the Lessee has paid in full all amounts due hereunder, has purchased such Property or Equipment from the Lessor free and clear of all Liens, and has otherwise performed all its obligations under this paragraph (b)), and (vi) all other amounts owing hereunder with respect to such Property or Equipment.

(c) If, at any time, in the good faith judgment of the Lessee, any Travelstop Equipment shall have become obsolete, useless or uneconomic for continued use and occupancy by the Lessee for its Primary Use (such Travelstop Equipment hereinafter called "UNECONOMIC EQUIPMENT"), then the Lessee shall deliver to the Lessor a written notice containing (A) notice of the Lessee's intention to terminate the Lease as to such Uneconomic Equipment as of a Basic Rent Payment Date specified in such notice, and (B) a certificate of a Responsible Officer stating

that the Lessee has determined that such Travelstop Equipment has become obsolete, useless or uneconomic for continued use and occupancy by the Lessee for its Primary Use. The Lessee shall terminate this Lease with respect to such Travelstop Equipment and shall (1) in the case of any Travelstop Equipment with an Adjusted Acquisition Cost equal to or less than \$100,000: (x) purchase such Travelstop Equipment for one dollar, so long as the aggregate Acquisition Cost of all such Travelstop Equipment does not exceed \$250,000 per annum or \$1,000,000 during the term of this Lease and (y) where the aggregate Adjusted Acquisition Cost of such Travelstop Equipment exceeds the amounts set forth in clause (x) above, purchase such Travelstop Equipment at its Adjusted Acquisition Cost or arrange, at its own cost and expense, to sell such Travelstop Equipment to a third party purchaser in an arm's length transaction, for an amount equal to its Adjusted Acquisition Cost, and (2) in the case of any Travelstop Equipment with an Adjusted Acquisition Cost in excess of \$100,000, purchase such Travelstop Equipment at its Adjusted Acquisition Cost, on the Basic Rent Payment Date specified in such notice. In connection with such purchase or sale (as the case may be), on the Basic Rent Payment Date upon which such purchase or sale occurs, the Lessee shall pay to the Lessor (i) the purchase price or sale price (as the case may be) of such Uneconomic Equipment, (ii) all Basic Rent due and payable, (iii) any Additional Rent owing, (iv) all amounts payable pursuant to Sections 11, 25 and 27 hereof, (v) all losses, damages, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses, filing fees and sales or transfer taxes) sustained by the Lessor by reason of such purchase or sale (PROVIDED that, if the provisions set forth in this paragraph (c) are applicable, such losses and damages shall not include any losses or damages for foregone rent, lost profits or loss of the Lessor's benefit of the bargain arising after the Lessee has paid in full all amounts due hereunder, has purchased such Travelstop Equipment from the Lessor free and clear of all Liens, and has otherwise performed all its obligations under this paragraph (c)), and (vi) all other amounts owing hereunder with respect to such Uneconomic Equipment.

SECTION 15. LOSS OF OR DAMAGE TO PROPERTY OR EQUIPMENT.

(a) The Lessee hereby assumes all risk of loss of or damage to Property or Equipment, however caused. Except as expressly provided herein, no loss of or damage to any Property or Equipment shall impair any obligation of the Lessee under this Lease, which shall continue in full force and effect with respect to any lost or damaged Property or Equipment.

(b) In the event of damage of any kind whatsoever to any Property or Equipment (unless the same is determined to be damaged beyond repair) the Lessee, at its own cost and expense, shall replace the same pursuant to the requirements of clause (A) of paragraph (c) below or place the same in good operating order, repair, condition and appearance. The Lessee's right to any proceeds paid under any insurance policy or policies required under Section 10 of this Lease with respect to any such damage to any Property or Equipment is governed by paragraph (f) of Section 10 hereof.

(c) If (i) any Property or Equipment is lost, stolen, destroyed, seized, confiscated, rendered unfit for use or damaged beyond repair, (ii) the use thereof by the Lessee in the ordinary course of business is prevented by the act of any third Person or Persons or governmental instrumentality for a period exceeding one hundred eighty (180) consecutive days, (iii) any such Property or Equipment is attached (other than on a claim against the Lessor as to

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which the Lessee is not obligated to indemnify the Lessor) and the attachment is not removed within sixty (60) consecutive days, or (iv) a Taking as described in paragraph (a) of Section 16 hereof occurs, then in any such event, either (A) the Lessee shall promptly replace such Property or Equipment with real property or equipment of a similar like and kind, and of a value not less than the Property or Equipment being replaced, and the Lessee and the Lessor shall execute a revised Unit Leasing Record or AFL Unit Leasing Record, as the case may be, to amend, among other things, the description of such Property or Equipment, PROVIDED that the replacement of any Property with other real property shall be subject to the prior written consent of the Lessor (which consent shall not be unreasonably withheld), and to receipt by the Lessor and Assignee of all documentation required with respect to the acquisition of Property by the Lessor under the terms of the Agreement for Lease, this Lease and the Credit Agreement, and provided further, that any insurance proceeds relating to such Property or Equipment will be distributed in accordance with paragraph (f) of Section 10 hereof, or (B) (i) the Lessee shall promptly notify the Lessor in writing of such event, (ii) on a Basic Rent Payment Date within one hundred eighty (180) days following such event, the Lessee shall pay to the Lessor an amount equal to the Adjusted Acquisition Cost of such Property or Equipment, (iii) the Lease Term or Renewal Term of the applicable Property and Equipment shall continue until the Basic Rent Payment Date on which the Lessor receives payment from the Lessee of the amount payable pursuant to this paragraph (c) and of Basic Rent due and payable, any Additional Rent and other amounts owing hereunder with respect to such Property or Equipment, and shall thereupon terminate, and the lease of all other Property and Equipment shall continue hereunder and (iv) the Lessor shall on such Basic Rent Payment Date transfer title to such Property and Equipment to the Lessee, and the Lessee shall be subrogated to the Lessor's rights resulting from such event. Insurance and condemnation proceeds, if any, received by the Lessor in excess of the Adjusted Acquisition Cost of the affected Property and Equipment, so long as no Event of Default has occurred and is continuing, shall be paid by the Lessor to the Lessee upon the payment by the Lessee of all amounts referred to in the preceding sentence. If the lease of a Travelstop or Travelstop Equipment is terminated pursuant to this paragraph (c), then the lease of both the affected Travelstop and the Travelstop Equipment used, or to be used, at such Travelstop shall be terminated in accordance with the terms of this paragraph (c).

SECTION 16. CONDEMNATION AND DEDICATION OF PROPERTY; EASEMENTS.

(a) If the use, occupancy or title to all or a substantial portion of a Parcel of Property is taken, requisitioned or sold in, by or on account of eminent domain proceedings or other action by any Person or authority having the power of eminent domain (such events collectively referred to as a "TAKING"), then the Lease Term or Renewal Term of such Parcel of Property and all Equipment thereat shall terminate, as provided in paragraph (c) of Section 15 hereof. Upon receipt of proceeds from any award or sale made in connection with such Taking, if the Lessee has paid all amounts owing under paragraph (c) of Section 15 hereof, the Lessor shall remit to the Lessee the net amount of such proceeds remaining after reimbursement for all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by the Lessor in connection with the negotiation and settlement of any proceedings related to such Taking. A Taking shall be deemed to affect a "substantial portion" of a Unit if, after such Taking, such Parcel of Property has suffered a material diminution in value and is, or will be, unusable for the Lessee's ordinary business purposes.

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(b) If less than a substantial portion of a Parcel of Property is subject to a Taking, then this Lease shall continue in effect as to the portion of the Parcel not taken and, so long as no Event of Default has occurred and is continuing, any net proceeds shall be paid to the Lessee.

(c) So long as no Event of Default hereunder has occurred and is continuing, the Lessee shall have the right (i) to grant easements and enter into covenants and restrictions for the benefit of any Parcel of Property or the business thereat, (ii) to voluntarily dedicate or convey, as required, portions of any Parcel of Property for road, highway and other public purposes, (iii) to voluntarily execute petitions to have any Parcel of Property or a portion thereof annexed to any municipality or included within any utility, highway or other improvement or service district, provided that no more than minor restoration is required and (iv) to contest on its own and the Lessor's behalf any proposed Taking or the amount of any award in connection therewith. If any monetary consideration is paid for such easement or dedication, the Lessee shall be entitled to receive or retain such consideration.

The Lessee shall exercise the above power to grant without the joinder of the Lessor, except that the Lessor will cooperate, without unreasonable delay and at the Lessee's request and expense, as necessary and join in the execution of any appropriate instrument or shall execute any separate instrument as necessary. As a condition precedent to the Lessee's exercise of any of the Lessee's powers under this Section 16, (i) the Lessee shall give the Lessor five (5) Business Days' prior written notice of the proposed action and (ii) the Lessee shall provide to the Lessor a certificate of the Lessee stating that such action will not adversely affect either the fair market value of such Property or the use of such Property for its intended purpose, will not affect the Lessor's ability to exercise its rights and remedies under this Lease and that the Lessee undertakes to remain obligated under this Lease to the same extent as if the Lessee had not exercised its powers under this Section 16 and the Lessee will perform all obligations under such instrument and shall prepare all required documents and provide all other instruments and certificates as the Lessor may reasonably request.

SECTION 17. SURRENDER OF PROPERTY OR EQUIPMENT.

(a) Subject to the provisions of Sections 12, 13, 14, 15, 16, 19 and 29 hereof, upon termination of the lease of any Property or Equipment hereunder, the Lessee shall surrender such Property or Equipment to the Lessor. Equipment shall be surrendered by delivering the same to the Lessor at such location as the Lessor and the Lessee may agree and, if they are unable to agree, at such location as the Lessor may reasonably direct. Such Property or Equipment shall be surrendered in the condition required by paragraph (b) of Section 9 hereof.

(b) Upon the surrender of the Property and Equipment, the Lessee shall deliver to the Lessor or its designee all non-proprietary logs, manuals, inspection data, books and records or copies thereof and other information, which are necessary to operate the Property and Equipment and which are in accordance with applicable Legal Requirements or sound industry practice customarily retained (or that the Lessee actually did retain) or are required by Legal Requirements to be retained with respect to operations at the Property, including, without limitation, all non-proprietary software and manuals applicable to the Property or Equipment and all design plans, know-how, records and information used by the Lessee and necessary for the

non-proprietary operation of the Property or Equipment, and all non-proprietary records relating to the operation of the Tanks.

SECTION 18. EVENTS OF DEFAULT.

Any of the following events of default shall constitute an "EVENT OF DEFAULT" and shall give rise to the rights on the part of the Lessor described in Section 19 hereof:

- (a) Failure of the Lessee to pay amounts due to the Lessor at the time of any scheduled sale of any Parcel of Property or Unit of Equipment hereunder, failure of the Lessee to pay Basic Rent for more than five (5) Business Days after such payment is due pursuant to Section 7 hereof, or failure of the Lessee to pay any other amount payable by the Lessee hereunder within ten (10) Business Days after written demand from the Lessor that such other payment is due; or
- (b) Failure to maintain the insurance required by Section 10 hereof, or default in the performance of the covenant contained in paragraph (j) of Section 10 hereof; or
- (c) Default in the performance of any other obligation or covenant of the Lessee pursuant to this Lease and, in the case of such default (other than a default arising under paragraph (u) of Section 2 hereof), the continuance of such default for thirty (30) days after written notice to the Lessee by the Lessor specifying such default and requiring such default to be remedied; PROVIDED, that if such default is of a nature that is not capable of being cured within such thirty (30) day period and the Lessee shall have diligently commenced curing such default and proceeds diligently and in good faith thereafter to complete curing such default, such thirty (30) day period shall be extended to such period as should be necessary to cure such default, not to exceed one hundred twenty (120) days; or
- (d) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Lessee or the Guarantor, or of a substantial part of the property or assets of the Lessee or the Guarantor, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Lessee or the Guarantor or for a substantial part of the property or assets of the Lessee or the Guarantor or (iii) the winding-up or liquidation of the Lessee or the Guarantor and such proceeding or petition shall continue undismissed for thirty (30) days or an order or decree approving or ordering any of the foregoing shall be entered; or
- (e) The Lessee or the Guarantor shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner (but within thirty (30) days in any event), any proceeding or the filing of any petition described in paragraph (d) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Lessee or the Guarantor or for a substantial part of the property or assets of the Lessee or the Guarantor, (iv) file an answer

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admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing; or

(f) A default or event of default, the effect of which is to permit the holder or holders of any Indebtedness, or a trustee or agent on behalf of such holder or holders, to cause such Indebtedness to become due prior to its stated maturity, shall occur under the provisions of any agreement pursuant to which such Indebtedness was created or instrument evidencing such Indebtedness of the Lessee or the Guarantor in excess of \$2,000,000 in the aggregate or any obligation of the Lessee or the Guarantor for the payment of such Indebtedness shall become or be declared to be due and payable prior to its stated maturity, or shall not be paid when due; PROVIDED, that the provisions of this paragraph (f) shall not be deemed to apply to any default or event of default or obligation for the payment of Indebtedness arising solely as a result of a reduction in the rating of the Guarantor's senior unsecured debt to less than BBB by Standard & Poor's Ratings Group or less than Baa2 by Moody's Investor Service, Inc.; or

(g) Any representation or warranty made by the Lessee in this Lease or any document contemplated hereby or thereby shall prove to have been false or inaccurate in any material respect on or as of the date made or deemed made; or

(h) Any final non-appealable judgment or judgments for the payment of money in excess of \$2,000,000 in the aggregate shall be rendered against the Lessee or the Guarantor by any court of competent jurisdiction and the same shall remain undischarged for a period of sixty (60) days during which execution of such judgment or judgments shall not be effectively stayed; or

(i) The Guarantor shall fail to own (directly or indirectly) beneficially and of record fifty-one percent (51%) or more of all the common stock of TA Operating Corporation or National Auto/Truckstops, Inc. (the "Applicable Agent"), unless at the time the Guarantor also owns (directly or indirectly) beneficially and of record less than 51% of the common stock of the Lessee that is not the Applicable Agent; or

(j) An Event of Default (as defined in the Agreement for Lease) shall occur under the Agreement for Lease; or

(k) The Pledge Agreement ceases to be in full force and effect, the Lessee defaults in the performance of any obligation or covenant contained in the Pledge Agreement, or the representation contained in the third sentence of paragraph (q) of Section 2 hereof shall at any time become untrue in any material respect; or

(l) Default in the performance of the covenant contained in paragraph (v) of Section 2 hereof; or

(m) (i) The Guaranty ceases to be in full force and effect or (ii) the Guarantor defaults in the performance of any obligation or covenant contained in the Guaranty or any other document contemplated thereby, any required notice of such default shall have been given, and any applicable grace period shall have expired; or

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(n) Any representation or warranty made by the Guarantor in the Guaranty or any document contemplated hereby or thereby proves to be false, misleading or inaccurate in any material respect.

SECTION 19. RIGHTS UPON DEFAULT.

Upon the occurrence and continuation of any Event of Default the Lessor may do any one or more of the following:

- (a) Terminate the lease of any or all Property or Equipment leased hereunder by written notice to the Lessee;
- (b) Whether or not the lease of any Property or Equipment is terminated, take immediate possession of and remove any or all Equipment and other equipment or property of the Lessor in the possession of the Lessee, wherever situated, and for such purpose, enter upon any premises without liability to the Lessee for so doing;
- (c) Whether or not any action has been taken under paragraph (a) or (b) above, take immediate possession of any Property or Equipment and sell or relet any Property or Equipment (with or without the concurrence or request of the Lessee); PROVIDED, HOWEVER, that notwithstanding any such reletting or taking of possession, the Lessor may at any time thereafter elect to terminate this Lease for a continuing Event of Default; PROVIDED, FURTHER, that the Lessee shall remain liable for all of its monetary obligations hereunder, subject to applicable law and the provisions of this Section 19;
- (d) Hold, use, occupy, operate, repair, remove, lease or keep idle any or all Property or Equipment as the Lessor in its sole discretion may determine, without any duty to account to the Lessee with respect to any such action or inaction or for any proceeds thereof; and
- (e) Exercise any other right or remedy which may be available under applicable law and in general proceed by appropriate judicial proceedings, either at law or in equity, to enforce the terms hereof or to recover damages for the breach hereof; PROVIDED, HOWEVER, that no act or thing done by the Lessor or any of its agents, representatives or employees and no agreement accepting a surrender of any Property or Equipment shall be valid unless the same be made in writing and executed by the Lessor.

Suit or suits for the recovery of any default in the payment of any sum due hereunder or for damages may be brought by the Lessor from time to time at the Lessor's election, and nothing herein contained shall be deemed to require the Lessor to await the date whereon this Lease or the term hereof would have expired by limitation had there been no such default by the Lessee or no such termination or cancellation.

The receipt of any payments under this Lease by the Lessor with knowledge of any breach of this Lease by the Lessee or of any default by the Lessee in the performance of any of the terms, covenants or conditions of this Lease, shall not be deemed to be a waiver of any provision of this Lease.

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No receipt of moneys by the Lessor from the Lessee after the termination or cancellation hereof in any lawful manner shall reinstate, continue or extend the Lease Term or any Renewal Term, or affect any notice theretofore given to the Lessee, or operate as a waiver of the right of the Lessor to enforce the payment of Basic Rent or Additional Rent or other charges payable hereunder, or operate as a waiver of the right of the Lessor to recover possession of any Unit of Equipment or Parcel of Property by proper suit, action, proceedings or remedy; it being agreed that, after the service of notice to terminate or cancel this Lease, and the expiration of the time therein specified, if the default has not been cured in the meantime, or after the commencement of any suit, action or summary proceedings or of any other remedy, or after a final order, warrant or judgment for the possession of any Unit of Equipment or Parcel of Property, the Lessor may demand, receive and collect any moneys payable hereunder, without in any manner affecting such notice, proceedings, suit, action, order, warrant or judgment; and any and all such moneys so collected shall be deemed to be payments on account of the Lessee's liability hereunder. Acceptance of the keys to any Parcel of Property, or any similar act, by the Lessor, or any agent or employee of the Lessor, during the term hereof, shall not be deemed to be an acceptance of a surrender of any Parcel of Property unless the Lessor and Assignee shall consent thereto in writing.

After any Event of Default, the Lessee shall be liable for, and the Lessor may recover from the Lessee (i) all Basic Rent accrued to date of payment, (ii) any Additional Rent owing as of such date, (iii) all amounts payable pursuant to Sections 11, 25 and 27 hereof, (iv) all losses, damages, costs and expenses (including, without limitation, attorneys' fees and expenses, , filing fees and sales or transfer taxes) sustained by the Lessor by reason of such Event of Default and the exercise of the Lessor's remedies with respect thereto, including without limitation, in the event of a sale by the Lessor of the Property or Equipment pursuant to this Section 19, all costs and expenses associated with such sale (PROVIDED that, if the provisions set forth in this Section 19 are applicable, such losses and damages shall not include any losses or damages for foregone rent, lost profits or loss of the Lessor's benefit of the bargain arising after the Lessee has paid in full all amounts due hereunder, has purchased the Property or Equipment from the Lessor free and clear of all Liens, and has otherwise performed all its obligations under this Section 19) and (v) all other amounts owing hereunder. The amounts payable in clauses (i) through (v) above are hereinafter sometimes referred to as the "ACCRUED DEFAULT OBLIGATIONS".

After an Event of Default, the Lessor may sell its interest in the Property and Equipment upon any terms that the Lessor deems satisfactory, free of any rights of the Lessee or any Person claiming through or under the Lessee (including, without limitation, any rights hereunder or under the Pledged Contracts). In the event of any such sale, in addition to the Accrued Default Obligations, the Lessor shall be entitled to recover from the Lessee, as liquidated damages and not as a penalty, and subject to the second succeeding sentence, an amount equal to the Adjusted Acquisition Cost of all Property and Equipment under this Lease. Proceeds of sale received by the Lessor in excess of the Adjusted Acquisition Cost of such Property or Equipment shall be credited against the Accrued Default Obligations the Lessee is required to pay under this Section 19. If such proceeds exceed the sum of (i) the Accrued Default Obligations and (ii) the Adjusted Acquisition Cost of all Property and Equipment under this Lease, such excess shall be paid by the Lessor to the Lessee. As an alternative to any such sale, in addition to the Accrued Default Obligations, the Lessor may require the Lessee to pay to the Lessor, and the Lessee shall pay to the Lessor, as liquidated damages and not as a penalty, an amount equal to the Adjusted

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Acquisition Cost of all Property and Equipment under this Lease. If the Lessor subsequently sells its interest in the Property or Equipment, the proceeds of any such sale and/or any such amounts realized (net of any unreimbursed costs or liabilities incurred by the Lessor or Assignee with respect to the Property or Equipment after the termination of the Lease, which are not included in the Accrued Default Obligations) shall be distributed as provided in the third and fourth sentences of this paragraph. Notwithstanding anything to the contrary contained herein, if the Lessee converts the Property and Equipment or any part thereof after an Event of Default, or if the Property and Equipment is lost or destroyed by the Lessee at the time of the Event of Default, in addition to the Accrued Default Obligations, the Lessor may require the Lessee to pay to the Lessor, and the Lessee shall pay to the Lessor, as liquidated damages and not as a penalty, an amount equal to the Adjusted Acquisition Cost of all Property and Equipment under this Lease.

In the event of a sale pursuant to this Section 19, upon receipt by the Lessor of the amounts payable hereunder, the Lessor shall transfer all of the Lessor's right, title and interest in and to the Property and Equipment to a purchaser other than the Lessee or to the Lessee, as the case may be.

No remedy referred to in this Section 19 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to the Lessor at law or in equity, and the exercise in whole or in part by the Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by the Lessor of any or all such other remedies.

No waiver by the Lessor of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

With respect to the termination of this Lease as a result of an Event of Default, the Lessee hereby waives, to the fullest extent permitted by law,

(1) service of any notice of intention to re-enter or the institution of legal proceedings to obtain re-entry or possession, (2) the benefit of any laws now or hereafter in force exempting property from liability for rent or limiting the Lessor with respect to the election of remedies; and (3) any other rights which might otherwise limit or modify any of the Lessor's rights or remedies under this Section 19. The Lessee hereby waives any and all rights to recover or regain possession of the Property and Equipment or to reinstate this Lease as permitted or provided by or under any statute, law or decision now or hereafter in force and effect.

SECTION 20. EQUIPMENT TO BE PERSONAL PROPERTY.

It is the intention and understanding of the Lessor and the Lessee that all Equipment shall be and at all times remain personal property.

SECTION 21. SALE OR ASSIGNMENT BY LESSOR.

(a) Subject to paragraph (b) of this Section 21, the Lessor shall have the right to obtain equity and debt financing for the acquisition and ownership of the Property or Equipment by selling or assigning its right, title and interest in any or all amounts due from the Lessee or any third party under this Lease and granting a security interest in this Lease to a lender or

lenders under a Credit Agreement; PROVIDED, that any such sale or assignment shall be subject to the rights and interests of the Lessee under this Lease.

(b) Any Assignee shall, except as otherwise agreed by the Lessor and such Assignee, have all the rights, powers, privileges and remedies of the Lessor hereunder, provided that the Lessee's obligations as between itself and such Assignee hereunder shall be subject to any claims or defenses that the Lessee may have against the Lessor. Upon written notice to the Lessee of any such assignment, the Lessee shall thereafter make payments of Basic Rent, Additional Rent and other sums due hereunder to such Assignee, to the extent specified in such notice, and such payments shall discharge the obligation of the Lessee to the Lessor hereunder to the extent of such payments. Anything contained herein to the contrary notwithstanding, no Assignee shall be obligated to perform any duty, covenant or condition required to be performed by the Lessor hereunder, and any such duty, covenant or condition shall be and remain the sole obligation of the Lessor.

(c) The provisions of this Section 21 are subject to the terms and conditions of the Participation Agreement.

SECTION 22. INCOME TAXES.

Each of the Lessor and the Lessee agrees that it will not file any Federal, state or local income tax returns during the Lease Term or Renewal Term, if any, with respect to any Property or Equipment that are inconsistent with the treatment of the Lessee as owner of such Property or Equipment for Federal, state and local income tax purposes.

SECTION 23. NOTICES AND REQUESTS.

All notices, offers, acceptances, approvals, waivers, requests, demands and other communications hereunder or under any other instrument, certificate or other document delivered in connection with the transactions described herein shall be in writing, shall be addressed as provided below and shall be considered as properly given (a) if delivered in person, (b) if sent by reputable express courier service (including, without limitation, Federal Express, Emery, DHL, Airborne Express, and other similar express delivery services), (c) if mailed through the United States Postal Service, postage prepaid, registered or certified with return receipt requested, or (d) if sent by telecopy and confirmed; PROVIDED, that in the case of a notice by telecopy, the sender shall in addition confirm such notice by writing sent in the manner specified in clauses (a), (b) or (c) of this Section 23. All notices shall be effective upon receipt by the addressee; PROVIDED, HOWEVER, that if any notice is tendered to an addressee and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender. For the purposes of notice, the addresses of the parties shall be as set forth below; PROVIDED, HOWEVER, that any party shall have the right to change its address for notice hereunder to any other location by giving written notice to the other party in the manner set forth herein. The initial addresses of the parties hereto are as follows:

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If to the Lessor:

TCA Network Funding, Limited Partnership c/o ML Leasing Equipment Corp. North Tower
World Financial Center 250 Vesey Street
New York, New York 10281

Attention: Jean M. Tomaselli
Telephone: (212) 449-7925
Telecopy: (212) 449-2854

With a copy of all notices under this Section 23 to be simultaneously given, delivered or served to Kira Toone at the following address:

ML Leasing Equipment Corp.

Controller's Office

World Financial Center South Tower - 14th Floor 225 Liberty Street
New York, New York 10080-6114

If to any Lessee:

c/o TravelCenters of America, Inc.
24601 Center Ridge Road - Suite 200
Westlake, Ohio 44145-3301

Attention: General Counsel
Telephone: (440) 808-4472
Telecopy: (440) 808-4310

With a copy of all notices under this Section 23 to any Assignee at such address as such Assignee may specify by written notice to the Lessor and the Lessee.

SECTION 24. QUIET ENJOYMENT.

During the Lease Term or Renewal Term, if any, of any Property or Equipment hereunder and so long as no Event of Default shall have occurred and be continuing, the Lessor recognizes the Lessee's right to quiet enjoyment of the Property and Equipment on the terms and conditions provided in this Lease and the Agreement for Lease without any interference from the Lessor or anyone claiming through or under the Lessor.

SECTION 25. RIGHT TO PERFORM FOR LESSEE.

(a) If the Lessee fails to perform or comply with any of its covenants or agreements contained in this Lease, the Lessor may, upon not less than ten

(10) Business Days' notice to the Lessee but without waiving or releasing any obligations or default, itself perform or comply with such covenant or agreement, and the amount of the reasonable expenses of the Lessor incurred in connection with such performance or compliance, shall be payable by the Lessee, not later than ten (10) days after written notice by the Lessor.

(b) Without in any way limiting the obligations of the Lessee hereunder, the Lessee hereby irrevocably appoints the Lessor as its agent and attorney at the time at which the Lessee is obligated to deliver possession of any Parcel of Property or Unit of Equipment to the Lessor, to demand and take possession of such Parcel of Property or Unit of Equipment in the name and on behalf of the Lessee from whomsoever shall be at the time in possession thereof.

SECTION 26. MERGER, CONSOLIDATION OR SALE OF ASSETS.

The Lessee may not consolidate with or merge into another corporation or sell all or substantially all of its assets to any Person, except that the Lessee may consolidate with or merge into another corporation, or sell all or substantially all of its assets to any Person; PROVIDED, that the surviving corporation or transferee Person shall assume, by execution and delivery of instruments satisfactory to the Lessor, the obligations of the Lessee hereunder and become successor to the Lessee, but the Lessee shall not thereby be released, without the consent of the Lessor, from its obligations hereunder and provided, further, that such surviving corporation or transferee Person will, on a pro forma basis, immediately after such consolidation, merger or sale, possess a consolidated net worth substantially equivalent to or greater than that of the Lessee immediately prior to such consolidation, merger or sale. Notwithstanding the immediately preceding sentence, nothing contained in this Section 26 shall prevent any consolidation or merger of TA Operating Corporation with or into National Auto/Truckstops, Inc. or the consolidation or merger of National Auto/Truckstops, Inc. with or into TA Operating Corporation. The terms and provisions of this Lease shall be binding upon and inure to the benefit of the Lessee and its respective successors and assigns.

SECTION 27. EXPENSES.

The Lessee shall pay all of the out-of-pocket costs and expenses incurred by the Lessor, and any Assignee in connection with this Lease including, without limitation, the reasonable fees and disbursements of counsel to the Lessor and counsel to any Assignee.

SECTION 28. PERMITTED CONTESTS.

(a) The Lessee shall not be required, nor shall the Lessor have the right, to pay, discharge or remove any tax, assessment, levy, fee, rent, charge or Lien, or to comply or cause any Parcel of Property or Unit of Equipment to comply with any Legal Requirements applicable to any Parcel of Property or Unit of Equipment or the occupancy, use or operation thereof, so long as no Event of Default exists under this Lease with respect to any Parcel of Property or Unit of Equipment, and, in the reasonable judgment of the Lessee's counsel, the Lessee shall have reasonable grounds to contest the existence, amount, applicability or validity thereof by

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appropriate proceedings, which proceedings in the reasonable judgment of the Lessor and Assignee, (i) shall not involve any material danger that any Parcel of Property or Unit of Equipment or any Basic Rent or any Additional Rent would be subject to sale, forfeiture or loss, as a result of failure to comply therewith, (ii) shall not affect the payment of any Basic Rent or any Additional Rent or other sums due and payable hereunder or result in any such sums being payable to any Person other than the Lessor or any Assignee, (iii) will not place either the Lessor or any Assignee in any danger of civil liability for which the Lessor or any Assignee is not adequately indemnified (for purposes of this Section 28(a), the Lessee's obligations under Section 11 of this Lease shall be deemed to be adequate indemnification if no Event of Default or Termination Event exists and if such civil liability is reasonably likely to be less than \$250,000 per Parcel or Unit and \$1,000,000 in the aggregate) or to any criminal liability, (iv) if involving taxes, shall suspend the collection of taxes, and (v) shall be permitted under and be conducted in accordance with the provisions of any other instrument to which the Lessee or the Parcel of Property or Unit of Equipment is subject and shall not constitute a default thereunder (the "PERMITTED CONTEST"). The Lessee shall conduct all Permitted Contests in good faith and with due diligence and shall promptly after the final determination (including appeals) of any Permitted Contest, pay and discharge all amounts which shall be determined to be payable therein. The Lessor shall cooperate in good faith with the Lessee with respect to all Permitted Contests conducted by the Lessee pursuant to this Section 28.

(b) In the event the Lessor or any Assignee deems, in its reasonable discretion, that its interests under this Lease or in any Parcel of Property or Unit of Equipment are not adequately protected in connection with a Permitted Contest brought by the Lessee under this Section 28, the Lessee shall, at its option, either provide security to the Lessor in the form of a reserve fund established by the Lessee in an amount reasonably acceptable to the Lessor, or provide such other reasonable security as may be demanded by the Lessor or any Assignee to ensure payment of such tax, assessment, levy, fee, rent, charge or Lien and compliance with Legal Requirements and to prevent any sale or forfeiture of any Parcel of Property or Unit of Equipment, any Basic Rent or any Additional Rent by reason of such nonpayment or noncompliance. The Lessee hereby agrees that the Lessor may assign such security provided by the Lessee to any Assignee.

(c) At least ten (10) days prior to the commencement of any Permitted Contest, the Lessee shall notify the Lessor and any Assignee in writing thereof if the amount in contest exceeds \$250,000, and shall describe such proceeding in reasonable detail. In the event that a taxing authority or subdivision thereof proposes an additional assessment or levy of any tax for which the Lessee is obligated to reimburse the Lessor under this Lease, or in the event that the Lessor is notified of the commencement of an audit or similar proceeding which could result in such an additional assessment, then the Lessor shall in a timely manner notify the Lessee in writing of such proposed levy or proceeding.

SECTION 29. LEASEHOLD INTERESTS.

(a) The Lessee hereunder covenants and agrees to perform and to observe all of the terms, covenants, provisions, conditions and agreements of each Ground Lease on the Lessor's part as lessee thereunder to be performed and observed (including, without limitation, payment of all rent, additional rent and other amounts payable by the Lessor as lessee under the

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Ground Lease) to the end that all things shall be done which are necessary to keep unimpaired the rights of the Lessor as lessee under the Ground Lease. The Lessee further covenants that it shall cause to be exercised any renewal option contained in the Ground Lease which relates to renewal occurring in whole or in part during the term of this Lease.

(b) The Lessee covenants and agrees pursuant to Section 11 hereof to indemnify and hold harmless the Lessor and any Assignee from and against any and all liability, loss, damage, suits, penalties, claims and demands of every kind and nature (including, without limitation, reasonable attorneys' fees and expenses) by reason of the Lessee's failure to comply with the Ground Lease or the provisions of this Section 29.

(c) The Lessor and the Lessee agree that the Lessor shall have no obligation or responsibility to provide services or equipment required to be provided or repairs or restorations required to be made in accordance with the provisions of the Ground Lease by the lessor thereunder. The Lessor shall in no event be liable to the Lessee nor shall the obligations of the Lessee hereunder be impaired or the performance thereof excused because of any failure or delay on the part of the lessor under the Ground Lease in providing such services or equipment or making such restorations or repairs and such failure or delay shall not constitute a basis for any claim against the Lessor or any offset against any amount payable to the Lessor under this Lease.

(d) If the Lessor's interest under any Ground Lease shall expire, terminate or otherwise be extinguished, the lease of the Parcel of Property to which such Ground Lease relates shall thereupon terminate as provided in this paragraph (d). Upon such expiration, termination or extinguishment, the Lessee shall be required to purchase the Lessor's interest in such Parcel of Property at its Adjusted Acquisition Cost. If the Lessee shall be required to purchase the Lessor's interest in such affected Parcel, then (i) on the Basic Rent Payment Date next succeeding such event, the Lessee shall pay to the Lessor an amount equal to the Adjusted Acquisition Cost of such Property, (ii) the Lease Term or Renewal Term of such Property shall continue until the date on which the Lessor receives payment from the Lessee of the amount payable pursuant to this paragraph (d) and of all Basic Rent payable, and any Additional Rent and other amounts owing hereunder, and shall then terminate upon the payment of such amounts and (iii) the Lessor shall on such date transfer title to the Lessor's interest in such Parcel to the Lessee.

(e) The Lessee shall ensure that each Ground Lease shall be a Mortgageable Ground Lease.

SECTION 30. MISCELLANEOUS.

(a) All agreements, indemnities, representations and warranties set forth herein and the obligation set forth herein to pay Basic Rent and Additional Rent and other amounts payable under this Lease, shall survive until the expiration or other termination of this Lease, provided that (i) any monetary obligation under this Lease accrued at the time of or related to periods prior to such expiration or other termination shall survive such expiration or other termination to the extent that such obligations have not yet been satisfied, and (ii) any non-monetary obligation under this Lease which is expressly provided to be performed after or to

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survive the expiration or termination of this Lease shall survive the expiration or other termination hereof.

(b) This Lease, the Unit Leasing Records and the AFL Unit Leasing Records covering Property or Equipment leased pursuant hereto and the instruments, documents or agreements referred to herein constitute the entire agreement between the parties with respect to this Lease and no representations, warranties, promises, guarantees or agreements, oral or written, express or implied, have been made by any party hereto with respect to this Lease, except as provided herein or therein.

(c) This Lease may not be amended, modified or terminated, nor may any obligation hereunder be waived orally, and no such amendment, modification, termination or waiver shall be effective for any purpose unless it is in writing, signed by the party against whom enforcement thereof is sought. A waiver on one occasion shall not be construed to be a waiver with respect to any other occasion.

(d) The captions in this Lease are for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Any provision of this Lease which is prohibited by law or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and the parties hereto shall negotiate in good faith appropriate modifications to reflect such changes as may be required by law, and, as nearly as possible, to produce the same economic, financial and tax effects as the provision which is prohibited or unenforceable; and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Lessee and the Lessor hereby waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect. THIS LEASE HAS BEEN EXECUTED AND DELIVERED IN THE STATE OF NEW YORK. THE LESSEE AND THE LESSOR AGREE THAT, TO THE MAXIMUM EXTENT PERMITTED BY THE LAW OF THE STATE OF NEW YORK, THIS LEASE, AND THE RIGHTS AND DUTIES OF THE LESSEE AND THE LESSOR HEREUNDER, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING WITHOUT LIMITATION SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW) IN ALL RESPECTS, INCLUDING WITHOUT LIMITATION IN RESPECT OF ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. THE LESSEE HEREBY IRREVOCABLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND THE SUPREME COURT OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK IN ANY ACTION, SUIT OR PROCEEDING BROUGHT AGAINST IT AND RELATED TO OR IN CONNECTION WITH THIS LEASE OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE LESSEE HEREBY WAIVES AND AGREES NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURT, THAT THE SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN

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INCONVENIENT FORUM, THAT THE VENUE OF THE SUIT, ACTION OR PROCEEDING IS IMPROPER, OR THAT THIS LEASE OR ANY DOCUMENT OR ANY INSTRUMENT REFERRED TO HEREIN OR THE SUBJECT MATTER HEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURT. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE LESSEE AGREES NOT TO SEEK AND HEREBY WAIVES THE RIGHT TO ANY REVIEW OF THE JUDGMENT OF ANY SUCH COURT BY ANY COURT OF ANY OTHER NATION OR JURISDICTION WHICH MAY BE CALLED UPON TO GRANT AN ENFORCEMENT OF SUCH JUDGMENT. THE LESSEE AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL TO THE ADDRESS FOR NOTICES SET FORTH IN THIS LEASE OR ANY METHOD AUTHORIZED BY THE LAWS OF NEW YORK. THE LESSOR AND THE LESSEE EXPRESSLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM RELATED TO THIS LEASE OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE LESSOR AND THE LESSEE ACKNOWLEDGE THAT THE PROVISIONS OF THIS PARAGRAPH (D) OF SECTION 30 HAVE BEEN BARGAINED FOR AND THAT THEY HAVE BEEN REPRESENTED BY COUNSEL IN CONNECTION THEREWITH.

(e) In connection with any sale of Property or Equipment pursuant to Section 12, 13, 14, 15, 19 or 29 of this Lease, when the Lessor transfers title, such transfer shall be on an as-is, non-installment sale basis, without warranty by, or recourse to, the Lessor, except that such title shall be free of any Liens resulting from the Lessor's willful or knowing act or omission. The purchase price for any such sale shall be paid entirely in cash in immediately available funds.

(f) In connection with the sale or purchase of Property or Equipment pursuant to Section 12, 13, 14, 15, 19 or 29 of this Lease, the Lessee shall pay or shall cause the purchaser of such Property or Equipment to pay in addition to the purchase price, all transfer taxes, transfer gains taxes, mortgage recording tax, if any, recording and filing fees and all other similar taxes, fees (including, without limitation, brokerage fees), expenses and closing costs (including reasonable attorneys' fees) in connection with the conveyance of such Property or Equipment to the Lessee or any purchaser.

(g) If any costs of the Lessor related to the Agreement for Lease which were not included in the Acquisition Cost of a Parcel of Property are allocated to such Parcel of Property pursuant to the definition of Unit Acquisition Cost in the Agreement for Lease, the Lessee and the Lessor shall execute a revised AFL Unit Leasing Record to amend the Acquisition Cost for such Parcel to reflect the increase in the Acquisition Cost.

(h) Each time that any Adjusted Acquisition Cost is increased or decreased pursuant to the terms of this Lease (other than a decrease in connection with the scheduled payments of Quarterly Rent Components), the Lessee shall promptly revise the AFL Unit Leasing Record or Unit Leasing Record, as the case may be, for such Parcel of Property or Unit of Equipment to reflect such increase or decrease and shall provide the Lessor and the Assignee a copy of such revised AFL Unit Leasing Record or Unit Leasing Record within three (3) Business Days of such increase or decrease.

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(i) All consents or approvals required to be given by the Lessor pursuant to the provisions of this Lease shall be deemed given if not otherwise specifically granted or denied within ten (10) Business Days of receipt by the Lessor of written request from the Lessee.

SECTION 31. NO RECOURSE.

The Lessor's obligations hereunder are intended to be the obligations of the limited partnership and of the corporation which is the general partner thereof only and no recourse for the payment of any amount due under this Lease, the Ground Lease or any other agreement contemplated hereby or for any claim based thereon or otherwise in respect thereof, shall be had against any limited partner of the Lessor or any incorporator, shareholder, officer, director or Affiliate, as such, past, present or future of the corporate general partner or of any corporate limited partner or of any successor corporation to such corporate general partner or any corporate limited partner of the Lessor, or against any direct or indirect parent corporation of the corporate general partner or of any limited partner of the Lessor or any other subsidiary or Affiliate of any such direct or indirect parent corporation or any incorporator, shareholder, officer or director, as such, past, present or future, of any such parent or other subsidiary or Affiliate. Nothing contained in this Section 31 shall be construed to limit the exercise or enforcement, in accordance with the terms of this Lease and any other documents referred to herein, of rights and remedies against the limited partnership or the corporate general partner of the Lessor or of the Lessor or the assets of the limited partnership or the corporate general partner of the Lessor.

SECTION 32. NO MERGER.

There shall be no merger of this Lease or of the leasehold estate hereby created with the fee estate or ground leasehold estate in any Parcel of Property by reason of the fact that the same person acquires or holds, directly or indirectly, this Lease or the leasehold estate hereby created or any interest herein or in such leasehold estate as well as the fee estate in any Parcel of Property or any interest in such fee estate.

SECTION 33. CERTAIN LIMITATIONS.

It is the intention of the parties hereto to conform strictly to all usury laws that are applicable to each such party, this Lease and to each of the transactions contemplated by this Lease (collectively the "TRANSACTIONS"). Accordingly, notwithstanding anything to the contrary in this Lease, or any other document, certificate, instrument or agreement entered in connection with the Transactions (collectively the "TRANSACTION DOCUMENTS"), it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under Applicable Usury Law (hereinafter defined) that is contracted for, taken, reserved, charged or received by any party under the Transaction Documents or otherwise in connection with the Transactions shall under no circumstances exceed the maximum amount of interest that would lawfully be charged by such party under Applicable Usury Law, (ii) in the event that maturity of any indebtedness evidenced by or payable pursuant to the Transaction Documents is accelerated for any reason, or in the event of any required or permitted payment or prepayment of all or any part of such indebtedness (including, without limitation, and if applicable, any required or permitted purchase of any Unit Premises, Unit Improvements, Unit FF&E or Unit, or any required or permitted payment of the Unit Acquisition Cost), then such consideration that constitutes interest as to any

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such indebtedness under Applicable Usury Law may never include more than the maximum amount allowed by such Applicable Usury Law, and (iii) excess interest, if any, provided for in the Transaction Documents or otherwise in connection with the Transactions shall be, in accordance with the following provisions of this Section 33, cancelled automatically and, if theretofore paid, shall be credited by the recipient on the principal or stated amount of the affected indebtedness (or, to the extent that the principal or stated amount of such indebtedness shall have been or would thereby be paid in full, refunded by such recipient to the party entitled thereto). If at any time the rate of interest (denominated as such) contractually called for in any Transaction Document (as the same may vary from time to time pursuant to the terms of such Transaction Document, the "STATED RATE"), exceeds the maximum non-usurious rate of interest permitted by Applicable Usury Law (the "MAXIMUM RATE") in respect of the indebtedness evidenced by such Transaction Document, taking into account all other amounts paid or payable pursuant to the Transaction Documents which constitute interest with respect to such indebtedness under Applicable Usury Law regardless of whether denominated as interest (collectively, the "OTHER CHARGES"), then the rate of interest to accrue on such indebtedness shall be limited to such Maximum Rate (taking into account the Other Charges), but any subsequent reduction in the Stated Rate applicable to such indebtedness shall not reduce the rate of interest or yield to accrue on such indebtedness to a rate that is less than such Maximum Rate (taking into account the Other Charges) until such time as the total amount of interest or yield on such indebtedness equals the amount of interest or yield which would have accrued if the Stated Rate applicable to such indebtedness had at all times been in effect. If at the maturity or final payment of any indebtedness the total amount of interest or yield paid or accrued on such indebtedness under the preceding sentence is less than the total amount of interest or yield which would have accrued if the Stated Rate applicable to such indebtedness had at all times been in effect, then to the fullest extent permitted by Applicable Usury Law there shall be due and payable with respect to such indebtedness an amount equal to the excess, if any, of (a) the lesser of (i) the amount of interest which would have accrued on such indebtedness if such Maximum Rate in respect of such indebtedness had at all times been in effect and been chosen as the rate of interest or yield to be applicable throughout the term of such indebtedness (taking into account the Other Charges) and (ii) the amount of interest which would have accrued on such indebtedness if the Stated Rate applicable to such indebtedness had at all times been in effect, over (b) the amount of interest accrued in accordance with the provisions of the Transaction Document evidencing such indebtedness after giving effect to the preceding sentence. All amounts paid or agreed to be paid for the forbearance or detention of sums pursuant to or in connection with the Transaction Documents shall, to the extent permitted by Applicable Usury Law, be amortized, prorated, allocated and spread throughout the full term thereof so that the rate or amount of interest paid or payable with respect to any amount of indebtedness evidenced or payable pursuant to the Transaction Documents does not exceed the applicable usury ceiling, if any. As used herein, the term "APPLICABLE USURY LAW" means that law, if any, that is applicable to any particular Transaction and that limits the maximum non-usurious rate of interest that may be taken, contracted for, charged, reserved or received with respect to such Transaction, including the Federal laws of the United States of America, the laws of the State of New York, the laws of the State of Texas, and the laws of any other jurisdiction that may be mandatorily applicable to such Transaction notwithstanding other provisions of this Lease and the other Transaction Documents. As used herein, the term "INTEREST" means interest as determined under Applicable Usury Law, regardless of whether denominated as interest in the Transaction

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Documents (except to the extent that this Section 33 specifically refers to interest denominated as interest). The right to accelerate maturity of any indebtedness evidenced by any Transaction Document, and the right to demand payment of the Unit Acquisition Cost does not include the right to accelerate any interest, or to receive any other amounts, which would cause the Transactions to be usurious under Applicable Usury Law. To the extent (if any) that Texas law determines the Maximum Rate, such Maximum Rate shall be determined by utilizing the indicated rate (weekly) ceiling from time to time in effect pursuant to Texas Revised Civil Statutes Annotated Article 5069-1.04, as amended. In no event will the provisions of Texas Revised Civil Statutes Annotated Articles 5069-2.01 through 5069-8.06 or 5069-15.01 through 5069-15.11 be applicable to the Transactions. All computations of the maximum amount allowed under Applicable Usury Law will be made on the basis of the actual number of days elapsed over a 365 or 366 day year, whichever is applicable pursuant to such Applicable Usury Law. The provisions of this Section 33 shall prevail over any contrary provisions of this Lease or any of the other Transaction Documents.

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IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease to be executed and delivered as of the day and year first above written.

TCA Network Funding, Limited Partnership

By: TCA Network Capital, Inc.,
its General Partner

By: /s/ William R. Fuhs

Name: William R. Fuhs
Title: Vice President

TA Operating Corporation

By: /s/ James W. George

Name: James W. George
Title: Senior Vice President

National Auto/Truckstops, Inc.

By: /s/ James W. George

Name: James W. George
Title: Senior Vice President

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EXHIBIT A

Real Property

Furniture, fixtures and
equipment

Other*

* As agreed between the Lessee and the Lessor.

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EXHIBIT B

AFL UNIT LEASING RECORD to the Lease Agreement, dated as of September __, 1999 between TCA Network Funding, Limited Partnership, as lessor, and TA Operating Corporation and National Auto/Truckstops, Inc., as lessee (the "LEASE AGREEMENT").

Lessor: TCA Network Funding, Limited Partnership
Lessee: TA Operating Corporation and National Auto/Truckstops, Inc.

A. AFL ULR NO.: _____
Effective Date of this AFL Unit Leasing Record ("AFL ULR") _____.

B. PLEASE COMPLETE THE FOLLOWING STATEMENTS, IF APPLICABLE:

1. This AFL ULR relates to [Deed/Ground Lease] dated _____.

PROPERTY DESCRIPTION AND RENTAL INFORMATION.

C. Type of Property (use category specified in Exhibit A to the Lease Agreement)

D. Specific Description: (See Schedule A hereto if more space needed)

E. Location of Property ----- State County City

F. Unit Acquisition Cost under the Agreement for Lease is \$.

G. The Lease Term and Renewal Term, if any, for the Property placed under lease pursuant to this AFL ULR will be in accordance with the Lease Agreement.

H. The Basic Rent is as defined in the Lease Agreement. Each Quarterly Rent Component will be in accordance with Schedule I hereto.

I. The Basic Rent for the Renewal Term equals fair market value rental.

J. Termination of the lease of the Property leased pursuant to this AFL ULR will be in accordance with the Lease Agreement.

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K. ACKNOWLEDGMENT AND EXECUTION

The undersigned Lessor hereby leases to the undersigned Lessee, and the Lessee acknowledges delivery to it of the Property described on this AFL ULR. The Lessee agrees to pay the Basic Rent, Additional Rent and additional payments set forth in the Lease Agreement. The covenants, terms and conditions of this lease are those appearing in the Lease Agreement, as it may from time to time be amended, which covenants, terms and conditions are hereby incorporated by reference. The terms used herein have the meaning assigned to them in the Lease Agreement.

TA Operating Corporation,
Lessee

TCA Network Funding, Limited
Partnership, Lessor By TCA Network
Capital, Inc., as General Partner

By: _____
Name:
Title:

By: _____
Name:
Title:

National Auto/Truckstops, Inc.,
Lessee

By: _____
Name:

Title:

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EXHIBIT C

UNIT LEASING RECORD to the Lease Agreement, dated as of September __, 1999 between TCA Network Funding, Limited Partnership, as lessor, and TA Operating Corporation and National Auto/Truckstops, Inc., as lessee (the "LEASE AGREEMENT").

Lessor: TCA Network Funding, Limited Partnership
Lessee: TA Operating Corporation and National Auto/Truckstops, Inc.

A. ULR No.: _____ Effective Date of this Unit Leasing Record ("ULR") -----

B. PLEASE COMPLETE THE FOLLOWING STATEMENTS, IF APPLICABLE:

1. This ULR relates to [Deed/Ground Lease/Bill of Sale/Invoice] dated

-----.

PROPERTY OR EQUIPMENT DESCRIPTION AND RENTAL INFORMATION

C. Type of Property or Equipment (use category specified in Exhibit A to the Lease Agreement)

D. Specific Description (See Schedule A hereto if more space needed)

E.	Location of Property or Equipment	-----		
		State	County	City
F.	Basic Cost	Additional Charges	Sale & Use Tax	Acquisition Cost
	\$	\$	\$	\$
	-----	-----	-----	-----

G. The Lease Term and Renewal Term, if any, for the Property or Equipment placed under lease pursuant to this ULR will be in accordance with the Lease Agreement.

H. The Basic Rent is as defined in the Lease Agreement. Each Quarterly Rent Component will be as set forth on Schedule I hereto.

I. The Basic Rent for the Renewal Term equals fair market value rental.

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J. Termination of the lease of the Property or Equipment leased pursuant to this ULR will be in accordance with the Lease Agreement.

K. ACKNOWLEDGMENT AND EXECUTION

The undersigned Lessor hereby leases to the undersigned Lessee, and the Lessee acknowledges delivery to it in good condition of the Property or Equipment described on this ULR. The Lessee agrees to pay the Basic Rent, Additional Rent and additional payments set forth in the Lease Agreement. The covenants, terms and conditions of this lease are those appearing in the Lease Agreement, as it may from time to time be amended, which covenants, terms and conditions are hereby incorporated by reference. The terms used herein have the meaning assigned to them in the Lease Agreement.

TA Operating Corporation,
Lessee

TCA Network Funding, Limited
Partnership, Lessor
By TCA Network Capital, Inc.,
as General Partner

By: _____
Name:
Title:

By: _____
Name:
Title:

National Auto/Truckstops, Inc.,
Lessee

By: _____
Name:
Title:

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EXHIBIT D

PLEDGE AGREEMENT

See Tab 6.3

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EXHIBIT E

TA OPERATING CORPORATION PARCEL OF PROPERTY

1. The Property located at San Antonio, Texas.
2. The Property located at Cartersville, Georgia.
3. The Property located at Monroe, Michigan.

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EXHIBIT F

NATIONAL AUTO/TRUCKSTOPS, INC. PARCEL OF PROPERTY

1. The Property located at Amarillo, Texas.

EXHIBIT G

FORM OF NON-DISTURBANCE, RECOGNITION AND ATTORNMENT AGREEMENT

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EXHIBIT G	Form of Non-Disturbance, Recognition and Attornment Agreement

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM (A) THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH (B) FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1999
PERIOD START	JAN 01 1999
PERIOD END	SEP 30 1999
CASH	31,737
SECURITIES	0
RECEIVABLES	62,605
ALLOWANCES	3,409
INVENTORY	53,772
CURRENT ASSETS	159,655
PP&E	448,903
DEPRECIATION	0
TOTAL ASSETS	653,751
CURRENT LIABILITIES	110,192
BONDS	414,749
PREFERRED MANDATORY	77,218
PREFERRED	38
COMMON	17
OTHER SE	30,668
TOTAL LIABILITY AND EQUITY	653,751
SALES	1,016,269
TOTAL REVENUES	1,031,889
CGS	732,966
TOTAL COSTS	732,966
OTHER EXPENSES	269,044
LOSS PROVISION	1,130
INTEREST EXPENSE	27,404
INCOME PRETAX	1,345
INCOME TAX	1,126
INCOME CONTINUING	219
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	219
EPS BASIC	(10.01)
EPS DILUTED	(10.01)

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