TRAVELCENTERS OF AMERICA INC

FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 3/31/1999 For Period Ending 12/31/1998

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31,1998

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
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 15, 1999, there were outstanding 599,877 shares of Common Stock, par value $0.01 per share. The outstanding shares of Common Stock of the registrant were issued in transactions not involving a public offering. As a result, there is no public market for the registrant's Common Stock.

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PART I

ITEM 1. BUSINESS

BUSINESS OVERVIEW

TravelCenters of America, Inc. (the "Company") owns, operates and franchises more full-service travel centers in the United States than any of its competitors, with 143 network sites located in 39 states nationwide, including 103 Company operated locations. The Company's travel centers are full service facilities offering a broad range of fuel and nonfuel products, services and amenities to trucking fleets, professional truck drivers and other motorists. In addition to diesel fuel and gasoline, the travel centers provide truck maintenance and repair services and products, full service and quick serve restaurant ("QSR") dining, travel and convenience stores, telecommunications services and various hospitality and rest-related amenities. This broad range of products and services distinguishes the travel centers from traditional truckstops, which focus on the sale of diesel fuel, and provides diverse revenue sources for the Company. In addition, the Company is the only industry participant with a centralized procurement, warehousing and distribution system.

The Company's broad range of products and services, together with its comprehensive geographic coverage, has enabled the Company to become a leading supplier of diesel fuel to many of the largest long-haul trucking fleets in the United States. Management believes the Company's position as a leading supplier of diesel fuel to major trucking fleets positions it to continue to increase its sales of higher margin nonfuel products and services to fleets and their drivers as well as to independent drivers.

The travel centers feature a variety of well recognized national brands which attract professional truck drivers, motorists and other customers who often satisfy both fuel and nonfuel needs at the same stop. The Company's nationally recognized QSR and motel brands include Burger King, Dairy Queen, Dunkin' Donuts, Kentucky Fried Chicken, Little Caesars, Long John Silver's, McDonald's, Pizza Hut, Sbarro, Subway, Taco Bell, Wendy's, DayStop, HoJo Inn and Travelodge. The Company also offers such well recognized gasoline brands as Amoco, Arco, BP, Chevron, Conoco, Exxon, Mobil, Shell and Unocal 76. This portfolio of brands strongly appeals to what market research indicates are customers' priorities of quality, convenience and consistency of product offerings, as well as cleanliness and safety.

HISTORY AND ORGANIZATION

The Company was formed in 1992 by an institutional investor group (the "Investor Group") led by The Clipper Group, L.P. ("Clipper"), as well as certain then prospective franchisees and individuals who at the time were members of the Company's management. The Company was originally incorporated as National Auto/Truckstops Holdings Corporation but changed its name in March 1997. The Company is a holding company whose sole assets consist of the stock of its three direct wholly-owned subsidiaries: TA Operating Corporation, d/b/a TravelCenters of America ("TA"), National Auto/Truckstops, Inc. ("National") and TA Franchise Systems, Inc. ("TAFSI"). TA has one wholly-owned subsidiary, TA Travel, L.L.C. ("TA Travel"). Prior to March 1997, the Company had two wholly-owned subsidiaries, National and TA Holdings Corporation ("TA Holdings"). TA Holdings was the parent of TA, which itself was the parent of TAFSI. In March 1997, a restructuring was completed whereby the current structure was effected and TA Holdings was merged into the Company. TA Travel was organized in October 1997.

The Company's operations are conducted through three distinct types of travel centers: sites owned or leased by the Company and operated by the Company ("Company-operated Sites"), sites owned or leased by the Company and leased to independent lessee-franchisees ("Operators") of the Company who operate the sites ("Leased Sites") and sites owned or leased and operated by independent franchisees ("Franchisee-Owners") of the Company ("Franchisee-Owner Sites").

In April 1993, the Company acquired (the "National Acquisition") the truckstop network assets (the "National Network") of a subsidiary of Unocal Corporation (together with its subsidiaries "Unocal") in a series of asset purchase transactions. The National Network included a total of 139 facilities, of which 95 were Leased Sites, 42 were Franchisee-Owner Sites, and two sites were Company-operated Sites. As part of the National Acquisition, Unocal agreed to indemnify the Company against certain environmental liabilities occurring prior to 1993 (the "Unocal Environmental Agreement," see "-Regulation- Environmental Regulation"), entered into a noncompetition agreement for a ten-year period terminating on April 13, 2003, granted the Company a license to use certain Unocal trademarks, and granted the Company a royalty-free license to use the ACCESS 76 on-line information retrieval and credit card system. The National Network, which operates under the licensed "Unocal 76" and related trademarks, has been providing quality products and services for over 35 years and until 1997 had been the largest chain of full service travel centers or truckstops, based on number of locations in the United States. Pure Oil Company ("Pure") founded the National Network and Unocal acquired National in connection with Unocal's merger with Pure in 1965.

In December 1993, the Company acquired (the "TA Acquisition") the truckstop network assets (the "TA Network") of certain subsidiaries of The British Petroleum Company p.l.c. (together with its subsidiaries "BP"). The TA Network included 38 Company-operated Sites and six Franchisee-Owner Sites. As part of the TA Acquisition, BP agreed to indemnify the Company against certain environmental liabilities with respect to which claims are made prior to December 11, 2004 or December 11, 1996 (the relevant date depending upon the nature of the underlying claim) (the "BP Environmental Agreement," see "-Regulation-Environmental Regulation"), entered into a noncompetition agreement for a seven-year period commencing on December 10, 1993 and granted the Company the right, title and interest in and to certain copyrights, trademarks, service marks and other intellectual property, including, "Truckstops of America," "TA" and "Country Pride." The TA Network, which now operates under the Company-owned "TravelCenters of America" and "TA" trademarks, has been providing quality products and services to the trucking industry and to nonprofessional travelers for over 30 years, and is now the largest chain of full service travel centers or truckstops, based on number of locations in the United States. BP, through its subsidiary formerly known as The Standard Oil Company of Ohio ("Sohio"), acquired TA from Ryder System, Inc. ("Ryder") in 1984. Ryder founded the TA Network in 1973.

In December 1998, the Company acquired (the "Burns Acquisition") substantially all of the truckstop network assets (the "Burns Network") of Burns Bros., Inc. and certain of its affiliates (collectively "Burns"). Specifically, 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 two remaining sites were closed by Burns); the equipment and inventory used in Burns' fuel wholesaling and transportation businesses and certain accounts receivable related to the acquired assets. The 17 acquired sites are located in 9 western and north-western states. (See "-Burns Acquisition.")

On February 26, 1999, the Company entered into a merger agreement pursuant to which the Company intends to acquire (the "TPOA Acquisition") 100% of the voting stock of Travel Ports of America, Inc. ("TPOA") at a price of $4.30 per share. Under the terms of the merger agreement and certain ancillary agreements, the Company will pay cash of approximately $40.5 million for all of TPOA's common shares except approximately 653,000 common shares, held by TPOA's chairman and chief executive officer, that will be exchanged for approximately 85,000 shares of the Company's common stock. In addition, the Company expects to pay cash of approximately $15 million to $20 million to retire substantially all of TPOA's indebtedness expected to be outstanding at the merger date and to pay various costs of the transaction. TPOA operates a network (the "TPOA Network") of 16 travel centers in seven states, primarily in the northeastern U.S. This acquisition, if ultimately consummated, is expected to close in June 1999. A closing of the merger is subject to a variety of conditions, including approval by TPOA's shareholders.

BURNS ACQUISITION

The Burns Acquisition was closed on December 3, 1998 for a total acquisition cost of $60.7 million. The total is comprised of cash consideration to Burns of $56.2 million, cash paid for other acquisition costs of $0.6 million and assumed liabilities of $3.9 million. The cash used to fund this acquisition was provided by new borrowings (see "- Refinancings"). For the fiscal year ended June 30, 1998, the 17 acquired sites sold 162.2 million gallons of diesel fuel and had nonfuel sales and operating expenses of $44.7 million and $28.1 million, respectively. The results of operations of the Burns Network sites are included in the Company's consolidated results only from December 4, 1998. The following table sets forth selected pro forma financial data assuming the Burns Acquisition had occurred on January 1, 1998.

	FOR THE YEAR ENDED DECEMBER 31, 1998			
	THE COMPANY AS REPORTED	THE COMPANY WITHOUT THE BURNS SITES	PRO FORMA EFFECT OF THE BURNS ACQUISITION	THE COMPANY PRO FORMA
	(IN MILLIONS OF DOLLARS)			
Total revenue	$ 923.8	$ 914.5	$ 146.3	$1,060.8
Gross profit	$ 296.7	$ 293.7	$ 38.3	$ 332.0
Income from operations	$ 19.1	$ 18.9	$ 5.4	$ 24.3
Income (loss) before extraordinary item	$ (4.2)	$ (4.3)	$ 3.3	$ (1.0)
EBITDA(1)	$ 68.7	$ 68.2	$ 8.5	$ 76.7

(1) "EBITDA" is defined as set forth in Note 4 to Selected Financial Data in Item 6.

COMBINATION PLAN AND CAPITAL PROGRAM

Historically, under the Company's ownership, each of the TA and National Networks (the "Existing Networks") was separately managed and financed. However, in January 1997 the Company's Board of Directors approved a management proposal (the "Combination Plan") to integrate the Existing Networks into a single network (the "Network") to be operated under the TA trademark under the leadership of a single management team.

During 1998 and 1997 the Company, pursuant to the Combination Plan, significantly reshaped the composition of the Existing Networks as follows:

- 32 Leased Sites were converted to Company-operated Sites, five during 1998 and 27 during 1997,

- 27 Franchisee-Owner Sites were terminated, all during 1997,

- Two Company-operated Sites were sold during 1998 and 15 Leased Sites were sold during 1997,

- All National Network Company-operated Sites were converted to TA Network Company-operated Sites during 1997,

- Operators of 29 National Network Leased Sites terminated their franchise agreements with National and signed franchise agreements with TAFSI during the last half of 1997.

Consequently, and giving effect to the Burns Acquisition, as of December 31, 1998, the Company's Network was comprised of 141 sites, 17 of which were operating under Burns Bros. signage which is expected to be substantially replaced with TA signage during 1999. The remaining two sites are Leased Sites that continue to operate in the National Network.

In 1997, the Company initiated a capital program to upgrade, rebrand and reimage the Network's travel centers and to build new travel centers (the "Capital Program"). Under this Capital Program, as revised as a result of the Burns Acquisition, the Company intends to invest approximately $260 million in the Network's sites by the end of 2001, with $150 million having been spent by the end of 1998. The Operators and Franchisee-Owners will also be investing additional amounts for reimaging and other projects at the sites they operate.

The following table summarizes the changes in the composition of the Network since the Combination Plan and Capital Program were implemented.

	COMPANY-OPERATED SITES	LEASED SITES	FRANCHISEE-OWNER SITES	TOTAL SITES
Number of sites at December 31, 1996	58	77	35	170
1997 Activity:				
-New sites	-	-	1	1
-Conversions of Leased Sites to Company-operated Sites	27	(27)	-	-
-Sales of sites	-	(15)	-	(15)
-Terminations of Franchisee-Owner Sites	-	-	(27)	(27)
Number of sites at December 31, 1997	85	35	9	129
1998 Activity:				
-New sites	-	-	1	1
-Conversions of Leased Sites to Company-operated Sites	5	(5)	-	-
-Sales of sites	(2)	-	-	(2)
-Burns Acquisition	17	-	-	17
Number of sites at December 31, 1998	105	30	10	145
Closed sites (held for sale)	(2)	-	-	(2)
Number of operating sites at December 31, 1998	103	30	10	143

REFINANCINGS

To facilitate the Combination Plan and Capital Program, in March 1997 the Company refinanced the existing indebtedness of TA and National with new borrowings by the Company (the "1997 Refinancing"). The Company issued $125 million aggregate principal amount of 10 1/4% Senior Subordinated Notes due 2007, entered into a Credit Agreement through which it obtained an $80 million senior secured term loan facility (the "Term Loan") and a $40 million revolving credit facility, redeemed all of the then outstanding Subordinated Notes of TA and National, respectively, and a portion of the Senior Notes of TA (the "TA Old Senior Notes"), and, pursuant to a Senior Secured Note Exchange Agreement, exchanged $85.5 million aggregate principal amount of Senior Secured Notes ($35.5 million of Series I Senior Secured Notes and $50 million of Series II Senior Secured Notes) of the Company for the Senior Notes of National and the unredeemed TA Old Senior Notes.

In order to complete the Burns Acquisition and facilitate future Network growth and development, including the TPOA Acquisition, in December 1998 the Company increased the Term Loan by $150 million (the "1998 Refinancing"). Of the total amount borrowed, $50 million was utilized to retire the Company's Series II Senior Secured Notes and $42 million was specified to prefund planned capital expenditures and business acquisitions. See "Liquidity and Capital Resources" in Item 7 for further discussion of the 1998 Refinancing.

SUPPLY

The Company purchases fuel from various suppliers at rates that fluctuate with market prices and reset daily, and resells fuel to certain franchisees and to the public at prices that the Company establishes daily. By contracting for only a portion of its monthly diesel fuel requirements and by establishing supply relationships with an average of four or five alternate suppliers per location, the Company has been able effectively to create competition for the Company's business among the Company's various diesel fuel suppliers on a daily basis. This flexibility has improved the Company's purchasing position and helped it partially to offset the decline in retail diesel fuel margins. Other than pipeline tenders, fuel purchases made by the Company are delivered directly from suppliers' terminals to the travel centers. The Company operates a small fleet of tankers to haul fuel to certain of its own sites and to deliver supply to a select number of wholesale customers, but contracts with common carriers for the majority of its fuel hauling needs. The Company does not keep substantial quantities of fuel in inventory and is therefore susceptible to price increases and interruptions in supply. In the western United States, the Company utilizes pipeline tenders and leased terminal space to mitigate the risk of supply disruptions. The Company currently engages in only minimal hedging in connection with its fuel purchases.

CENTRALIZED PURCHASING AND DISTRIBUTION

The TA Network maintains a dedicated distribution and warehouse center (the "Distribution Center"). The Distribution Center is the only dedicated purchasing, warehousing and distribution center in the travel center and truckstop industry. The Distribution Center is located in Nashville, Tennessee and has approximately 85,000 square feet of storage space.

COMPETITION

The travel center and truckstop industry is highly competitive and fragmented. Based on industry data, the Company believes that there are approximately 2,500 travel centers and truckstops nationwide, of which approximately 500 are full service travel centers. In the United States, there are generally two types of facilities designed to service the trucking industry:
pumper-only truckstops, which provide fuel, typically at discounted prices, with limited additional services, and full service travel centers, such as those in the Company's networks, which offer a broad range of products and services to fleet and independent truck drivers and nontruck traffic, including fuel products, fast food and casual dining restaurants; truck maintenance and repair products and services; other driver amenities; and secure parking areas. Fuel and nonfuel products and services can be obtained by long-haul truck drivers from a wide variety of sources other than the Company, including regional full service travel center and pumper-only truckstop chains, independently owned and operated truckstops, some large service stations and fleet-operated fueling terminals.

The Company believes that it experiences substantial competition from pumper-only truckstop chains and that such competition is based principally on diesel fuel prices. In the pumper-only truckstop segment, the largest networks (based on number of facilities and gallons of diesel fuel sold) are Marathon Ashland Petroleum LLC, selling primarily under the Speedway and SuperAmerica brandnames, and Pilot Corporation. Additional substantial competition is experienced from major full service networks and independent chains and is based principally on diesel fuel prices, nonfuel product and service offerings and customer service. In the full service travel center segment, the largest networks (other than the Company) are operated by Flying J Inc. ("Flying J") and Petro Stopping Centers, L.P.; however, only some of Flying J's sites offer full service. The Company's vehicle products and truck maintenance and repair service operations compete with regional full service travel center and truckstop chains, full service independently owned and operated truckstops, fleet maintenance terminals, independent garages, truck dealerships and auto parts service centers. The Company's travel centers compete with a variety of establishments located within walking distance of its sites, including full service restaurants, QSRs and electronics, drug, health and beauty aid and travel and convenience stores.

A significant portion of all intercity diesel fuel consumption by fleets and companies with their own trucking capability occurs through self-fueling at both dedicated terminals and at fuel depots strategically located across the country. Such terminals often provide facilities for truck maintenance and repair. The Company's pricing decisions for diesel fuel and repair services cannot be made without considering the existence of these operations and their capacity for expansion. However, the Company believes that a trucking industry trend has been to reduce the use of such terminals and to outsource fuel and repair services in order to maximize the benefits of competitive fuel pricing, superior driver amenities and reduced environmental compliance expenditures.

RELATIONSHIPS WITH THE OPERATORS AND FRANCHISEE-OWNERS

Pursuant to the Combination Plan, the Company offered a new TAFSI franchise agreement (the "Network Franchise Agreement") and a new lease agreement (the "Network Lease Agreement" or "Network Lease" and, together with the Network Franchise Agreement, the "Network Agreements") to certain of National's then existing Operators, and in connection therewith, upon such franchisee's acceptance of such offer, terminated the then existing National lease (the "National Lease Agreement") and National franchise agreement (the "National Franchise Agreement," and, together with the National Lease Agreement, the "National Agreements") at those locations. During 1997, 29 former National Operators signed Network Agreements with the Company. Existing TA Franchisee-Owners will be allowed to continue their franchises under the Network Franchise Agreement upon expiration of their existing TA franchise agreements (the "Existing TA Franchise Agreements"), which have an average remaining term of approximately seven years.

TA licenses its trademarks to TAFSI. The Company enters into its franchise agreements with Operators and Franchisee-Owners of travel centers in the TA Network through TAFSI, and TAFSI collects franchise fees and royalties under such agreements. TAFSI's assets consist primarily of the rights under the Existing TA Franchise Agreements, the Network Franchise Agreements and its trademark licenses from TA. TAFSI has no significant tangible assets. The National Franchise Agreements are between National and the respective Operator.

REGULATION

Franchise Regulation. The relationship between National and the National Network Operators is governed by the Petroleum Marketing Practices Act (the "PMPA"), 15 U.S.C. Section 2801 et.seq. The relationship between TAFSI and the TA Network Operators and Franchisee-Owners is not governed by the PMPA because TAFSI does not license its franchisees to sell fuel under a refiner's brand. Among other things, the PMPA limits the circumstances under which franchisors such as National may terminate or fail to renew a franchise agreement, and it imposes notification and other requirements in those cases where termination or nonrenewal is permissible.

National and TAFSI are also subject to state franchise laws, some of which require National and TAFSI to register with the state before it may offer a franchise, require National and TAFSI to deliver specified disclosure documentation to potential franchisees, and impose special regulations upon petroleum franchises. Some state franchise laws also impose restrictions on National's and TAFSI's ability to terminate or not to renew its respective franchises, and impose other limitations on the terms of the franchise relationship or the conduct of the franchisor. The PMPA, which applies to the National Network Operators, preempts state laws with respect to termination or nonrenewal unless such laws are consistent with the PMPA. Finally, a number of states include, within the scope of their petroleum franchising statutes, prohibitions against price discrimination and other allegedly anticompetitive conduct. These provisions supplement applicable antitrust laws at the federal and state levels.

The Company is subject to regulation under the Federal Trade Commission ("FTC") rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures," and the FTC requires that franchisors make extensive disclosure to prospective franchisees but does not require registration.

The Company cannot predict the effect of any future federal, state, or local legislation or regulation on its franchising operations.

Environmental Regulation. The Company's operations and properties are subject to extensive regulation pursuant to federal, state and local laws, regulations and ordinances ("Environmental Laws") 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.

The Company owns and uses underground storage tanks ("USTs") and aboveground storage tanks ("ASTs") at Company-operated Sites 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 has made necessary upgrades to USTs to comply with federal regulations which took effect on December 22, 1998, and believes that all of its travel centers, including those acquired in the Burns Acquisition, are in material compliance with applicable requirements of Environmental Laws.

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 connections therewith, will be material to the Company's results of operations or financial condition. The Company is conducting investigatory and/or remedial actions with respect to releases and/or spills of Hazardous Substances that have occurred subsequent to the National Acquisition and the TA Acquisition. 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 operations 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 Unocal and BP indemnities discussed below), 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.

In connection with the National Acquisition, Phase I environmental assessments of the then 97 Company-owned National Network properties were conducted. Pursuant to the Unocal Environmental Agreement, Phase II environmental assessments of all such National properties were completed by Unocal by December 31, 1998. The Unocal Environmental Agreement provides that Unocal is responsible for all costs incurred for remediation of environmental contamination (the remediation must achieve compliance with the Environmental Laws in effect on the date the remedial action is completed) and for otherwise bringing the properties into compliance with Environmental Laws (as in effect at the date of the National Acquisition) with respect to environmental contamination or non-compliance identified in the Phase I or Phase II environmental assessments, which environmental contamination or non-compliance existed on or prior to the date of the National Acquisition. Under the terms of the Unocal Environmental Agreement, Unocal also must indemnify the Company against any other environmental liabilities that arise out of conditions at, or ownership or operations of, the National Network prior to the date of the National Acquisition. Pursuant to the Unocal Environmental Agreement, Unocal is obligated to indemnify the Company for claims made before April 14, 2004. Except as described above, Unocal does not have any responsibility for any environmental liabilities arising out of the ownership or operations of the National Network after the date of the National Acquisition. There can be no assurance that, if additional environmental claims or liabilities were to arise under the Unocal Environmental Agreement, Unocal would not dispute the Company's claims for indemnification thereunder.

Prior to the TA Acquisition, all of the then 38 TA locations were subject to Phase I and Phase II environmental assessments, undertaken at BP's expense. The BP Environmental Agreement provides that, with respect to environmental contamination or non-compliance with Environmental Laws identified in the Phase I or Phase II environmental assessments, BP is responsible for all costs incurred for remediation of such environmental contamination (the remediation must achieve compliance with the Environmental Laws in effect on the date the remedial action is completed) and for otherwise bringing the properties into compliance with Environmental Laws (as in effect at the date of the TA Acquisition). The BP Environmental Agreement further provides that BP must indemnify the Company against any other environmental liabilities that arise out of conditions at, or ownership or operations of, the TA locations prior to the date of the TA Acquisition. With respect to liabilities relating to the investigation and remediation of environmental contamination, BP is obligated to indemnify the Company for liabilities with respect to which claims are made before December 11, 2004. With respect to liabilities otherwise relating to non-compliance with Environmental Laws (for example, equipment), BP is obligated to indemnify the Company for liabilities with respect to which claims were made before December 11, 1996. Except as described above, BP does not have any responsibility for any environmental liabilities arising out of the ownership or operations of the TA Network after the date of the TA Acquisition. There can be no assurance that, if additional environmental claims or liabilities were to arise under the BP Environmental Agreement, BP would not dispute the Company's claims for indemnification thereunder.

In connection with the Burns Acquisition, all of the 17 sites acquired were subject to Phase I environmental assessments. Based on the results of those assessments nine of the sites were subject to Phase II environmental assessments. The purchase price paid to Burns was adjusted based on the findings of the Phase I and Phase II environmental assessments. Under the asset purchase agreement with Burns (the "Burns Agreement"), the Company released Burns from any environmental liabilities that may have existed as of the Burns Acquisition date, other than certain non-waived environmental claims as specified in the Burns Agreement.

Other Regulation. The Company, the Operators and the Franchisee-Owners are required to comply with federal, state and local government regulations applicable to service station and lubrication operations and consumer food services businesses generally, including those relating to the preparation and sale of food, minimum wage requirements, overtime, working, health, fire, safety and sanitation conditions, mandated health insurance coverage and citizenship requirements, as well as regulations relating to zoning, construction, business licensing and employment. The Company believes that it is in material compliance with the provisions applicable to it and has no knowledge of material violations of these provisions by its Operators and Franchisee-Owners.

EMPLOYEES

As of December 31, 1998, the Company employed approximately 9,800 people on a full- or part-time basis. Of this total, approximately 9,490 are employees at the Company-operated Sites and in fuel transportation, approximately 250 perform managerial, operational or support services at the headquarters or elsewhere and approximately 60 employees staff the Distribution Center. All of the Company's employees are non-union.

ITEM 2. PROPERTIES

The Company's principal executive offices are leased and are located at 24601 Center Ridge Road, Suite 200, Westlake, Ohio 44145-5634. The Distribution Center is a leased 85,000 square foot facility located at 1450 Gould Boulevard, LaVergne, Tennessee 37086-3535.

Of the 143 Network locations as of December 31, 1998, 103 are Company-operated Sites, 30 are Leased Sites and the remaining 10 sites are not owned by the Company. In addition to these operating travel center locations, the Company has two closed travel center facilities being held for sale and four travel center sites which are currently under construction pursuant to the Capital Program. Of these total 139 owned sites, the land and improvements at three are leased, three are subject to ground leases of the entire site and six are subject to ground leases of portions of such sites. Both the land and improvements at one of the four sites being developed will be leased. The Company considers its facilities suitable and adequate for the purposes for which they are used.

Each of the Company's travel centers is a full service facility located on or near an interstate highway and identified with TA, Unocal 76 or Burns Bros. Travel Stops signage. As part of the Combination Plan, the National travel centers that have joined the Network have been rebranded under the TA trademark and the Burns Network sites will be substantially rebranded during 1999. All fuel and nonfuel products and services are generally available 24 hours per day and 365 days per year.

Property. The layout of the Company-owned travel centers vary from site to site. Generally, the Company-owned facilities are located on properties averaging 22 acres, of which an average of approximately 19 acres are developed. The majority of the developed acres contain the main building, housing one or more restaurants, a travel and convenience store and driver amenities, a truck maintenance and repair shop, separate truck and car fuel islands, separate truck and car paved parking and, in some cases, motels. The remaining developed acres contain landscaping and access roads.

Fuel Islands. Company sites have diesel fuel islands that accommodate ten pumps on average, most of which are dual fill pumps that can fill each of a typical truck's two tanks simultaneously. In addition, travel centers generally have a gasoline island which can accommodate four to eight automobiles simultaneously. Certain locations also have one and sometimes two additional convenience stores located at the fuel islands.

Truck Maintenance and Repair Shop. Other than at the Burns Network sites, virtually all of the Company's travel centers have truck maintenance and repair shops which operate 24 hours per day and 365 days per year. Currently, only two Burns Network sites include truck maintenance and repair shops. The typical travel center repair shop has between two and four service bays, a parts storage room and fully trained mechanics on duty at all times. These shops offer extensive maintenance and emergency repair and road services, from basic services such as oil changes and tire repair to specialty services such as diagnostics and repair of air conditioning, air brake and electrical systems.

Main Building. The main building at each travel center contains a full service restaurant and, in many instances, one or more QSRs; a travel and convenience store; a fuel desk; driver amenity areas, including a lounge, television room, private showers and laundry; and ATM machines, as well as office space and training rooms for the employees of the travel center. As part of the Capital Program, the Company has allocated funds to expand the main building floor space for a majority of the former National Network sites that have been converted to the Network in order to create adequate space within the main building to implement the Company's fast food program or to increase the size of the travel centers' store or gaming and vending areas.

Full Service and Fast Food Restaurants. All Company travel centers have full service restaurants that offer seating for an average of approximately 140 customers. The TA Network has associated its full service restaurants with the Company-owned "Country Pride" and "Mrs. B's" brand names. The Company has also promoted the installation of nationally branded fast food restaurants, such as Burger King, Dairy Queen, Dunkin' Donuts, Kentucky Fried Chicken, Little Caesar's, Long John Silver's, McDonald's, Pizza Hut, Sbarro, Subway, Taco Bell and Wendy's at its travel centers. The Company generally attempts to locate QSR offerings within the main travel center building (as opposed to constructing stand-alone buildings). As of December 31, 1998, 56 of the 133 Company-owned travel centers offered at least one nationally branded QSR.

Travel and Convenience Store. Each travel center has a travel and convenience store that caters to truck drivers, motorists, recreational vehicle and bus customers. The travel and convenience stores sell food and snack items, beverages, non-prescription drug and beauty aids, batteries, automobile accessories, music and audio products. In addition to complete convenience store offerings, the travel and convenience stores also sell items specifically designed for the truck driver's on-the-road lifestyle, including laundry supplies and clothing as well as truck accessories. The typical Company-owned store averages approximately 1,700 square feet.

Motels. Fourteen of TA's travel centers currently have Company-owned motels, with an average capacity of 38 rooms. Twelve of these motels are operated under franchise grants from nationally branded motel chains, including DayStop, HoJo Inn, Super 8 and Travelodge. The remaining two motels are TA and Burns branded motels. TA currently remits royalty and advertising fees to its motel franchisors at rates ranging from 3% to 8% of gross revenues.

Additional Services. Most TA travel centers provide professional drivers with access to specialized business services, including an information center where drivers can send and receive faxes, overnight mail and other communications, and a banking desk where drivers can cash checks and receive funds transfers from fleet operators. Most sites have installed telephone rooms with 20 to 25 pay telephones with AT&T long distance service. To meet the personal needs of truck drivers, the typical travel center has designated "truck driver only" areas, including a television room with a VCR and comfortable seating for drivers, a barber shop, a laundry area with washers and dryers, 6 to 12 private showers and dressing rooms. Travel centers located in Louisiana, Nevada and Oregon also feature gaming operations. All travel centers have truck scales.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved from time to time in various routine legal and administrative proceedings and threatened legal and administrative proceedings incidental to the ordinary course of its business. 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. The following describes the current status of the pending matter previously disclosed.

Forty-Niner Truck Plaza Litigation. This action was commenced in California Superior Court, Sacramento County, on January 28, 1993 by four then Operators of National Leased Sites in California. The complaint asserts claims on behalf of each of the plaintiffs against the Company, Clipper and Unocal based upon alleged violations by Unocal of the California Business and Professions Code and of an alleged contract by failing to provide the plaintiffs with a bona fide offer or right of first refusal to purchase their truckstops in connection with the sale of the plaintiffs' truckstops by Unocal to the Company. Two of the plaintiffs settled their claims prior to commencement of the first trial, which ended with a court order for a retrial. On September 1, 1998, one of the two remaining plaintiffs entered into a settlement agreement with Unocal and the Company and dismissed its claims in the case. The retrial of this case with the one remaining plaintiff commenced on February 16, 1999. On March 8, 1999, the trial was suspended upon the request of all parties in order to complete negotiation of a definitive settlement agreement, the general terms of which have been agreed to by all parties. Although the Company believes that the proposed settlement would not have a material adverse effect on its consolidated financial statements, there can be no assurance that the proposed settlement will be implemented, if at all, on terms satisfactory to the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 1998.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) Market information. The outstanding shares of Common Stock of the registrant were issued in transactions not involving a public offering. As a result, there is no public market for the registrant's Common Stock.

(b) Holders. As of March 15, 1999, the outstanding shares of Common Stock were held of record by 48 stockholders, of which 26 stockholders have their shares included in a voting trust (see Item 13-"Certain Relationships and Related Transactions").

(c) Dividends. The registrant's senior indebtedness prohibits, except in very limited circumstances, the payment of cash dividends on, and sets limits on redemptions and repurchases of, the registrant's Common Stock. In addition, the indenture to which the registrant is a party prohibits, prior to April 1, 2007, the payment of cash dividends on, and sets limits on redemptions and repurchases of, the registrant's Common Stock. The registrant has not paid any cash dividends to holders of Common Stock and does not expect to declare or pay cash dividends to holders of Common Stock in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected historical financial data for the Company. Such data presents the Company's investment in TA as net assets of subsidiary held for disposition until September 30, 1996. Accordingly, given the Company's decision to retain TA and pursue the Combination Plan, such data should be read in conjunction with "Management's Discussion and Analysis" and the audited financial statements of the Company included elsewhere in this Report in order to view what the Company's results would have been had TA been fully consolidated in 1996. The results of operations and other financial and operating data of the 17 sites acquired in the Burns Acquisition are included in the Company's consolidated financial statements beginning on December 4, 1998.

	YEAR ENDED DECEMBER 31,				
	1998	1997	1996(1)	1995(1)	1994(1)
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
INCOME STATEMENT DATA(2):					
Revenues:					
Fuel	$ 554,735	$ 708,637	$ 550,212	$ 376,148	$ 396,748
Nonfuel	347,531	293,843	99,991	27,948	18,887
Rent and royalties	21,544	36,848	46,055	51,801	51,740
Total revenues	$ 923,810	$ 1,039,328	$ 696,258	$ 455,897	$ 467,375
Gross profit (excluding depreciation)	$ 296,661	$ 266,244	$ 127,564	$ 79,074	$ 76,227
Income from operations	$ 19,093	$ 22,345	$ 24,118	$ 29,884	$ 29,496
Extraordinary loss	$ (3,905)	$ (5,554)	$ -	$ -	$ -
Net income (loss)	$ (8,082)	$ (5,763)	$ 5,533	$ 9,926	$ 9,692
Income (loss) before extraordinary item per common share:					
Basic	$ (21.12)	$ (7.56)	$ (0.81)	$ 3.04	$ 3.43
Diluted	$ (21.12)	$ (7.56)	$ (0.81)	$ 0.57	$ 0.64
BALANCE SHEET DATA (END OF PERIOD):					
Total assets	$ 610,061	$ 507,792	$ 425,889	$ 297,231	$ 294,961
Total debt (net of unamortized discount)	$ 392,459	$ 290,125	$ 224,435	$ 139,991	$ 153,938
Mandatorily redeemable preferred stock(3)	$ 69,974	$ 61,404	$ 53,885	$ 47,286	$ 41,495
Working capital	$ 99,568	$ 86,103	$ 23,766	$ 9,872	$ 18,421
OTHER FINANCIAL AND OPERATING DATA:					
Total diesel fuel sold (in thousands of gallons)	973,812	975,495	713,754	641,901	663,777
Capital expenditures, excluding acquisitions of network assets	$ 65,704	$ 60,818	$ 20,545	$ 19,930	$ 10,993
EBITDA(4)	$ 68,708	$ 63,553	$ 60,940	$ 63,198	$ 69,047
Cash flows (used in) provided by:					
Operating activities	$ 48,521	$ 41,670	$ 27,620	$ 19,436	$ 26,357
Investing activities	$(125,505)	$ (37,987)	$ (22,254)	$ (17,601)	$ (10,993)
Financing activities	$ 94,428	$ 44,294	$ 15,222	$ (14,141)	$ (3,446)
Ratio of EBITDA to interest expense, net(5)	2.71	2.78	2.82	2.95	3.12
NUMBER OF SITES (END OF PERIOD)(6):					
Company-operated Sites	103	83	58	46	39
Leased Sites	30	35	77	89	96
Franchisee-Owner Sites	10	9	35	38	41
Total Sites	143	127	170	173	176

Notes to Selected Financial Data

(1) For the period from January 1, 1994 to September 30, 1996, the Company's investment in TA was presented as net assets of subsidiary held for disposition and TA's results of operations were excluded from the Company's consolidated results of operations until December 31, 1994 and subsequently included therein as a single amount in the Company's consolidated income statement through September 30, 1996. Effective September 30, 1996, the decision was made to retain TA and, subsequently, the Company chose to pursue the Combination Plan. Accordingly, at such time TA was no longer carried as net assets of subsidiary held for disposition. At that date, the carrying value of the Company's investment in TA of $44.6 million was allocated to the identifiable assets and liabilities and was based on the estimated current fair values at that date. In addition, the results of operations and cash flows of TA are included in the consolidated results of operations and cash flows of the Company from October 1, 1996.

(2) The company completed the Burns Acquisition effective December 4, 1998. The results of operations and cash flows from the 17 sites acquired in the Burns Acquisition are included beginning on that date.

(3) "Mandatorily redeemable preferred stock" is comprised of two series of convertible preferred stock which accumulate dividends semi-annually at a compound annual rate of 13.5%. Both series are mandatorily redeemable in 2008 and are held by certain members of the Investor Group.

(4) "EBITDA" is defined herein as income from operations plus the sum of depreciation, amortization, transition expense, gains and losses on sales of property and equipment, and other noncash charges, and is presented because it is commonly used by certain investors and analysts to analyze and compare operating performance, and to determine a company's ability to service and incur debt. EBITDA should not be considered in isolation from, or a substitute for, net income, cash flows from operating activities or other consolidated income or cash flow statement data prepared in accordance with generally accepted accounting principles or as a measure of profitability or liquidity. The EBITDA amounts herein present the Company's results as though TA had not been accounted for as a subsidiary held for disposition and had, instead, been fully consolidated (see Note 1 above).

(5) The ratio of EBITDA to interest expense, net set forth is different than the Consolidated Coverage Ratio (as defined in the indenture related to the Company's 10 1/4% Senior Subordinated Notes due 2007). The Consolidated Coverage Ratios for the years ended December 31, 1998 and 1997 were 2.21 and 2.08, respectively.

(6) The number of sites data shown for all years reflects the total number of Company sites, regardless of the brand names under which they are operating.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the audited financial statements.

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 143 network sites nationwide, including 133 Company-owned locations. The Company currently operates or franchises a network of 124 travel centers in 36 states under the "TravelCenters of America" or "TA" and related brand names, a network of 17 sites in 9 states under the "Burns Bros. Travel Stops" and related brand names, and two travel centers in two states under the licensed "Unocal 76" and related brand names.

The Company was formed in December 1992 to facilitate the National Acquisition in April 1993. In December 1993, the Company acquired the TA Network. In December 1998, the Company acquired the Burns Network. In connection with the TA Acquisition, the Investor Group and certain members of TA's management granted an option to the Company whereby the Company could repurchase its equity held by such Investor Group and management members in exchange for consideration consisting of cash and all of the equity of TA (the "Repurchase"). If the Repurchase had been consummated, the Company and the National Network would have been owned by the Operator and Franchisee-Owner stockholders of the Company and certain members of National's management, and TA would have been owned by the Investor Group and certain members of TA's management. During the nine months ended September 30, 1996, TA and National were separately managed and financed and in the Company's consolidated financial statements TA was presented as net assets of subsidiary held for disposition and TA's results of operations were included in the Company's consolidated financial statements as a single amount. Effective September 30, 1996, the decision was made to retain TA, and, subsequently, the Company chose to pursue the combination of the TA and National networks. (See "-Combination Plan" below.) After September 30, 1996, TA was no longer carried as net assets of subsidiary held for disposition and TA's results of operations were consolidated with the Company's.

Historically, under the Company's ownership, National operated principally as a fuel wholesaler and franchisor, with relatively few Company-Operated sites. As a result, its revenues consisted primarily of wholesale diesel fuel sales to Operators and Franchisee-Owners, rent from Operators of Leased Sites and nonfuel franchise royalty payments. In contrast, TA operated principally as an owner-operator of travel centers. Consequently, while TA derived the majority of its revenues from retail diesel fuel sales, the majority of its gross profit has been derived from, and its principal strategic focus has been, the sale of higher margin nonfuel products and services.

COMBINATION PLAN

There are three primary elements to the Combination Plan that was adopted in January 1997 and has been executed by the Company throughout 1997 and 1998: (1) integrating the management of the TA and National Networks, (2) converting the Existing Network sites to one Network, and (3) rationalizing and further developing the Company's Network. As a result of implementing the Combination Plan, for the years ended December 31, 1998 and 1997, the Company incurred approximately $3.6 million and $15.2 million, respectively, of expense, included in refinancing, transition and development costs in the Company's consolidated financial statements. These expenses relate to, among other things,
(i) employee separations, (ii) the costs to convert National 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. Transition expenses related to the Combination Plan are expected to aggregate approximately $20 million, with the remainder of the expenses to be incurred over the next two years. In addition, the Company expects to incur approximately $2.0 million of transition expenses as a result of the Burns Acquisition and expects to incur further transition expenses if the TPOA Acquisition is ultimately consummated.

Integrating Management of the Existing Networks

As part of the Combination Plan, the Company's headquarters was moved from the National headquarters in Nashville, TN to the TA headquarters in Westlake, OH and management of the Existing Networks was centralized under the TA management team. Offers of employment in Westlake were made to several National corporate-level employees, but most opted to remain in Nashville and, accordingly, most of National's corporate-level employees were terminated. In January 1997, certain of National's executive officers resigned and related severance costs of $0.8 million were recognized. In May 1997, management finalized its plans regarding employee terminations and, accordingly, the related costs of $1.8 million were recognized. Termination benefits of approximately $2.0 million and $0.6 million were paid to the 111 terminated National employees in the years ended December 31, 1997 and 1998, respectively. All such payments were made by March 31, 1998.

Rationalizing and Developing the Network

At the time the Combination Plan was approved, there were 122 sites operating in the National Network (19 Company-operated Sites, 76 Leased Sites and 27 Franchisee-Owner Sites) and 48 sites operating in the TA Network (40 Company-operated Sites and eight Franchisee-Owner Sites). As a result of their history as competitors, there were markets in which each of the Existing Networks had a site. Certain markets can support such coverage, but others cannot, so the Company reviewed its networks in order to rationalize the total number of sites and reduce oversaturation in certain markets. As a result, the Company identified up to 23 National Network Company-owned sites to be sold and a minimum of 23 National Network Franchisee-Owner Sites to be terminated.

During 1997, 15 National Network Leased Sites were sold to the operators of those sites for a net gain on sale of $11.9 million and all 27 of the National Network Franchisee-Owner Sites were terminated. In 1998, two Company-operated Sites were sold for a net gain on sale of $0.7 million. At December 31, 1998, two closed sites were being held for sale. The net carrying value of these two sites at December 31, 1998 is $2.0 million and the Company expects them to be sold for a gain.

In addition to the sites held for sale, the Company may sell other operating sites. As the Company acquires additional sites, such as in the Burns and TPOA Acquisitions, new market overlaps are created, thus providing the opportunity to sell sites if buyers offering sufficient amounts can be identified. Further, the Company's agreements with its franchises provide the franchisees with limited protected territories in which the Company may not operate TA branded facilities. In such cases, sales of sites within those territories may become necessary or economically attractive.

In addition to the site sales and terminations, the Combination Plan, as well as the Company's strategic plan, contemplates further development and expansion of the Network into key markets in which the Network is not adequately represented, which involves constructing or acquiring new sites as well as improving existing sites. Pursuant to the Capital Program, as adjusted for the Burns Acquisition, a significant amount of the capital expenditures planned for 1999 through 2002 are for improvements at existing sites such as reimaging, rebranding, constructing new QSRs, expanding the travel stores and convenience stores, expanding existing and constructing additional shop bays, and rebranding and upgrading the gasoline islands. Further, through both capital expenditures and leasing, the Company is expecting to open five newly built travel centers in 1999 through 2001.

Converting the Existing Networks into One Network

As described above, there were 122 sites in the National Network at the outset of the Combination Plan and a key component of the Combination Plan is to integrate the Existing Networks into one. This task was partially completed by the sales of 17 Leased Sites and the termination of 27 Franchisee-Owner sites during 1997 and 1998. A second step was the conversion of all National Network Company-operated Sites to TA Network Sites. This conversion involved significant costs for activities such as hiring and training employees at the sites, installing TA's store, shop and accounting systems and programs, implement TA management, marketing, operations, safety and training programs, relocating site management employees and rebranding the sites as TA sites. The remaining step was conversion of the Leased Sites, which has been accomplished in two ways:
acquiring the leasehold interests of the Operators at 30 Leased Sites (four in 1998 and 26 in 1997) and negotiating Network Agreements with the Operators at 29 Leased Sites (one in 1998 and 28 in 1997). One Operator of a Leased Site who had signed the Network Agreements sold his leasehold interest to the Company during 1998. As a result of the above, at December 31, 1998, there remained only two sites operating under the National Agreements.

The process of converting Leased Sites from the National Agreements to the Network Agreements includes rebranding of the travel centers, installation of TA's store and shop programs, training of the franchisees in TA's operating procedures and revisions to the franchise and lease agreements that reduce the fixed rent payable by the Operators (calculated as a percentage of nonfuel revenues and a rate per gallon of fuel sold). Converting to the Network Agreements has resulted in reduced revenue in the short term, but the Company believes that, in the long term, total revenue will be increased as a result of increased franchisee nonfuel revenues.

The following table sets forth the number and type of ownership and management of the travel centers operating in the Company's networks.

	DECEMBER 31,	
	1998	1997
Company-owned and operated sites(1)	103	83
Company-owned and leased sites	30	35
Company-owned sites	133	118
Franchisee-owner sites	10	9
Total	143	127
Stand-alone shops	-	2

(1) Excludes two closed sites in both 1998 and 1997.

TPOA ACQUISITION

On February 26, 1999, the Company entered into a merger agreement pursuant to which the Company intends to acquire 100% of the voting stock of TPOA at a price of $4.30 per share. Under the terms of the merger agreement and certain ancillary agreements, the Company will pay cash of approximately $40.5 million for all of TPOA's common shares except approximately 653,000 common shares, held by TPOA's chairman and chief executive officer, that will be exchanged for approximately 85,000 shares of the Company's common stock. In addition, the Company expects to pay cash of approximately $15 million to $20 million to retire substantially all of TPOA's indebtedness expected to be outstanding at the merger date and to pay various costs of the transaction. TPOA operates a network of 16 travel centers in seven states, primarily in the northeastern U.S. This acquisition, if ultimately consummated, is expected to close in June 1999. A closing of the merger is subject to a variety of conditions, including approval by TPOA's shareholders.

RESULTS OF OPERATIONS

The following discussions and analyses of Results of Operations and of Liquidity and Capital Resources present detail on the Company's combined results, which differ from the Company's consolidated results reflected in the audited financial statements for the year ended December 31, 1996, as a result of the presentation in the consolidated statements of TA as assets of subsidiary held for disposition during a portion of that year. The following table and the 1996 amounts discussed in the Results of Operations and Liquidity and Capital Resources sections present the Company's consolidated amounts for 1996 as though TA had not been held for disposition and had instead been fully consolidated. The results of operations of the 17 sites acquired in the Burns Acquisition are included in the following beginning December 4, 1998, the date of the Burns Acquisition.

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(IN MILLIONS OF DOLLARS)		
Revenues:			
Fuel	$ 554.7	$ 708.6	$ 752.2
Nonfuel	347.5	293.8	236.8
Rent and royalties	21.5	36.8	47.4
Total revenues	923.8	1,039.3	1,036.4
Cost of revenues (excluding depreciation)	627.1	773.1	803.5
Gross profit (excluding depreciation)	296.7	266.2	232.9
Operating expenses	195.8	168.3	129.4
Selling, general and administrative expenses	34.3	35.6	42.8
Refinancing, transition and development costs	3.6	15.2	2.7
Depreciation and amortization	44.7	35.8	27.0
(Gain) loss on sales of property and equipment	(1.2)	(11.2)	1.5
Stock compensation expense	2.5	1.4	0.7
Other operating (income) expense, net	(2.1)	(1.2)	(0.9)
Income (loss) from operations	19.1	22.3	29.7
Interest (expense), net	(25.4)	(22.9)	(20.8)
Income (loss) before income taxes and extraordinary item	(6.3)	(0.6)	8.9
Provision (benefit) for income taxes	(2.1)	(0.3)	3.4
Income (loss) before extraordinary item	(4.2)	(0.3)	5.5
Extraordinary item (net of taxes)	(3.9)	(5.5)	-
Net (loss) income	$ (8.1)	$ (5.8)	$ 5.5
EBITDA(1)	$ 68.7	$ 63.6	$ 60.9

(1) "EBITDA" is defined as set forth in Note 4 to Selected Financial Data in Item 6.

1998 COMPARED TO 1997

Revenues

The Company's consolidated revenues for 1998 were $923.8 million, which represents a decrease from the prior year of $115.5 million, or 11.1%.

Fuel revenue for 1998 reflects a decrease from 1997 of $153.9, or 21.7%. The decrease resulted from an approximately 21.9% decrease in average retail prices and a decrease of 1.7 million gallons sold (0.2%). The decrease in average retail prices primarily results from decreased crude oil prices and also from competitive pressures. The slight volume decrease is the net of increases in volumes at sites in operation in both 1997 and 1998 of 10.3%, offset by reductions for sites sold in 1997.

Nonfuel revenue in 1998 increased 18.3% from 1997 primarily as a result of an increased number of Company-operated Sites offering nonfuel products and services. There were 27 Leased Sites converted to Company-operated Sites throughout 1997, resulting in a full year of operations for these sites in 1998. An additional five Leased Sites were converted to Company-operated Sites during 1998. Further, on a same-site basis, nonfuel revenue increased 5.8% in 1998 versus 1997.

Rent and royalty revenue for 1998 decreased $15.3 million as a result of (i) conversions of Leased Sites to Company-operated Sites, (ii) sales of Leased Sites and (iii) the rent reductions that became effective when former National franchisees signed Network Agreements with the Company. These changes occurred primarily throughout 1997, and the decreases in 1998 reflect the full year effects of these changes. The new franchise and lease agreements provide for reduced fixed rents but increased franchise royalty rates to be applied to nonfuel revenues generated by the franchisees' operations. On a same-site basis, rent revenue for 1998 reflects a decrease of $1.8 million, or 11.6%, from 1997, while royalty revenue for 1998 reflects an increase of $2.2 million, or 55.3%, over 1997.

Gross Profit

The Company's gross profit for 1998 was $296.7 million, compared to $266.2 million for 1997, an increase of $30.5 million, or 11.5%. The increase in the Company's gross profit was primarily due to increases in nonfuel revenues, diesel fuel margins, and royalty revenue, partially offset by decreased rent revenue as discussed above.

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 increased by $27.4 million, or 16.3%, to $195.8 million for 1998, as compared to 1997. The increase reflects a full year of operations for the 27 Leased Sites that were converted to Company-operated Sites during 1997, as well as increases from the five Leased Sites converted to Company-operated Sites during 1998. In addition, the growth in nonfuel revenue requires an increase in operating expenses, particularly labor, to support the revenue growth.

The Company's SG&A decreased 3.7% from $35.6 million in 1997 to $34.3 million in 1998 as a result of continued synergy savings as a result of the Combination Plan.

Refinancing, Transition and Development Costs

Refinancing, transition and development costs for 1998 decreased from $15.2 million in 1997 to $3.6 million in 1998. The 1998 costs were incurred in continuing to effect the combination of National and TA, as well as expenses incurred in beginning the combination of the Burns Network into the Network. The decrease from 1997 reflects the relative level of effort in 1998 versus 1997 on transition activities at the former National Network sites.

Depreciation and Amortization

Depreciation and amortization of $44.7 million for 1998 increased $8.9 million from 1997. During the first quarter of 1998, the useful lives of certain machinery, equipment and furniture were revised downward from 10 years to five years to conform National's estimated useful lives to those of TA. The effect of this change in estimate resulted in 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. In addition, an impairment charge 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. In 1997, impairment charges related to goodwill and certain sites being held for sale of approximately $7.5 million were included in depreciation and amortization. Exclusive of the above amounts, depreciation and amortization increased approximately $8.1 million between years, primarily due to the significant level of capital expenditures in 1998 and 1997.

Income From Operations

Income from operations for the Company was $19.1 million for 1998 as compared to $22.3 million in 1997, which is a decrease of $3.2 million, or 14.3%. The decrease is attributable to the increase in depreciation and amortization and operating expenses and the decrease in gains on sales or property and equipment and rent and royalty revenues, partially offset by increased nonfuel sales margins, increased diesel margins and headquarters synergies. EBITDA for the Company for 1998 was $68.7 million, compared to $63.6 million for 1997. The increased EBITDA for 1998 is largely derived from increased gross profit as a result of a greater number of Company-operated Sites and increased diesel margins, partially offset by the increased operating expenses incurred by the increased revenue levels and reductions in rent and royalty revenues.

Interest (Expense), net

Interest expense for 1998 was $25.4 million, $2.5 million higher than 1997. This is a result of the increased net debt balance after completing the 1998 Refinancing and a full year of interest expense on the increased net debt balance from the 1997 Refinancing (both as discussed in Liquidity and Capital Resources below).

Other Items

The extraordinary loss of $3.9 million results from the 1998 Refinancing and represents the write-offs of the then remaining unamortized balance of deferred financing costs related to the extinguished indebtedness ($5.9 million) and approximately $15.8 thousand of break funding fees paid to holders of redeemed senior notes. The reported amount of the extraordinary loss is net of the applicable income tax benefit of $2.0 million.

1997 COMPARED TO 1996

Revenues

The Company's consolidated revenues for 1997 were $1,039.3 million, which represents an increase over the prior year of $2.9 million.

Fuel revenue for 1997 reflects a decrease from 1996 of $43.6 million, or 5.8%. The decrease resulted from an approximately 5.4% decrease in average retail diesel prices, partially offset by an increase in diesel gallons sold of 7.7 million gallons (0.8%). The decrease in average retail prices is a result of petroleum industry conditions and competitive pressures. The slight volume increase stems from the success of fleet marketing efforts, including the effects of the Pathway Program (a diesel fuel hedging program offered to fleets in conjunction with Simons Petroleum, Inc.).

Nonfuel revenue in 1997 has increased 24.1% over 1996, primarily due to the increased number of Company-operated Sites offering nonfuel products and services: from December 31, 1996 through December 31, 1997, 27 Leased Sites were converted to Company-operated Sites. In addition, a new TA site was opened in September 1996, and two stand-alone TA shops were opened in mid-1996. The stand-alone shops were located at Burns sites that are now owned by the Company.

Rent and royalty revenue for 1997 decreased 22.4% from 1996 as a result of (i) conversions of Leased Sites to Company-operated Sites, (ii) sales of Leased Sites and (iii) the rent reductions that became effective when former National franchisees signed new franchise and lease agreements with the Company. Rent revenue is expected to continue to decline in 1998, reflecting the full year effects of the 1997 activity. The new franchise and lease agreements provide for reduced fixed rents but increased franchise royalty rates to be applied to nonfuel revenues generated by the franchisees' operations. New franchise and lease agreements were signed by 29 Operators during 1997.

Gross Profit

The Company's gross profit for 1997 was $266.2 million, compared to $232.9 million for 1996, an increase of $33.3 million, or 14.3%. The increase in the Company's gross profit was primarily due to increases in nonfuel revenues and diesel fuel margins, partially offset by decreased rent and royalty revenue, resulting from the conversions of travel centers from Leased Sites to Company-operated Sites, sales of Leased Sites and terminations of Franchisee-Owner Sites during 1997.

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 increased by $38.9 million, or 30.1%, to $168.3 million for 1997, as compared to 1996. The increase reflects the increased number of Company-operated Sites during 1997 as a result of the 1996 addition of three newly built TA sites (including the two stand-alone shops) and the conversion of 27 Leased Sites to Company-operated Sites during 1997.

The Company's SG&A decreased from $42.8 million in 1996 to $35.6 million in 1997, a 16.8% decrease, primarily as a result of personnel reductions at National pursuant to the Combination Plan, partially offset by increased staffing in the operational support and business development areas at TA, as well as decreased occupancy and other expenses stemming from the Combination Plan.

Refinancing, Transition and Development Costs

Refinancing, transition and development costs for 1997 increased from $2.7 million for 1996 to $15.2 million. The 1997 costs were incurred in effecting the combination of National and TA, including recognition of employee termination benefits of $2.6 million, while the 1996 amount is comprised of $1.4 million of expenses incurred in a failed refinancing attempt by National and $1.3 million incurred at TA in connection with an attempted acquisition and the design of the travel center prototype.

Depreciation and Amortization

Depreciation and amortization of $35.8 million for 1997 increased by $8.8 million from 1996. This increase was mainly due to impairment charges of approximately $7.5 million included in 1997 depreciation and amortization expense and the effects of the capital expenditures made during 1996 and 1997, as well as the increased amortization of deferred financing costs stemming from the 1997 Refinancing.

Income from Operations

Income from operations for the Company for 1997 was $22.3 million as compared to $29.7 million in 1996, a decrease of $7.4 million or 24.9%. The decrease is attributable to the transition expenses and impairment charges incurred in 1997, as well as the effect of decreased rent revenue and increased operating costs resulting from the conversions of Leased Sites to Company-operated Sites, partially offset by increased nonfuel sales margins as a result of the site conversions, gains from the sales of Leased Sites and headquarters synergies, all of which is due to the execution of the Combination Plan throughout 1997. EBITDA for the Company for 1997 was $63.6 million, as compared to $60.9 million for 1996. The increased EBITDA in 1997 is largely derived from increased gross profit as a result of a greater number of Company-operated Sites and synergies realized in SG&A expense, partially offset by reduced rent revenue, primarily as a result of the Combination Plan.

Interest (expense), net

Interest expense for 1997 was $22.9 million, $2.1 million higher than for 1996 as a result of the increased net debt balance after consummation of the 1997 Refinancing (discussed in Liquidity and Capital Resources below) on March 27, 1997.

Other Items

The extraordinary loss of $5.5 million in 1997 results from the refinancing of the Company's indebtedness on March 27, 1997 and represents the write-off of the then remaining unamortized balances of deferred financing costs ($7.8 million) and debt discount ($1.3 million) related to the prior indebtedness. The reported amount of the extraordinary loss is net of the applicable income tax benefit of $3.6 million

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 and compliance.

Net cash provided by operating activities totaled $48.5 million in 1998, $41.7 million in 1997 and $27.6 million in 1996. The increase in net cash flows provided by operating activities in 1998 versus 1997 is primarily attributable to increased EBITDA partially offset by growth in working capital requirements primarily resulting from the increased number of Company-operated sites and increased interest expense as a result of the 1998 Refinancing. The increase in net cash flows provided by operating activities in 1997 compared to 1996 was primarily due to increased EBITDA in 1997, as discussed previously, partially offset by growth in working capital requirements as a result of the increased number of Company-operated Sites and increased interest expense as a result of the 1997 Refinancing.

Net cash used in investing activities for 1998 was $125.5 million versus $38.0 million in 1997 and $22.3 million in 1996. The amount of net cash used in investing activities in 1998 reflects $65.7 million of capital expenditures in accordance with the Capital Program and consistent with 1997, as well as $6.4 million for the conversions of five leased sites to Company-operated Sites and approximately $56.8 million for the Burns Acquisition. These uses of cash are partially offset by $3.4 million of proceeds from sales of property and equipment comprised primarily of the sales of two Company-operated sites and condemnation proceeds related to a third Company-operated Site. The amount for 1997 reflects a $53.0 million increase in expenditures related to capital additions and conversions of Leased Sites to Company-operated Sites, as contemplated by the Capital Program, partially offset by a $37.3 million increase in proceeds from sales of property and equipment primarily resulting from the sales of 15 Leased Sites to the respective Operators.

Net cash flows provided by financing activities were $94.4 million in 1998, $44.3 million in 1997 and $15.2 million in 1996. The increased cash flows from investing activities in 1998 versus 1997 reflects the 1998 Refinancing. The change in the amount of financing activity cash flows in 1997 from 1996 was due to the Company's 1997 Refinancing and recapitalization. Required debt repayments for the next five years are significantly lower than they would have been in the absence of the 1997 Refinancing.

In order to provide for its growth, the Company, among other things, has completed refinancings in each of 1998 and 1997. In the 1997 Refinancing, completed on March 27, 1997, the Company repaid or exchanged all of its previously existing indebtedness and issued $125 million principal amount of Senior Subordinated Notes, $85.5 million principal amount of Senior Secured Notes ($35.5 million of fixed-rate Series I and $50.0 million of floating-rate Series II), and an $80 million term loan facility which was fully borrowed. The Company also has a $40.0 million revolving credit facility, which, except for $1.5 million used for letters of credit, had not been drawn upon through December 31, 1998. In the 1998 Refinancing, completed on December 3, 1998, the Company increased the 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 expenditure and business acquisitions was required to be maintained in a cash collateral account and to be used only for such expenditures. Provisions of the debt agreements require the Company to use $30.0 million of the cash collateral account balance for a business acquisition, or to repay the $30.0 million in the event the Company did not enter a definitive purchase agreement prior to March 31, 1999, and complete the acquisition by December 31, 1999. As the TPOA Acquisition is expected to close well before December 31, 1999, the Company anticipates using the $30.0 million to partially fund the TPOA Acquisition. The Senior Notes have no amortization requirements until 2001, the Senior Subordinated Notes are due 2007 and the term facility has annual amortization requirements of $1.4 million until 2003. The interest rate on the Term Loan was increased by a percentage point to LIBOR plus 3.75%.

The Company expects to invest approximately $260 million in the Network between 1997 and the end of 2001 (with $150 million of this amount having been spent by the end of 1998) 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 represents normal ongoing maintenance and related capital expenditures. The Company has budgeted additional expenditures in order to add new sites, rebrand and reimage sites, add additional nonfuel offerings (such as QSR offerings) at existing sites, make required environmental improvements, and purchase, install and upgrade its information systems. The capital expenditures budget for 1999 is approximately $60 million.

The Company anticipates that it will be able to fund its 1999 working capital requirements and capital expenditures primarily from funds generated from the refinancings, funds generated from operations, funds generated from 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

The Company has signed a letter of intent 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. Under the proposed 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 a considerable increase in nonfuel revenues generated by the Company's truck maintenance and repair shops.

Freightliner has also agreed to acquire a minority ownership interest in the Company. However, at this time a specific ownership percentage has not yet been determined. Consummation of the related agreements to finalize the various aspects of the Company's proposed relationship with Freightliner is subject to a variety of conditions, including satisfactory completion of customary due diligence review procedures and successful negotiation of definitive agreements.

ENVIRONMENTAL MATTERS

The Company's operations and properties are subject to certain Environmental Laws.

The Company owns and operates USTs and ASTs at Company-operated Sites and Leased Sites which must comply with certain statutory and regulatory requirements that went into effect on December 22, 1998. The Company has made all necessary upgrades to comply with those requirements. During 1998, approximately $6.7 million of environmental-related expenditures were incurred with respect to remediation, maintenance, compliance, monitoring and capital items, including costs to upgrade USTs and to meet the December 22, 1998 requirements. In addition, the Company has estimated the current ranges of estimated 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, including those matters for which the Company assumed the related liability as part of the Burns Acquisition, of $3.9 million as of December 31, 1998. 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 and environmental laws currently enacted, 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 would be required to handle the combined operations of TA and National, as neither TA's nor National's current IT systems have 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 that will replace substantially all of the legacy financial IT systems currently in use, some of which are not Year 2000 compliant. The SAP system is Year 2000 compliant, and management expects to begin 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 October 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 76 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, included under the Capital Program, 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 and evaluating its non-IT systems. The Company expects to complete this process by June 30, 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 is still in the early stages of contacting key third parties and, accordingly, has not yet determined what its most reasonably likely worst case scenario is with respect to Year 2000 issues. Consequently, the Company has not yet prepared a contingency plan for dealing with that scenario. The Company expects that it will complete its third party surveys and assessments by June 30, 1999. When that process is complete, management will complete an analysis of its most reasonably likely worst case scenario and a contingency plan to deal with that scenario will be developed.

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 is required for the first quarter of 2000. 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; the potential future impact of Year 2000 related issues; and difficulties that may be encountered by the Company or its franchisees in implementing the Combination Plan, integrating the Burns sites into the Network, completing the TPOA Acquisition and finalizing the Freightliner agreements. The forward-looking statements should be considered in light of these factors.

ITEM 7A. 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 at December 31, 1998. 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. The following table summarizes information about the Company's financial instruments that are subject to changes in interest rates:

	DECEMBER 31, 1998			
	FIXED RATE INDEBTEDNESS		VARIABLE RATE INDEBTEDNESS	
	PAYMENT AMOUNT	WEIGHTED AVERAGE INTEREST RATE	PAYMENT AMOUNT	WEIGHTED AVERAGE INTEREST RATE
	(DOLLARS IN THOUSANDS)			
Year Ended December 31:				
1999	$ 43	9.99%	$ 1,446	8.90%
2000	47	9.99%	1,446	8.90%
2001	17,803	10.02%	1,446	8.90%
2002	17,809	10.15%	1,446	8.90%
2003	66	10.28%	65,448	8.90%
Thereafter	127,802	10.33%	157,657	8.90%
Total	$ 163,570	10.17%	$ 228,889	8.90%
Fair value	$ 151,437		$ 228,889	

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
and Stockholders of
TravelCenters of America, Inc.

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of TravelCenters of America, Inc. and its subsidiaries at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Cleveland, Ohio
March 16, 1999

TRAVELCENTERS OF AMERICA, INC.
CONSOLIDATED BALANCE SHEET

	DECEMBER 31	
	1998	1997
	(IN THOUSANDS OF DOLLARS)	
ASSETS		
Current assets:		
Cash (Note 12)	$ 89,200	$ 71,756
Accounts receivable (less allowance for doubtful accounts of $3,907 for 1998 and $2,707 for 1997)	61,012	68,433
Inventories	42,952	33,718
Deferred income taxes	4,459	3,740
Other current assets	12,619	10,256
Total current assets	210,242	187,903
Notes receivable, net	1,239	1,692
Property and equipment, net	361,803	286,472
Intangible assets	21,141	15,651
Deferred financing costs	9,284	11,786
Deferred income taxes	2,924	-
Other assets	3,428	4,288
Total assets	$ 610,061	$ 507,792
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 1,594	$ 500
Accounts payable	20,915	29,035
Other accrued liabilities	88,165	72,265
Total current liabilities	110,674	101,800
Commitments and contingencies (Note 18)		
Long-term debt (net of unamortized discount)	390,865	289,625
Deferred income taxes	937	4,985
Other long-term liabilities	9,162	4,479
	511,638	400,889
Mandatorily redeemable senior convertible participating preferred stock	69,974	61,404
Other preferred stock, common stock and other stockholders' equity	43,547	43,945
Retained earnings (deficit)	(15,098)	1,554
	28,449	45,499
Total liabilities and stockholders' equity	$ 610,061	$ 507,792

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

TRAVELCENTERS OF AMERICA, INC.
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(IN THOUSANDS OF DOLLARS EXCEPT PER SHARE AMOUNTS)		
Revenues:			
Fuel	$ 554,735	$ 708,637	$ 550,212
Nonfuel	347,531	293,843	99,991
Rent and royalties	21,544	36,848	46,055
Total revenues	923,810	1,039,328	696,258
Cost of revenues (excluding depreciation)	627,149	773,084	568,694
Gross profit (excluding depreciation)	296,661	266,244	127,564
Operating expenses	195,751	168,334	56,077
Selling, general and administrative expenses	34,256	35,619	31,265
Refinancing, transition and development costs	3,648	15,212	2,197
Depreciation and amortization	44,662	35,840	17,838
(Gain) loss on sales of property and equipment	(1,195)	(11,244)	1,464
Stock compensation expense	2,500	1,400	667
Other operating income, net	(2,054)	(1,262)	(807)
Income of subsidiary held for disposition	-	-	(5,255)
Income from operations	19,093	22,345	24,118
Interest (expense), net	(25,371)	(22,898)	(15,236)
(Loss) income before income taxes and extraordinary item	(6,278)	(553)	8,882
(Benefit) provision for income taxes	(2,101)	(344)	3,349
(Loss) income before extraordinary item	(4,177)	(209)	5,533
Extraordinary loss, less applicable income tax benefits of $2,012 in 1998 and $3,608 in 1997 (Note 12)	(3,905)	(5,554)	-
Net (loss) income	(8,082)	(5,763)	5,533
Less: preferred dividends	(8,570)	(7,520)	(6,599)
Retained earnings-beginning of the year	1,554	14,837	15,903
Retained earnings (deficit)-end of the year	$ (15,098)	$ 1,554	$ 14,837
Earnings per common share:	$ (21.12)	$ (7.56)	$ (0.81)
Income (loss) before extraordinary item			
Extraordinary loss	$ (6.47)	(5.44)	-
Net income (loss)	$ (27.59)	$ (13.00)	$ (0.81)
Earnings per common share - assuming dilution:	$ (21.12)	$ (7.56)	$ (0.81)
Income (loss) before extraordinary item			
Extraordinary loss	(6.47)	(5.44)	-
Net income (loss)	$ (27.59)	$ (13.00)	$ (0.81)

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

TRAVELCENTERS OF AMERICA, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(IN THOUSANDS OF DOLLARS)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (8,082)	$ (5,763)	$ 5,533
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Extraordinary loss	3,905	5,554	-
Net income of subsidiary held for disposition	-	-	(3,153)
Depreciation and amortization	44,662	35,840	17,838
Deferred income tax provision	(7,691)	(4,330)	394
Provision for doubtful accounts	1,355	1,688	2,545
Provision for stock compensation	2,500	1,400	667
(Gain) loss on sale of property and equipment	(1,195)	(11,244)	1,464
Changes in assets and liabilities, adjusted for the effects of acquisitions of network assets and the reconsolidation of a subsidiary previously held for disposition:			
Accounts receivable	12,034	(20,773)	5,822
Inventories	(4,028)	1,422	(1,588)
Other current assets	(2,954)	448	(3,617)
Accounts payable	(8,933)	(4,364)	(2,083)
Other current liabilities	17,475	42,648	6,005
Other, net	(527)	(856)	(2,207)
Net cash provided by operating activities	48,521	41,670	27,620
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions of network assets	(63,215)	(15,127)	(2,352)
Proceeds from sales of property and equipment	3,414	37,958	643
Capital expenditures	(65,704)	(60,818)	(20,545)
Net cash used in investing activities	(125,505)	(37,987)	(22,254)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Revolving loan borrowings	-	3,750	14,000
Revolving loan repayments	-	(17,750)	-
Long-term debt borrowings	229,250	205,000	-
Long-term debt repayments	(129,987)	(126,675)	(12,375)
Proceeds from issuance of stock	-	329	39
Repurchase of common stock	(475)	(7,456)	(751)
Debt issuance costs	(4,360)	(12,904)	-
Reconsolidation of subsidiary previously held for disposition	-	-	14,309
Net cash provided by financing activities	94,428	44,294	15,222
Net increase (decrease) in cash	17,444	47,977	20,588
Cash at the beginning of the year	71,756	23,779	3,191
Cash at the end of the year	$ 89,200	$ 71,756	$ 23,779

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

1. BUSINESS DESCRIPTION AND SUMMARY OF OPERATING STRUCTURE

The Company, through its operating subsidiaries, is a nationwide marketer of truck and auto fuel and related products and services through three networks of full-service travel centers (124 operated under the "TA" and "TravelCenters of America" trademarks (the "TA Network"), two operated under the "Unocal 76" trademark (the "National Network") and 17 operated under the "Burns Bros. Travel Stops" trademark (the "Burns Network")) in 39 states. Of the network locations at December 31, 1998, the Company owns or leases 133 locations, 30 of which are leased to independent lessee-franchisees ("Operators") of the Company ("Leased Sites"), and 103 of which are operated by the Company ("Company-operated Sites"). Ten 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 fleets, operators and independent franchisees; provides fleet credit card and customer information services through its proprietary ACCESS 76 and STAR billing systems; conducts centralized purchasing programs; creates promotional programs; and, as a franchisor, assists the Operators and Franchisee-Owners in providing service to commercial 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 National Network assets from a subsidiary of Unocal Corporation (together with its subsidiaries "Unocal") and in December 1993 acquired (the "TA Acquisition") the TA Network assets 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 Burns Network from Burns Bros., Inc., and certain of its affiliates (collectively "Burns").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The TA Acquisition required the consent of the operators and independent franchisees who were holders of the Company's former Class A Common Stock (the "Operator Stockholders"). The Operator Stockholders consented to the TA Acquisition and, in connection therewith, the Company was granted an option to repurchase, for cash and its stock in TA Holdings Corporation ("TAHC"), all of its equity securities, including its mandatorily redeemable preferred stock, and warrants not held by the Operator Stockholders and senior management of National. Accordingly, the Company's consolidated financial statements presented the net assets of TAHC as held for disposition. The carrying value thereof represented the purchase price paid to acquire TAHC plus TAHC's results of operations subsequent to December 31, 1994. TAHC's results of operations for 1995 and through September 30, 1996 were included in the Company's consolidated statement of income and retained earnings as a single amount. Effective September 30, 1996, a decision was made to retain TAHC and, subsequently, the Company chose to pursue the combination of the operations of the TA and National Networks. Accordingly, at that date, the carrying value of the Company's investment in TAHC of $44,637,000 was allocated to the identifiable assets and liabilities based on the current fair values as of that date. In addition, the results of operations and cash flows of TAHC are included in the consolidated results of operations and cash flows of the Company from October 1, 1996. TAHC had net income of $3,153,000 for the nine months ended September 30, 1996.

For a pro forma presentation of the Company's consolidated results of operations for the year ended December 31, 1996, as though TAHC had not been held for disposition for the period January 1, 1994 through September 30, 1996, see Note 22.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of TravelCenters of America, Inc. and its wholly owned subsidiaries, TA Operating Corporation ("TA"), TA Franchise Systems Inc. ("TAFSI") and National Auto/Truckstops, Inc. ("National"), and TA Travel, L.L.C., a wholly owned subsidiary of TA. Intercompany accounts and transactions have been eliminated. TAHC was included in the consolidated financial statements until the time of the Company's recapitalization (see Note 4) in March 1997, at which time it was merged into the Company. TAHC had been the parent of TA, which had been the parent of TAFSI.

REVENUE RECOGNITION

Fuel sales and related costs are recognized at the time of delivery of motor fuel and other products to customers at either the terminal or the customer's facility and at the time of final sale to consumers at the Company-operated Sites.

Franchise and royalty revenues are recognized at the point such revenues are earned, typically when collectible and when the Company has fulfilled substantially all of its obligations under the related agreements.

INVENTORIES

Inventories are stated at cost, which approximates market value, cost being determined on the first in, first out basis for petroleum products and principally as the weighted average costs for nonfuel merchandise.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, initially determined in accordance with purchase accounting principles and based largely on independent professional appraisals. Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

Buildings and site improvements	15	years
Pumps and underground storage tanks	5-10	years
Machinery and equipment	3-10	years
Furniture and fixtures	5-10	years

Repair and maintenance costs are charged to expense as incurred, while major renewals and betterments are capitalized. The cost and related accumulated depreciation of property and equipment sold, replaced or otherwise disposed are removed from the accounts. Any resulting gains or losses are recognized in operations.

DEFERRED FINANCING COSTS AND INTANGIBLE ASSETS

Deferred financing costs were recorded in conjunction with issuing long-term debt and are being amortized on a basis approximating the interest method over the lives of the related debt instruments, ranging from five to ten years (see Note 12). The intangible assets are being amortized on a straight-line basis over their estimated lives, principally the terms of the related contractual agreements giving rise to them (see Note 9).

INTERNAL-USE SOFTWARE COSTS

During the application development stage of an internal-use computer software project, the Company capitalizes (i) the external direct costs of materials and services consumed in developing or obtaining the internal-use computer software, (ii) to the extent of time spent directly on the project, payroll costs of employees directly associated with and who devote time to the project, and (iii) related interest costs incurred. Internal and external costs incurred in the preliminary project stage and post-implementation stage, such as for exploring alternative technologies, vendor selection and maintenance, are expensed as incurred, as are all training costs. The costs of significant upgrades and enhancements that result in additional functionality are accounted for in the same manner as similar costs for new software projects. The costs of all other upgrades and enhancements are expensed as incurred.

IMPAIRMENT OF LONG-LIVED ASSETS

In accordance with Statement of Financial Accounting Standards No. (SFAS) 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," impairment charges are recognized when the carrying values of long-lived assets to be held and used in the business exceed the estimated undiscounted future cash flows of those assets, and when the carrying values of long-lived assets to be disposed of exceed the estimated fair value less cost to sell for those assets. Such impairment charges are recognized in the period during which the circumstances surrounding an asset to be held and used have changed such that the carrying value is no longer recoverable, or during which a commitment to a plan to dispose of the asset is made. Such tests are performed at the individual travel center level. In addition, intangible assets are subjected to further evaluation in accordance with Accounting Principles Board Opinion 17, "Intangible Assets," and impairment charges are recognized when events and circumstances indicate the carrying value of the intangible asset exceeds the future benefit of the asset. Impairment charges are included in depreciation and amortization in the income statement.

CLASSIFICATION OF COSTS AND EXPENSES

Cost of revenues represents the costs of fuels and other products sold, including freight. Operating expenses consist primarily of labor, maintenance, supplies, utilities, warehousing, purchasing and occupancy costs. Development expenses represent costs incurred to primarily acquire and establish new Network locations. Refinancing expenses represent nonrecurring costs incurred in attempts to refinance the Company's indebtedness. Transition expenses represent the nonrecurring costs incurred by the Company in connection with effecting the Combination Plan, including severance and relocation expenses, costs to convert Leased Sites to Company-operated Sites, costs to dispose of Leased Sites and terminate Franchisee-Owner Sites and costs to consolidate management and operation of the Company's two networks into a single network. Costs of advertising are expensed as incurred.

ENVIRONMENTAL REMEDIATION

The Company provides for remediation costs and penalties when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. Generally, the timing of remediation accruals coincides with completion of a feasibility study or the commitment to a formal plan of action. If recoveries of remediation costs from third parties are probable, a receivable is recorded. Accruals are not recorded for the costs of remediation activities undertaken on behalf of the Company by Unocal and BP, at Unocal's and BP's sole expense (see Note 18).

INCOME TAXES

Deferred income tax assets and liabilities are established to reflect the future tax consequences of differences between the tax bases and financial statement bases of assets and liabilities.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Company considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The Company grants credit to its customers and may require letters of credit or other collateral.

DERIVATIVE INSTRUMENTS

On a limited basis, the Company engages in commodity risk management activities within the normal course of its business as an end-user of derivative instruments. These commodity-based instruments are used to manage exposure to price fluctuations related to the anticipated purchase of diesel fuel and gasoline.

Changes in market value of derivative instruments are deferred and are subsequently recognized in income in the same period as the underlying transaction. Recorded deferred gains or losses are reflected within other current assets or other current liabilities.

At December 31, 1998 there were no open derivative contracts. At December 31, 1997 the amount of open derivative contracts and the related fair market value and deferred gains and losses were immaterial.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which estimation is practicable:

Cash and short-term investments, accounts receivable and accounts payable: The fair values of financial instruments classified as current assets or liabilities approximate the carrying values due to the short-term maturity of the instruments.

Long-term debt: The fair value of the Company's fixed-rate indebtedness that is publicly traded is estimated based on the quoted price for those notes. The fair value of the Company's fixed-rate indebtedness that is not publicly traded is estimated based on the current borrowing rates available to the Company for financings with similar terms and maturities. The fair values of the Company's variable-rate indebtedness approximates the carrying value of that indebtedness. (See Note 12.)

RECLASSIFICATIONS

Certain reclassifications of prior years' data have been made to conform with the current year presentation.

3. ACQUISITIONS

Burns Acquisition. On December 3, 1998, the Company acquired substantially all of the truckstop assets owned by Burns for cash consideration of $56,800,000 and the assumption of certain liabilities. Specifically, 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. For the fiscal year ended June 30, 1998, these sites sold 162,200,000 gallons of diesel fuel and had non-fuel sales and operating expenses of $44,700,000 and $28,100,000, respectively.

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. Under purchase accounting principles, the cost was allocated to the assets acquired on the basis of their fair values at the acquisition date as follows:

	FAIR VALUE	ALLOCATED COSTS
	(IN THOUSANDS OF DOLLARS)	
Accounts receivable	$ 6,542	$ 6,542
Inventories	3,839	3,839
Other current assets	471	471
Property & equipment	56,950	49,876
	$ 67,802	$ 60,728

TPOA Acquisition. On February 26, 1999, the Company entered into a merger agreement pursuant to which the Company intends to acquire (the "TPOA Acquisition") 100% of the voting stock of Travel Ports of America, Inc. ("TPOA") at a price of $4.30 per share. Under the terms of the merger agreement and certain ancillary agreements, the Company will pay cash of approximately $40,500,000 for all of TPOA's common shares except approximately 653,000 common shares, held by TPOA's chairman and chief executive officer, that will be exchanged for approximately 85,000 shares of the Company's common stock. In addition, the Company expects to pay cash of approximately $15,000,000 to $20,000,000 to retire substantially all of TPOA's indebtedness expected to be outstanding at the merger date and to pay various costs of the transaction. TPOA operates a network (the "TPOA Network") of 16 travel centers in seven states, primarily in the northeastern U.S. This acquisition, if ultimately consummated, is expected to close in June 1999. A closing of the merger is subject to a variety of conditions, including approval by TPOA's shareholders.

4. RECAPITALIZATION, RESTRUCTURING AND COMBINATION

On March 27, 1997, the Company was recapitalized and restructured pursuant to a series of transactions in which (i) the Company's subsidiaries were restructured such that the Company directly owns its three subsidiaries, TA, TAFSI and National (the Company's former subsidiary, TAHC, was merged into the Company as of such date), (ii) the Company's indebtedness under the old National and TA debt agreements was refinanced (the "1997 Refinancing"), and
(iii) TA and National guaranteed the Company's indebtedness under its new credit facilities. The Company's credit facilities were amended in December 1998 (the "1998 Refinancing"). See Note 12 for further discussion of each of the 1998 Refinancing and the 1997 Refinancing.

There are three primary elements to the Combination Plan that was adopted in January 1997 and has been executed by the Company throughout 1997 and 1998: (1) integrating the management of the TA and National Networks, (2) converting the Existing Network sites to one Network, and (3) rationalizing and further developing the Company's Network. As a result of implementing the Combination Plan, for the years ended December 31, 1998 and 1997, the Company incurred approximately $3,648,000 and $15,212,000 respectively, of expense, included in refinancing, transition and development costs in the Company's consolidated financial statements. These expenses relate to, among other things,
(i) employee separations, (ii) the costs to convert National 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. In January 1997, certain of National's executive officers resigned and related severance costs of approximately $774,000 were recognized. In May 1997, management finalized its plans regarding the employee terminations and, accordingly, the related expense of approximately $1,833,000 was recognized.

5. EARNINGS PER SHARE

The computation of basic earnings per common share is based upon the weighted-average number of shares of common stock outstanding. A reconciliation of the income and shares used in the computation follows:

	FOR THE YEAR ENDED DECEMBER 31, 1998		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT
	(DOLLARS AND SHARES IN THOUSANDS)		
Income (loss) before extraordinary item	$ (4,177)		
Less: Preferred stock dividends	(8,570)		
Basic EPS and Diluted EPS			
Income (loss) available to common stockholders	$ (12,747)	604	$ (21.12)

The assumed conversion of stock options, warrants and convertible series of preferred stock would have an anti-dilutive effect on earnings per share for 1998. Effective January 1, 1999, 232,750 options to purchase common stock were granted to management and non-employee directors.

	FOR THE YEAR ENDED DECEMBER 31, 1997		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT
	(DOLLARS AND SHARES IN THOUSANDS)		
Income before extraordinary item	$ (209)		
Less: Preferred stock dividends	(7,520)		
Basic EPS and Diluted EPS			
Income (loss) available to common stockholders	$ (7,729)	1,022	$ (7.56)

The assumed conversion of stock options, warrants and convertible series of preferred stock would have an anti-dilutive effect on earnings per share for 1997.

	FOR THE YEAR ENDED DECEMBER 31, 1996		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER-SHARE AMOUNT
	(DOLLARS AND SHARES IN THOUSANDS)		
Income before extraordinary item	$ 5,533		
Less: Preferred stock dividends	(6,599)		
Basic EPS			
Income available to common stockholders	$ (1,066)	1,319	$ (0.81)

The assumed conversion of stock options, warrants and convertible series of preferred stock would have an anti-dilutive effect on earnings per share for 1996.

6. INVENTORIES

Inventories consist of the following:

	DECEMBER 31,	
	1998	1997
	(IN THOUSANDS OF DOLLARS)	
Nonfuel merchandise	$ 39,973	$ 30,883
Petroleum products	2,979	2,835
Total inventories	$ 42,952	$ 33,718

7. NOTES RECEIVABLE

The Company has notes receivable agreements with certain Operators and Franchisee-Owners to finance on a long-term basis past due accounts receivable owed by those customers. Certain of these customers are related parties (see Note 17). The notes have terms ranging from six months to six years and principally accrue interest at a variable rate of the prime lending rate plus 2 percent. The Company also has notes receivable from management stockholders received as partial consideration for purchases of common stock (see Note 15). These notes have terms of nine years and accrue interest at fixed rates between 4.86 and 7.0 percent.

Notes receivable consists of the following:

	DECEMBER 31,	
	1998	1997
	(IN THOUSANDS OF DOLLARS)	
Principal amount of notes outstanding	$ 2,351	$ 2,939
Less: allowance for doubtful accounts	280	877
	2,071	2,062
Less: amounts due within one year	832	370
Notes receivable, net	$ 1,239	$ 1,692

The amount due within one year is included within other current assets on the balance sheet.

8. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	DECEMBER 31,	
	1998	1997
	(IN THOUSANDS OF DOLLARS)	
Land and land improvements	$ 65,112	$ 51,697
Buildings and improvements	220,025	173,177
Machinery, equipment and furniture	107,895	91,069
Construction in progress	80,599	44,975
Total cost	473,631	360,918
Less: accumulated depreciation	111,828	74,446
Property and equipment, net	$ 361,803	$ 286,472

Pursuant to the Combination Plan, nine Company-operated Sites were being held for sale as of December 31, 1997. Based on the Company's estimated sales proceeds and costs of selling these sites, an impairment charge totalling $559,000 was recognized in 1997 with respect to two of the sites. This impairment charge is included in depreciation and amortization in the income statement. As a result of revised estimates of probable sale proceeds, this impairment reserve was reversed in the second quarter of 1998. During 1998, two of these sites were sold, and condemnation proceeds were received for a portion of a third site that was condemned by the state as part of a highway construction project. The Company has re-evaluated the remaining seven sites and determined that it would no longer actively market for sale five of those sites. The total carrying value of the two sites held for sale at December 31, 1998 was $2,011,000. As of December 31, 1998, the estimated net sales proceeds of the two sites held for sale exceed the respective carrying values. During 1998, these two sites generated a loss from operations of $56,000.

During the first quarter of 1998, the estimated useful lives of certain machinery, equipment and furniture were revised downward from 10 years to five years in order to conform National's estimated useful lives to those of TA. The effect of this change in estimate resulted in reductions in income before extraordinary items, net income and earnings per share of $9.5 million, $5.7 million and $9.08, respectively. This change resulted in these assets becoming fully depreciated at March 31, 1998.

9. INTANGIBLE ASSETS

Intangible assets consist of the following:

	DECEMBER 31,	
	1998	1997
	(IN THOUSANDS OF DOLLARS)	
Noncompetition agreements	$ 26,200	$ 26,200
Leasehold interest	1,724	1,724
Trademarks	2,313	2,313
Franchise goodwill	16,631	7,348
Total cost	46,868	37,585
Less: accumulated amortization	25,727	21,934
Intangible assets, net	$ 21,141	$ 15,651

As part of the National and TA Acquisitions, the Company entered into noncompetition agreements with Unocal and BP pursuant to which Unocal and BP each agreed to refrain from re-entering the truckstop business for periods of ten and seven years, respectively, from the acquisition dates. The intangible assets related to these noncompetition agreements represent the present values of the estimated cash flows the Company would lose due to competition resulting from re-entry of Unocal or BP into the travel center market were they not constrained from doing so. These intangible assets are being amortized over the ten and seven year periods.

Leasehold interest represents the value, obtained through the TA Acquisition, of favorable lease provisions at one TA Network location, the lease for which extended 11 1/2 years from the TA Acquisition. The leasehold interest is being amortized over the 11 1/2 year period. Trademarks relates primarily to the Company's purchase of the "Truckstops of America" and "Country Pride" trademarks, service marks, trade names and commercial symbols. The trademarks are being amortized over their estimated economic life of 15 years.

Franchise goodwill results from the acquisitions of the businesses and operating assets related to Leased Sites, and represents the excess of amounts paid to the related Operators over the fair values of the tangible assets acquired. For the years ended December 31, 1998, 1997 and 1996, the Company recorded acquired goodwill of $9,283,000, $6,354,000 and $994,000, respectively. This goodwill is amortized on a straight-line basis over fifteen years. During the fourth quarter of 1997, as a result of a review of the operations of the acquired travel centers, an impairment charge of $6,941,000 was recorded with respect to the goodwill. This charge is included in depreciation and amortization in the income statement.

10. OTHER ACCRUED LIABILITIES

Other accrued liabilities consist of the following:

	DECEMBER 31,	
	1998	1997
	(IN THOUSANDS OF DOLLARS)	
Taxes payable, other than income taxes	$ 14,422	$ 16,605
Accrued wages and benefits	13,366	10,968
Interest payable	4,852	4,371
Other accrued liabilities	55,525	40,321
Total other accrued liabilities	$ 88,165	$ 72,265

11. REVOLVING LOAN

The Company has available a revolving loan facility of $40,000,000 (see Note 12). The interest rate for borrowings under this revolving loan facility is based on either an alternate base rate (ABR) plus 1.75 percent or an adjusted London Interbank Offered Rate (LIBOR) plus 2.75 percent. Commitment fees are calculated as 1/2 of 1 percent of the daily average unused amount of the revolving loan commitment. There were no borrowings outstanding under the revolving loan facility at December 31, 1998 or 1997, although $1,529,000 of available borrowings were reserved for letters of credit at both December 31, 1998 and 1997.

12. LONG-TERM DEBT

In March 1997 the Company completed the 1997 Refinancing, whereby it refinanced the existing indebtedness of TA and National with new borrowings by the Company. The Company issued $125,000,000 aggregate principal amount of 10 1/4% Senior Subordinated Notes due 2007, entered into a Credit Agreement through which it obtained an $80,000,000 senior secured term loan facility (the "Term Loan") and a $40,000,000 revolving credit facility, redeemed all of the outstanding Subordinated Notes of TA and National, respectively, and a portion of the Senior Notes of TA (the "TA Old Senior Notes"), and, pursuant to a Senior Secured Note Exchange Agreement, exchanged $85,500,000 aggregate principal amount of Senior Secured Notes ($35,500,000 of Series I Senior Secured Notes and $50,000,000 of Series II Senior Secured Notes) of the Company for the Senior Notes of National and the unredeemed TA Old Senior Notes.

In December 1998 the Company completed the 1998 Refinancing by increasing the Term Loan by $150,000,000. Of the total amount borrowed, $50,000,000 was utilized to retire the Company's Series II Senior Secured Notes and $42,000,000 was specified to prefund planned capital expenditures and business acquisitions and required to be placed in a cash collateral account until used for such expenditures. Provisions of the debt agreements require the Company to use $30,000,000 of the cash collateral account balance for a business acquisition, or to use the $30,000,000 to repay indebtedness in the event that an acquisition is not completed by December 31, 1999. The Company anticipates using the $30,000,000 to partially fund the TPOA Acquisition (see Note 3).

Long-term debt consists of the following:

	INTEREST	MATURITY	DECEMBER 31, 1998	DECEMBER 31, 1997
			(IN THOUSANDS OF DOLLARS)	
Term Loan (a)	(b)	2005	228,889	79,625
Series I Senior Secured Notes(c)	8.94%	2002	35,500	35,500
Series II Senior Secured Notes(d)	(e)	2005	-	50,000
Senior Subordinated Notes(f)	10.25%	2007	125,000	125,000
Note payable(g)	5.0%	2018	4,919	-
Total			394,308	290,125
Less: amounts due within one year			1,594	500
Less: unamortized discount			1,849	-
Total			$ 390,865	$ 289,625

(a) On March 21, 1997, in connection with the 1997 Refinancing, the Company entered into a Credit Agreement with a group of lenders. On November 24, 1998, in connection with the 1998 Refinancing, the Company amended its Credit Agreement. The Credit Agreement consists of three components: Term Loans of a maximum $230,000,000 (increased from $80,000,000 in the 1998 Refinancing), swingline loans not to exceed $5,000,000, and revolving loans (see Note 11) not to exceed $40,000,000 (including any swingline loans outstanding and letters of credit issued). There have been no borrowings under the swingline loan or revolving loan commitments to date. Payments of principal, interest and commitment fees related to the Credit Agreement are scheduled at each quarter end in installments of principal ranging from $362,000 to $34,000,000, with the first payment under the amended agreement due on December 31, 1998, and the last quarterly payment due on March 27, 2005. Optional prepayments are allowed under the Credit Agreement and, in addition, annual prepayments of principal may be required based, among other things, on excess cash flows generated by the Company.

(b) Interest accrues at variable rates based on either an alternate base rate (ABR) or an adjusted LIBOR. The rate at which interest accrues is calculated as either the ABR rate plus 2.75 percent or the LIBOR rate plus 3.75 percent. Management has the option to select which rate is to be applied at the beginning of each loan period, the term of which varies from one month to six months. The interest rate was set on December 4, 1998 at 8.9 percent for six months. The average effective interest rate for 1998 was 8.74 percent.

(c) On March 21, 1997, in connection with the 1997 Refinancing, the Company issued $35,500,000 of Series I Senior Secured Notes. Interest payments on these notes are due semiannually on June 30 and December 31. Optional prepayments are allowed under the note purchase agreement, and required payments are due on June 30, 2001, December 31, 2001, June 30, 2002 and December 31, 2002 in the amount of $8,875,000 each, such amounts to be reduced by certain other prepayments. In the event of certain prepayments, the Company may be subject to the make-whole provision of the note agreement, which requires payment of a prepayment premium to the holders of the Series I Senior Secured Notes. In addition, annual prepayments of principal may be required based, among other things, on excess cash flows generated by the Company.

(d) On March 21, 1997, in connection with the 1997 Refinancing, the Company issued $50,000,000 of Series II Senior Secured Notes. As part of the 1998 Refinancing, these notes were repaid.

(e) Interest accrued at a rate based on an adjusted LIBOR. The average effective interest rate for 1998 was 8.6 percent.

(f) On March 27, 1997, in connection with the 1997 Refinancing, the Company issued $125,000,000 of Senior Subordinated Notes. Interest payments on these notes are due semiannually on April 1 and October 1. Optional prepayments are allowed under certain circumstances under the note purchase agreement, any such payments reducing the required payment of $125,000,000 due April 1, 2007.

(g) On September 1, 1998, in connection with the purchase of the operating assets of a Leased Site, the Company issued a note payable to the former Operator of the site for $4,919,000. The note bears interest at 5%, and requires quarterly payments of principal and interest of $98,000 thru October 1, 2018. The note was recorded net of a discount of $1,875,000. From September 1, 1998 to March 4, 1999, this note was temporarily secured via assignment of a cash investment of an amount equal to the original principal amount of the note. On March 4, 1999 a mortgage interest in the related travel center was provided to the former Operator as replacement security for this note and the cash was returned to the Company.

Upon the early extinguishment of the Company's prior indebtedness as a result of the 1997 Refinancing, the Company recognized an extraordinary loss, net of applicable income taxes, of $5,554,000. This extraordinary loss consisted of the write-off of the remaining unamortized balances of deferred financing costs and debt discount related to the prior indebtedness of $7,847,000 and $1,315,000, respectively. Approximately $12,904,000 of financing costs associated with the new indebtedness issued as part of the 1997 Refinancing were capitalized. As part of the 1998 Refinancing, the Company retired the Series II Senior Secured Notes and substantially modified the Credit Agreement, resulting in the early extinguishment of the outstanding balances of both the Series II Senior Secured Notes and the term loan facilities of the Credit Agreement. Accordingly, the deferred financing costs related to these borrowings were written off as an extraordinary loss, net of applicable income taxes, of $3,905,000. Approximately $4,360,000 of financing costs related to the Credit Agreement modification were incurred as part of the 1998 Refinancing.

The borrowings under the Credit Agreement and Senior Secured Note Exchange Agreement are secured by mortgages on substantially all of the Company's property and equipment in the manner described in the Master Collateral and Intercreditor Agreement negotiated between the lending banks under the Credit Agreement and the Senior Secured Note holders. In the event of a change in control (as defined in the relevant instruments) of the Company, the total amount outstanding under the debt agreements described above may be declared immediately due and payable.

Under the terms of the Credit Agreement and the Senior Secured Note Exchange Agreement, the Company is required to maintain certain affirmative and negative covenants, including minimum interest coverage, minimum consolidated net worth, minimum current ratio, maximum leverage ratio and maximum amounts of capital expenditures. The Company was in compliance with the covenants throughout 1998 and at December 31, 1998.

Under the terms of the Indenture for the Senior Subordinated Notes due 2007, the Company is required to maintain certain affirmative and negative covenants that, among other things, provide for a minimum coverage ratio. The Company was in compliance with the covenants throughout 1998 and at December 31, 1998.

Scheduled payments of long-term debt in the next five years are $1,594,000 in 1999; $1,601,000 in 2000; $19,359,000 in 2001; $19,367,000 in 2002 and $65,628,000 in 2003.

Based on the borrowing rates currently available to the Company for bank loans and other indebtedness with similar terms and average maturities and the year-end quoted market price of the Senior Subordinated Notes, the fair value of long-term debt at December 31, 1998 and 1997 approximated the recorded value.

13. LEASE COMMITMENTS

The Company has entered into lease agreements covering certain of its travel center locations, warehouse and office space, computer and office equipment and vehicles. Most long-term leases include renewal options and, in certain cases, purchase options. Future minimum lease payments required under operating leases that have remaining noncancelable lease terms in excess of one year, as of December 31, 1998, were as follows:

YEAR ENDING DECEMBER 31,	(IN THOUSANDS OF DOLLARS)
1999	$ 5,804
2000	5,904
2001	5,411
2002	4,799
2003	4,194
Thereafter	40,676
	$ 66,788

Total rental expenses on all operating leases were approximately $6,743,000, $5,658,000 and $1,357,000 for the years ended December 31, 1998, 1997 and 1996, respectively.

14. MANDATORILY REDEEMABLE SENIOR CONVERTIBLE PARTICIPATING PREFERRED STOCK

	DECEMBER 31,	
	1998	1997
	(IN THOUSANDS OF DOLLARS)	
Series I-3,000,000 shares authorized, $0.01 par value; 2,680,656 shares issued and outstanding, shown at redemption value	$ 51,888	$ 45,533
Series II-1,000,000 shares authorized, $0.01 par value; 934,344 shares issued and outstanding, shown at redemption value	18,086	15,871
Total	$ 69,974	$ 61,404

Voting Rights. Holders of Series I Mandatorily Redeemable Senior Convertible Preferred Stock are entitled to vote on all matters, other than the election of directors (see Note 15-Common Stock-Voting Rights below), submitted to a vote of the Company's stockholders. Series II Mandatorily Redeemable Senior Convertible Preferred Stock is non-voting.

Dividends. Dividends accumulate on the original $10.00 per share purchase price at a rate of 13.5 percent per annum, compounded semi-annually, and are not paid currently but accumulate and increase the liquidation preference. Such dividends accrue whether or not declared by the Board of Directors. Accrued dividends totaled $33,824,000 and $25,254,000 at December 31, 1998 and 1997, respectively. Holders also participate pro rata, on a share for share basis, with the outstanding Convertible Preferred Stock and Common Stock, in dividends and distributions, other than liquidating distributions.

Conversion. The conversion rights of the holders are the same as those for holders of the Series I and Series II Convertible Preferred Stock, respectively, (see Note 15-Convertible Preferred Stock-Conversion below) except, if the Company consummates an underwritten public offering of Common Stock pursuant to which the net offering price per share is equal to or greater than the Trigger Price (defined as an amount equal to $10.00 plus interest at a rate of 13.5 percent per annum, compounded semi-annually, from the closing date of the TA Acquisition to the date of such public offering) and the net proceeds raised in the offering are at least $50 million, the Company will have the right to require that each share of Series I Mandatorily Redeemable Senior Convertible Participating Preferred Stock be converted into one share of Series I Convertible Preferred Stock and that each share of Series II Mandatorily Redeemable Senior Convertible Participating Preferred Stock be converted into one share of Series II Convertible Preferred Stock.

Liquidation Preference. Upon liquidation, holders are entitled to receive the Senior Liquidation Preference, defined as $10.00 plus the amount of all accrued and unpaid dividends to the liquidation date, before any payment is made to holders of Convertible Preferred Stock or Common Stock. Any remaining amounts available for distribution to the Company's equity holders will be distributed in the following order of priority:

(i) holders of Convertible Preferred Stock shall be entitled to receive $10.00 for each outstanding share,

(ii) holders of Common Stock shall be entitled to receive $10.00 for each outstanding share of Common Stock,

(iii) holders of Convertible Preferred Stock and Common Stock shall be entitled to receive an amount such that, including such amounts distributed in
(i) and (ii) above, they have each received an amount equal to the Senior Liquidation Preference,

(iv) holders of Mandatorily Redeemable Senior Convertible Participating Preferred Stock, Convertible Preferred Stock and Common Stock shall be entitled to receive amounts such that the amount distributed in respect of each outstanding share of Mandatorily Redeemable Senior Convertible Participating Preferred Stock pursuant to this clause shall equal 50 percent of the amount distributed in respect of each outstanding share of Convertible Preferred Stock and Common Stock pursuant to this clause.

Optional Redemption. If the Company proposes to declare and pay any dividends or other distributions in respect of Convertible Preferred Stock or Common Stock, the Company shall first offer to utilize such proceeds to redeem shares of the Mandatorily Redeemable Senior Convertible Participating Preferred Stock at a redemption price per share equal to the Senior Liquidation Preference. Any portion not used to redeem shares of Mandatorily Redeemable Senior Convertible Participating Preferred Stock may be utilized by the Company to pay dividends pari passu to the holders of outstanding shares of Mandatorily Redeemable Senior Convertible Participating Preferred Stock, Convertible Preferred Stock and Common Stock.

Call Option. The Company may, at its option and at any time, call for redemption all (but not less than all) of the outstanding shares at a price per share equal to the Senior Liquidation Preference. The holders will be provided an opportunity to convert such shares into shares of Common Stock prior to the redemption.

Mandatory Redemption. The Company shall redeem all of the then outstanding shares on December 10, 2008, at a redemption price per share equal to the Senior Liquidation Preference.

15. OTHER PREFERRED STOCK, COMMON STOCK AND OTHER STOCKHOLDERS' EQUITY

	DECEMBER 31,	
	1998	1997
	(IN THOUSANDS OF DOLLARS)	
Convertible Preferred Stock:		
Series I-3,000,000 shares authorized, $0.01 par value; 2,594,876 shares outstanding	$ 26	$ 26
Series II-1,500,000 shares authorized, $0.01 par value; 1,237,374 shares outstanding	12	12
Common Stock - 30,000,000 shares authorized, $0.01 Par value; 599,877 and 633,513 shares outstanding at December 31, 1998 and 1997, respectively	14	14
Additional paid-in capital	52,382	52,305
Treasury stock-at cost; 817,700 and 780,200 shares at December 31, 1998 and 1997, respectively	(8,887)	(8,412)
Total	$ 43,547	$ 43,945

In April 1993, the Company issued 1,111,250 shares of Class A Common Stock, 56,500 shares of Class B Common Stock and 3,832,250 shares of Convertible Preferred Stock, which consists of 2,594,876 shares of Series I Convertible Preferred Stock and 1,237,374 shares of Series II Convertible Preferred Stock.

In December 1993, the Company issued 165,520 shares of Class B Common Stock and 3,615,000 shares of Mandatorily Redeemable Senior Convertible Participating Preferred Stock, which consists of 2,680,656 shares of Series I Mandatorily Redeemable Senior Convertible Participating Preferred Stock and 934,344 shares of Series II Mandatorily Redeemable Senior Convertible Participating Preferred Stock (see Note 14).

As of March 6, 1997 the Amended and Restated Certificate of Incorporation (the "Restated Certificate of Incorporation") and by-laws of the Company and the by-laws of National, as the case may be, were amended to: (i) eliminate the supermajority voting requirements of the Company's stockholders and the Company's and National's boards of directors that were applicable to certain actions taken with respect to the Company or National, (ii) eliminate all designations of classes of common stock, the convertibility of one class of common stock into another and all class votes of holders of common stock, (iii) change the names of the Class A Common Stock and the Class B Common Stock to Common Stock, (iv) provide that all of the outstanding shares of preferred stock of the Company be convertible into Common Stock on the same basis as they previously had been into Class B Common Stock, and (v) eliminate class votes for Directors of the Company and to provide that Directors will be elected by holders of Common Stock and Series I Preferred Stock voting together as a single class.

During the years ended December 31, 1998, 1997 and 1996 the Company issued 3,864; 35,339 and 5,152, respectively, shares of Common Stock to certain members of management for cash and notes receivable (see Note 7) aggregating $77,000, $655,000 and $77,000, respectively.

CONVERTIBLE PREFERRED STOCK

Voting Rights. Each share of Series I Convertible Preferred Stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders. Series II Convertible Preferred Stock is non-voting.

Dividends. See Common Stock-Dividends below.

Conversion. Each share of Series I Convertible Preferred Stock is convertible into a share of Common Stock at any time at the option of the holder.

Each share of Series II Convertible Preferred Stock is convertible at any time at the option of the holder into such number of shares of Common Stock that in the aggregate do not exceed the lesser of (i) one share of Common Stock for each share of Series II Convertible Preferred Stock converted or (ii) the number that equals 25 percent of the outstanding shares of Common Stock immediately following such conversion (a total of 199,959 at December 31, 1998 for all Series II preferred shares). Following the conversion of at least 75 percent of the outstanding Convertible Preferred Stock into Common Stock, the Company is entitled to convert each remaining share of Convertible Preferred Stock into a share of Common Stock.

Liquidation Preference. See Note 14 - Liquidation Preference above.

COMMON STOCK

Voting Rights. Each share of Common Stock entitles the holder to one vote on all matters submitted to a vote of the Company's stockholders.

Dividends. Holders of Common Stock are entitled to receive dividends if, and when, declared by the Board of Directors of the Company. The Company is precluded from paying dividends or making distributions to the holders of any of its equity securities while any shares of Convertible Preferred Stock or Mandatorily Redeemable Senior Convertible Participating Preferred Stock are outstanding except for dividends and distributions of capital stock of the Company; unless (i) in any fiscal year the dividends and distributions do not exceed 50 percent of the Company's net income for the prior fiscal year and (ii) if immediately after payment of such dividends or the making of any such distributions, the value of the Company's stockholder equity would exceed the value of the aggregate liquidation preference of the outstanding shares of Convertible Preferred Stock and Mandatorily Redeemable Senior Convertible Participating Preferred Stock by at least one dollar.

Liquidation Preference. See Note 14 - Liquidation Preference above.

Warrants. In April 1993 the Company issued warrants with an exercise price of $0.01 per share which are exercisable for 128,206 shares of Common Stock.

Repurchase Rights. Certain members of the Company's senior management have purchased shares of the Company's Common Stock pursuant to individual management subscription agreements. The Company has the right to repurchase, and the employees have the right to require the Company to repurchase, at formula prices, the Common Stock upon termination of employment. The formula prices are based on the consolidated operating results and indebtedness of the Company. At December 31, 1998, 1997 and 1996, the formula prices were $25.00, $23.25 and $15.69 per share. Compensation expense recognized with regard to these shares during the years ended December 31, 1998, 1997 and 1996 were $62,000, $54,000 and $336,000, respectively.

TREASURY STOCK

From time to time the Company has acquired shares of its Common Stock from former members of management and Operator Stockholders. For the years ended December 31,1998, 1997 and 1996, the Company purchased 37,500; 692,000 and 75,000 treasury shares, respectively. These shares were recorded at their acquisition costs of $475,000, $7,456,000 and $751,000 for the years ended December 31, 1998, 1997 and 1996, respectively.

STOCK AWARD AND OPTION PLANS

1997 Stock Plan. During 1997, the Board of Directors approved the adoption of the 1997 Stock Plan (the "1997 Plan"). The principal terms and conditions of the 1997 Stock Plan are as follows: a maximum of 750,000 shares of Common Stock (subject to adjustment) may be issued pursuant to options and stock appreciation rights granted to officers, non-employee directors and key employees of the Company designated by the Compensation Committee; the option exercise price for each option granted will be the stated market value of the stock on the respective grant date, such stated market value to be determined annually based on a formula, specified in the 1997 Stock Plan, that is, based on the consolidated operating results and indebtedness of the Company; the options will vest on the December 31 of the year of grant upon the attainment of performance targets (outstanding options and options with respect to shares reserved for future awards will vest upon a "change of control" or "initial public offering" of the Company (as such terms are defined in the 1997 Stock Plan)), and remain exercisable for limited periods following termination of employment; shares of Common Stock acquired upon exercise of options are subject to call and put options upon termination of employment; if a change of control occurs within six months after termination of the employment of a former employee for "good reason," death, "disability" or termination other than for "cause" (as defined), an adjustment will be made to the amount paid upon exercise of any call options or put options (but, in the case of put options, only to the extent the proceeds received by the former employee upon exercise of the put option are used to repay indebtedness to the Company) so that the former employee will be able to receive any amounts in excess of the call or put price payable in the change of control transaction.

1993 Stock Plan. The 1993 Stock Incentive Plan (the "1993 Stock Plan") was approved by the Board of Directors and was effective as of December 10, 1993. The 1993 Stock Plan provided for the granting of stock options and other stock-based awards to employees and directors of the Company. Stock awards granted under the 1993 Stock Plan could be in the form of (i) stock options,
(ii) stock appreciation rights related to an option ("SAR"), and (iii) unrelated SAR's. Stock options granted under the 1993 Stock Plan allow the purchase of Common Stock (formerly Class B Common Stock) at prices generally not less than fair market value as determined by the Compensation Committee of the Board of Directors. The total number of shares of Common Stock with respect to which awards could be granted was 572,000. Common stock obtained as a result of the exercise of the options is subject to call and put rights at formula prices upon termination of employment. The formula prices are based on the consolidated operating results and indebtedness of the Company. A portion of the options vested at the end of each year in the five year period ending December 31, 1997, based on attainment of certain specified financial objectives at the end of each year, but no more quickly than ratably from the date of grant through December 31, 1996. Vested options must be exercised within 10 years of the date of grant. All unvested options under the 1993 Plan at December 31, 1996 were cancelled upon the adoption of the 1997 Stock Plan.

The purchase prices at December 31, 1998, 1997 and 1996 used to determine compensation expense related to options granted under the Company's stock plans were $25.00, $23.25 and $15.69, respectively. Based on these prices and the number of vested options in each year, compensation expense recognized in relation to these options for the years ended December 31, 1998, 1997 and 1996 were $2,438,000, $1,346,000, and $331,000, respectively.

The following table reflects the status and activity of options under the 1997 Stock Plan and the 1993 Stock Plan:

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Options outstanding, beginning of year	376,779	531,181	520,181
Granted	161,750	161,750	11,000
Canceled	-	(316,152)	-
Options outstanding, end of year	538,529	376,779	531,181
Options exercisable, end of year	538,529	376,779	330,436
Options available for grant, end of year	426,500	588,250	40,819

The weighted-average exercise price was $23.25 and $20.00 for those options granted during 1998 and 1997, respectively, and $19.74 and $18.27 for all outstanding options as of December 31, 1998 and 1997, respectively. The weighted-average exercise price of the options cancelled in 1997, the options granted in 1996 and all outstanding options as of December 31, 1996, was $19.04.

The following table summarizes information about options outstanding at December 31, 1998:

EXERCISE PRICE	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE
$10.00	67,988	67,988
$17.49	71,757	71,757
$20.00	161,750	161,750
$22.50	75,284	75,284
$23.25	161,750	161,750
	538,529	538,529

The weighted-average remaining contractual life of all options outstanding at December 31, 1998 was 7.4 years.

16. INCOME TAXES

The (benefit) provision for income taxes is as follows:

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(IN THOUSANDS OF DOLLARS)		
Current:			
Federal	$ 4,089	$ 3,524	$ 2,557
State	1,501	462	398
	5,590	3,986	2,955
Deferred:			
Federal	(6,565)	(3,880)	74
State	(1,126)	(450)	320
	(7,691)	(4,330)	394
Total	$ (2,101)	$ (344)	$ 3,349

The difference between taxes calculated at the U. S. federal statutory tax rate of 35 percent and the Company's total income tax provision is as follows:

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
	(IN THOUSANDS OF DOLLARS)		
U.S. federal statutory rate applied to income before taxes and extraordinary items	$ (2,198)	$ (194)	$ 3,109
State income taxes, net of federal income tax benefit	243	8	467
Non-deductible meals and entertainment	129	65	80
Adjustment of prior year estimated tax liability	-	-	(239)
Benefit of tax credits	(320)	(227)	(98)
Other - net	45	4	30
Total	$ (2,101)	$ (344)	$ 3,349

For 1998, income tax benefits of $2,012,000 allocated to the extraordinary loss of $5,917,000 differ from the amount calculated at the federal statutory rate of 35 percent by $59,000. This difference is due to graduated tax rates. For 1997, income tax benefits of $3,608,000 allocated to the extraordinary loss of $9,162,000 differ from the amount calculated at the federal statutory rate of 35 percent by $401,000. This difference is the result of state tax benefits, net of the federal effect and graduated tax rates.

Deferred income tax assets and liabilities resulted from the following:

	DECEMBER 31,	
	1998	1997
	(IN THOUSANDS OF DOLLARS)	
Deferred tax assets:		
Accounts receivable	$ 1,199	$ 1,784
Inventory	299	245
Organization and start-up costs	-	35
Federal benefit of state deferred tax liabilities	-	518
Intangible assets	11,511	10,358
Deferred revenues	887	125
Minimum tax credit	5,472	3,323
Net operating loss carryforwards	-	2,726
General business credits (expiring 2009-2012)	1,561	1,077
Other accrued liabilities	4,039	2,442
Total deferred tax assets	24,968	22,633
Deferred tax liabilities:		
Property and equipment	(18,480)	(23,878)
Federal liability for state deferred tax assets	(42)	-
Total deferred tax liabilities	(18,522)	(23,878)
Net deferred tax assets (liabilities)	$ 6,446	$ (1,245)

The tax returns of the Company for 1995 through 1998 are subject to examination by the Internal Revenue Service and state tax authorities. The Company believes it has made adequate provision for income taxes and interest that may become payable for years not yet examined.

17. RELATED PARTY TRANSACTIONS

Certain of the Company's stockholders have an ownership interest in one or more of the franchisee customers to whom the Company sells fuel and certain non-fuel products and from whom the Company receives rental income and royalty income. The transactions with related parties are at prices and terms that are the same as for similar transactions with unrelated entities. As of December 31, 1998, 21 of the Leased Sites were operated by related parties.

The following table is a summary of balances and transactions with Operator Stockholders at December 31, 1998 and 1997, and for each of the three years ended December 31, 1998:

	DECEMBER 31,		YEAR ENDED DECEMBER 31,		
	1998	1997	1998	1997	1996
	(IN THOUSANDS OF DOLLARS)				
Accounts receivable	$ 5,124	$ 7,469			
Notes receivable	$ 1,277	$ 944			
Fuel revenue			$ 65,786	$ 187,279	$ 269,179
Rent revenue			$ 8,957	$ 22,380	$ 32,266
Other revenues			$ 6,369	$ 4,477	$ 5,534
Cost of revenues			$ 64,369	$ 187,143	$ 268,343

During each of 1998, 1997 and 1996, the Company acquired the travel center businesses and operating assets of certain of its Operator Stockholders. Total consideration paid to these operators was $1,610,000 in 1998 for one site, $20,152,000 in 1997 for 23 sites and $3,185,000 in 1996 for five sites

During 1997, the Company sold to certain of its Operator Stockholders 12 of its travel center facilities. Total consideration received by the Company from these sales was $30,983,000.

At each of December 31, 1998 and 1997, $27,000,000 of the Company's indebtedness was owed to certain of the Company's preferred stockholders. The interest expense incurred related to debt owed to these stockholders was $2,414,000, $3,636,000 and $5,327,000 in 1998, 1997 and 1996, respectively.

Certain shareholders of the Company were paid fees aggregating $400,000 as consideration for their financial advisory services provided in completing the 1998 Refinancing.

Certain members of the Company's senior management have purchased common stock of the Company pursuant to management subscription agreements (see Note 15 -Repurchase Rights). As a result of such purchases, the Company has notes receivable from the management stockholders totaling $967,000 and $887,000 at December 31, 1998 and 1997, respectively.

18. 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 ("Environmental Laws") 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.

The Company owns and uses underground storage tanks ("USTs") and aboveground storage tanks ("ASTs") at Company-operated Sites 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 has made necessary upgrades to USTs to comply with federal regulations which took effect on December 22, 1998, and believes that all of its travel centers, including those acquired in the Burns Acquisition, 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 incurred capital expenditures, maintenance, remediation and other environmental related costs of approximately $6,721,000, $8,867,000 and $7,172,000 in 1998, 1997 and 1996, respectively.

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 that have occurred subsequent to the National Acquisition and the TA Acquisition. While the Company cannot precisely estimate the ultimate costs it will incur in connection with the investigation and remediation of these matters, based on its current knowledge, the Company does not expect that the costs to be incurred for these matters, 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 Unocal and BP indemnities discussed below), 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 of $3,890,000, 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 liquidity of the Company.

Pursuant to an environmental agreement entered into with Unocal at the time of the National Acquisition (the "Unocal Environmental Agreement"), Unocal is responsible for all costs incurred for remediation of environmental contamination (the remediation must achieve compliance with the Environmental Laws in effect on the date the remedial action is completed) and for otherwise bringing the properties into compliance with Environmental Laws (as in effect at the date of the National Acquisition) with respect to environmental contamination or non-compliance identified in the Phase I or Phase II environmental assessments conducted at each of the sites acquired from Unocal, which environmental contamination or non-compliance existed on or prior to the date of the National Acquisition. Under the terms of the Unocal Environmental Agreement, Unocal also must indemnify the Company against any other environmental liabilities that arise out of conditions at, or ownership or operations of, the National Network prior to the date of the National Acquisition. Pursuant to the Unocal

Environmental Agreement, Unocal is obligated to indemnify the Company for claims made before April 14, 2004. Except as described above, Unocal does not have any responsibility for any environmental liabilities arising out of the ownership or operations of the National Network after the date of the National Acquisition. There can be no assurance that, if additional environmental claims or liabilities were to arise under the Unocal Environmental Agreement, Unocal would not dispute the Company's claims for indemnification thereunder.

An environmental agreement entered into with BP at the time of the TA Acquisition (the "BP Environmental Agreement") provides that, with respect to environmental contamination or non-compliance with Environmental Laws identified in the Phase I or Phase II environmental assessments conducted at each of the sites acquired from BP, BP is responsible for all costs incurred for remediation of such environmental contamination (the remediation must achieve compliance with the Environmental Laws in effect on the date the remedial action is completed) and for otherwise bringing the properties into compliance with Environmental Laws (as in effect at the date of the TA Acquisition). The BP Environmental Agreement further provides that BP must indemnify the Company against any other environmental liabilities that arise out of conditions at, or ownership or operations of, the TA locations prior to the date of the TA Acquisition. With respect to liabilities relating to the investigation and remediation of environmental contamination, BP is obligated to indemnify the Company for liabilities with respect to which claims are made before December 11, 2004. With respect to liabilities otherwise relating to non-compliance with Environmental Laws (for example, equipment), BP is obligated to indemnify the Company for liabilities with respect to which claims were made before December 11, 1996. Except as described above, BP does not have any responsibility for any environmental liabilities arising out of the ownership or operations of the TA Network after the date of the TA Acquisition. There can be no assurance that, if additional environmental claims or liabilities were to arise under the BP Environmental Agreement, BP would not dispute the Company's claims for indemnification thereunder.

PENDING LITIGATION

Forty-Niner Truck Plaza Litigation. In connection with the acquisition of the National Network, the Company acquired six travel centers located in California. In January 1993, the Operators of four of these travel centers (the "California Plaintiffs") commenced litigation against Unocal, The Clipper Group, L.P. ("Clipper," organizer of the institutional investor group which formed the Company) and the Company in California state court seeking, among other things, specific performance by Unocal of their alleged rights, either under the California Business and Professions Code or, in the alternative, pursuant to an alleged contract with Unocal, to purchase their travel centers at what they alleged was a fair market price and seeking compensatory and punitive damages against the Company and others for both tortious interference with the California Plaintiffs' alleged rights and civil conspiracy. The four properties operated by the California Plaintiffs are referred to herein as the "California Properties". Two of the California Plaintiffs settled their claims prior to commencement of the first trial, which ended with a court order for a retrial. On September 1, 1998, one of the two remaining plaintiffs entered into a settlement agreement with Unocal and the Company, and dismissed its claims in the case. The retrial of this case with the one remaining plaintiff commenced on February 16, 1999. On March 8, 1999, the trial was suspended upon the request of all parties in order to complete negotiation of a definitive settlement agreement, the general terms of which have been agreed to by all parties. The effect of the proposed settlement on the Company's consolidated financial statements is not expected to be material.

In addition to the above matter, the Company is the subject of, or party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. The ultimate resolution of these contingencies is not expected to be material to the Company's results of operations, financial position or liquidity.

19. OPERATING LEASE COMMITMENTS

Of the 133 travel centers owned by the Company as of December 31, 1998, 30 are leased to Operators under operating lease arrangements. Of these Leased Sites, 21 are leased to Operator Stockholders (see Note 17). The lease agreements offered to related parties are the same as those offered to unrelated parties. These cancelable lease arrangements generally are for terms of three to five years. Rent revenue from such operating lease arrangements totaled $14,271,000, $29,433,000 and $41,762,000 for 1998, 1997 and 1996, respectively.

20. OTHER INFORMATION

	YEAR ENDED DECEMBER 31		
	1998	1997	1996
	(IN THOUSANDS OF DOLLARS)		
Operating and Selling, general and administrative expenses include the following:			
Repairs and maintenance expenses	$ 9,208	$ 8,528	$ 2,860
Advertising expenses	$ 8,058	$ 9,141	$ 3,964
Taxes other than payroll and income taxes	$ 5,573	$ 5,099	$ 2,429
Interest (expense), net consists of the following:			
Interest expense	$ (28,285)	$ (26,418)	$ (15,965)
Interest income	2,914	3,520	729
	$ (25,371)	$ (22,898)	$ (15,236)

21. SUPPLEMENTAL CASH FLOW INFORMATION

	YEAR ENDED DECEMBER 31		
	1998	1997	1996
	(IN THOUSANDS OF DOLLARS)		
Cash paid during the year for:			
Interest	$ 27,804	$ 24,611	$ 16,597
Income taxes (net of refunds)	$ (1,224)	$ 3,445	$ 1,321

During 1998, 1997 and 1996 the Company received $1,068,000, $5,023,000 and $3,207,000, respectively, of inventory and property and equipment in liquidation of trade accounts receivable and notes receivable.

During 1998, the Company issued a note payable for $3,044,000 (net of a discount of $1,875,000) in exchange for property and goodwill acquired.

Pursuant to the 1997 Refinancing, the Company extinguished $85,500,000 of Senior Secured Notes through the issuance of Series I Senior Secured Notes and Series II Senior Secured Notes of an aggregate equal face amount.

22. UNAUDITED PRO FORMA PRESENTATION

The following schedule sets forth the consolidated results of operations of the Company as though TAHC had not been held for disposition and instead been fully consolidated since January 1, 1994. Amounts are shown only for the year ended December 31, 1996, as TAHC and TA were fully consolidated for the entire year for each of the years ended December 31, 1998 and 1997.

	YEAR ENDED DECEMBER 31, 1996
	(IN THOUSANDS OF DOLLARS)
Revenues:	
Fuel	$ 752,266
Nonfuel	236,780
Rent and royalties	47,437
Total revenues	1,036,483
Cost of revenues (excluding depreciation)	803,535
Gross profit (excluding depreciation)	232,948
Operating expenses	129,447
Selling, general and administrative expenses	42,811
Refinancing, transition and development costs	2,687
Depreciation and amortization	26,970
(Gain) loss on sales of property and equipment	1,464
Other (income) expense, net	(140)
Income from operations	29,709
Interest income (expense), net	(20,827)
Income before provision for income taxes	8,882
Provision for income taxes	3,349
Net income	$ 5,533

23. CONDENSED CONSOLIDATING FINANCIAL STATEMENT SCHEDULES

The following schedules set forth the condensed consolidating balance sheet schedules of the Company as of December 31, 1998 and 1997 and condensed consolidating statement of income and retained earnings schedules and condensed consolidating statement of cash flows schedules of the Company for the years ended December 31, 1998, 1997 and 1996. 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 and National, and "Nonguarantor Subsidiary" refers to the balances of TAFSI. "Eliminations" represent the adjustments necessary to (a) eliminate intercompany transactions, (b) eliminate the Company's investments in its subsidiaries and (c) present TAHC as a subsidiary held for disposition until September 30, 1996 (see Note 2).

The Guarantor Subsidiaries, TA and National, are wholly-owned subsidiaries of the Company and have fully and unconditionally, jointly and severally, guaranteed the Company's indebtedness. In the 10-K 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.

CONDENSED CONSOLIDATING BALANCE SHEET SCHEDULES:

	DECEMBER 31, 1998				
	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NONGUARANTOR SUBSIDIARY	ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS OF DOLLARS)				
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
Investment 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 (net of unamortized discount)	387,942	2,923	-	-	390,865
Deferred income taxes	-	937	-	-	937
Other liabilities	-	232,566	-	(223,404)	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

TRAVELCENTERS OF AMERICA, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	DECEMBER 31, 1997				
	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NONGUARANTOR SUBSIDIARY	ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS OF DOLLARS)				
Current assets:					
Cash	$ 59,592	$ 12,164	$ -	$ -	$ 71,756
Accounts receivable, net	-	67,927	506	-	68,433
Inventories	-	33,718	-	-	33,718
Deferred income taxes	-	3,740	-	-	3,740
Other current assets	14,176	38,971	2,591	(45,482)	10,256
Total current assets	73,768	156,520	3,097	(45,482)	187,903
Notes receivable, net	887	805	-	-	1,692
Property and equipment, net	-	286,472	-	-	286,472
Intangible assets	-	15,651	-	-	15,651
Deferred financing costs	11,786	-	-	-	11,786
Other assets	730	3,558	-	-	4,288
Investment in subsidiaries	342,860	-	-	(342,860)	-
Total assets	$ 430,031	$ 463,006	$ 3,097	$ (388,342)	$ 507,792
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 500	$ -	$ -	$ -	$ 500
Accounts payable	-	29,387	-	(352)	29,035
Other accrued liabilities	32,601	83,905	889	(45,130)	72,265
Total current liabilities	33,101	113,292	889	(45,482)	101,800
Long-term debt (net of unamortized discount)	289,625	-	-	-	289,625
Deferred income taxes	(852)	5,837	-	-	4,985
Other liabilities	-	230,371	-	(225,892)	4,479
Total liabilities	321,874	349,500	889	(271,374)	400,889
Mandatorily redeemable senior convertible participating preferred stock	61,404	-	-	-	61,404
Other preferred stock, common stock and other stockholders' equity	45,199	81,179	-	(82,433)	43,945
Retained earnings	1,554	32,327	2,208	(34,535)	1,554
	46,753	113,506	2,208	(116,968)	45,499
Total liabilities and stockholders' equity	$ 430,031	$ 463,006	$ 3,097	$ (388,342)	$ 507,792

CONDENSED CONSOLIDATING STATEMENT OF INCOME AND RETAINED EARNINGS SCHEDULES:

	YEAR ENDED DECEMBER 31, 1998				
	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NONGUARANTOR SUBSIDIARY	ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS OF DOLLARS)				
Revenues:					
Fuel	$ -	$ 554,735	$ -	$ -	$ 554,735
Nonfuel	-	346,504	1,257	(230)	347,531
Rent and royalties	-	32,949	6,875	(18,280)	21,544
Total revenues	-	934,188	8,132	(18,510)	923,810
Cost of revenues (excluding depreciation)	-	627,149	-	-	627,149
Gross profit (excluding depreciation)	-	307,039	8,132	(18,510)	296,661
Operating expenses	160	212,530	1,571	(18,510)	195,751
Selling, general and Administrative	829	32,556	871	-	34,256
Transition expense	-	3,648	-	-	3,648
Depreciation and amortization	1,482	43,180	-	-	44,662
(Gain) loss on sale of property and equipment	-	(1,195)	-	-	(1,195)
Stock compensation expense	-	2,500	-	-	2,500
Other operating (income) expense, net	-	(2,054)	-	-	(2,054)
Income (loss) from operations	(2,471)	15,874	5,690	-	19,093
Interest (expense), net	-	(25,368)	(3)	-	(25,371)
Equity income (loss)	(2,155)	-	-	2,155	-
(Loss) income before income taxes and extraordinary items	(4,626)	(9,494)	5,687	2,155	(6,278)
(Benefit) provision for income taxes	(449)	(3,774)	2,122	-	(2,101)
(Loss) income before extraordinary item	(4,177)	(5,720)	3,565	2,155	(4,177)
Extraordinary loss (less applicable income tax benefit)	(3,905)	-	-	-	(3,905)
Net (loss) income	(8,082)	(5,720)	3,565	2,155	(8,082)
Less: preferred dividends	(8,570)	-	-	-	(8,570)
Retained earnings (deficit) - beginning of the year	1,554	32,327	2,208	(34,535)	1,554
Retained earnings (deficit) - end of the year	$ (15,098)	$ 26,607	$ 5,773	$ (32,380)	$ (15,098)

	YEAR ENDED DECEMBER 31, 1997				
	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NONGUARANTOR SUBSIDIARY	ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS OF DOLLARS)				
Revenues:					
Fuel	$ -	$ 715,852	$ -	$ (7,215)	$ 708,637
Nonfuel	-	293,874	7	(38)	293,843
Rent and royalties	-	41,656	3,414	(8,222)	36,848
Total revenues	-	1,051,382	3,421	(15,475)	1,039,328
Cost of revenues (excluding depreciation)	-	780,299		(7,215)	773,084
Gross profit (excluding depreciation)	-	271,083	3,421	(8,260)	266,244
Operating expenses	-	176,350	244	(8,260)	168,334
Selling, general and Administrative	814	33,934	871	-	35,619
Refinancing, transition and development costs	-	14,961	251	-	15,212
Depreciation and amortization	1,119	34,721	-	-	35,840
(Gain) loss on sale of property and equipment	-	(11,244)	-	-	(11,244)
Stock compensation expense	-	1,400	-	-	1,400
Other operating (income) expense, net	-	(1,262)	-	-	(1,262)
Income (loss) from operations	(1,933)	22,223	2,055	-	22,345
Interest (expense), net	(2,629)	(20,269)	-	-	(22,898)
Equity income (loss)	(5,153)	-	-	5,153	-
(Loss) income before income taxes and extraordinary items	(9,715)	1,954	2,055	5,153	(553)
(Benefit) provision for income taxes	(3,952)	509	802	2,297	(344)
(Loss) income before extraordinary item	(5,763)	1,445	1,253	2,856	(209)
Extraordinary loss (less applicable income tax benefit)	-	(5,554)	-	-	(5,554)
Net (loss) income	(5,763)	(4,109)	1,253	2,856	(5,763)
Less: preferred dividends	(7,520)	-	-	-	(7,520)
Retained earnings (deficit) - beginning of the year	14,837	36,436	955	(37,391)	14,837
Retained earnings (deficit) - end of the year	$ 1,554	$ 32,327	$ 2,208	$ (34,535)	$ 1,554

	YEAR ENDED DECEMBER 31, 1996				
	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NONGUARANTOR SUBSIDIARY	ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS OF DOLLARS)				
Revenues:					
Fuel	$ -	$ 752,266	$ -	$ (202,054)	$ 550,212
Nonfuel	-	237,124	-	(137,133)	99,991
Rent and royalties	-	45,711	1,382	(1,038)	46,055
Total revenues	-	1,035,101	1,382	(340,225)	696,258
Cost of revenues (excluding depreciation)	-	802,133	-	(233,439)	568,694
Gross profit (excluding depreciation)	-	232,968	1,382	(106,786)	127,564
Operating expenses	-	130,849	-	(74,772)	56,077
Selling, general and administrative	736	41,075	1,000	(11,546)	31,265
Refinancing, transition and development costs	-	2,687	-	(490)	2,197
Depreciation and amortization	-	26,970	-	(9,132)	17,838
(Gain) loss on sales of property and equipment	-	1,469	-	(5)	1,464
Stock compensation expense	-	667	-	-	667
Other operating (income) expense, net	-	(812)	-	5	(807)
Income of subsidiary held for disposition	-	-	-	(5,255)	(5,255)
Income from operations	(736)	30,063	382	(5,591)	24,118
Interest (expense), net	-	(20,827)	-	5,591	(15,236)
Equity income (loss)	9,618	-	-	(9,618)	-
Income before provision for income taxes	8,882	9,236	382	(9,618)	8,882
Provision for income taxes	3,349	3,410	138	(3,548)	3,349
Net income	5,533	5,826	244	(6,070)	5,533
Less: preferred dividends	(6,599)	-	-	-	(6,599)
Retained earnings (deficit) - beginning of the year	15,903	30,610	711	(31,321)	15,903
Retained earnings (deficit) - end of the year	$ 14,837	$ 36,436	$ 955	$ (37,391)	$ 14,837

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS SCHEDULES:

	YEAR ENDED DECEMBER 31, 1998				
	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NONGUARANTOR SUBSIDIARY	ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS OF DOLLARS)				
CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES:	$ (2,396)	$ 50,917	$ -	$ -	$ 48,521
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisitions of network assets	-	(63,215)	-	-	(63,215)
Proceeds from sales of property and equipment	-	3,414	-	-	3,414
Capital expenditures	-	(65,704)	-	-	(65,704)
Net cash used in investing activities	-	(125,505)	-	-	(125,505)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Long-term debt borrowings	229,250	-	-	-	229,250
Long-term debt repayments	(129,987)	-	-	-	(129,987)
Repurchase of common stock	(475)	-	-	-	(475)
Debt issuance costs	(4,360)	-	-	-	(4,360)
Intercompany advances	(91,959)	91,959	-	-	-
Net cash (used in) provided by financing activities	2,469	91,959	-	-	94,428
Net increase in cash	73	17,371	-	-	17,444
Cash at the beginning of the year	59,592	12,164	-	-	71,756
Cash at the end of the year	$ 59,665	$ 29,535	$ -	$ -	$ 89,200

	YEAR ENDED DECEMBER 31, 1997				
	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NONGUARANTOR SUBSIDIARY	ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS OF DOLLARS)				
CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES:	$ 13,898	$ 27,772	$ -	$ -	$ 41,670
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisitions of network assets	-	(15,127)	-	-	(15,127)
Proceeds from sales of property and equipment	-	37,958	-	-	37,958
Capital expenditures	-	(60,818)	-	-	(60,818)
Net cash used in investing activities	-	(37,987)	-	-	(37,987)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Revolving loan borrowings	-	3,750	-	-	3,750
Revolving loan repayments	-	(17,750)	-	-	(17,750)
Long-term debt borrowings	205,000	-	-	-	205,000
Long-term debt repayments	(375)	(126,300)	-	-	(126,675)
Proceeds from issuance of stock	329	-	-	-	329
Repurchase of common stock	(7,456)	-	-	-	(7,456)
Debt issuance costs	(12,904)	-	-	-	(12,904)
Intercompany advances	(138,900)	138,900	-	-	-
Net cash (used in) provided by financing activities	45,694	(1,400)	-	-	44,294
Net increase (decrease) in cash	59,592	(11,615)	-	-	47,977
Cash at the beginning of the year	-	23,779	-	-	23,779
Cash at the end of the year	$ 59,592	$ 12,164	-	$ -	$ 71,756

	YEAR ENDED DECEMBER 31, 1996				
	PARENT COMPANY	GUARANTOR SUBSIDIARIES	NONGUARANTOR SUBSIDIARY	ELIMINATIONS	CONSOLIDATED
	(IN THOUSANDS OF DOLLARS)				
CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES:	$ 712	$ 38,763	$ -	$ (11,855)	$ 27,620
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisitions of network assets	-	(2,352)	-	-	(2,352)
Proceeds from sales of property and equipment	-	965	-	(322)	643
Capital expenditures	-	(27,089)	-	6,544	(20,545)
Net cash used in investing activities	-	(28,476)	-	6,222	(22,254)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Revolving loan borrowings	-	14,000	-	-	14,000
Long-term debt repayments	-	(16,125)	-	3,750	(12,375)
Reconsolidation of subsidiary previously held for disposition	-	-	-	14,309	14,309
Other	(712)	-	-	-	(712)
Net cash (used in) provided by financing activities	(712)	(2,125)	-	18,059	15,222
Net increase in cash	-	8,162	-	12,426	20,588
Cash at the beginning of the year	-	15,617	-	(12,426)	3,191
Cash at the end of the year	$ -	$ 23,779	$ -	$ -	$ 23,779

QUARTERLY FINANCIAL DATA - UNAUDITED

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER(A)
	(IN THOUSANDS OF DOLLARS EXCEPT PER SHARE AMOUNTS)			
1998 Data:				
Total Revenue	$ 213,324	$ 229,537	$ 238,335	$ 242,614
Gross Profit	$ 66,174	$ 72,164	$ 78,975	$ 79,348
Income (loss) before extraordinary item	$ (7,283)	$ 678	$ 2,387	$ 41
Net income (loss)	$ (7,283)	$ 678	$ 2,387	$ (3,864)
Earnings per common share:				
Income (loss) before extraordinary item:				
Basic	$ (14.97)	$ (2.34)	$ 0.29	$ (3.63)
Diluted	$ (14.97)	$ (2.34)	$ 0.05	$ (3.63)
Net income (loss):				
Basic	$ (14.97)	$ (2.34)	$ 0.29	$ (10.16)
Diluted	$ (14.97)	$ (2.34)	$ 0.05	$ (10.16)
1997 Data:				
Total Revenue	$ 265,113	$ 264,877	$ 250,312	$ 259,026
Gross Profit	$ 59,235	$ 66,066	$ 69,775	$ 71,168
Income (loss) before extraordinary item	$ (106)	$ (2,798)	$ 4,858	$ (2,163)
Net income (loss)	$ (5,660)	$ (2,798)	$ 4,858	$ (2,163)
Earnings per common share:				
Income (loss) before extraordinary item:				
Basic	$ (1.56)	$ (4.13)	$ 2.93	$ (5.52)
Diluted	$ (1.56)	$ (4.13)	$ 0.64	$ (5.52)
Net income (loss):				
Basic	$ (6.07)	$ (4.13)	$ 2.93	$ (5.52)
Diluted	$ (6.07)	$ (4.13)	$ 0.64	$ (5.52)

(a) In the fourth quarter of 1998, the Company recognized an extraordinary loss, net of the applicable income tax benefit of $2,012,000, of $3,905,000 with respect to the early extinguishment of indebtedness. In the fourth quarter of 1997, the Company recognized impairment charges of an aggregate amount of $7,500,000. In addition, transition expenses of $4,254,000 were incurred in the 1997 fourth quarter.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the directors and executive officers of the Company required by this item is incorporated by reference to the material appearing under the heading "Directors and Officers of the Registrant" in Exhibit 99.1 to this Report.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation required by this item is incorporated by reference to the material appearing under the heading "Executive Compensation" in Exhibit 99.1 to this Report.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information concerning security ownership of certain beneficial owners and management of the Company required by this item is incorporated by reference to the material appearing under the heading "Security Ownership of Certain Beneficial Owners and Management" in Exhibit 99.1 to this Report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and related transactions required by this item is incorporated by reference to the material appearing under the heading "Certain Relationships and Related Transactions" in Exhibit 99.1 to this Report.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

A. Documents filed as part of this report:

1. Financial Statements

Financial statements filed as part of this report are listed in the Index to Consolidated Financial Statements and Supplementary Data on page 27.

2. Financial Statement Schedules

All schedules are omitted because they are not applicable, not material or the required information is shown in the financial statements listed above.

3. Exhibits

Reference is made to the Exhibit Index set forth at page i of this report.

B. Reports on Form 8-K

On December 18, 1998, the Company filed a Form 8-K reporting its acquisition of substantially all of the truckstop network assets of Burns Bros., Inc. and affiliates as of December 3, 1998.

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SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT

No annual report or proxy statement has been furnished to the registrant's security holders. The registrant shall furnish to the Commission for its information, at the time copies of such material are furnished to its security holders, four copies of every proxy statement, form of proxy or other proxy soliciting material sent to more than ten of the registrant's security holders with respect to the registrant's annual meeting. The foregoing material shall not be deemed to be "filed" with the Commission or otherwise subject to the liabilities of Section 18 of the Act, except to the extent that the registrant specifically incorporates it in this Form 10-K by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

March 31, 1999
(Date)

By: /s/ James W. George
Name: James W. George
Title: Senior Vice President, Chief Financial Officer and Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities on the date indicated.

Signature	Title	Date
/s/ Edwin P. Kuhn Edwin P. Kuhn	President, Chief Executive Officer and Director (Principal Executive Officer)	March 31, 1999
/s/ James W. George James W. George	Senior Vice President, Chief Financial Officer and Secretary (Principal Financial Officer and Principal Accounting Officer)	March 31, 1999
/s/ Margaret M. Eisen Margaret M. Eisen	Director	March 31, 1999
/s/ Robert B. Calhoun, Jr. Robert B. Calhoun, Jr.	Chairman of the Board of Directors and Director	March 31, 1999
/s/ Eugene P. Lynch Eugene P. Lynch	Director	March 31, 1999
/s/ Louis J. Mischianti Louis J. Mischianti	Director	March 31, 1999
/s/ Rolf H. Towe Rolf H. Towe	Director	March 31, 1999
/s/ Harrison T. Bubb Harrison T. Bubb	Director	March 31, 1999

EXHIBIT INDEX

Exhibit Number	Exhibit	Page
2.1	Asset Purchase Agreement, dated October 17, 1998, between TA and Burns Bros. Inc.....	
2.2	Amendment to Asset Purchase Agreement, dated December 3, 1998, between TA and Burns Bros. Inc.....	
2.3	Agreement and Plan of Merger by and among the Company, TP Acquisition, Inc. and TPOA, dated as of February 26, 1999.....	(e)
2.4	Share Exchange Agreement by and among the Company and E. Philip Saunders, dated as of February 26, 1999.....	(e)
2.5	Voting Agreement, dated as of February 26, 1999, among the Company, TP Acquisition, Inc. and E. Philip Saunders and John M. Holohan.....	(e)
3.1	Restated Certificate of Incorporation of the Company.....	(a)
3.2	Certificate of Amendment to the Restated Certificate of Incorporation of the Company.....	(d)
3.3	Restated Certificate of Incorporation of National Auto/Truckstops, Inc.....	(b)
3.4	Restated Certificate of Incorporation of TA Operating Corporation.....	(b)
3.5	Second Amended and Restated By-laws of the Company.....	(b)
3.6	Amended and Restated By-laws of National Auto/Truckstops, Inc.....	(b)
3.7	Amended and Restated By-laws of TA Operating Corporation.....	(b)
4.1	Indenture, dated March 27, 1997, among the Company, TA, National and Fleet National Bank as Trustee.....	(a)
4.2	Exchange and Registration Rights Agreement, dated March 27, 1997, among the Company, the TA Subsidiary, the National Subsidiary and Chase Securities, Inc.....	(a)
4.3	Form of Face of Initial Security (included in Exhibit 4.1 as Exhibit A).....	(a)
4.4	Form of Face of Exchange Security (included in Exhibit 4.1 as Exhibit B).....	(a)
4.5	Supplemental Indenture, dated March 1, 1998, among the Company, TA, National, TA Travel and State Street Bank and Trust Company as Trustee.....	(b)
9.1	Voting Trust Agreement, dated April 14, 1993, among the Company, the Voting Trustee and the Operator Stockholders named therein.....	(a)
9.2	Amendment No. 1 to Voting Trust Agreement, dated November 29, 1993, among the Company, the Voting Trustee and the Operator Stockholders.....	(a)
9.3	Amendment No. 2 to Voting Trust Agreement, dated March 6, 1997, among the Company, the Voting Trustee and the Operator Stockholders.....	(a)

Exhibit Number	Exhibit	Page
10.1	Amended and Restated Registration Agreement among the Company, National I, National II, National III, Clipper Truckstops, L.P., Clipper/Merchant, Olympus, Barclays Bank, Barclays, Mellon Bank, N.A. as Trustee for First Plaza, UBS, Phoenix Insurance Company and Travelers dated as of December 10, 1993.....	(a)
10.2*	1993 Stock Incentive Plan of the Company.....	(a)
10.3*	Form of the Company's 1993 Stock Incentive Plan--Nonqualified Stock Option Agreement--National Awards.....	(a)
10.4*	Form of the Company's 1993 Stock Incentive Plan--Nonqualified Stock Option Agreement--TA	
10.4*	Awards	(a)
10.5	Credit Agreement, dated as of March 21, 1997, as amended and restated as of November 24, 1998, among the Company, the Chase Manhattan Bank as agent, fronting bank and swingline lender and the Lenders party thereto.....	
10.6	Senior Note Exchange Agreement as of March 21, 1997, among the Company, TA, National and the Noteholders listed on Schedule 1 thereto.....	(a)
10.7	Amendment and Waiver Agreement dated as of March 1, 1998, amending the Senior Note Exchange Agreement, dated March 21, 1997.....	(b)
10.8	Supplemental Agreement, dated as of November 24, 1998, amending the Senior Secured Note Exchange Agreement dated as of March 21, 1997 (as amended).....	
10.9	Stockholders' Agreement, dated as of March 6, 1996, among the Company, the voting trust certificate holders named therein, the Voting Trustee, the management stockholders of the Company named therein, the additional stockholders named therein, Clipper, National I, National II, National III and Clipper/Merchant.....	(a)
10.10*	Form of Executive Employment Agreement.....	(b)
10.11*	Schedule of Executive Employment Agreements omitted pursuant to Instruction 2 to Item 601 of Regulation S-K.....	(b)
10.12*	1997 Stock Incentive Plan of the Company.....	(c)
10.13*	Form of Company's 1997 Stock Incentive Plan - Nonqualified Stock Option Agreement.....	(b)
10.14*	Form of Management Subscription Agreement.....	(b)
10.15*	Schedule of Management Subscription Agreements omitted pursuant to Instruction 2 to Item 601 of Regulation S-K.....	
10.16*	Form of Note.....	
10.17*	Schedule of Notes omitted pursuant to Instruction 2 to Item 601 of Regulation S-K.....	
21	List of Subsidiaries of the Company.....	
27.1	Financial Data Schedule.....	
99.1	Information Required by Part III of Form 10-K.....	

(a) Incorporated herein by reference to exhibits filed with the Company's Registration Statement on Form S-4 (File No. 333-26497) effective July 17, 1997.

(b) Incorporated by reference to exhibits filed with the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

(c) Incorporated herein by reference to an exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997.

(d) Incorporated herein by reference to an exhibit filed with the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998.

(e) Incorporated herein by reference to exhibits filed with the Company's Schedule 13D dated as of February 26, 1999.

* Executive compensation plans.

Exhibit 2.1

ACQUISITION OF CERTAIN ASSETS

OF

BURNS BROS., INC.

BY

TA OPERATING CORPORATION

ASSET PURCHASE AGREEMENT

October 17, 1998

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is entered into this 17th day of October, 1998, by and between Burns Bros., Inc., an Oregon corporation ("Seller") and TA Operating Corporation, a Delaware corporation ("Buyer").

RECITAL:

A. The parties desire that Seller, Burns Family Realty Co., an Oregon general partnership ("Realty") and Burns Bros. Enterprises, Inc., a Nevada corporation ("Enterprises") sell to Buyer and that Buyer purchase from Seller, Realty and Enterprises substantially all of the assets of Seller, Realty and Enterprises (other than Nevada gaming assets owned and operated by Enterprises) relating to or used in the operation of Seller's truckstop business, including but not limited to its operation of truckstops, travelcenters, travel stores, lounges, motels, restaurants, video poker, quick service restaurants, truckwashes and truck tire shops at or on the Owned Real Property (as hereinafter defined) and Seller's fuel hauling and wholesale fuel business (collectively, the "Business") upon the terms hereinafter set forth.

In consideration of and in reliance upon the representations, warranties and obligations contained in this Agreement, the parties agree as follows:

ARTICLE I

PURCHASE OF ASSETS

1.1 Definitions. Accounting terms used herein and not otherwise defined herein shall have the meanings given to them under generally accepted accounting principles. When used in this Agreement, the following terms in all of their tenses and cases shall have the meanings assigned to them below or elsewhere in this Agreement as indicated below:

"Acquisition Balance Sheets" is defined in Section 4.3.1.

"Affiliate" of any Person means any person directly or indirectly controlling, controlled by or under common control with any such Person and any officer, director or controlling person of such Person.

"Assumed Balance Sheet Liabilities" is defined in paragraph (a) of Section 2.1.

"Assumed Contracts" means the Contracts listed on Schedules 1.2(f), (i) and (j).

"Assumed Liabilities" is defined in Section 2. 1.

"BFR Assets" means (i) the building, trade fixtures and equipment owned by Realty and used in the operation of the Business at Rye Patch, Nevada and (ii) one high-rise sign located at each of the following Owned Real Properties: Kadoka, South Dakota; Stockton, Iowa; Waco, Nebraska; Spencer, South Dakota; Overton, Nebraska; Sinclair, Wyoming; Troutdale, Oregon; Coachella, California; Cheyenne, Wyoming; and Fort Bridger, Wyoming. The BFR Assets do not include the land at Rye Patch, Nevada, which is owned by Seller, or gaming equipment at Rye Patch, Nevada or Mill City, Nevada, which is owned by Enterprises.

"BFR Asset Purchase Agreement" means that certain Asset Purchase Agreement by and between Burns Family Realty Company, as seller, and TA Operating Corporation, as buyer, executed and delivered contemporaneously with this Agreement and providing for the purchase and sale of the BFR Assets.

"Books and Records" means all books and records of Seller relating to the Business and properties of Seller used in the Business, including, but not limited to, (i) all books and records relating to the purchase of materials and supplies, sales of products, dealings with customers, invoices, suppliers' lists and personnel records, (ii) all contracts, reports, opinions, maps and other documents affecting the title to or the value of the properties of Seller,
(iii) Tax Returns, and (iv) all financial and operating data, files and other information with respect to Seller's Business, but excluding minute books and stock records of Seller.

"Business" is defined in Recital A.

"Buyer" means TA Operating Corporation or its permitted assigns.

"Buyer Indemnified Parties" is defined in Section 9.2.

"CERCLA" means the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, 42 U.S.C. ss.ss. 96-1 et seq.

"Closing" and "Closing Date" are defined in Article VII.

"Closing Amount" is defined in Section 3.1.

"COBRA" is defined in Section 8.3.3.

"Contract" means any commitment, understanding, instrument, lease, pledge, mortgage, indenture, note, license, agreement, purchase or sale order, contract, promise or similar arrangement evidencing or creating any obligation, whether written or oral.

"Disposal" means disposal as defined by RCRA or as defined by any applicable similar Law of any jurisdiction where Seller has conducted business or a jurisdiction where there has been a Release of Hazardous Substances in connection with the conduct of the Business.

"Employee Benefit Plan" means any employee benefit plan (as defined in Section 3.3 of ERISA), or any employment contract, employee loan, incentive compensation, profit sharing, retirement, pension, deferred compensation, severance termination pay, stock option or purchase plan, guaranteed annual income plan, fund or arrangement, payroll incentive policy, fund, agreement or arrangement, noncompetition or consulting agreement, hospitalization, disability, life or other insurance plan, or other employee fringe benefit program or plan, or any other plan, payroll practice, policy, fund, agreement or arrangement similar to or in the nature of the foregoing, oral or written relating to the Business of Seller.

"Employee Claims" is defined in Section 4.5.1.

"Enterprises" means Burns Bros. Enterprises, Inc., a Nevada corporation.

"Enterprises Asset" means that certain high-rise electronic message board sign owned by Enterprises and located at the following Owned Real Property: Mill City, Nevada.

"Enterprises Asset Purchase Agreement" means that certain Asset Purchase Agreement by and between Burns Bros. Enterprises, Inc., as seller, and TA Operating Corporation, as buyer, executed and delivered contemporaneously with this Agreement and providing for the purchase and sale of the Enterprises Asset.

"Environmental Reports" is defined in Section 6.1.11.

"Environmental Law" means any federal, state or local Law pertaining to the environment or the health or safety of the public or employees, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. ss.ss. 9601 et seq.; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. ss.ss. 6901 et seq.; any state or local Law similar to CERCLA or RCRA; the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. ss. 11011, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. ss.ss. 1801 et seq.; the Clean Air Act, 42 U.S.C. ss.ss. 7401 et seq.; the Clean Water Act, 33 U.S.C. ss.ss. 1251 et seq.; the Occupational Safety and Health Act, 29 U.S.C. ss.ss. 651 et seq.; the Toxic Substances Controls Act, 15 U.S.C. ss.ss. 2602 et seq., each as amended; all regulations issued pursuant to the foregoing; all permits issued to Realty or Seller or any of their subsidiaries pursuant to the foregoing; and any other state, federal or local Law, whether currently in existence or hereafter enacted, pertaining to:

(i) the existence, cleanup and/or remedy of contamination on property;

(ii) the emission or discharge of Hazardous Substances into the environment, including, without limitation, into sewer systems or within buildings;

(iii) the control of hazardous wastes;

(iv) the use, generation, transport, treatment, storage, disposal, removal or recovery of Hazardous Substances, including building materials; or

(v) worker or community protection.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Gaming Agreement" is defined in Section 6.3.3.

"Governmental Authority" means any foreign, federal, state, regional or local authority, agency, body, court or instrumentality, regulatory or otherwise, which, in whole or in part, was formed by or operates under the auspices of any foreign, federal, state, regional or local government.

"Hazardous Substances" means any hazardous substance, extremely hazardous substances, toxic substances, hazardous waste, pollutant, contaminant and any other substance, material or waste regulated by an Environmental Law and any regulations promulgated pursuant thereto, or which requires investigation or remediation under any applicable Environmental Law. Hazardous Substances include, without limitation, Petroleum Products, asbestos, urea formaldehyde and polychlorinated biphenyls, regardless of whether specifically listed or designated as a hazardous substance under any Environmental Law.

"H-S-R" is defined in Section 6.3.1.

"Independent Accountants" is defined in Section 3.2.

"Intellectual Property Rights" is defined in paragraph (g) of Section 1.2.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended.

"Inventory Amount" is defined in Section 3.2.

"Knowledge of Buyer" means the actual knowledge of any elected officer of Buyer.

"Knowledge of Seller" means the actual knowledge of Bruce Burns, Steve Gross, Kirk French, Dave Summers, Pat Schauer, Pat Jameson, Jim Bye, Greg McPherson or Jack Fairfield.

"Law" means any common law and any federal, state, regional, local or foreign law, rule, statute, ordinance, rule, order or regulation.

"Liabilities" means responsibilities, obligations, duties, commitments, claims and liabilities of any and every kind, whether known or unknown, accrued, absolute, contingent or otherwise.

"Lien" means any lien, charge, covenant, condition, easement, adverse claim, demand, encumbrance, limitation, security interest, option, pledge, or any other title defect or restriction of any kind.

"Listed Assets" is defined in Section 1.2.

"Material Contract" means any Contract relating to the Business and pursuant to which Seller is obligated to expend, in the aggregate, $25,000 in any six (6) month period, and any other Contract otherwise material to Seller's Business.

"Non-Waived Environmental Claim" is defined in Section 8.4.

"Owned Real Property" is defined in Section 1.2.

"Permitted Encumbrance" is defined in Section 6.3.8.

"Person" means any individual, corporation, partnership, limited liability company, association or any other entity or organization.

"Petroleum Products" means petroleum, gasoline, oil, fuel oil, diesel fuel and petroleum solvents, petroleum by-products or any other product or substance derived from petroleum.

"Plan" means any Employee Benefit Plan with respect to which Seller currently is, or during the three year period preceding the date hereof has been, the sponsor, a party or obligated to make contributions.

"Protected Information" is defined in Section 8.1.2.

"Purchase Price" is defined in Section 3.1.

"Purchased Assets" is defined in Section 1.2.

"RCRA" means the Resource Conservation and Recovery Act of 1976, as amended, and as codified in the Solid Waste Disposal Act, 42 U.S.C. ss. 6901, et seq. All references to RCRA in this Agreement incorporate all regulations at 40 CFR. ss. 260, et seq., promulgated pursuant to RCRA as well as all state statutes and regulations adopted pursuant to RCRA or similar statutes of any state.

"Realty" means Burns Family Realty Co., an Oregon general partnership.

"Receivables Amount" is defined in Section 3.3.

"Release" means any direct or indirect spilling, pumping, pouring, emitting, emptying, placing, discharging, injecting, escaping, leaking, dumping or disposing on or into any

building or facility or the environment, whether intentional or unintentional, known or unknown, and includes a threatened Release.

"Retention Amount" is defined in Section 8.2.10.

"Salable Inventory" is defined in Section 3.2.

"Seller" means Burns Bros., Inc., an Oregon corporation.

"Seller Indemnified Parties" is defined in Section 9.3.

"Storage" means storage as defined by RCRA or as defined by any applicable similar Law of any jurisdiction where Seller has conducted business or a jurisdiction where there has been a Release of Hazardous Substances in connection with the conduct of the Business; provided, however, that the term "Storage" as used herein shall not be limited to the storage of "hazardous wastes" as defined in RCRA, but shall extend to encompass the storage of any Hazardous Substances.

"TABB" is defined in Section 6.3.4.

"Tax" means any tax, charge or assessment by or liability to any Governmental Authority, including, but not limited to, any deficiency, interest or penalty.

"Tax Refund Claim" is defined in Section 1.3(d).

"Tax Returns" is defined in Section 4.3.4.

"Title Company" shall mean First American Title Insurance Company.

"Trade Secret" means any information which, if known to a competitor of the owner of the information, could be harmful to the owner of the information.

"Transport" means transport as defined by RCRA or as defined by any applicable similar Law of any jurisdiction where Seller has conducted business or a jurisdiction where there has been a Release of Hazardous Substances in connection with the conduct of the Business.

"Treatment" means treatment as defined by RCRA or as defined by any applicable similar Law of any jurisdiction where Seller has conducted business or a jurisdiction where there has been a Release of Hazardous Substances in connection with the conduct of the Business.

"Waived Environmental Claim" is defined in Section 8.6.

1.2 Purchased Assets. Seller agrees to sell, transfer and assign to Buyer, free and clear of all Liens except Permitted Encumbrances, and Buyer agrees to purchase from Seller, substantially all of the assets of Seller relating to or used in the operation of the Business, whether

known or unknown, tangible or intangible, and wherever located, existing as of the Closing, except the assets listed in Section 1.3. The assets of Seller to be purchased and sold pursuant to this Agreement are sometimes hereinafter collectively referred to as the "Purchased Assets." The Purchased Assets include, but are not limited to, all of the following assets of Seller relating to or used in the operation of the Business:

(a) Cash. Cash in the amount listed in Schedule 1.2(a). In the event the aggregate amount of cash on hand at the Owned Real Properties at the time of the inventory referred to in Section 3.2 is less than the total shown on Schedule 1.2(a), Seller shall deliver the shortfall to Buyer immediately after Closing. In the event the aggregate amount of cash on hand at the Owned Real Properties at the time of the inventory referred to in Section 3.2 is more than the total shown on Schedule 1.2(a), Buyer shall deliver the excess to Seller immediately after Closing. Cash purchased and sold under this Agreement does not include cash or imprest funds of Enterprises at Mill City, Nevada or Rye Patch, Nevada.

(b) Tangible Personal Property. All equipment, machinery, leasehold improvements, computers (both computer hardware and software owned and licensed), furniture, fixtures, motor vehicles (including but not limited to any vehicles used in connection with fuel hauling or wholesale fuel business), office equipment and tooling, including, but not limited to,
(i) personal property used by (x) any site-level employee or
(y) any employee at Seller's headquarters who is hired by Buyer, in the conduct of his or her duties, including, automobiles, fax machines, cell phones and laptop computers, and (ii) those assets described or identified on Schedule 1.2(b), attached hereto (the "Listed Assets"), but excluding the computer software listed on Schedule 1.2(b-i), which is nonassignable;

(c) Inventory. Inventories of fuel and non-fuel products, goods, raw materials, purchased parts, spare parts and work-in-process as of the Closing Date (including such inventories at the Wilsonville, Oregon, and Portland, Oregon, travelstops) and including inventories of fuel products owned by Seller and stored at bulk storage terminals listed on Schedule 1.2(c));

(d) Receivables. Any and all trade accounts receivable of Seller (including without limitation credit card receivables, receivables due from third-party billing companies, board charges and other amounts due on open account, and customer notes) as of the Closing Date (including such receivables which pertain to Wilsonville, Oregon, and Portland, Oregon, travelstops);

(e) Deposits. Prepaid assets and deposits listed on Schedule 1.2(e) attached hereto;

(f) Purchase and Sale Contract Rights. All rights of Seller under contracts which were made in the ordinary course of business providing for the purchase or sale of goods or services, which contracts are disclosed to Buyer on Schedule 1.2(f) attached hereto;

(g) Intellectual Property Rights. All intellectual property of Seller, if any, relating to the Business, including copyrights, copyright registrations, designs, blueprints, engineering data, know-how, software, patents, patent applications, trademarks, trade dress and trade names, all applications and registrations for such trademarks, trade dress and trade names (including without limitation the copyright registrations listed on Schedule 4.7.6), and any and all goodwill related thereto or associated therewith (including, without limitation, any and all rights to the name "Mrs. B's", "TABB" and derivatives thereof, and any names, trademarks or trade dress substantially similar to those used by Seller in connection with the Business, and rights to use the name "Burns Bros." in connection with the operation of Buyer's primary business on or at the Owned Real Property for a period of five (5) years after the Closing) and all rights of Seller under related license agreements listed on Schedule 4.7.6) to the extent the license agreements may be assigned (the "Intellectual Property Rights");

(h) Listings. All customer and supplier lists, if any, and related correspondence;

(i) Additional Contract Rights. Such other contract rights, such as distributor, franchise, jobber and dealer agreements, and leases for existing facilities and equipment, as are listed on Schedule 1.2(i);

(j) Leased Signs and Sign Sites. Rights under (i) leases of billboard signs, (ii) leases of sites for billboard signs owned by Seller and (iii) leases or other agreements for highway logo board signs, used in connection with the Business and listed on Schedule 1.2(j);

(k) Real Property. All real estate and interests in real estate (including, but not limited to, all buildings and improvements) used or usable in connection with the Business, including without limitation, the sites listed on Schedule 1.2(k), attached hereto, and all "out parcels," including, but not limited to the out parcels located in Corning, California, and Troutdale, Oregon (collectively, the "Owned Real Property");

(1) Truck Repair Shops. The free-standing truck repair shops at the Corning and Coachella, California, sites (including all fixtures and improvements) that are currently being leased to Buyer;

(m) Permits and Licenses. To the extent assignable under law, rights under such permits and licenses, including but not limited to beer, wine and liquor permits, as Buyer may elect to include in the assets to be acquired;

(n) Pipeline Rights. All rights, if any, to the transport of fuel through common carrier pipelines as described on Schedule 1.2(n); and

(o) Headquarters Assets. Certain personal property located at and used in the operation of Seller's headquarters offices at Weatherly Building, Suite 1200, 516 S. E. Morrison Street, Portland, Oregon 97214 and listed on Schedule 1.2(o).

1.3 Retained Assets. Seller shall not sell, transfer or assign to Buyer, and Buyer shall not purchase from Seller, the following assets relating to the Business:

(a) Certain Real and Personal Property. The real estate and personal property (excluding inventory and accounts receivable) located at, and used in the operation of Seller's Wilsonville, Oregon, and Portland, Oregon, facilities, and the real estate and personal property located at, and used in the operation of Seller's Minden, Iowa, or Ellensburg, Washington facilities;

(b) Headquarters Assets. All of the personal property located at and used in the operation of Seller's headquarters offices at Weatherly Building, Suite 1200, 516 S.E. Morrison Street, Portland, Oregon 97214, except the personal property listed on Schedule 1.2(o) or as described in Section 1.2(b)(i);

(c) Enterprises' Property. All assets owned by Enterprises at the Mill City and Rye Patch, Nevada, facilities listed on Schedule 1.3(c);

(d) Tax Refund Claim. Those certain claims of Seller against the Internal Revenue Service and the Oregon Department of Revenue for refund of income taxes arising from Seller's understatement of cost of goods sold on tax returns filed prior to June 30, 1992 (the "Tax Refund Claim"); and

(e) Certain Assets at Lounge at Troutdale, Oregon. The personal property located at and used in the operation of the lounge and video poker facility at the Troutdale, Oregon facility, and listed on Schedule 1.3(e).

ARTICLE II

ASSUMPTION OF LIABILITIES

2.1 Assumed Liabilities. Buyer agrees to assume only the following obligations (the "Assumed Liabilities") of Seller existing as of the Closing:

(a) those liabilities and obligations of Seller relating to the Business and which relate to operations or events arising from and after the Closing Date under the Assumed Contracts and in respect of which Seller is not in default as of the Closing Date;

(b) those current liabilities of Seller relating to the Business and reflected on the modified August 31, 1998, balance sheet attached hereto as Schedule 2.1(b) (other than the current portion of any long-term debt, liabilities related to environmental matters, workers' compensation or insurance claims and all employee-related liabilities) to the extent the same are outstanding on the Closing Date, together with such similar liabilities as are incurred by Seller in the ordinary course of business between August 31, 1998, and the Closing Date and are reflected on the Final Closing Balance Sheet (as hereinafter defined) (the "Assumed Balance Sheet Liabilities"); and

(c) outstanding "Loyal Fueler" liabilities and obligations.

Nothing in this Section 2.1 shall be construed or implied to impose upon Buyer any Liabilities retained by Seller under Section 2.3.

2.2 Closing Balance Sheet

2.2.1 Preparation of Preliminary Closing Balance Sheet. Within forty-five (45) days after the Closing, Seller will prepare and deliver to Buyer a balance sheet (the "Preliminary Closing Balance Sheet") as of the Closing reflecting, among other things: (a) the current liabilities of Seller, excluding the current portion of any long-term debt, liabilities related to environmental matters, workers' compensation or insurance claims, and reducing such liabilities by an amount equal to identifiable and realizable payment term discounts; and (b) an amount equal to the accounts receivable of the Business (excluding any accounts receivable which are subject to the American Credit Industry Insurance Company credit insurance policy and the notes and accounts receivable listed on Schedule 2.2.1(a), attached hereto), minus the amount of the Assumed Balance Sheet Liabilities, minus a reserve for bad debts mutually agreed upon by Seller and Buyer as forth on Schedule 2.2.1(b) (the "Receivables Amount"). Except as provided in the preceding sentence, the balance sheet shall be prepared in accordance with generally accepted accounting principles on a basis consistent with Seller's past practice; provided, however, that to the extent that any of Seller's past accounting principles were not in accordance

with generally accepted accounting principles, such nonconforming practices shall not be followed in the preparation of the Preliminary Closing Balance Sheet;

2.2.2 Preliminary Closing Balance Sheet Review. Upon Seller's delivery of the Preliminary Closing Balance Sheet, all work papers, documents and records used or generated by Seller (or its accountants) in connection with the preparation of the Preliminary Closing Balance Sheet shall be made available to Buyer. Buyer shall review the Preliminary Closing Balance Sheet and, on or before the 30th day after Buyer's receipt of the Preliminary Closing Balance Sheet, Buyer shall deliver to Seller, in writing, any objections or disputes which it may have with respect to whether the Preliminary Closing Balance Sheet was prepared in accordance with the provisions of this Agreement.

2.2.3 Preliminary Closing Balance Sheet Dispute. If Buyer makes a timely objection to the Preliminary Closing Balance Sheet, and Buyer and Seller are unable to resolve their disputes within fifteen (15) days after Buyer's objection, the dispute shall be resolved by arbitration in Denver, Colorado, before Arthur Andersen & Co. (the "Independent Accountants"). The Independent Accountants shall conduct such arbitration and perform their services in compliance with the provisions and guidelines of this Agreement, as expeditiously as possible, and deliver a revised Preliminary Closing Balance Sheet to Seller and Buyer as a result thereof. The fees and expenses of the Independent Accountants for the resolution of the dispute shall be shared equally by Buyer and Seller.

2.2.4 Final Closing Balance Sheet. The Preliminary Closing Balance Sheet shall be deemed final and binding upon the parties and shall become the "Final Closing Balance Sheet" upon the earliest to occur of the following:

(a) the mutual agreement of Buyer and Seller to and acceptance of the Preliminary Closing Balance Sheet;

(b) Buyer's failure to object timely in writing to the Preliminary Closing Balance Sheet; or

(c) the receipt by Buyer and Seller of a revised Preliminary Balance Sheet as a result of arbitration before the Independent Accountants.

2.3 Retained Liabilities. Notwithstanding anything in this Agreement to the contrary, Buyer does not assume and will not become responsible for any Liability (whether known or unknown) of Seller except the Assumed Liabilities, and Seller shall be responsible for, and shall satisfy and discharge, all Liabilities relating or pertaining to it or the Business, other than the Assumed Liabilities. Without limiting the generality of the foregoing, the following are included among the Liabilities of Seller which Buyer does not expressly or impliedly assume:

(a) Long-Term Debt. All of the long-term debt, including the current portion thereof and including all interest thereon of Seller;

(b) Product Liability. All Liabilities with respect to products manufactured, sold or leased by Seller prior to the Closing, without regard to (i) the basis or theory of claim (negligence, strict tort, breach of express or implied warranty, fraud or failure to warn, test, inspect or instruct or otherwise), (ii) the nature of the damages sought (property damage, economic loss, personal injury, wrongful death or other) or (iii) whether the claim arose or is asserted before or after the Closing;

(c) Product Warranty or Shortage. All Liabilities of Seller to customers or third parties with respect to shortages or defects in goods delivered to customers or in transit to customers prior to the Closing, including, but not limited to, Liabilities for product warranty claims;

(d) Services. All Liabilities to customers or third parties with respect to services performed by Seller prior to the Closing;

(e) Claims. All Liabilities of Seller with respect to any pending, threatened or unasserted litigation, claim, demand, investigation or proceeding including, without limitation, Liabilities relating to any Tax owed or alleged to be owed to any Governmental Authority with respect to matters which occurred prior to the Closing;

(f) Employees. All Liabilities arising out of the employment relationship between Seller and any of its employees or former employees existing at any time, whether before or after the Closing, including, but not limited to, all Liabilities relating to any Employee Benefit Plan sponsored or maintained by Seller or any Affiliate of Seller or to which Seller has made contributions, claims arising under any collective bargaining agreement or trust, all severance claims of any employee of such Seller (including, but not limited to, such claims relating to or resulting from the consummation of the transactions contemplated hereby) and all workers' compensation, unemployment compensation or state or federal discrimination claims, claims arising under the Family and Medical Leave Act, the Fair Labor Standards Act, the National Labor Relations Act, OSHA, ERISA, the Americans with Disabilities Act, the Age Discrimination in Employment Act, contract claims (express or implied) or tort claims, demands, investigations or proceedings relating to matters which occurred prior to the Closing;

(g) Breaches. Any Liability the existence of which is a breach of any representation, warranty or covenant of Seller in this Agreement; and

(h) Taxes. All taxes owed to any Governmental Authority relating to the periods prior to and including the Closing Date.

2.4 Satisfaction of Liabilities by Seller. To preserve for Buyer the opportunity to maintain good relations with Seller's creditors and to preclude the assertion of claims for nonpayment against Buyer, Seller agrees to pay or otherwise satisfy and discharge in the ordinary course of business after the Closing or otherwise in accordance with their terms all Liabilities relating to the Business owed to Seller's creditors, except Assumed Liabilities and liabilities disputed in good faith by Seller; provided, that, Buyer's interests will not be jeopardized by such disputes.

ARTICLE III

CONSIDERATION

3.1 Consideration Generally. As consideration for the Purchased Assets (the "Purchase Price"), Buyer shall:

(a) at the Closing, assume the Assumed Liabilities and pay to an account designated by Seller the Closing Amount (as hereinafter defined), in cash by bank wire transfer;

(b) pay to an account designated by Seller the Inventory Amount (as defined in Section 3.2 below) in accordance with Section 3.3.2 below; and

(c) pay to an account designated by Seller the Receivables Amount (as defined in Section 3.3.3 below) in accordance with Section 3.3.3 below (if the Receivables Amount is a positive number).

As used herein, "Closing Amount" shall mean an amount equal to: (i) $46,326,000, less (ii) the amount, if any, as may be agreed upon by Seller and Buyer as a Purchase Price adjustment due to or in consideration of the results of the Environmental Reports; less (iii) an amount equal to the average number of months, and/or the relevant portion thereof (expressed as a decimal), that Loyal Fueler coupons are, on average, outstanding from date of issue to date of redemption, multiplied by $35,000.

3.2 Determination and Payment of Inventory Amount. On the Closing Date, Seller and Buyer shall conduct a physical inventory of the facilities operated by Seller at or upon any of the Owned Real Property and at Wilsonville and Portland, Oregon. Each of Buyer and Seller may designate such employees or third parties as it elects to participate in or observe the taking of the inventory. All Salable Inventory (as hereinafter defined) which is non-fuel inventory and supplies shall be valued at Seller's cost of such inventory as of the Closing Date, as shown by Seller's Books and Records, except that used tires shall be valued in accordance with Schedule 3.2, attached hereto. All Salable Inventory comprised of fuel shall be valued as follows: (a) at each site, at the lowest OPIS-based rack price offered and available by any current vendor of Seller for such fuel at such site on the day of the inventory (except for fuel stored in bulk at the Rye Patch and Fort Bridger sites, which shall be valued in accordance with (b) below); (b) for all fuel stored at the Rye Patch and Fort Bridger bulk storage tanks and, for all fuel stored

in bulk in off-site terminals, at: (i) Seller's cost if Buyer, in writing, previously approved the purchase by Seller of the fuel being valued; or (ii) if Buyer did not previously approve, in writing, the purchase of the fuel being valued on a FIFO basis, at the lower of Seller's cost or the applicable OPIS rack or the specific market platts-based price attributable to such fuel on the day before the inventory is conducted. The resulting amount shall be the "Inventory Amount." As used herein, "Salable Inventory" shall mean (i) all fuel, and (ii) all nonfuel inventory and supplies (including but not limited to raw materials, products, goods, purchased parts and work-in-process) which are salable or usable in the ordinary course of business, in accordance with Buyer's or Seller's standard business practices. In the event that Buyer and Seller are unable to agree upon the Inventory Amount, and are unable to resolve any disputes or disagreements with respect thereto within fifteen (15) days after the Closing Date, the dispute shall be resolved by binding arbitration in Denver, Colorado, before the Independent Accountants; provided, however, that the amount determined by the Independent Accountants to be Salable Inventory shall be no less than the amount asserted by Buyer and no more than the amount asserted by Seller. The Independent Accountants shall conduct such arbitration and perform their services as expeditiously as possible, in accordance with the provisions of this Agreement. The fees and expenses of the Independent Accountants shall be shared equally by Buyer and Seller. The Inventory Amount shall be due and payable within ten (10) days after the earlier to occur of (i) the mutual agreement by Buyer and Seller of the Inventory Amount; or (ii) the delivery by the Independent Accountants of a determination of the Inventory Amount.

3.3 Determination and Payment of Receivables Amount. If the Receivables Amount, based upon the Final Closing Balance Sheet, is a positive number, such amount shall be paid by Buyer to Seller, by bank wire transfer, within ten (10) days after such final determination of the Receivables Amount. If the Receivables Amount, based upon the Final Closing Balance Sheet, is a negative number, such amount shall be paid by Seller to Buyer, by bank wire transfer, within ten (10) days after such final determination of the Receivables Amount.

3.4 Allocation of Purchase Price. The allocation of the Purchase Price set forth in Schedule 3.4, attached hereto, shall be deemed to be the allocation of the aggregate consideration among the Purchased Assets for purposes of Section 1060 of the Internal Revenue Code of 1986, as amended. Buyer and Seller agree to be bound by such allocation and to complete and attach Internal Revenue Service Form 8594 to their respective tax returns accordingly.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer as follows:

4.1 Organization.

4.1.1 Organization and Power. Seller is a corporation duly organized and validly existing under the laws of the State of Oregon. Seller has full corporate power to: (a)

own, lease and operate its assets and carry on its business as and where such assets are now owned or leased and as such business is presently being conducted; and (b) execute, deliver and perform this Agreement and all other agreements and documents to be executed and delivered by it in connection herewith.

4.1.2 Qualification. Schedule 4.1.2 lists the only states in which Seller: (a) owns or leases real property; (b) maintains sales offices or sales agents; or (c) maintains inventory. Seller is qualified to do business as a foreign corporation in each of the states listed on Schedule 4.1.2 and in each other jurisdiction where failure to qualify would give rise to any liability or otherwise have an adverse effect on Seller.

4.2 Agreements.

4.2.1 Enforceability. All requisite corporate action, other than an affirmative vote of Seller's Directors and shareholders, to approve, execute, deliver and perform this Agreement and each other agreement and document delivered by Seller in connection herewith has been taken by Seller. This Agreement and each other agreement and document delivered by Seller in connection herewith have been duly executed and delivered by Seller, and, subject to an affirmative vote of Seller's Directors and shareholders, constitute the binding obligations of Seller enforceable in accordance with their respective terms.

4.2.2 Consents. Except for: (a) consents or approvals required by H-S-R; (b) consents and approvals required for assignment of Assumed Contracts; (c) consents required under the permits and licenses listed on Schedule 4.4.1 to be assigned to Buyer; and (d) approval by Seller's Directors and shareholders; no approval or consent of, or filing with, any Person or Governmental Authority is required to be obtained or made by Seller in connection with the transactions contemplated hereby or the execution, delivery or performance by Seller of this Agreement or any other agreement or document delivered by or on behalf of Seller, in connection herewith.

4.2.3 No Conflicts. No action taken by or on behalf of Seller in connection herewith, including, but not limited to, the execution, delivery and performance of this Agreement, and each other agreement and document delivered by Seller at Closing, and the consummation of the transactions contemplated hereby:

(a) conflicts with or violates:

(i) any Law;

(ii) Seller's Articles of Incorporation or Bylaws;

(iii) any Contract by which Seller is bound relating to the Business (except to the extent the Contract is an Assumed Contract and the consent of the other party is required for the assignment of such Assumed Contract);

(iv) any order, arbitration award, judgment, decree or other similar restriction to which Seller is subject; or

(b) constitutes an event which, after notice or lapse of time or both, could result in any of the foregoing.

4.3 Financial.

4.3.1 Financial Statements. Schedule 4.3.1 consists of.

(a) the balance sheet of Seller as at June 30, 1997, and June 30, 1998, and the related statements of operations, stockholders' equity and cash flows for the twelve-month periods then ended, audited by Deloitte & Touche LLP, certified public accountants; and

(b) the unaudited balance sheet of Seller as at August 31, 1998 (the "Acquisition Balance Sheets"), and the related unaudited statement of income and cash flows for the two-month period then ended.

All such financial statements were prepared from Seller's books of account in accordance with generally accepted accounting principles applied consistently with Seller's past practice, are accurate and complete, and present fairly the financial position, results of operations and cash flows of Seller at the dates and for the periods indicated, except, with respect to the unaudited interim financial statements described in (b) above, for the absence of footnote disclosure and customary year-end audit adjustments of a normal recurring type which would not be material in the aggregate. The books of account of Seller accurately reflect all items of income and expense (including, but not limited to, accruals) and all assets and liabilities of Seller in accordance with normal accrual accounting practices, subject to customary year-end and audit adjustments of a normal, recurring type which would not be material in the aggregate.

4.3.2 Absence of Undisclosed Liabilities. Seller has no Liabilities which could affect the Business except:

(a) to the extent provided for or reserved against on the Acquisition Balance Sheets or the Financial Statements comprising Schedule 4.3.1;

(b) current liabilities which have arisen in the ordinary course of business consistent with past practice since the date of the Acquisition Balance Sheets, all of which have been recorded on Seller's books; and

(c) performance obligations under the terms of the Contracts listed on Schedules 1.2(f), (i) and (j) attached hereto.

Since August 31, 1998, there has not been any incurrence (whether discharged or not) of any Liability by Seller other than current liabilities incurred, and obligations entered into, in the ordinary course of business consistent with past practice.

4.3.3. Absence of Changes. Since June 30, 1998, Seller's operations relating to the Business have been operated only in the ordinary course consistent with past practice. Without limiting the generality of the foregoing, since that date, except as described on Schedule 4.3.3, there has not been with respect to Seller's conduct of the Business, any:

(a) waiver, release, cancellation or compromise of any debts owed to it or claims or rights against others exceeding $25,000 in the aggregate;

(b) adverse change in existing credit arrangements with any bank or other institution;

(c) act or omission by Seller out of the ordinary course of business which had the effect of increasing the cash to be retained by Seller at the Closing or the current payables, if any, to be assumed by Buyer at the Closing, whether through change in practice with respect to the timing of payment of accounts payable, the timing of collection of accounts receivable, the rate of purchase of inventory or otherwise;

(d) purchase or lease of (or commitment to purchase or lease) any assets (other than inventory) in excess of $30,000 individually or $200,000 in the aggregate;

(e) (i) except in the ordinary course of business consistent with past practice, creation, incurrence or assumption of any debt, (ii) assumption, guarantee, endorsement or other act of becoming liable or responsible for the obligation of any other Person, or (iii) except in the ordinary course of business consistent with past practice, making of any loans or advances or capital contributions to, or investments in, any other Person;

(f) new Contract entered into, except in the ordinary course of business consistent with past practice, or then existing Contract modified or terminated under circumstances which might adversely affect the condition (financial or otherwise) or prospects of the Business;

(g) sale or disposition of any assets other than inventory in the ordinary course of business; or

(h) unusual or novel method of transacting business engaged in by Seller or any change in Seller's accounting procedures or practices or Seller's financial structure.

4.3.4 Taxes. All Tax returns, reports and declarations (collectively, "Tax Returns") required by any Governmental Authority to be filed in connection with the properties, business, income, expenses, net worth or franchises of Seller have been timely filed, except federal and state income tax returns for Seller's fiscal year ended June 30, 1998, as to which Seller has obtained a filing extension to March 15, 1999 and such Tax Returns were correct and complete as of the date of filing, except to the extent of the Tax Refund Claim. Seller has delivered to Buyer copies of its most recent Tax Returns. To the Knowledge of Seller, all Taxes due in connection with the properties, business, income, expenses, net worth and franchises of Seller have been accounted for and paid, other than any Tax which is not yet due or which, if due, is not yet delinquent, is being contested in good faith or has not been finally determined, and for which in all cases reserves have been established on the most recent unaudited interim balance sheet included in Schedule 4.3.1 which are sufficient to cover the payment of all such Taxes. There are no Tax claims, audits or proceedings pending in connection with the properties, business, income, expenses, net worth or franchises of Seller and, to the Knowledge of Seller, there are no such threatened claims, audits or proceedings. There are no Tax Liabilities of Seller (or any Affiliate of Seller) which could result in Liability to Buyer as a transferee or successor, or otherwise attach to the Purchased Assets. Except as disclosed in this Section 4.3.4, Seller has not requested or obtained any extension of the time in which to file any tax return that has not been filed, or to pay any tax that has not been paid. Seller has not executed or filed with the Internal Revenue Service or any other taxing authority (whether domestic or foreign) any agreement or waiver extending the period of assessment or collection of any taxes, nor are any of the foregoing entities a party to any pending action or proceeding, nor to the Knowledge of Seller is any action or proceeding threatened by an governmental authority for assessment or collection of taxes. Except as set forth on Schedule 4.3.4, the IRS has not audited the federal income tax return of Seller for any of the seven
(7) most recent fiscal years.

4.4 Legal.

4.4.1 Compliance with Laws. Seller has not been, in the past five (5) years, or is not in violation of any outstanding arbitration award, judgment, order or decree, or any Law relating or pertaining to the Business, including, any antidiscrimination, wage, hour, working condition, payroll withholding, pension, building, zoning or Tax Law (but excluding any Environmental Law). Except as set forth on Schedule 4.4.1, Seller has received no written notice alleging a violation of Law by Seller within the past three years. Set forth on Schedule 4.4.1, is a list of all permits, licenses, approvals or authorizations of any Governmental Authority currently used by Seller or any Affiliate in the conduct of the Business. To the Knowledge of Seller, all such permits, licenses, approvals and authorizations have been legally obtained and maintained by Seller and are in full force and effect. No proceeding is pending to revoke or limit any of them or otherwise impose any conditions or obligations on the possession or transfer of any such permits, licenses, approvals or authorizations. In the past three years, there have been no claims, notices, orders or directives issued by any Governmental Authority with respect to the Business or any of the assets used in connection with the Business. To the Knowledge of Seller, Seller is not required to make any expenditures to achieve or maintain compliance with any Law.

4.4.2 Product Warranty. In connection with the conduct of the Business there have been no material product or service warranty claims made by customers of Seller in the past three years, and there are no product and/or service warranties outstanding or currently being offered to customers of Seller.

4.4.3 Product Liability. No product liability or other tort claims have been made or, to the Knowledge of Seller, threatened against Seller relating to products sold or services performed by Seller in connection with the Business in the past five years. To the Knowledge of Seller, there are no defects in the design or manufacture of products manufactured or sold by Seller in connection with the Business or any failure by Seller to warn, test, inspect or instruct of dangers which could form the basis for a product recall (whether or not at the request of a Governmental Authority) or a cause of action for product liability.

4.4.4 Litigation. Except as described on Schedule 4.4.1 or 4.4.4:

(a) no claim, litigation, investigation or proceeding against Seller is pending or, to the Knowledge of Seller, threatened, or has been concluded in the past three years pertaining to the Business;

(b) to the Knowledge of Seller, there is no state of facts or event which forms the basis for such a claim, litigation, investigation or proceeding; and

(c) no arbitration award or judgment, order or decree of any Governmental Authority is outstanding against Seller or its assets, business or products.

4.4.5 Compliance with Title III of Americans with Disabilities Act. To the Knowledge of Seller, except as set forth as Schedule 4.4.5, Seller's conduct of the Business has complied with the applicable provisions of Title III of the Americans with Disabilities Act, 42 U.S.C. ss. 12181, et seq, including, but not limited to, the requirements of ss. `302 of the Americans with Disabilities Act, 42 U.S.C. ss. 12182. With respect to the Business, there are no pending or, to the Knowledge of Seller, threatened controversies or claims by any person alleging violation of Title III of the Americans with Disabilities Act, 42 U.S.C. ss. 12181, et. seq.

4.5 Business.

4.5.1 Employment. As of the date of this Agreement, Seller uses no leased employees or employees of a staffing agency in relation to the Business. Schedule 4.5.1(a) lists the names, current hourly or annual compensation and bonus rates and other compensation arrangements of the employees of each Seller who are engaged in the operation of the Business. Seller has paid in full to all employees, or made appropriate accruals for on its books of account, all wages, commissions, bonuses and other direct compensation for all services performed by them. Seller has withheld or collected from each payment made to each of its employees the amount of all Taxes required to be withheld or collected therefrom, and Seller has paid the same when due to the proper Governmental Authorities. Except as set forth in Schedule 4.4.4, there are no pending controversies, grievances or claims by any of the employees,

former employees or beneficiaries of employees of Seller pending with respect to their employment or benefits incident thereto, including, but not limited to, sexual harassment and discrimination claims and claims arising under workers' compensation laws (collectively, "Employee Claims"). Except as set forth on Schedule 4.5.1(b), there have been no Employee Claims in the past three years. Except for the contract with Teamsters Local No. 305 covering certain employees at Troutdale, Wilsonville and Portland, there is no union representation of any employees engaged in the conduct of the Business, and to the Knowledge of Seller there has been no attempt by a labor organization to organize Seller's employees engaged in the conduct of the Business into a collective bargaining unit within the past three years, and to the Knowledge of Seller there is no imminent threat of an attempt to organize such a union. To the Knowledge of Seller, except as set forth on Schedule 4.5.1(c), no employee of Seller engaged in the conduct of the Business has been convicted of any felony or drug related criminal offense. Since June 30, 1998, there has not been any general increase made or promised in the level or rate of salaries or compensation (including, but not limited to, bonuses) of Seller's employees engaged in the conduct of the Business, or increases made or promised in the salary or compensation (including, but not limited to, bonuses) paid to or accrued for the benefit of any such employee, director, representative or agent of Seller.

4.5.2 Worker Adjustment and Retraining Notification Act. Schedule 4.5.2 indicates each place of business where Seller has employees employed in the Business, and lists by each site comprising the Owned Real Property each employee of Seller employed in the Business who incurred (i) an employment termination, other than due to a discharge for cause or voluntary departure; (ii) a layoff for any reason, or (iii) a reduction in hours of work of more than fifty percent (50%), in each case during the ninety (90) days preceding the date hereof, indicating next to the employee's name, the date of each such occurrence(s). At no time during the ninety (90) days preceding the Closing did Seller employ fewer than one thousand (1,000) employees. Schedule 4.5.2 and the number of employees set forth in the preceding sentence will be updated as of the Closing to provide such information for the 90-day period immediately prior to the Closing Date. Seller has taken no action (or failed to take any action) prior to the Closing which could require delivery of any notice under the Worker Adjustment and Retraining Notification Act.

4.5.3 Contracts. Schedule 4.5.3 contains a complete and accurate list of all Material Contracts. Seller has delivered to Buyer accurate and complete copies of each such written Material Contract, and an accurate and complete written description of each such oral Material Contract, in each case with all modifications and amendments thereto. Since June 30, 1998, there has been no modification or termination of any Material Contract relating to the Business under circumstances which might have an adverse effect on Buyer or any Seller.

4.5.4 Compliance with Contracts. Seller is not in default under or in violation of any Material Contract or Assumed Contract. No event has occurred which, with notice or lapse of time or both, would constitute such a default or violation of any Material Contract or Assumed Contract. To the Knowledge of Seller, there is no default under or violation of any Material Contract or Assumed Contract by any other party thereto.

4.5.5 Suppliers and Customers. Except as set forth on Schedule 4.4.5, no supplier or customer which, to the Knowledge of Seller, accounted for more than 5% of Seller's sales or purchases in any one of the past three fiscal years in connection with the Business, has terminated or, to the Knowledge of Seller, threatened to terminate its relationship with Seller, nor has it during the past year decreased or delayed materially, or threatened to decrease or delay materially, its services or supplies to such Seller or its usage of such Seller's services or products. To the Knowledge of Seller, the transactions contemplated by this Agreement will not adversely affect the business relationship heretofore maintained by any Seller with any such supplier or customer. Seller is not required, in the ordinary course of business, to provide any bonding or any other financial security arrangements in connection with any transactions with any customers or suppliers relating to the Business, except in connection with Seller's contract with ARCO listed on Schedule 1.2(f).

4.5.6 Purchases and Sales. Since June 30, 1998, except as disclosed on Schedule 4.3.3, Seller has not made purchase commitments in excess of the normal requirements of the Business.

4.5.7 Prepayments and Deposits. Except as set forth on Schedule 4.5.7, Seller has not received any prepayments or deposits from customers for products to be shipped, or services to be performed, in the future relating to the Business.

4.5.8 Capital Projects. Schedule 4.5.8 contains a description of all capital construction projects or series of related projects committed for or authorized by Seller relating to the Business involving the expenditure of $25,000 or more per project (or in the aggregate with respect to a series of related projects).

4.6 Employee Benefits. All Plans are set forth on Schedule 4.6(a), and complete and correct copies of all written Plans, and summary plan descriptions thereof, if any and summaries of all oral Plans have been delivered to Buyer. None of the Plans is a multiemployer plan (as defined in ERISA). All the Plans are (and for all prior periods have been) Tax qualified and no reportable event (within the meaning of Section 4043 of ERISA) has occurred with respect thereto. All of the Plans have been operated in compliance with their respective terms and all Laws, and all contributions required by Law or Contract to any such Plan have been made. Except as set forth on Schedule 4.6(b), none of the Plans provide benefits to Persons who are not employees, or their families, of a Seller. To the Knowledge of Seller, Seller has no liability of any nature (whether known or unknown, and whether absolute, accrued, contingent or otherwise) with respect to any Employee Benefit Plan (including, without limitation, any prior plans and any plans maintained by any predecessor, affiliated or related entities), other than for payments or benefits due in the ordinary course under the Plans, none of which are overdue. Except as set forth on Schedule 4.6(c), no Seller maintains any Plan under which it would be obligated to pay benefits because of the consummation of the transactions contemplated by this Agreement.

4.7 Assets.

4.7.1 Title. As of the Closing, all of the Purchased Assets will be owned by Seller free and clear of all Liens, except for Permitted Encumbrances. Except for the BFR Assets, the Enterprises Asset and assets leased under Contracts listed on Schedule 1.2(f) or retained by Seller pursuant to
Section 1.3, and except for those permits and licenses which are not assigned or assignable to Buyer, and are listed on Schedule 4.7.1, the Purchased Assets include all assets located at the Owned Real Property or used by Seller in connection with the Business. All of the Assumed Contracts are valid, in full force and effect and enforceable in accordance with their terms by Seller.

4.7.2 [Intentionally Omitted]

4.7.3 Inventories. All inventories of Seller relating to the Business can be used, consumed or sold in the usual and ordinary course of business as now conducted (except obsolete, damaged or otherwise unsalable inventory) and are not in amounts in excess of normal requirements. Except as disclosed on Schedule 4.3.3, since June 30, 1998, there has been no change in the amount of Seller's inventory relating to the Business, except for changes as a result of the purchase and sale of (or adjustment to) inventory in the ordinary course of business consistent with past practice.

4.7.4 Environmental Matters. To the Knowledge of Seller, except as disclosed in Schedule 4.7.4, each Seller is in full compliance with all Environmental Laws, any similar state laws and any regulations promulgated pursuant thereto, and the terms and conditions of all certificates, approvals and permits required thereunder. Except as disclosed in the Environmental Reports and except as set forth on Schedule 4.7.4, Seller has not received any communications, whether from a Governmental Authority, citizens' group, employee or other individual or entity, that alleges that Seller is not in compliance with any Environmental Law, and to the Knowledge of Seller there are no existing circumstances that may prevent or interfere with such full compliance in the future.

(a) Except as described on Schedule 4.7.4, to the Knowledge of Seller: (i) no underground storage tanks are located on or currently owned, occupied or used by Seller, (ii) during the last ten (10) years, there has been no Disposal or Release of any Hazardous Substances in excess of any reportable quantity under any applicable Law at or from the Owned Real Property; (iii) during the last ten (10) years, there has been no Release of any Hazardous Substances at any or from any properties adjacent to the Owned Real Property;
(iv) there has been no generation, Treatment, Transport, Storage or Disposal of any Hazardous Substances by Seller at or from the Owned Real Property, now or during the last ten (10) years, in violation of any Environmental Laws; (v) during the last ten (10) years, there has been no Treatment, Storage or Disposal or arrangement for Disposal of Hazardous Substances by Seller on any property not owned, operated or leased by Seller except in full compliance with applicable Environmental Laws; (vi) Seller has not, during the last ten (10) years, sent a Hazardous Substance to a site that, pursuant to any Environmental Law (1) has been placed or proposed for placement on the National Priorities List or any similar state list, or (2) is subject to or the

source of an order, demand or request from a Governmental Authority to take "response," "corrective," "removal," or "remedial" action, as defined in any Environmental Law, or to pay for the costs of any such action at the site;

(b) To the Knowledge of Seller, Seller has timely filed all reports required to be filed, and has generated and maintained all data, documentation and records required under, all Environmental Laws in connection with the Business. To the Knowledge of Seller, Seller has (or had at all appropriate times) timely obtained all certificates, approvals, authorizations, registrations and permits required under all Environmental Laws in connection with the Business (all of which certificates, approvals, authorizations, registrations and permits are listed on Schedule 4.7.4 and are in full force and effect, and copies of which have been furnished to Buyer).

(c) To the Knowledge of Seller, Schedule 4.7.4 also contains an accurate and complete list of all environmental reports, audits and assessments prepared for Seller or in Seller's possession with respect to the Business in the past ten (10) years.

(d) Except as set forth on Schedule 4.7.4, the Owned Real Property and the conduct of the Business are in compliance with the federal standards promulgated by U.S. EPA at 53 Fed. Reg. 37082 (Sept.23, 1988), including but not limited to the performance standards and upgrading requirements set forth is 40 CFR. Part 280 et seq.

4.7.5 Condition. To the Knowledge of Seller, all of the tangible assets used by Seller in the conduct of the Business are in good operating condition, normal wear and tear excepted, and are capable of being used for their intended purpose in the ordinary course of business consistent with past practice.

4.7.6 Intellectual Property. Schedule 4.7.6 lists Intellectual Property Rights relating to the Business owned by Seller or in which (as noted on such Schedule) Seller has any interests, rights or licenses. To the Knowledge of Seller, there has not been any infringement or alleged infringement by others of any such Intellectual Property Rights. Except as set forth on Schedule 4.7.6, Seller is not a party to any Contract, whether as licensor, licensee, franchisor, franchisee, dealer, distributor or otherwise, with respect to any Intellectual Property Rights or Trade Secret used in connection with the Business. Seller has the unrestricted right to sell or assign to Buyer all such owned Intellectual Property Rights and all such licenses or other rights. The Intellectual Property Rights constitute all of the intellectual property rights used by Seller in the conduct of the Business, and such Intellectual Property Rights are valid and in full force and effect. There have been no interference actions or other judicial, arbitration or other adversary proceedings to which Seller is or was a party concerning such Intellectual Property Rights. The manufacture, use, performance or sale of products or services incorporating or used in connection with such Intellectual Property Rights does not violate or infringe on any Intellectual Property Right or other right of any Person, and Seller has not otherwise infringed any Intellectual Property Right, Trade Secret or other right of any Person in its conduct of the Business. Seller has the exclusive right to use and the unrestricted right to transfer to Buyer all of Seller's Trade Secrets relating to the Business, and to the Knowledge of Seller, none of the Trade Secrets of

Seller used in connection with the Business have been used, divulged, or appropriated for the benefit of any past or present employee of Seller or other Person, or to the detriment of Seller. Seller has not disposed of or permitted to lapse, or otherwise failed to preserve Seller's right to use any Intellectual Property Rights described or referred to in this Section 4.7.6.

4.7.7 Extent. Schedule 4.7.7 lists all of the material tangible assets leased by any Seller with respect to the Business. Except for the assets listed in Section 1.3, included in the Purchased Assets are all of those assets which are being used to operate the Business of each Seller as presently conducted. The Purchased Assets include all assets reflected on the Acquisition Balance Sheets and all assets acquired by any Seller after the date of the Acquisition Balance Sheets relating to the Business, except those assets which:

(a) have been disposed of prior to the Closing in the ordinary course of business consistent with past practice;

(b) have been disposed of with the prior written consent of Buyer; or

(c) are described in Section 1.3.

Since June 30, 1998, there has not been any damage to or disposition (except for the sale of inventory in the ordinary course of business consistent with past practice) or loss of (whether or not covered by insurance) any asset of any Seller which is used in connection with the Business. Over the period covered by the financial statements included in Schedule 4.3.1, no aspect of, or adjunct to, the Business was conducted by any Affiliate of any Seller or any Affiliate of any shareholder or former shareholder of any Seller, other than business conducted by Enterprises.

4.8 Real Property.

4.8.1 Legal Descriptions. The Owned Real Property is set forth on Schedule 4.8.1.

4.8.2 As of the Closing, Seller will have good and clear record and marketable title to the Owned Real Property, free from all easements, rights of way, tenancies, claims, liens, security interests, encumbrances and defects of any kind, except for Permitted Encumbrances. All real estate taxes, assessments, water and sewer charges and other municipal charges or impact fees, to the extent due and owing, have been paid in full.

4.8.3 To the Knowledge of Seller, the Owned Real Property is presently zoned to permit the operation of a full service truckstop or travel center. To the Knowledge of Seller, said zoning is pursuant to statute or ordinance, not pursuant to any variance or conditional permit granted with respect to the Owned Real Property, and does not require any further approval or any other action by Seller to permit it to be operated as a truckstop or travel center.

4.8.4 To the Knowledge of Seller, all applicable permits, declarations, and other evidences of compliance from regulatory authorities required to be maintained for the

Owned Real Property and for the operation and use of the Owned Real Property, including, without limitation, those regulating the division of real property and environmental matters, and fire prevention/sprinkler systems and equipment, and the health, safety and welfare of patrons and employees of Seller's business have been obtained and are maintained in current compliance with applicable Law. All warranties (which have not by their terms expired) in favor of Seller from contractors having constructed said improvements will be assigned and conveyed to Buyer on Closing without encumbrance, to the extent enforceable by the terms of such warranties.

4.8.5 To the Knowledge of Seller, except as disclosed on Schedule 4.4.5, the Owned Real Property, and the use, operation, maintenance and management thereof, are not in violation of any restrictive covenant, agreement or permit applicable thereto, or of any building code, ordinance, statute, regulation or requirement of any governmental authority having jurisdiction thereto, specifically including (without limitation to) the Americans with Disabilities Act, 42 U.S.C. ss. 12181, et seq., and no Seller has received any notices regarding any such violation.

4.8.6 To the Knowledge of Seller, no Owned Real Property is located in any conservation, historic or other special designation district.

4.8.7 Except as set forth on Schedule 4.8.11, to the Knowledge of Seller, Seller has not been notified of possible future improvements by any public authority, any part of the cost of which would or might be assessed against the Owned Real Property, or of any contemplated future assessments of any kind.

4.8.8 All utility services currently used by Seller for the operation of the Owned Real Property as a full service truckstop or travelcenter, including water supply, propane gas or natural gas, electric and telephone facilities are available and adequate to the Owned Real Property as currently used by Seller.

4.8.9 As of the date the deed is filed for record, the Owned Real Property shall be free from mechanic's liens for labor and materials furnished or, except for those ongoing projects described on Schedule 4.5.8, the possibility of the rightful filing thereof, other than as caused by Buyer. If any material or labor has been furnished to the Owned Real Property within the one hundred twenty (120) day period immediately preceding the date the deed is filed for record, Seller, upon Buyer's request, shall furnish evidence satisfactory to Buyer that Seller has made payment in full for all such material and labor, that payment is not yet due or that Seller is contesting such charges in good faith and that Buyer's interest will not be jeopardized by such contest.

4.8.10 All federal, state and local tax returns (including tax returns concerning "gross receipts") required to be filed with respect to the Owned Real Property have been timely, duly and accurately completed and filed. All federal, state and local taxes arising in connection with the ownership and operation of the Owned Real Property which have become due and payable have been paid in full, and no audit proceedings are currently pending with respect to the Owned Real Property.

4.8.11 Except as disclosed on Schedule 4.8.11, Seller has not received written notice of taking, condemnation, betterment or assessment, actual or proposed, with respect to the Owned Real Property.

4.8.12 Except as disclosed on Schedules 1.2(f) (i) and (j), no Owned Real Property is subject to any options, purchase or sale contracts, leases or rights of occupancy or other agreements, and from the date hereof until the Closing Date, Seller will not do, commit or suffer to be done any act or thing, or enter into any agreement other than with Buyer, which could adversely affect Seller's present title to the Owned Real Property.

4.9 Miscellaneous.

4.9.1 Conflicts of Interest. Except as described on Schedule 4.9.1, no shareholder, director or employee of any Seller nor any relative of any shareholder, director or employee of any Seller nor Affiliate of any of the foregoing:

(a) owns, directly or indirectly, any interest in any tangible or intangible property, asset or right which any Seller uses in the Business; or

(b) is a party to any Contract with Seller relating to the Business.

4.9.2 No Brokers. No broker, finder or other Person acting in a similar capacity on behalf of Seller has rendered any services in connection with the transactions contemplated hereby, and no such broker, finder or other Person shall be entitled to a commission or other compensation in connection with or as a result of the transactions contemplated hereby.

4.9.3 Full Disclosure. No representation or warranty by Seller in this Agreement and no statement contained in any Schedule to this Agreement contains any untrue statement of a material fact.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows:

5.1 Organization and Power. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has full corporate power to execute, deliver and perform this Agreement and all other agreements and documents to be executed and delivered by it in connection herewith.

5.2 Agreements.

5.2.1 Enforceability. All requisite corporate action to approve, execute, deliver and perform this Agreement and each other agreement and document delivered by Buyer in connection herewith has been taken by Buyer. This Agreement and each other agreement and document delivered by Buyer in connection herewith have been duly executed and delivered by Buyer and constitute the binding obligations of Buyer enforceable in accordance with their respective terms.

5.2.2 Consents. Except for consents or approvals required by H-S-R, no approval or consent of, or filing with, any Person or Governmental Authority is required to be obtained or made by Buyer in connection with the transactions contemplated hereby or the execution, delivery or performance by Buyer of this Agreement or any other agreement or document delivered by or on behalf of Buyer in connection herewith.

5.2.3 No Conflicts. No action taken by or on behalf of Buyer in connection herewith, including, but not limited to, the execution, delivery and performance of this Agreement, and each other agreement and document delivered by it in connection herewith, conflicts with or violates:

(a) any Law;

(b) Buyer's Articles or Certificate of Incorporation or By-laws;

(c) any Contract to which it is a party or by which it is bound; or

(d) any order, arbitration award, judgment, decree or other similar restriction to which Buyer is subject;

or constitutes an event which, after notice or lapse of time or both, could result in any of the foregoing.

5.2.4 Litigation. No litigation is pending, or to the Knowledge of Buyer threatened, against Buyer which could prevent Buyer from entering into, or performing its obligations under, this Agreement.

ARTICLE VI

CONDITIONS TO CLOSING

6.1 Conditions to Buyer's Obligations. The obligation of Buyer to perform this Agreement is subject to satisfaction of the following conditions at or before the Closing, it being an explicit condition that all agreements and documents to be delivered to Buyer at Closing which are not attached as Exhibits (and therefore deemed satisfactory to Buyer) must be in form and substance satisfactory to Buyer:

6.1.1 Agreements Performed. Seller shall have performed all of the obligations under this Agreement to be performed by it at or before the Closing;

6.1.2 Representations Accurate. The representations and warranties of Seller contained herein shall continue to be accurate in all material respects as if made as of the Closing;

6.1.3 Seller's Certificate. Buyer shall have received a certificate signed by an appropriate officer of Seller, certifying as to the matters set forth in Sections 6. 1.1 and 6.1.2 above;

6.1.4 Opinion. Buyer shall have received the legal opinion of counsel to Seller satisfactory to Buyer as to its assumptions and exceptions, to the effect that:

(a) Seller is a corporation duly organized and validly existing under the laws of the State of Oregon. Seller is duly qualified to do business and is in good standing as a foreign corporation in the states listed next to its name on Schedule 4.1.2 and in each other jurisdiction where failure to qualify could have a material adverse effect on such Seller;

(b) Seller has the corporate power and authority to (i) own its property and carry on the Business as presently conducted,
(ii) sell the Purchased Assets to Buyer, and (iii) execute, deliver and perform this Agreement and each other agreement and document executed and delivered by Seller at Closing;

(c) This Agreement and each other agreement and document executed and delivered by Seller at Closing have been duly authorized by all necessary corporate action on the part of Seller and have been duly executed and delivered by Seller and are the legal, valid and binding obligations of Seller enforceable (subject to the effect of bankruptcy and other laws affecting the rights of creditors generally) in accordance with their respective terms;

(d) The execution, delivery and performance of this Agreement and each other agreement or document executed and delivered by Seller at Closing, do not

(i) conflict with any of the provisions of Seller's Articles of Incorporation or By-Laws, (ii) to such counsel's knowledge, violate any order, arbitration award, judgment, decree or similar restriction to which such Seller is subject, or breach or constitute a default under, or grounds for the acceleration of, any obligation of such Seller under any material agreement by which such Seller is bound, or result in the creation or imposition of any Lien against any of the Purchased Assets,
(iii) require the consent or approval of, or other action by or filing with, any Person or Governmental Authority, or (iv) violate any Law applicable to Seller;

(e) The instruments of transfer delivered to Buyer pursuant to Subsection 6.1.13 with respect to the Purchased Assets other than the Owned Real Property are in form sufficient to transfer to Buyer, and upon due execution and delivery will effectively vest in Buyer, all right, title and interest of each Seller in and to such Purchased Assets (for those Purchased Assets located in a state other than Oregon, counsel may assume that the laws of such state are consistent with the laws of the State of Oregon); and

(f) To such counsel's knowledge, except as listed on Schedule 4.4.1 or 4.4.4, no claim, litigation, investigation or proceeding is pending or threatened against Seller or has been concluded by Seller in the past three years and no arbitration award, judgment, order, decree or similar restriction is outstanding against Seller or its assets, business or products;

6.1.5 Good Standing. Buyer shall have received a certificate of Seller's existence dated no more than ten (10) days prior to the Closing Date from the State of Oregon and, where applicable, good standing certificates [and state tax clearance certificates] dated no more than 10 days prior to the Closing Date from Seller's state of incorporation and from each other state in which Seller is qualified to do business as a foreign corporation;

6.1.6 No Change. There shall have been no material adverse change in the financial condition, results of operations, assets, business or prospects of Seller between June 30, 1998, and the Closing Date, including, without limitation, any material change in the values of or the relationships between and among the accounts receivable, inventories or trade payables of Seller from the respective values of such assets reflected on the Acquisition Balance Sheets or any material change in the existence or condition of any of the Listed Assets or Owned Real Property;

6.1.7 Legal Action. There shall be no pending or threatened legal action or inquiry which challenges the validity or legality of or seeks to or could reasonably be expected to prevent, delay or impose conditions on the consummation of the transactions contemplated by this Agreement;

6.1.8 Due Diligence Review. Buyer shall have completed its due diligence review of Seller and the Business, the results of which shall be satisfactory to Buyer

including but not limited to confirmation by Buyer of the accuracy of Seller's historical financial statements described in Section 4.3.1;

6.1.9 Consents. Except for video poker and other jurisdictional gaming approvals and licenses required by the State of Oregon, and except for liquor, beer and wine licenses, Buyer shall have received all consents, approvals, permits, licenses and registrations of all Persons and Governmental Authorities necessary for Buyer to execute, deliver and perform this Agreement and for Buyer to operate the Business of Seller as heretofore conducted or Buyer shall have entered into a lease with Seller whereby Seller shall continue such operations for the benefit of Buyer pursuant to Section 6.1.22;

6.1.10 Environmental Review. Buyer shall have received a Phase I environmental site assessment and compliance review pertaining to each site or parcel comprising the Owned Real Property, and such Phase II environmental site assessments as Buyer determines are necessary or appropriate as a result of Phase I reports (collectively, the "Environmental Reports"), in each case the results of which shall be in form and substance satisfactory to Buyer. Buyer and Seller shall make adjustments to the Closing Amount as anticipated by Section 3.1 based on the results of the Environmental Reports, except to the extent the matters or conditions disclosed therein are disclosed in the October 16, 1997 letter to U.S. Bank attached hereto as Schedule 6.1.10;

6.1.11 Deeds. Seller shall have delivered to the Title Company general warranty deeds, in form and substance satisfactory to Buyer, executed in recordable form and warranting fee simple to the Owned Real Property in Buyer, free of all Liens except Permitted Encumbrances;

6.1.12 Lien Terminations. Buyer shall have received terminations of any and all security interests in, and releases of any and all Liens other than Permitted Encumbrances on, the Purchased Assets, including but not limited to, UCC Termination Statements from the secured creditors of Seller;

6.1.13 Transfer Instruments. Buyer shall have received general bills of sale and assignment in form and substance satisfactory to it and signed by Seller, and such certificates of title (including, but not limited to, those for motor vehicles), endorsements, assignments in recordable form (including, but not limited to, those relating to Seller's Intellectual Property Rights), affidavits, and other instruments of transfer as shall be required to enable Buyer to acquire the Purchased Assets free and clear of any Liens except Permitted Encumbrances;

6.1.14 Title Insurance. Buyer shall have received a pro forma title insurance commitment, dated as of the Closing Date and signed at the Closing by an authorized agent of the Title Company, to issue owner's policies of title insurance pertaining to the Owned Real Property. Each such title policy to be issued pursuant to such commitment, shall be in ALTA Form 1970-B (rev. 10-17-70) with extended coverage and without any standard Schedule B

exceptions, and with such endorsements as Buyer or its lender may require, and in amounts acceptable to Buyer, and shall insure in Buyer good title to the Owned Real Property on Closing;

6.1.15 Survey. Buyer shall have received a land title survey of each Owned Real Property, prepared in accordance with the ALTA/ACSM Minimum Detail Requirements adopted in 1997 (including Table A, items 1,2, 3, 4, 5, 6, 7(a) and 7(b), 8, 9, 10, 11 and 15), and otherwise acceptable to Buyer. The surveys shall certify the acreage of each parcel, provide flood zone certification and identify and depict the portion(s) of any parcel that are, in any way, dedicated highways, rights-of-way or streets. The surveys shall depict all gaps, gores, overlaps, easements, encroachments, and the survey related exceptions reflected on the title commitments to be prepared for each Owned Real Property. The face of each survey shall note all exceptions from the corresponding title commitment as are reflected in the survey, shall include the surveyor's metes and bounds description of the property, and shall be certified to Seller, Buyer, Buyer's lender and the Title Company;

6.1.16 Certified Resolutions. Buyer shall have received copies of the resolutions duly adopted by the Board of Directors and shareholders of Seller authorizing the execution, delivery and performance of this Agreement and the other agreements, instruments and documents contemplated hereby, duly certified by the Secretary or Assistant Secretary of such Seller, which resolutions shall be in full force and effect on the Closing Date;

6.1.17. Leases. Buyer shall have received an assignment, in form and substance acceptable to Buyer, of Seller's right, title and interest under any existing leases for any real property used in connection with the Business except for the corporate headquarters located in Portland, Oregon and the property located in Ellensburg, Washington;

6.1.18 Wilsonville, Oregon. Seller shall have ceased all operations at Seller's Wilsonville, Oregon, facility, and shall have filed and recorded in the appropriate recorder's office, a restriction pertaining to the Wilsonville, Oregon, facility, in form and substance reasonably satisfactory to Buyer, which prohibits the future operation of a truckstop, travel center, truck facility or repair business, or any similar business on such property, but permits the operation of an automobile service and fueling station (excluding service to Class Eight vehicles) selling gasoline and diesel and the operation of a convenience store;

6.1.19 Consulting Agreement. Buyer and Bruce E. Burns shall have entered into an agreement, in form and substance satisfactory to Buyer and Mr. Burns, pursuant to which Mr. Burns agrees that any conduct or activity by him relating to the truckstop business, during the one-year period following the Closing Date, shall be exclusively as a consultant to Buyer;

6.1.20. Permits and Licenses. Seller shall have assigned to Buyer such permits and licenses, to the extent assignable under Law, including but not limited to beer, wine and liquor permits, as Buyer elects to include in the Purchased Assets;

6.1.21 Ongoing Projects. Seller shall have completed in accordance with existing plans and to Buyer's satisfaction, the capital improvements currently being made to the Boise, Idaho, Parowan, Utah, and Barstow, California, facilities;

6.1.22 Gaming Lease. Buyer and Seller shall have entered into a lease for the lounge and video poker facility at the Troutdale, Oregon facility, in form and substance satisfactory to Buyer, pursuant to which Seller shall lease the lounge and video poker facility from Buyer, and pursuant to which Buyer is required to purchase the lounge and video poker facility within six (6) months after Buyer has obtained all necessary permits and lottery contract to operate the lounge and video poker facility;

6.1.23 Certain Schedules. The Schedules set forth below, which shall be delivered by Seller after execution hereof, and any Schedule which is modified, changed or amended after the date hereof by Seller, shall be in a form acceptable to Buyer: Schedules 1.2(b-i), 1.2(n), 1.2(o), 1.3(e), 2.1(b), 2.2.1(a), 2.2.1(b), 4.3.1, 4.3.3, 4.3.4, 4.4.5, 4.5.1(c), 4.5.3, 4.5.5, 4.5.8, 4.6(b), 4.6(c), 4.7.1, 4.7.6, 4.7.7, 4.8.1, 4.9.1 and 6.1.10;

6.1.24 Receipt of Occupancy Certificate. Buyer shall have received from Seller a copy of Seller's current and valid occupancy certificate with respect to each parcel of Owned Real Property;

6.1.25 Tank Compliance. Seller shall have provided to Buyer evidence, reasonably satisfactory to Buyer and its lenders, verifying that the Owned Real Property and the conduct of the Business are in compliance with the federal standards promulgated by U.S. EPA at 53 Fed. Reg. 37082 (Sept.23, 1988), including but not limited to the performance standards and upgrading requirements set forth is 40 CFR. Part 280 et seq.;

6.1.26 Director Approval. This Agreement shall have been approved by Buyer's Board of Directors; and

6.1.27 Other. Buyer shall have received each other document required to be delivered to Buyer hereunder.

6.2 Conditions to Seller's Obligation. The obligation of Seller to perform this Agreement is subject to satisfaction of the following conditions at or before the Closing, it being an explicit condition that all agreements and documents to be delivered to Seller at Closing which are not attached as Exhibits (and therefore deemed satisfactory to Seller) must be in form and substance satisfactory to Seller:

6.2.1 Agreements Performed. Buyer shall have performed all of the obligations under this Agreement to be performed by it at or before the Closing;

6.2.2 Representations Accurate. The representations and warranties of Buyer contained herein shall continue to be accurate in all material respects just as if made as of the Closing;

6.2.3 Buyer Certificate. Seller shall have received a certificate, signed by an appropriate officer of Buyer certifying as to the matters set forth in Sections 6.2.1 and 6.2.2 above;

6.2.4 Legal Action. There shall be no pending or threatened legal action or inquiry which challenges the validity or legality of or seeks to or could reasonably be expected to prevent, delay or impose conditions on the consummation of the transactions contemplated by this Agreement;

6.2.5 Certified Resolutions. Seller shall have received copies of the resolutions duly adopted by the Board of Directors of Buyer authorizing the execution, delivery and performance of this Agreement and the other agreements, instruments and documents contemplated hereby, duly certified by the Secretary or Assistant Secretary of Buyer all of which resolutions shall be in full force and effect on the Closing Date;

6.2.6 Wire Transfer. Seller shall have received immediately available funds by wire transfer in an amount equal to the Closing Amount;

6.2.7 Opinion. Seller shall have received the legal opinion of Buyer's counsel, dated as of the Closing Date, satisfactory to Seller as to its assumptions and exceptions, to the effect that:

(a) Buyer is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware;

(b) Buyer has the corporate power and authority to purchase the Purchased Assets from Seller, and to execute, deliver and perform this Agreement and each other agreement and document executed and delivered by Buyer at Closing;

(c) This Agreement and each other agreement and document executed and delivered by Buyer at Closing have been duly authorized by all necessary corporate action on the part of Buyer, have been duly executed and delivered by Buyer and are the legal, valid and binding obligations of Buyer, enforceable (subject to the effect of bankruptcy and other laws affecting the rights of creditors generally) in accordance with their respective terms;

(d) The execution, delivery and performance of this Agreement and each other agreement and document executed and delivered by Buyer at Closing, do not (i) conflict with any of the provisions of its Articles or Certificate of Incorporation or By-laws, or (ii) to such counsel's knowledge, violate any order, arbitration award, judgment, decree or similar restriction to which it is subject or breach or constitute a default under or grounds for the

acceleration of any of their material obligations under any material agreement by which either of them is bound, (iii) require the consent or approval of, or other action by or filing with, any Person or Governmental Authority; or (iv) violate any law applicable to Buyer;

6.2.8 Assumption of Contracts. Buyer shall have executed and delivered an instrument, in form and substance satisfactory to Seller, whereby Buyer assumes the obligations of Seller coming due under the Assumed Contracts on and after the Closing Date;

6.2.9 Shareholder Approval. This Agreement shall have been approved by Seller's Board of Directors and shareholders at a meeting called for that purpose; and

6.2.10 Other. Seller shall have received each other document required to be delivered to it hereunder.

6.3 Mutual Conditions. The obligation of Seller and Buyer to perform this Agreement is subject to the satisfaction of the following mutual conditions at or before the Closing:

6.3.1 Hart-Scott-Rodino Filing; Liens. All applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("H-S-R") shall have expired without additional inquiry (or early termination of the waiting period shall have been granted), and all governmental approvals and third-party consents required for transfer of the Purchased Assets to Buyer (not including transfer or issuance of liquor, beer or wine licenses or video poker or other jurisdictional gaming licenses issued by the State of Oregon) and releases of Liens on the Purchased Assets shall have been obtained.

6.3.2 Name Use. Buyer and Seller shall have entered into a mutually acceptable agreement, pursuant to which Seller shall permit Buyer to use the name "Burns Bros." in connection with the operation of Buyer's primary business on or at the Owned Real Property, for a period of five (5) years after the Closing;

6.3.3 Gaming Operations. Buyer and Enterprises shall have entered into a mutually acceptable agreement relating to the continued conduct of gaming operations at the Mill City and Rye Patch, Nevada facilities (the "Gaming Agreement"), and the Nevada Gaming Commission and the Nevada Gaming Control Board shall have approved the Gaming Agreement, if required;

6.3.4 Services Agreement. Buyer and Seller shall have entered into a mutually acceptable Services Agreement, in form and substance acceptable to Buyer and Seller, providing for Seller to render to Buyer certain clerical and administrative services following the Closing;

6.3.5 Termination Agreement. Buyer and Seller shall have entered into mutually acceptable agreements terminating the shop leases pertaining to the Coachella and

Corning, California facilities and the existing joint venture between Buyer and Seller ("TABB"), and providing for the reconciliation of the accounts of each of Buyer and Seller with TABB and the satisfaction of all outstanding obligations of the parties to each other under such joint venture.

6.3.6 BFR Asset Purchase Agreement. The parties shall have executed and all conditions precedent to the closing of the BFR Asset Purchase Agreement shall have occurred, and the parties thereto shall have indicated in writing that they are prepared to close the BFR Asset Purchase Agreement on the Closing Date.

6.3.7 Enterprises Asset Purchase Agreement. The parties shall have executed and all conditions precedent to the closing of the Enterprises Asset Purchase Agreement shall have occurred, and the parties thereto shall have indicated in writing that they are prepared to close the Enterprises Asset Purchase Agreement on the Closing Date.

6.3.8 Permitted Encumbrances. Buyer and Seller shall have agreed upon Permitted Encumbrances in the manner set forth in this Section 6.3.8. Promptly upon execution and delivery of this Agreement, Buyer shall order from the Title Company, and shall review, preliminary title reports or preliminary commitments for the policies of title insurance described in Section 6.1.14 and shall order and review the land title surveys described in Section
6.1.15. Within fourteen (14) days after Buyer has received all preliminary title reports or commitments and surveys, Buyer shall give Seller written notice of any objection to title disclosed by the reports, commitments and surveys. Within fourteen (14) days after receipt of Buyer's notice, Seller shall notify Buyer of those objections which Seller agrees to cause to be removed or otherwise cured. In the event Seller agrees to cause to be removed or otherwise cured less than all of the conditions of title specified in Buyer's notice of objections, Buyer shall determine whether or not to accept title subject to the uncured objections, and shall so notify Seller in writing within five (5) days after the receipt of Seller's notice. In the event Buyer notifies Seller that Buyer elects not to accept title subject to all or some of the uncured objections, Buyer and Seller shall negotiate in good faith concerning the uncured objections. All conditions of title disclosed by the preliminary title reports or commitments and the surveys and not objected to by Buyer, all uncured objections which Buyer subsequently accepts in writing, and all Assumed Contracts, shall constitute "Permitted Encumbrances." Notwithstanding anything in this Agreement to the contrary, Seller shall cause to be removed at Closing all mortgages, trust deeds and security interests.

6.3.9 Subway Asset Purchase Agreement. The parties shall have executed and all conditions precedent to the closing of the Subway Asset Purchase Agreement shall have occurred, and the parties thereto shall have indicated in writing that they are prepared to close the Subway Asset Purchase Agreement on the Closing Date.

ARTICLE VII

CLOSING

If the conditions to the parties' obligations enumerated in Article VI are satisfied, consummation of the transactions contemplated hereby (the "Closing") shall take place on November 30, 1998, at the offices of Lane Powell Spears Lubersky LLP, 800 Pacific Building, 520 S.W. Yamhill Street, Portland, Oregon 97204 (the "Closing Date"), or at such other time or place as parties may mutually agree. The transfers and deliveries described in Article VI shall be mutually interdependent and regarded as occurring simultaneously, and no such transfer or delivery shall become effective until all the other transfers and deliveries provided for in Article VI have also been made. The transfers and deliveries herein contemplated shall be deemed to have occurred and the Closing shall be effective as of 11:59 p.m. on the Closing Date (at each location according to its time zone).

ARTICLE VIII

COVENANTS

8.1 Pre-Closing Covenants.

8.1.1 Conduct of Business. From the date hereof until the Closing, except to the extent that Buyer otherwise consents in writing, and except as disclosed in Schedule 4.3.3, Seller shall operate the Business substantially as presently operated and only in the ordinary course consistent with past practice. During such period, Seller agrees to consult with Buyer with respect to all matters which could materially affect the Business. Seller will use reasonable efforts to preserve intact its present business organization and its relationships with persons having business dealings with Seller. Without limiting the generality of the foregoing, except as disclosed on Schedule 4.3.3, Seller will not do any of the following related to the Business without Buyer's written consent:

(a) purchase or lease (or commit to purchase or lease) any assets (other than inventory) in excess of $30,000 individually or $200,000 in the aggregate;

(b) (i) except in the ordinary course of business, consistent with past practice, create, incur or assume any debt, (ii) assume, guarantee, endorse or otherwise become liable or responsible for the obligation of any other Person, or (iii) except in the ordinary course of business, consistent with past practice, make any loans, advances or capital contributions to, or investments in, any other Person;

(c) (i) increase in any manner the rate of compensation of any of its employees, other than normal scheduled increases using standards consistent with past practice or as required by any collective bargaining agreement, (ii) pay or agree to pay, other than those explicitly agreed to by

Buyer, any bonus, pension, retirement allowance, severance or other employee benefit not required or permitted by any existing Plan of Seller;

(d) permit any of its assets to be subjected to any Lien, other than mechanic's liens incurred in the ordinary course of business;

(e) enter into any Contract, except in the ordinary course of business consistent with past practice, involving less than $5,000 in the aggregate, or modify or terminate any Contract under circumstances which might adversely affect the condition (financial or otherwise) or prospects of the Business;

(f) sell or dispose of any assets other than inventory in the ordinary course of business;

(g) engage in any unusual or novel method of transacting business or change any accounting procedures or practices or its financial structure;

(h) take any action which could affect the historical relationships between the various categories of its current assets and current liabilities (e.g. the ratio of inventories and accounts receivable to trade payables or the level of petty cash);

(i) take any action to accelerate the generation of revenues beyond the level that would result from operations in the ordinary course (other than the liquidation of obsolete inventory); or take any action the taking of which, or omit to take any action the omission of which, would cause any of the representations and warranties herein to fail to be true and correct in all respects as though made at and as of the date of such action or omission, except as otherwise specifically contemplated by this Agreement.

8.1.2 Access. From the date hereof until the Closing, Seller shall provide Buyer and its lenders, investment bankers, underwriters and other representatives full access to such Seller's personnel, facilities, Books and Records and such other information and Persons of Seller relating to the Business as Buyer may request. Seller shall permit Buyer to perform such engineering, environmental and workplace condition surveys and other physical inspections as Buyer may deem necessary. In addition, Seller agrees to provide Buyer and its representatives access to Seller's suppliers and customers relating to the Business to the extent requested by Buyer. Buyer agrees to exercise its rights under this Subsection 8.1.2 so as to not unreasonably interfere with the normal conduct of Seller's business, and shall restore properties surveyed or inspected by Buyer to their condition prior to the survey or inspection.

8.1.3 Interim Financial Statements. Within thirty (30) days after the end of each calendar month prior to the Closing, Seller will deliver to Buyer the unaudited balance sheet of Seller and the related statements of income for the month then ended and for that portion of such fiscal year ended with the last day of such monthly accounting period, in each case

certified by an officer of such Seller to fairly present the financial position and results of operations of such Seller, in conformity with generally accepted accounting principles consistently applied in accordance with Seller's past practices, as at the date stated and for the periods indicated on a basis consistent with past practice.

8.1.4 Supplemental Disclosure. Seller will immediately notify Buyer of any event or circumstance which: (a) makes it necessary to correct any representation and warranty contained in Article IV which has been rendered inaccurate thereby; or (b) arises hereafter and which, had it existed on or prior to the date hereof, would have resulted in an inaccuracy in a representation and warranty contained in Article IV.

8.1.5 Satisfaction of Conditions. Seller agrees to use its best efforts to cause each of the conditions set forth in Section 6.1 and 6.3 to be satisfied at or before the Closing. Buyer agrees to use its best efforts to cause each of the conditions set forth in Section 6.2 and 6.3 to be satisfied at or before the Closing.

8.1.6 Termination. This Agreement may be terminated by written agreement of Buyer and Seller at any time after March 31, 1999, if the Closing shall not have taken place on or before such date. If this Agreement is terminated pursuant to this Section 8.1.6, all provisions of this Agreement other than Section 8.2.4 and the last sentence of Section 8.1.2, shall become void without any liability on the part of any party.

8.2 Miscellaneous Covenants.

8.2.1 Voting Agreement. Simultaneously with the execution hereof, each of Bruce E. Burns, Bruce Investment Co., Scott F. Burns and Scott Frimoth Investment Co. shall execute and deliver to Buyer an agreement, in form and substance acceptable to Buyer, pursuant to which each of them agrees: (a) to vote his shares of capital stock of Seller in favor of the sale of assets described herein; and (b) not to transfer any such shares prior to the Closing Date (or the termination of this Agreement in accordance with its terms), except transfers to his children, spouse, niece or nephew or to a trust for the benefit of his children, spouse, niece or nephew which shall not exceed 15,000 shares of capital stock, in the aggregate.

8.2.2 Gaming and Liquor Licenses. Seller shall use reasonable efforts to the extent practicable and permitted by Law, to enable the Buyer to obtain the gaming license related to the Troutdale, Oregon, video poker facility, and liquor licenses related to any of the Owned Real Property.

8.2.3 Publicity. All public announcements relating to this Agreement or the transactions contemplated hereby will be made only as may be agreed upon by Seller and Buyer or as required by Law. If public disclosure or notice is required by Law, the disclosing party will use its best efforts to give the other party prior written notice of the disclosure to be made.

8.2.4 Expenses, Transfer Taxes. Except to the extent otherwise specifically provided in this Agreement, Buyer shall pay all of the fees and expenses incident to the transactions

contemplated by this Agreement which are incurred by Buyer or its representatives (including all fees of finders, attorneys or accountants retained by Buyer), and Seller shall pay all of the fees and expenses incident to the transactions contemplated by this Agreement which are incurred by Seller or its representatives (including all fees of finders, attorneys or accountants retained by Seller). Seller shall pay all sales or other transfer Taxes, if any, payable in connection with the transactions contemplated by this Agreement. Buyer shall be responsible for the H-S-R filing fees; Seller shall be responsible for all costs and expenses incurred in connection with the Environmental Reports. Seller and Buyer shall each be responsible for 50% of the premium for extended coverage insurance policies insuring Buyer's title to the Owned Real Property in the amount of the Purchase Price allocated to each Property pursuant to this Agreement, and Buyer shall pay such additional amounts as the Title Company may charge for endorsements requested by Buyer. Buyer and Seller shall share equally the cost of surveys of the Owned Real Property conducted by Buyer or at its request pursuant to this Agreement.

8.2.5 No Assignment. With the prior written consent of Seller, which consent shall not be unreasonably withheld, Buyer may assign all or any part of this Agreement and all or any part of its rights or obligations hereunder to an Affiliate of Buyer, in which event, Seller shall execute and deliver any documents reasonably requested by the assignee(s) in connection with such assignments, but no such assignment shall relieve Buyer of its obligations hereunder. Except as provided in the preceding sentence, and except as provided in Section 8.2.6, no assignment by any party of this Agreement or any right or obligation hereunder may be made without the prior written consent of all other parties, which consent may be withheld with or without cause, and any assignment attempted without that consent will be void.

8.2.6 Section 1031 Exchange. Subject to Section 8.2.11, Seller intends to exchange all or part of the Owned Real Property and tangible personal property included within the Purchased Assets for property of like kind in a transaction qualifying as a Section 1031 tax-deferred, non-simultaneous exchange. Seller may assign Seller's interest in this Agreement to an accommodator for the purpose of effecting the exchange. Buyer agrees to cooperate with Seller to effect the exchange, it being understood and agreed that Buyer will not be obligated to incur additional expense or liability by reason of the exchange.

8.2.7 Further Assurances. Seller appoints Buyer, effective as of the Closing, the attorney of such Seller with full power of substitution, in the name of Buyer, or the name of such Seller, on behalf of and for the benefit of Buyer, to collect all receivables and other items hereby transferred and assigned to Buyer, to endorse, without recourse, all checks in the name of such Seller the proceeds of which Buyer is entitled to hereunder, to prosecute, in the name of such Seller or otherwise, all proceedings which Buyer may deem proper to enforce any claim of any kind in or to the Purchased Assets, to defend and compromise all actions in respect of any of the Purchased Assets, and to do everything in relation thereto as Buyer may reasonably deem advisable. Seller agrees that the foregoing powers are coupled with an interest, shall be irrevocable, and shall not be affected by the dissolution of Seller or for any other reason. Seller further agrees that Buyer shall retain for its own account any amounts collected pursuant to the foregoing powers, and Seller shall pay or transfer to Buyer, if and when received, any amounts which shall be received by Seller after the Closing in respect of any receivables or other assets or rights hereby transferred to Buyer.

Seller further agrees that, at any time and from time to time after the Closing, it will, upon the request of Buyer, do all such further acts as may be reasonably required to further transfer, assign and confirm to Buyer, or to aid and assist in the collection, gaining of possession by Buyer of or maintaining, any of the Purchased Assets, or to vest in Buyer good and marketable title to the personal property included in the Purchased Assets, including but not limited to obtaining or transferring permits or licenses or doing such other things as may be reasonably necessary to allow Buyer to conduct its business in substantially the same manner as Seller operated the Business.

8.2.8 Assignment of Contracts, Rights, Etc. Anything contained in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any Contract or any claim or any right or benefit arising thereunder or resulting therefrom if an attempted assignment thereof, without the consent of a third party thereto, would constitute a breach thereof or in any way affect the rights of Buyer thereunder. Seller shall use its reasonable efforts (excluding the payment of money other than assignment fees with respect to Assumed Contracts, which shall be the obligation of Seller) to obtain the consent of the other party to any of the foregoing to the assignment thereof to Buyer in all cases in which such consent is required for assignment or transfer. If such consent is not obtained, Seller agrees to cooperate with Buyer in any reasonable arrangement designed to provide for Buyer the benefits thereunder, including, but not limited to, having (a) Buyer act as agent for Seller for reasonable compensation, and (b) Seller enforce for the benefit of Buyer at Buyer's expense, any and all rights of Seller against the other party thereto arising out of the cancellation by such other party or otherwise.

8.2.9 Product Warranty. Although Buyer does not expressly or impliedly assume any of the product warranty or product liability obligations of Seller, Buyer shall have the right after the Closing, on Seller's behalf, to perform Seller's obligations under its product warranties in accordance with Buyer's business judgment consistent with the ongoing operation of Buyer's business. The performance by Buyer of any of Seller's product warranty obligations shall not give rise to any rights in Seller, or any third party. Seller agrees to reimburse Buyer upon demand for Buyer's costs in performing such obligations for Seller, including, but not limited to, out-of-pocket costs and internal labor, material and overhead costs at Buyer's normal rates.

8.2.10 Closing of Wilsonville, Oregon, Facility. Seller shall use reasonable efforts to assist Buyer in transferring the business of its customers at the Wilsonville, Oregon, facility to Buyer's facilities at Eugene, Oregon, Troutdale, Oregon, or Aurora, Oregon, as the case may be. Except as disclosed on Schedule 4.3.3, prior to ceasing such operations, Seller will continue to conduct business at such site consistent with past practice. Seller covenants and agrees that it will take such acts and provide such notices as may be required by Law in connection with the closing of the Wilsonville, Oregon, facility (or any other truckstop or travelcenter facility), including but not limited to providing such notices, if any, as are required by the Worker Adjustment and Retraining Notification Act and complying with or assuming all contractual or bargaining obligations under any collective bargaining agreements relating to any such facility.

8.2.11 Retention of Proceeds.

(a) Seller covenants and agrees that for a period which is the longer of (i) two (2) years following the Closing Date (the "General Breach Retention Period") or (ii) the date upon which all claims for indemnification timely made by Buyer under Section 9.2(a) (other than claims for a breach of a representation or warranty under Section 4.2.1, 4.3.4, 4.7.4 or the first sentence of Section 4.7.1, which are covered by Subsection (b) below) or Sections 9.2(b), (e) or (h) (the "General Breach Indemnification Sections") have been resolved and satisfied, Seller shall maintain a net worth (in accordance with generally accepted accounting principles) equal to at least $7,000,000 (the "General Breach Retention Amount"). Each of Bruce E. Burns, Bruce Investment Co., Scott Frimoth Investment Co. or Scott F. Burns covenants and agrees, that if: (x) a claim for indemnification is timely made by Buyer under the General Breach Indemnification Sections, (y) the amount of Seller's net worth is less than the General Breach Retention Amount at the time Seller agrees to pay the claim or a final judgment or arbitration award is rendered in favor of Buyer on the claim (the "Settlement Date"), and (z) any amounts or funds have been distributed by Seller to Bruce E. Burns, Bruce Investment Co., Scott Frimoth Investment Co. or Scott F. Burns or any other Person on or after the Closing Date as dividends, stock redemption payments or otherwise with respect to Seller's capital stock (excluding distributions to pay taxes on Seller's income in the event Seller files an S election), then Bruce E. Burns, Bruce Investment Co., Scott Frimoth Investment Co. or Scott F. Burns, jointly and severally, shall be liable to Buyer for and with respect to such indemnification claim, to the extent that the amount of Seller's net worth on the Settlement Date is less than the General Breach Retention Amount; provided, however that the joint and several liability of each of Bruce E. Burns, Bruce Investment Co., Scott Frimoth Investment Co. or Scott F. Burns shall not exceed the amount so distributed (excluding distributions to pay taxes on Seller's income in the event Seller files an S election), collectively, to Bruce E. Burns, Bruce Investment Co., Scott Frimoth Investment Co. or Scott F. Burns during the period beginning on the Closing Date and ending on the date of the claim is paid.

(b) Seller covenants and agrees that for a period which is the longer of (i) six (6) years following the Closing Date (the "Other Breach Retention Period") or (ii) the date upon which all claims for indemnification timely made by Buyer under Sections 9.2(a) (solely with respect to a claim in a breach of a representation or warranty under Section 4.2.1, 4.3.4, 4.7.4 of the first sentence of Section 4.7.1) or Sections 9.2(c), (d) or (f) (the "Other Breach Indemnification Sections") have been resolved and satisfied, Seller shall maintain a net worth equal to at least $7,000,000 (the "Other Breach Retention Amount"). Each of Bruce E. Burns, Bruce Investment Co., Scott Frimoth Investment Co. or Scott F. Burns covenants and agrees, that if: (x) a

claim for indemnification is timely made by Buyer under the Other Breach Indemnification Sections, (y) the amount of Seller's net worth is less than the Other Breach Retention Amount at the time Seller agrees to pay the claim of a final judgment or arbitration award is rendered in favor of Buyer on the claim (the "Settlement Date") and (z) any amounts or funds have been distributed by Seller to Bruce E. Burns, Bruce Investment Co., Scott Frimoth Investment Co. or Scott F. Burns or any other Person on or after the Closing Date as dividends, stock redemption payments or otherwise with respect to Seller's capital stock (excluding distributions to pay taxes on Seller's income in the event Seller files an S election), then Bruce E. Burns, Bruce Investment Co., Scott Frimoth Investment Co. or Scott F. Burns, jointly and severally, shall be liable to Buyer for and with respect to such indemnification claim, to the extent that the amount of Seller's net worth on the Settlement Date is less than the Other Breach Retention Amount; provided, however that the joint and several liability of each of Bruce E. Burns, Bruce Investment Co., Scott Frimoth Investment Co. or Scott F. Burns shall not exceed the amount so distributed (excluding distributions to pay taxes on Seller's income in the event Seller files an S election), collectively, to Bruce E. Burns, Bruce Investment Co., Scott Frimoth Investment Co. or Scott F. Burns during the period beginning on the Closing Date and ending on the date of the claim is paid.

8.2.12 Transfer of Permits. Seller shall cooperate with Buyer in preparing and filing all notices, applications, reports or other documents required to obtain or, where permitted by Law, to transfer all permits listed on Schedule 4.4.1 from Seller to Buyer.

8.3 Employee Covenants.

8.3.1 Employment. Pending the Closing, Seller shall use reasonable efforts to retain the services of Seller's employees relating to the Business (except employees terminated in the ordinary course of business) and to encourage them to continue their employment with Buyer after the Closing. Buyer shall offer employment to the thirteen (13) "headquarters" employees of Seller identified on Schedule 8.3.1, attached hereto, on terms and conditions substantially consistent with those presently provided to such persons by Seller. Buyer also agrees to offer employment to most of the employees of Seller who are actively working at the sites comprising the Owned Real Property. Subject to the foregoing, each such offer of employment by Buyer shall be subject to and conditioned upon Buyer's usual and customary hiring practices and policies, including but not limited to drug testing, and each employee who is offered and accepts employment with Buyer shall be entitled to receive only those benefits (but with credit to such employees for their years of service with Seller) which are consistent with those provided to other employees of Buyer in comparable positions. The employment by Buyer of any employee of Seller who accepts the terms of employment offered by Buyer will commence at the Closing. Seller agrees in this regard to cooperate with Buyer by permitting Buyer, prior to the Closing, to meet with Seller's employees who are engaged in the conduct of the Business at such reasonable times as shall be approved by a representative of Seller and to distribute to such employees such forms and

other documents relating to employment by Buyer after the Closing as Buyer shall reasonably request. Except as otherwise provided in this Section 8.3.1, Seller shall pay the cost of any compensation, severance or other benefits which may be payable to any employees of such Seller to whom Buyer does not offer employment or to such other persons as shall claim compensation, severance or other benefits in connection with the consummation of the transactions contemplated by this Agreement. Nothing in this Section 8.3.1 shall be deemed to require Buyer to retain any of the employees it hires for any period of time or in any particular position.

8.3.2 Tax Deposits. Seller shall make all required deposits through the Closing for all withholding, social security and unemployment insurance Taxes relating to Seller's employees who become employees of Buyer and shall file timely quarterly and annual reports with respect to such Taxes in accordance with applicable Law whether such reports are due prior to or after the Closing.

8.3.3 COBRA Compliance. Seller agrees that it will timely provide all notices and any continuation of health benefit coverage required to be provided to any of such Seller's employees, former employees, or the beneficiaries or dependent employees or former employees, under Part 6 of Subtitle B of Title I of ERISA 4980B(f) of the Code (herein collectively referred to as "COBRA"), to the extent such notices and continuation of health benefit coverage are required to be provided by Seller by reason of events occurring prior to or on the Closing Date or by reason of the transactions contemplated by this Agreement. For purposes of the foregoing, Seller agrees that it will treat employees who are engaged in the conduct of the Business (and such employees' beneficiaries and dependents) as of the Closing Date as having incurred a "qualifying event" (within the meaning of ERISA Section 603) and Code Section 498013(f)(3)) on the Closing Date. Seller agrees that it will continue the health benefit coverage required by COBRA and the provisions of this Agreement irrespective of the elimination of any health benefit plan of such Seller.

8.4 Assets Sold As-Is. Buyer has inspected the Purchased Assets and is acquainted with their condition, and subject to the covenants, representations and warranties stated in this Agreement, takes the Purchased Assets "as-is" as of the date of this Agreement, and subject to ordinary wear and tear prior to the Closing Date. Seller has not made and does not make any representations as to the physical condition, expenses, operation or any other matter or thing affecting or related to the Business or Purchased Assets, except as specifically set forth in this Agreement. Buyer acknowledges that all representations, warranties and covenants which Seller has made, and upon which Buyer relied in making this Agreement, have been included in this Agreement. Seller disclaims the implied warranties of fitness for a particular purpose and of merchantability.

8.5 Confidentiality. Buyer and Seller acknowledge and agree that certain letter agreement dated August 6, 1998 from Seller to Buyer, and signed by Buyer, pertaining to the confidentiality of Evaluation Material, as defined therein, and the confidentiality of a possible Acquisition Transaction, as defined therein, remains in effect in accordance with its terms, except that each of Buyer and Seller may disclose to any person that Evaluation Material has been made available to Buyer and that discussions are taking place concerning a possible Acquisition

Transaction, and except that Buyer may discuss Evaluation Material with Seller's employees and may make employment offers to Seller's employees in accordance with the terms of this Agreement.

8.6 Waiver of Environmental Claims.

(a) Effective as of the Closing, Buyer and its Affiliates forever waive, release and discharge any claim Buyer may have, now or in the future, against Seller or against Seller's officers, directors, shareholders, employees, agents, successors or assigns by reason of contamination of the Owned Real Property existing at Closing, known or unknown, or by reason of any Storage or Release of Hazardous Substances on the Owned Real Property prior to the Closing, known or unknown, or any violation of Environmental Law, known or unknown, on the Owned Real Property prior to Closing ("Waived Environmental Claims"). Notwithstanding the foregoing, Buyer does not waive any claim Buyer may have against Seller for (i) indemnity under Section 9.2(a) by reason of breach or inaccuracy of the representations and warranties stated in Section 4.7.4; (ii) any known or unknown environmental contamination, Storage or Release of Hazardous Substances or violation of Environmental Law relating to any property other than the Owned Real Property, or for any environmental claim brought by any third party other than a Governmental Authority (the "Non-Waived Environmental Claims").

(b) In the event Buyer sells a part or all of the Owned Real Property, Buyer agrees to use its reasonable efforts to secure a similar waiver from the buyer of such Owned Real Property.

8.7 Bulk Sales Law. In consideration of the indemnity obligation of Seller pursuant to Section 9.2(c), Buyer and Seller hereby waive compliance with the bulk sales provisions of Article 6 of the Uniform Commercial Code as it may be in effect in the states where Seller owns assets to be conveyed to Buyer hereunder and any other bulk sales laws of any jurisdiction that may be applicable to the transactions contemplated hereby.

8.8 Taxes. Seller shall file any Tax Returns required to be filed in connection with the period up to and including the Closing Date and shall be responsible for all Taxes owed for such periods and for all costs incurred in the preparation of such Tax Returns.

ARTICLE IX

INDEMNIFICATION

9.1 Survival of Representations and Warranties. The covenants, representations and warranties of Seller and of Buyer in this Agreement shall survive the Closing and shall continue to be binding regardless of any investigation made at any time by any party. Nevertheless, the right of the Buyer Indemnified Parties (as such term is defined in Section 9.2) to bring claims for any misrepresentation or breach of warranty or covenant is subject to the time limits contained in paragraph (a) of Section 9.5, and the right of the Seller Indemnified Parties (as

such term is defined in Section 9.3) to bring claims for any misrepresentation or breach of warranty or covenant is subject to the time limits contained in paragraph (a) of Section 9.6.

9.2 Indemnification by Seller. Seller shall indemnify Buyer and its Affiliates and the shareholders, directors, employees and agents of Buyer and its Affiliates (collectively, the "Buyer Indemnified Parties") against and hold them harmless from:

(a) Representations. All Liability, loss, damage or deficiency resulting from or arising out of any inaccuracy in or breach of any representation or warranty by Seller herein;

(b) Covenants. All Liability, loss, damage or deficiency resulting from or arising out of any breach or nonperformance of any covenant or obligation made or incurred by Seller herein;

(c) Liabilities. Any imposition (including, but not limited to, imposition by operation of any bulk transfer or other Law) or attempted imposition by a third party upon any of the Buyer Indemnified Parties of any Liability of Seller which Buyer has not specifically agreed to assume under
Section 2.1 of this Agreement;

(d) Taxes. All Liability, loss, damage or deficiency resulting from or arising out of any Tax related matter concerning Seller or the Purchased Assets which pertains or relates to the period prior to the Closing Date;

(e) Brokers and Finders. All Liability, loss, damage or deficiency resulting from or arising out of the claims of any broker, finder or other Person acting in a similar capacity on behalf of Seller in connection with the transactions herein contemplated;

(f) Environmental. All Liability, loss, damage or deficiency resulting from or arising out of any Non-Waived Environmental Claim (as defined in Section 8.6);

(g) Mechanic's Liens. All liability, loss, damage or deficiency resulting from or arising out of any mechanic's lien which is filed against any Purchased Asset as a result of or in connection with services or work performed prior to the Closing; and

(h) Costs. Any and all costs and expenses (including, but not limited to, legal and accounting fees) related to any of the foregoing.

9.3 Indemnification by Buyer. Buyer shall indemnify Seller and its Affiliates and the shareholders, directors, employees and agents of Seller (collectively, the "Seller Indemnified Parties") against and hold them harmless from:

(a) Representations. All Liability, loss, damage or deficiency resulting from or arising out of any inaccuracy in or breach of any representation or warranty by Buyer herein;

(b) Covenants. All Liability, loss, damage or deficiency resulting from or arising out of any breach or nonperformance of any covenant or obligation made or incurred by Buyer herein;

(c) Liabilities. Any imposition (including, but not limited to, by operation of Law) or attempted imposition by a third party upon any of the Seller Indemnified Parties of any Liability which Buyer specifically agreed to assume under Section 2.1 of this Agreement;

(d) Brokers and Finders. All Liability, loss, damage or deficiency resulting from or arising out of the claims of any broker, finder or other Person acting in a similar capacity on behalf of Buyer or in connection with the transactions herein contemplated; and

(e) Costs. Any and all related costs and expenses (including, but not limited to, legal and accounting fees) related to any of the foregoing.

9.4 Third Party Claims. If any legal proceedings are instituted or any claim is asserted by any third party in respect of which the Seller Indemnified Parties on the one hand, or the Buyer Indemnified Parties on the other hand, may be entitled to indemnity hereunder, the party asserting such right to indemnity shall give the party from whom indemnity is sought written notice thereof. A delay in giving such notice shall only relieve the recipient of the obligation to indemnify to the extent the recipient suffers actual prejudice because of the delay. The party from whom indemnity is sought 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 party asserting such right to indemnity, unless the proceeding or claim involves only money damages (not an injunction or other equitable relief) and unless the party from whom indemnity is sought:

(a) irrevocably acknowledges in writing full responsibility for and agrees to fully indemnify the party asserting such right to indemnity, and

(b) furnishes satisfactory evidence of the financial ability to indemnify the party asserting such right to indemnity,

in which case the party from whom indemnity is sought may assume such control through counsel of its choice and at its expense, but the party asserting such right to indemnity 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 party from whom indemnity is sought does not assume control of the defense of such a proceeding or claim, the entire defense of the proceeding or claim by the party asserting such right to indemnity, any settlement made by the party asserting such right to indemnity, and any judgment entered in the proceeding or claim shall be deemed to have been consented to by, and shall be binding on, the party from whom indemnity is sought 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 party from whom indemnity is sought to contest the right of the other to indemnification under

Section 9.2 or 9.3 of this Agreement, as the case may be, with respect to the proceeding or claim shall not be extinguished. If the party from whom indemnity is sought does assume control of the defense of such a proceeding or claim, it will not, without the prior written consent of the party asserting such right to indemnity, 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 party asserting such right to indemnity 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.

9.5 Limitations on Indemnification of Buyer Indemnified Parties. The indemnification of the Buyer Indemnified Parties provided for under Section 9.2 shall be limited in certain respects as follows:

(a) Any claim for indemnification under Section 9.2 by the Buyer Indemnified Parties shall be made by the second anniversary of the Closing Date; provided, however, that notwithstanding the foregoing: (i) there shall be no limits on the time for making a claim for indemnification pursuant to (x) Section 9.2(c) or
(y) Section 9.2(a) relating to a breach of the representations or warranties contained in Subsection 4.2.1 or the first sentence of Subsection 4.7.1, (ii) a claim for indemnification pursuant to Section 9.2(a) relating to the representations and warranties contained in Subsection 4.3.4, or a claim pursuant to Section 9.2(d) may be made until the 60th day following the expiration of the applicable statute of limitations for either the assessment or collection of Taxes and (iii) a claim for indemnification pursuant to Section 9.2(a) relating to the representations and warranties contained in Subsection 4.7.4, or a claim pursuant to Section 9.2(f), may be made until the sixth (6th) anniversary of the Closing Date;

(b) The aggregate liability of Seller to the Buyer Indemnified Parties for indemnification claims under paragraph (a) of
Section 9.2 (other than claims relating to the representations and warranties contained in Subsections 4.2.1, 4.3.4, 4.7.4 and the first sentence of Subsection 4.7.1, as to which there is no limit), and paragraphs (b), (e) and (h) of Section 9.2 shall not exceed $7,000,000.00; and

(c) Except for claims pursuant to Section 9.2(g), Seller shall not have any liability hereunder unless the aggregate amount of Liability, loss, damage or deficiency to be indemnified by Seller ("Losses") exceeds $250,000.00 (the "Basket"); provided, that once such Losses have exceeded the Basket, Seller shall be liable for all such Losses, including the amount of the Basket.

9.6 Limitations on Indemnification of Seller Indemnified Parties. The indemnification of the Seller Indemnified Parties provided for under Section 9.3 shall be limited in certain respects as follows:

(a) Any claim for indemnification under Section 9.3 by the Seller Indemnified Parties shall be made by the second anniversary of the Closing Date; provided, however, that notwithstanding the foregoing, there shall be no limits on the time for making a claim for indemnification relating to the representations and warranties contained in Subsections 5.2.1 or Section 9.3(c); and

(b) Buyer's aggregate liability to the Seller Indemnified Parties for indemnification claims under paragraph (a) of Section 9.3 (other than claims relating to the representations and warranties contained in Subsection 5.2.1, as to which there is no limit), and paragraphs (b) and (d) of Section 9.3 shall not exceed $7,000,000.00.

ARTICLE X
MISCELLANEOUS

10. 1 Entire Agreement. This Agreement and the agreements and documents referred to in this Agreement or delivered hereunder are the exclusive statement of the agreement among the parties concerning the subject matter hereof. All negotiations among the parties are merged into this Agreement, and there are no representations, warranties, covenants, understandings or agreements, oral or otherwise, in relation thereto among the parties other than those incorporated herein and to be delivered hereunder.

10.2 Successors and Assigns; Third Party Beneficiaries. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under this Agreement on any person or entity other than Buyer or Seller, their respective successors and permitted assigns, and, to the extent stated herein, their respective Affiliates, officers, directors, employees, shareholders and agents.

10.3 Headings; Drafting. The headings of the articles, sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof. This Agreement shall not be deemed drafted by either party.

10.4 Modification and Waiver. No amendment, modification or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by each of the parties hereto, except that any of the terms or provisions of this Agreement may be waived in writing at any time by the party entitled to the benefits of such waived terms or provisions. No waiver of any of the provisions of this Agreement shall be deemed to or shall

constitute a waiver of any other provisions hereof (whether or not similar). No delay on the part of any party in exercising any right, remedy, power or privilege hereunder shall operate as a waiver thereof or of any other right, remedy, power or privilege.

10.5 Notices. Any notice, request, claim, instruction or other document to be given hereunder by any party hereto to any other party shall be in writing and delivered personally, by telecopy or sent by registered or certified mail (postage prepaid return receipt requested),

If to Seller, to:

Burns Bros., Inc.

Weatherly Building, Suite 1200 516 S.E. Morrison Street Portland, Oregon 97214 Attn: Bruce E. Burns
Telecopier: 503/233-7652

With a copy to:

Lane Powell Spears Lubersky LLP 520 S.W. Yamhill Street, Suite 800 Portland, Oregon 97204 Attn: Richard H. Williams, Esq.

Telecopier: 503/224-0388

If to Buyer, to:

TA Operating Corporation
24601 Center Ridge Road, Suite 200
Westlake, Ohio 44145-5634

Attn: Edwin P. Kuhn, President and CEO Telecopier: 404/808-3301

With a copy to:

Calfee, Halter & Griswold LLP 1400 McDonald Investment Center 800 Superior Avenue
Cleveland, Ohio 44114-2688 Attn: Philip M. Dawson, Esq.

Telecopier: 216/241-0816

or at such other address for a party as shall be specified by like notice. Notices sent by registered or certified mail, postage prepaid, return receipt requested, shall be deemed to have been given

two (2) business days after being mailed; otherwise, notices shall be deemed to have been given when delivered to such address.

10.6 Governing Law; Waiver of Jury Trial. This Agreement shall be deemed to be made in and in all respects shall be interpreted, construed and governed by and in accordance with the laws of the State of Oregon without regard to the conflict of law principles thereof.

Each party acknowledges and agrees that any controversy that may arise under this Agreement is likely to involve complicated and difficult issues, and therefore each such party hereby irrevocably and unconditionally waives any right such party may have to a trial by jury in respect of any litigation directly or indirectly arising out of or relating to this Agreement or the transactions contemplated by this Agreement. Each party certifies and acknowledges that (i) no representative, agent or attorney of any other party represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver (ii) each party understands and has considered the implications of this waiver, (iii) each party makes this waiver voluntarily, and (iv) each party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 10.6.

10.7 Attorneys' Fees. If any suit or arbitration proceeding is brought against any party hereto to enforce, interpret, declare rights under or rescind this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs (including deposition transcript and expert witness fees) and disbursements incurred in such suit or proceeding, and in any appeal or review thereof.

10.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which, when together, shall constitute one and the same instrument.

10.9 Severability. If any provision of this Agreement or the application of any such provision to any person or circumstances shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not effect any other provision hereof and this Agreement shall remain in force and be effectuated as if such illegal, invalid or unenforceable provision is not part of this Agreement.

10.10 Statement Required by Oregon Statute. THE TROUTDALE, OREGON,
PROPERTY DESCRIBED IN THIS INSTRUMENT MAY NOT BE WITHIN A FIRE PROTECTION DISTRICT PROTECTING STRUCTURES. THE TROUTDALE, OREGON, PROPERTY IS SUBJECT TO LAND USE LAWS AND REGULATIONS, WHICH, IN FARM OR FOREST ZONES, MAY NOT AUTHORIZE CONSTRUCTION OR SITING OF A RESIDENCE AND WHICH LIMIT LAWSUITS AGAINST FARMING OR FOREST PRACTICES AS DEFINED IN ORS 30.930 IN ALL ZONES. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED USES AND EXISTENCE OF FIRE PROTECTION FOR STRUCTURES.

10.11 Exhibits and Schedules. The Exhibit and Schedules referred to in this Agreement shall be deemed to be an integral part of this Agreement.

10.12 Pronouns. The use of a particular pronoun herein shall not be restrictive as to gender or number but shall be interpreted in all cases as the context may require.

10.13 Time Periods. Except as otherwise provided herein, any action required hereunder to be taken within a certain number of days shall be taken within that number of calendar days; provided, however, that if the last day for taking such action falls on a weekend or a holiday, the period during which such action may be taken shall be automatically extended to the next business day.

10.14 No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against either party.

INTENDING TO BE LEGALLY BOUND, the parties have signed this Agreement as of the date first above written.

SELLER:

BURNS BROS., INC.

By /s/ Bruce E. Burns

Title President

BUYER:

TA OPERATING CORPORATION

By /s/ Edwin P. Kuhn

Title President

ACKNOWLEDGMENT

Intending to be legally bound, the undersigned hereby acknowledge and agree to be bound by Section 8.2.11 of this Agreement:

/s/ Bruce E. Burns

Bruce E. Burns

/s/ Scott F. Burns

Scott F. Burns

BRUCE INVESTMENT CO.

By: /s/ Bruce E. Burns

Its: Vice President

SCOTT FRIMOTH INVESTMENT CO.

By: /s/ Scott F. Burns

Its Vice President

Exhibit 2.2

AMENDMENT OF ASSET PURCHASE AGREEMENT

This Amendment of Asset Purchase Agreement is entered into this 3rd day of December, 1998, by and between Burns Bros. Inc., an Oregon corporation ("Seller"), and TA Operating Corporation, a Delaware corporation ("Buyer").

W I T N E S S E T H:

WHEREAS, Seller and Buyer are parties to that certain Asset Purchase Agreement, dated October 17, 1998 ("Purchase Agreement");

WHEREAS, Seller and Buyer desire to amend the Purchase Agreement in accordance herewith;

NOW THEREFORE, in consideration of the premises above and the mutual covenants and agreements set forth herein and in the Purchase Agreement, the parties hereto agree as follows:

1. Capitalized terms used herein and not otherwise defined, shall have the meanings ascribed thereto in the Purchase Agreement.

2. Section 1.1 shall be amended by including, in alphabetical order, the following definitions:

"Ancillary Documents" means the Subway Purchase Agreement, the Enterprises Asset Purchase Agreement, the BFR Asset Purchase Agreement, the Services Agreement, the General Bill of Sale and Assignment, the Assumption Agreement, the Trademark Assignment, the Gaming Agreement and the Intellectual Property License Agreement.

"Assumption Agreement" means that certain Assumption Agreement by and between Seller and Buyer, executed by Buyer and delivered contemporaneously with this Agreement.

"Gaming Agreement" means the Lease of Real Property for Gaming Purposes at Mill City, NV and the Lease of Real Property for Gaming Purposes at Rye Patch, NV both by and between Enterprises and Buyer, executed and delivered contemporaneously with this Agreement.

"General Bill of Sale and Assignment" means that certain General Bill of Sale and Assignment executed by Seller and delivered contemporaneously with this Agreement.

"Intellectual Property License Agreement" means that certain License Agreement by and between Buyer and Seller, executed and delivered contemporaneously with this Agreement.

"Services Agreement" means that certain Services Agreement by and between Seller and Buyer, executed and delivered contemporaneously with this Agreement.

"Subway Purchase Agreement" means that certain Subway Purchase Agreement by and between Seller and Buyer, executed and delivered contemporaneously with this Agreement.

"Trademark Assignment" means that certain Assignment executed and delivered by Seller contemporaneously with this Agreement.

"Transaction Documents" means this Agreement and each other agreement and document executed and delivered at Closing.

3. The definition of "Receivables Amount" in Section 1.1 of the Purchase Agreement shall be and hereby is amended by deleting the reference to "Section 3.3" in such definition and replacing it with "Section 2.2.1."

4. Section 1.2(k) of the Purchase Agreement shall be and hereby is deleted in its entirety and the following shall be substituted therefor:

(k) Real Property. All real estate and interests in real estate (including, but not limited to, all buildings and improvements) used or usable in connection with the Business, including without limitation, the sites listed on Schedule 1.2(k), attached hereto, and all contiguous and noncontiguous "out parcels," including, but not limited to the out parcels located in Corning, California and Troutdale, Oregon (collectively, the "Owned Real Property");

5. Section 1.3(e) of the Purchase Agreement shall be and hereby is deleted in its entirety and the following shall be substituted therefor:

(e) Certain Assets at Troutdale, Oregon. The personal property (including equipment, but excluding food inventory) located at and used in the operation of the kitchen and lounge and video poker facility at the Troutdale, Oregon, facility, and listed on Schedule 1.3(e).

6. The first sentence of Section 2.2.1 of the Purchase Agreement shall be and hereby is deleted and the following shall be substituted therefor:

2.2.1 Preparation of Preliminary Closing Balance Sheet. Within forty-five (45) days after the Closing, Seller will prepare and deliver to Buyer a balance sheet (the "Preliminary Closing Balance Sheet") as of the Closing reflecting, among other things: (a) the current liabilities of Seller, excluding the current portion of any long-term debt, liabilities related to environmental matters, workers' compensation or insurance claims and all employee related matters, and reducing such liabilities by an amount equal to identifiable and

realizable payment term discounts; and (b) an amount equal to the accounts receivable of the Business (including accounts receivable which relate or pertain to TABB, but excluding accounts receivable which are subject to the American Credit Industry Insurance Company credit insurance policy and the notes and accounts receivable listed on Schedule 2.2.1(a), attached hereto), minus the amount of the Assumed Balance Sheet Liabilities, minus a reserve for bad debts mutually agreed upon by Seller and Buyer as forth on Schedule 2.2.1(b), which shall include a reserve of $130,000 relating to TABB receivables (the "Receivables Amount").

7. Section 3.1 of the Purchase Agreement shall be and hereby is amended by deleting item (ii) from the last paragraph of Section 3.1 and replacing it with the following: "(ii) $1,500,000.00 (Environmental Reports Adjustment)."

8. Section 3.1 of the Purchase Agreement shall be and hereby is amended by deleting item (iii) from the last paragraph of Section 3.1 and replacing it with the following: "(iii) $70,000.00 (Loyal Fueler Adjustment)."

9. Section 6.1.5 of the Purchase Agreement shall be and hereby is deleted in its entirety and the following shall be substituted therefor:

6.1.5 Good Standing. Buyer shall have received a certificate of Seller's existence dated no earlier than November 19, 1998, from the State of Oregon and, where applicable, good standing certificates from Seller's state of incorporation and from each other state in which Seller is qualified to do business as a foreign corporation, and tax clearance certificate(s) from the State of Oregon, each of which shall be of a date reasonably contemporaneous to the Closing Date;

10. Section 8.2.5 of the Purchase Agreement shall be and hereby is deleted in its entirety and the following shall be substituted therefor:

8.2.5 No Assignment. With the prior written consent of Seller, which consent shall not be unreasonably withheld, Buyer may assign all or any part of this Agreement and all or any part of its rights or obligations hereunder to an Affiliate of Buyer, in which event, Seller shall execute and deliver any documents reasonably requested by the assignee(s) in connection with such assignments, but no such assignment shall relieve Buyer of its obligations hereunder. Buyer may, without the prior written consent of Seller, assign this Agreement as part of the sale of all or substantially all of its business or pursuant to a collateral assignment for the benefit of The Chase Manhattan Bank, or any successor lender, as collateral agent. Except as provided in the preceding sentences, and except as provided in Section 8.2.6, no assignment by any party of this Agreement or any right or obligation hereunder may be made without the prior written consent of all other parties, which consent may be withheld with or without cause, and any assignment attempted without that consent will be void.

11. Section 8.2.11 of the Purchase Agreement shall be and hereby is amended by deleting $7,000,000 where it appears in subsections (a) and (b) and replacing it with the following: "$5,500,000."

12. Sections 9.5(b) and 9.6(b) shall be and hereby are amended by deleting $7,000,000 where is appears and replacing it with the following: "$5,500,000."

13. Section 10.9 of the Purchase Agreement shall be and hereby is deleted in its entirety and the following shall be substituted therefor:

If any provision of this Agreement or a Transaction Document or the application of any such provision to any person or circumstances shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not effect any other provision hereof and this Agreement or the Transaction Document, as applicable, shall remain in force and be effectuated as if such illegal, invalid or unenforceable provision is not part of such agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of Asset Purchase Agreement as the date just written above.

BURNS BROS., INC.

By: /s/ Bruce E. Burns

Its: President

TA OPERATING CORPORATION

By: /s/ Timothy L. Doane

Its: Senior Vice President

Exhibit 10.5

TravelCenters of America, Inc.

$270,000,000

Credit Agreement

dated as of
March 21, 1997,
as amended
and restated as of
November 24, 1998

Chase Securities Inc.
as Arranger

The Chase Manhattan Bank
as Agent

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CREDIT AGREEMENT dated as of March 21, 1997, as amended and restated as of November 24, 1998, among the Borrower, the Lenders, the Agent, the Fronting Bank and the Swingline Lender (each such term and each other term used but not defined in this introductory statement having the meaning assigned thereto in Article I).

The Borrower, the Lenders party thereto, the Agent, the Fronting Bank and the Swingline Lender are parties to a Credit Agreement dated as of March 21, 1997, as amended as of March 1, 1998 (as in effect immediately before the Restatement Closing Date, the "Original Credit Agreement"), pursuant to which (a) such Lenders made Term Loans to the Borrower in an aggregate principal amount of $80,000,000, (b) the Swingline Lender committed to make Swingline Loans to the Borrower, at any time and from time to time prior to the Revolving Credit Maturity Date, in an aggregate principal amount at any time outstanding not in excess of $5,000,000, (c) such Lenders committed to make Revolving Loans to the Borrower, at any time and from time to time prior to the Revolving Credit Maturity Date, in an aggregate principal amount at any time outstanding not in excess of $40,000,000 minus the sum of (i) the aggregate principal amount of Swingline Loans outstanding at such time and (ii) the LC Exposure at such time, and (d) the Fronting Bank committed to issue Letters of Credit, in an aggregate face amount at any time outstanding not in excess of $20,000,000.

The Borrower has requested that the Original Credit Agreement be amended and restated in order to (a) permit the Borrower to effect on the Restatement Closing Date the Burns Acquisition and the Series II Tranche A Exchange Note Refinancing, (b) increase the Term Loan Commitments by an aggregate amount of $150,000,000, (c) permit the Borrower under certain conditions specified herein to effect the Additional Permitted Acquisition, (d) permit the release of certain real property previously included in the Collateral and (e) effect certain other amendments to the Original Credit Agreement. The transactions described in the foregoing clauses (a) and (b), together with the amendment and restatement of the Original Credit Agreement in accordance with this Agreement, are referred to herein collectively as the "Additional Transactions".

The proceeds of the Additional Term Loans to be made by the Lenders on the Restatement Closing Date are to be used solely to (a) fund the cash purchase price of approximately $55,000,000 to be paid in connection with the Burns Acquisition, (b) repay in full all the Series II Tranche A Exchange Notes in an aggregate principal amount of $50,000,000 plus accrued interest and any Break Funding Costs (as defined in the Tranche A Exchange Note Purchase Agreements as in effect immediately prior to the consummation of the Additional Transactions) related thereto to but excluding the date of payment, (c) fund up to $30,000,000 of the cash purchase price to be paid in connection with the Additional Permitted Acquisition, (d) fund anticipated capital expenditures of the Borrower and its subsidiaries and (e) pay the fees and expenses incurred in connection with the Additional Transactions and pay certain other related expenses. The proceeds of the Swingline Loans and the Revolving Loans are to be used and the Letters of Credit are to be issued solely for general corporate purposes of the Borrower and its subsidiaries.

The Lenders, the Swingline Lender and the Fronting Bank are willing to amend and restate the Original Credit Agreement in the form hereof for such purposes, the Lenders and the Swingline Lender are willing

to extend such credit to the Borrower and the Fronting Bank is willing to issue Letters of Credit for the account of the Borrower, in each case on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any ABR Term Loan or ABR Revolving Loan.

"ABR Revolving Loan" shall mean any Revolving Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"ABR Spread" shall mean (a) in the case of Term Loans, 2.75% per annum and (b) in the case of Revolving Loans, 1.75% per annum.

"ABR Term Loan" shall mean any Term Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"Accredited Lessee" shall have the meaning assigned to such term in Section 7.08(b)(ii).

"Additional Permitted Acquisition" shall mean a single acquisition (by merger, consolidation, asset purchase or otherwise) in a single transaction or series of related transactions of substantially all the assets from, or 100% of the outstanding shares or other equity interests in, any Person, for aggregate consideration not exceeding $65,000,000 (including assumed Indebtedness but excluding up to $5,000,000 of consideration comprised of the Borrower's Common Stock), provided that:

(a) the Borrower or any Guarantor shall have entered into a definitive purchase agreement, definitive merger agreement, definitive tender offer agreement or other similar definitive agreement with respect to such acquisition not later than March 31, 1999, and such acquisition shall have been consummated not later than December 31, 1999,

(b) the business or Person acquired shall be in the same principal line of business as TA and National,

(c) such acquisition shall have been approved by such Person's board of directors and shall not have been preceded by an unsolicited offer by the Borrower for such Person,

(d) neither the Borrower nor any of its subsidiaries shall assume or otherwise become liable for any Indebtedness in connection with such acquisition (except for Indebtedness permitted by Section 7.01),

(e) in the case of the acquisition (by merger, consolidation or otherwise) of 100% of the outstanding shares or other equity interests of such Person, simultaneously with or immediately following such acquisition, either (i) such acquired Person shall be merged with and into one of the Guarantors or (ii)(A) the Borrower or any Guarantor shall grant the Collateral Agent a first-priority pledge of 100% of the shares or other equity interests of such Person and (B) such Person shall become a Guarantor (by merger, consolidation or otherwise, including by the merger of a then existing Guarantor into such Person with such Person being the surviving entity, provided that such Person assumes by operation of law all of the liabilities and obligations of the existing Guarantor) and shall take all actions that may be required under applicable law or that the Required Lenders, the Agent or the Collateral Agent may reasonably request in order to create and perfect first-priority security interests in substantially all of such Person's personal property and significant real property to secure the Obligations, such pledges, security interests and Liens being created in the case of each of the foregoing clauses (A) and (B) at the Borrower's expense and cost, pursuant to the Borrower's obligations under Section 6.10 and pursuant to security agreements, mortgages, deeds of trust and other instruments and documents in form and substance satisfactory to the Collateral Agent (provided that the Collateral Agent's approval of such instruments and documents shall not limit in any way the rights of the Required Lenders pursuant to Section 6.10),

(f) immediately after giving effect to such acquisition and any related transactions, no Default or Event of Default shall have occurred and be continuing or would result therefrom,

(g) all transactions related to such acquisition shall be consummated in accordance with applicable laws,

(h) the Borrower's chief financial officer shall have provided the Agent with a certification, reasonably satisfactory to the Agent, that such acquisition will not result in the assumption by the Borrower or any of its subsidiaries of any material environmental and employee health and safety exposures or other material contingent liabilities, and

(i) after giving pro forma effect to such acquisition (including taking into account any expense reductions reasonably expected by the Borrower to result within 12 months following such acquisition, as set forth in a Responsible Officer's certificate delivered to the Agent), (A) the Borrower shall be in compliance with Sections 7.14, 7.15, 7.16 and 7.17, (B) the Borrower's Consolidated Net Worth shall not be any lower than the Borrower's actual Consolidated Net Worth immediately before giving pro forma effect to such acquisition, (C) the Borrower's Interest Expense Coverage Ratio for the most recently completed period of four consecutive fiscal quarters shall not have decreased by more than 0.25 from the Borrower's actual Interest Expense Coverage Ratio for such period before giving pro forma effect to such acquisition (assuming that such acquisition occurred on the first day of such period) and (D) the Borrower's Leverage Ratio shall not have increased by more than 0.50 from the Borrower's actual Leverage Ratio immediately before giving pro forma effect to such acquisition.

"Additional Reserve Amount" shall have the meaning assigned to such term in Section 5.02(z).

"Additional Term Loans" shall mean the term loans made by a Lender to the Borrower pursuant to clause (b) of Section 2.01. Each Additional Term Loan shall be a Eurodollar Term Loan or an ABR Term Loan.

"Additional Term Loan Commitments" shall mean, with respect to each Lender, the commitment of such Lender to make Additional Term Loans hereunder as set forth in clause (b) of Section 2.01, or in the Assignment and Acceptance pursuant to which such Lender assumed its Additional Term Loan Commitment, as the same may be reduced from time to time pursuant to Section 2.09. The aggregate principal amount of the Additional Term Loan Commitments is $150,000,000 on the Restatement Closing Date.

"Additional Term Loan Facility" shall mean the aggregate amount of the Lenders' Additional Term Loan Commitments.

"Additional Transactions" shall have the meaning assigned to such term in the introductory statement to this Agreement.

"Adjusted LIBO Rate" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the product of (a) the LIBO Rate in effect for such Interest Period and (b) Statutory Reserves. For purposes hereof, the term "LIBO Rate" shall mean the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits approximately equal in principal amount to the Agent's portion of such Eurodollar Borrowing and for a maturity comparable to such Interest Period are offered to the principal London office of the Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Administrative Fees" shall have the meaning assigned to such term in Section 2.05(b).

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit A.

"Affiliate" shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent" shall mean The Chase Manhattan Bank, a New York banking corporation, in its capacity as agent for the Lenders.

"Airplane" shall have the meaning assigned to such term in Section 7.04(l).

"Airplane Mortgage" shall mean the aircraft mortgage previously granted to the Collateral Agent on the Airplane, including any assignment of leases and rents, as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit N, and any similar mortgage granted on a replacement Airplane pursuant to Section 6.10.

"Alternate Base Rate" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of

(a) the Prime Rate in effect on such day,

(b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof, the term "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective. The term "Base CD Rate" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) Statutory Reserves and (b) the Assessment Rate. The term "Three-Month Secondary CD Rate" shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day) or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it. The term "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York or, if such rate is not so published for any day that is a Business Day, the average of quotations for the day of such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate or both for any reason, including the inability or failure of the Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"Ancillary Agreements" shall mean the TA Ancillary Agreements, the National Ancillary Agreements and the Burns Ancillary Agreements.

"Applicable Percentage" of any Participating Lender shall mean the percentage of the aggregate Revolving Credit Commitments represented by such Participating Lender's Revolving Credit Commitment.

"Assessment Rate" shall mean for any date the annual rate (rounded upwards, if necessary, to the next 1/100 of 1%) most recently estimated by the Agent as the then-current net annual assessment rate that will be employed in determining amounts payable by the Agent to the Federal Deposit Insurance Corporation (or any successor) for insurance by such Corporation (or such successor) of time deposits made in dollars at the Agent's domestic offices.

"Asset Purchase Agreements" shall mean the TA Asset Purchase Agreement, the National Asset Purchase Agreement and the Burns Asset Purchase Agreement.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Agent, in the form of Exhibit B or such other form as shall be approved by the Agent.

"Assignments of Leases and Rents" shall mean the Assignments of Leases and Rents, each as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit C, between the Borrower and the Collateral Agent.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Borrower" shall mean TravelCenters of America, Inc., a Delaware corporation.

"Borrowing" shall mean a group of Loans of a single Type made by the Lenders on a single date and as to which a single Interest Period is in effect, provided that a group of Existing Term Loans and Additional Term Loans all of a single Type and as to which a single Interest Period is in effect shall be deemed to be a single Borrowing.

"Burns" shall mean Burns Bros., Inc., an Oregon corporation.

"Burns Acquisition" shall mean the acquisition by TA of Burns' Travel Stops Division for aggregate cash consideration of approximately $55,000,000 pursuant to the Burns Asset Purchase Agreement.

"Burns Ancillary Agreements" shall mean the Subway Purchase Agreement, the Enterprises Asset Purchase Agreement, the BFR Asset Purchase Agreement, the Services Agreement, the General Bill of Sale and Assignment, the Assumption Agreement, the Trademark Assignment, the Gaming Agreement and the Intellectual Property License Agreement (each as defined in the Burns Asset Purchase Agreement).

"Burns Asset Purchase Agreement" shall mean the Asset Purchase Agreement dated as of October 17, 1998, between Burns and TA, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"Burns Network" shall mean the Travel Stops Division of Burns acquired by TA in the Burns Acquisition.

"Business Day" shall mean any day (other than a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; provided, however, that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Expenditures" shall mean, for any period, the sum of all amounts that would, in accordance with GAAP, be included as additions to property, plant and equipment and other capital expenditures on a consolidated statement of cash flows for the Borrower and its subsidiaries during such period (including the amount of assets leased under any Capital Lease Obligation). Notwithstanding the foregoing, the term "Capital Expenditures" shall not include
(a) capital expenditures in respect of the reinvestment of sales proceeds, insurance proceeds and

condemnation proceeds received by the Borrower or its subsidiaries in connection with the sale, transfer or other disposition of the Borrower's or its subsidiaries' business units, assets or properties, if (as contemplated in the definition of the term "Prepayment Event") such reinvestment (including, in the case of insurance proceeds, reinvestment in the form of restoration or replacement of damaged property) shall have resulted in the event giving rise to the receipt of such amounts not being considered a "Prepayment Event" as contemplated in the definition of such term, (b) Transition Capital Expenditures made during such period, (c) the purchase price with respect to the Additional Permitted Acquisition or (d) the purchase price with respect to the Burns Acquisition.

"Capital Lease Obligations" of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Cash Interest Expense" shall mean, for any period, the net interest expense of the Borrower and its subsidiaries for such period determined on a consolidated basis in accordance with GAAP, excluding (a) any fees and expenses payable or amortized during such period by the Borrower or its subsidiaries in connection with the Transactions and (b) any interest on the Subordinated Notes not paid in cash prior to maturity of the Subordinated Notes. For purposes of the foregoing, net interest expense shall be determined after giving effect to any net payments made or received by the Borrower with respect to Rate Protection Agreements.

"Casualty" shall have the meaning assigned to such term in Section 9 of the Guarantee Agreement.

"CBLA Certificate of Deposit" shall have the meaning assigned to such term in Section 7.02(o).

"CERCLA" shall have the meaning assigned to such term in the definition of the term "Environmental and Safety Laws".

A "Change in Control" shall be deemed to have occurred if:

(a) any Person or group (within the meaning of Rule 13d-5 of the Securities and Exchange Commission as in effect on March 21, 1997), other than (i) the Institutional Investors (including the First Boston Entities (as defined below)) or (ii) the Management Purchasers and their Permitted Transferees (as set forth in Section 2(b) of the Stockholders Agreement), shall directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, have the ability to elect a majority of the board of directors of the Borrower;

(b)(i) the Institutional Investors (including the First Boston Entities) or (ii) the First Boston Entities, respectively, shall cease to own in the aggregate, directly or indirectly, beneficially and of record, shares representing at least 65% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Borrower held by such Persons on March 21, 1997, provided that such 65% shall be reduced by the dilution suffered by such Persons as a result of any issuance by the Borrower after the Closing Date

of any capital stock representing ordinary voting power (A) for fair value for cash to non-Affiliates of the applicable parties under clause (i) or (ii) above, as the case may be, or (B) to its employees to the extent that the shares issued to such employees do not exceed 15% of the then-outstanding capital stock having ordinary voting power;

(c) any Person or group (within the meaning of Rule 13d-5 of the Securities and Exchange Commission as in effect on March 21, 1997), other than the Institutional Investors (including the First Boston Entities), shall own directly or indirectly, beneficially or of record, shares representing more than the lesser at any time of (i) 35% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Borrower and (ii) the percentage of the aggregate ordinary voting power represented by the shares owned directly or indirectly, beneficially or of record, by the Institutional Investors (including the First Boston Entities) at such time;

(d) a majority of the seats (other than vacant seats) on the board of directors of the Borrower shall at any time be occupied by Persons who were neither (i) nominated by the Institutional Investors (including the First Boston Entities) or the Management Purchasers and their Permitted Transferees nor (ii) elected by directors so nominated;

(e) any "Change in Control" (however denominated) shall have occurred under the Tranche A Exchange Note Purchase Agreements or the Subordinated Note Indenture;

(f) the Borrower shall cease to own and control directly, of record and beneficially (other than as a result of a merger of one Guarantor into another Guarantor permitted pursuant to Section 7.05(h)(iv)), 100% of each class of outstanding capital stock of each Guarantor and TAFSI free and clear of all Liens (other than any Liens created under the Pledge Agreement); or

(g) any Guarantor or TAFSI shall issue any class of capital stock (or security convertible into any of its capital stock) that is not pledged to the Collateral Agent for the ratable benefit of the Secured Parties.

For purposes of this definition, the term "First Boston Entities" shall mean Credit Suisse First Boston Corporation, The Clipper Group, L.P., Merchant Truckstops, L.P., Clipper Capital Associates, L.P. and Clipper/Merchant I, L.P. and their Affiliates and any of their designees on the Closing Date. For purposes of clause (b) of this definition, the Convertible Preferred Stock and the Senior Convertible Participating Preferred Stock shall be deemed to constitute capital stock with ordinary voting power. For purposes only of clauses (a), (c) and (d) of this definition, the term "Institutional Investor" shall be deemed to include any other holder or holders of shares of the Borrower having ordinary voting power if any Institutional Investor or First Boston Entity (other than an Institutional Investor deemed to be an Institutional Investor solely by virtue of this provision) shall hold the irrevocable general proxy of each such holder in respect of the shares held by such holder.

"Class" (a) when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans or Term Loans, (b) when used in reference to any Commitment, refers to whether such Commitment is a Revolving Credit Commitment or a Term Loan Commitment and (c) when used in reference to any Lender, refers to whether such Lender is a Term Lender or a Revolving Lender.

"Closing Date" shall mean March 27, 1997.

"Code" shall mean the Internal Revenue Code of 1986, or any successor statute thereto, as the same may be amended from time to time.

"Collateral" shall mean all the "Collateral" as defined in any Security Document and shall also include the Lockbox Collateral and the Mortgaged Properties.

"Collateral Account" shall have the meaning assigned to such term in the Collateral Account Agreement.

"Collateral Account Agreement" shall mean the Collateral Account Agreement, as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit D, between the Borrower and the Collateral Agent for the benefit of the Secured Parties.

"Collateral Agent" shall mean The Chase Manhattan Bank, as Collateral Agent under the Intercreditor Agreement, the Security Documents and the Guarantee Agreement.

"Collateral Assignment" shall mean the Collateral Assignment, as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit E, from the Borrower, TAFSI, TA and National to the Collateral Agent, providing for the assignment to the Collateral Agent of the Environmental Agreements, the Ancillary Agreements, the Franchise Agreements, the Rate Protection Agreements and certain other agreements specified in such Collateral Assignment.

"Commitment" shall mean, with respect to each Lender, such Lender's Term Loan Commitment and Revolving Credit Commitment.

"Commitment Fee" shall have the meaning assigned to such term in Section 2.05(a).

"Common Stock" shall have the meaning assigned to such term in Section 4.20.

"Condemnation Proceeds" shall have the meaning assigned to such term in Section 9 of the Guarantee Agreement.

"Consolidated Net Worth" shall mean, at any date, on a consolidated basis for the Borrower and its subsidiaries, (a) the sum of (i) common stock taken at par or stated value, (ii) preferred stock (other than preferred stock that is mandatorily redeemable on or prior to the first anniversary of the latest final maturity of the then outstanding Tranche A Exchange Notes) taken at its liquidation value, (iii) capital surplus relating to common stock and (iv) retained earnings (or deficit) at such date minus (b) the sum of treasury stock at such date (other than treasury stock repurchased pursuant to Section 7.06), all determined in accordance with GAAP and after giving effect to all adjustments required thereby, but excluding any adjustments required by purchase accounting.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" shall have meanings correlative thereto.

"Convertible Preferred Stock" shall mean the convertible perpetual preferred stock of the Borrower, par value $.01 per share, which stock is convertible into the Common Stock of the Borrower.

"Credit Event" shall have the meaning assigned to such term in Article V.

"Current Assets" as of any date shall mean the total assets that would properly be classified as current assets of the Borrower and its subsidiaries on a consolidated basis as of such date in accordance with GAAP.

"Current Liabilities" as of any date shall mean the total liabilities that would properly be classified as current liabilities (other than the current portion of Funded Debt) of the Borrower and its subsidiaries on a consolidated basis as of such date in accordance with GAAP.

"Current Ratio" shall mean as of any date the ratio of Current Assets as of such date to Current Liabilities as of such date.

"Default" shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

"Default Rate" shall have the meaning assigned to such term in Section 2.07.

"dollars" or "$" shall mean lawful money of the United States.

"EBITDA" with respect to the Borrower and its subsidiaries for any period shall mean the sum of (a) Net Income for such period, (b) all Federal, state, local and foreign income taxes deducted in determining such Net Income, (c) interest expense deducted in determining such Net Income, (d) depreciation, amortization and other noncash charges deducted in determining such Net Income and (e) to the extent deducted in determining such Net Income with respect to any fiscal quarter ending on or prior to December 31, 2000, transition costs paid during such period, provided that the aggregate amount of all transition costs incurred after the Closing Date and permitted to be added back to Net Income pursuant to this definition shall not exceed $15,000,000. For the purposes of calculating the Interest Expense Coverage Ratio, the term "EBITDA" shall not include the gain on the initial sale of assets to any lessee in connection with the leasing of any Truckstop in accordance with Section 7.08.

"Effectiveness Agreement" shall mean the Effectiveness Agreement dated as of November 24, 1998, among the Borrower, the Departing Lenders (as defined therein), the Continuing Lenders (as defined therein) and the Additional Lenders (as defined therein), the Agent, the Fronting Bank and the Swingline Lender.

"Environmental Agreements" shall mean (a) the Environmental Agreement dated as of July 22, 1993 (as amended, supplemented or otherwise modified from time to time), among BP Exploration & Oil Inc., TA and certain other parties and (b) the Environmental Agreement dated as of November 23, 1992 (as amended, supplemented or otherwise modified from time to time), between Union Oil Company of California and National.

"Environmental and Safety Laws" shall mean any and all applicable current and future treaties, laws, regulations, enforceable requirements, binding determinations, orders, decrees,

judgments, injunctions, permits, approvals, authorizations, licenses, permissions, notices or binding agreements issued, promulgated or entered by any Governmental Authority, relating to the environment, to employee health or safety as it pertains to the use or handling of, or exposure to, Hazardous Substances, to preservation or reclamation of natural resources or to the management, release or threatened release of contaminants or noxious odors, including the Hazardous Materials Transportation Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984, the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, the Clean Air Act of 1970, as amended, the Toxic Substances Control Act of 1976, the Occupational Safety and Health Act of 1970, as amended, the Emergency Planning and Community Right-to-Know Act of 1986, the Safe Drinking Water Act of 1974, as amended, and any similar or implementing state or local laws and all amendments or regulations promulgated thereunder.

"Environmental Claim" shall mean any written notice of any Governmental Authority alleging potential liability for damage to the environment or by any Person alleging potential liability for personal injury (including sickness, disease or death), in either case, resulting from or based upon (a) the presence or Release (including intentional and unintentional, negligent and nonnegligent, sudden or nonsudden, accidental or nonaccidental leaks or spills) of any Hazardous Substance at, in or from the property, whether or not owned or leased by the Borrower or a Guarantor or (b) any other circumstances forming the basis of any violation, or alleged violation, of any Environmental and Safety Law.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, or any successor statute, together with the regulations thereunder, as the same may be amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that is, was or hereafter becomes a member of a group of which the Borrower is a member and which is treated as a single employer under Section 414 of the Code.

"Eurodollar Borrowing" shall mean a Borrowing comprised of Eurodollar Loans.

"Eurodollar Loan" shall mean any Eurodollar Term Loan or Eurodollar Revolving Loan.

"Eurodollar Revolving Loan" shall mean any Revolving Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

"Eurodollar Term Loan" shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Article VIII.

"Excess Cash Flow" shall mean, for any period, the consolidated Net Income of the Borrower and its subsidiaries during such period plus, without duplication, (a) (i) the aggregate amounts deducted in determining such Net Income in respect of all deferred charges and depreciation,

amortization and other noncash charges (including any interest expense other than Cash Interest Expense), (ii) all noncash losses deducted in determining such Net Income, (iii) to the extent not included in such Net Income, the aggregate amount of all income tax refunds received during such period, (iv) the principal amount of any Indebtedness incurred or assumed pursuant to Section 7.01(c) during such period, (v) the aggregate amount of Indebtedness with respect to Capital Lease Obligations incurred pursuant to Sections 7.01(d) and 7.11(c) during such period and (vi) the net negative change, if any, in Net Working Capital during such period minus (b) (i) all noncash gains and credits included in such Net Income, (ii) scheduled payments during such period of the principal of Term Loans, (iii) scheduled payments during such period of the principal of Indebtedness permitted under Section 7.01 other than the Loans (including the Tranche A Exchange Notes and the Subordinated Notes), but only to the extent that such payments cannot by their terms be reborrowed or redrawn, (iv) prepayments during such period of Term Loans pursuant to Section 2.12 and Tranche A Exchange Notes (as contemplated by Section 2.12) other than in connection with the Series II Tranche A Exchange Note Refinancing, (v) the aggregate amount of Capital Expenditures and Transition Capital Expenditures of the Borrower and its subsidiaries made and permitted hereunder during such period (other than the amount of such Capital Expenditures and Transition Capital Expenditures that were financed during such period with funds released to the Borrower from the Collateral Account), (vi) repayments during such period of the portion of Capital Lease Obligations of the Borrower and its subsidiaries not allocable to Cash Interest Expense and (vii) the net positive change, if any, in Net Working Capital during such period, in each case determined in accordance with GAAP.

"Existing Term Loans" shall mean the term loans made to the Borrower by the Lenders on the Closing Date pursuant to clause (a) of Section 2.01 of the Original Credit Agreement. Each Existing Term Loan shall be a Eurodollar Term Loan or an ABR Term Loan. The aggregate principal amount of the Existing Term Loans outstanding on the Restatement Closing Date is $79,250,000.

"Existing Term Loan Commitment" shall mean, with respect to each Lender, the commitment of such Lender to make Existing Term Loans to the Borrower on the Closing Date as set forth in clause (a) of Section 2.01 of the Original Credit Agreement and as reflected on Schedule 2.01 thereto, or in the Assignment and Acceptance pursuant to which such Lender assumed its Existing Term Loan Commitment, as the same may be reduced from time to time pursuant to Section 2.09.

"Existing Term Loan Facility" shall mean the aggregate amount of the Lender's Existing Term Loan Commitments.

"Facilities" shall mean, collectively, the Term Facilities and the Revolving Facility.

"Fees" shall mean the Administrative Fees, the Commitment Fees, the LC Fees, the fees specified in Section 2.05(c) and the fees specified in Section 3.08.

"Financial Officer" of any corporation shall mean the chief financial officer, principal accounting officer, Treasurer or Controller of such corporation.

"First Plaza" shall mean the First Plaza Group Trust, a trust organized under the laws of the State of New York.

"Franchise Agreements" shall mean the Franchise Agreements pursuant to which the Franchisees have or shall become franchisees of any Guarantor or TAFSI.

"Franchisee" shall mean each party who has executed, or will execute, a Franchise Agreement with any Guarantor or TAFSI.

"Fronting Bank" shall mean The Chase Manhattan Bank, a New York banking corporation, in its capacity as fronting bank for Letters of Credit.

"Funded Debt" as to any Person shall mean all Indebtedness of such Person that matures more than one year from the date of its creation or matures within one year from such date but is renewable or extendible, at the option of such Person, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all amounts of Funded Debt required to be paid or prepaid within one year from the date of its creation and, in the case of the Borrower, Indebtedness in respect of the Loans and the Swingline Loans.

"GAAP" shall mean generally accepted accounting principles in the United States.

"Governmental Authority" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantee" of or by any Person shall mean any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Guarantee Agreement" shall mean the Guarantee Agreement, as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit F-1, between each of the Guarantors and the Collateral Agent, provided that, solely with respect to TA Travel, the term "Guarantee Agreement" shall mean the TA Travel Guarantee Agreement, as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit F-2, between TA Travel and the Collateral Agent.

"Guarantors" shall mean TA, National, TA Travel and each other Person that is or becomes a party to the Guarantee Agreement, as a guarantor, and the permitted successors and assigns of each such Person.

"Hazardous Substances" shall mean any toxic, radioactive, caustic or otherwise hazardous substance, material or waste, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements, displaying any of the foregoing

characteristics, including polychlorinated biphenyls ("PCBs"), asbestos or asbestos-containing material, and any substance, waste or material regulated under Environmental and Safety Laws.

"Indebtedness" of any Person shall mean, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services (excluding trade accounts payable and accrued expenses arising in the ordinary course of business in accordance with customary trade terms), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed by such Person, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations of such Person in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements, (j) all obligations of such Person as an account party to reimburse any bank or any other Person in respect of letters of credit and bankers' acceptances and (k) all obligations of such Person in respect of fuel-supply hedging agreements and arrangements. The Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or member, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such Person in respect thereof pursuant to provisions and terms reasonably satisfactory to the Agent.

"Indemnity and Subrogation Agreement" shall mean the Indemnity, Subrogation and Contribution Agreement, as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit G, between the Borrower, the Guarantors and the Collateral Agent.

"Institutional Investors" shall mean The Clipper Group, L.P., First Plaza, Credit Suisse First Boston Corporation, Barclays USA, Inc., Olympus Private Placement Fund, L.P., Clipper/ Merchant I, L.P., Clipper Capital Associates, L.P., National Partners, L.P., National Partners III, L.P., UBS Capital Corporation, The Travelers Indemnity Company, The Phoenix Insurance Co. and their respective Affiliates.

"Insurance Proceeds" shall have the meaning assigned to such term in
Section 9 of the Guarantee Agreement.

"Intercreditor Agreement" shall mean the Master Collateral and Intercreditor Agreement, as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit H, among the Secured Parties and the Collateral Agent, and, from and after the incurrence of any Tranche A Exchange Note Refinancing Indebtedness pursuant to Section 7.01(g), the term "Intercreditor Agreement" shall include any intercreditor agreement entered into in connection with the incurrence of such Tranche A Exchange Note Refinancing Indebtedness.

"Interest Expense Coverage Ratio" shall mean with respect to the Borrower and its subsidiaries on a consolidated basis, for any period, the ratio of (a) EBITDA for such period to (b) Cash Interest Expense for such period.

"Interest Payment Date" shall mean, with respect to any Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months' duration been applicable to such Borrowing and, in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type.

"Interest Period" shall mean (a) as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower may elect, and (b) as to any ABR Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be and ending on the earliest of (i) the next succeeding March 31, June 30, September 30 or December 31, (ii) the Revolving Credit Maturity Date or the Term Loan Maturity Date, as applicable, and (iii) the date such Borrowing is converted to a Borrowing of a different Type in accordance with
Section 2.10 or repaid or prepaid in accordance with Section 2.11, 2.12 or 2.13; provided, however, that, if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"Interest Rate Spreads" shall mean the ABR Spread and LIBOR Spread.

"LC Commitment" shall mean $20,000,000, as the same may be reduced from time to time pursuant to Section 3.07. The LC Commitment shall automatically and permanently terminate on LC Maturity Date.

"LC Disbursement" shall mean any payment or disbursement made by the Fronting Bank under or pursuant to a Letter of Credit.

"LC Exposure" shall mean, at any time of determination, the sum of
(a) the aggregate undrawn amount of all Letters of Credit outstanding at such time and (b) the aggregate amount that has been drawn under such Letters of Credit but for which the Fronting Bank or the Lenders, as the case may be, have not been reimbursed by the Borrower at such time.

"LC Fee" shall have the meaning assigned to such term in Section 3.03.

"LC Maturity Date" shall mean the fifth Business Day prior to March 27, 2004.

"Leasehold Mortgage" shall mean any Mortgage that is a leasehold or subleasehold mortgage.

"Lenders" shall mean the financial institutions party hereto.

"Letters of Credit" shall mean letters of credit issued by the Fronting Bank for the account of the Borrower pursuant to Section 3.01(a).

"Leverage Ratio" shall mean, on any date, the ratio of (a) Total Debt of the Borrower and its subsidiaries determined on a consolidated basis as of such date to (b) EBITDA of the Borrower and its subsidiaries determined on a consolidated basis for the period of four consecutive fiscal quarters most recently ended as of such date.

"LIBOR Spread" shall mean (a) in the case of Term Loans, 3.75% per annum and (b) in the case of Revolving Loans, 2.75% per annum.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, assignment for security (whether collateral or otherwise), hypothecation, encumbrance, easement, restriction, covenant, lease, sublease, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement or financing lease having substantially the same economic effect as any of the foregoing relating to such asset, (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities and (d) zoning or land use restrictions.

"Loan Documents" shall mean this Agreement, the Effectiveness Agreement, the Intercreditor Agreement, the Security Documents, the Guarantee Agreement and the Indemnity and Subrogation Agreement.

"Loans" shall mean the Revolving Loans and the Term Loans.

"Lockbox Agreements" shall mean the lockbox agreements among the Borrower, TAFSI, each of the Guarantors other than TA Travel, the Collateral Agent and a Sub-Agent (as defined in each Lockbox Agreement), as amended and restated as of the Restatement Closing Date and substantially in the form of Annex 1 to the Security Agreement or in such other form as the Collateral Agent may specify.

"Lockbox Collateral" shall have the meaning assigned to such term in each of the Lockbox Agreements.

"Management Purchasers" shall mean the officers, directors or employees of the Borrower or its subsidiaries who have purchased or will purchase Common Stock of the Borrower.

"Margin Stock" shall have the meaning assigned to such term under Regulation U.

"Material Adverse Effect" shall mean (a) a materially adverse effect on the business, assets, operations, prospects or condition, financial or otherwise, or the material agreements of the Borrower and its subsidiaries, taken as a whole, (b) a material impairment of the ability of the Borrower, any of the Guarantors or TAFSI to perform any of its obligations under any Transaction Document to which it is or will be a party or (c) a material impairment of the rights of or benefits available to the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent or the Lenders under any Loan Document.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgage Amendment" shall mean an amendment to an existing mortgage or deed of trust, leasehold mortgage, assignment of leases and rents or other security document previously granted to the Collateral Agent with respect to a Mortgaged Property in connection with the Original

Credit Agreement, delivered pursuant to Section 5.02(l) or pursuant to Section 6.10, and which amendment has the effect of causing such mortgage or deed of trust, leasehold mortgage, assignment of leases and rents or other security document, as so amended, to be substantially in the form of the Mortgage attached hereto as Exhibit I (or Exhibit C in the case of any amendment of an assignment of leases and rents).

"Mortgaged Properties" shall mean the owned real properties and leasehold and subleasehold interests of the Guarantors specified on Schedule 1.01(a).

"Mortgages" shall mean the mortgages, deeds of trust, leasehold mortgages, leasehold deeds of trust, assignments of leases and rents (including any Assignments of Leases and Rents, substantially in the form of Exhibit C), modifications and other security documents, delivered pursuant to clause (i) of
Section 5.02(l) (or clause (i) of Section 5.02(l) of the Original Credit Agreement) or pursuant to Section 6.10, each as amended by any applicable Mortgage Amendment and (except in the case of any Leasehold Mortgage) substantially in the form of Exhibit I.

"Multiemployer Plan" shall mean a multiemployer plan as defined in
Section 4001(a)(3) of ERISA to which the Borrower 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.

"National" shall mean National Auto/Truckstops, Inc., a Delaware corporation that is a direct, wholly owned subsidiary of the Borrower and a Guarantor.

"National Ancillary Agreements" shall have the meaning assigned to the term "Ancillary Agreements" in the National Asset Purchase Agreement and shall include the Bill of Sale, the Assignment and Assumption Agreement, the Non-Competition Agreement, the Office Sublease, the Credit Card Agreement, the Trademark License Agreement, the Software License Agreement and the Services Agreement (each as defined in the National Asset Purchase Agreement).

"National Asset Purchase Agreement" shall mean the Asset Purchase Agreement dated as of November 23, 1992, between National and Union Oil Company of California, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"National Senior Notes" shall mean National's 8.76% Senior Secured Notes due 2002 that were repaid in full in connection with the Recapitalization.

"Net Cash Proceeds" shall mean, with respect to any Prepayment Event or any issuance of equity of the Borrower or its subsidiaries, (a) the gross cash proceeds (including insurance proceeds, condemnation awards and payments from time to time in respect of installment obligations, if applicable) received by or on behalf of the Borrower or any subsidiary thereof in respect of such Prepayment Event or equity issuance, less (b) the sum of (i) in the case of a Prepayment Event, the amount, if any, of all taxes (other than income taxes) payable by the Borrower or any subsidiary thereof in connection with such Prepayment Event and the Borrower's good-faith best estimate of the amount of all income taxes payable in connection with such Prepayment Event (to the extent that such amount shall have been set aside for the purpose of paying such income taxes), (ii) in the case of a Prepayment Event that is an asset sale or disposition, (A) the amount of

any reasonable reserve established in accordance with GAAP against any liabilities associated with the assets sold or disposed of and retained by the Borrower or any subsidiary thereof, provided that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of a Prepayment Event occurring on the date of such reduction, and (B) the amount applied to repay any Indebtedness (other than the Term Loans and the Tranche A Exchange Notes) to the extent such Indebtedness is required by its terms to be repaid as a result of such Prepayment Event and (iii) reasonable and customary fees, commissions and expenses and other costs paid by the Borrower or any subsidiary thereof in connection with such Prepayment Event or equity issuance (other than those payable to the Borrower or any Affiliate of the Borrower (other than customary financial advisory fees payable to The Clipper Group, L.P. or its Affiliates in connection therewith to the extent that such fees are no greater than the financial advisory fees that a third party could have obtained for the same services after negotiation at arm's-length)), in each case only to the extent not already deducted in arriving at the amount referred to in clause (a).

"Net Income" shall mean, for any period, the aggregate net income (or net deficit) of the Borrower and its subsidiaries determined on a consolidated basis for such period, which shall be equal to gross revenues for the Borrower and its subsidiaries determined on a consolidated basis during such period less the aggregate for the Borrower and its subsidiaries determined on a consolidated basis during such period of, without duplication, (a) cost of goods sold, (b) interest expense, (c) operating expenses, (d) selling, general and administrative expenses, (e) taxes, (f) depreciation, depletion and amortization of properties and (g) any other items that are treated as expense under GAAP, all computed in accordance with GAAP; provided, however, that the term "Net Income" shall exclude, for all purposes other than for the purposes of calculating Consolidated Net Worth, (i) extraordinary gains or losses from the sale of assets other than in the ordinary course of business, (ii) one-time charges taken in connection with the Transactions or in connection with the Additional Permitted Acquisition, if any, and (iii) any write-up in the value of any asset.

"Net Working Capital" shall mean, with respect to any Person and its subsidiaries on a consolidated basis at any date, (a) the sum of inventory, current receivables (including trade receivables and current rent receivables) and prepaid expenses minus (b) the sum of accrued expenses payable and trade payables, as each of such items would appear on a consolidated balance sheet of such Person and its subsidiaries as of the date of determination in accordance with GAAP.

"Network Operator" shall mean each independent auto/truckstop operator who will lease or sublease a Truckstop from any Guarantor.

"1997 Confidential Information Memorandum" shall mean the Confidential Information Memorandum of the Borrower dated February 1997.

"1998 Confidential Information Memorandum" shall mean the Confidential Information Memorandum of the Borrower dated October 1998.

"Obligations" shall mean all obligations defined as "Obligations" in the Guarantee Agreement and the Security Documents.

"Operators" shall mean independent auto/truckstop operators who lease or sublease their facilities from National.

"Original Credit Agreement" shall have the meaning assigned to such term in the introductory statement to this Agreement.

"Outstanding Letters of Credit" shall mean at any time the Letters of Credit outstanding at such time.

"Participating Lender" shall mean at any time any Lender with a Revolving Credit Commitment at such time.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Perfection Certificate" shall mean the Perfection Certificate, substantially in the form of Annex 2 to the Security Agreement, prepared by the Borrower.

"Permitted Business Acquisition" shall mean any acquisition of assets from, or shares or other equity interests in, any Person (other than the Additional Permitted Acquisition) if (a) immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or would result therefrom, (b) all transactions related thereto shall be consummated in accordance with applicable laws, (c) in the case of any acquisition of shares or other equity interests in any Person, such acquisition is an acquisition of 100% of the shares or other equity interests of such Person and, simultaneously with or immediately following such acquisition, such acquired Person is merged with and into one of the Guarantors and (d) neither the Borrower nor any of its subsidiaries shall assume or otherwise become liable for any Indebtedness in connection with such acquisition (except for Indebtedness permitted by Section 7.01).

"Permitted Developer" shall have the meaning assigned to such term in Section 10 of the Guarantee Agreement.

"Permitted Development Entity" shall be a corporation or limited partnership that does not satisfy the criteria to be considered a "subsidiary" as contemplated in the definition thereof.

"Permitted Investments" shall mean:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within three months from the date of acquisition thereof;

(b) without limiting the provisions of paragraph (d) below, investments in commercial paper maturing within three months from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from Standard & Poor's and from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits (including Eurodollar time deposits) maturing within three months from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, (i) any domestic office of the Agent or (ii) any domestic office of any other commercial bank of recognized standing organized under the laws of the United

States of America or any state thereof that has a combined capital and surplus and undivided profits of not less than $250,000,000 and which is rated (or the senior debt securities of the holding company of such commercial bank are rated) A or better by Standard & Poor's or A2 by Moody's, or carrying an equivalent rating by another nationally recognized rating agency if neither of the two named rating agencies shall rate such commercial bank (or the holding company of such commercial bank);

(d) investments in commercial paper maturing within three months from the date of acquisition thereof and issued by (i) the holding company of the Agent or (ii) the holding company of any other commercial bank of recognized standing organized under the laws of the United States of America or any state thereof that has (A) a combined capital and surplus in excess of $250,000,000 and (B) commercial paper rated at least A-1 or the equivalent thereof by Standard & Poor's or at least P-1 or the equivalent thereof by Moody's, or carrying an equivalent rating by another nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments;

(e) repurchase agreements having a term of seven days or less with
(i) any domestic office of the Agent or (ii) any domestic office of any other commercial bank of recognized standing organized under the laws of the United States of America or any state thereof that has combined capital and surplus and undivided profits of not less than $250,000,000 and which is rated (or the senior debt securities of the holding company of such commercial bank are rated) A or better by Standard & Poor's or A2 by Moody's, or carrying an equivalent rating by another nationally recognized rating agency if neither of the two named rating agencies shall rate such bank relating to marketable direct obligations issued or unconditionally guaranteed by the United States but only if the securities collateralizing such repurchase agreements are delivered to or to the order of the Collateral Agent;

(f) other investment instruments approved in writing by the Required Lenders and offered by financial institutions that have a combined capital and surplus and undivided profits of not less than $250,000,000; and

(g) investments consisting of Rate Protection Agreements.

"Permitted Joint Venture" shall have the meaning assigned to such term in Section 7.04(h).

"Person" shall mean any natural person, corporation, business trust, joint venture, association, company, limited liability company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean 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 Borrower or any ERISA Affiliate.

"Pledge Agreement" shall mean the Pledge Agreement, as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit J, among the Borrower, each of the Guarantors (other than TA Travel), TAFSI and the Collateral Agent.

"Prepayment Account" shall have the meaning assigned to such term in Section 2.13(g).

"Prepayment Amount" shall have the meaning assigned to such term in Section 2.13(d).

"Prepayment Event" shall mean (a) any sale, transfer or other disposition of any business units, assets or other properties of the Borrower or any subsidiary thereof (including dispositions in the nature of casualties (to the extent covered by insurance) or condemnations (including any Casualty or Condemnation in respect of a Mortgaged Property as contemplated in Section 9 of the Guarantee Agreement), (b) any sale and leaseback of any asset or the mortgaging of any real property other than (i) any Sale and Lease-Back Transaction permitted by Section 7.03 or (ii) pursuant to a Mortgage (or a modification thereof) by the Borrower or any subsidiary thereof or (c) the issuance or incurrence by the Borrower or any subsidiary thereof of any Indebtedness (excluding any Indebtedness permitted under Section 7.01), or the issuance or sale by the Borrower or any subsidiary thereof of any debt securities or any obligations convertible into or exchangeable for, or giving any Person or entity any right, option or warrant to acquire from the Borrower or any subsidiary thereof any Indebtedness or any such debt securities or any such convertible or exchangeable obligations (excluding any Indebtedness permitted under Section 7.01). Notwithstanding the foregoing, the term "Prepayment Event" shall not include:

(i) sales, transfers and other dispositions of used or surplus equipment, vehicles and other assets in the ordinary course of business permitted pursuant to Section 7.05(b) not exceeding in the aggregate $1,000,000 in any fiscal year, provided that (A) at any time when such sales, transfers and other dispositions in the ordinary course of business shall exceed $1,000,000 in any fiscal year, the resultant Prepayment Event shall include the entire amount of such sales, transfers and dispositions since the date of such most recent payment, if any, with respect to such fiscal year and not just amounts above such dollar threshold and (B) to the extent that the Borrower or any of its subsidiaries shall have reinvested on the date of such Prepayment Event (or certified to the Agent that it intends to reinvest within 180 days of such Prepayment Event) any of the proceeds of such sales, transfers and dispositions in equipment, vehicles or other assets used in the principal lines of business of the Borrower's subsidiaries, the resultant Prepayment Event shall be reduced by the lesser of (1) $1,000,000 and (2) the amount so reinvested or to be reinvested;

(ii) sales of inventory in the ordinary course of business;

(iii) sales, transfers and other dispositions of Truckstops and the related assets permitted pursuant to Section 7.05(d) or 7.05(g) resulting in Net Cash Proceeds in an aggregate amount not exceeding (A) during the period commencing on the Closing Date and ending on December 31, 2000, $70,000,000 and (B) during each period of four consecutive fiscal quarters ending on each December 31 thereafter, $7,500,000, provided that (1) such Net Cash Proceeds are either (x) used to repay or voluntarily prepay Loans or Series I Tranche A Exchange Notes, in accordance with this Agreement and the Tranche A Exchange Note Purchase Agreements, on such date as may be elected by the Borrower or (y) reinvested in other Truckstop properties and related assets, (2) in connection with any such reinvestment, the Borrower (x) provides the Agent and the Collateral Agent with such opinions, documents, certificates, title insurance policies (as required by Section 5.02(l)), surveys and other insurance policies as they may reasonably request and (y) takes such other

actions as the Agent and the Collateral Agent may reasonably deem necessary or appropriate (including actions with respect to the delivery to the Collateral Agent of a first priority Mortgage as required by
Section 5.02(l) and assignment with respect to the related real property for the ratable benefit of the Secured Parties) and (3) the Borrower, pending any such repayment, voluntary prepayment or reinvestment, promptly deposits such Net Cash Proceeds in a cash collateral account established with the Collateral Agent for the benefit of the Secured Parties;

(iv) the receipt of insurance or condemnation proceeds (other than Condemnation Proceeds and Insurance Proceeds in respect of Mortgaged Properties), provided that (A) such proceeds are reinvested in equipment, vehicles or other assets used in the principal lines of business of the Borrower's subsidiaries within 180 days after the receipt thereof and (B) the Borrower, pending such reinvestment, promptly deposits such proceeds so received and unreinvested in a cash collateral account established with the Collateral Agent for the benefit of the Secured Parties;

(v) the receipt of Condemnation Proceeds and Insurance Proceeds in respect of Mortgaged Properties to the extent that (A) such Condemnation Proceeds or Insurance Proceeds are used to restore, repair or locate, acquire and replace the related Mortgaged Property in accordance with Section 9 of the Guarantee Agreement, (B) such Condemnation Proceeds or Insurance Proceeds, pursuant to Section 9 of the Guarantee Agreement, are not otherwise required to be applied as a mandatory prepayment pursuant to
Section 2.13(b) or (C) to the extent permitted by Section 9 of the Guarantee Agreement, any Condemnation Proceeds or Insurance Proceeds are

(1) reinvested in equipment, vehicles or other assets used in the principal lines of business of the Borrower's subsidiaries within 180 days after the receipt thereof and (2) the Borrower, pending such reinvestment, has deposited such amounts in an escrow account with the Collateral Agent as contemplated in Section 9 of the Guarantee Agreement;

(vi) except as otherwise specified in Section 10 of the Guarantee Agreement, any sale, transfer and other disposition of any portion of a Mortgaged Property in connection with the development of such property as permitted in, and in accordance with, the provisions of Section 10 of the Guarantee Agreement; and

(vii) in respect of any Mortgaged Property, sales, transfers and other dispositions of any portion of the Land (as defined in the related Mortgage) on which there are no significant improvements that are permitted pursuant to Section 7.05(f) in an aggregate amount not exceeding $2,000,000 in any fiscal year or $8,000,000 since the Closing Date, provided that (A) the proceeds of each such sale are reinvested in equipment, vehicles or other assets used in the principal lines of business of the Borrower's subsidiaries within 180 days of the date of such sale and (B) the Borrower, pending such reinvestment, promptly deposits such proceeds so received and unreinvested in a cash collateral account established with the Collateral Agent for the benefit of the Secured Parties.

"Pro Forma Balance Sheet" shall have the meaning assigned to such term in Section 4.05(a).

"Pro Rata Share" shall mean, in relation to any amount, (a) with respect to all the Lenders as a group, a share of such amount determined by multiplying such amount by a fraction, the

numerator of which shall be the sum of the aggregate principal amount of Loans and Swingline Loans outstanding at the time plus the aggregate face amount of all Letters of Credit outstanding at the time plus the aggregate unused amount of the Revolving Credit Commitments in effect at the time (the sum of the foregoing amounts being referred to as the "Lenders' Amount"), and the denominator of which shall be the sum of the Lenders' Amount and the aggregate outstanding principal amount of Series I Tranche A Exchange Notes outstanding at the time (the sum of the foregoing amounts being referred to as the "Denominator Amount"), and (b) with respect to the Series I Tranche A Exchange Note Purchasers, a share of such amount determined by multiplying such amount by a fraction, the numerator of which shall be the aggregate outstanding principal amount of Series I Tranche A Exchange Notes outstanding at the time, and the denominator of which shall be the Denominator Amount. After the incurrence of any Tranche A Exchange Note Refinancing Indebtedness, the Pro Rata Share shall be determined, mutatis mutandis, with respect to the analogous provisions of the Tranche A Exchange Note Refinancing Indebtedness.

"Rate Protection Agreements" shall mean (a) interest rate cap agreements, (b) interest rate swap agreements, (c) interest rate collar agreements or (d) similar agreements, in each case entered into by Borrower to provide protection to the Borrower against fluctuations in interest rates. Each Rate Protection Agreement shall be on terms satisfactory to the Agent with a counterparty satisfactory to the Agent.

"Recapitalization" shall mean the series of transactions completed by the Borrower on the Closing Date, in which (a) TA Holdings Corporation, a Delaware corporation, was merged with and into the Borrower, causing TA and TAFSI to become direct wholly owned subsidiaries of the Borrower, (b) National repaid in full (i) all amounts then outstanding under its senior secured credit facility and (ii) the National Senior Notes and (c) TA repaid in full (i) all amounts outstanding under its senior secured credit facility and (ii) the TA Senior Notes. In connection with the Recapitalization, (a) the Borrower entered into the Original Credit Agreement and borrowed $80,000,000 under the Existing Term Loan Facility thereunder, (b) the Borrower issued the Subordinated Notes,
(c) the Borrower issued the Tranche A Exchange Notes in exchange for (i) $65,000,000 aggregate principal amount of the National Senior Notes and (ii) $20,500,000 aggregate principal amount of the TA Senior Notes and (d) the Borrower made capital contributions or advances to National and TA in amounts sufficient to enable them to pay the amounts outstanding under their respective senior secured credit facilities and their respective senior subordinated notes, to redeem certain TA Senior Notes, to pay accrued interest relating to all of the foregoing and to pay related expenses.

"Register" shall have the meaning assigned to such term in Section 10.04(d).

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Release" shall mean any discharge, emission, release, or threat thereof, including a "Release" as defined in CERCLA at 42 U.S.C. ss. 9601 (22), and the term "Released" has a meaning correlative thereto.

"Reportable Event" shall mean any reportable event as defined in
Section 4043(b) of ERISA or the regulations issued thereunder with respect to a 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).

"Required Lenders" shall mean, at any time, Lenders holding Loans, a share of the used LC Commitment and unused Commitments representing more than 50% of the aggregate of (a) the aggregate principal amount of the Loans and Swingline Loans at such time, (b) the LC Exposure at such time and (c) the aggregate unused Commitments at such time.

"Resellers" shall mean independent auto/truckstop operators who own their facilities and who are part of the National network.

"Responsible Officer" of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"Restatement Closing Date" shall mean the date of the first Borrowing hereunder in respect of the Additional Term Loan Commitments.

"Revolving Credit Borrowing" shall mean a Borrowing comprised of Revolving Loans.

"Revolving Credit Commitment" shall mean, with respect to each Lender, the commitment of such Lender to make Revolving Loans hereunder as set forth in clause (c) of Section 2.01, as the same may be reduced from time to time pursuant to Section 2.09. The aggregate principal amount of the Revolving Credit Commitments is $40,000,000 on the Restatement Closing Date.

"Revolving Credit Maturity Date" shall mean March 27, 2004.

"Revolving Credit Utilization" shall mean, at any time of determination, the sum of (a) the aggregate principal amount of Revolving Loans outstanding at such time, (b) the aggregate principal amount of Swingline Loans outstanding at such time and (c) the LC Exposure at such time.

"Revolving Facility" shall mean the aggregate of the Lenders' Revolving Credit Commitments.

"Revolving Lender" shall mean any Lender that has a Revolving Credit Commitment.

"Revolving Loans" shall mean the revolving loans made by the Lenders to the Borrower pursuant to clause (c) of Section 2.01. Each Revolving Loan shall be a Eurodollar Revolving Loan or an ABR Revolving Loan.

"Sale and Lease-Back Transaction" shall have the meaning assigned to such term in Section 7.03.

"Secured Parties" shall have the meaning assigned to such term in the Security Agreement.

"Security Agreement" shall mean the Security Agreement, as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit K-1, among the Borrower, each of the Guarantors, TAFSI and the Collateral Agent, provided that, solely with respect to TA Travel, the term "Security Agreement" shall mean the TA Travel Security Agreement, substantially in the form of Exhibit K-2, between TA Travel and the Collateral Agent.

"Security Documents" shall mean the Mortgages (including any Assignment of Leases and Rents, any Leasehold Mortgage and the Mortgage Amendments), the Security Agreement, the Pledge Agreement, the Collateral Assignment, the Lockbox Agreements, the Trademark Security Agreement, the Collateral Account Agreement, the Airplane Mortgage and each of the security agreements, mortgages and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 6.10.

"Senior Convertible Participating Preferred Stock" shall mean the Borrower's Series I Senior Convertible Participating Preferred Stock, par value $.01 per share, and the Borrower's Series II Senior Convertible Participating Preferred Stock, par value $.01 per share.

"Senior Funded Debt" means all Funded Debt of the Borrower and its subsidiaries other than the Subordinated Notes (or the Subordinated Note Refinancing Indebtedness).

"Series I Tranche A Exchange Note Purchasers" shall mean the Series I Tranche A Exchange Note Purchasers party to the Tranche A Exchange Note Purchase Agreements and their successors and assigns, including the holders of the Series I Tranche A Exchange Notes from time to time.

"Series I Tranche A Exchange Notes" shall mean the 8.94% Series I Senior Secured Notes due 2002 of the Borrower issued pursuant to the Tranche A Exchange Note Purchase Agreements in an aggregate principal amount of $35,500,000.

"Series II Tranche A Exchange Note Purchasers" shall mean the Series II Tranche A Exchange Note Purchasers party to the Tranche A Exchange Note Purchase Agreements and their successors and assigns, including the holders of the Series II Tranche Exchange Notes from time to time.

"Series II Tranche A Exchange Note Refinancing" shall mean the repayment in full as of the Restatement Closing Date of all of the Series II Tranche A Exchange Notes in an aggregate principal amount of $50,000,000 plus accrued interest thereon and any Break Funding Costs (as defined in the Tranche A Exchange Note Purchase Agreements as in effect immediately prior to the consummation of the Additional Transactions) related thereto to but excluding the date of such repayment.

"Series II Tranche A Exchange Notes" shall mean the Series II Senior Secured Notes due 2005 of the Borrower issued pursuant to the Tranche A Exchange Note Purchase Agreements in an aggregate principal amount of $50,000,000 and to be repaid in full on the Restatement Closing Date pursuant to the Series II Tranche A Exchange Note Refinancing.

"Special Mandatory Prepayment" shall have the meaning assigned to such term in Section 2.13(i).

"Standard & Poor's" shall mean Standard & Poor's Rating Group.

"Statutory Reserves" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum applicable reserve percentages, including any marginal, special, emergency or supplemental reserves (expressed as a decimal) established by the Board and any other banking authority to which the Agent is subject (a) with respect to the Base CD Rate (as such term is used in the definition of the term "Alternate Base Rate") for new negotiable nonpersonal time deposits in dollars of over $100,000 with maturities approximately equal to three months and (b) with respect to the Adjusted LIBO Rate, for Eurocurrency Liabilities (as defined in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to Regulation D of the Board. Eurodollar Loans shall be deemed to constitute Eurocurrency Liabilities and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offset that may be available from time to time to any Lender under such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Stockholders Agreement" shall mean the Stockholders Agreement dated as of April 14, 1993, as amended as of March 6, 1997, and as further amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement, among certain Institutional Investors, certain Resellers, certain Operators and the Borrower.

"Subordinated Note Documents" shall mean the Subordinated Note Guarantees, the Subordinated Note Indenture and the Subordinated Notes.

"Subordinated Note Guarantees" shall mean, collectively, the Guarantees of the Guarantors guaranteeing repayment of the Subordinated Notes.

"Subordinated Note Indenture" shall mean the Senior Subordinated Note Indenture dated as of March 24, 1997, among the Borrower, the Guarantors and Fleet National Bank, as trustee, as amended from time to time in accordance with the terms hereof and thereof.

"Subordinated Note Refinancing Indebtedness" shall mean any Indebtedness incurred by the Borrower as contemplated in Section 7.01(h) in connection with the refinancing of the Subordinated Notes.

"Subordinated Notes" shall mean (a) the Senior Subordinated Notes due 2007 issued by the Borrower pursuant to the Subordinated Note Indenture and
(b) all senior subordinated notes of the Borrower issued in exchange for Subordinated Notes on terms substantially identical to the terms of the Subordinated Notes.

"subsidiary" shall mean, with respect to any Person (herein referred to as the "parent"), any corporation, partnership, limited liability company, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held or (b) that is, at the time any

determination is made, otherwise Controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Swingline Lender" shall mean The Chase Manhattan Bank, in its capacity as Swingline lender.

"Swingline Loans" shall mean the Swingline loans made by the Swingline Lender pursuant to Section 2.21.

"TA" shall mean TA Operating Corporation, a Delaware corporation that is a direct wholly owned subsidiary of the Borrower and a Guarantor.

"TA Ancillary Agreements" shall have the meaning assigned to the term "Ancillary Agreements" in the TA Asset Purchase Agreement and shall include the Non-Competition Agreement, the Credit Card Agreement, the Services Agreement, the Office Sub-Lease, the Assignment and Assumption Agreement, the TAFSI Assumption Agreement, the Jobber Agreement, the Supplemental Agreement, the Trademark Assignment and the Software License Agreement (each as defined in the TA Asset Purchase Agreement).

"TA Asset Purchase Agreement" shall mean the Asset Purchase Agreement dated as of July 22, 1993, as amended by Amendment No. 1 thereto dated as of December 9, 1993, and as further amended, supplemented or otherwise modified from time to time in accordance with the terms set forth in this Agreement, among TA, BP Exploration & Oil, Inc. and Truckstops Corporation of America, Inc.

"TA Travel" shall mean TA Travel, L.L.C., a Delaware limited liability company that is a direct wholly owned subsidiary of TA and a Guarantor.

"TAFSI" shall mean TA Franchise Systems Inc., a Delaware corporation that is a direct wholly owned subsidiary of the Borrower.

"TA Senior Notes" shall mean TA's 8.63% Senior Secured Notes due 2002 that were repaid in full in connection with the Recapitalization.

"TA Stockholders Agreement" shall mean the Stockholders Agreement dated as of December 10, 1993, among the Borrower and the stockholders party thereto, as amended in accordance with the Borrower's Consent Solicitation dated February 13, 1997, as the same may be further amended, modified or supplemented in accordance with the provisions of this Agreement.

"Term Borrowing" shall mean a Borrowing comprised of Term Loans.

"Term Facilities" shall mean, collectively, the Existing Term Loan Facility and the Additional Term Loan Facility.

"Term Lender" shall mean any Lender that has a Term Loan Commitment.

"Term Loan Commitments" shall mean, with respect to each Lender, such Lender's Existing Term Loan Commitment, if any, and Additional Term Loan Commitment, if any.

"Term Loan Maturity Date" shall mean March 27, 2005.

"Term Loan Repayment Amount" shall have the meaning assigned to such term in Section 2.11(a).

"Term Loan Repayment Date" shall have the meaning assigned to such term in Section 2.11(a).

"Term Loans" shall mean the Existing Terms Loans and the Additional Term Loans.

"The Clipper Group, L.P." shall mean The Clipper Group, L.P., a limited partnership organized under the laws of the State of Delaware.

"Total Debt" shall mean, with respect to the Borrower and its subsidiaries on a consolidated basis at any time, all Capital Lease Obligations, Indebtedness for borrowed money and Indebtedness in respect of deferred purchase price of property or services of the Borrower and its subsidiaries at such time and all preferred stock at such time mandatorily redeemable on or prior to the first anniversary of the Term Loan Maturity Date, less the amount of cash and cash equivalents set forth on the Borrower's consolidated balance sheet at such time (including all amounts on deposit in the Collateral Account at such time) in excess of $2,500,000.

"Trademark Security Agreement" shall mean the Trademark Security Agreement, as amended and restated as of the Restatement Closing Date and substantially in the form of Exhibit L, among the Borrower, TA, National, TAFSI and the Collateral Agent.

"Tranche A Exchange Note Documents" shall mean the Tranche A Exchange Note Purchase Agreements, the Tranche A Exchange Notes, the Guarantee Agreement, the Security Documents and the Intercreditor Agreement.

"Tranche A Exchange Note Purchase Agreements" shall mean the Senior Secured Note Exchange Agreements, each dated as of March 21, 1997, between the Borrower and the Tranche A Exchange Note Purchasers party thereto, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement. After the incurrence of any Tranche A Exchange Note Refinancing Indebtedness, the term "Tranche A Exchange Note Purchase Agreements" shall include all agreements (or comparable documents, such as loan agreements or indentures) entered into by the Borrower in connection with the sale or issuance of such refinancing Indebtedness.

"Tranche A Exchange Note Purchasers" shall mean the Series I Tranche A Exchange Note Purchasers and the Series II Tranche A Exchange Note Purchasers party to the Tranche A Exchange Note Purchase Agreements and their successors and assigns, including the holders of the Tranche A Exchange Notes from time to time. After the incurrence of any Tranche A Exchange Note Refinancing Indebtedness, the term "Tranche A Exchange Note Purchasers" shall include all original purchasers of such refinancing Indebtedness and their successors and assigns, including the holders of the Tranche A Exchange Notes from time to time.

"Tranche A Exchange Note Refinancing Indebtedness" shall mean any Indebtedness incurred by the Borrower as contemplated in Section 7.01 (g) in connection with the refinancing of

either series of the Tranche A Exchange Notes, provided that the Additional Term Loans shall not constitute Tranche A Exchange Note Refinancing Indebtedness.

"Tranche A Exchange Notes" shall mean the Series I Tranche A Exchange Notes and the Series II Tranche A Exchange Notes, in each case issued pursuant to the Tranche A Exchange Note Purchase Agreements. After the incurrence of any Tranche A Exchange Note Refinancing Indebtedness, the term "Tranche A Exchange Notes" shall include all notes issued in respect of the Tranche A Exchange Note Refinancing Indebtedness.

"Transaction Documents" shall mean the Loan Documents, the Tranche A Exchange Note Documents and the Subordinated Note Documents.

"Transactions" shall mean the Recapitalization and the Additional Transactions.

"Transition Capital Expenditures" shall mean, for any period, all capital expenditures (other than the Burns Acquisition and the Additional Permitted Acquisition, if any) made by the Borrower and its subsidiaries during such period to the extent that such capital expenditures (a) are in an amount in excess of the Capital Expenditures permitted to be made during such period under Section 7.13(a) of this Agreement and (b) are capital expenditures substantially similar to those described in Section 10 of the 1997 Confidential Information Memorandum or Section 11 of the 1998 Confidential Information Memorandum.

"Truckstop" shall mean each full service truckstop facility that, as of any date, is part of the network and that is owned by the Borrower or its subsidiaries or leased by the Borrower or its subsidiaries as lessee or sublessee.

"Type" when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term "Rate" shall include the Adjusted LIBO Rate and the Alternate Base Rate.

"Voting Trust" shall mean the Voting Trust established pursuant to the terms of the Voting Trust Agreement.

"Voting Trust Agreement" shall mean the Voting Trust Agreement dated as of April 14, 1993, as amended as of March 6, 1997, among the Borrower, certain Resellers, certain Operators and United States Trust Company of New York, as trustee, as the same may be amended, modified or supplemented in accordance with the provisions of this Agreement.

"Voting Trust Certificates" shall mean the Voting Trust Certificates issued pursuant to the terms of the Voting Trust Agreement.

"Withdrawal Liability" shall mean 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 1.02. Terms Generally. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The

words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed to be references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP as in effect from time to time, applied on a basis consistent with the application used in the financial statements referred to in Section 4.05(b).

ARTICLE II

The Credits

SECTION 2.01. Commitments; Continuation of Existing Term Loans. On the terms and subject to the conditions and relying upon the representations and warranties herein set forth:

(a) each Lender that has made Existing Term Loans agrees, severally and not jointly, to continue Existing Term Loans on the Restatement Closing Date in the aggregate principal amount set forth opposite such Lender's name on Schedule 2.01;

(b) each Lender having an Additional Term Loan Commitment agrees, severally and not jointly, to make Additional Term Loans to the Borrower on the Restatement Closing Date in an aggregate principal amount not to exceed the Additional Term Loan Commitment set forth opposite such Lender's name on Schedule 2.01; and

(c) each Lender having a Revolving Credit Commitment agrees to make Revolving Loans to the Borrower, at any time and from time to time on or after the Restatement Closing Date and prior to the earlier of the Revolving Credit Maturity Date and the termination of the Revolving Credit Commitment of such Lender in accordance with the terms hereof, in an aggregate principal amount at any time outstanding not to exceed (after giving effect to all Revolving Credit Loans repaid, and all reimbursements of LC Disbursements made, concurrently with the making of any Revolving Credit Loans) an amount equal to the difference between (i) the Revolving Credit Commitment set forth opposite such Lender's name on Schedule 2.01, as the same may be reduced from time to time pursuant to Section 2.09, and
(ii) such Lender's Applicable Percentage of the sum of (A) the aggregate principal amount of Swingline Loans outstanding at such time and (B) the LC Exposure at such time.

Within the limits set forth in clause (c) of the preceding sentence, the Borrower may borrow, pay or prepay and reborrow Revolving Loans on or after the Restatement Closing Date and prior to the Revolving Credit Maturity Date, on the terms and subject to the conditions and limitations set forth herein. All Existing Term Loans and Revolving Loans that are outstanding on the Restatement Closing Date shall remain outstanding in accordance with the terms hereof, subject to repayment and prepayment as provided herein. Amounts paid or prepaid in respect of Term Loans may not be reborrowed.

SECTION 2.02. Loans. (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Existing Term Loan Commitments, Additional Term Loan Commitments or Revolving Credit Commitments, as the case may be; provided, however, that the failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). The Loans comprising each Borrowing shall be in an aggregate principal amount that is an integral multiple of $500,000 and not less than $3,000,000 (or in the case of the Revolving Credit Commitments, the lesser of $3,000,000 and an aggregate principal amount equal to the remaining balance of the Revolving Credit Commitments).

(b) Subject to Sections 2.08 and 2.15, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans, as the Borrower may request pursuant to Section 2.03. Each Lender may at its option fulfill its Commitment with respect to any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan, provided that any exercise of such option shall not (i) affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement or (ii) impose any additional obligation on the part of the Borrower pursuant to Section 2.14. Borrowings of more than one Type may be outstanding at the same time; provided, however, that the Borrower shall not be entitled to request any Borrowing that, if made, would result in an aggregate of more than six separate Eurodollar Loans of any Lender being outstanding hereunder at any one time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to paragraph (e) below and except with respect to Loans made pursuant to paragraph (f) below, each Lender shall make a Loan in the amount of its pro rata portion, as determined under Section 2.17, of each Borrowing hereunder on the proposed date thereof by wire transfer of immediately available funds to such account in New York City as the Agent may designate not later than 12:00 noon, New York City time, and the Agent shall by 3:00 p.m., New York City time, credit the amounts so received to the general deposit account of the Borrower maintained with the Agent or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders. Unless the Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Agent such Lender's portion of such Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Borrowing in accordance with this paragraph (c) and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, for the first such day, the Federal Funds Effective Rate, and thereafter, the Alternate Base Rate. If such Lender shall repay to the Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Revolving Credit Borrowing if the Interest Period requested with respect thereto would end after the Revolving Credit Maturity Date.

(e) The Borrower may refinance all or any part of any Revolving Credit Borrowing with a Revolving Credit Borrowing of the same or a different Type, subject to the conditions and limitations set forth in this Agreement. Any Revolving Credit Borrowing or part thereof so refinanced shall be deemed to be repaid or prepaid in accordance with Section 2.04 or 2.12, as applicable, with the proceeds of a new Revolving Credit Borrowing, and the proceeds of the new Revolving Credit Borrowing, to the extent they do not exceed the principal amount of the Revolving Credit Borrowing being refinanced, shall not be paid by the Lenders to the Agent or by the Agent to the Borrower pursuant to paragraph
(c) above.

(f) If the Agent has not received from the Borrower the payment required by Section 3.04(a) by 11:00 a.m., New York City time, on the date on which the Fronting Bank has notified the Borrower that payment of a draft presented under any Letter of Credit will be made (or such later time as is not later than three hours after the Borrower shall have received such notice or, if the Borrower shall have received such notice later than 2:00 p.m., New York City time, on such Business Day, not later than 10:00 a.m., New York City time, on the immediately following Business Day), as provided in Section 3.04(a), the Agent will notify not later than 12:00 noon, New York City time, the Fronting Bank and each Participating Lender of the LC Disbursement and, in the case of each Participating Lender, its Applicable Percentage of such LC Disbursement. Each Participating Lender will pay by wire transfer of immediately available funds to the Agent not later than 4:00 p.m., New York City time, on such date an amount equal to such Participating Lender's Applicable Percentage of such LC Disbursement (it being understood that such amount shall constitute an ABR Revolving Loan of such Lender and such payment shall be deemed to have reduced the LC Exposure), and the Agent will promptly pay such amount to the Fronting Bank. The Agent will promptly remit to each Participating Lender its Applicable Percentage of any amounts subsequently received by the Agent from the Borrower in respect of such LC Disbursement. If any Lender shall not have made its Applicable Percentage of such LC Disbursement available to the Fronting Bank as provided above, such Lender agrees to pay interest on such amount, for each day from and including the date such amount is required to be paid in accordance with this paragraph (f) to but excluding the date an amount equal to such amount is paid to the Agent for prompt payment to the Fronting Bank at, for the first such day, the Federal Funds Effective Rate, and thereafter, the Alternate Base Rate.

SECTION 2.03. Notice of Borrowings. The Borrower shall give the Agent written or telecopy notice (or telephone notice promptly confirmed in writing or by telecopy) (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before a proposed borrowing and (b) in the case of an ABR Borrowing, not later than 12:00 noon, New York City time, one Business Day before a proposed borrowing. Such notice shall be irrevocable and shall in each case refer to this Agreement and specify
(i) whether the Borrowing then being requested is to be a Term Borrowing or a Revolving Credit Borrowing, and whether such Borrowing is to be a Eurodollar Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day) and the amount thereof; and (iii) if such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. If the Borrower shall not have given notice in accordance with this Section 2.03 of its election to refinance a Revolving Credit Borrowing prior to the end of the Interest Period in effect for such Borrowing, then the Borrower shall (unless such Borrowing is repaid at the end of such Interest Period) be deemed to have given notice of an election to refinance such Borrowing with an ABR Borrowing. The Agent shall promptly advise the Lenders of any notice given pursuant to this
Section 2.03 and of

each Lender's portion of the requested Borrowing and shall promptly notify each Lender of the determination of the Adjusted LIBO Rate applicable to any Eurodollar Loan.

SECTION 2.04. Evidence of Debt; Repayment of Loans. (a) The outstanding principal balance of each Loan shall be payable (i) in the case of a Revolving Loan or a Swingline Loan, on the Revolving Credit Maturity Date and
(ii) in the case of a Term Loan, as provided in Section 2.11.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) The Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, and, with respect to each Term Loan, whether such Loan is an Existing Term Loan or an Additional Term Loan, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Agent hereunder from the Borrower or any Guarantor and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraphs (b) and (c) above shall be prima facie evidence of the existence and amounts of the obligations therein recorded; provided, however, that the failure of any Lender or the Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of the Borrower to repay the Loans in accordance with their terms.

(e) Notwithstanding any other provision of this Agreement, in the event any Lender shall request and receive a promissory note payable to such Lender and its registered assigns, the interests represented by such note shall at all times (including after any assignment of all or part of such interests pursuant to Section 10.04) be represented by one or more promissory notes payable to the payee named therein or its registered assigns.

SECTION 2.05. Fees. (a) The Borrower agrees to pay to each Lender, through the Agent, the following fees (each, a "Commitment Fee") (i) on the last day of March, June, September and December in each year and on each date on which any of the Revolving Credit Commitments of such Lender shall expire or be terminated as provided herein, a commitment fee of 0.50% per annum on the average daily unused amount of the Revolving Credit Commitment (without giving effect to any deemed reduction thereto in connection with the issuance of Swingline Loans) of such Lender during the preceding quarter (or other period ending with the date on which any portion of the Revolving Credit Commitments of such Lender shall expire or be terminated) and (ii) on the Restatement Closing Date, a commitment fee of 0.50% per annum on the average daily unused amount of the Additional Term Loan Commitments of such Lender during the period commencing with the date upon which this Agreement and/or the Effectiveness Agreement is executed by such Lender and the Borrower. The Commitment Fee due to each Lender in respect of its Revolving Credit Commitment shall continue to accrue with respect to the current quarter from and including the first day of the current quarter in accordance with the terms hereof. For purposes of calculating Commitment Fees in respect of Revolving Credit Commitments, any portion of such Revolving Credit Commitments unavailable due to outstanding Letters of Credit shall be deemed to be used

amounts. All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(b) The Borrower agrees to pay to the Agent, for its own account, fees (the "Administrative Fees") (i) at the time and in the amounts agreed upon in the fee letter agreement dated February 14, 1997, between the Borrower and the Agent, which shall continue in effect with respect to such Administrative Fees until March 27, 1999, and (ii) thereafter at the time and in the amounts agreed upon in the fee letter agreement dated October 26, 1998, between the Borrower and the Agent.

(c) The Borrower agrees to pay to the Agent, for payment to the other Lenders (to the extent applicable), on the Restatement Closing Date (i) an amendment fee equal to 0.25% of the aggregate Revolving Credit Commitments of the Lenders as of the Restatement Closing Date and (ii) an up-front fee equal to 0.50% of the sum of (A) the aggregate outstanding principal balance of the Existing Term Loans and (B) the aggregate Additional Term Loan Commitments, each as of the Restatement Closing Date, and the Agent shall pay to each Lender on the Restatement Closing Date that portion of such fees as is owing to such Lender.

(d) The Borrower agrees to pay to the Fronting Bank, for its own account, the fees specified in Section 3.08.

(e) All Fees (other than the fees payable to the Fronting Bank under Section 3.08) shall be paid on the dates due, in immediately available funds, to the Agent for distribution, if and as appropriate, among the Lenders. Once paid, none of the Fees shall be refundable under any circumstances (other than corrections of error in payment).

SECTION 2.06. Interest on Loans. (a) Subject to the provisions of Section 2.07, the Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when the Alternate Base Rate is determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate plus the ABR Spread.

(b) Subject to the provisions of Section 2.07, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the LIBOR Spread.

(c) Interest on each Loan shall be payable on the Interest Payment Dates applicable to such Loan except as otherwise provided in this Agreement. The applicable Alternate Base Rate or Adjusted LIBO Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Agent, and such determination shall be presumptively correct absent manifest error.

SECTION 2.07. Default Interest. If the Borrower shall default in the payment of the principal of or interest on any Loan or Swingline Loan or any other amount becoming due hereunder or under any Security Document, by acceleration or otherwise, the Borrower shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (the "Default Rate") (computed on the basis of the actual number of days elapsed over a year

of 360 days) equal to (a) in the case of any Loan or Swingline Loan, the rate applicable to such Loan under Section 2.06 plus 2% per annum and (b) in the case of any other amount, the rate that would be applicable to an ABR Revolving Loan under Section 2.06 plus 2% per annum.

SECTION 2.08. Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Borrowing the Agent shall have determined that dollar deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market, or that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to any Lender of making or maintaining its Eurodollar Loan during such Interest Period, or that reasonable means do not exist for ascertaining the Adjusted LIBO Rate, the Agent shall, as soon as practicable thereafter, give written or telecopy notice of such determination to the Borrower and the Lenders. In the event of any such determination, any request by the Borrower for a Eurodollar Borrowing pursuant to Section 2.03 or 2.10 shall, until the Agent shall have advised the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, be deemed to be a request for an ABR Borrowing. Each determination by the Agent hereunder shall be conclusive absent manifest error.

SECTION 2.09. Termination and Reduction of Commitments. (a) The Existing Term Loan Commitments terminated upon the making of the Existing Term Loans. The Additional Term Loan Commitments shall be automatically terminated at 5:00 p.m., New York City time, on the Restatement Closing Date. The Revolving Credit Commitments and the LC Commitment shall be automatically terminated at 5:00 p.m., New York City time, on the Revolving Credit Maturity Date and the LC Maturity Date, respectively. Notwithstanding the foregoing, all the Additional Term Loan Commitments shall be automatically terminated at 5:00 p.m., New York City time, on December 31, 1998, if the initial borrowing under the Additional Term Loan Facility has not occurred by such time.

(b) Upon at least three Business Days' prior irrevocable written or telecopy notice to the Agent, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Additional Term Loan Commitments or the Revolving Credit Commitments; provided, however, that
(i) each partial reduction of such Commitments shall be in an integral multiple of $500,000 and in a minimum principal amount of $3,000,000 and (ii) the Borrower shall not be permitted to terminate or reduce the Revolving Credit Commitments if, as the result of such termination or reduction, (A) the LC Commitment would exceed the aggregate remaining amount of the Revolving Credit Commitments or (B) the Revolving Credit Utilization would exceed the aggregate remaining Revolving Credit Commitments. The LC Commitments may be voluntarily terminated or reduced by the Borrower as provided in Section 3.07.

(c) The Revolving Credit Commitments and the LC Commitments shall be permanently reduced as provided in Section 2.13(e).

(d) Each reduction in the Additional Term Loan Commitments or the Revolving Credit Commitments hereunder shall be made ratably among the applicable Lenders in accordance with their respective applicable Commitments. The Borrower shall pay to the Agent for the account of the applicable Lenders, on the date of each termination or reduction, the Commitment Fees on the amount of the Commitments so terminated or reduced accrued to but excluding the date of such termination or reduction.

(e) Nothing in this Section 2.09 shall prejudice any rights that the Borrower may have against any Lender that fails to lend as required hereunder prior to the date of termination of any Commitment.

SECTION 2.10. Conversion and Continuation of Term Borrowings. The Borrower shall have the right at any time (subject to Section 2.08) upon prior irrevocable notice to the Agent (i) not later than 12:00 noon, New York City time, one Business Day prior to conversion, to convert any Eurodollar Term Borrowing into an ABR Term Borrowing, (ii) not later than 11:00 a.m., New York City time, three Business Days prior to conversion or continuation, to convert any ABR Term Borrowing into a Eurodollar Term Borrowing or to continue any Eurodollar Term Borrowing as a Eurodollar Term Borrowing for an additional Interest Period and (iii) not later than 11:00 a.m., New York City time, three Business Days prior to conversion, to convert the Interest Period with respect to any Eurodollar Term Borrowing to another permissible Interest Period, subject in each case to the following:

(a) each conversion or continuation shall be made pro rata among the Lenders in accordance with the respective principal amounts of the Loans comprising the converted or continued Term Borrowings;

(b) if less than all the outstanding principal amount of any Term Borrowing shall be converted or continued, then each resulting Borrowing shall satisfy the limitations specified in Sections 2.02(a) and 2.02(b) regarding the principal amount and maximum number of Borrowings of the relevant Type;

(c) each conversion shall be effected by each Lender by applying the proceeds of the new Term Loan of such Lender resulting from such conversion to the Term Loan (or portion thereof) of such Lender being converted, and accrued interest on a Term Loan (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(d) if any Eurodollar Term Borrowing is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Lenders pursuant to Section 2.16;

(e) any portion of a Term Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Eurodollar Term Borrowing;

(f) any portion of a Eurodollar Term Borrowing that cannot be converted into or continued as a Eurodollar Term Borrowing by reason of subparagraph (e) above shall be automatically converted at the end of the Interest Period in effect for such Borrowing into an ABR Term Borrowing; and

(g) no Interest Period may be selected for any Eurodollar Term Borrowing that would end later than a Term Loan Repayment Date occurring on or after the first day of such Interest Period if, after giving effect to such selection, the aggregate outstanding amount of (i) the Eurodollar Term Borrowings with Interest Periods ending on or prior to such Term Loan Repayment Date and (ii) the ABR Term Borrowings would not be at least equal to the principal amount of Term Borrowings to be paid on such Term Loan Repayment Date.

Each notice pursuant to this Section 2.10 shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Term Borrowing that the Borrower requests be converted or continued, (ii) whether such Term Borrowing is to be converted to or continued as a Eurodollar Term Borrowing or an ABR Term Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Term Borrowing is to be converted to or continued as a Eurodollar Term Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Term Borrowing, the Borrower shall be deemed to have selected an Interest Period of one month's duration. The Agent shall advise the other Lenders of any notice given pursuant to this Section 2.10, of the Agent's determination, if applicable, of the Adjusted LIBO Rate of any Eurodollar Loan and of each Lender's portion of any converted or continued Term Borrowing. If the Borrower shall not have given notice in accordance with this Section 2.10 to continue any Term Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance with this Section 2.10 to convert such Term Borrowing), such Term Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued into a new Interest Period as an ABR Term Borrowing.

The Borrower shall be deemed to elect in accordance with this
Section 2.10 (including Section 2.10(d)) to convert as of the Restatement Closing Date all Eurodollar Term Borrowings comprised of Existing Term Loans (and the current Interest Period with respect to each such Eurodollar Term Borrowing shall be deemed to terminate as of the Restatement Closing Date) to such Type and Interest Period as the Borrower elects in a notice with respect to such Borrowing(s) delivered to the Agent in accordance with and subject to the requirements of this Section 2.10, including the immediately preceding paragraph of this Section 2.10 with respect to any failure by the Borrower to deliver such a notice or to specify therein an Interest Period with respect to a Eurodollar Term Borrowing.

SECTION 2.11. Repayment of Term Borrowings. (a) The Borrower shall pay to the Agent, for the account of the Lenders, on each March 31, June 30, September 30 and December 31 in any period set forth below (each such date being a "Term Loan Repayment Date") a principal amount of the Term Loans (such amount, as adjusted from time to time pursuant to Sections 2.12(b) and 2.13(e), being called the "Term Loan Repayment Amount") equal to (i) one-half of the amount set forth below for the period from and including the Restatement Closing Date to and including March 31, 1999, and (ii) one-quarter of the amount set forth below for each such other period, together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment:

From and Including:	To and Including:	Amount:
Restatement Closing Date	March 31, 1999	$723,186
April 1, 1999	March 31, 2000	$1,446,372
April 1, 2000	March 31, 2001	$1,446,372
April 1, 2001	March 31, 2002	$1,446,372
April 1, 2002	March 31, 2003	$1,446,372
April 1, 2003	March 31, 2004	$86,782,334
April 1, 2004	Term Loan Maturity Date	$135,958,992

On each Term Loan Repayment Date, the Agent shall apply the Term Loan Repayment Amount paid to the Agent to pay the Term Loans. Prior to the Restatement Closing Date, $750,000 aggregate principal amount of the Existing Term Loans were repaid pursuant to Section 2.11(a) of the Original Credit Agreement.

(b) To the extent not previously paid, all Term Borrowings shall be due and payable on the Term Loan Maturity Date, together with accrued and unpaid interest on the principal amount to be paid to but excluding the date of payment.

(c) All repayments pursuant to this Section 2.11 shall be subject to Section 2.16, but shall otherwise be without premium or penalty.

SECTION 2.12 Optional Prepayment. (a) The Borrower shall have the right at any time and from time to time to prepay (i) Revolving Credit Borrowings, (ii) Term Borrowings or (iii) if the Borrower specifically elects, Term Borrowings and outstanding Series I Tranche A Exchange Notes in accordance with the provisions of the Tranche A Exchange Note Purchase Agreements, in each case in whole or in part, upon at least three Business Days' prior written or telecopy notice (or telephone notice promptly confirmed by written or telecopy notice) to the Agent; provided, however, that each partial prepayment shall be in an amount that is an integral multiple of $500,000.

(b) Each prepayment of principal of the Term Borrowings pursuant to paragraph (a) above shall be applied first, to reduce the scheduled payments of principal due under Section 2.11(a) during the 12 month period following the date of such prepayment and second, pro rata against the remaining scheduled payments of principal due under Section 2.11(a).

(c) Each notice of prepayment shall specify (i) the amount to be prepaid, (ii) the prepayment date, (iii) whether the prepayment relates to Revolving Credit Borrowings, to Term Borrowings or to both Term Borrowings and outstanding Series I Tranche A Exchange Notes and (iv) the principal amount to be prepaid of (A) Revolving Credit Borrowings (or portion thereof) or (B) Term Borrowings (or portion thereof). Each such notice shall be irrevocable and shall commit the Borrower to prepay such obligations by the amount specified therein on the date specified therein. All prepayments of Borrowings under this Section 2.12 shall be subject to Section 2.16 but otherwise without premium or penalty. All prepayments under this Section 2.12 shall be accompanied by accrued interest on the principal amount being prepaid to but excluding the date of payment.

(d) On each prepayment date with respect to the prepayment of any Term Borrowing in respect of which the Borrower shall also be making a voluntary prepayment of Series I Tranche A Exchange Notes, the Borrower shall deliver to the Agent for application pursuant to paragraph (a) above an amount equal to the Lenders' Pro Rata Share of such prepaid amounts. On or before the delivery of all amounts to be prepaid with respect to the Term Borrowings, the Borrower shall with respect to the Pro Rata Share of such prepaid amounts attributable to the Series I Tranche A Exchange Notes give notice of such optional prepayment of such Pro Rata Share pursuant to Section 5.2 of the Tranche A Exchange Note Purchase Agreements (or the analogous provision, if any, in respect of the Tranche A Exchange Note Refinancing Indebtedness). Pending payment to the Tranche A Exchange Note Purchasers, the Borrower shall deposit the Pro Rata Share of such prepaid amounts attributable to the Series I Tranche A Exchange Notes in an escrow account with the Collateral Agent pursuant to paragraph (f) below.

(e) At any time that (i) the Borrower shall elect to prepay both Term Borrowings and Series I Tranche A Exchange Notes pursuant to paragraph (d) above or (ii) an offer notice is required to be delivered to the Series I Tranche A Exchange Note Purchasers pursuant to Section 2.13(d), the Borrower shall give (or cause to be given) to the Agent an additional written notice (which notice shall be included, as applicable, in the prepayment notice delivered pursuant to paragraph (a) above or the Financial Officer's Certificate delivered pursuant to Section 2.13(f)). Such written notice shall, (i) in the case of an optional prepayment pursuant to paragraph (d) above, set forth a reasonably detailed calculation of the amounts to be paid to the Lenders and the amounts to be paid to the Series I Tranche A Exchange Note Purchasers as contemplated in paragraph (d) above and (ii) in the case of a notice relating to a Prepayment Event, describe in reasonable detail the facts and circumstances giving rise to such Prepayment Event and a reasonably detailed calculation of the Net Cash Proceeds therefrom and the amounts to be paid to the Lenders and to be offered to the Series I Tranche A Exchange Note Purchasers in accordance with Section 2.13(d).

(f) If (i) any voluntary prepayment of Series I Tranche A Exchange Notes is to be made in connection with an optional prepayment of Term Borrowings pursuant to paragraph (d) above or (ii) there is a prepayment in connection with any Prepayment Event pursuant to Section 2.13(d), the Borrower will, concurrently with any such prepayment under this Agreement, make effective provision whereby the Series I Tranche A Exchange Note Purchasers' Pro Rata Share of the related prepaid amount, together with interest to the related prepayment date, is placed in escrow with the Collateral Agent until the related prepayment date in respect of the Series I Tranche A Exchange Notes, whereupon such amounts shall be applied to the prepayment of the Series I Tranche A Exchange Notes or, in the case of amounts attributable to rejected or deemed rejected offers as contemplated in Section 2.13(d), prepayments of obligations outstanding under this Agreement as contemplated under Section 2.13(d).

(g) Except as contemplated in the definition of the term "Excess Cash Flow", no optional prepayment of Term Borrowings made by the Borrower pursuant to this Section 2.12 shall reduce the Borrower's obligation to make mandatory prepayments pursuant to Section 2.13(d) or Section 2.13(e).

SECTION 2.13. Mandatory Prepayments. (a) On the date of any termination or reduction of the Revolving Credit Commitments pursuant to Section 2.09, the Borrower shall pay or prepay so much of the Swingline Loans and Revolving Credit Borrowings as shall be necessary in order that (i) the aggregate principal amount of Swingline Loans and Revolving Loans outstanding at such time will not exceed (ii) the aggregate Revolving Credit Commitments (after giving effect to such termination or reduction and after giving effect to each deemed reduction to the Revolving Credit Commitments in connection with the making of a Swingline Loan) less the aggregate LC Exposure at such time.

(b) Substantially simultaneously with (and in any event not later than the Business Day next following) the occurrence of a Prepayment Event, the Borrower shall apply an amount equal to 100% of the Net Cash Proceeds therefrom to prepay obligations outstanding under this Agreement and the outstanding Series I Tranche A Exchange Notes in accordance with paragraph (d) below.

(c) No later than the earlier of (i) 105 days after the end of each fiscal year, commencing with the fiscal year ending on December 31, 1999, and

(ii) the date on which the financial statements with respect to such period are delivered pursuant to Section 6.04(a), the

Borrower shall apply an amount equal to 50% of Excess Cash Flow for such period to prepay obligations outstanding under this Agreement and the outstanding Series I Tranche A Exchange Notes in accordance with paragraph (d) below.

(d) Upon the occurrence of any event described in paragraph (b) or (c) above, the Borrower shall (i) offer to pay to the Agent (for application to the prepayment of obligations outstanding under this Agreement in accordance with paragraph (e) below) an amount equal to the Lenders' Pro Rata Share of the amount to be prepaid as a result of such event (such amount, the "Prepayment Amount") and (ii) offer to prepay the Series I Tranche A Exchange Notes in the manner set forth in Section 5.3 of the Tranche A Exchange Note Purchase Agreements (or the analogous provision, if any, in respect of any Tranche A Exchange Note Refinancing Indebtedness) in an amount equal to the Pro Rata Share of the Prepayment Amount attributable to the Series I Tranche A Exchange Notes. If any Series I Tranche A Exchange Note Purchaser rejects or is deemed to reject (as provided in Section 5.3 of the Tranche A Exchange Note Purchase Agreements (or the analogous provision, if any, in respect of any Tranche A Exchange Note Refinancing Indebtedness)) such offer, then on the related date for payment the Collateral Agent shall (i) allocate such Series I Tranche A Exchange Note Purchaser's share of such Net Cash Proceeds to the Term Loans and (ii) offer to apply such amount to the prepayment of obligations outstanding under this Agreement in accordance with paragraphs (e) and (f) below.

(e) Mandatory prepayments of outstanding obligations under this Agreement made by the Borrower pursuant to paragraphs (b) or (c) above or paragraph (i) below shall be applied, subject to paragraph (h) below, first, to prepay scheduled payments of principal due on the Term Borrowings under Section 2.11(a) after the date of such prepayment in the manner described in the immediately following sentence and second, following the payment in full of all Term Loans, permanently to reduce Swingline Loans, Revolving Loans and the Revolving Credit Commitments. Each such mandatory prepayment of principal of the Term Borrowings shall be applied to reduce the scheduled payments of principal due under Section 2.11(a) after the date of such prepayment (i) in the case of mandatory prepayments described in clause (c) of the definition of the term "Prepayment Event", in the inverse order of maturity and (ii) in the case of mandatory prepayments described in paragraph (c) above, all other Prepayment Events and any prepayment pursuant to paragraph (h) or paragraph (i) below, pro rata.

(f) The Borrower shall deliver to the Agent, (i) at the time of each prepayment required under paragraph (b), paragraph (c), paragraph (h) or paragraph (i) of this Section 2.13, a certificate signed by a Financial Officer of the Borrower setting forth in reasonable detail the calculation of the amount of such prepayment and (ii) at least three Business Days prior to the time of each prepayment required under this Section 2.13 (if known at such time), a notice of such prepayment. In the case of a prepayment pursuant to paragraph (d) above, such officer's certificate shall also set forth the information required to be included therein pursuant to Section 2.12(e). Each required notice of prepayment (i) shall specify the prepayment date, whether the related prepayment relates solely to obligations under this Agreement or if it also relates to outstanding Series I Tranche A Exchange Notes, the Type of each Borrowing being prepaid, the principal amount of each Borrowing (or portion thereof) to be prepaid and, if outstanding Series I Tranche A Exchange Notes are to be prepaid, the principal amount of such outstanding Series I Tranche A Exchange Notes (or portion thereof) to be prepaid, (ii) shall be irrevocable and (iii) shall commit the Borrower to prepay such obligations by the amount stated therein on the date stated therein. All prepayments of Borrowings and Swingline Loans under this Section 2.13 shall be subject to Section 2.16, but shall otherwise be without premium or penalty. All prepayments of Borrowings and Swingline Loans

under this Section 2.13 (other than prepayments pursuant to paragraph (c) above or paragraph (i) below) shall be accompanied by accrued interest on the principal amount being prepaid to but excluding the date of payment. All prepayments of Borrowings and Swingline Loans pursuant to paragraph (c) or paragraph (i) of this Section 2.13 shall be applied first to the payment of accrued interest on the principal amount being prepaid and then to the payment of such principal.

(g) Net Cash Proceeds and such other amounts to be applied pursuant to this Section 2.13 to the prepayment of Term Borrowings and Revolving Credit Borrowings shall be applied, as applicable, first to reduce outstanding ABR Term Borrowings and ABR Revolving Credit Borrowings. Any amounts remaining after each such application shall, at the option of the Borrower, be applied to prepay Eurodollar Term Borrowings or Eurodollar Revolving Credit Borrowings, as the case may be, immediately or shall be deposited in the Prepayment Account (as defined below). The Agent shall apply any cash deposited in the Prepayment Account (i) allocable to Term Borrowings to prepay Eurodollar Term Borrowings and (ii) allocable to Revolving Credit Borrowings to prepay Eurodollar Revolving Credit Borrowings, in each case on the last day of their respective Interest Periods (or, at the direction of the Borrower, on any earlier date) until all outstanding Term Borrowings or Revolving Credit Borrowings, as the case may be, have been prepaid or until all the allocable cash on deposit with respect to such Borrowings has been exhausted. For purposes of this Agreement, "Prepayment Account" shall mean an account established by the Borrower with the Agent and over which the Agent shall have exclusive dominion and control, including the exclusive right of withdrawal for application in accordance with this paragraph
(g). The Agent will, at the request of the Borrower, invest amounts on deposit in the Prepayment Account in Permitted Investments maturing prior to the last day of the applicable Interest Periods of the Eurodollar Term Borrowings or Eurodollar Revolving Credit Borrowings to be prepaid, as the case may be; provided, however, that (i) the Agent shall not be required to make any investment that, in its sole judgment, would require or cause the Agent to be in, or would result in any, violation of any law, statute, rule or regulation and (ii) the Agent shall have no obligation to invest amounts on deposit in the Prepayment Account if a Default or Event of Default shall have occurred and be continuing. The Borrower shall indemnify the Agent for any losses relating to the investments so that the amount available to prepay Eurodollar Borrowings on the last day of the applicable Interest Periods is not less than the amount that would have been available had no investments been made pursuant thereto. Other than any interest earned on such investments, the Prepayment Account shall not bear interest. Interest or profits, if any, on such investments shall be deposited in the Prepayment Account and reinvested as specified above. If the maturity of the Loans has been accelerated pursuant to Article VIII, the Agent may, in its sole discretion, apply all amounts on deposit in the Prepayment Account to satisfy any of the Obligations. The Borrower hereby grants to the Agent, for its benefit and the benefit of the Fronting Bank, the Swingline Lender and the Lenders, a security interest in the Prepayment Account.

(h) Any Term Lender may, subject to the following sentence, elect by notice to the Agent in writing or by telecopy (or by telephone promptly confirmed in writing or by telecopy) at least one Business Day prior to any prepayment of Term Loans required to be made by the Borrower for the account of such Lender pursuant to this Section 2.13, to decline all or a portion of such prepayment (including any amount rejected by any Series I Tranche A Exchange Note Purchaser and offered to such Term Lender pursuant to paragraph (d) above) and, under such circumstances, the Borrower shall retain all amounts (such amounts the "Declined Amounts") that would otherwise be used to repay Term Loans pursuant thereto. In the event that any portion of the Declined Amounts has not been invested in assets used in the principal lines of business of the Borrower or its subsidiaries or used by the Borrower to make an optional prepayment pursuant to Section 2.12 during the one-year period after such Declined Amounts were so declined, the Borrower shall be

required, on the last day of such one-year period, to apply an amount equal to 100% of the remaining portion of such Declined Amounts to the prepayment of obligations outstanding under this Agreement in accordance with paragraph (e) above.

(i) Any portion of the Additional Reserve Amount that is not used to fund the Additional Permitted Acquisition, if any, shall be applied by the Borrower in accordance with the immediately following sentence and paragraphs (e), (f), (g) and (h) of this Section 2.13 to the prepayment of obligations outstanding under this Agreement (the "Special Mandatory Prepayment"). The Special Mandatory Prepayment shall be made by the Borrower not later than (a) March 31, 1999, if the Borrower shall have not executed a definitive purchase agreement, definitive merger agreement, definitive tender offer agreement or other similar definitive agreement with respect to the Additional Permitted Acquisition by such date, or (b) December 31, 1999, if such a definitive agreement shall have been executed by March 31, 1999, regardless of whether or not the Additional Permitted Acquisition shall have been consummated, provided that the Special Mandatory Prepayment shall not be made by the Borrower so long as a "Default" or "Event of Default" under the Loan Documents or the Tranche A Exchange Note Documents (as such terms are defined therein) has occurred and is continuing.

(j) The provisions of this Section 2.13 are subject to the Intercreditor Agreement as long as any Series I Tranche A Exchange Notes are outstanding.

SECTION 2.14. Reserve Requirements; Change in Circumstances. (a) Notwithstanding any other provision herein, if after March 21, 1997, any change in applicable law or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any Lender of the principal of or interest on any Eurodollar Loan made by such Lender or any Letter of Credit reimbursement obligations, Fees or other amount payable hereunder (other than changes in respect of income and franchise taxes imposed on such Lender by the jurisdiction in which such Lender is organized or has its principal office or by any political subdivision or taxing authority thereof or therein), or shall impose, modify, or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by such Lender (except any such reserve requirement that is reflected in the Adjusted LIBO Rate or in the Alternate Base Rate) or shall impose on such Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit issued hereunder, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or increase the cost to any Lender of issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender to be material, then the Borrower will pay to such Lender following receipt of a certificate of such Lender to such effect in accordance with Section 2.14(c) such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender, the Swingline Lender or the Fronting Bank shall have determined that the applicability of any law, rule, regulation, agreement or guideline adopted pursuant to or arising out of the July 1988 report of the Basic Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after March 21, 1997, of any other law, rule, regulation, agreement or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of

any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender), the Swingline Lender or the Fronting Bank or any Lender's, the Swingline Lender's or the Fronting Bank's holding company with any request or directive regarding capital adequacy issued under any law, rule, regulation or guideline (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's, the Swingline Lender's or the Fronting Bank's capital or on the capital of such Lender's, the Swingline Lender's or the Fronting Bank's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender, the Swingline Loans made by the Swingline Lender or the Letters of Credit issued by the Fronting Bank pursuant hereto to a level below that which such Lender, the Swingline Lender or the Fronting Bank or such Lender's, the Swingline Lender's or the Fronting Bank's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's, the Swingline Lender's or the Fronting Bank's policies and the policies of such Lender's, the Swingline Lender's or the Fronting Bank's holding company with respect to capital adequacy) by an amount deemed by such Lender, the Swingline Lender or the Fronting Bank to be material, then from time to time the Borrower shall pay to such Lender, the Swingline Lender or the Fronting Bank following receipt of a certificate of such Lender, the Swingline Lender or the Fronting Bank to such effect in accordance with Section 2.14(c) such additional amount or amounts as will compensate such Lender, the Swingline Lender or the Fronting Bank or such Lender's, the Swingline Lender's or the Fronting Bank's holding company for any such reduction suffered. Notwithstanding any other provision in this paragraph (b), none of any Lender, the Swingline Lender or the Fronting Bank shall be entitled to demand compensation pursuant to this paragraph (b) if it shall not be the general practice of such Lender, the Swingline Lender or the Fronting Bank, as applicable, to demand such compensation in similar circumstances under comparable provisions of other comparable credit agreements.

(c) A certificate of each Lender, the Swingline Lender or the Fronting Bank setting forth such amount or amounts as shall be necessary to compensate such Lender, the Swingline Lender or the Fronting Bank or its holding company as specified in paragraph (a) or (b) above, as the case may be, and setting forth in reasonable detail an explanation of the basis of requesting such compensation in accordance with paragraph (a) or (b) above, shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay each Lender, the Swingline Lender or the Fronting Bank the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure on the part of any Lender, the Swingline Lender or the Fronting Bank to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's, the Swingline Lender's or the Fronting Bank's right to demand compensation with respect to such period or any other period, except that none of any Lender, the Swingline Lender or the Fronting Bank shall be entitled to compensation under this Section 2.14 for any costs incurred or reductions suffered with respect to any date unless such Lender, the Swingline Lender or the Fronting Bank, as applicable, shall have notified the Borrower that it will demand compensation for such costs or reductions under paragraph (c) above not more than six months after the later of (i) such date and (ii) the date on which such Lender, the Swingline Lender or the Fronting Bank, as applicable, shall have become aware of such costs or reductions. The protection of this Section 2.14 shall be available to each Lender, the Swingline Lender or the Fronting Bank regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition that shall have occurred or been imposed.

(e) Each Lender will, at the request of the Borrower, designate a different lending office if such designation (i) will avoid the need for, or minimize the amount of, any compensation to which such Lender is entitled pursuant to this Section 2.14 and (ii) will not, in the sole judgment of such Lender, be otherwise disadvantageous to such Lender.

(f) With respect to any Lender that is entitled to any compensation pursuant to paragraph (a) above, the Borrower shall have the right to elect by notice to such Lender that all outstanding Eurodollar Loans made by such Lender be automatically converted to ABR Loans as of the effective date of such notice and that any requests thereafter by the Borrower for a Eurodollar Borrowing shall, as to such Lender only, be deemed a request for an ABR Loan.

SECTION 2.15. Change in Legality. (a) Notwithstanding any other provision herein, if after March 21, 1997, any change in any law or regulation or in the interpretation thereof by any governmental authority charged with the administration or interpretation thereof shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by written notice to the Borrower and to the Agent, such Lender may:

(i) declare that Eurodollar Loans will not thereafter be made by such Lender hereunder, whereupon any request by the Borrower for a Eurodollar Borrowing shall, as to such Lender only, be deemed a request for an ABR Loan unless such declaration shall be subsequently withdrawn; and

(ii) require that all outstanding Eurodollar Loans made by it be converted to ABR Loans, in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in paragraph (b) below.

In the event any Lender shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal that would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Lender or the converted Eurodollar Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Loans.

(b) For purposes of this Section 2.15, a notice to the Borrower by any Lender shall be effective as to each Eurodollar Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt by the Borrower.

SECTION 2.16. Indemnity. The Borrower shall indemnify each Lender against any loss or expense that such Lender may sustain or incur as a consequence of (a) any failure by the Borrower to fulfill on the date of any borrowing hereunder the applicable conditions set forth in Article V, (b) any failure by the Borrower to borrow or to refinance, convert or continue any Loan hereunder after irrevocable notice of such borrowing, refinancing, conversion or continuation has been given pursuant to Section 2.03 or 2.10, (c) any payment, prepayment or conversion of a Eurodollar Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period applicable thereto, (d) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) or (e) the occurrence of any Event of

Default, including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurodollar Loan. Such loss or reasonable expense shall be equal to the sum of (a) such Lender's actual costs and expenses incurred (other than any lost profits) in connection with, or by reason of, any of the foregoing events and
(b) an amount equal to the excess, if any, as reasonably determined by such Lender of (i) its cost of obtaining the funds for the Loan being paid, prepaid, converted or not borrowed, converted or continued (assumed to be the Adjusted LIBO Rate applicable thereto) for the period from and including the date of such payment, prepayment, conversion or failure to borrow, convert or continue to but excluding the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, convert or continue, the Interest Period for such Loan that would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid, converted or not borrowed, converted or continued for such period or Interest Period, as the case may be. A certificate of any Lender setting forth in reasonable detail any amount or amounts that such Lender is entitled to receive pursuant to this
Section 2.16 shall be delivered to the Borrower and shall be conclusive absent manifest error.

SECTION 2.17. Pro Rata Treatment. Except as required under Section 2.15, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Commitment Fees, each payment of the LC Fees, each reduction of the Additional Term Loan Commitments or the Revolving Credit Commitments and each refinancing of any Borrowing with, conversion of any Borrowing to or continuation of any Borrowing as a Borrowing of any Type shall be allocated pro rata among the Lenders in accordance with their respective applicable Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their applicable outstanding Loans). Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Agent may, in its discretion, round each Lender's percentage of such Borrowing, computed in accordance with Section 2.01, to the next higher or lower whole dollar amount.

SECTION 2.18. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Borrower, or pursuant to a claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency, or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Loan or Loans or LC Exposure as a result of which the unpaid principal portion of its Loans or its LC Exposure shall be proportionately less than the unpaid principal portion of the Loans of any other Lender or any other Lender's LC Exposure, such Lender shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Loans of such other Lender or the LC Exposure of such other Lender, so that the aggregate unpaid principal amount of the Loans, LC Exposures and participations in Loans and LC Exposures held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Loans and LC Exposures then outstanding as the principal amount of such Lender's Loans and LC Exposures prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans and LC Exposures outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.18 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to

the foregoing arrangements and agrees that any Lender holding a participation in a Loan or LC Exposure deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan directly to the Borrower in the amount of such participation.

SECTION 2.19. Payments. (a) Except as provided in Sections 2.05(d), the Borrower shall make each payment (including principal of or interest on any Borrowing or any Fees or other amounts but excluding payments in respect of Swingline Loans) hereunder and under any other Loan Document not later than 12:00 noon, New York City time, on the date when due in dollars to the Agent (for the account of the Agent, the Fronting Bank or the Lenders, as the case may be), at its offices at 270 Park Avenue, New York, New York, in immediately available funds. The Agent shall promptly remit in dollars to the Agent, the Fronting Bank or the Lenders, as the case may be, its share of such payments received by the Agent.

(b) The Borrower shall make each payment in respect of Swingline Loans not later than 12:00 noon, New York City time, on the date when due to the Swingline Lender at its offices at 270 Park Avenue, New York, New York.

(c) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.20. Taxes. (a) Any and all payments by the Borrower hereunder shall be made, in accordance with Section 2.19, free and clear of and without deduction for any and all current or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on the net income of the Agent, the Fronting Bank, the Swingline Lender or any Lender (or any transferee or assignee thereof, including a participation holder (any such entity being called a "Transferee")) and franchise taxes imposed on the Agent, the Fronting Bank, the Swingline Lender or any Lender (or Transferee) by the United States or any jurisdiction under the laws of which the Agent, the Fronting Bank, the Swingline Lender or any such Lender (or Transferee) is organized or has its principal office or lending office or any political subdivision or taxing authority thereof or therein (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If any Taxes are required to be deducted from or in respect of any sum payable hereunder to any Lender (or any Transferee), the Agent, the Swingline Lender or the Fronting Bank, (i) the sum payable shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.20) such Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deduction, and (iii) the Borrower shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law; provided, however, that no Transferee of any Lender shall be entitled to receive any greater payment under this paragraph (a) than such Lender would have been entitled to receive with respect to the rights assigned, participated or otherwise transferred unless such assignment, participation or transfer shall have been made at a time when the circumstances giving rise to such greater payment did not exist.

(b) In addition, the Borrower agrees to pay any current or future stamp, intangible or documentary taxes or any other excise or property taxes, charges or similar levies (including mortgage recording taxes and similar fees), together with interest, penalties and fees, that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement, any Assignment and Acceptance entered into at the request of the Borrower or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify each Lender (or Transferee), the Agent, the Swingline Lender and the Fronting Bank for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank, as the case may be, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority. Such indemnification shall be made within 30 days after the date any Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank, as the case may be, makes written demand therefore. If a Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank shall become aware that it is entitled to receive a refund in respect of Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to this Section 2.20, it shall promptly notify the Borrower of the availability of such refund and shall, within 30 days after receipt of a request by the Borrower, apply for such refund at the Borrower's expense. If any Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank receives a refund in respect of any Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to this Section 2.20, it shall promptly notify the Borrower of such refund and shall, within 15 days of receipt, repay such refund to the Borrower, net of all out-of-pocket expenses of such Lender, the Agent, the Swingline Lender or the Fronting Bank and without any interest (other than the interest, if any, included in such refund); provided, however, that the Borrower, upon the request of such Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank, agrees to return such refund (plus penalties, interest or other charges) to such Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank in the event such Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank is required to repay such refund. Nothing contained in this paragraph (c) shall require any Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank to make available any of its tax returns (or any other information relating to its taxes that it deems to be confidential).

(d) Within 30 days after the date of any payment of Taxes or Other Taxes withheld by the Borrower in respect of any payment to any Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank, the Borrower will furnish to the Agent, at its address referred to in Section 10.01, the original or a certified copy of a receipt evidencing payment thereof or other evidence reasonably satisfactory to such Lender (or Transferee), the Agent, the Swingline Lender or the Fronting Bank, as the case may be.

(e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.20 shall survive the payment in full of the principal of and interest hereunder or any Loan Document.

(f) Each Lender (or Transferee) or successor Fronting Bank that is organized under the laws of a jurisdiction other than the United States, any State thereof or the District of Columbia (a "Non-U.S. Lender") shall deliver to the Borrower and the Agent two copies of either United States Internal Revenue Service Form 1001 or Form 4224, or, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code with

respect to payments of "portfolio interest", a Form W-8, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. lender delivers a Form W-8, a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 872(h)(3)(B) of the Code of the Borrower and is not a controlled foreign corporation related to the Borrower (within the meaning of
Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from U.S. Federal withholding tax on payments of interest by the Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement. Notwithstanding any provision of
Section 2.20(a) to the contrary, the Borrower shall not have any obligation to pay any Taxes or Other Taxes (except to the extent required by law) pursuant to
Section 2.20 to the extent that such Taxes or Other Taxes result from (i) the failure of any Lender (or Transferee), the Agent, the Fronting Bank or the Swingline Bank to comply with its obligations pursuant to this Section 2.20(f), unless as a result of any change in any law or regulation or in the interpretation thereof by any governmental authority charged with the administration or interpretation thereof such compliance is no longer necessary, or (ii) any representation made on Form 1001 or 4224 or successor applicable form on certification by the Lender (or Transferee), the Agent, the Fronting Bank, or the Swingline Bank incurring such Taxes or Other Taxes proving to have been incorrect, false or misleading in any material respect when so made or deemed to be made.

(g) Any of the Agent, the Fronting Bank, the Swingline Lender or any Lender (or Transferee) claiming any additional amounts payable pursuant to this
Section 2.20 shall use reasonable efforts, consistent with legal and regulatory restrictions (including reasonable efforts to change the jurisdiction of its applicable lending office), to avoid the need for or reduce the amount of any such additional amounts that may thereafter accrue, provided that such efforts would not, in the sole determination of such Lender (or Transferee), Agent, Fronting Bank, or Swingline Lender, as the case may be, be otherwise disadvantageous to such Lender (or Transferee), the Agent, the Fronting Bank, or the Swingline Lender.

SECTION 2.21. Swingline Loans. (a) On the terms and subject to the conditions and relying upon the representations and warranties herein set forth, the Swingline Lender agrees, at any time and from time to time from and including the Closing Date to but excluding the earlier of the Revolving Credit Maturity Date and the termination of the Revolving Credit Commitments, in accordance with the terms hereof, to make Swingline Loans (which shall be ABR Borrowings) to the Borrower in an aggregate principal amount at any time outstanding not to exceed the lesser of (i) $5,000,000 and (ii) the difference between (A) the aggregate Revolving Credit Commitments, as the same may be reduced from time to time pursuant to Section 2.09, at such time and (B) the sum of the aggregate principal amount of Revolving Loans outstanding at such time and the LC Exposure at such time. Each Lender's Revolving Credit Commitment shall be deemed utilized by an amount equal to such Lender's pro rata share (based upon the percentage that such Lender's Revolving Credit Commitment bears to the aggregate amount of the Revolving Loan Commitments on such date) of each Swingline Loan. Immediately upon the making of each Swingline Loan, the Swingline Lender shall be deemed to have sold and transferred to each such Lender, and each such Lender shall be deemed to have purchased and received from the Swingline Lender, in each case irrevocably and without any further action by any party, an undivided interest and participation in such Swingline Loan and the Obligations of the Borrower under this Agreement in respect thereof in an amount equal to such Lender's pro rata share (determined as aforesaid) of such Swingline Loan. Each Swingline Loan shall be in a principal amount that is an integral multiple of $500,000 and shall be made available to the Borrower by means of a credit to the general deposit account of the Borrower

by 3:00 p.m. on the date such Swingline Loan is requested to be made pursuant to paragraph (b) below. Within the limits set forth in the first sentence of this paragraph, the Borrower may borrow, pay or prepay and reborrow Swingline Loans on or after the Closing Date and prior to the Revolving Credit Maturity Date on the terms and subject to the conditions and limitations set forth herein.

(b) The Borrower shall give the Swingline Lender telephonic, written or telecopy notice (in the case of telephonic notice, such notice shall be promptly confirmed in writing or by telecopy) not later than 12:00 noon, New City time, on the day of a proposed borrowing. Such notice shall be delivered on a Business Day, shall be irrevocable and shall refer to this Agreement and shall specify the requested date (which shall be a Business Day) and amount of such Swingline Loan. The Swingline Lender shall give the Agent prompt written or telecopy advice of any notice received from the Borrower pursuant to this paragraph (b).

(c) Forthwith upon demand by the Swingline Lender, each Lender shall pay to the Agent, as payment for its participation, such Lender's pro rata percentage (as determined in paragraph (a) above) of each outstanding Swingline Loan (but without any requirement for compliance with the provisions of Sections 2.01, 2.02 and 2.03 or the applicable conditions set forth in Article V) and shall make available to the Agent for the account of the Swingline Lender, in the same day funds if the Swingline Lender makes such demand prior to 11:00 a.m., New York City time, and otherwise in funds available on the next Business Day, the amount of its participation. If any Lender shall not have made such amount available to the Agent, such Lender and the Borrower severally agree to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by the Swingline Lender until the date such amount is paid to the Agent at (i) in the case of the Borrower, the interest rate applicable at such time under Section 2.06 to an ABR Revolving Loan and (ii) in the case of such Lender, the Federal Funds Effective Rate. If such Lender shall pay to the Agent such amount, such amount so paid shall constitute such Lender's Revolving Credit Loan for purposes of this Agreement and the aggregate amount of Swingline Loans outstanding shall be reduced by the amount of each such Revolving Credit Loan (it being understood that (i) each Lender's obligation to make such payment is absolute and unconditional and shall not be affected by any event or circumstance whatsoever, including the occurrence of any Default or Event of Default hereunder or the failure of any condition precedent set forth in Article V to be satisfied, or any delay on the Swingline Lender's part in demanding payment, and (ii) each such payment shall be made without any offset, abatement, withholding or reduction whatsoever).

ARTICLE III

Letters of Credit

SECTION 3.01. Issuance of Letters of Credit. (a) The Fronting Bank agrees, on the terms and subject to the conditions hereinafter set forth, to issue Letters of Credit, in a form reasonably acceptable to the Agent and the Fronting Bank, appropriately completed, for the account of the Borrower, at any time and from time to time on and after the Closing Date until the earlier of the LC Maturity Date and the termination of the LC Commitment in accordance with the terms hereof; provided, however, that any Letter of Credit shall be issued by the Fronting Bank only if, and each request by the Borrower for the issuance of any Letter of Credit shall be deemed a representation and warranty of the Borrower that, immediately following the issuance of any such Letter of Credit, (i) the LC Exposure shall not exceed the LC Commitment in effect at such time and

(ii) the Revolving Credit Utilization at such time shall not exceed the aggregate Revolving Credit Commitments at such time.

(b) Each Letter of Credit shall expire at the close of business on the earlier of the date that is 12 months after the date of issuance of such Letter of Credit and the LC Maturity Date, unless such Letter of Credit expires by its terms on an earlier date. Each Letter of Credit shall provide for payments of drawings in dollars.

(c) Each issuance of any Letter of Credit shall be made on at least three Business Days' prior written or telecopy notice from the Borrower to the Fronting Bank and the Agent (which shall give prompt notice thereof to each Participating Lender) specifying the date of issuance, the date on which such Letter of Credit is to expire (which shall comply with paragraph (b) above), the amount of such Letter of Credit, the name and address of the beneficiary of such Letter of Credit and such other information as may be necessary or desirable to complete such Letter of Credit. The Fronting Bank will give the Agent and the Agent will give to each Participating Lender reasonably prompt notice of the issuance and amount of each Letter of Credit and the expiration of each Letter of Credit.

SECTION 3.02. Participations; Unconditional Obligations. (a) By the issuance of a Letter of Credit and without any further action on the part of the Fronting Bank or the Participating Lenders in respect thereof, the Fronting Bank hereby grants to each Participating Lender, and each Participating Lender hereby agrees to acquire from the Fronting Bank, a participation in such Letter of Credit equal to such Participating Lender's Applicable Percentage of the face amount of such Letter of Credit, effective upon the issuance of such Letter of Credit. In consideration and in furtherance of the foregoing, each Participating Lender hereby absolutely and unconditionally agrees to pay to the Agent, on behalf of the Fronting Bank in accordance with Section 2.02(f), such Participating Lender's Applicable Percentage of each LC Disbursement made by the Fronting Bank; provided, however, that the Participating Lenders shall not be obligated to make any such payment to the Fronting Bank with respect to any wrongful payment or disbursement made under any Outstanding Letter of Credit as a result of the gross negligence or wilful conduct of the Fronting Bank. Each Letter of Credit previously issued pursuant to the Original Credit Agreement shall remain outstanding in accordance with the terms hereof and of such Letter of Credit, subject to repayment of LC Disbursements as provided herein.

(b) Each Participating Lender acknowledges and agrees that its obligation to acquire participations pursuant to paragraph (a) of this Section 3.02 in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of an Event of Default or Default hereunder, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

SECTION 3.03. LC Fee. The Borrower agrees to pay to the Agent for the account of the Participating Lenders for each calendar quarter (or shorter period commencing with March 21, 1997, or ending with the first date on which the LC Commitment shall have expired or been terminated and there shall be no Outstanding Letters of Credit) a fee (the "LC Fee") on the average daily amount of the Outstanding Letters of Credit at a rate per annum equal to the LIBOR Spread in effect for Revolving Loans at the beginning of such period. The LC Fee shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The Agent agrees to disburse to each Participating Lender its pro rata portion of such LC Fee promptly upon receipt. The LC Fee shall be paid in arrears on the last day of March, June, September and December of each year and on

the Revolving Credit Maturity Date (or the first date on which the LC Commitment shall have expired or been terminated and there shall be no Outstanding Letters of Credit, if earlier), commencing on the first such date following the Closing Date. Once paid, the LC Fee shall not be refundable in any circumstances (other than corrections of error in payment).

SECTION 3.04. Agreement To Repay LC Disbursements. (a) If the Fronting Bank shall pay any draft presented under a Letter of Credit, the Borrower shall pay to the Agent, on behalf of the Fronting Bank, an amount equal to the amount of such draft before 11:00 a.m., New York City time, on the Business Day on which the Fronting Bank shall have notified the Borrower that payment of such draft will be made (or such later time as is not later than three hours after the Borrower shall have received such notice or, if the Borrower shall have received such notice later than 2:00 p.m., New York City time, on any Business Day, not later than 10:00 a.m., New York City Time, on the immediately following Business Day). The Agent will promptly pay any such amounts received by it to the Fronting Bank. In the event that, after the payment of any such amount to the Fronting Bank, the Fronting Bank shall not pay such amount in respect of such draft, the Fronting Bank shall return to the Agent, for the account of the Borrower, any such unpaid amount, together with interest thereon accrued at the Federal Funds Effective Rate then in effect from and including the date such amount was paid by the Borrower to the Agent to but excluding the date such amount was repaid by the Fronting Bank to the Agent.

(b) The Borrower's obligation to repay the Fronting Bank for LC Disbursements made by the Fronting Bank under the Outstanding Letters of Credit shall be absolute, unconditional and irrevocable under any and all circumstances and irrespective of the following:

(i) any lack of validity or enforceability of any Letter of Credit;

(ii) the existence of any claim, setoff, defense or other right that the Borrower or any other Person may at any time have against the beneficiary under any Letter of Credit, the Fronting Bank, the Agent or any other Lender (other than the defense of payment in full in accordance with the terms of this Agreement or a defense based on the gross negligence or wilful misconduct of the Fronting Bank) or any other Person in connection with this Agreement or any other agreement or transaction;

(iii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, provided that payment by the Fronting Bank under such Letter of Credit against presentation of such draft or document shall not have constituted gross negligence or wilful misconduct of the Fronting Bank;

(iv) payment by the Fronting Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, provided that such payment shall not have constituted gross negligence or wilful misconduct of the Fronting Bank; and

(v) any other circumstance or event whatsoever, whether or not similar to any of the foregoing, provided that such other circumstance or event shall not have been the result of gross negligence or wilful misconduct of the Fronting Bank.

It is understood that in making any payment under a Letter of Credit (A) the Fronting Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever, and (B) any noncompliance in any immaterial respect of the documents presented under a Letter of Credit with the terms thereof shall, in each case, not be deemed wilful misconduct or gross negligence of the Fronting Bank.

SECTION 3.05. Letter of Credit Operations. The Fronting Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under an Outstanding Letter of Credit to ascertain that the same appear on their face to be in conformity with the terms and conditions of such Outstanding Letter of Credit. The Fronting Bank shall as promptly as possible, but in no event later than two hours after such demand for payment, give oral notification, confirmed by facsimile notice, to the Agent and the Borrower of such demand for payment and shall as promptly as possible, but in no event later than two hours prior to any payment in respect of such demand, give oral notification, confirmed by facsimile notice, to the Agent and the Borrower of the determination by the Fronting Bank as to whether such demand for payment was in accordance with the terms and conditions of such Outstanding Letter of Credit and whether the Fronting Bank has made or will make an LC Disbursement thereunder, provided that the failure to give such notice shall not relieve the Borrower of its obligation to reimburse the Fronting Bank with respect to any such LC Disbursement, and the Agent shall promptly give each Participating Lender notice thereof.

SECTION 3.06. Cash Collateralization. If any Event of Default shall occur and be continuing, the Borrower shall on the Business Day it receives notice from the Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Participating Lenders holding participations in Outstanding Letters of Credit representing at least 51% of the aggregate undrawn amount of all Outstanding Letters of Credit) therefor, deposit in an account with the Collateral Agent, for the benefit of the Participating Lenders, an amount in cash equal to the LC Exposure as of such date. Such deposit shall be held by the Collateral Agent as collateral for the payment and performance of the Obligations. The Collateral Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits in Permitted Investments, which investments shall be made at the option and sole discretion of the Collateral Agent, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall (a) automatically be applied by the Agent to reimburse the Fronting Bank for LC Disbursements, (b) be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time and
(c) if the maturity of the Loans has been accelerated (but subject to the consent of Participating Lenders holding participations in Outstanding Letters of Credit representing at least 51% of the aggregate undrawn amount of all Outstanding Letters of Credit), such amount (to the extent not applied as aforesaid) shall be applied to satisfy the Obligations. If the Borrower is required to provide an amount of cash collateral hereunder as a result of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived. The provisions of this

Section 3.06 are subject to the provisions of the Intercreditor Agreement as long as any Series I Tranche A Exchange Notes are outstanding.

SECTION 3.07. Termination of LC Commitment. (a) The Borrower may permanently terminate, or from time to time in part permanently reduce, the LC Commitment, in each case upon at least three Business Days' prior written or facsimile notice to the Agent and the Fronting Bank; provided that, after giving effect to such termination or reduction, the LC Commitment shall not be less than the LC Exposure at such time or greater than the aggregate Revolving Credit Commitments at such time. The Borrower shall pay to the Agent for the account of the Participating Lenders, on the date of such termination or reduction, the LC Fees on the amount of the LC Commitment so terminated or reduced accrued to but excluding the date of such termination or reduction.

(b) The LC Commitment shall be permanently reduced as provided in Section 2.13(e).

SECTION 3.08. Fronting Bank Fees. (a) The Borrower shall pay to the Fronting Bank, for its own account, such commissions, issuance fees, transfer fees and other fees and charges in connection with the issuance or administration of each Letter of Credit as the Borrower and the Fronting Bank shall agree.

(b) The Borrower shall pay to the Fronting Bank, for its own account, a fronting fee (the "Fronting Fee") on the average daily aggregate maximum amount available to be drawn (assuming compliance with all conditions to drawing) under all outstanding Letters of Credit at the rate of 0.20% per annum, payable in arrears on the last day of each March, June, September and December of each year and on the Revolving Credit Maturity Date (or the first date on which the LC Commitment shall have expired or been terminated and there shall be no Outstanding Letters of Credit, if earlier), commencing on the first such date following the Closing Date. The Fronting Fee shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

SECTION 3.09. Resignation or Removal of Fronting Bank. (a) The Fronting Bank may resign at any time by giving 180 days' prior written notice to the Agent, the Lenders and the Borrower, and may be removed at any time by the Borrower by notice to the Fronting Bank, the Agent and the Lenders. Upon any such resignation or removal, the Borrower shall (within 180 days after such notice of resignation or removal) either appoint a Lender (with the consent of such Lender) as successor, or terminate the unutilized LC Commitment; provided, however, that, if the Borrower elects to terminate the unutilized LC Commitment, the Borrower may at any time thereafter that the Revolving Credit Commitments are in effect reinstate by notice to the Agent and the Lenders the LC Commitment in connection with the appointment of a successor Fronting Bank. Subject to paragraph (b) below, upon the acceptance of any appointment as Fronting Bank hereunder by a successor Fronting Bank, such successor shall succeed to and become vested with all the interests, rights and obligations of the retiring Fronting Bank and the retiring Fronting Bank shall be discharged from its obligations to issue additional Letters of Credit hereunder. At the time such removal or resignation shall become effective, the Borrower shall pay all accrued and unpaid fees pursuant to Section 2.05(d). The acceptance of any appointment as Fronting Bank hereunder by a successor Fronting Bank shall be evidenced by an agreement entered into by such successor, in a form satisfactory to the Borrower and the Agent, and, from and after the effective date of such agreement, (i) such successor shall be a party hereto and have all the rights and obligations of the Fronting Bank under this Agreement and the other Loan Documents and (ii) references herein and in

the other Loan Documents to the "Fronting Bank" shall be deemed to refer to such successor or to any previous Fronting Bank, or to such successor and all previous Fronting Banks, as the context shall require.

(b) After the resignation or removal of the Fronting Bank hereunder, the retiring Fronting Bank shall remain a party hereto and shall continue to have all the rights and obligations of the Fronting Bank under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation or removal, but shall not be required to issue additional Letters of Credit.

ARTICLE IV

Representations and Warranties

The Borrower represents and warrants to each of the Lenders, the Agent, the Swingline Lender and the Fronting Bank that:

SECTION 4.01. Organization; Powers. Each of the Borrower, TAFSI and the Guarantors (a) is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware,
(b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business and in good standing in every jurisdiction where such qualification is required, except where the failure so to qualify or be in good standing would not result in a Material Adverse Effect and (d) has the power and authority (corporate or otherwise) to execute, deliver and perform its obligations under each of the Transaction Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of Borrower, to borrow hereunder.

SECTION 4.02. Authorization. The execution, delivery and performance by the Borrower, each Guarantor and TAFSI, as applicable, of each of the Transaction Documents to which it is a party, the borrowings hereunder, the creation of the security interests contemplated by the Security Documents and the other transactions contemplated by the Transaction Documents (including the Additional Transactions) (a) have been duly authorized by all requisite corporate and, if required, stockholder action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, other than any law, statute, rule or regulation, the violation of which will not result in a Material Adverse Effect, or of the certificate of incorporation, certificate of formation or other constitutive documents or by-laws of the Borrower, any Guarantor or TAFSI, (B) any order of any Governmental Authority or (C) any provision of any material indenture, agreement or other instrument to which the Borrower, any Guarantor or TAFSI is a party or by which any of them or any of their property (including the Mortgaged Properties) or assets is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien (other than any Lien created under the Security Documents) upon or with respect to any property or assets now owned or hereafter acquired by the Borrower, any Guarantor or TAFSI.

SECTION 4.03. Enforceability. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each other Transaction Document to which the Borrower, each Guarantor or TAFSI is a party constitutes, or when executed and delivered by it will

constitute, a legal, valid and binding obligation of the Borrower, such Guarantor or TAFSI, as the case may be, enforceable against it in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity).

SECTION 4.04. Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority by any Guarantor, TAFSI or the Borrower is or will be required in connection with the Additional Transactions, except such as have been made or obtained and are in full force and effect and other than filings, recordings and approvals (i) to record deeds and leases with respect to real properties, (ii) to record and/or perfect the security interest created by the Security Documents, (iii) to record a leasehold memorandum, if currently unrecorded, in respect of any leasehold interest to which a Leasehold Mortgage relates and (iv) that are not material to the Borrower, any Guarantor or TAFSI individually or in the aggregate.

SECTION 4.05. Financial Statements. (a) The unaudited pro forma consolidated balance sheet of the Borrower and its subsidiaries as of December 31, 1997 (including the notes thereto) (the "Pro Forma Balance Sheet"), copies of which have heretofore been furnished to each Lender, has been prepared giving effect (as if such events had occurred on such date) to (i) the Additional Transactions (including the Borrowings under this Agreement contemplated to be made on the Restatement Closing Date), (ii) the Sale and Lease-Back Transactions contemplated under Section 7.03(a) and (iii) the payment of fees and expenses in connection with the foregoing. The Pro Forma Balance Sheet has been prepared based on the assumptions used to prepare the pro forma financial information contained in the 1998 Confidential Information Memorandum, is based on the best information available to the Borrower as of the date of delivery thereof, and presents fairly on a pro forma basis the estimated consolidated financial position of the Borrower and its subsidiaries as of December 31, 1997, assuming that the events specified in the preceding sentence had actually occurred at December 31, 1997.

(b) The Borrower has heretofore furnished to the Lenders its consolidated and consolidating balance sheets and related statements of operations, stockholders' equity and cash flows as of and for the fiscal years ended December 31, 1997, 1996 and 1995, audited by and accompanied by the opinion of Price Waterhouse (or Price Waterhouse LLP, as the case may be), independent public accountants. Such financial statements present fairly the financial condition and results of operations and cash flows of the Borrower and its consolidated subsidiaries as of such dates and for such periods. Such financial statements and the notes thereto disclose all material liabilities required under GAAP to be disclosed, direct or contingent, of the Borrower and its consolidated subsidiaries as of the dates thereof. Such financial statements were prepared in accordance with GAAP applied on a consistent basis.

SECTION 4.06. No Material Adverse Change. There has been no material adverse change in the business, assets, operations, properties, financial condition, contingent liabilities, prospects or material agreements of the Borrower and its subsidiaries, taken as a whole, since December 31, 1997.

SECTION 4.07. Title to Properties; Possession Under Leases. (a) After giving effect to the consummation of the Additional Transactions on the Restatement Closing Date, each of the Borrower, the Guarantors and TAFSI will have good and marketable title to, or valid leasehold

interests in, all its material properties and assets (including, in the case of the Guarantors, all Mortgaged Property); all such material properties and assets shall be free and clear of Liens, other than Liens expressly permitted by Section 7.02; and, except for (i) leases of Mortgaged Properties set forth on Schedule 7.02 and (ii) leases permitted pursuant to Section 7.03, no material portion of any Mortgaged Property shall be subject to any lease, license, sublease or other agreement granting to any Person any right to use, occupy, or enjoy the same.

(b) Except as set forth on Schedule 4.07(b), after giving effect to the consummation of the Additional Transactions on the Restatement Closing Date, each Guarantor shall have complied with all material obligations under all material leases to which such Guarantor shall then be a party, and all such leases shall be in full force and effect; each Guarantor shall enjoy peaceful and undisturbed possession under all such material leases under which it is tenant. Neither the Borrower nor TAFSI is a party to any lease.

(c) Except as set forth on Schedule 4.07(c), neither the Borrower nor any Guarantor has received any notice of, or has any knowledge of, any pending or contemplated condemnation proceeding affecting the Mortgaged Properties or any sale or disposition thereof in lieu of condemnation.

(d) Neither the Borrower nor any Guarantor is obligated under any right of first refusal, option or other contractual right to sell, assign or otherwise dispose of any Mortgaged Property or any interest therein.

SECTION 4.08. Subsidiaries. As of the Restatement Closing Date, (a) the Borrower has no subsidiaries other than the Guarantors and TAFSI, (b) none of the Guarantors other than TA has any subsidiaries, (c) TA has no subsidiaries other than TA Travel and (d) TAFSI has no subsidiaries.

SECTION 4.09. Litigation; Compliance with Laws. (a) Except as set forth on Schedule 4.09, there are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower, any Guarantor or TAFSI or any business, property (including the network of Truckstops operated by the Borrower's subsidiaries), assets or rights of any such Person (i) that involve any Transaction Document or the Transactions or (ii) as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, could, individually or in the aggregate, result in a Material Adverse Effect.

(b) None of the Borrower, the Guarantors or TAFSI, nor any of their respective material properties or assets, are in violation of, nor will the continued operation of their material properties and assets as currently conducted violate any material law, rule, regulation or statute (including any zoning, building, Environmental and Safety Law, ordinance, code or approval or any building permits) or any restrictions of record or agreements affecting the Mortgaged Property or are in default with respect to any judgment, writ, injunction, decree or order of any Governmental Authority, where such violation or default could reasonably be expected to result in a Material Adverse Effect. The issuance of the Letters of Credit will not violate any applicable law or regulation or violate or be prohibited by any judgment, writ, injunction, decree or order of any Governmental Authority, where such violation would have a Material Adverse Effect.

(c) Certificates of occupancy and permits are in effect for 80% of the aggregate value of the Mortgaged Properties, as currently constructed.

SECTION 4.10. Agreements. After giving effect to the Additional Transactions, none of the Borrower, the Guarantors or TAFSI is in default in any manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, where such default could reasonably be expected to result in a Material Adverse Effect.

SECTION 4.11. Federal Reserve Regulations. (a) None of the Borrower, the Guarantors or TAFSI is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

(b) No part of the proceeds of any Letter of Credit or any Loan or Swingline Loan will be used by the Borrower, any Guarantor or TAFSI, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or is inconsistent with, the provisions of the Regulations of the Board, including Regulations U and X.

SECTION 4.12. Investment Company Act; Public Utility Holding Company Act. None of the Borrower, the Guarantors or TAFSI (a) is an "investment company" as defined in, or is subject to regulation under, the Investment Company Act of 1940 or (b) is a "holding company" as defined in, or is subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 4.13. Use of Proceeds. The Borrower (i) will use the Letters of Credit and the proceeds of the Revolving Loans, any Swingline Loans and the Additional Term Loans only for the purposes specified in the preamble to this Agreement and (ii) the proceeds of the Existing Term Loans have been or will be used only for the purposes specified in the preamble to the Original Credit Agreement.

SECTION 4.14. Tax Returns. Each of the Borrower, TAFSI and the Guarantors has filed or caused to be filed all material Federal, state and local tax returns required to have been filed by it or with respect to it and has paid or caused to be paid all taxes required to have been paid by it, except taxes that are being contested in good faith by appropriate proceedings and for which the Borrower, TAFSI or such Guarantor shall have set aside on its books adequate reserves in accordance with GAAP. Each of the Borrower, TAFSI and the Guarantors has filed or made adequate provision in accordance with GAAP on its books for any material taxes payable by it in connection with the Transactions.

SECTION 4.15. No Material Misstatements. The information provided by or on behalf of the Borrower and contained in the 1998 Confidential Information Memorandum (including all attachments and exhibits thereto), as supplemented, and as supplemented further by information heretofore provided in writing by or on behalf of the Borrower to the Lenders, when taken as a whole, was, as of the date of the 1998 Confidential Information Memorandum, the dates otherwise specified therein or the dates upon which such information was provided in writing, accurate in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, provided that (a) the statements therein describing documents and agreements are summaries only and as such are qualified in their entirety by reference to such documents and agreements, (b) to the extent any such information therein was

based upon or constitutes a forecast or projection, the Borrower represents only that it acted in good faith and utilized reasonable assumptions, due and careful consideration and the best information known to it at the time in the preparation of such information and (c) as to the information that is specified as having been supplied by third parties other than Affiliates of the Borrower, the Borrower represents only that it is not aware of any material misstatement therein or omission therefrom.

SECTION 4.16. Employee Benefit Plans. Each of the Borrower, the Guarantors, TAFSI and their ERISA Affiliates is 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 Borrower, any Guarantor, TAFSI 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 Plan (based on those assumptions used to fund such 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 Plan. None of the Borrower, the Guarantors, TAFSI or any ERISA Affiliate has incurred any Withdrawal Liability that could result in a Material Adverse Effect. None of the Borrower, the Guarantors, TAFSI or 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 Plan or otherwise, in a Material Adverse Effect.

SECTION 4.17. Environmental and Safety Matters. (a) After giving effect to the Additional Transactions, each of the Borrower, the Guarantors and TAFSI is in compliance with all Environmental and Safety Laws, with the exception of instances that will not in the aggregate result in any material liability on the part of the Borrower, TAFSI or the applicable Guarantor, individually or collectively.

(b) (i) None of the Borrower, the Guarantors, or TAFSI has received notice of any failure to comply with, nor has any such notice been issued that has not been fully satisfied so as to bring any property of the Borrower, TAFSI or any Guarantor into full compliance with, all Environmental and Safety Laws, except where such noncompliance could not reasonably be expected to have a Material Adverse Effect; (ii) after giving effect to the Additional Transactions, the plants and facilities of the Borrower and its subsidiaries do not use, manage, treat, store or dispose of any Hazardous Substances in violation of any Environmental and Safety Laws, except where such violations could not reasonably be expected to have a Material Adverse Effect; (iii) after giving effect to the Additional Transactions, all licenses, permits or registrations (or any extensions thereof) required under any Environmental and Safety Law for the business of the Borrower and its subsidiaries as proposed to be conducted have been obtained and each of the Borrower and its subsidiaries is in compliance therewith, except for the failure to obtain such licenses, permits or registrations or to comply therewith which could not reasonably be expected to have a Material Adverse Effect; and (iv) neither the Borrower nor any of its subsidiaries is in noncompliance with, breach of or default under any applicable writ, order, judgment, injunction or decree where such noncompliance, breach or default will materially and adversely affect the ability of the Borrower or any of its subsidiaries, as applicable, to operate any real property owned or leased by it, and no event has occurred and is continuing that, with the passage of time or the giving of notice or both, will constitute such noncompliance, breach or default thereunder.

(c) (i) No Hazardous Substance has been Released (and no oral or written notification of such Release has been filed) or is present whether or not in a reportable or threshold planning quantity, at, on or under any property owned or leased by the Borrower or any of its subsidiaries during the period of the Borrower's or such subsidiary's ownership or lease of such property, or to the knowledge of the Borrower or such subsidiary at any time previous to such ownership or lease, under conditions that require remedial action under applicable Environmental and Safety Laws, except where such remedial action could not reasonably be expected to have a Material Adverse Effect, (ii) no property now or previously owned or leased by the Borrower or any of its subsidiaries has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances to any site listed, or proposed for listing, on the National Priorities List promulgated pursuant to CERCLA, on CERCLIS (as defined in CERCLA) or on any similar Federal, state or foreign list of sites requiring investigation or cleanup, except where any liability for such transportation or arrangement for transportation could not reasonably be expected to result in a Material Adverse Effect. Neither the Borrower nor any of its subsidiaries is aware of any event, condition or circumstance involving environmental pollution or contamination, or employee safety or health relating to the use or handling of, or exposure to, Hazardous Substances, that could reasonably be expected to result in a Material Adverse Effect.

(d) The Borrower and its subsidiaries are conducting and will continue to conduct their respective businesses and operations in an environmentally responsible manner, and the Borrower and its subsidiaries, taken as a whole, are not and have no reason to believe that they will be subject to any requirement of Environmental and Safety Laws that will result in cash expenditures related to environmental, health or safety matters that could have a Material Adverse Effect.

SECTION 4.18. Solvency. After giving effect to the Additional Transactions to occur on the Restatement Closing Date, (a) the fair salable value of the assets of (i) the Borrower and its subsidiaries, on a consolidated basis, and (ii) each Guarantor will exceed the amount that will be required to be paid on or in respect of the existing debts and other liabilities (including contingent liabilities) of the Borrower and its subsidiaries, on a consolidated basis, and such Guarantor, respectively, as they mature, (b) the assets of (i) the Borrower and its subsidiaries, on a consolidated basis, and (ii) each Guarantor will not constitute unreasonably small capital to carry out their businesses as conducted or as proposed to be conducted, including the capital needs of the Borrower and its subsidiaries, on a consolidated basis, or such Guarantor, respectively (taking into account, in each case, the particular capital requirements of the businesses conducted by such entities and the projected capital requirements and capital availability of such businesses), and
(c) neither the Borrower nor the Guarantors intend to, nor do they believe that they will, incur debts beyond their ability to pay such debts as they mature (taking into account the timing and amounts of cash to be received by them and the amounts to be payable on or in respect of their obligations).

SECTION 4.19. Employment and Management Agreements. Except as disclosed on Schedule 4.19, as of the Restatement Closing Date there are no (a) employment agreements covering management employees of the Borrower, TAFSI or any Guarantor or other material agreements relating to the compensation of management employees (including the issuance of securities of the Borrower to management employees), (b) agreements for management or consulting services to which the Borrower, TAFSI or any Guarantor is a party or by which any of them is bound or (c) collective bargaining agreements or other labor agreements covering any of the employees of the Borrower, any Guarantor or TAFSI.

SECTION 4.20. Capitalization. (a) As of the Restatement Closing Date and after giving effect to the Additional Transactions, the authorized capital stock of the Borrower consists of (i) 30,000,000 shares of Common Stock, par value $.01 per share (the "Common Stock"), of which 596,013 shares are issued and outstanding and (ii) 20,000,000 shares of Preferred Stock, par value $.01 per share, of which (A) 6,000,000 shares have been designated shares of Convertible Preferred Stock, Series I, par value $.01 per share (the "Series I Preferred Stock"), (B) 2,500,000 shares have been designated shares of Convertible Preferred Stock, Series II, par value $.01 per share (the "Series II Preferred Stock," and together with the Series I Preferred Stock, the "Junior Preferred Stock"), (C) 3,000,000 have been designated Senior Convertible Participating Preferred Stock, Series I, par value $.01 per share, ("Series I Senior Preferred Stock") and (D) 1,000,000 shares have been designated shares of Senior Convertible Participating Preferred Stock, Series II, par value $.01 per share ("Series II Senior Preferred Stock" and, together with the Series I Senior Preferred Stock, the "Senior Preferred Stock"). All outstanding shares of capital stock of the Borrower are fully paid and nonassessable. As of the Restatement Closing Date, 380,000 shares of the Common Stock are owned of record by the Voting Trust in accordance with the terms of the Voting Trust Agreement. Set forth on Schedule 4.20(a)(i) is a list of every Person that, as of the Restatement Closing Date, will own beneficially (as defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934 or any successor thereto) and of record shares of any class of capital stock of the Borrower, together with the number of shares of such class so owned. Set forth on Schedule 4.20(a)(ii) is a list of every Person that, to the Borrower's knowledge based on information provided to it by the Voting Trustee under the Voting Trust Agreement, as of the Restatement Closing Date, will own beneficially and of record Voting Trust Certificates, together with the number of shares represented by such certificates so owned.

(b) At all times following the Restatement Closing Date, the authorized capital stock of TA will consist of 1,000 shares of Common Stock, par value $.01 per share, of which 100 shares will be issued and outstanding at all times. All outstanding shares of capital stock of TA are fully paid and nonassessable and are owned beneficially and of record by the Borrower.

(c) At all times following the Restatement Closing Date, the authorized capital stock of National will consist of 1,000 shares of Common Stock, par value $.01 per share, of which 10 shares will be issued and outstanding at all times. All outstanding shares of capital stock of National are fully paid and nonassessable and are owned beneficially and of record by the Borrower.

(d) At all times following the Restatement Closing Date, the authorized capital stock of TAFSI will consist of 1,000 shares of Common Stock, par value $1 per share, of which 100 shares will be issued and outstanding at all times. All outstanding shares of capital stock of TAFSI are fully paid and nonassessable and are owned beneficially and of record by the Borrower.

(e) All outstanding membership interests of TA Travel are fully paid and nonassessable and are owned beneficially and of record by TA.

(f) Except as set forth on Schedule 4.20(f), as of the Restatement Closing Date, there are no outstanding subscriptions, options, warrants, calls, rights (including preemptive rights) or other agreements or commitments (including pursuant to management or employee stock plans or similar plans) of any nature relating to any capital stock of the Borrower, TAFSI, TA, National or any other Guarantor.

SECTION 4.21. Security Documents. (a) The Pledge Agreement is effective to create in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral (as defined in the Pledge Agreement) and proceeds thereof and, when the Collateral is delivered to the Collateral Agent, the Pledge Agreement shall constitute a fully perfected first-priority Lien on, and security interest in, all right, title and interest of the Borrower, each Guarantor or TAFSI, as applicable, in such Collateral and the proceeds thereof, in each case prior and superior in right to any other Person.

(b) The Security Agreement and the Collateral Account Agreement are effective to create in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral (as defined, respectively, in the Security Agreement and the Collateral Account Agreement) and proceeds thereof, and when financing statements in appropriate form are filed in the offices specified on Schedule
4.21 (or, in the case of TAFSI, in the offices of the Secretary of State of the State of Ohio) and, in the case of cash included in the Collateral under the Collateral Account Agreement, when such cash is deposited in the Collateral Account, each of the Security Agreement and the Collateral Account Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Borrower, TAFSI and each Guarantor, as applicable, in such Collateral and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to Liens expressly permitted by Section 7.02.

(c) The Mortgages (as amended by each applicable Mortgage Amendment) are effective to create in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, a legal, valid and enforceable Lien on all of each Guarantor's right, title and interest in and to the Mortgaged Properties thereunder and the proceeds thereof, and, when the Mortgages are filed in the offices specified on Schedule 1.01(c), the Mortgages shall constitute fully perfected Liens on, and security interests in, all right, title and interest of such Guarantor in such Mortgaged Properties and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to rights of Persons pursuant to Liens expressly permitted by Section 7.02.

(d) The Trademark Security Agreement is effective to create in favor of the Collateral Agent, for ratable benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral (as defined in the Trademark Security Agreement) and the proceeds thereof, and upon the filing of assignment statements with the United States Patent and Trademark Office, together with financing statements in appropriate form filed in the offices specified on Schedule 4.21, the Trademark Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Borrower, TAFSI and each Guarantor in such Collateral and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to Liens expressly permitted by Section 7.02.

(e) The Collateral Assignment is effective to create in favor of the Collateral Agent, for the ratable benefit of the Secured Parties, a legal, valid and enforceable assignment of, transfer of all right, title and interest of the Borrower, TAFSI or each Guarantor, as applicable, in, and security interest in, the Assigned Contracts (as defined in the Collateral Agreement) and proceeds thereof, and when financing statements in appropriate form are filed in the offices specified on Schedule 4.21, the Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Borrower, TAFSI or such Guarantor, as applicable, in such Assigned Contracts and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to Liens expressly permitted by
Section 7.02.

SECTION 4.22. Labor Matters. There are no strikes, lockouts or slowdowns against the Borrower or any of its subsidiaries pending or, to the Borrower's knowledge, threatened. The hours worked by and payment made to employees of the Borrower and its subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters, where such violations could reasonably be expected to result in a Material Adverse Effect. The consummation of the Additional Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Borrower or any of its subsidiaries is a party or by which the Borrower or any of its subsidiaries is bound on the Restatement Closing Date.

SECTION 4.23. Location of Real Property and Leased Premises. (a) Schedule 4.23(a) lists completely and correctly as of the Restatement Closing Date all real property owned by the Guarantors and the addresses thereof. Each Guarantor will own in fee all the real property set forth on Schedule 4.23(a) with respect to such Guarantor.

(b) Schedule 4.23(b) lists completely and correctly as of the Restatement Closing Date all real property leased or subleased by the Guarantors and the addresses thereof. Each Guarantor has a valid lease or sublease in all the real property set forth on Schedule 4.23(b) with respect to such Guarantor.

(c) None of the Borrower, TAFSI or TA Travel owns or leases any real property.

(d) Schedule 6.14 lists completely and correctly as of the Restatement Closing Date (i) each Mortgaged Property that was not a Mortgaged Property on March 21, 1997, and (ii) each Mortgaged Property that has any material improvement located upon such Mortgaged Property that was constructed after March 21, 1997.

SECTION 4.24. Insurance. The Borrower and each Guarantor maintains (after giving effect to insurance it has caused each Network Operator, if any, to maintain) with financially sound insurance companies insurance on all its properties in at least such amounts and against at least such risks (but, including in any event, all-risk casualty, public liability and product liability) as are usually insured against in the same general geographic area by companies engaged in the same or similar business. The Borrower has been named as an additional insured party on each insurance policy that it has caused each Guarantor and each Network Operator, if any, to maintain.

SECTION 4.25. Delivery of Documents. (a) The Borrower has previously made available, and has caused each Guarantor to make available, to the Agent true, correct and complete copies of all real property leases or subleases, easement agreements, option agreements and other agreements, instruments and documents (whether or not recorded) that encumber or otherwise affect the real property listed on Schedules 4.23 (a) and 4.23(b).

(b) On or prior to the Restatement Closing Date, each Lender has received complete certified copies (as certified to by, as applicable, the Secretary of the Borrower, the applicable Guarantor or TAFSI) of the Environmental Agreements, the Stockholders Agreement, the TA Stockholders Agreement, the Tranche A Exchange Note Purchase Agreements and the Subordinated Note Indenture, including all exhibits, schedules and disclosure letters referred to therein or delivered pursuant thereto (if any), and all amendments thereto, waivers relating thereto and other side letters or agreements affecting the terms thereof. None of such documents and agreements has been amended, supplemented or otherwise modified, nor have any of the provisions thereof been waived,

in each case in any manner that, in the reasonable judgment of the Agent, is adverse in any material respect to the Lenders, except pursuant to a written agreement or instrument that has heretofore been consented to by the Required Lenders.

(c) Each of the Stockholders Agreement, the TA Stockholders Agreement, the Environmental Agreements, the Tranche A Exchange Note Purchase Agreements and the Subordinated Note Indenture has been duly executed and delivered by the Borrower, TAFSI and the applicable Guarantor and, to the Borrower's knowledge, by each party thereto and each of the material terms and provisions thereof is in full force and effect.

(d) Each of the Franchise Agreements has been duly executed and delivered by the Borrower, TAFSI and the applicable Guarantor and, to the Borrower's knowledge, by each party thereto and each is in full force and effect, there having been no default thereunder by the Borrower, TAFSI or the applicable Guarantor. There has been no amendment, change or modification to any Franchise Agreement that is adverse in any respect to the interests of the Secured Parties without the written consent of the Collateral Agent.

(e) On or before November 24, 1998, each Lender has received complete certified copies (as certified by the Secretary of the Borrower) of each of the Burns Asset Purchase Agreement and the Burns Ancillary Agreements, including all exhibits, schedules and disclosure letters referred to therein or delivered pursuant thereto (if any), and all amendments thereto, waivers relating thereto or other side letters or agreements affecting the terms thereof. None of such documents and agreements has been amended, supplemented or otherwise modified since November 24, 1998, nor have any of the provisions thereof been waived, in each case except for any such amendment, supplement or other modification that does not adversely affect, or is otherwise reasonably satisfactory to, the Lenders or (ii) pursuant to a written agreement or instrument that has heretofore been consented to by the Required Lenders.

SECTION 4.26. Fees and Expenses. The aggregate amount of fees and expenses incurred in connection with the Additional Transactions by the Borrower, TAFSI and the Guarantors will not exceed $4,000,000.

SECTION 4.27. Year 2000. Any reprogramming required to permit the proper functioning, in and following the year 2000, of (i) the Borrower's and its subsidiaries' computer systems and (ii) to the Borrower's knowledge after due inquiry, equipment containing embedded microchips (including systems and equipment supplied by others or with which Borrower's or its subsidiaries' systems interface) and the testing of all such systems and equipment, as so reprogrammed, will be completed in all material respects prior to any expected failure date caused by a year 2000 problem and in any case prior to December 31, 1999. The cost to the Borrower of such reprogramming and testing and of the reasonably foreseeable consequences of year 2000 to the Borrower (including reprogramming errors and the failure of others' systems or equipment) could not reasonably be expected to result in a Default, an Event of Default or to have a Material Adverse Effect. Except for such of the reprogramming referred to in the immediately preceding sentence as may be necessary, the computer and management information systems of the Borrower and its subsidiaries are, and, with ordinary course upgrading and maintenance, will continue for the term of this Agreement to be, sufficient to enable the Borrower and its subsidiaries to conduct their business without the occurrence of any Material Adverse Effect.

ARTICLE V

Conditions of Lending and Issuance of Letters of Credit

The obligations of the Lenders to make Loans hereunder, the obligation of the Swingline Lender to make Swingline Loans hereunder and the obligation of the Fronting Bank to issue any Letter of Credit (each, a "Credit Event") hereunder are subject to the satisfaction of the following conditions:

SECTION 5.01. All Credit Events. On the date of each Credit Event other than a Borrowing in which Revolving Credit Loans are refinanced with new Revolving Credit Loans (without any increase in the aggregate principal amount of Revolving Credit Loans outstanding) as contemplated by Section 2.02(e) and other than any Revolving Credit Loan made pursuant to Section 2.02(f):

(a) The Agent and, where applicable, the Fronting Bank or the Swingline Lender shall have received a notice of such Credit Event as required by Section 2.03, Section 3.01(c) and Section 2.21(b), respectively.

(b) The representations and warranties set forth in Article IV hereof shall be true and correct in all material respects on and as of the date of such Credit Event with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date or that there are changes to the factual information contained in such representations and warranties that do not reflect any violation of or failure to comply with any provision of this Agreement or any other Loan Document.

(c) The Borrower shall be in compliance with all the material terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Credit Event no Event of Default or Default shall have occurred and be continuing.

Each Credit Event shall be deemed to constitute a representation and warranty by the Borrower on the date of such Credit Event as to the matters specified in paragraphs (b) and (c) of this Section 5.01. Continuations and conversions of outstanding Term Borrowings pursuant to Section 2.10 shall not be deemed to be new Borrowings for the purpose of this Section 5.01.

SECTION 5.02. Borrowing Under the Additional Term Loan Facility. On the Restatement Closing Date:

(a) The Agent shall have received a favorable written opinion of (i) Paul, Weiss, Rifkind, Wharton & Garrison, counsel for the Borrower, the Guarantors and TAFSI, to the effect set forth in Exhibit M-1 and (ii) each local counsel listed on Schedule 5.02(a) to the effect set forth in Exhibit M-2, in each case (A) dated the Restatement Closing Date, (B) addressed to the Agent, the Fronting Bank, the Lenders, the Swingline Lender and the Collateral Agent and (C) covering such other matters incidental to the Loan Documents and the Transactions as the Agent shall request. The Borrower hereby instructs each such counsel to deliver its opinion to the Agent.

(b) All legal matters incident to this Agreement and the Borrowings hereunder shall be satisfactory to the Lenders and their counsel and to Cravath, Swaine & Moore, counsel for the Agent.

(c) The Agent shall have received (i) a copy of the certificate of incorporation (or certificate of formation), including all amendments thereto, of each of the Borrower, TAFSI and the Guarantors, certified as of recent date by the Secretary of State of the State of Delaware, and a certificate as to the good standings of each of the Borrower, TAFSI and the Guarantors as of a recent date, from such Secretary of State; (ii) a certificate of the Secretary or Assistant Secretary of each of the Borrower, TAFSI and the Guarantors dated the Restatement Closing Date and certifying (A) that, if applicable, attached thereto is a true and complete copy of the By-laws of the Borrower, TAFSI or such Guarantor, as the case may be, as in effect on the Restatement Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or Managers or Managing Member) of the Borrower, TAFSI or such Guarantor, as the case may be, authorizing the execution, delivery, and performance of the Transaction Documents to which the Borrower, TAFSI or such Guarantor is or will be a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate of incorporation (or certificate of formation) of the Borrower, TAFSI or such Guarantor, as the case may be, has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above and (D) as to the incumbency and specimen signature of each officer executing any Transaction Document or any other document delivered in connection herewith on behalf of the Borrower, such Guarantor or TAFSI, as the case may be; (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders or their counsel or Cravath, Swaine & Moore, counsel for the Agent, may reasonably request.

(d) The Agent shall have received a certificate, dated the Restatement Closing Date and signed by a Financial Officer of the Borrower, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 5.01.

(e) The Agent shall have received all Fees and other amounts due and payable on or prior to the Restatement Closing Date.

(f) The Intercreditor Agreement shall have been duly executed by the Borrower, the Series I Tranche A Exchange Note Purchasers and the Collateral Agent, and shall be in full force and effect.

(g) The Guarantee Agreement shall have been duly executed by each Guarantor and the Collateral Agent, and shall be in full force and effect. The Indemnity and Subrogation Agreement shall have been duly executed by the Borrower, each applicable Guarantor and the Collateral Agent and shall be in full force and effect.

(h) The Pledge Agreement shall have been duly executed by the parties thereto and delivered to the Collateral Agent and shall be in full force and effect, and all the outstanding capital stock of each Guarantor and TAFSI shall have been duly and validly pledged thereunder to the Collateral Agent for the ratable benefit of the Secured Parties and certificates representing such

shares, accompanied by instruments of transfer and stock powers endorsed in blank, shall be in the actual possession of the Collateral Agent.

(i) Each of the Security Agreement, the Trademark Security Agreement, the Collateral Assignment, the Collateral Account Agreement and the Airplane Mortgage shall have been duly executed by the Borrower and all other parties thereto and shall have been delivered to the Collateral Agent and shall be in full force and effect on such date and each document (including each Uniform Commercial Code financing statement) required by law or reasonably requested by the Agent to be filed, registered or recorded in order to create in favor of the Collateral Agent for the benefit of the Secured Parties a valid, legal and perfected first-priority security interest in or lien on the Collateral (subject to any Lien expressly permitted by Section 7.02) described in each of such agreements shall have been delivered to the Collateral Agent.

(j) The Collateral Agent shall have received the results of a search of the Uniform Commercial Code filings (or equivalent filings) made with respect to the Borrower, each Guarantor and TAFSI in the States (or other jurisdictions) in which are located the chief executive offices of such Persons, any offices of such Persons in which records have been kept relating to Accounts and the other jurisdiction in which Uniform Commercial Code filings (or equivalent filings) are to be made pursuant to the preceding paragraph, together with copies of the financing statements (or similar documents) disclosed by such search, and accompanied by evidence satisfactory to the Agent that the Liens indicated in any such financing statement (or similar document) would be permitted under
Section 7.02 or have been released.

(k) The Collateral Agent shall have received a Perfection Certificate with respect to each of the Guarantors, TAFSI and the Borrower dated the Restatement Closing Date and duly executed by a Responsible Officer of each such entity.

(l) (i) Each of the Security Documents, in form and substance satisfactory to the Lenders, relating to each of the Mortgaged Properties (including each Mortgage, each Mortgage Amendment and each Assignment of Leases and Rents, as applicable) shall have been duly executed by the parties thereto and delivered to the Collateral Agent and shall be in full force and effect,
(ii) each of such Mortgaged Properties shall not be subject to any Lien other than those permitted under Section 7.02, (iii) each of such Security Documents shall have been filed and recorded in the recording office as specified on Schedule 1.01(c) (or a lender's title insurance policy (or to the extent available from the applicable title company, a bring down endorsement, dated as of the Restatement Closing Date, to an existing title insurance policy previously issued to the Collateral Agent with respect to a Mortgaged Property), in form and substance acceptable to Agent, insuring such Security Document as a first lien on such Mortgaged Property (subject to any Lien expressly permitted by Section 7.02) shall have been received by Agent) and, in connection therewith, the Agent shall have received evidence satisfactory to it of each such filing and recordation and (iv) the Collateral Agent shall have received such other documents, including a policy or policies of title insurance issued by a nationally, recognized title insurance company (or to the extent available from the applicable title company, a bring down endorsement, dated as of the Restatement Closing Date, to an existing title insurance policy previously issued to the Collateral Agent with respect to a Mortgaged Property), together with such endorsements, coinsurance and reinsurance as may be requested by the Agent, the Fronting Bank, the Swingline Lender and the Lenders, insuring the Mortgages as valid first liens on the Mortgaged Properties, free of Liens other than those permitted under Section 7.02, together with such surveys, abstracts, appraisals and legal opinions required to be furnished pursuant to the terms of the Mortgages or to obtain such policies of title insurance (or such bring down endorsements to

such existing policies of title insurance), or such additional legal opinions as reasonably requested by the Agent, the Fronting Bank, the Swingline Lender or the Lenders.

(m) The Additional Transactions shall have been consummated or shall be consummated simultaneously with the closing of the Additional Term Loan Facility in accordance with documentation reasonably satisfactory to the Lenders and applicable law, and the Lenders shall (i) be reasonably satisfied with the terms and conditions of the Burns Asset Purchase Agreement and the Burns Ancillary Agreements, (ii) be reasonably satisfied with the terms and conditions of any agreements or other instruments entered into or delivered in connection with the Series II Tranche A Exchange Note Refinancing and (iii) be satisfied that, in connection with the Additional Transactions, the aggregate amount of fees and expenses shall not exceed $4,000,000.

(n) The Burns Acquisition shall have been consummated (i) in accordance with applicable law, (ii) in accordance with the terms and conditions of the Burns Asset Purchase Agreement and the Burns Ancillary Agreements, without giving effect to any amendments, supplements or waivers thereto on or after November 24, 1998, other than any amendment, supplement and/or waiver that does not adversely affect, or is otherwise reasonably satisfactory to, the Lenders, and (iii) on other terms reasonably satisfactory to the Lenders.

(o) The Series II Tranche A Exchange Notes in an aggregate principal amount of $50,000,000 shall have been repaid in full and all obligations thereunder and security interests relating thereto shall have been discharged, and the Agent shall have received reasonably satisfactory evidence of such repayment, termination and discharge.

(p) After giving effect to the Additional Transactions, the Guarantors, TAFSI and the Borrower shall have no liabilities other than (i) the Loans under the Facilities, (ii) the Series I Tranche A Exchange Notes, (iii) the Subordinated Notes, (iv) the Guarantee Agreement, (v) the Subordinated Note Guarantees and (vi) other liabilities satisfactory to the Lenders and Indebtedness permitted under Section 7.01.

(q) The Lenders shall have received a satisfactory pro forma consolidated balance sheet of the Borrower as of December 31, 1997, after giving effect to the Additional Transactions and the Sale Lease-Back Transactions contemplated under Section 7.03(a) and the Lenders shall be reasonably satisfied that such balance sheet is not materially inconsistent with the projections previously furnished to the Lenders.

(r) The Lenders shall be satisfied in all respects with the tax and ERISA positions and the contingent tax and other liabilities of each Guarantor, TAFSI and the Borrower and the plans of such Guarantor and the Borrower with respect thereto.

(s) The Lenders shall have received a solvency certificate, in form and substance satisfactory to the Agent, from the Chief Financial Officer of the Borrower, together with such other evidence reasonably requested by the Lenders, of the solvency of (i) the Guarantors, TAFSI and the Borrower, on a consolidated basis, and (ii) each Guarantor, in each case after giving effect to the Additional Transactions.

(t) All requisite Governmental Authorities and third parties shall have approved or consented to the Additional Transactions to the extent required, all applicable appeal periods shall have expired and there shall be no governmental or judicial action, actual or threatened, that has or

would have a reasonable likelihood of restraining, preventing or imposing burdensome conditions on the transactions contemplated hereby.

(u) There shall be no litigation or administrative proceedings or other legal or regulatory developments, actual or threatened, that, in the judgment of the Lenders, involve a reasonable possibility of a material adverse effect on the business, assets, operations, properties, financial condition, contingent liabilities, prospects or material agreements of the Guarantors, TAFSI and the Borrower, taken as a whole, or the ability of the Guarantors, TAFSI and the Borrower, taken as a whole, to perform its obligations under the Loan Documents, or the ability of the parties to consummate the Additional Transactions or the validity or enforceability of any of the Loan Documents or the rights, remedies and benefits available to the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent and the Lenders under the Loan Documents, or which would be materially inconsistent with the assumptions underlying the projections set forth in the 1998 Confidential Information Memorandum.

(v) The Mortgaged Properties shall each be in compliance with all applicable material laws, rules, regulations, statutes (including any zoning, building, Environmental and Safety Law, ordinance, code or approval or any building permits) and all restrictions of record and all material agreements affecting the Mortgaged Property and all decrees or orders of any Governmental Authority with jurisdiction with respect thereto, except to the extent such non-compliance or failure to obtain any necessary permits are not reasonably likely to result in a Material Adverse Effect.

(w) The Agent shall have received the certified documents required to be delivered to it pursuant to Section 4.25(b).

(x) The Agent shall have received (i) satisfactory title insurance policies (or to the extent available from the applicable title company, bring down endorsements, dated as of the Restatement Closing Date, to existing title insurance policies previously issued to the Collateral Agent) for each Mortgaged Property and (ii) either (A) a satisfactory certificate from a Responsible Officer of the applicable Guarantor certifying to the applicable title company that, since the date of the surveys relating to the Mortgaged Properties of such Guarantor delivered to the Agent in connection with the Original Credit Agreement, there have been no material improvements or alterations at such Mortgaged Properties, provided that such certificate shall comply with the title company's requirements with respect to issuing the applicable satisfactory title insurance policy or bring down endorsement thereto without any survey exception, or (B) a current survey (or an update of a survey previously certified to the Collateral Agent), in form and substance reasonably acceptable to the Agent, of such Mortgaged Property.

(y) The Agent shall have received a satisfactory certificate from a Responsible Officer of the applicable Guarantor certifying that, to the best of his knowledge, all New Improvements (as defined in Section 6.14) located upon each Mortgaged Property set forth on Schedule 6.14 have been completed in accordance with applicable laws, rules, regulations and statutes.

(z) The Borrower shall have deposited directly into the Collateral Account proceeds from the Additional Term Loans, together with a portion of the Borrower's excess cash, in an aggregate amount not less than $42,000,000, including $30,000,000 reserved to fund a portion of the Additional Permitted Acquisition and/or the Special Mandatory Prepayment (such $30,000,000

together with any interest earned and received on such amount under the terms of the Collateral Account Agreement, the "Additional Reserve Amount").

(aa) The Agent shall be reasonably satisfied as to the amount and nature of any material environmental and employee health and safety exposures to which the Borrower or any of its subsidiaries may be subject, and the plans of the Borrower with respect thereto, after giving effect to the Additional Transactions and the consummation of the other transactions contemplated hereby which are to occur on the Restatement Closing Date.

(bb) The Airplane Mortgage shall have been duly executed by TA Travel and shall have been delivered to the Collateral Agent and shall be in full force and effect on such date, and each document required by law or reasonably requested by the Agent to be filed, registered or recorded in order to create in favor of the Collateral Agent for the benefit of the Secured Parties a valid, legal and perfected first priority security interest in or lien on the Airplane shall have been delivered to the Collateral Agent.

ARTICLE VI

Affirmative Covenants

The Borrower covenants and agrees with each Lender, the Agent, the Fronting Bank and the Swingline Lender that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan or Swingline Loan or LC Disbursement, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid, unless the Required Lenders shall otherwise consent in writing, the Borrower will and will cause each of its subsidiaries to:

SECTION 6.01. Existence; Businesses and Properties. (a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence.

(b) Do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its business, maintain and operate such business in substantially the manner in which it is currently conducted and operated; comply in all material respects with all material applicable laws, rules, regulations and statutes (including any zoning, building, Environmental and Safety Law, ordinance, code or approval or any building permits or any restrictions of record or agreements affecting the Mortgaged Property) and decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted; and at all times maintain and preserve all property material to the conduct of such business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

(c) Maintain all financial records in accordance with GAAP.

SECTION 6.02. Insurance. (a) Keep (and/or cause the related Network Operator, if any, to keep) its properties (including Improvements and Personal Property (each as defined in the Mortgages)) insured at all times by financially sound and reputable insurers against loss by fire,

casualty and such other hazards as may be afforded by an "all risk" policy or a fire policy covering "special" causes of loss, including building ordinance law endorsements; cause all such policies to be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable endorsement, in form and substance reasonably satisfactory to the Agent and the Collateral Agent, which endorsement shall provide that, from and after the Closing Date, the insurance carrier shall pay all proceeds otherwise payable to the Borrower, the applicable Guarantor or the applicable Network Operator, if any, under such policies directly to the Collateral Agent unless (i) the amounts so payable shall not exceed $50,000 and (ii) the insurance carrier shall not have received written notice from the Agent or the Collateral Agent that an Event of Default has occurred and, if received, such notice shall not have been withdrawn (with the Agent agreeing to withdraw such notice if the related Event of Default shall have been cured and no other Event of Default shall then exist), cause all such policies to provide that neither the Borrower, the Guarantors, the Agent, the Collateral Agent nor any other party shall be a coinsurer thereunder and to contain a "Replacement Cost Endorsement", without any deduction for depreciation, and such other provisions as the Agent or the Collateral Agent may reasonably require from time to time to protect its interest; deliver (and/or cause the related Network Operator, if any, to deliver) original or certified copies of all such policies to the Collateral Agent; cause each such policy to provide that it shall not be canceled, modified or not renewed (i) by reason of nonpayment of premium upon not less than 10 days' prior written notice thereof by insurer to the Agent and the Collateral Agent or (ii) for any other reason upon not less than 30 days' prior written notice thereof by insurer to the Agent and the Collateral Agent; deliver to the Agent and the Collateral Agent, prior to the cancellation, modification or nonrenewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Agent and the Collateral Agent) together with evidence satisfactory to the Agent and the Collateral Agent of payment of the premium therefor; and cause each all-risk policy maintained by the Borrower or any Guarantor to be endorsed to provide for a waiver by the related insurer of all its rights to recovery against any Network Operator for damage covered by such policy.

(b) If at any time the area in which the Premises (as defined in the Mortgages) are located is designated (i) a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency, obtain (and/or cause the related Network Operator, if any, to obtain) flood insurance in such total amount as the Collateral Agent or the Agent may from time to time require, and otherwise comply with the National Flood Insurance Program as set forth in said Flood Disaster Protection Act of 1973, as it may be amended from time to time or (ii) "Zone I" area, obtain (and/or cause the related Network Operator, if any, to obtain) earthquake insurance in such total amount as the Agent, the Collateral Agent or the Required Lenders may from time to time require.

(c) With respect to any Mortgaged Property, carry and maintain (and/or cause the related Network Operator, if any, to maintain) comprehensive general liability insurance including the "broad form CGL endorsement" and coverage on an occurrence basis against claims made for personal injury (including bodily injury, death and property damage) and umbrella liability insurance against any and all claims, in no event for a combined single limit of less than $5,000,000, naming the Collateral Agent as an additional insured, on forms satisfactory to the Collateral Agent.

(d) Notify (and/or cause each Network Operator, if any, to notify) the Agent and the Collateral Agent immediately whenever any separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 6.02 is taken out by the

Borrower, any Guarantor or any Network Operator and promptly deliver to the Agent and the Collateral Agent a duplicate original copy of such policy or policies.

(e) Use reasonable efforts to cause the Phase II Consultant (as defined in the Environmental Agreement) to maintain, and name the Borrower as an additional insured wherever permissible under, the contracts of insurance coverage at levels at least as high as set forth in Schedule 6.02(e).

(f) In connection with the covenants set forth in this Section 6.02, it is understood and agreed that:

(i) neither the Agent, the Lenders, the Swingline Lender, the Fronting Bank, the Tranche A Exchange Note Purchasers, nor their agents or employees shall be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 6.02, it being understood that (A) the Borrower shall look, and shall cause each Guarantor to look, solely to its insurance company or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance company shall have no rights of subrogation against the Agent, the Collateral Agent, the Lenders, the Swingline Lender, the Fronting Bank, the Tranche A Exchange Note Purchasers or their agents or employees. If, however, the insurance policies do not provide waiver of subrogation rights against such parties as requested above, then the Borrower hereby agrees, to the extent permitted by law, to waive its right of recovery, if any, against the Agent, the Collateral Agent, the Lenders, the Swingline Lender, the Fronting Bank, the Tranche A Exchange Note Purchasers and their agents and employees; and

(ii) the designation of any form, type or amount of insurance coverage by the Agent or the Collateral Agent under this Section 6.02, shall in no event be deemed a representation, warranty, or advice by the Agent or the Collateral Agent that such insurance is adequate for the purposes of the Borrower's and each Guarantor's business or the protection of the Borrower's and each Guarantor's properties and the Agent and the Collateral Agent shall have the right from time to time to require the Borrower to keep (and/or cause any Guarantor or the related Network Operator, if any, to keep) other insurance in such form and amount as the Agent or the Collateral Agent may reasonably request, provided that such insurance shall be obtainable on commercially reasonable terms.

SECTION 6.03. Obligations and Taxes. Pay its Indebtedness and other obligations promptly, and in accordance with their terms and pay and discharge promptly when due all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, its well as all lawful claims for labor, materials and supplies or otherwise that, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required with respect to any such obligation, tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Borrower, TAFSI or a Guarantor, as applicable, shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP and such contest operates to suspend collection of the contested obligation, tax, assessment or charge and enforcement of a Lien and, in the case of a Mortgaged Property, there is no risk of forfeiture of such property.

SECTION 6.04. Financial Statements, Reports, etc. Furnish to the Agent and each Lender:

(a) as soon as available, and in no event later than 105 days after the end of each fiscal year (or 90 days during any time that the Borrower is subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended), the consolidated and consolidating balance sheets and related statements of income and cash flow, showing the consolidated financial condition of the Borrower and its consolidated subsidiaries as of the close of such fiscal year and the results of their operations during such year, all audited by PriceWaterhouseCoopers LLP or other independent public accountants of recognized national standing reasonably acceptable to the Required Lenders and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present the consolidated financial condition and results of operations of the Borrower and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as available, and in no event later than 60 days (or 45 days during any time that the Borrower is subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended) after the end of each of the first three fiscal quarters of each fiscal year, the unaudited consolidated and consolidating balance sheets and related statements of income and changes in financial position, showing the consolidated financial condition of the Borrower and its consolidated subsidiaries as of the close of such fiscal quarter and the results of their operations during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by a Financial Officer of the Borrower as fairly presenting the consolidated financial condition and results of operations of the Borrower and its consolidated subsidiaries in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes required by GAAP;

(c) concurrently with any delivery of financial statements under (a) or (b) above, a certificate of the accounting firm or a Financial Officer of the Borrower opining on or certifying such statements (which certificate, when furnished by an accounting firm, may be limited to accounting matters and disclaim responsibility for legal interpretations)
(i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail satisfactory to the Agent demonstrating compliance with the covenants contained in Sections 7.13. 7.14, 7.15, 7.16 and 7.17;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Borrower or any of its subsidiaries with the Securities and Exchange Commission, or any governmental authority succeeding to any of or all the functions of said Commission, or with any national securities exchange, or distributed to any of their shareholders, as the case may be;

(e) promptly following the preparation thereof, copies of each management letter prepared by the Borrower's, a Guarantor's or TAFSI's auditors (together with any response thereto prepared by the Borrower, such Guarantor or TAFSI);

(f) as soon as available, and in any event no later than 105 days after the end of each fiscal year historical summary data for the immediately preceding year and forecasted financial projections and summary data through the end of the then current fiscal year, in substantially the same form and format as set forth in Section 11 of the 1998 Confidential Information Memorandum (including a specification of the underlying assumptions and a management discussion of historical results), all certified by a Financial Officer of the Borrower to be a fair summary of its results and its good faith estimate of the forecasted financial projections and results of operations for the period through the then-current fiscal year;

(g) upon the earlier of (i) 105 days after the end of each fiscal year of the Borrower and (ii) the date on which the financial statements with respect to such period are delivered pursuant to paragraph (a) above, a certificate of a Financial Officer of the Borrower setting forth, in detail satisfactory to the Agent, the amount of Excess Cash Flow, if any, for such period;

(h) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of any Guarantor, TAFSI or the Borrower, or compliance with the terms of any Loan Document, as the Agent, the Fronting Bank, the Swingline Lender or any Lender may reasonably request;

(i) promptly, a copy of any amendment or waiver of any provisions of any agreement referenced in Section 7.10, any amendment or waiver of any provision of the Tranche A Exchange Note Documents not requiring the consent or approval of the Lenders or any other amendment or waiver of any provisions of any agreement to the extent that such amendment or waiver is required hereunder to be furnished to the Agent, the Fronting Bank or any Lender;

(j) promptly, a copy of any notice of a default received by the Borrower, TAFSI or any Guarantor under any other Loan Document;

(k) promptly a copy of any notice of default received by the Borrower, TAFSI or any Guarantor (i) from any Tranche A Exchange Note Purchaser under the Tranche A Exchange Note Purchase Agreements or (ii) under the Subordinated Note Indenture;

(l) a copy of all notices (other than regarding any scheduled or mandatory repayments), certificates, financial statements and reports, as and when delivered by or on behalf of the Borrower, TAFSI or any Guarantor
(i) to the Tranche A Exchange Note Purchasers under the Tranche A Exchange Note Purchase Agreements or (ii) under the Subordinated Note Indenture (except to the extent any such notice, certificate, financial statement or report is otherwise required to be delivered pursuant to this Agreement); and

(m) a copy of all solicitations or requests for any proposed waiver or amendment of any of the provisions of the Tranche A Exchange Note Documents or Subordinated Note Indenture (but only if the consent or approval of the Lenders is required in connection therewith).

SECTION 6.05. Litigation and Other Notices. Furnish to the Agent, the Fronting Banks, the Swingline Lender, the Collateral Agent and each Lender prompt written notice of the occurrence of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any threat or notice of intention of any Person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Borrower or any Affiliate thereof that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect; and

(c) any development that has resulted in, or could reasonably be anticipated to result in, a Material Adverse Effect.

SECTION 6.06. ERISA. (a) Comply in all material respects with the applicable provisions of ERISA and (b) furnish to the Agent, the Fronting Bank, the Swingline Lender and each Lender (i) as soon as possible, and in any event within 30 days after any Responsible Officer of the Borrower or any Guarantor or any ERISA Affiliate either knows or has reason to know that any Reportable Event has occurred, as to which the Borrower, any Guarantor, TAFSI or any ERISA Affiliate was or is required to file a report with the PBGC, that alone or together with any other Reportable Event could reasonably be expected to result in liability of the Borrower, TAFSI, any Guarantor or any ERISA Affiliate to the PBGC in an aggregate amount exceeding $2,000,000, a statement of a Financial Officer of the Borrower setting forth details as to such Reportable Event and the action proposed to be taken with respect thereto, together with a copy of the notice, if any, of such Reportable Event given to the PBGC, (ii) promptly after receipt thereof, a copy of any notice the Borrower, TAFSI or any Guarantor or any ERISA Affiliate may receive from the PBGC relating to the intention of the PBGC to terminate any Plan or Plans, (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) or to appoint a trustee to administer any Plan or Plans, (iii) within 10 days after the due date for filing with the PBGC pursuant to Section 412(n) of the Code of a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer of the Borrower, TAFSI or such Guarantor, as applicable, setting forth details as to such failure and the action proposed to be taken with respect thereto, together with a copy of such notice given to the PBGC and
(iv) promptly and in any event within 30 days after receipt thereof by the Borrower, TAFSI or any Guarantor or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Borrower or any ERISA Affiliate concerning (A) the imposition of Withdrawal Liability or (B) a determination that a Multiemployer Plan is, or is expected to be, terminated or in reorganization, in each case within the meaning of Title IV of ERISA.

SECTION 6.07. Maintaining Records; Access to Properties and Inspections. Maintain all financial records in accordance with GAAP and permit any representatives designated by the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent or any Lender to visit and inspect the financial records, and the properties of the Borrower, TAFSI and each Guarantor at reasonable times and upon reasonable notice and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any representatives designated by the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent or any Lender to discuss the

affairs, finances and condition of the Borrower, TAFSI or any Guarantor or any properties of Borrower or any Guarantor with the officers thereof.

SECTION 6.08. Use of Proceeds. Use the Letters of Credit and the proceeds of the Revolving Loans, any Swingline Loans and the Additional Term Loans only for the purposes set forth in the preamble to this Agreement and use the proceeds of the Existing Term Loans only for the purposes set forth in the preamble to the Original Credit Agreement.

SECTION 6.09. Fiscal Year. Cause its fiscal year to end on December 31 of each year.

SECTION 6.10. Further Assurances. (a) Execute any and all further documents, financing statements, agreements and instruments, and take all further action (including filing Uniform Commercial Code and other financing statements, mortgages and deeds of trust) that may be required under applicable law, or which the Required Lenders, the Agent or the Collateral Agent may reasonably request, in order to effectuate the transactions contemplated by the Transaction Documents and in order to grant, preserve, protect and perfect the validity and first priority of the security interests created or intended to be created by the Security Documents. In addition, from time to time, each of the Borrower, TAFSI and the Guarantors will, at its cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created, perfected security interests with respect to such of its assets and properties as the Agent or the Required Lenders shall designate (it being understood that it is the intent of the parties that the Obligations shall be secured by, among other things, substantially all the assets of the Borrower, each Guarantor and TAFSI (including real and other properties acquired subsequent to the Restatement Closing Date)). Such security interests and Liens, will be created under the Security Documents and other security agreements, mortgages, deeds of trust and other instruments and documents, in form and substance satisfactory to the Required Lenders, and each of the Borrower, TAFSI and the Guarantors shall deliver or cause to be delivered to the Lenders all such instruments and documents, (including legal opinions, title insurance policies and lien searches) as the Required Lenders shall reasonably request to evidence compliance with this Section 6.10. Each of the Borrower and the Guarantors agrees to provide such evidence as the Required Lenders shall reasonably request as to the perfection and priority status of each such security interest and Lien.

(b) To the extent that the Borrower, TAFSI or any Guarantor (other than TA Travel) is not already a party to a Lockbox Agreement, within 90 days following the Restatement Closing Date, enter into Lockbox Agreements with financial institutions reasonably acceptable to the Agent.

(c) In the event that TA Travel acquires any replacement Airplane, cause TA Travel, within 30 days of the purchase thereof, to grant to the Collateral Agent a valid and perfected first-priority security interest in the replacement Airplane pursuant to documentation in form and substance reasonably satisfactory to the Collateral Agent.

(d) If any additional direct or indirect subsidiary of the Borrower is organized or acquired by the Borrower after the date hereof, (i) notify the Agent and the Lenders of such subsidiary's organization or acquisition, (ii) cause such subsidiary, simultaneously with its organization or acquisition, to execute and become a party to the Guarantee Agreement, the Indemnity and Subrogation Agreement, the Security Agreement and each applicable other Security Document in favor of the Collateral Agent and to execute and become a party to the Intercreditor

Agreement and (iii) if any shares of capital stock or other equity interest or Indebtedness of such subsidiary are owned by or on behalf of the Borrower or any Guarantor, cause such Person, simultaneously with such subsidiary's organization or acquisition, to pledge to the Collateral Agent such shares, evidence of such other equity interests and promissory notes evidencing such Indebtedness pursuant to the Pledge Agreement. The Borrower agrees to provide such evidence as the Collateral Agent shall reasonably request as to the perfection and priority status of each security interest and Lien created pursuant to such Security Documents.

SECTION 6.11. Rate Protection Agreements. In the case of the Borrower, have in effect or enter into within 150 days following the Restatement Closing Date, and maintain at any time prior to the date that is two years following the Restatement Closing Date, Rate Protection Agreements satisfactory to the Agent, with respect to the Loans, to the extent necessary to cause not less than 50% of the Funded Debt of the Borrower and its subsidiaries on a consolidated basis at such date to be (a) Indebtedness that accrues interest at a fixed rate and/or (b) Indebtedness with respect to which such a Rate Protection Agreement is in effect.

SECTION 6.12. Environmental and Safety Laws. (a) Comply with, and use its best efforts to ensure compliance by all tenants and subtenants (including each Network Operator, if any) with, all Environmental and Safety Laws and obtain and comply with and maintain, and use its best efforts to ensure that all tenants and subtenants (including each Network Operator, if any) obtain and comply with and maintain, any and all licenses, approvals, registrations or permits required by Environmental and Safety Laws, except to the extent that failure to so comply or to obtain and comply with and maintain such licenses, approvals, registrations and permits does not have, and could not reasonably be expected to result in, a Material Adverse Effect.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions, required under Environmental and Safety Laws and promptly comply with all lawful orders and directives of all Governmental Authorities respecting Environmental and Safety Laws, except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings would not have a Material Adverse Effect.

(c) Notify the Agent of any of the following that is likely to have a Material Adverse Effect:

(i) any Environmental Claim that the Borrower, TAFSI or any Guarantor receives, including one to take or pay for any remedial, removal, response or cleanup or other action with respect to any Hazardous Substance contained on any property owned or leased by the Borrower, such Guarantor or TAFSI;

(ii) any notice of any alleged violation of or knowledge by the Borrower, Holdings, TAFSI or any Guarantor of a condition that might reasonably result in a violation of any Environmental and Safety Law;

(iii) any commencement or threatened commencement of any judicial or administrative proceeding or investigation alleging a violation or potential violation of any requirement of any Environmental and Safety Law by the Borrower, TAFSI or any Guarantor; and

(iv) any Release or threat of Release that could reasonably be expected to result in a Material Adverse Effect.

(d) Without limiting the generality of Section 10.05(b), indemnify the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent and each Lender and each of their respective directors, officers, employees, agents and Affiliates (each such Person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses (including reasonable counsel fees, expert and consultant fees, charges and disbursements) of whatever kind or nature arising out of, or in any way relating to, the violation of, noncompliance with or liability under any Environmental and Safety Laws applicable to the operations of the Borrower or any Guarantor or to the Mortgaged Properties, or any orders, requirements or demands of Governmental Authorities related thereto, including reasonable attorneys' and consultants' fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or wilful misconduct of the Indemnitee seeking indemnification therefor. This indemnity shall continue in full force and effect regardless of the termination of this Agreement and the other Loan Documents.

SECTION 6.13. Material Contracts. Maintain in full force and effect (including exercising any available renewal option and without amendment or modification) all its material contracts (including each operating lease permitted by Section 7.08) unless the failure so to maintain such contracts (or the amendments or modifications thereto) individually or in the aggregate, would not have a Material Adverse Effect, and promptly notify each Lender of each failure to comply with this Section 6.13.

SECTION 6.14. Certificates of Occupancy, Permits and Zoning. (a) Within 270 days following the Restatement Closing Date, the Borrower shall deliver, to the extent not previously delivered, the following documents to the Collateral Agent for Mortgaged Properties set forth on Schedule 6.14 having (x) 80% of the aggregate value of all Mortgaged Properties set forth on such Schedule that were not Mortgaged Properties on March 21, 1997 (the "New Mortgaged Properties") and (y) 80% of the aggregate value of the Mortgaged Properties (other than any New Mortgaged Properties) set forth on such Schedule that have Additional Improvements (as defined below):

(i) a copy of the original permanent certificate or certificates of occupancy or completion, as the same may have been amended or issued from time to time, covering (A) if such Mortgaged Property is a New Mortgaged Property, any material improvement located upon such Mortgaged Property (an "Acquired Improvement") or (B) if such Mortgaged Property is not a New Mortgaged Property, any material improvement located upon such Mortgaged Property that was constructed after March 21, 1997 (an "Additional Improvement" and, the Acquired Improvements and Additional Improvements collectively, the "New Improvements"), in each case that were required to have been issued by the appropriate Governmental Authority for such New Improvement or (ii) a letter from an appropriate Governmental Authority stating that at the time of construction certificates of occupancy were not required for each such New Improvement for which a certificate as described above has not been delivered and, if reasonably requested by the Agent or Collateral Agent, suitable evidence of the date of construction of each New Improvement on such Mortgaged Property;

(ii) without limiting the Borrower's obligations under Section 6.12, a copy of all material licenses, permits and authorizations (other than certificates of occupancy or completion, all applications, plans and filings necessary for the issuance of any such certificate and all licenses, permits and authorizations that were no longer required once any such certificate was issued) that were necessary for the construction of each New Improvement located upon the Mortgaged Property or that are necessary for the current operation of such New Improvement; and

(iii) one of the following: (A) written confirmation from the applicable zoning commission or other appropriate Governmental Authority stating that, with respect to each Mortgaged Property as built, it complies with existing land use and zoning ordinances, regulations and restrictions applicable to such property, (B) an opinion from local counsel acceptable to the Agent to the same effect as covered by clause (A) above or (C) a zoning endorsement satisfactory to the Agent in connection with the Collateral Agent's mortgagee title insurance policy of such Mortgaged Property.

(b) After the Restatement Closing Date, the Borrower shall use commercially reasonable efforts to obtain (and promptly upon obtaining the same deliver to the Collateral Agent):

(i) estoppel certificates from ground lessors of any Mortgaged Property dated not earlier than September 1, 1998;

(ii) estoppel certificates from each Network Operator of each Mortgaged Property dated not earlier than March 21, 1997; and

(iii) to the extent not already obtained, subordination and attornment agreements from each Network Operator of each New Mortgaged Property, unless the related operating lease by its terms, is subject and subordinate to the Lien of the applicable Mortgage or Leasehold Mortgage.

ARTICLE VII

Negative Covenants

The Borrower covenants and agrees with each Lender, the Agent, the Fronting Bank and the Swingline Lender that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan or Swingline Loan or LC Disbursement, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid, unless the Required Lenders shall otherwise consent in writing, the Borrower will not, and will not cause or permit any of its subsidiaries to:

SECTION 7.01. Indebtedness. Incur, create, assume or permit to exist any Indebtedness, except:

(a) Indebtedness existing on March 21, 1997, and set forth on Schedule 7.01 (but not any extensions, renewals or replacements of such Indebtedness);

(b) Indebtedness created under the Loan Documents;

(c) in the case of the Guarantors, Indebtedness consisting of purchase money Indebtedness incurred in the ordinary course of business after the Closing Date to finance Capital Expenditures or Transition Capital Expenditures permitted under Section 7.13; provided, however, that (i) for purposes of Section 7.13, the aggregate principal amount of any such Indebtedness shall be deemed to be a Capital Expenditure or a Transition Capital Expenditure, as the case may be, at the time incurred or assumed, (ii) the aggregate of (A) the aggregate principal amount of Indebtedness permitted pursuant to this Section 7.01(c) and (B) any Capital Lease Obligations permitted pursuant to Sections 7.01(d) and 7.11 (c) shall not exceed $25,000,000 at any time outstanding and (iii) such Indebtedness is incurred within 90 days after the making of the Capital Expenditures or Transition Capital Expenditures financed thereby;

(d) in the case of the Guarantors other than TA Travel, Indebtedness in respect of Capital Lease Obligations permitted under Section 7.11(c);

(e) in the case of the Borrower or any Guarantor, Indebtedness in respect of fuel-supply, hedging agreements and arrangements, provided that any such agreements or arrangements shall have been entered into for bona fide hedging purposes and pursuant to a written fuel-supply hedging policy approved by the board of directors of the Borrower;

(f)(i) in the case of the Borrower, Indebtedness in respect of the Series I Tranche A Exchange Notes and the Subordinated Notes and (ii) in the case of the Guarantors, Indebtedness in respect of the Tranche A Exchange Note Guarantees and the Subordinated Note Guarantees;

(g) Indebtedness that arises from the refinancing from time to time by the Borrower of the Series I Tranche A Exchange Notes (and the related Tranche A Exchange Note Guarantees) and ranks pari passu with or subordinate to the Loans, the Swingline Loans, any unreimbursed LC Disbursements and the guarantees of each Guarantor supporting the Loans, the Swingline Loans and any unreimbursed LC Disbursements; provided, however,

that (A) such refinancing must be in whole and not in part with respect to all the Series I Tranche A Exchange Notes, (B) the weighted average interest rate applicable to such Indebtedness must be less than or equal to the interest rate applicable to the Series I Tranche A Exchange Notes being refinanced, (C) no material terms applicable to such Indebtedness or the related guarantees shall be more favorable to the refinancing lenders than the terms that are applicable to the Series I Tranche A Exchange Note Purchasers, (D) the weighted average life to maturity of such Indebtedness shall be greater than or equal to the weighted average life to maturity of the Series I Tranche A Exchange Notes being refinanced and the first scheduled principal payment in respect of such Indebtedness shall not be earlier than the first scheduled principal payment in respect of such Series I Tranche A Exchange Notes, (E) such Indebtedness shall be Indebtedness of the Borrower, (F) the priority of the security interest in the collateral securing the repayment of such Indebtedness (if such Indebtedness is to be secured) and the total amount or share of the collateral to be made available to secure such Indebtedness shall be no more senior or favorable than that which secured the repayment of the Series I Tranche A Exchange Notes being refinanced at the time of such refinancing and the refinancing lenders shall enter into an intercreditor agreement with the Lenders in substantially the form of the Intercreditor Agreement (or in such other form as may be reasonably acceptable to the Required Lenders) providing for the sharing of collateral on such basis, (G) the principal amount of such Indebtedness shall be less than or equal to the principal amount then outstanding of the Series I Tranche A Exchange Notes being refinanced and (H) such Indebtedness may not be incurred if at the time of such refinancing a Default or Event of Default has occurred and is continuing or would result therefrom;

(h) Indebtedness that arises from the refinancing from time to time by the Borrower of the Subordinated Notes and is subordinate to the Obligations (which, if required by the terms of any Indebtedness incurred pursuant to Section 7.01(g) above in connection with any refinancing of the Series I Tranche A Exchange Notes, shall include such refinancing Indebtedness); provided, however, that (i) such refinancing must be in whole and not in part, (ii) the weighted average interest rate applicable to such Indebtedness must be less than or equal to the interest rate applicable to the Subordinated Notes, (iii) no material terms applicable to such Indebtedness (including the subordination provisions thereof) shall be more favorable to the refinancing lenders than the terms that are applicable under the Subordinated Note Indenture prior to such refinancing, (iv) the weighted average life to maturity of such Indebtedness shall be greater than or equal to the weighted average life to maturity of the Subordinated Notes and the first scheduled principal payment in respect of such Indebtedness shall not be earlier than the first scheduled principal payment in respect of the Subordinated Notes,
(v) such Indebtedness shall be Indebtedness of the Borrower, (vi) such Indebtedness shall be unsecured, (vii) the guarantees by the Guarantors of such Indebtedness shall be no more favorable to the refinancing lenders than the Subordinated Note Guarantees, (viii) the principal amount of such Indebtedness shall be less than or equal to the principal amount then outstanding of the Subordinated Notes and (ix) such Indebtedness may not be incurred if at the time of such refinancing a Default or Event of Default has occurred and is continuing or would result therefrom;

(i) in the case of TAFSI, Indebtedness to the Borrower or any Guarantor, provided that the amount of all such Indebtedness does not exceed $3,000,000 in the aggregate at any time outstanding;

(j) in the case of any Guarantor, Indebtedness to the Borrower, the other Guarantors or TAFSI, provided that TA Travel shall not permit to exist any Indebtedness to the Borrower, another Guarantor or TAFSI that is not permitted under Section 7.04(l);

(k) in the case of the Borrower, Rate Protection Agreements;

(l) in the case of the Guarantors, other unsecured Indebtedness in an aggregate principal amount at any time outstanding not in excess of $5,000,000;

(m) in the case of the Borrower, Indebtedness to any of its subsidiaries;

(n) in the case of the Borrower, Guarantees by the Borrower of obligations of its subsidiaries permitted pursuant to Section 7.03(a);

(o) in the case of TA, Indebtedness assumed by it in connection with the Burns Acquisition, which Indebtedness exists on the Restatement Closing Date and is not created in contemplation of the Burns Acquisition and the consummation thereof, provided that the aggregate principal amount of such Indebtedness outstanding shall not at any time exceed $3,000,000 (and any extensions, renewals, refinancings or replacements of such Indebtedness, in any such case, without any increase in the principal amount thereof);

(p) in the case of any Guarantor, Indebtedness assumed by it in connection with the Additional Permitted Acquisition, which Indebtedness exists on the date on which the Additional Permitted Acquisition is consummated and is not created in contemplation of the Additional Permitted Acquisition and the consummation thereof, provided that the aggregate principal amount of such Indebtedness outstanding shall not at any time exceed $10,000,000 (and any extensions, renewals, refinancings or replacements of such Indebtedness, in any such case, without any increase in the principal amount thereof); and

(q) Indebtedness of National represented by that certain Promissory Note dated September 1, 1998, made by National in favor of Mid California Auto/Truck Plaza, Inc. in an aggregate principal amount at any time outstanding not in excess of $4,919,350.

SECTION 7.02. Liens. Create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any Person) now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except:

(a) Liens on property or assets of the Borrower or any subsidiary thereof existing on March 21, 1997, and set forth on Schedule 7.02 (including, to the extent any such Lien is the result of a lease, any extensions, renewals or replacements of such lease, provided that the annual lease payment under any such extension, renewal or replacement shall be no less than the fair market rental value of the leased property as of the date of such extension, renewal or replacement), provided that such Liens shall secure only those obligations that they secured on March 21, 1997;

(b) in the case of any Guarantor, any Lien existing on any property or asset prior to the acquisition thereof (by merger, consolidation, asset purchase or otherwise) by such Guarantor (including pursuant to the Burns Acquisition, a Permitted Business Acquisition or the Additional Permitted Acquisition) or existing at the time such Guarantor becomes a

subsidiary of the Borrower or another Guarantor pursuant to the Additional Permitted Acquisition, including any such Lien securing Indebtedness permitted under Section 7.01(o) or Section 7.01(p) but excluding any such Lien securing any other Indebtedness, provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, (ii) such Lien does not extend to cover any other property or assets of such Guarantor as a result of or after giving effect to such acquisition or such Guarantor becoming a subsidiary of the Borrower or another Guarantor (except for additional property in the nature of improvements to property already subject to such Lien or additions to accounts receivable or inventory, as the case may be, already subject to such Lien) and (iii) such Lien does not (A) materially interfere with the use, occupancy and operation of any property, (B) materially reduce the fair market value of such property but for such Lien or (C) result in any material increase in the cost of operating, occupying or owning (or leasing) such property, provided further that a Guarantor may substitute for any property or asset subject to any such Lien securing Indebtedness permitted under Section 7.01(o) or Section 7.01(p) other property or assets with a fair market value substantially the same as or less than the fair market value of the substituted property or assets (as determined in good faith by the Borrower's board of directors) and not otherwise subject to the Lien of a Loan Document, so long as (i) the property or asset for which such substitution is made is fully and effectively released from such Lien and
(ii) the property or assets being subjected to such Lien are held by a Guarantor;

(c) Liens for taxes, assessments or governmental charges not yet due and payable (or due and payable but not yet delinquent) or which are being contested in compliance with Section 6.03 or Section 6.12;

(d) in the case of the Guarantors, carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlord's or other like Liens arising in the ordinary course of business and securing obligations that are not due and payable or which are being contested in compliance with Section 6.03;

(e) in the case of the Guarantors, pledges and deposits made in the ordinary course of business in compliance with workmen's compensation, unemployment insurance and other social security laws or regulations;

(f) (i) in the case of the Guarantors, pledges and deposits to secure the performance of bids, trade contracts (other than for Indebtedness) leases, statutory obligations surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business and (ii) in the case of the Borrower and the Guarantors, pledges and deposits to secure Indebtedness permitted under Section 7.01(e);

(g) in the case of the Guarantors, zoning restrictions, easements, rights-of-way, restrictions on use of real property and other similar encumbrances that do not materially impair the current use or the value of the property subject thereto;

(h) in the case of the Guarantors, purchase money security interests in real property, improvements thereto or equipment hereafter acquired (or, in the case of improvements, constructed), provided that (i) such security interests secure Indebtedness permitted by Section 7.01(c), (ii) such security interests are incurred, and the Indebtedness secured thereby is created, within 90 days after such acquisition (or construction), (iii)

Indebtedness secured thereby does not exceed 75% of the lesser of the cost or the fair market value of such real property, improvements or equipment at the time of such acquisition (or construction) and (iv) such security interests do not apply to any other property or assets;

(i) Liens incurred in connection with Capital Lease Obligations permitted by Section 7.01(d), provided that such Liens do not extend to any other property or assets of such Person;

(j) any Lien created under the Loan Documents;

(k) the lease or sublease of retail space, office space or space for truck weigh stations at any Truckstop so long as (i) in the case of retail or office space either (A) the term of the lease or sublease does not exceed three years or (B) such lease or sublease does not result in the lease or sublease of real property of the Borrower or any of its subsidiaries in excess of 3,000 square feet at any one location to any one lessee or (ii) in the case of space leased or subleased for truck weigh stations, such lease or sublease does not result in the lease or sublease of real property of the Borrower or any of its Subsidiaries in excess of 8,000 square feet at any one location to any one lessee;

(l) the lease or sublease of retail space and office space at any Truckstop other than as described in clause (k) above, provided that (i) the lease with respect thereto shall (A) contain provisions consistent with and not in conflict with any term, condition, covenant or agreement contained in any Loan Document, (B) require the lessee to deliver estoppel certificates to the Collateral Agent in compliance with clause (iii) below, (C) provide that such lease is subject and subordinate in all respects to the applicable Mortgage and (D) constitute an "operating lease" (and not a financing lease) for all purposes, (ii) in each case, the Borrower shall have delivered to the Collateral Agent, reasonably in advance of the execution and delivery thereof, copies of such lease and all other agreements to be entered into by the Borrower or any of its subsidiaries in connection therewith, (iii) the Borrower shall have delivered to the Agent within 30 days of a request therefor by the Collateral Agent, an estoppel certificate of any lessee in form and substance satisfactory to the Agent, (iv) in each case, the Borrower shall, at its expense, take such action as shall be necessary or as shall be reasonably requested by the Collateral Agent to assign to the Collateral Agent, for the benefit of the Secured Parties, a perfected security interest in its rights under such lease and other agreements, including the execution, delivery and recording of an Assignment of Leases and Rents substantially in the form of Exhibit C, (v) after giving effect to the entering into of such lease, no Default or Event of Default shall have occurred and be continuing, (vi) promptly after execution of such lease, an executed copy of such lease and a certificate of an officer of the Borrower certifying that such lease complies with the provisions of this Section 7.02(l) shall be delivered to the Agent and (vii) the lease or sublease of such space: (A) shall not result in the representations and warranties contained in the related Mortgage or in this Agreement to be untrue, (B) shall not result in any material adverse effect on the value or operations of the related Mortgaged Property as a Truckstop, (C) shall have no effect on the Collateral Agent's Lien on the remaining Land under the related Mortgage, (D) shall not restrict ingress and egress to, the operation of or in any way interfere with the business currently conducted on the Mortgaged Property and (E) shall be done and conducted, as applicable, in accordance with all material laws, rules, regulations or statutes (including any zoning, building, Environmental and Safety Laws, ordinances, codes

or approvals or any building permits) or any restrictions of record or agreements affecting the Mortgaged Property;

(m) Liens on the properties described on Schedule 7.03;

(n) Liens on National's real property on which is located National's Truckstop in Santa Nella, CA; and

(o) Liens on National's Certificate of Deposit, face amount of $4,919,350, County Bank of Los Angeles, CA (the "CBLA Certificate of Deposit") to secure Indebtedness permitted by Section 7.01(q), provided that the Borrower shall cause such Lien to be released and terminated (and shall provide to the Collateral Agent evidence, reasonably satisfactory to the Collateral Agent, of such release and termination) not later than the three-month anniversary of the Restatement Closing Date.

SECTION 7.03. Sale and Lease-Back Transactions. Enter into any arrangement, directly or indirectly, with any Person whereby it shall sell, lease or transfer any property, real or personal, used or useful in the business of the Borrower or its subsidiaries, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold, leased or transferred (any such transaction, a "Sale and Lease-Back Transaction"), other than (a) any Sale and Lease-Back Transactions involving the properties described on Schedule 7.03, including any improvements to the properties subject to such Sale and Lease-Back Transactions by such Person, provided that the aggregate lease payments paid by the Borrower and its subsidiaries with respect to such properties in any fiscal year shall not exceed $6,000,000, or (b) any Sale and Lease-Back Transaction with respect to property acquired by the Borrower or any subsidiary thereof following the Restatement Closing Date, if such Sale and Lease-Back Transaction (i) involves a sale by the Borrower or any subsidiary thereof for consideration equal to at least the then-current fair market value of such property and (ii) results in a Capital Lease Obligation or an operating lease permitted by Section 7.11, in either case entered into to finance a Capital Expenditure permitted by Section 7.13 consisting of (A) the initial acquisition by the Borrower or such subsidiary of the property sold or transferred in such Sale and Lease-Back Transaction or (B) the development of a Truckstop on such property.

SECTION 7.04. Investments, Loans and Advances. Purchase, hold or acquire any capital stock, evidences of Indebtedness or other securities of, make or permit to exist any loans or advances to, or make or permit to exist any investment or any other interest in, any other Person, except:

(a) in the case of the Borrower, investments by the Borrower in the capital stock of, and loans to, the Guarantors other than TA Travel and in promissory notes described in Section 7.04(e);

(b) Permitted Investments;

(c) in the case of the Guarantors, pledges and deposits permitted under subsection (f) of Section 7.02;

(d) in the case of the Guarantors, loans or advances to employees in the ordinary course of business in an aggregate amount outstanding to any single employee at any time

not in excess of $10,000 (or, if and to the extent such loans or advances shall be used by such employees solely for relocation expenses, $100,000) and in an aggregate amount outstanding for all employees at any time not in excess of $1,000,000 (which loans and advances shall not be forgiven);

(e) in the case of any Guarantor, promissory notes evidencing loans made by the Borrower to members of such Guarantor's management or the Institutional Investors to enable them to purchase shares of the Borrower's Common Stock, provided that (i) the amount loaned to any single member of management or any single Institutional Investor shall not exceed 50% of the aggregate purchase price of the shares purchased by such member or Institutional Investor with the proceeds of any such loan, (ii) all the shares purchased by such member or Institutional Investor with the proceeds of any such loan shall be retained by such Guarantor for the benefit of the Secured Parties until such time as such loan shall have been repaid, (iii) the aggregate amount of all such loans outstanding at any time shall not exceed $1,500,000, (iv) such loans shall not be forgiven by the Borrower, (v) any shares purchased by any Institutional Investor with the proceeds of any such loan shall be resold to members of the Borrower's management as soon as such a resale may be consummated in accordance with applicable state and federal securities laws and (vi) any member of the Borrower's management who purchases shares pursuant to the preceding clause (v) shall assume all obligations under the loans the proceeds of which were used by such Institutional Investor to purchase such shares;

(f) in the case of the Borrower, investments by the Borrower in the capital stock of, and loans to, TAFSI that are consistent with the limitations on the business of TAFSI set forth in Section 7.08;

(g) in the case of the Borrower and the Guarantors other than TA Travel, investments in connection with (i) Permitted Business Acquisitions, it being understood that the aggregate purchase consideration paid in any such investment shall (A) constitute a Capital Expenditure during the period in which such investment occurs or (B) if and to the extent the Borrower and its subsidiaries are not permitted to incur additional Capital Expenditures under Section 7.13(a) at the time of such investment, constitute a Transition Capital Expenditure during the period in which such investment occurs or (ii) the Additional Permitted Acquisition, it being understood that (A) the Borrower and such Guarantors may fund up to $30,000,000 of the cash purchase price in connection with such acquisition from the Additional Reserve Amount deposited in the Collateral Account and the remainder of the cash purchase price from either their cash on hand and/or the proceeds of Revolving Credit Borrowings to the extent then available and (B) the Additional Permitted Acquisition shall not constitute a Capital Expenditure or Transition Capital Expenditure for purposes of Section 7.13, provided that the Borrower's investments permitted pursuant to this Section 7.04(g) shall be limited to investments in capital stock of, and other equity ownership interests in, the acquired entities and shall not include any operating assets;

(h) intentionally omitted;

(i) in the case of the Borrower, Rate Protection Agreements;

(j) investments not otherwise permitted by this Section 7.04, including without limitation, in the case of the Guarantors and TAFSI, investments in any joint venture (any

such joint venture, a "Permitted Joint Venture"), so long as the amount of all such investments does not exceed $11,000,000 in the aggregate at any time outstanding and none of such investments is prohibited by the Subordinated Note Documents or any comparable documents entered into by the Borrower in connection with Subordinated Note Refinancing Indebtedness (except to the extent waived or consented to by holders of the Subordinated Notes or Subordinated Note Refinancing Indebtedness in accordance with the Subordinated Notes Documents or such comparable documents);

(k) in the case of the Guarantors and TAFSI, intercompany loans and advances to TAFSI and the Guarantors other than TA Travel to the extent permitted under subsections (i), (j) and (m) of Section 7.01;

(l) in the case of the Borrower and Guarantors other than TA Travel, investments by Borrower and such Guarantors in the membership interests of, and loans to, TA Travel, provided that (i) the aggregate amount of all investments by the Borrower and such Guarantors in TA Travel does not exceed $10,000,000 in the aggregate at any time outstanding, and (ii) such investments are to be used by TA Travel solely for the purchase, operation and maintenance of an airplane (or any airplane purchased in replacement thereof) owned by TA Travel (collectively, the "Airplane");

(m) in the case of TA, the investment by TA in the Burns Network in connection with the Burns Acquisition and pursuant to the terms and conditions of the Burns Asset Purchase Agreement;

(n) in the case of the Borrower, repurchases of Subordinated Notes to the extent permitted by clause (v) of Section 7.09(a); and

(o) in the case of National, an investment in the CBLA Certificate of Deposit.

SECTION 7.05. Mergers, Consolidations, Sales of Assets and Acquisitions. Merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, assign, lease, sublease or otherwise dispose of (in one transaction or in a series of transactions) all or any substantial part of the assets (whether now owned or hereafter acquired) or any capital stock of any Guarantor or TAFSI, or purchase, lease or otherwise acquire (in one transaction or a series of transactions) all or any substantial part of the assets of any other Person; provided, however, that the foregoing shall not prohibit:

(a) sales of Permitted Investments for cash;

(b) sales, transfers and other dispositions of used or surplus equipment, vehicles and other assets in the ordinary course of business (to the extent that the Borrower shall have complied with the provisions of Section 2.13(b));

(c) sales of inventory in the ordinary course of business;

(d) sales, transfers and other dispositions of Truckstops and the related assets for at least the then-current fair market value of such assets (other than any such sales, transfers and other dispositions permitted under Section 7.05(g)), with the related Net Cash Proceeds being applied in accordance with the provisions of Section 2.13(b) and the definition of the

term "Prepayment Event", if (i) the aggregate number of Truckstops so sold, transferred or disposed of pursuant to this subsection (d) shall not exceed 10 since the Closing Date, (ii) the aggregate amount of Net Cash Proceeds received by the Borrower in respect of such sales, transfers and dispositions shall not exceed $30,000,000 since the Closing Date, (iii) the consideration received in any such transaction shall consist of immediately available funds in an amount equal to at least 75% of the then-current fair market value of the applicable asset(s) (with any instrument evidencing consideration other than immediately available funds being pledged to the Collateral Agent as Collateral pursuant to the Pledge Agreement), (iv) no Default or Event of Default shall have occurred and be continuing and no such event shall occur as the result of such proposed transaction and (v) prior to any such proposed transaction, the Agent and the Collateral Agent shall have received a certificate of a Financial Officer of the Borrower describing the proposed transaction (including the consideration to be received) and certifying as to the compliance with the foregoing provisions on a prospective basis;

(e) sublicenses by the Borrower, any Guarantor or TAFSI to Franchisees and Network Operators, if any, of the trademarks and servicemarks owned by the Borrower, such Guarantor or TAFSI;

(f) sales, transfers and other dispositions of any portion of a Mortgaged Property in connection with the development of such property as permitted in, and in accordance with, the provisions of Section 10 of the Guarantee Agreement;

(g) sales, transfers and other dispositions of the parcels of real estate listed on Schedule 7.05(g) (which Schedule may be amended by the Borrower from time to time to substitute another parcel of real estate for any parcel of real estate that is then listed on such Schedule and has not been sold, transferred or otherwise disposed of on or prior to the date of such substitution) and the related Truckstop assets, with the related Net Cash Proceeds being applied in accordance with the provisions of Section 2.13(b) and the definition of the term "Prepayment Event";

(h) in the case of TAFSI and the Guarantors other than TA Travel,
(i) the acquisition of assets from, or shares or other equity interests in, any Person in connection with a Permitted Business Acquisition, a Permitted Joint Venture or the Additional Permitted Acquisition, (ii) the merger of any Person with and into one of the Guarantors (other than TA Travel) as required by the definition of the term "Permitted Business Acquisition" or as permitted by the definition of the term "Additional Permitted Acquisition", (iii) the merger of one of the Guarantors (other than TA Travel) with and into any Person as permitted by the definition of the term "Additional Permitted Acquisition" and (iv) the merger of one such Guarantor with and into another such Guarantor (provided that (A) the Borrower provides the Agent and the Collateral Agent with at least 60 days prior notice, (B) the Borrower complies with all of its obligations under
Section 6.10 and (C) immediately after giving effect thereto no Default or Event of Default shall have occurred or be continuing or would result therefrom);

(i) leases permitted by Section 7.08;

(j) sales, leases or other transfers of assets in connection with Sale and Lease-Back Transactions permitted by Section 7.03;

(k) in the case of any Guarantor or TAFSI, any sale, transfer or other disposition of any asset to TAFSI or another Guarantor (other than TA Travel), as the case may be, provided that the aggregate fair market value of all assets transferred to TAFSI by the Guarantors does not exceed $3,000,000; or

(l) in the case of TA, the acquisition of assets from Burns in connection with the Burns Acquisition, provided that such acquisition is consummated pursuant to the terms and conditions of the Burns Asset Purchase Agreement.

SECTION 7.06. Dividends and Distributions. (a) Declare or pay directly or indirectly, any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any shares of its capital stock or directly or indirectly redeem, purchase, retire or otherwise acquire for value any shares of any class of its capital stock or set aside any amount for any such purpose; provided, however, that (i) each of the Guarantors and TAFSI may declare and pay dividends or make other distributions to the Borrower or another Guarantor and
(ii) so long as no Default or Event of Default shall have occurred and be continuing or shall be caused thereby, the Borrower may declare and pay dividends or make other distributions to repurchase or redeem Common Stock of the Borrower (A) from officers, directors or employees of the Borrower who are no longer employed by the Borrower, so long as the aggregate amount of such dividends or other distributions paid (1) during any fiscal year or (2) since the Closing Date shall not exceed the sum of $1,000,000 or $3,000,000, respectively, plus, in each case, the proceeds of any resale of such Common Stock or common stock, as the case may be, to other or new employees, directors or officers of the Borrower made prior to or within 180 days after such repurchases or redemptions and (B) from Operators, so long as the aggregate amount of such repurchases since the Closing Date shall not exceed $15,000,000.

(b) Permit its subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such subsidiary to (i) pay any dividends or make any other distributions on its capital stock or any other interest or (ii) make or repay any loans or advances to the Borrower other than any (A) consensual encumbrances or restrictions incurred as a result of the Tranche A Exchange Note Purchase Agreements or the Subordinated Note Indenture and (B) consensual encumbrances or restrictions that are incurred in connection with any Tranche A Exchange Notes Refinancing Indebtedness or any Subordinated Note Refinancing Indebtedness, provided that such encumbrances or restrictions are no more onerous than the encumbrances and restrictions described in clause (A) above.

SECTION 7.07. Transactions with Affiliates. Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except that the Borrower, TAFSI and each Guarantor may engage in any of the foregoing transactions in the ordinary course of business at prices and on terms and conditions no less favorable to the Borrower, TAFSI or such Guarantor, as the case may be, than could be obtained on an arm's-length basis from unrelated third parties, provided that the foregoing provisions shall not restrict (a) any transaction listed on Schedule 7.07 or (b) any transaction with an Affiliate expressly permitted by this Agreement (including transactions expressly permitted by Section 7.02, 7.04, 7.05 or 7.06).

SECTION 7.08. Business of Borrower, the Guarantors and TAFSI. (a) In the case of the Borrower, engage at any time in any business or business activity other than (A) the ownership of all the outstanding capital stock of one of more Guarantors and of TAFSI, together with the

activities directly related thereto, (B) the exercise of its rights and the performance of its obligations under or contemplated by the Transaction Documents and (C) actions required by law to maintain its status as a corporation.

(b) In the case of each Guarantor other than TA Travel, (i) engage in any activities other than the business currently conducted by it, TA or National and business activities reasonably incidental thereto (including the operation of restaurants) or (ii) lease any Truckstop to a third-party operator, or engage any third-party operator to operate any Truckstop, or otherwise cease to conduct directly the operation of any Truckstop (other than in connection with any sale, lease or other transfer of such Truckstop in accordance with
Section 7.05); provided, however, that such Guarantor may lease Truckstops to creditworthy third-party operators with experience in the operation of similar facilities who shall at the time become Franchisees if (A) in each case, the lease shall (1) provide for payment of rent and all other material amounts payable thereunder at rates at least equal to the fair market rental value as a full-service truckstop facility (using for such purpose the highest number resulting at the time from at least three standard methods of determining fair market rental value), as of the date such lease is executed by such Guarantor, of the entire premises covered by such lease for the term thereof, including any renewal options, (2) require the lessee to use and operate the Truckstop in a manner consistent with industry standards from time to time for the operation of similar facilities and in any event in compliance with the applicable Franchise Agreement as of the date such lease is executed by such Guarantor, (3) have a term not longer than 10 years, provided that such lease may be renewed for a period of up to 10 years, or successive periods of up to 10 years each, if such lease shall provide for payment of rent and all other material amounts payable thereunder at rates reasonably believed by such Guarantor, as of the date such lease or renewal is entered into, to be the fair market rental value (determined as aforesaid) of the entire premises covered by such lease for each such period,
(4) contain provisions consistent with and not in conflict with any term, condition, covenant or agreement contained in any Loan Document, (5) require the lessee to deliver estoppel certificates to the Collateral Agent in compliance with clause (D) below, (6) provide that such lease is subject and subordinate in all respects to the applicable Mortgage and may be terminated by such Guarantor in case of default under or termination of the applicable Franchise Agreement and (7) constitute an "operating lease" (not a financing lease) for all purposes, (B) in each case, such Guarantor shall have delivered to the Agent, reasonably in advance of the execution and delivery thereof, copies of such lease and all other agreements to be entered into by such Guarantor in connection therewith, (C) such Guarantor shall have delivered to the Agent within 30 days of a request therefor by the Agent, an estoppel certificate of any lessee in form and substance satisfactory to the Agent, (D) in each case, such Guarantor shall, at its expense, take such action as shall be necessary or as shall be reasonably requested by the Collateral Agent to assign to the Collateral Agent, for the benefit of the Secured Parties, a perfected security interest in its rights under such lease and other agreements, including the execution, delivery and recording of an Assignment of Leases and Rents substantially in the form of Exhibit C, (E) the Interest Expense Coverage Ratio on the date of such lease for the period of four fiscal quarters ending with the last full fiscal quarter immediately preceding such date (giving effect to the entering into of such lease as if it had been entered into on the first day of such period but without giving effect to any transfer to the lessee of the obligation to make capital expenditures that were made by such Guarantor) shall be equal to or greater than the Interest Expense Coverage Ratio for such period (without giving effect to the entering into of such lease), (F) after giving effect to the entering into of such lease, no Default or Event of Default shall have occurred and be continuing and there shall have been no decrease in Consolidated Net Worth, (G) the consideration received by such Guarantor from the lessee in connection with such lease (including any franchise fee and consideration from the sale of inventory or other assets relating to such Truckstop) shall be paid in cash and, in the case of assets, shall equal

the greater of (1) the then-current fair market value of such assets and (2) the book value of such assets as reflected on such Guarantor's financial statements at such time, (H) the lessee shall be an Accredited Lessee (as defined below),
(I) the lessee shall not be a lessee or operator of more than three other Truckstops leased by the Guarantors pursuant to this Section 7.08 (provided that no more than 10 persons may be lessee of more than one Truckstop leased pursuant to this Section 7.08 and no more than five persons may be lessee of more than two Truckstops leased pursuant to this Section 7.08), (J) such lease shall prohibit the lessee from mortgaging such lessee's leasehold interest in the Truckstop or such lease, (K) the rent payable at a fixed or contractual rate under such lease shall equal or exceed 70% of the total rent payable under such lease assuming such lease had been entered into on the first day of the period of four consecutive fiscal quarters ending with the last full fiscal quarter immediately preceding the date of such lease and (L) promptly after execution of such lease, an executed copy of such lease and a certificate of an officer of the Borrower certifying that such lease complies with the provisions of this
Section 7.08 shall be delivered to the Agent; provided, further, that such Guarantor may (i) enter into extensions, renewals and replacements of leases permitted pursuant to Section 7.02(a) and (ii) lease or sublease retail space and office space at any Truckstop to the extent permitted pursuant to Section 7.02(k) and Section 7.02(l).

For purposes of this Agreement, "Accredited Lessee" shall mean with respect to a proposed lessee:

(i) if the proposed lessee is a franchisee of any Guarantor and has, for at least two years prior to the proposed lease, been in compliance with all requirements of such lessee's franchise agreement or franchise agreements with such Guarantor,

(A) if such lessee is not a lessee of any other Truckstop pursuant to this Section 7.08, an "accredited investor" within the meaning of paragraph (a)(5), (a)(6) or (a)(8) of Rule 501 under the Securities Act of 1933, as amended,

(B) if such lessee is (after giving effect to the proposed lease) a lessee of two Truckstops pursuant to this Section 7.08, an "accredited investor" as aforesaid, except that for purposes of paragraph (a)(6) of said Rule 501, the individual and joint income requirements shall be $400,000 and $600,000, respectively, and

(C) if such lessee is (after giving effect to the proposed lease) a lessee of three Truckstops pursuant to this Section 7.08, an "accredited investor" as aforesaid, except that for purposes of paragraph (a)(5) of said Rule 501, the net worth requirement shall be $1,500,000 and for purposes of paragraph (a)(6) of said Rule 5.01, the individual and joint income requirements shall be $600,000 and $900,000, respectively; and

(ii) if the proposed lessee is not a franchisee of any Guarantor or, if the proposed lessee is such a franchisee but has not been such for at least two years in compliance with such lessee's franchise agreement or franchise agreements as described in clause (i) above,

(A) if such lessee is not a lessee of any other Truckstop pursuant to this Section 7.08, an "accredited investor" within the meaning of paragraphs (a)(5) and (a)(6) of said Rule 501 or a partnership or other entity in which each of the equity owners constitutes an "accredited investor" within the meaning of both such paragraphs of said Rule,

(B) if such lessee is (after giving effect to the proposed lease) a lessee of two Truckstops pursuant to this Section 7.08, a person meeting the requirements of subclause (A) above, except that for purposes of paragraph (a)(6) of said Rule 501, the individual and joint income requirements shall be $400,000 and $600, 000, respectively, and

(C) if such lessee is (after giving effect to the proposed lease) a lessee of three Truckstops pursuant to this Section 7.08, a person meeting the requirements of subclause (A) above, except that for purposes of paragraph (a)(5) of said Rule 501, the net worth requirement shall be $1,500,000 and for purposes of paragraph (a)(6) of said Rule, the individual and joint income requirements shall be $600,000 and $900,000, respectively.

(c) In the case of TAFSI, (i) engage in any activities other than the franchising of auto/truckstops and activities incidental thereto in accordance with its past practice, (ii) own or acquire any material assets (other than assets under the Franchise Agreements) or (iii) incur any material liabilities (other than liabilities under the Transaction Documents and Franchise Agreements).

(d) In the case of TA Travel, engage in any activities other than the business of acquiring, operating and maintaining the Airplane, leasing the Airplane to TA and entering into operating agreements with airplane charter companies with respect to the operation of the Airplane from time to time.

SECTION 7.09. Limitations on Debt Prepayments. (a) Optionally prepay, repurchase or redeem or otherwise defease or segregate funds with respect to any Indebtedness for borrowed money (including, in the case of the Borrower, the Subordinated Notes and the Series I Tranche A Exchange Notes); provided, however, that the foregoing shall not prevent the Borrower from (i) making any payment pursuant to Section 2.12 or 2.13, (ii) refinancing of Series I Tranche A Exchange Notes (or Tranche A Exchange Note Refinancing Indebtedness) or the Subordinated Notes (or the Subordinated Note Refinancing Indebtedness) pursuant to, and in accordance with, the provisions of Section 7.01(g) or 7.01(h), respectively (provided that, from and after any such refinancing, this
Section 7.09 shall apply to the Indebtedness incurred in connection with such refinancing), (iii) prepaying or otherwise refinancing any Indebtedness permitted pursuant to clauses (i), (j), (l), (m) or (q) of Section 7.01, (iv) effecting the Series II Tranche A Exchange Note Refinancing or (v) prepaying, repurchasing, redeeming or defeasing up to $15,000,000 aggregate principal amount of the Subordinated Notes during the term of this Agreement (provided that (i) the entire amount of such prepayment, repurchase, redemption or defeasance during any fiscal year shall be funded solely from the sum of (without duplication) (A) the 50% of Excess Cash Flow for the immediately preceding fiscal year (beginning on or after January 1, 1999) that the Borrower is not required pursuant to Section 2.13(c) to apply to prepay obligations outstanding under this Agreement and the outstanding Series I Tranche A Exchange Notes and (B) any portion of the amount available pursuant to the preceding clause (A) with respect to any prior fiscal year (beginning on or after January 1, 1999) other than the immediately preceding fiscal year and not used prior to the current fiscal year to fund the prepayment, repurchase, redemption or defeasance of Subordinated Notes and (ii) immediately after giving effect thereto no Default or Event of Default shall have occurred or be continuing or would result therefrom).

(b) Permit any amendment or modification to the terms of any Subordinated Note, any Subordinated Note Guarantee or the Subordinated Note Indenture if the effect of such amendment or modification is to impose additional or increased scheduled or mandatory repayment, retirement, repurchase or redemption obligations in respect of such Indebtedness or to require any scheduled or mandatory payment to be made in respect of the Subordinated Notes prior to the date that such payment would otherwise be due; or permit any amendment or modification to the terms of the Series I Tranche A Exchange Notes or the Tranche A Exchange Note Purchase Agreements unless made in compliance with Section 7.04 of the Intercreditor Agreement (or the analogous provision, if any, of any successor agreement).

SECTION 7.10. Amendment of Certain Documents and Subordinated Notes. Permit any termination of, or any amendment or modification that in the reasonable judgment of the Agent is adverse in any material respect to the Lenders to, (a) the Certificate of Incorporation (or Certificate of Formation) of the Borrower, TAFSI or any Guarantor, (b) if applicable, the Bylaws of the Borrower, TAFSI or any Guarantor, (c) the Subordinated Notes, the Subordinated Guarantees and the Subordinated Note Indenture, (d) either Environmental Agreement, (e) the Ancillary Agreements and (f) any Asset Purchase Agreement without the prior written consent of the Required Lenders. Without limiting the generality of the foregoing, with respect to the Subordinated Notes, the Subordinated Guarantees and the Subordinated Note Indenture, it is understood that (a) any increase in the interest, fees or other amounts payable in connection therewith, (b) any amendment that imposes additional covenants or events of default or makes more restrictive the covenants or events of default contained therein and (c) any amendment that renders the subordination provisions contained therein less favorable to the Lenders shall in each case require the consent of the Required Lenders.

SECTION 7.11. Limitation on Leases. Create or suffer to exist any obligations on the part of the Borrower or any of its subsidiaries for the payment of rents for any property under leases or agreements to lease, except, in the case of any Guarantor:

(a) (i) leases (other than leases of real property) of such Guarantor entered into in the ordinary course of business and in existence on March 21, 1997, having annual lease payments of less than $250,000 and
(ii) leases of such Guarantor in existence on March 21, 1997, and listed on Schedule 7.11(a) (and, in each case, any extensions, renewals or replacements of such leases, provided that the annual lease payment under any such extension, renewal or replacement shall be no greater than the fair market rental value of the leased property, as of the date of such extension, renewal or replacement for the term of such extension, renewal or replacement);

(b) operating leases entered into after March 21, 1997 by such Guarantor as lessee (i) in the ordinary course of business in a manner and to an extent consistent with historical practices of the networks of Truckstops operated by the Borrower's subsidiaries as of March 21, 1997 and (ii) in connection with Sale and Lease-Back Transactions permitted by
Section 7.03(b), provided that the aggregate annual lease payments under all leases described in this clause (b) shall not exceed $15,000,000;

(c) Capital Lease Obligations incurred by such Guarantor to finance the acquisition of equipment and other property, provided that (i) the aggregate of (A) the aggregate annual rental payments in respect of all such Capital Lease Obligations and (B) any purchase money Indebtedness permitted pursuant to Section 7.01(c) shall not exceed $15,000,000 at

any time outstanding, (ii) each Capital Lease Obligation at the time of its incurrence shall have an average life to maturity greater than the average life to maturity of the outstanding Term Loans, (iii) none of the related leases shall contain financial covenants and (iv) for purposes of Section 7.13, the amount of such aggregate annual rental payments shall be deemed to be Capital Expenditures in the year in which they are incurred;

(d) any fair market value leases entered into by TA or National in connection with the relocation of its offices; and

(e) leases permitted pursuant to Section 7.03(a).

SECTION 7.12. Subsidiaries. After giving effect to the Additional Transactions, in the case of the Borrower, have any direct or indirect subsidiaries other than (a) TA, National, TA Travel and TAFSI, (b) any other direct or indirect wholly owned subsidiary of the Borrower that is organized under the laws of a State within the United States and that becomes a Guarantor pursuant to Section 6.10 and (c) any Permitted Joint Venture that is a direct or indirect subsidiary of the Borrower. Each of TA, National and TAFSI shall remain a wholly owned subsidiary of the Borrower and TA Travel shall remain a wholly owned subsidiary of TA, provided that any Guarantor (other than TA Travel) may be merged into another Guarantor (other than TA Travel) if such merger is permitted by Section 7.05(h)(iv).

SECTION 7.13. Capital Expenditures. (a) In the case of the Borrower and its consolidated subsidiaries, permit Capital Expenditures during any fiscal year, commencing with the fiscal year ending December 31, 1997, to exceed $35,000,000; provided, however, that the amount of permitted Capital Expenditures in any fiscal year shall be increased by (a) an amount equal to 50% of the excess of (i) consolidated EBITDA for the immediately preceding fiscal year over (ii) $70,000,000 and (b) the lesser of (i) 25% of the total amount of permitted Capital Expenditures for the immediately preceding fiscal year (including amounts permitted as a result of the application of clause (a) but excluding any unused Capital Expenditures carried forward to such preceding year) and (ii) the total amount of unused permitted Capital Expenditures for the immediately preceding fiscal year (excluding any unused Capital Expenditures carried forward to such preceding year). Notwithstanding the foregoing, the aggregate amount of Capital Expenditures permitted in any fiscal year shall not exceed $45,000,000.

(b) In the case of the Borrower and its consolidated subsidiaries,
(i) permit Transition Capital Expenditures to exceed (A) during any fiscal year, commencing with the fiscal year ending December 31, 1997, $50,000,000 or (B) during the term of this Agreement, $160,000,000 or (ii) permit the aggregate purchase consideration in connection with Permitted Business Acquisitions that, pursuant to Section 7.04(g), constitutes a Transition Capital Expenditure to exceed $25,000,000 during the term of this Agreement.

SECTION 7.14. Consolidated Net Worth. Permit Consolidated Net Worth at any time to be less than $90,000,000 plus, without duplication, (a) 50% of Net Income for each fiscal quarter (beginning with the fiscal quarter ending June 30, 1997) for which Net Income is positive, plus (b) 100% of the Net Cash Proceeds of any primary offering of equity securities consummated by the Borrower or any Guarantor after the Closing Date, plus (c) 100% of any capital contribution made to the Borrower or any Guarantor after the Closing Date by any holder of their respective capital stock, minus (d) amounts paid to repurchase or redeem Common Stock of the Borrowers from Operators as permitted by Section 7.06(a)(ii).

SECTION 7.15. Current Ratio. Permit on the last day of any fiscal quarter the Current Ratio to be less than 1.00 to 1.00.

SECTION 7.16. Interest Expense Coverage Ratios. (a) Permit the Interest Expense Coverage Ratio for any fiscal year ending on a date set forth below to be less than the ratio set forth opposite such date:

Fiscal Year:	Ratio:
December 31, 1998	1.75
December 31, 1999	2.00
December 31, 2000	2.25
December 31, 2001	2.50
December 31, 2002	2.75
December 31, 2003	3.00
December 31, 2004, and thereafter	3.25

(b) Incur Indebtedness if, after giving effect to the incurrence of such Indebtedness, the ratio of EBITDA to Cash Interest Expense determined on the last day of the most recently completed period of four consecutive fiscal quarters for such period, as if such Indebtedness had been incurred at the beginning of such period, would be less than 1.00 to 1.00.

SECTION 7.17. Leverage Ratio. Permit the Leverage Ratio on any date during any fiscal quarter ending on the last day of or during any period indicated below to be in excess of the ratio set forth opposite such period:

From and Including:	To and Including:	Ratio:
July 1, 1998	December 31, 1998	5.25 to 1.00
January 1, 1999	December 31, 1999	4.75 to 1.00
January 1, 2000	December 31, 2000	4.50 to 1.00
January 1, 2001	December 31, 2001	3.75 to 1.00
January 1, 2002	December 31, 2002	3.25 to 1.00

January 1, 2003 December 31, 2003, and thereafter 3.00 to 1.00

ARTICLE VIII

Events of Default

In case of the happening of any of the following events ("Events of Default"):

(a) any representation or warranty made or deemed made in any Loan Document or any amendment or modification thereof or waiver thereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished pursuant any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan or Swingline Loan or LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or Swingline Loan or any Fee or any other amount (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of three Business Days;

(d) default shall be made in the due observance or performance by the Borrower of any covenant, condition or agreement contained in Section 2.12(d), 2.13(b), 6.01, 6.05, 6.08, 6.11, 6.12, 6.13, Section 9 or 10 of the Guarantee Agreement or in Article VII (other than Section 7.02);

(e) default shall be made in the due observance or performance by the Borrower, any Guarantor or TAFSI of any covenant, condition or agreement contained in any Loan Document (other than those defaults specified in (b), (c) or (d) above) and such default shall continue unremedied for a period of the earlier of (i) 30 days after an executive officer of the Borrower, such Guarantor or TAFSI first becomes aware or should have become aware thereof and (ii) 15 days after notice thereof from the Agent or any Lender to the Borrower, such Guarantor or TAFSI, as applicable;

(f) the Borrower or any of its subsidiaries shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of $2,000,000, when and as the same shall become due and payable (after giving effect to any applicable grace period) or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness (after giving effect to any applicable grace period) if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity;

(g) 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 Borrower or

any of its subsidiaries, or of a substantial part of the property or assets of the Borrower or any of its subsidiaries, 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 Borrower or any of its subsidiaries or for a substantial part of the property or assets of the Borrower or any of its subsidiaries or (iii) the winding-up or liquidation of the Borrower or any of its subsidiaries and such proceeding or petition shall continue undismissed for 30 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Borrower or any of its subsidiaries 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 30 days in any event), any proceeding or the filing of any petition described in paragraph (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its subsidiaries or for a substantial part of the property or assets of the Borrower or any of its subsidiaries, (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;

(i) one or more judgments for the payment of money in an aggregate amount in excess of $2,000,000 (to the extent not covered by insurance) shall be rendered against the Borrower, TAFSI or any Guarantor or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Borrower, TAFSI or any Guarantor to enforce any such judgment;

(j) a Reportable Event or Reportable Events, or a failure to make a required installment or other payment (within the meaning of Section 412(n)(1) of the Code), shall have occurred with respect to any Plan or Plans that reasonably could be expected to result in liability of the Borrower, TAFSI, any Guarantor or any ERISA Affiliate to the PBGC or to a Plan in an aggregate amount exceeding $2,000,000 and, within 30 days after the reporting of any such Reportable Event to the Agent or after the receipt by the Agent of the statement required pursuant to Section 6.06(b)(iii), the Agent shall have notified the Borrower in writing that
(i) the Required Lenders have reasonably determined that, on the basis of such Reportable Event or Reportable Events or the failure to make a required payment, there are reasonable grounds (A) for the termination of such Plan or Plans by the PBGC, (B) for the appointment by the appropriate United States District Court of a trustee to administer such Plan or Plans or (C) for the imposition of a lien in favor of a Plan and (ii) as a result thereof an Event of Default exists hereunder; or a trustee shall be appointed by a United States District Court to administer any such Plan or Plans; or the PBGC shall institute proceedings to terminate any Plan or Plans;

(k) (i) the Borrower, any Guarantor, TAFSI or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan, (ii) the Borrower, such Guarantor, TAFSI or such ERISA Affiliate

does not have reasonable grounds for contesting such Withdrawal Liability or is not in fact contesting such Withdrawal Liability in a timely and appropriate manner and (iii) the amount of the Withdrawal Liability specified in such notice, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date or dates of such notification), either (A) is $2,000,000 or more and the Required Lenders have reasonably determined that the Borrower, such Guarantor, TAFSI or such ERISA Affiliate will not be able to make the payments required in connection with such Withdrawal Liability or (B) is less than $2,000,000 and any payment due as a result of such liability remains unpaid 30 days after such payment is due;

(l) the Borrower, any Guarantor, TAFSI or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if solely as a result of such reorganization or termination the aggregate annual contributions of the Borrower, each Guarantor, TAFSI and each ERISA Affiliate to all Multiemployer Plans that are then in reorganization or have been or are being terminated have been or will be increased over the amounts required to be contributed to such Multiemployer Plans for their most recently completed plan years by an amount exceeding $2,000,000 and the Required Lenders have reasonably determined that the Borrower, such Guarantor, Holdings, TAFSI or such ERISA Affiliate will not be able to make the payments required in connection with such contribution;

(m) there shall have occurred a Change in Control;

(n) any material security interest purported to be created by any Security Document shall cease to be, or shall be asserted by the Borrower, any Guarantor or TAFSI not to be, a valid, perfected, first priority (except as otherwise expressly provided in this Agreement or such Security Document) security interest in the securities, assets or properties covered thereby, except to the extent that any such loss of perfection or priority results from the failure of the Collateral Agent to maintain possession of certificates representing securities pledged under the Pledge Agreement (except to the extent that such loss is covered by a lender's title insurance policy and the related insurer promptly after such loss shall have acknowledged in writing that such loss is covered by such title insurance policy);

(o) any Loan Document shall not be for any reason or shall be asserted by the Borrower, any Guarantor or TAFSI not to be in full force and effect and enforceable in all material respects in accordance with its terms;

(p) the Obligations and the guarantees thereof pursuant to the Guarantee Agreement shall cease to constitute, or shall be asserted by the Borrower or any Guarantor not to constitute, senior indebtedness under the subordination provisions of the Subordinated Notes, the Subordinated Guarantees and the Subordinated Note Indenture (or the provisions of the Subordinated Note Refinancing Indebtedness) or such subordination provisions shall be invalidated or otherwise cease to be a legal, valid and binding obligation of the parties thereto, enforceable in accordance with its terms; or

(q) any material provision of the Guarantee Agreement or any Loan Document shall cease to be in full force and effect and enforceable in accordance with its terms for any reason whatsoever or any Guarantor or TAFSI shall contest or deny in writing the validity or

enforceability of any of its obligations under the Guarantee Agreement or any other Loan Document, as applicable, or the Obligations hereunder shall cease to be entitled to the benefits of any Security Document, this Agreement or the Intercreditor Agreement for any reason whatsoever;

then, and in every such event (other than an event with respect to the Borrower or any of its subsidiaries described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Agent may and, at the request of the Required Lenders, shall (subject to the terms of the Intercreditor Agreement, as long as any Series I Tranche A Exchange Notes are outstanding), by notice to the Borrower, take any of or all the following actions, at the same or different times: (i) terminate forthwith the Commitments and the LC Commitment, (ii) declare the Loans and the Swingline Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans and the Swingline Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding, (iii) require cash collateral as contemplated by Section 3.06 and (iv) exercise any remedies available under any Loan Document or otherwise; and in any event with respect to the Borrower or any of its subsidiaries described in paragraph (g) or (h) above, the Commitments and the LC Commitment shall automatically terminate and the principal of the Loans and the Swingline Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding.

Notwithstanding the foregoing, in the event that a nonpayment default under paragraph (a), (d), or (e) above is solely the result of any Network Operator's failure to perform its obligations to any Guarantor pursuant to any operating lease with such Guarantor permitted by Section 7.08, then, so long as (i) there shall not be a similar failure by more than two other Network Operators and (ii) such Guarantor has rights against such Network Operator (including compelling such Network Operator to cure such default, exercising its self-help remedies as landlord under such operating lease or terminating such operating lease and taking possession of the premises within the time for cure as provided herein) and the Agent, in its reasonable judgment, is satisfied that such Guarantor is diligently and with best efforts prosecuting such enforcement until cure of such default, no Event of Default shall be deemed to have occurred hereunder with respect thereto.

ARTICLE IX

The Agent

In order to expedite the transactions contemplated by this Agreement, The Chase Manhattan Bank is hereby appointed to act as Agent (which term for purposes of this Article shall be deemed to refer to the Agent and the Collateral Agent) on behalf of the Fronting Bank, the Swingline Lender and the Lenders. Each of the Lenders, and each subsequent holder of any Loan by its acceptance thereof, the Fronting Bank and the Swingline Lender hereby irrevocably authorize the Agent to take such actions on their behalf and to exercise such powers as are specifically delegated to

the Agent by the terms and provisions hereof and of the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. The Agent is hereby expressly authorized by the Lenders, the Fronting Bank and the Swingline Lender, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders, the Fronting Bank and the Swingline Lender all payments of principal of and interest on the Loans, the Swingline Loans and LC Disbursements and all other amounts due to the Lenders, the Fronting Bank and the Swingline Lender hereunder, and promptly to distribute to each Lender, the Fronting Bank and the Swingline Lender its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders to the Borrower of any Event of Default specified in this Agreement of which the Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to promptly distribute to each Lender and the Fronting Bank copies of all notices, financial statements and other materials delivered by the Borrower and the Guarantors pursuant to this Agreement as received by the Agent (including notices of an occurrence of any Event of Default).

Neither the Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its, his or her own gross negligence or wilful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower, TAFSI or any Guarantor of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Agent shall not be responsible to the Lenders or the Fronting Bank or the Swingline Lender for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or any other Loan Documents or other instruments or agreements. The Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders and the Fronting Bank. The Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper Person or Persons. Neither the Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Borrower, any Guarantor or TAFSI on account of the failure of or delay in performance or breach by any Lender, the Fronting Bank or the Swingline Lender of any of its obligations hereunder or to any Lender or to the Fronting Bank or to the Swingline Lender on account of the failure of or delay in performance or breach by any other Lender or the Fronting Bank or the Borrower, TAFSI or any Guarantor of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. The Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in food faith by it in accordance with the advice of such counsel.

The Lenders, the Fronting Bank and the Swingline Lender hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

Subject to the appointment and acceptance of a successor Agent as provided below, the Agent may resign at any time by notifying the Lenders, the Fronting Bank, the Swingline Lender and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have

accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Fronting Bank, appoint a successor Agent, which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least $500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations hereunder. After the Agent's resignation hereunder, the provisions of this Article and Sections 6.12(d) and 10.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

With respect to the Loans made by it hereunder the Agent, in its individual capacity and not as Agent, shall have the same rights and powers as any other Lender and may exercise the same as though it were not the Agent, and the Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower, any Guarantor, TAFSI or any Affiliate thereof as if the Agent were not the Agent.

Each Lender, the Fronting Bank, and the Swingline Lender agree (a) to reimburse the Agent, on demand, in the amount of its pro rata share (based on its Commitment hereunder) of any expenses incurred for the benefit of the Lenders, the Fronting Bank and the Swingline Lender by the Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, the Fronting Bank and the Swingline Lender, that shall not have been reimbursed by the Borrower and (b) to indemnify and hold harmless the Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by or asserted against it in its capacity as the Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Borrower, provided that no Lender shall be liable to the Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of the Agent or any of its directors, officers, employees or agents.

Each Lender, the Fronting Bank and the Swingline Lender acknowledge that they have, independently and without reliance upon the Agent, any other Lender, the Fronting Bank or the Swingline Lender and based on such documents and information as they have deemed appropriate, made their own credit analysis and decision to enter into this Agreement and the Intercreditor Agreement. Each Lender, the Fronting Bank and the Swingline Lender also acknowledge that they will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as they shall from time to time deem appropriate, continue to make their own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

ARTICLE X

Miscellaneous

SECTION 10.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed or sent by telex, graphic scanning or other telegraphic communications equipment of the sending party, as follows:

(a) If to the Borrower, TAFSI or any Guarantor, at 24601 Center Ridge Road, Suite 200, Westlake, Ohio 44145-5634, Attention of Edwin P. Kuhn, President and CEO (Telecopy No. (440) 808-3301); with a copy to The Clipper Group, L.P., 650 Madison Avenue, 9th Floor, New York, New York 10022, Attention of Rowan G.P. Taylor (Telecopy No. (212) 940-6055); with a copy to Paul, Weiss, Rifkind, Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019, Attention of Valerie E. Radwaner, Esq. (Telecopy No. (212) 757-3990).

(b) If to the Agent, the Swingline Agent or the Fronting Bank, at 270 Park Avenue, 10th Floor, New York, New York 10017, Attention of William J. Caggiano (Telecopy No. (212) 972-0009); with a copy to The Chase Manhattan Bank Loan and Agency Services Group, One Chase Manhattan Plaza, New York, NY 10081, Attention of Nathaniel Spivey (Telecopy No.
(212) 552-5662).

(c) If to a Lender, at its address (or telecopy number) set forth on Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy or other telegraphic communications equipment of the sender, or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 10.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 10.01. The Agent shall deliver a copy of each Administrative Questionnaire received by it to the Borrower.

SECTION 10.02. Survival of Agreement. All covenants, agreements, representations and warranties made by the Borrower, each Guarantor and TAFSI herein and/or in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders, the Fronting Bank and the Swingline Lender and shall survive the making by the Lenders of the Loans, the making by the Swingline Lender of the Swingline Loans and the issuance of Letters of Credit by the Fronting Bank regardless of any investigation made by the Lenders, the Fronting Bank and the Swingline Lender or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or Swingline Loan or any Fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments and the LC Commitment have not been terminated.

SECTION 10.03. Binding Effect. This Agreement shall become effective when it shall have been executed by the Borrower, the Agent, the Fronting Bank and the Swingline Lender and when the Agent shall have received copies hereof that, when taken together, bear the signatures of each Lender, and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent, the Fronting Bank, the Swingline Lender and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior consent of all the Lenders.

SECTION 10.04. Successors and Assigns. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower, the Agent, the Fronting Bank, the Swingline Lender or the Lenders that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Lender may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement and the Intercreditor Agreement (including all or a portion of its Commitments and the Loans at the time owing to it); provided, however, that (i) except in the case of (A) any assignment to a Lender or an Affiliate of such Lender or, in the case of a non-bank Lender, a Person under common management with such Lender or (B) any assignment to an assignee reasonably acceptable to the Borrower (it being understood that any Lender shall be deemed to be acceptable to the Borrower for purposes of this clause) if such assignment was requested by any Governmental Authority having jurisdiction over the assigning Lender, the Borrower (the consent of which shall not be unreasonably withheld, it being understood that it would be reasonable for the Borrower to withhold such consent in the case of any assignment that would have the result of increasing the number of Lenders) and, if any such assignment includes all or a portion of any Lender's Revolving Credit Commitment, each of the Agent and the Fronting Bank, must give their prior written consent to such assignment, (ii) the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Agent) shall not be less than $5,000,000 (or (i) if the amount of the assigning Lender's Commitment is less than $5,000,000, an amount equal to the amount of such Commitment or (ii) in the case of an assignment by a non-bank Lender to a Person under common management with such non-bank Lender, in an amount not less than $1,000,000), (iii) the parties to each such assignment shall execute and deliver to the Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500 and (iv) the assignee, if it shall not be a Lender, shall deliver to the Agent an Administrative Questionnaire. Upon acceptance and recording pursuant to paragraph (e) of this
Section 10.04, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof (unless waived by the Agent), (i) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and the Intercreditor Agreement and (ii) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement and the Intercreditor Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement and the Intercreditor Agreement, such Lender shall cease to be a party hereto and to the Intercreditor Agreement but shall continue to be entitled to the benefits of Sections 6.12(d) and 10.05 and, with respect only to liabilities of the Borrower thereunder to such Lender that have accrued or otherwise arise by reason of circumstances or events prior to the assignment of its rights and obligations

hereunder, Sections 2.14, 2.16 and 2.20, as well as to any Fees accrued for its account and not yet paid).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows:
(i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Commitments and LC Commitment, and the outstanding balances of its Term Loans and Revolving Credit Loans, in each case without giving effect to assignments thereof that have not become effective, are as set forth in such Assignment and Acceptance; (ii) except as set forth in clause (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto, or the financial condition of the Borrower, any Guarantor or TAFSI or the performance or observance by the Borrower, any Guarantor or TAFSI of any of its obligations under this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement and the Intercreditor Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.04 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the Intercreditor Agreement; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonable incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations that by the terms of this Agreement and the Intercreditor Agreement are required to be performed by it as a Lender.

(d) The Agent shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments and LC Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error and the Borrower, the Agent, the Fronting Bank and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower, the Fronting Bank, and any Lender, at any reasonable time and from time to time upon reasonable prior notice. No assignment pursuant to this Section 10.04 shall be effective unless and until it has been recorded in the Register as provided in this clause (d).

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph
(b) above and the written consent of the Agent to such assignment, the Agent shall (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the

Register and (iii) give prompt notice thereof to the Lenders, the Fronting Bank and the Swingline Lender.

(f) Each Lender may without the consent of the Borrower or the Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided, however, that (i) such Lender's obligations under this Agreement and the Intercreditor Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.14, 2.16 and 2.20 to the same extent as if they were Lenders, provided that the Borrower shall not be required to reimburse the participating lenders or other entities pursuant to Section 2.14, 2.16 or 2.20 in an amount that exceeds the amount that would have been payable thereunder to such Lender had such Lender not sold such participation and (iv) the Borrower, the Agent, the Fronting Bank, the Swingline Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the Intercreditor Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to the Loans or LC Disbursements and to approve any amendment, modification or waiver of any provision of this Agreement (provided that the participating bank or other entity may be provided with the right to approve amendments, modifications or waivers affecting it with respect to (A) any decrease in the Fees payable hereunder with respect to Loans in which the participating bank or other entity has purchased a participation, (B) any change in the amount of principal of, or decrease in the rate at which interest is payable, on the Loans in which the participating bank or other entity has purchased a participation, (C) any extension of the dates fixed for scheduled payments of principal of or interest on the Loans in which the participating bank or other entity has purchased a participation or (D) any release of all or substantially all the Collateral).

(g) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.04, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower, each Guarantor and TAFSI furnished to such Lender by or on behalf of the Borrower, any Guarantor or TAFSI, provided that, prior to any such disclosure of information designated by the Borrower, any Guarantor or TAFSI as confidential, each such assignee or participant or proposed assignee or participant shall execute an agreement whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of such confidential information on terms no less restrictive than those applicable to the Lenders pursuant to Section 10.17.

(h) In the event that Standard & Poor's, Moody's, and Thompson's BankWatch shall, after the date that any Lender becomes a Revolving Lender, downgrade the long-term certificate of deposit ratings of such Lender, and the resulting ratings shall be BBB+ or lower, Baa1 or lower and BBB+ or lower, then the Fronting Bank shall have the right, but not the obligation, at its own expense, upon notice to such Lender and the Agent, to replace (or to request the Borrower to use its reasonable efforts to replace) such Lender with an assignee (in accordance with and subject to the restrictions contained in paragraph (b) above), and such Lender hereby agrees to transfer and assign without representation, warranty or recourse (in accordance with and subject to the restrictions contained in paragraph (b) above) all its interests, rights and obligations in respect of its Revolving Credit Commitment to such assignee; provided, however, that (i) no such assignment shall conflict with any law, rule and regulation or order of any Governmental Authority and (ii) the Fronting Bank or such assignee, as the case may be, shall pay to such Lender in immediately available funds on the

date of such assignment the principal of and interest accrued to the date of payment on the Loans made by such Lender hereunder and all other amounts accrued for such Lender's account or owed to it hereunder.

(i) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(j) The Borrower shall not assign or delegate any of its rights or duties hereunder without the prior written consent of the Agent, the Fronting Bank, the Swingline Lender and each Lender. Except as provided in Section 3.09 and Section 2.21, respectively, neither the Fronting Bank nor the Swingline Lender may assign or delegate any of its respective rights and duties hereunder without the prior written consent of the Borrower and Agent.

SECTION 10.05. Expenses; Indemnity. (a) The Borrower agrees to pay all out-of-pocket expenses incurred by the Agent, the Fronting Bank, the Swingline Lender and the Collateral Agent in connection with the preparation of this Agreement and the other Loan Documents or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby contemplated shall be consummated) or incurred by the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent or any Lender in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents or in connection with the Loans made or the Letters of Credit issued hereunder, including the reasonable fees, other charges and disbursements of Cravath, Swaine & Moore, counsel for the Agent, the Collateral Agent and the Fronting Bank and of local counsel, and, in connection with any such enforcement or protection, the reasonable fees, other charges and disbursements of any other counsel for the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent or any Lender. The Borrower further agrees that it shall indemnify the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent, the Lenders from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery and/or recordation of this Agreement or any of the other Loan Documents.

(b) The Borrower agrees to indemnify the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent and each Lender and each of their respective directors, officers, employees, agents and Affiliates (each such Person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereby or thereto of their respective obligations hereunder or thereunder or the consummation of the Transactions and the other transactions contemplated hereby or thereby, (ii) the use of the Letters of Credit or the proceeds of the Loans and the Swingline Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claim, damages, liabilities or related expenses result from actions or events taking place after any of such Indemnitees takes possession of the Mortgaged Property at issue by foreclosure or transfer in lieu of foreclosure

or are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) The provisions of this Section 10.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transaction, contemplated hereby, the repayment of any of the Loans or the Swingline Loans, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Agent, the Fronting Bank, the Collateral Agent, the Swingline Lender or any Lender. All amounts due under this Section 10.05 shall be payable on written demand therefor.

SECTION 10.06. Right of Setoff. If an Event of Default shall have occurred and be continuing, and the Agent shall have declared, or the Required Lenders shall have requested the Agent to declare, the Loans and the Swingline Loans immediately due and payable pursuant to Article VIII, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower or any Guarantor against any of and all the obligations of such entity now, or hereafter existing under this Agreement and other Loan Documents held by such Lender, irrespective of whether such Lender shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. The rights of each Lender under this Section 10.06 are (i) in addition to other rights and remedies (including other rights of setoff) that such Lender may have and (ii) subject to the terms of the Intercreditor Agreement.

SECTION 10.07. APPLICABLE LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN THE MORTGAGES) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 10.08. Waivers; Amendment. (a) No failure or delay on the part of the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agent, the Fronting Bank, the Swingline Lender, the Collateral Agent and the Lenders hereunder and under the other Loan Document are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement, the Guarantee Agreement or any of the Security Documents nor any provision hereof or thereof may be waived, amended or modified except, in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders, or, in the case of the Guarantee Agreement, or any of the Security Documents, pursuant to an agreement or agreements in writing entered into by the

Borrower, the Collateral Agent (and any of the Guarantors and TAFSI, if they are parties thereto) and consented to by the Required Lenders; provided, however, that no such agreement shall (i) reduce the principal amount of, or extend the scheduled maturity of, any principal of or interest on, any Loan, or forgive any such payment or any part thereof, or reduce the rate of interest on any Loan, without the prior written consent of each Lender adversely affected thereby,
(ii) increase the Commitment or reduce or extend the date for payment of the fees payable to any Lender without the prior written consent of such Lender,
(iii) amend or modify the provisions of Section 2.17, the provisions of this
Section or the definition of the term "Required Lenders" without the prior written consent of each Lender, (iv) release all or substantially all of the Collateral under the Security Documents or any guarantor under the Guarantee Agreement other than as expressly permitted hereunder or under such Security Documents or such Guarantee Agreement without the prior written consent of each Lender, (v) change any provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of prepayments to be made to Lenders holding Loans of any Class differently than those holding Loans of any other Class, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each affected Class,
(vi) waive, in whole or in part, any payment, including any mandatory prepayment, without the written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each affected Class or (vii) change the rights of the Term Lenders to decline mandatory prepayments as provided in Section 2.13(h), without the written consent of Lenders holding a majority in interest of the outstanding Term Loans, and provided further that no such agreement shall amend, modify, or otherwise affect the rights or duties of the Agent, the Fronting Bank, or the Swingline Lender hereunder without the prior written consent of the Agent, the Fronting Bank or the Swingline Lender, as the case may be

(c) Notwithstanding the provisions of paragraph (b) above, as long as any Series I Tranche A Exchange Notes are outstanding the provisions of the Intercreditor Agreement shall supersede any contrary provisions herein regarding consents, amendments, modifications and waivers.

SECTION 10.09. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges that are treated as interest under applicable law (collectively, the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender or the Swingline Lender, shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by such Lender or the Swingline Lender in accordance with applicable laws, the rate of interest payable to such Lender or the Swingline Lender, together with all Charges payable to such Lender or the Swingline Lender, shall be limited to the Maximum Rate.

SECTION 10.10. Entire Agreement. This Agreement and the other Loan Documents and the fee letters referred to in Section 2.05(c) constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 10.11. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY

RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.11.

SECTION 10.12. Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10.13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 10.03.

SECTION 10.14. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 10.15. Jurisdiction; Consent to Service of Process. (a) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against the Borrower or its properties in the courts of any jurisdiction.

(b) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this agreement or the other Loan Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.16. Investment of Certain Escrowed Amounts. (a) In the event that the Borrower or any Guarantor deposits money with the Collateral Agent, or such money is received directly by the Collateral Agent, pursuant to or in connection with (i) the definition of the term "Prepayment Event" (in connection with any deposit of Net Cash Proceeds pending any permitted application of such money contemplated by such definition (other than with respect to any Mortgaged Property Casualty or Condemnation governed by Section 9 of the Guarantee Agreement)) or (ii) Section 9 of the Guarantee Agreement (in connection with any Mortgaged Property Casualty or Condemnation), the Borrower and each Guarantor understands and agrees that (A) such amounts shall be held as collateral for the payment of the Obligations in separate escrow accounts (or sub-accounts of a single escrow account) with the Collateral Agent for the benefit of the Secured Parties, (B) the Collateral Agent shall have exclusive dominion and control over such accounts (or subaccount), (C) other than any interest earned on the investment of such deposits in Permitted Investments, which investments shall be made at the option and sole discretion of the Collateral Agent, such deposits shall not bear interest, (D) interest or profits, if any, on such investments shall accumulate in such accounts (or sub-accounts) and (E) amounts held in such accounts (or sub-accounts) shall be released or applied (1) in the case of Section 9 of the Guarantee Agreement, as provided in (and subject to the provisions of) such Section and (2) in all other cases, upon the demand by the Borrower or the applicable Guarantor in connection with the Borrower's or such Guarantor's application of such amounts within the specified period of time in accordance with the definition of the term "Prepayment Event". Amounts deposited in the Collateral Account pursuant to Section 5.02(z) shall be subject to the terms and conditions of the Collateral Account Agreement and not to this Section 10.16(a).

(b) Nothing in this Section 10.16 shall prevent the Collateral Agent from applying at any time all or any part of the amounts on deposit in the above-contemplated accounts (or subaccounts) to the curing of any Event of Default under this Credit Agreement. The provisions of this Section 10.16 are subject to the provisions of the Intercreditor Agreement so long as any Series I Tranche A Exchange Notes are outstanding.

SECTION 10.17. Confidentiality. Except as otherwise provided in Section 10.04(g), each of the Agent, the Fronting Bank, the Swingline Lender and each of the Lenders agrees to keep confidential (and (i) to cause its respective officers, directors and employees to keep confidential and (ii) to use its commercially reasonable efforts to cause its respective agents and representatives to keep confidential) the Information and all copies thereof, extracts therefrom and analyses or other materials based thereon, except that the Agent, the Fronting Bank, the Swingline Lender or any Lender shall be permitted to disclose Information (a) to such of its respective officers, directors, employees, professional advisors, agents and representatives as need to know such Information, (b) to the extent requested by any regulatory authority, (c) to direct contractual counterparties in swap agreements, provided that any such contractual counterparty agrees to be bound by the provisions of this Section 10.17, (d) to the extent otherwise required by applicable laws and regulations or by any subpoena or similar legal process or (e) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Agreement or (ii) becomes available to the Agent, the Fronting Bank, the Swingline Lender or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, the term "Information" shall mean all financial statements, certificates, reports, agreements and information

(including all analyses, compilations and studies prepared by the Agent, the Fronting Bank, the Swingline Lender or any Lender based on any of the foregoing) that are received from the Borrower and relate to the Borrower, any Guarantor or TAFSI, any shareholder of the Borrower or any employee, customer or supplier of the Borrower, any Guarantor or TAFSI, other than any of the foregoing that were available to the Agent, the Fronting Bank, the Swingline Lender or any Lender on a nonconfidential basis prior to its disclosure thereto by the Borrower, and which are, in the case of Information provided after March 21, 1997, clearly identified at the time of delivery as confidential. The provisions of this Section 10.17 shall remain operative and in full force and effect regardless of the expiration and term of this Agreement. Notwithstanding the foregoing, the parties hereto agree that the filing of any of the Loan Documents or the Tranche A Exchange Note Documents (to the extent necessary in the reasonable judgment of the Collateral Agent after consulting with the Borrower) to properly assure the validity or priority of the Collateral Agent's Lien under any Security Document or to the extent required by local counsel in order to render an opinion in form and substance reasonably satisfactory to the Collateral Agent in connection with such Lien will not result in a violation of the foregoing confidentiality provisions.

SECTION 10.18. Pre-Funding Escrow Arrangements. The Borrower intends that the consummation of the Additional Transactions and the Restatement Closing Date occur on December 3, 1998, and desires that the Lenders make on the Restatement Closing Date substantially simultaneously with the consummation of the Additional Transactions Additional Term Loans in an aggregate principal amount equal to $150,000,000 (such aggregate amount of the Loans to be made on the Restatement Closing Date, the "Initial Loan Amount"). In order to ensure that the Initial Loan Amount will be available at the time of the consummation of the Additional Transactions on the Restatement Closing Date, the Borrower may request, subject to the terms and conditions set forth in Exhibit O, that the Lenders pre-fund (the "Escrow Funding") the Initial Loan Amount by transferring an amount equal to the Initial Loan Amount (such amount, the "Delivered Funds") to an account designated by the Agent (such account, the "Escrow Account") on the Business Day immediately prior to the Restatement Closing Date (the "Escrow Funding Date"). The agreements and understandings set forth in Exhibit O will apply with respect to (a) the arrangements for the Escrow Funding and (b) the release (the "Escrow Release") of the Delivered Funds to the Borrower as the Initial Loan Amount upon the satisfaction of the conditions set forth in Sections 5.01 and 5.02.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

TRAVELCENTERS OF AMERICA, INC.,

by

/s/ James W. George

Name: James W. George
Title: Sr. VP & CFO

THE CHASE MANHATTAN BANK,

by

/s/ Laurie B. Perper

Name: Laurie B. Perper

Title: Vice President

M&T BANK,

by

/s/ R. Buford Sears
Name: R. Buford Sears
Title: Administrative Vice President

CREDIT AGRICOLE INDOSUEZ,

by

/s/ David Bouhl
Name: David Bouhl
Title: Head of Corporate Banking
Chicago

by

/s/ W. Leroy Startz
Name: W. Leroy Startz
Title: First Vice President

NATIONAL CITY BANK,

by

/s/ Chris D. Thornton
Name: Chris D. Thornton
Title: Vice President

THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED, NEW YORK BRANCH,

by

/s/ Koji Sasayama
Name: Koji Sasayama
Title: Deputy General Manager

VAN KAMPEN AMERICAN CAPITAL PRIME RATE INCOME TRUST,

by

/s/ Jeffrey W. Maillet
Name: Jeffrey W. Maillet
Title: Senior Vice President & Director

VAN KAMPEN CLO I, LIMITED,

BY: VAN KAMPEN AMERICAN
CAPITAL MANAGEMENT, INC., AS COLLATERAL MANAGER

by

/s/Jeffrey W. Maillet

Name: Jeffrey W. Maillet
Title: Senior Vice President & Director

MERRILL LYNCH PRIME RATE PORTFOLIO,

BY: MERRILL ASSET MANAGEMENT, L.P., AS INVESTMENT ADVISOR

by

/s/ Gilles Marchand

Name: Gilles Marchand
Title: Authorized Signatory

MERRILL LYNCH SENIOR FLOATING RATE FUND, INC.,

by

/s/ Gilles Marchand

Name: Gilles Marchand
Title: Authorized Signatory

ML CLO XX PILGRIM (CAYMAN) LTD. (as assignee)

BY: PILGRIM INVESTMENTS, INC. AS ITS INVESTMENT MANAGER

by

/s/ Jason T. Groom

Name: Jason T. Groom
Title: Assistant Vice President

SENIOR DEBT PORTFOLIO,

BY: BOSTON MANAGEMENT AND
RESEARCH AS INVESTMENT ADVISOR

by

/s/ Payson F. Swaffield

Name: Payson F. Swaffield
Title: Vice President

KZH CRESCENT-3 LLC,

by

/s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

KZH CRESCENT LLC,

by

/s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

BOEING CAPITAL CORPORATION,

by

/s/ Daniel O. Anderson

Name: Daniel O. Anderson
Title: Vice President - Operations

ALLSTATE LIFE INSURANCE COMPANY,

by

/s/ David Walsh

Name: David Walsh
Title: Authorized Signatory

by

/s/ Patricia W. Wilson

Name: Patricia W. Wilson
Title: Authorized Signatory

BANK OF TOKYO - MITSUBISHI TRUST COMPANY,

by

/s/ Tomoki Kubo

Name: Tomoki Kubo
Title: Vice President

THE HUNTINGTON NATIONAL BANK,

by

/s/ Timothy M. Ward

Name: Timothy M. Ward
Title: Vice President

THE FUJI BANK, LIMITED, NEW YORK **BRANCH,**

by

/s/ Teiji Teramoto

Name: Teiji Teramoto
Title: Vice President and Manager

BALANCED HIGH - YIELD FUND I LTD.,

BY: BHF-BANK AKTIENGESELLSCHAFT
acting through its New York Branch as
Attorney-in-Fact

by

/s/ John Sykes
Name: John Sykes
Title: Vice President

by

/s/ Hans J. Scholz
Name: Hans J. Scholz
Title: Assistant Vice President

NATEXIS BANQUE BFCE,

by

/s/ Frank H. Madden, Jr.
Name: Frank H. Madden, Jr.
Title: Vice President

by

/s/ William C. Maier
Name: William C. Maier
Title: Senior Vice President

PARIBAS CAPITAL FUNDING LLC,

by

/s/ Jeffrey J. Youle
Name: Jeffrey J. Youle
Title: Director

PINEHURST TRADING, INC.,

by

/s/ Allen D. Shifflet
Name: Allen D. Shifflet
Title: President

STAR BANK, NATIONAL ASSOCIATION,

by

/s/ Mark A. Whitson

Name: Mark A. Whitson
Title: Vice President

KZH III LLC,

by

/s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

PAMCO CAYMAN LTD.,

BY: HIGHLAND CAPITAL
MANAGEMENT, L.P., AS
COLLATERAL MANAGER

by

/s/ Mark Okada

Name: Mark Okada
Title: Executive Vice President

KZH SOLEIL -2 LLC,

by

/s/ Virginia Conway

Name: Virginia Conway
Title: Authorized Agent

THE TRAVELERS INSURANCE
COMPANY,

by

/s/ Allen R. Cantrell

Name: Allen R. Cantrell
Title: Investment Officer

MASSACHUSETTS MUTUAL LIFE
INSURANCE COMPANY INC.,

by

/s/ John B. Wheeler

Name: John B. Wheeler
Title: Managing Director

CYPRESSTREE INVESTMENT FUND, L.L.C.,

BY: CYPRESSTREE INVESTMENT
MANAGEMENT COMPANY, INC.
ITS MANAGING MEMBER

by

/s/ Timothy M. Barns

Name: Timothy M. Barns
Title: Managing Director

CYPRESSTREE SENIOR FLOATING RATE FUND,

BY: CYPRESSTREE INVESTMENT
MANAGEMENT COMPANY, INC.,
AS PORTFOLIO MANAGER

by

/s/ Timothy M. Barns

Name: Timothy M. Barns
Title: Managing Director

NORTH AMERICAN SENIOR FLOATING RATE FUND,

BY: CYPRESSTREE INVESTMENT
MANAGEMENT COMPANY, INC.
AS PORTFOLIO MANAGER

by

/s/ Timothy M. Barns

Name: Timothy M. Barns
Title: Managing Director

KZH CYPRESSTREE - 1 LLC,

by

/s/ Virginia Conway

Name: Virginia Conway
Title: Auhtorized Agent

CYPRESSTREE INSTITUTIONAL FUND, LLC,

BY: CYPRESSTREE INVESTMENT
MANAGEMENT COMPANY, INC.
ITS MANAGING MEMBER

by

/s/ Timothy M. Barns

Name: Timothy M. Barns

Title: Managing Director

EXHIBIT 10.8

TRAVELCENTERS OF AMERICA, INC.

SUPPLEMENTAL AGREEMENT

Dated as of November 24, 1998

amending the

Senior Secured Note Exchange Agreement dated as of March 21, 1997 (as amended)

Re: 8.94% Series I Senior Secured Notes Due 2002

[Exhibits B-1, B-2 and D-1 through H set forth in Annex IV to the Supplemental Agreement have been conformed to the documents as executed and delivered. Annex V to the Supplemental Agreement contain photocopies of the legal opinions as delivered on the Effective Date. Also annexed to this document is a copy of the Amended Credit Agreement (without exhibits) referred to in section 1 of the Supplemental Agreement, as executed and delivered.]

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TRAVELCENTERS OF AMERICA, INC.

SUPPLEMENTAL AGREEMENT

as of November 24, 1998

Re: 8.94% Series I Senior Secured Notes Due 2002

TO THE SEVERAL NOTEHOLDERS WHOSE NAMES APPEAR IN THE ACCEPTANCE FORM AT THE END HEREOF

Ladies and Gentlemen:

TRAVELCENTERS OF AMERICA, INC., a Delaware corporation (the "Company"), hereby agrees with you as follows:

Section 1. Note Agreement and the Notes; Proposed Amendments. Pursuant to the Senior Secured Note Exchange Agreement dated as of March 21, 1997, as amended by the Amendment and Waiver Agreement dated as of March 1, 1998 (as so amended the "Note Agreement"), entered into by the Company with each of you, the Company issued and sold $35,500,000 aggregate principal amount of its 8.94% Series I Senior Secured Notes due 2002 (the "Fixed Rate Notes") and $50,000,000 aggregate principal amount of its Series II Senior Secured Notes due 2005 (the "Floating Rate Notes"). Unless the context otherwise requires, capitalized terms used herein without definition have the respective meanings ascribed thereto in the Note Agreement.

Concurrently with the effectiveness of this Supplemental Agreement, the Credit Agreement is being amended and restated pursuant to a Credit Agreement dated as of March 21, 1997, as amended and restated as of November 24, 1998 (the "Amended Credit Agreement"), and the Company intends to prepay the Floating Rate Notes pursuant to Section 5.2 of the Note Agreement. In connection therewith the Company proposes to amend the Note Agreement as hereinafter set forth (the Note Agreement as so amended is sometimes called the "Amended Note Agreement").

Section 2. Representations and Warranties of the Company. The Company represents and warrants to you as follows:

A. Organization, Authorization, Etc. Each of the Company, TAFSI and the Guarantors is a corporation or limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power and authority to execute, deliver and perform its obligations under this Supplemental Agreement and the Amended Note Agreement.

The execution and delivery of this Supplemental Agreement and the performance of this Supplemental Agreement and the Amended Note Agreement have been duly authorized by all necessary corporate and, if required, stockholder action on the part of the Company. This Supplemental Agreement and the Amended Note Agreement are legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

B. Compliance with Laws, Other Instruments, Etc. The execution, delivery and performance by the Company of this Supplemental Agreement and the Amended Note Agreement do not and will not (i) violate (A) any provision of any law, statute, rule or regulation, other than any law, statute, rule or regulation, the violation of which will not result in a Material Adverse Effect, or of the certificate of incorporation, certificate of formation, or other constitutive documents or by-laws of the Company, any Guarantor or TAFSI, (B) any order of any Governmental Authority or (C) any provision of any material indenture, agreement or other instrument to which the Company, the Guarantors or TAFSI is a party or by which any of them or any of their property (including the Mortgaged Property) or assets is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien (other than any Lien created under the Security Documents) upon or with respect to any property or assets now owned or hereafter acquired by the Company, any Guarantor or TAFSI.

C. Governmental Authorizations, Etc. No approval, authorization or consent of, or registration, filing or declaration with, any state, federal or local governmental body is required in connection with the execution, delivery or performance by the Company of this Supplemental Agreement, except such as have been made or obtained and are in full force and effect and other than filings, recordings and approvals (i) to record deeds and leases with respect to real properties, (ii) to record and/or perfect the Liens created by the Security Documents, (iii) to record a leasehold memorandum, if currently unrecorded, in respect of any leasehold interest to which a Leasehold Mortgage relates, and (iv) that are not material to the Company, any Guarantor or TAFSI, individually or in the aggregate.

D. No Default, etc. Except as set forth in a letter from the Company delivered to the Noteholder prior to the date hereof, no Event of Default or Default has occurred and is continuing, and neither the Company, any Guarantor nor TAFSI is in default (whether or not waived) in the performance or observance of any of the terms, covenants or conditions contained in any instrument evidencing any Indebtedness and there is no pending request by the Company, a Guarantor or TAFSI for any amendment or waiver in respect of any contemplated or possible default with respect to such Indebtedness and no event has occurred and is continuing which, with notice or lapse of time or both, would become such a default.

E. No Undisclosed Fees. Except for prepayment of the Floating Rate Notes pursuant to Section 5.2 of the Note Agreement on the Effective Date referred to below and except for the fees described in Section 2.05 of the Amended Credit Agreement the Company has not, directly or indirectly, paid or caused to be paid any consideration (as supplemental or additional interest, a fee or otherwise) to any holder of Notes or any Lender in order to induce such holder to enter into this Supplemental Agreement or to induce such Lender to enter into the Amended Credit Agreement or to induce such holder or Lender to take any other action in connection with the transactions contemplated hereby, nor has the Company agreed to make any such payment.

F. Delivery of Documents. The Company has provided to each Noteholder true and complete copies of all documents executed by or provided by the Company to the Collateral Agent and to the Lenders under the Credit Agreement.

G. Notes Not Held by Company, Etc. Neither the Company nor any Subsidiary or Affiliate of the Company directly or indirectly owns any of the Notes.

H. Other Representations and Warranties. The representations and warranties of the Company contained in Article IV of the Amended Credit Agreement are true and correct in all material respects on and as of the date of such Amended Credit Agreement. The schedules to the Amended Credit Agreement with respect to the representations and warranties of the Company set forth in Article IV of the Amended Credit Agreement are set forth in Annex II hereto.

Section 3. Representation of the Noteholder. You represent to the Company that you are the beneficial owner of Fixed Rate Notes in the aggregate unpaid principal amount set forth below your name in the acceptance form of this Supplemental Agreement.

Section 4. Consent of the Amended Credit Agreement; Release of Certain Collateral.

A. Pursuant to Section 7.12 of the Intercreditor Agreement, by acceptance of this Supplemental Agreement, you hereby consent to the modifications of the Credit Agreement as reflected in the Amended Credit Agreement.

B. Pursuant to Section 13 of the Note Agreement and Section 7.12 of the Security Agreement, by acceptance of this Supplemental Agreement, you hereby consent to the release of certain real property previously included in the Collateral, as contemplated and reflected in the Amended Credit Agreement.

Section 5. Amendments of the Note Agreement, Etc. The Note Agreement is amended pursuant to Section 13 thereof

A. by changing Sections 1, 5 to 7, inclusive, 9, 10.1, 13(a) and 16.6 to read in their entirety as respectively set forth in Annex I hereto,

B. by changing Schedules 1.1(a), 5.2(b), 6.14, and 7.1-7.11(a), inclusive, thereto to read in their entirety as set forth in Annex III hereto, and

C. by changing the Exhibits thereto to read in their entirety as set forth in Annex IV hereto.

Section 6. Effectiveness of this Supplemental Agreement. This Supplemental Agreement will become effective on the date (the "Effective Date") on which all of the following conditions precedent shall have been satisfied:

A. Proceedings. All proceedings taken by the Company in connection with the transactions contemplated hereby and all documents and papers incident thereto shall be satisfactory to you, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents and papers, all in form and substance satisfactory to you, as you or they may reasonably request in connection therewith.

B. Execution of this Supplemental Agreement. Counterparts of this Supplemental Agreement shall have been executed and delivered by the Company and the holders of all of the outstanding Fixed Rate Notes.

C. Representations and Warranties, Etc. The representations and warranties of the Company contained in Section 2 of this Supplemental Agreement shall be true in all material respects on and as of the Effective Date as though such representations and warranties had been made on and as of the Effective Date, except to the extent such representations and warranties expressly relate to an earlier date or that there are changes to the factual information contained in such representations and warranties that do not reflect any violation of or failure to comply with any provision of the Amended Credit Agreement, and you shall have received a certificate of a senior financial officer of the Company, dated the Effective Date, to such effect and to the effect that the conditions in Subsections D and F of this Section 6 have been complied with by the Company.

D. Floating Rate Notes. The Company shall have prepaid in full the Floating Rate Notes as described above.

E. Credit Agreement Documents. The Amended Credit Agreement and the other Credit Agreement Documents, as amended and restated as of the Effective Date, and any other document executed in connection therewith, shall have been duly executed and delivered by the parties thereto in form and substance reasonably satisfactory to the Noteholder and shall be in full force and effect and the Noteholder shall have received an executed counterpart of each such document.

F. Restatement Closing Date under the Amended Credit Agreement. The transactions to be consummated under the Amended Credit Agreement for the Restatement Closing Date defined therein shall have been consummated, upon satisfaction of the conditions precedent thereto in Section 5.02 of the Amended Credit Agreement. The Noteholder shall have received true and complete copies of each certificate, opinion or other writing then or theretofore delivered to any party to the Amended Credit Agreement in respect of the satisfaction of such conditions precedent (without duplication as to conditions specifically set forth in this Section 6), and in the case of opinions of counsel or other experts not addressed to the Noteholder, an appropriate reliance letter addressed to the Noteholder.

G. Opinion of Counsel. You shall have received an opinion, dated the Effective Date, addressed to you and otherwise satisfactory in scope and substance to you, from Paul, Weiss, Rifkind, Wharton & Garrison and Steven C. Lee, General Counsel of the Company, substantially in the form as set forth in Annex V to this Supplemental Agreement, and each local counsel listed on Schedule 5.2(b) of the Amended Note Agreement, and covering such other matters incident to the transactions contemplated hereby as you may reasonably request.

H. Payment of Fees. The Company shall have paid the fees and disbursements and other charges of your special counsel as contemplated by Section 8 of this Supplemental Agreement.

Section 7. Notation of Notes. Prior to any transfer of an outstanding Note by the holder thereof, such holder may either make a notation on such Note to reflect this Supplemental Agreement or surrender such Note for a new Note in accordance with Section 11 of the Amended Note Agreement. Any Note executed and delivered after the Effective Date shall either bear such a notation or the text of such Note shall be modified to make reference to this Supplemental Agreement.

Section 8. Expenses. Without limiting the generality of Section 16.1 of the Amended Note Agreement, the Company agrees to pay the reasonable fees and disbursements and other charges of Willkie Farr & Gallagher, your special counsel, for their services rendered in connection with the transactions contemplated hereby and with respect to this Supplemental Agreement and any other document delivered pursuant to this

Supplemental Agreement and reimburse you for your out-of-pocket expenses in connection with the foregoing.

In furtherance of the foregoing, on the Effective Date the Company will pay or cause to be paid the reasonable fees and disbursements and other charges of Willkie Farr & Gallagher which are reflected in the statement of Willkie Farr & Gallagher delivered to the Company prior to the Effective Date. The Company will also pay promptly upon receipt of supplemental statements therefor, reasonable additional fees, if any, and disbursements and other charges of Willkie Farr & Gallagher in connection with the transactions contemplated hereby (including disbursements and other charges unposted as of the Effective Date).

Section 9. Ratification. Except as amended hereby, the Note Agreement is in all respects ratified and confirmed and the provisions thereof shall remain in full force and effect.

Section 10. Counterparts. This Supplemental Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 11. Governing Law. This Supplemental Agreement shall be governed by and construed in accordance with New York law.

If you are in agreement with the foregoing, please sign the form of acceptance in the space below provided, whereupon this Supplemental Agreement shall become a binding agreement between you and the Company, subject to becoming effective as hereinabove provided.

TRAVELCENTERS OF AMERICA, INC.

/s/ James W. George

By: JAMES W. GEORGE
Senior Vice President and
Chief Financial Officer

ACCEPTED AND AGREED:

THE TRAVELERS INDEMNITY COMPANY

/s/ Robert M. Mills
By: ROBERT M. MILLS
Investment Officer

Principal Amount of Notes Held: $12,000,000

THE TRAVELERS INSURANCE COMPANY

/s/ Robert M. Mills
By: ROBERT M. MILLS
Investment Officer

Principal Amount of Notes Held: $10,000,000

THE TRAVELERS LIFE AND ANNUITY COMPANY

/s/ Robert M. Mills
By: ROBERT M. MILLS
Investment Officer

Principal Amount of Notes Held: $5,000,000

OHIO NATIONAL LIFE ASSURANCE CORPORATION

/s/ Michael A. Boedeker
By: MICHAEL A. BOEDEKER
Vice President, Fixed Income Securities

Principal Amount of Notes Held: $5,000,000

THE OHIO NATIONAL LIFE INSURANCE COMPANY

/s/ Michael A. Boedeker
By: MICHAEL A. BOEDEKER
Vice President, Fixed Income Securities

Principal Amount of Notes Held: $3,500,000

ANNEX I
(to Supplemental Agreement)

[Amended Sections 1, 5-7, inclusive,
9, 10.1, 13(a) and 16.6]

* * * * *

1. THE ORIGINAL NOTES AND THE RECAPITALIZATION; THE NOTES; ADDITIONAL TRANSACTIONS

Capitalized terms used in this Agreement shall have the meanings assigned thereto in Section 9.

1.1. The Original Notes.

National Auto/Truckstops, Inc., a Delaware corporation ("National"), is a wholly-owned Subsidiary of the Company. In order to provide the financing for the acquisition of a truckstop network (the "National Network"), National issued $65,000,000 aggregate principal amount of its 8.76% Senior Secured Notes due 2002 (the "National Notes"). In order to provide the financing for the acquisition of another truckstop network (the "TA Network" and, together with the National Network, the "Network"), TA Operating Corporation, a Delaware corporation ("TA"), which is a wholly-owned Subsidiary of the Company, issued $25,000,000 aggregate principal amount of its Senior Secured Notes due 2002 (the "TA Notes" and, together with the National Notes, the "Original Notes").

1.2. The RECAPITALIZATION.

In March 1997 the Company was recapitalized and restructured pursuant to a series of transactions in which, inter alia, (a) TA became a direct wholly-owned Subsidiary of the Company, (b) TA Franchise Systems Inc., a Delaware corporation ("TAFSI"), became a direct wholly-owned Subsidiary of the Company, (c) National and TA repaid certain outstanding Indebtedness, and (d) the obligations of National in respect of the National Notes and TA in respect of the TA Notes were discharged. The transactions described in the preceding sentence are sometimes collectively referred to as the "Recapitalization".

In order to finance the Recapitalization (i) the Company issued $125,000,000 aggregate principal amount of its Senior Subordinated Notes due 2007 (the "Subordinated Notes"),

(ii) $4,500,000 unpaid principal amount of TA Notes were redeemed, (iii) the Company issued the Notes and the Floating Rate Notes in exchange for all unredeemed Original Notes pursuant to the several Senior Secured Note Exchange Agreements dated as of March 21, 1997 (the "Original Exchange Agreements") between the Company and the institutional investors named in Schedule I thereto, (iv) the Company entered into the Original Credit Agreement and borrowed $80,000,000 under the Existing Term Loan Facility thereunder, and (v) the Company made capital contributions or advances to National and TA in amounts sufficient to enable National and TA to discharge their respective existing Indebtedness and to pay accrued interest on the Original Notes, transaction costs and other related expenses.

1.3. The Notes.

As part of the Recapitalization, the Company has duly authorized an issue of its 8.94% Series I Senior Secured Notes due 2002 in an aggregate principal amount of $35,500,000 (the "Notes"), each such note to mature, bear interest and otherwise be substantially in the form of Exhibit A hereto. As used herein, the term "Notes" shall include all notes originally issued pursuant to this Agreement and the other agreements referred to in Section 4.27 and all notes delivered in substitution or exchange for any of said notes and, where applicable, shall include the singular number as well as the plural.

1.4. Additional Transactions.

Concurrently with the effectiveness of the Supplemental Agreement, the Original Credit Agreement is being amended and restated in order to (a) increase the commitments under the Term Loans by an aggregate amount of $150,000,000 (the "Additional Term Loans"), (b) permit the Company to acquire Burns' Travel Stops Division, (c) prepay the Floating Rate Notes pursuant to Section 5.2 of the Original Exchange Agreements, (d) permit the Company under certain conditions to effect the Additional Permitted Acquisition, (e) release certain real property previously included in the Collateral and (f) effect other amendments to the Original Credit Agreement. The transactions described in the foregoing clauses (a) and (b), together with the amendment and restatement of the Original Credit Agreement and the amendment to this Agreement pursuant to the Supplemental

Agreement, are referred to herein collectively as the "Additional Transactions".

The proceeds of the Additional Term Loans to be made by the Lenders are being used on and after the Restatement Closing Date solely to (i) fund the cash purchase price of approximately $55,000,000 to be paid in connection with the Burns Acquisition, (ii) prepay the Floating Rate Notes, (iii) fund up to $30,000,000 of the cash purchase price to be paid in connection with the Additional Permitted Acquisition, (iv) fund anticipated capital expenditures of the Company and its Subsidiaries and (v) pay the fees and expenses incurred in connection with the Additional Transactions.

1.5. Security for the Notes.

Effective as of the Restatement Closing Date, the Notes will be unconditionally guaranteed by National, TA and TA Travel (individually, a "Guarantor" and collectively with each other Person that is or becomes a party to the Guarantee Agreement as a guarantor, and the permitted successors and assigns of each such Person, the "Guarantors"), pursuant to an amended and restated guarantee agreement, substantially in the form of Exhibit B-1 hereto, between the Guarantors (other than TA Travel)and the Collateral Agent and a guarantee agreement, substantially in the form of Exhibit B-2 hereto, between TA Travel and the Collateral Agent (collectively, the "Guarantee Agreement"). Effective as of the Restatement Date, the Notes will be secured, equally and ratably with the Term Facility and the Revolving Credit Facility (including the Swingline Loans and the Letters of Credit) respectively provided pursuant to the Credit Agreement, by the Security Documents, including, inter alia, (a) mortgages, leasehold mortgages, deeds of trust and assignments of leases and rents, substantially in the form of Exhibit C-1 hereto, from National or TA to the Collateral Agent covering the Mortgaged Properties (collectively the "Original Mortgages"), as respectively amended by any applicable Mortgage Amendment (as so amended, the "Mortgages"), (b) the Airplane Mortgage, substantially in the form of Exhibit C-2 hereto (b) an amended and restated security agreement, substantially in the form of Exhibit D-1 hereto, between the Company, the Guarantors (other than TA Travel) and TAFSI and the Collateral Agent and a security agreement, substantially in the form of Exhibit D-2 hereto, between the Company, TA Travel and the Collateral Agent (collectively, the "Security Agreement"), (c) an amended and

restated pledge agreement, substantially in the form of Exhibit E hereto, between the Company, the Guarantors and TAFSI and the Collateral Agent (the "Pledge Agreement"), (d) an amended and restated collateral assignment, substantially in the form of Exhibit F hereto, from the Company, the Guarantors and TAFSI to the Collateral Agent providing for the assignment to the Collateral Agent of the Environmental Agreements, the Ancillary Agreements, the Franchise Agreements, the Rate Protection Agreements and certain other agreements specified in such Collateral Assignment (the "Collateral Assignment"), (e) one or more amended and restated lockbox agreements between the Company, the Guarantors and TAFSI and the Collateral Agent (and a sub-agent as appropriate), in the form provided for in the Security Agreement (collectively the "Lockbox Agreements"), (f) an amended and restated trademark security agreement, substantially in the form of Exhibit G hereto, between the Company, the Guarantors and TAFSI and the Collateral Agent (the "Trademark Security Agreement") and (g) an amended and restated Collateral Account Agreement. Effective as of the Restatement Closing Date, the respective rights of the holders of the Notes and the Lenders party to the Credit Agreement with respect to the Collateral and other matters shall be governed by an amended and restated master collateral and intercreditor agreement, substantially in the form of Exhibit H hereto, among the Noteholders, such Lenders and the Collateral Agent (the "Intercreditor Agreement").

* * * * *

5. PREPAYMENT OF NOTES.

In addition to the payment of the entire unpaid principal amount of the Notes at the final maturity date thereof, the Company will make required, and may make optional, prepayments of the Notes as hereinafter provided.

5.1. Required Prepayment.

On June 30, 2001, December 31, 2001 and June 30, 2002 the Company will prepay $8,875,000 aggregate principal amount of the Notes (or, if less, the unpaid balance thereof), at the principal amount to be prepaid, together with accrued interest on such principal amount to the date of such prepayment, without premium, whether or not any optional prepayment has been or is being made pursuant to Section 5.2; provided that upon any partial prepayment of the Notes pursuant to Section 5.3 or 5.4,

the principal amount of each required prepayment of the Notes becoming due under this Section 5.1 on and after the date of such partial prepayment shall be reduced in the same proportion as the aggregate unpaid principal amount of the Notes is reduced as a result of such partial prepayment.

5.2. Optional Prepayments.

The Company, upon not less than 10 or more than 30 days' prior written notice of the date and amount of optional prepayment to the holders of the Notes, may prepay at any time all or from time to time any part (in an integral multiple of $1,000,000) of the Notes, upon payment of the principal amount so to be prepaid, together with accrued interest on such principal amount to the date of such prepayment and the Make-Whole Premium.

5.3. Prepayments in Connection with Available Proceeds.

(a) If at any time the Company shall have Available Proceeds (as hereinafter defined), the Company will, promptly and in any event within five days after such Available Proceeds are identified as such, give written notice thereof to the holders of the Notes, which notice shall contain an irrevocable offer by the Company to apply to the prepayment of the Notes (pro rata according to the respective unpaid principal amounts of Notes held by each such holder) an amount (rounded to the nearest $1,000) equal to such Available Proceeds, such prepayment to be made on a date (the "Available Proceeds Prepayment Date") specified in such notice (which date shall be not less than 10 days and not more than 30 days after the date of such notice), in each case at the principal amount so to be prepaid, together with accrued interest on such principal amount to the Available Proceeds Prepayment Date but without premium. Each holder of a Note may reject such offer (in whole but not in part with respect to any Note) and shall be deemed to have rejected such offer unless such holder shall have accepted such offer by notice delivered to the Company in writing or by telecopy (or by telephone promptly confirmed in writing or by telecopy) at least three Business Days prior to the Available Proceeds Prepayment Date. If any such holder shall have rejected (or be deemed to have rejected) such prepayment offer, such holder shall not be deemed to have waived its rights under this
Section 5.3 with respect to any later prepayment offer. A holder of more than one Note may exercise its option under this Section in respect of all or any one of its Notes. If any holder of Notes rejects or is

deemed to have rejected such prepayment offer, then on the Available Proceeds Prepayment Date the share of such Available Proceeds attributable to such Notes shall be applied to the prepayment of obligations outstanding under the Credit Agreement in accordance with paragraphs (e) and (f) of Section 2.13 thereof (or the analogous provisions, if any, in respect of Refinancing Indebtedness).

(b) The Company shall, not less than two Business Days prior to the Available Proceeds Prepayment Date, deliver to each holder of Notes a notice specifying (i) the aggregate principal amount of all Notes to be prepaid by the Company on the Available Proceeds Prepayment Date, and (ii) the principal amount of Notes held by such holder to be prepaid on the Available Proceeds Prepayment Date.

(c) [Intentionally Omitted].

(d) In the case of any Prepayment Event or other event giving rise to Available Proceeds, in respect of which the Company is required to prepay Loans, Swingline Loans and Letters of Credit pursuant to Section 2.13 of the Credit Agreement (or the analogous provisions in respect of Credit Agreement Refinancing Indebtedness) prior to the Available Proceeds Prepayment Date, the Company will, concurrently with such prepayment pursuant to the Credit Agreement (or in respect of Credit Agreement Refinancing Indebtedness), make effective provision whereby the Available Proceeds are placed in escrow with the Collateral Agent until the Available Proceeds Prepayment Date whereupon such amounts shall be applied to prepayments under this Section 5.3 (or the analogous provisions in respect of Refinancing Indebtedness).

(e) "Available Proceeds" means, at any date of determination,

(i) in the case of Net Cash Proceeds resulting from a Prepayment Event, an amount equal to the Pro Rata Share of the holders of the Notes in respect of such Net Cash Proceeds, and

(ii) in the case of any fiscal year of the Company, commencing with the fiscal year ending on December 31, 1999, for which Excess Cash Flow exists, 50% of Excess Cash Flow for such fiscal year less the portion, if any, of such percentage applied (or required concurrently to be applied)

pursuant to Section 2.13(c) of the Credit Agreement (or the analogous provisions in respect of Credit Agreement Refinancing Indebtedness) to the prepayment of obligations under the Credit Agreement (or in respect of Credit Agreement Refinancing Indebtedness).

The Company will furnish to the holders of the Notes, concurrently with the financial statements and other information furnished pursuant to Sections 6.4(a) and (b), a certificate of a Financial Officer of the Company containing computations in reasonable detail showing whether any Available Proceeds existed during the fiscal period covered by such financial statements and the source of such Available Proceeds.

5.4. Prepayment in Connection with a Change in Control.

Promptly and in any event within five Business Days after the occurrence of a Change in Control, the Company will give written notice thereof to the holders of the Notes, which notice shall (a) describe the Change in Control in reasonable detail and specify the Change in Control Prepayment Date and the Response Date (as respectively defined below) in respect thereof, (b) contain an irrevocable offer by the Company to prepay all Notes at the prices specified below on the date therein specified (the "Change in Control Prepayment Date"), which shall be not less than 20 nor more than 45 days after the date of such notice, and (c) state that such offer is conditioned upon acceptance thereof by the Required Holders. Each holder of a Note shall notify the Company of such holder's acceptance or rejection of such offer by giving written notice of such acceptance or rejection to the Company at least 10 days prior to the Change in Control Prepayment Date (the "Response Date"). If the Required Holders accept such offer, the Company shall, no later than two days after the Response Date, send written notice of such acceptance to each holder of a Note which had rejected such offer, which notice shall advise each such holder that it may, by notice to the Company no later than five days prior to the Change in Control Prepayment Date, rescind its prior rejection and accept such offer. The failure by the holder of a Note to respond to such offer in writing on or before the Response Date shall be deemed to be a rejection of such offer by such holder in respect of such Change in Control. The Company shall (but only if the Required Holders shall have accepted such offer as provided above) prepay on the Change in Control Prepayment Date all of the Notes held by the holders as to which such offer has

been so accepted, at the unpaid principal amount of each such Note, together with accrued interest thereon to the Change in Control Prepayment Date and the Make-Whole Premium with respect to such Note. If the Required Holders fail to accept such offer, such offer shall be deemed to be rejected (and any acceptances thereof shall be ineffective) and the Company shall give written notice thereof to the holders of all Notes no more than five days after the Response Date. If any holder shall reject such prepayment offer and, if applicable, not exercise its right to rescind such rejection, such holder shall be deemed to have waived its rights under this Section 5.4 to require prepayment of all Notes held by such holder in respect of such Change in Control but not in respect of any subsequent Change in Control. A holder of more than one Note may exercise its option under this Section 5.4 in respect of all or any one of such Notes.

5.5. Obligation to Prepay after Notice; Make-Whole Computation.

The principal amount of the Notes designated for prepayment in any notice of optional prepayment given pursuant to Section 5.2 shall become due and payable on the date fixed for prepayment, together with accrued interest on such principal amount to the date of such prepayment and the amount of any Make-Whole Premium. Two Business Days prior to the date fixed for any prepayment under this Agreement that includes a Make-Whole Premium, the Company will furnish to each holder of a Note being so prepaid a certificate signed by a Financial Officer of the Company setting forth in reasonable detail the computation and the methodology and assumptions made in connection therewith and attaching a copy of the source of the market data by which the Treasury Yield was determined in connection with such computation.

5.6. Application of Prepayments.

Each prepayment of less than all outstanding Notes pursuant to
Section 5.1 or 5.2 shall be applied by the Company pro rata, as nearly as may be, to all outstanding Notes according to the respective unpaid principal amounts thereof.

5.7. Note Purchase Prohibition.

The Company will not, and will not permit any of its Affiliates to, directly or indirectly acquire any Note, by purchase or otherwise, except (a) by way of payment or prepayment

thereof by the Company in accordance with the provisions of the Notes and of this Agreement or (b) pursuant to an offer to purchase made by any such Affiliate and which complies with the following conditions:

(i) such offer shall require such Affiliate to purchase Notes on the same terms and conditions, pro rata among all Notes tendered; and

(ii) such purchase shall not be made, directly or indirectly, in connection with and in anticipation of or in consideration of any waiver or amendment of any provision of this Agreement or any Transaction Document.

Promptly and in any event within five Business Days after each such purchase of Notes, the Company will furnish each holder of the Notes with a certificate of a Financial Officer describing such purchase (including the aggregate principal amount of Notes so purchased and the purchase price therefor) and certifying that such purchase was made in compliance with the requirements of this Section.

6. AFFIRMATIVE COVENANTS.

The Company covenants and agrees that, so long as any of the Notes shall remain outstanding, the Company will and will cause each of its Subsidiaries to:

6.1. Existence; Businesses and Properties; Keep Books.

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence.

(b) Do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its business; maintain and operate such business in substantially the manner in which it is currently conducted and operated; comply in all material respects with all material applicable laws, rules, regulations and statutes (including any zoning, building, Environmental and Safety Law, ordinance, code or approval or any building permits or any restrictions of record or agreements affecting the Mortgaged Property) and decrees and orders of any Governmental Authority, whether now in effect or

hereafter enacted; and at all times maintain and preserve all property material to the conduct of such business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

(c) Maintain all financial records in accordance with GAAP.

6.2. Insurance.

(a) Keep (and/or cause the related Network Operator, if any, to keep) the Company's properties (including Improvements and Personal Property (each as defined in the Mortgages)) insured at all times by financially sound and reputable insurers against loss by fire, casualty and such other hazards as may be afforded by an "all risk" policy or a fire policy covering "special" causes of loss, including building ordinance law endorsements; cause all such policies to be endorsed or otherwise amended to include a "standard" or "New York" lender's loss payable endorsement, in form and substance reasonably satisfactory to the Required Holders and the Collateral Agent, which endorsement shall provide that, from and after the Closing Date, the insurance carrier shall pay all proceeds otherwise payable to the Company, the applicable Guarantor or the applicable Network Operator under such policies directly to the Collateral Agent unless (i) the amounts so payable shall not exceed $50,000 and (ii) the insurance carrier shall not have received written notice from any holder of a Note or the Collateral Agent that an Event of Default has occurred and, if received, such notice shall not have been withdrawn (with the Required Holders agreeing to withdraw such notice if the related Event of Default shall have been cured and no other Event of Default shall then exist); cause all such policies to provide that neither the Company, the Guarantors, any holder of a Note, the Collateral Agent nor any other party shall be a coinsurer thereunder and to contain a "Replacement Cost Endorsement", without any deduction for depreciation, and such other provisions as the Required Holders or the Collateral Agent may reasonably require from time to time to protect their or its interest; deliver (and/or cause the related Network Operator, if any, to deliver) original or certified copies of all such policies to the Collateral Agent; cause each such policy to provide that it shall not be canceled,

modified or not renewed (i) by reason of nonpayment of premium upon not less than 10 days' prior written notice thereof by insurer to the Collateral Agent or
(ii) for any other reason upon not less than 30 days' prior written notice thereof by insurer to the holders of the Notes and the Collateral Agent; deliver to the holders of the Notes and the Collateral Agent, prior to the cancellation, modification or nonrenewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Collateral Agent) together with evidence satisfactory to the Collateral Agent of payment of the premium therefor; and cause each all risk policy maintained by the Company or any Guarantor to be endorsed to provide for a waiver by the related insurer of all its rights to recovery against any Network Operator for damage covered by such policy.

(b) If at any time the area in which the Premises (as defined in the Mortgages) are located is designated (i) a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency, obtain (and/or cause the related Network Operator, if any, to obtain) flood insurance in such total amount as the Collateral Agent or the Required Holders may from time to time require, and otherwise comply with the National Flood Insurance Program as set forth in said Flood Disaster Protection Act of 1973, as it may be amended from time to time, or (ii) a "Zone 1" area, obtain (and/or cause the related Network Operator, if any, to obtain) earthquake insurance in such total amount as the Collateral Agent or the Required Holders may from time to time require.

(c) With respect to any Mortgaged Property, carry and maintain (and/or cause the related Network Operator, if any, to maintain) comprehensive general liability insurance including the "broad form CGL endorsement" and coverage on an occurrence basis against claims made for personal injury (including bodily injury, death and property damage) and umbrella liability insurance against any and all claims, in no event for a combined single limit of less than $5,000,000, naming the Collateral Agent as an additional insured, on forms satisfactory to the Collateral Agent.

(d) Notify (and/or cause the related Network Operator, if any, to notify) the holders of the Notes and the Collateral Agent immediately whenever any separate insurance concurrent in form or contributing in the event of loss with that required to

be maintained under this Section 6.2 is taken out by the Company, any Guarantor or any Network Operator; and promptly deliver to the Collateral Agent a duplicate original copy of such policy or policies.

(e) Use its reasonable efforts to cause the Phase II Consultant (as defined in the Environmental Agreements) to maintain, and name the Company as an additional insured wherever permissible under the contracts of insurance, coverage at levels at least as high as set forth in Schedule 6.2(e).

(f) In connection with the covenants set forth in this Section 6.2, it is understood and agreed as follows:

(i) Neither the Noteholder nor the holders from time to time of the Notes, nor their agents or employees shall be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 6.2, it being understood that (A) the Company shall look, and shall cause each Guarantor to look, solely to its insurance company or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance company shall have no rights of subrogation against the Noteholder or any such holder or their agents or employees. If, however, the insurance policies do not provide waiver of subrogation rights against such parties, as requested above, then the Company hereby agrees, to the extent permitted by law, to waive its right of recovery, if any, against the Noteholder, the holders from time to time of the Notes and their agents and employees.

(ii) The designation of any form, type or amount of insurance coverage by the Noteholder, any holder of a Note or the Collateral Agent under this Section 6.2, shall in no event be deemed a representation, warranty or advice by the Noteholder, such holder or the Collateral Agent that such insurance is adequate for the purposes of the Company's and each Guarantor's business or the protection of the Company's and each Guarantor's properties and the Required Holders and the Collateral Agent shall have the right from time to time to require the Company to keep (and/or cause any Guarantor or the related Network Operator, if any, to keep) other insurance in such form and amount as the Required Holders or the Collateral Agent may reasonably request, provided that

such insurance shall be obtainable on commercially reasonable terms.

6.3. Obligations and Taxes.

Pay its Indebtedness and other obligations promptly and in accordance with their terms and pay and discharge promptly when due all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise that, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required with respect to any such obligation, tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Company, a Guarantor or TAFSI, as applicable, shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP and such contest operates to suspend collection of the contested obligation, tax, assessment or charge and enforcement of a Lien and, in the case of a Mortgaged Property, there is no risk of forfeiture of such property.

6.4. Financial Statements, Reports, Etc.

Furnish to each holder of a Note (in duplicate):

(a) as soon as available, and in no event later than 105 days (or 90 days during any time that the Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended) after the end of each fiscal year, the consolidated and consolidating balance sheets and related statements of income and cash flow, showing the consolidated financial condition of the Company and its consolidated Subsidiaries as of the close of such fiscal year and the results of their operations during such year, all audited by PriceWaterhouseCoopers LLP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present the consolidated financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as available, and in no event later than 60 days (or 45 days during any time that the Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended) after the end of each of the first three fiscal quarters of each fiscal year, the unaudited consolidated and consolidating balance sheets and related statements of income and changes in financial position, showing the consolidated financial condition of the Company and its consolidated Subsidiaries as of the close of such fiscal quarter and the results of their operations during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by a Financial Officer of the Company as fairly presenting the consolidated financial condition and results of operations of the Company and its consolidated Subsidiaries in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes required by GAAP;

(c) concurrently with any delivery of financial statements under subsection (a) or (b) above, a certificate of the accounting firm or a Financial Officer of the Company opining on or certifying such statements (which certificate, when furnished by an accounting firm, may be limited to accounting matters and disclaim responsibility for legal interpretations) (i) certifying that no Event of Default or Default has occurred during the period covered by such financial statements or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail demonstrating compliance with the covenants contained in Sections 7.13, 7.14, 7.15, 7.16 and 7.17;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Company or any of its Subsidiaries with the Securities and Exchange Commission, or any governmental authority succeeding to any of or all the functions of said Commission, or with any national securities exchange, or made generally available to its other security holders, or distributed to its shareholders, as the case may be;

(e) a copy of all solicitations or requests for any proposed waiver or amendment of any of the provisions of the Credit Agreement Documents or Subordinated Note Documents (but

only if the consent or approval of holders of the Notes is required in connection therewith);

(f) promptly following the preparation thereof, copies of each management letter prepared by the Company's, any Guarantor's or TAFSI's auditors (together with any response thereto prepared by the Company, such Guarantor or TAFSI);

(g) as soon as available, and in any event no later than 105 days after the end of each fiscal year of the Company, historical summary data for the immediately preceding year and forecasted financial projections and summary data through the end of the then-current fiscal year, in substantially the same form and format as set forth in Section 11 of the 1998 Confidential Information Memorandum (including a specification of the underlying assumptions and a management discussion of historical results), all certified by a Financial Officer of the Company to be a fair summary of its results and its good faith estimate of the forecasted financial projections and results of operations for the period through the then-current fiscal year;

(h) upon the earlier of (i) 105 days after the end of each fiscal year of the Company and (ii) the date on which the financial statements with respect to such period are delivered pursuant to subsection (a) above, a certificate of a Financial Officer of the Company setting forth, in reasonable detail, the amount of Excess Cash Flow, if any, for such period;

(i) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of the Company, any Guarantor or TAFSI, or compliance with the terms of any Financing Document, as such holder may reasonably request;

(j) promptly, a copy of any amendment or waiver of any provisions of any agreement referred to in Section 7.10, any amendment or waiver of any provision of the Credit Agreement Documents not requiring the consent or approval of holders of the Notes;

(k) promptly, a copy of any notice of a default received by the Company, any Guarantor or TAFSI under any other Financing Document;

(l) promptly, a copy of any notice of default received by the Company, any Guarantor or TAFSI (i) from the Agent or any

Lender under the Credit Agreement or (ii) under the Subordinated Note Indenture; and

(m) a copy of all notices (other than regarding any scheduled or mandatory repayments), certificates, financial statements and reports, as and when delivered by or on behalf of the Company, any Guarantor or TAFSI (i) to the Agent or any Lender under the Credit Agreement or (ii) under the Subordinated Note Indenture (except to the extent any such notice, certificate, financial statement or report is otherwise required to be delivered pursuant to this Agreement).

6.5. Litigation and Other Notices.

Furnish to each holder of a Note prompt written notice of the occurrence of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Company or any Affiliate thereof that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect; and

(c) any development that has resulted in, or could reasonably be anticipated to result in, a Material Adverse Effect.

6.6. ERISA.

(a) Comply in all material respects with the applicable provisions of ERISA.

(b) Furnish to each holder of a Note (i) as soon as possible, and in any event within 30 days after any Responsible Officer of the Company or any Guarantor or any ERISA Affiliate either knows or has reason to know that any Reportable Event has occurred, as to which the Company, any Guarantor, TAFSI or any ERISA Affiliate was or is required to file a report with the PBGC, that alone or together with any other Reportable Event could reasonably be expected to result in liability of the Company, any Guarantor, TAFSI or any ERISA Affiliate to the PBGC

in an aggregate amount exceeding $2,000,000, a statement of a Financial Officer of the Company setting forth details as to such Reportable Event and the action proposed to be taken with respect thereto, together with a copy of the notice, if any, of such Reportable Event given to the PBGC, (ii) promptly after receipt thereof, a copy of any notice the Company, any Guarantor, TAFSI or any ERISA Affiliate may receive from the PBGC relating to the intention of the PBGC to terminate any Plan or Plans (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) or to appoint a trustee to administer any Plan or Plans, (iii) within 10 days after the due date for filing with the PBGC pursuant to Section 412(n) of the Code of a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer of the Company, such Guarantor or TAFSI, as applicable, setting forth details as to such failure and the action proposed to be taken with respect thereto, together with a copy of such notice given to the PBGC and (iv) promptly and in any event within 30 days after receipt thereof by the Company, any Guarantor, TAFSI or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Company or any ERISA Affiliate concerning (A) the imposition of Withdrawal Liability or (B) a determination that a Multiemployer Plan is, or is expected to be, terminated or in reorganization, in each case within the meaning of Title IV of ERISA.

6.7. Access to Properties and Inspections.

Permit any representatives designated by the Noteholder or any other institutional holder of a Note to visit and inspect the financial records and the properties of the Company, any Guarantor and TAFSI at reasonable times and upon reasonable notice and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any representatives designated by any such holder to discuss the affairs, finances and condition of the Company, the Guarantors and TAFSI or any properties of Company with, and to be advised as to the same by, their officers, employees, environmental consultants and other experts and independent accountants (and by this provision the Company, the Guarantors and TAFSI authorize such consultants and accountants to discuss such affairs, finances and accounts, whether or not a representative of the Company, any Guarantor or TAFSI is present), all at such reasonable times and to such reasonable extent as such holder may

desire; and the Company, the Guarantors and TAFSI jointly and severally agree to pay all out-of-pocket expenses incurred by the Noteholder and each such holder in connection with the Noteholder's or such holder's exercise of rights pursuant to this Section 6.7 at any time while a Default or Event of Default has occurred and is continuing.

6.8. [Intentionally Omitted].

6.9. Fiscal Year.

Cause its fiscal year to end on December 31 of each year.

6.10. Further Assurances.

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all further action (including filing Uniform Commercial Code and other financing statements, mortgages and deeds of trust) that may be required under applicable law, or which the Required Holders or the Collateral Agent may reasonably request, in order to effectuate the transactions contemplated by the Transaction Documents and in order to grant, preserve, protect and perfect the validity and first priority of the security interests created or intended to be created by the Security Documents. In addition, from time to time, each of the Company, each Guarantor and TAFSI will, at its cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created, perfected security interests with respect to such of its assets and properties as the Required Holders shall designate (it being understood that it is the intent of the parties that the Obligations shall be secured by, among other things, substantially all the assets of the Company, the Guarantors and TAFSI (including real and other properties acquired subsequent to the Restatement Closing Date)). Such security interests and Liens will be created under the Security Documents and other security agreements, mortgages, deeds of trust and other instruments and documents in form and substance satisfactory to the Required Holders, and each of the Company, each Guarantor and TAFSI shall deliver or cause to be delivered to all holders of the Notes all such instruments and documents (including legal opinions, title insurance policies and lien searches) as the Required Holders shall reasonably request to evidence compliance with this Section 6.10. Each of the Company and each Guarantor

agrees to provide such evidence as the Required Holders shall reasonably request as to the perfection and priority status of each such security interest and Lien.

(b) To the extent that the Company, TAFSI or any Guarantor (other than TA Travel) is not already a party to a Lockbox Agreement, within 90 days following the Restatement Closing Date, enter into Lockbox Agreements with financial institutions reasonably acceptable to the Collateral Agent.

(c) In the event that TA Travel acquires any replacement Airplane, cause TA Travel, within 30 days of the purchase thereof, to grant to the Collateral Agent a valid and perfected first-priority security interest in the replacement Airplane pursuant to documentation in form and substance reasonably satisfactory to the Collateral Agent.

(d) If any additional direct or indirect Subsidiary of the Company is organized or acquired by the Company after the Restatement Closing Date, (i) notify the holders of the Notes and the Collateral Agent of such Subsidiary's organization or acquisition, (ii) cause such Subsidiary, simultaneously with its organization or acquisition, to execute and become a party to the Guarantee Agreement, the Indemnity and Subrogation Agreement, the Security Agreement and each applicable other Security Document in favor of the Collateral Agent and to execute and become a party to the Intercreditor Agreement and (iii) if any shares of capital stock or other equity interest or Indebtedness of such Subsidiary are owned by or on behalf of the Company or any Guarantor, cause such Person, simultaneously with such Subsidiary's organization or acquisition, to pledge to the Collateral Agent such shares, evidence of such other equity interests and promissory notes evidencing such Indebtedness pursuant to the Pledge Agreement. The Company agrees to provide such evidence as the Collateral Agent shall reasonably request as to the perfection and priority status of each security interest and Lien created pursuant to such Security Documents.

6.11. Rate Protection Agreements.

In the case of the Company, have in effect or enter into within 150 days following the Restatement Closing Date Rate Protection Agreements required to be maintained under the Credit Agreement.

6.12. Environmental and Safety Laws.

(a) Comply with, and use its best efforts to ensure compliance by all tenants and subtenants (including each Network Operator, if any) with, all Environmental and Safety Laws and obtain and comply with and maintain, and use its best efforts to ensure that all tenants and subtenants (including each Network Operator, if any) obtain and comply with and maintain, any and all licenses, approvals, registrations or permits required by Environmental and Safety Laws, except to the extent that failure to so comply or to obtain and comply with and maintain such licenses, approvals, registrations and permits, individually or in the aggregate, does not have and could not reasonably be expected to result in a Material Adverse Effect.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions, required under Environmental and Safety Laws and promptly comply with all lawful orders and directives of all Governmental Authorities respecting Environmental and Safety Laws, except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings, individually or in the aggregate, would not have a Material Adverse Effect.

(c) Notify the holders of the Notes of any of the following that, individually or in the aggregate, is likely to have a Material Adverse Effect:

(i) any Environmental Claim that the Company, any Guarantor or TAFSI receives, including one to take or pay for any remedial, removal, response or cleanup or other action with respect to any Hazardous Substance contained on any property owned or leased by the Company, such Guarantor or TAFSI;

(ii) any notice of any alleged violation of or knowledge by the Company, any Guarantor or TAFSI of a condition that might reasonably result in a violation of any Environmental and Safety Law;

(iii) any commencement or threatened commencement of any judicial or administrative proceeding or investigation alleging a violation or potential violation of any requirement of any Environmental and Safety Law by the Company, any Guarantor or TAFSI; and

(iv) any Release or threat of Release which, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect, based on an objective standard.

(d) Without limiting the generality of Section 16.4, indemnify the Noteholder, the Collateral Agent and each holder from time to time of the Notes and each of their respective directors, officers, employees, agents and Affiliates (each such person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses (including reasonable counsel fees, expert and consultant fees, charges and disbursements) of whatever kind or nature arising out of, or in any way relating to, the violation of, noncompliance with or liability under any Environmental and Safety Laws applicable to the operations of the Company or any Guarantor or to the Mortgaged Properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorneys' and consultants' fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnitee seeking indemnification therefor. The obligation of the Company under this Section shall survive the payment of the Notes.

6.13. Material Contracts.

Maintain in full force and effect (including, without limitation, exercising any available renewal option and without amendment or modification) all its material contracts (including each operating lease permitted by Section 7.8) unless the failure so to maintain such contracts (or the amendments or modifications thereto), individually or in the aggregate, would not have a Material Adverse Effect, and promptly notify the holder of each Note of each failure to comply with this Section 6.13.

6.14. Certificates of Occupancy, Permits and Zoning.

(a) Within 270 days following the Restatement Closing Date, the Company shall deliver, to the extent not previously delivered, the following documents to the Collateral Agent for Mortgaged Properties set forth on Schedule 6.14 having (x) 80% of

the aggregate value of all Mortgaged Properties set forth on such Schedule that were not Mortgaged Properties on March 21, 1997 (the "New Mortgaged Properties") and (y) 80% of the aggregate value of the Mortgaged Properties (other than any New Mortgaged Properties) set forth on such Schedule that have Additional Improvements (as defined below):

(i) (A) a copy of the original permanent certificate or certificates of occupancy or completion, as the same may have been amended or issued from time to time, covering (x) if such Mortgaged Property is a New Mortgaged Property, any material improvement located upon such Mortgaged Property (an "Acquired Improvement") or (y) if such Mortgaged Property is not a New Mortgaged Property, any material improvement located upon such Mortgaged Property that was constructed after March 21, 1997 (an "Additional Improvement" and the Acquired Improvements and Additional Improvements are collectively the "New Improvements"), in each case that were required to have been issued by the appropriate Governmental Authority for such New Improvement or (B) a letter from an appropriate Governmental Authority stating that at the time of construction certificates of occupancy were not required for each such New Improvement for which a certificate as described above has not been delivered if reasonably requested by the Collateral Agent and suitable evidence of the date of construction of each New Improvement on such Mortgaged Property;

(ii) without limiting the Company's obligations under Section 6.12, a copy of all material licenses, permits and authorizations (other than certificates of occupancy or completion, all applications, plans and filings necessary for the issuance of any such certificate and all licenses, permits and authorizations that were no longer required once any such certificate was issued) that were necessary for the construction of each New Improvement located upon the Mortgaged Property or that are necessary for the current operation of such New Improvement; and

(iii) one of the following: (A) written confirmation from the applicable zoning commission or other appropriate Governmental Authority stating that, with respect to each Mortgaged Property as built, it complies with existing land use and zoning ordinances, regulations and restrictions applicable to such property, (B) an opinion from local

counsel acceptable to the Collateral Agent to the same effect as covered by clause (A) above or (C) a zoning endorsement satisfactory to the Collateral Agent in connection with the Collateral Agent's mortgagee title insurance policy of such Mortgaged Property.

(b) After the Restatement Closing Date, the Company shall use commercially reasonable efforts to obtain (and promptly upon obtaining the same deliver to the Collateral Agent):

(i) estoppel certificates from ground lessors of any Mortgaged Property dated not earlier than September 1, 1998;

(ii) estoppel certificates from each Network Operator of each Mortgaged Property dated not earlier than March 21, 1997; and

(iii) to the extent not already obtained, subordination and attornment agreements from each Network Operator of each New Mortgaged Property, unless the related operating lease by its terms, is subject and subordinate to the Lien of the applicable Mortgage or Leasehold Mortgage.

7. NEGATIVE COVENANTS.

The Company covenants and agrees that, so long as any of the Notes shall remain outstanding, the Company will not and will not permit any of its Subsidiaries to:

7.1. Indebtedness.

Incur, create, assume or permit to exist any Indebtedness, except:

(a) Indebtedness existing on March 21, 1997 and set forth on Schedule 7.1 (but not any extensions, renewals or replacements of such Indebtedness);

(b) Indebtedness represented by the Notes;

(c) in the case of the Guarantors, Indebtedness consisting of purchase money Indebtedness incurred in the ordinary course of business after the Closing Date to finance Capital Expenditures or Transition Capital Expenditures permitted under Section 7.13; provided, however, that (i) for purposes of Section 7.13 the aggregate principal amount of any such

Indebtedness shall be deemed to be a Capital Expenditure or a Transition Capital Expenditure, as the case may be, at the time incurred or assumed, (ii) the aggregate of (A) the aggregate principal amount of Indebtedness permitted pursuant to this subsection and (B) all Capital Lease Obligations permitted pursuant to Sections 7.1(d) and 7.11(c) shall not exceed $25,000,000 at any time outstanding and (iii) such Indebtedness is incurred within 90 days after the making of the Capital Expenditures or Transition Capital Expenditures financed thereby;

(d) in the case of the Guarantors other than TA Travel, Indebtedness in respect of Capital Lease Obligations permitted under Section 7.11(c);

(e) in the case of the Company or any Guarantor, Indebtedness in respect of fuel-supply hedging agreements and arrangements, provided that any such agreements or arrangements shall have been entered into for bona fide hedging purposes pursuant to a written fuel-supply hedging policy approved by the board of directors of the Company;

(f) (i) in the case of the Company, Indebtedness represented by the Loans, the Swingline Loans, the Letters of Credit and the Subordinated Notes and
(ii) in the case of the Guarantors, Indebtedness represented by the Guarantee Agreement and the Subordinated Note Guarantees;

(g) Indebtedness arising from the refinancing from time to time by the Company of the Loans, the Swingline Loans and the Letters of Credit under the Credit Agreement and the Guarantee Agreement in respect of such Indebtedness, in any case ranking pari passu with or subordinate to the Notes and the Guarantee Agreement; provided, however, that (i) such refinancing must be in whole and not in part with respect to such Loans, (ii) the weighted average interest rate (or applicable margins) applicable to such Indebtedness must be less than or equal to the interest rate (or applicable margins) applicable to the Loans, (iii) no material terms applicable to such Indebtedness or the related guarantees shall be more favorable to the refinancing lenders or note purchasers than the terms that are applicable to the Lenders under the Credit Agreement Documents (or to lenders or note purchasers in respect of refinancing Indebtedness then outstanding), (iv) the weighted average life to maturity of such Indebtedness shall be greater than or equal to the remaining weighted average life to maturity of the Term Loans (or of the

term loan portion of any refinancing Indebtedness then outstanding), and the first scheduled principal payment or required prepayment in respect of such Indebtedness shall not be earlier than the first scheduled principal payment in respect of the Term Loans, (v) such Indebtedness shall be Indebtedness of the Company, (vi) the priority of the security interest in the collateral securing the repayment of such Indebtedness (if such Indebtedness is to be secured) and the total amount or share of the collateral to be made available to secure such Indebtedness shall be no more senior or favorable than that which secured the repayment of the Loans or the Notes (or any refinancing Indebtedness then outstanding) at the time of such refinancing and the refinancing lenders or note purchasers shall enter into an intercreditor agreement with the Collateral Agent and the holders of the Notes then outstanding in substantially the form of the Intercreditor Agreement (or in such other form as may be reasonably acceptable to the Required Holders) providing for the sharing of collateral on such basis,
(vii) the principal amount of such Indebtedness shall be less than or equal to the principal amount then outstanding of the Loans (or any refinancing Indebtedness then outstanding) and (viii) such Indebtedness may not be incurred if at the time of such refinancing a Default or Event of Default has occurred and is continuing or would result therefrom;

(h) Indebtedness arising from the refinancing from time to time by the Company of the Subordinated Notes that is subordinate to the Obligations (which, if required by the terms thereof, shall include any Indebtedness incurred pursuant to Section 7.1(g) above in connection with any refinancing of the Loans); provided, however, that (i) such refinancing must be in whole and not in part, (ii) the weighted average interest rate applicable to such Indebtedness must be less than or equal to the interest rate applicable to the Subordinated Notes, (iii) no material terms applicable to such Indebtedness (including the subordination provisions thereof) shall be more favorable to the refinancing lenders than the terms that are applicable under the Subordinated Note Indenture prior to such refinancing, (iv) the weighted average life to maturity of such Indebtedness shall be greater than or equal to the weighted average life to maturity of the Subordinated Notes and the first scheduled principal payment in respect of such Indebtedness shall not be earlier than the first scheduled principal payment in respect of the Subordinated Notes, (v) such Indebtedness shall be Indebtedness of the Company, (vi) such Indebtedness shall be unsecured, (vii) the

guarantees by the guarantors of such Indebtedness shall be no more favorable to the refinancing lenders than the Subordinated Note Guarantees, (viii) the principal amount of such Indebtedness shall be less than or equal to the principal amount then outstanding of the Subordinated Notes and (ix) such Indebtedness may not be incurred if at the time of such refinancing a Default or Event of Default has occurred and is continuing or would result therefrom;

(i) in the case of TAFSI, Indebtedness to the Company or any Guarantor, provided that the amount of all such Indebtedness does not exceed $3,000,000 in the aggregate at any time outstanding;

(j) in the case of any Guarantor, Indebtedness to the Company, the other Guarantors or TAFSI; provided that TA Travel shall not permit to exist any Indebtedness to the Company, another Guarantor or TAFSI that is not permitted under Section 7.4(l);

(k) Rate Protection Agreements required by Section 6.11 of the Credit Agreement (or the analogous provision, if any, of any Credit Agreement Refinancing Indebtedness);

(l) in the case of the Guarantors, other unsecured Indebtedness in an aggregate principal amount at any time outstanding not in excess of $5,000,000; (m) in the case of the Company, Indebtedness to any of its Subsidiaries;

(n) in the case of the Company, Guarantees by the Company of obligations of its Subsidiaries permitted pursuant to Section 7.3(a);

(o) in the case of TA, Indebtedness assumed by it in connection with the Burns Acquisition, which Indebtedness exists on the Restatement Closing Date and is not created in contemplation of the Burns Acquisition and the consummation thereof, provided that the aggregate principal amount of such Indebtedness outstanding shall not at any time exceed $3,000,000 (and any extensions, renewals, refinancings or replacements of such Indebtedness, in any such case, without any increase in the principal amount thereof);

(p) in the case of any Guarantor, Indebtedness assumed by it in connection with the Additional Permitted Acquisition, which Indebtedness exists on the date on which the Additional Permitted Acquisition is consummated and is not created in contemplation of the Additional Permitted Acquisition and the consummation thereof, provided that the aggregate principal amount of such Indebtedness outstanding shall not at any time exceed $10,000,000 (and any extensions, renewals, refinancings or replacements of such Indebtedness, in any such case, without any increase in the principal amount thereof); and

(q) Indebtedness of National represented by that certain Promissory Note dated September 1, 1998, made by National in favor of Mid California Auto/Truck Plaza, Inc. in a principal amount at any time outstanding not in excess of $4,919,350.

7.2. Liens.

Create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any person) now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except:

(a) Liens on property or assets of the Company or any Subsidiary thereof existing on March 21, 1997 and set forth on Schedule 7.2 (including, to the extent any such Lien is the result of a lease, any extensions, renewals or replacements of such lease, provided that the annual lease payment under any such extension, renewal or replacement shall be no less than the fair market rental value of the leased property as of the date of such extension, renewal or replacement), provided that such Liens shall secure only those obligations that they secured on March 21, 1997;

(b) in the case of any Guarantor, any Lien existing on any property or asset prior to the acquisition thereof (by merger, consolidation, asset purchase or otherwise) by such Guarantor (including pursuant to the Burns Acquisition, a Permitted Business Acquisition or the Additional Permitted Acquisition) or existing at the time such Guarantor becomes a Subsidiary of the Company or another Guarantor pursuant to the Additional Permitted Acquisition, including any such Lien securing Indebtedness permitted under Section 7.1(o) or Section 7.1(p) but excluding any such Lien securing any other Indebtedness, provided that (i) such Lien is not created in

contemplation of or in connection with such acquisition, (ii) such Lien does not extend to cover any other property or assets of such Guarantor as a result of or after giving effect to such acquisition or such Guarantor becoming a Subsidiary of the Company or another Guarantor (except for additional property in the nature of improvements to property already subject to such Lien or additions to accounts receivable or inventory, as the case may be, already subject to such Lien) and (iii) such Lien does not (A) materially interfere with the use, occupancy and operation of any property, (B) materially reduce the fair market value of such property but for such Lien or (C) result in any material increase in the cost of operating, occupying or owning (or leasing) such property, provided further that a Guarantor may substitute for any property or asset subject to any such Lien securing Indebtedness permitted under Section 7.1(o) or
Section 7.1(p) other property or assets with a fair market value substantially the same as or less than the fair market value of the substituted property or assets (as determined in good faith by the Company's board of directors) and not otherwise subject to the Lien of a Financing Document, so long as (i) the property or asset for which such substitution is made is fully and effectively released from such Lien and (ii) the property or assets being subjected to such Lien are held by a Guarantor;

(c) Liens for taxes, assessments or governmental charges not yet due and payable (or due and payable but not yet delinquent) or which are being contested in compliance with Section 6.3 or 6.12;

(d) in the case of the Guarantors, carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlord's or other like Liens arising in the ordinary course of business and securing obligations that are not due and payable or which are being contested in compliance with Section 6.3;

(e) in the case of the Guarantors, pledges and deposits made in the ordinary course of business in compliance with worker's compensation, unemployment insurance and other social security laws or regulations;

(f) (i) in the case of the Guarantors, pledges and deposits to secure the performance of bids, trade contracts (other than for Indebtedness), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business and

(ii) in the case of the Company and the Guarantors, pledges and deposits to secure Indebtedness permitted under Section 7.1(e);

(g) in the case of the Guarantors, zoning restrictions, easements, rights-of-way, restrictions on use of real property and other similar encumbrances that do not materially impair the current use or the value of the property subject thereto;

(h) in the case of the Guarantors, purchase money security interests in real property, improvements thereto or equipment hereafter acquired (or, in the case of improvements, constructed), provided that (i) such security interests secure Indebtedness permitted by Section 7.1(c), (ii) such security interests are incurred, and the Indebtedness secured thereby is created, within 90 days after such acquisition (or construction), (iii) the Indebtedness secured thereby does not exceed 75% of the lesser of the cost and the fair market value of such real property, improvements or equipment at the time of such acquisition (or construction) and (iv) such security interests do not apply to any other property or assets;

(i) Liens incurred in connection with Capital Lease Obligations permitted by Section 7.1(d), provided that such Liens do not extend to any other property or assets of such person;

(j) any Lien created under the Financing Documents;

(k) the lease or sublease of retail space, office space or space for truck weigh stations at any Truckstop so long as (i) in the case of retail or office space either (A) the term of the lease or sublease does not exceed three years or (B) such lease or sublease does not result in the lease or sublease of real property of the Company or any of its Subsidiaries in excess of 3,000 square feet at any one location to any one lessee or (ii) in the case of space leased or subleased for truck weigh stations, such lease or sublease does not result in the lease or sublease of real property of the Company or any of its Subsidiaries in excess of 8,000 square feet at any one location to any one lessee;

(l) the lease or sublease of retail space and office space at any Truckstop other than as described in clause (k) above, provided that (i) the lease with respect thereto shall (A) contain provisions consistent with and not in conflict with any term, condition, covenant or agreement contained in any

Financing Document, (B) require the lessee to deliver estoppel certificates to the Collateral Agent in compliance with clause (iii) below, (C) provide that such lease is subject and subordinate in all respects to the applicable Mortgage and (D) constitute an "operating lease" (and not a financing lease) for all purposes, (ii) in each case, the Company shall have delivered to the Collateral Agent, reasonably in advance of the execution and delivery thereof, copies of such lease and all other agreements to be entered into by the Company or any of its Subsidiaries in connection therewith, (iii) the Company shall have delivered to the Collateral Agent within 30 days of a request therefor by the holder of any Note, an estoppel certificate of any lessee in form and substance satisfactory to the Collateral Agent, (iv) in each case, the Company shall, at its expense, take such action as shall be necessary or as shall be reasonably requested by the Collateral Agent to assign to the Collateral Agent, for the benefit of the Secured Parties, a perfected security interest in its rights under such lease and other agreements, including the execution, delivery and recording of an Assignment of Leases and Rents substantially in the form of Exhibit C, (v) after giving effect to the entering into of such lease, no Default or Event of Default shall have occurred and be continuing, (vi) promptly after execution of such lease, an executed copy of such lease and a certificate of an officer of the Company certifying that such lease complies with the provisions of this Section 7.2(l) shall be delivered to the Collateral Agent and
(vii) the lease or sublease of such space: (A) shall not result in the representations and warranties contained in the related Mortgage or in this Agreement to be untrue, (B) shall not result in any material adverse effect on the value or operations of the related Mortgaged Property as a Truckstop, (C) shall have no effect on the Collateral Agent's Lien on the remaining Land under the related Mortgage (as defined therein), (D) shall not restrict ingress and egress to, the operation of or in any way interfere with the business currently conducted on the Mortgaged Property and (E) shall be done and conducted, as applicable, in accordance with all material laws, rules, regulations or statutes (including any zoning, building, Environmental and Safety Laws, ordinances, codes or approvals or any building permits) or any restrictions of record or agreements affecting the Mortgaged Property;

(m) Liens on the properties described on Schedule 7.3;

(n) Liens on National's real property on which is located National's Truckstop in Santa Nella, CA; and

(o) Liens on National's Certificate of Deposit, face amount of $4,919,350, County Bank of Los Angeles, CA (the "CBLA Certificate of Deposit") to secure Indebtedness permitted by Section 7.1(q), provided that the Company shall cause such Lien to be released and terminated (and shall provide to the Collateral Agent evidence, reasonably satisfactory to the Collateral Agent, of such release and termination) not later than the three-month anniversary of the Restatement Closing Date.

7.3. Sale and Leaseback Transactions.

Enter into any arrangement, directly or indirectly, with any person whereby it shall sell, lease or transfer any property, real or personal, used or useful in the business of the Company or its Subsidiaries, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold, leased or transferred (any such transaction a "Sale and Leaseback Transaction"), other than (a) any Sale and Leaseback Transactions involving the properties described on Schedule 7.3, including any improvements to the properties subject to such Sale and Lease-Back Transactions by such Person, provided that the aggregate lease payments paid by the Company and its Subsidiaries with respect to such properties in any fiscal year shall not exceed $6,000,000 or (b) any Sale and Leaseback Transaction with respect to property acquired by the Company or any Subsidiary following the Restatement Closing Date, if such Sale and Leaseback Transaction (i) involves a sale by the Company or any Subsidiary for consideration equal to at least the then-current fair market value of such property and (ii) results in a Capital Lease Obligation or an operating lease permitted by Section 7.11, in either case entered into to finance a Capital Expenditure permitted by Section 7.13 consisting of (A) the initial acquisition by the Company or such Subsidiary of the property sold or transferred in such Sale and Leaseback Transaction or (B) the development of a Truckstop on such property.

7.4. Investments, Loans and Advances.

Purchase, hold or acquire any capital stock, evidences of Indebtedness or other securities of, make or permit to exist

any loans or advances to, or make or permit to exist any investment or any other interest in, any other Person, except:

(a) investments by the Company in the capital stock of, and loans to, the Guarantors other than TA Travel and in promissory notes described in Section 7.4(e);

(b) Permitted Investments;

(c) in the case of the Guarantors, pledges and deposits permitted by Section 7.2(f);

(d) in the case of the Guarantors, loans or advances to employees in the ordinary course of business in an aggregate amount outstanding to any single employee at any time not in excess of $10,000 (or, if and to the extent such loans or advances shall be used by such employees solely for relocation expenses, $100,000) and in an aggregate amount outstanding for all employees at any time not in excess of $1,000,000 (which loans and advances shall not be forgiven by the Company);

(e) in the case of any Guarantor, promissory notes evidencing loans made by the Company to members of such Guarantor's management or the Institutional Equity Investors to enable them to purchase shares of Common Stock, provided that (i) the amount loaned to any single member of management or any single Institutional Equity Investor shall not exceed 50% of the aggregate purchase price of such member's or Institutional Equity Investor's shares, (ii) all the shares purchased by such member or Institutional Equity Investor with the proceeds of any such loan shall be retained by such Guarantor for the benefit of the Secured Parties until such time as such loan shall have been repaid, (iii) the aggregate amount of all such loans outstanding at any time shall not exceed $1,500,000, (iv) such loans shall not be forgiven by the Company, (v) any shares purchased by any Institutional Equity Investor with the proceeds of any such loan shall be resold to members of the Company's management as soon as such a resale may be consummated in accordance with applicable state and federal securities laws and (vi) any member of the Company's management who purchases shares pursuant to the preceding clause (v) shall assume all obligations under the loans the proceeds of which were used by such Institutional Equity Investor to purchase such shares;

(f) investments by the Company in the capital stock of, and loans to, TAFSI that are consistent with the limitations on the business of TAFSI set forth in Section 7.8;

(g) in the case of the Company and the Guarantors other than TA Travel, investments in connection with (i) Permitted Business Acquisitions, it being understood that the aggregate purchase consideration paid in any such investment shall (A) constitute a Capital Expenditure during the period in which such investment occurs or (B) if and to the extent the Company and its Subsidiaries are not permitted to incur additional Capital Expenditures under
Section 7.13(a) at the time of such investment, constitute a Transition Capital Expenditure during the period in which such investment occurs or (ii) the Additional Permitted Acquisition, it being understood that (A) the Company and such Guarantors may fund up to $30,000,000 of the cash purchase price in connection with such acquisition from the Additional Reserve Amount deposited in the Collateral Account and the remainder of the cash purchase price from either their cash on hand and/or the proceeds of Revolving Credit Borrowings to the extent then available and (B) the Additional Permitted Acquisition shall not constitute a Capital Expenditure or Transition Capital Expenditure for purposes of Section 7.13, provided that the Company's investments permitted pursuant to this Section 7.4(g) shall be limited to investments in capital stock of, and other equity ownership interests in, the acquired entities and shall not include any operating assets;

(h) [Intentionally Omitted].

(i) Rate Protection Agreements required by Section 6.11 of the Credit Agreement (or the analogous provision, if any, of any Credit Agreement Refinancing Indebtedness);

(j) investments not otherwise permitted by this Section 7.4, including without limitation, in the case of the Guarantors and TAFSI, investments in any joint venture (any such joint venture, a "Permitted Joint Venture") so long as the amount of all such investments does not exceed $11,000,000 in the aggregate at any time outstanding and none of such investments is prohibited by the Subordinated Note Documents or any comparable documents entered into by the Company in connection with Subordinated Note Refinancing Indebtedness (except to the extent waived or consented to by holders of the Subordinated Notes or

Subordinated Note Refinancing Indebtedness in accordance with the Subordinated Note Documents or such comparable documents); and

(k) in the case of the Guarantors and TAFSI, intercompany loans and advances to TAFSI and the Guarantors other than TA Travel to the extent permitted under Sections 7.1(i), (j) and (m);

(l) in the case of the Company and Guarantors other than TA Travel, investments by Company and such Guarantors in the membership interests of, and loans to, TA Travel, provided that (i) the aggregate amount of all investments by the Company and such Guarantors in TA Travel does not exceed $10,000,000 in the aggregate at any time outstanding, and (ii) such investments are to be used by TA Travel solely for the purchase, operation and maintenance of an airplane (or any airplane purchased in replacement thereof) owned by TA Travel (collectively, the "Airplane");

(m) in the case of TA, the investment by TA in the Burns Network in connection with the Burns Acquisition and pursuant to the terms and conditions of the Burns Asset Purchase Agreement;

(n) in the case of the Company, repurchases of Subordinated Notes to the extent permitted by clause (iv) of Section 7.9(a); and

(o) in the case of National, an investment in the CBLA Certificate of Deposit.

7.5. Mergers, Consolidations, Sales of Assets and Acquisitions.

Merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, assign, lease, sublease or otherwise dispose of (in one transaction or in a series of transactions) (i) all or any substantial part of the assets (whether now owned or hereafter acquired) of the Company, any Guarantor or TAFSI, or (ii) the capital stock of any Guarantor or TAFSI, or purchase, lease or otherwise acquire (in one transaction or a series of transactions) all or any substantial part of the assets of any other Person; provided, however, that the foregoing shall not prohibit:

(a) sales of Permitted Investments for cash;

(b) sales, transfers and other dispositions of used or surplus equipment, vehicles and other assets in the ordinary course of business (to the extent that the Company shall have complied with the provisions of Section 5.3);

(c) sales of inventory in the ordinary course of business;

(d) sales, transfers and other dispositions of Truckstops and the related assets for at least the then-current fair market value of such assets (other than any such sales, transfers and other dispositions permitted under subsection (g) below), with the related Net Cash Proceeds being applied in accordance with the provisions of Section 5.3 and the definition of the term "Prepayment Event," if (i) the aggregate number of Truckstops so sold, transferred or disposed of pursuant to this subsection (d) shall not exceed ten since the Closing Date, (ii) the aggregate amount of Net Cash Proceeds received by the Company in respect of such sales, transfers and dispositions pursuant to this subsection (d) shall not exceed $30,000,000 since the Closing Date, (iii) the consideration received in any such transaction shall consist of immediately available funds in an amount equal to at least 75% of the then-current fair market value of the applicable asset(s) (with any instrument evidencing consideration in other than immediately available funds being pledged to the Collateral Agent as Collateral pursuant to the Pledge Agreement), (iv) no Default or Event of Default shall have occurred and be continuing and no such event shall occur as the result of such proposed transaction and (v) prior to any such proposed transaction, each holder of a Note and the Collateral Agent shall have received a certificate of a Financial Officer of the Company describing the proposed transaction (including the consideration to be received) and certifying as to the compliance with the foregoing provisions on a prospective basis;

(e) sublicenses by the Company, any Guarantor or TAFSI to Franchisees and Network Operators, if any, of the trademarks and servicemarks owned by the Company, such Guarantor or TAFSI;

(f) sales, transfers and other dispositions of any portion of a Mortgaged Property in connection with the development of such property as permitted in, and in accordance with, the provisions of Section 10 of the Guarantee Agreement;

(g) sales, transfers and other dispositions of the parcels of real estate listed on Schedule 7.5(g) (which Schedule may be amended by the Company from time to time to substitute another parcel of real estate for any parcel of real estate that is then listed on such Schedule and has not been sold, transferred or otherwise disposed of on or prior to the date of such substitution) and the related Truckstop assets, with the related Net Cash Proceeds being applied in accordance with the provisions of Section 5.3 and the definition of the term "Prepayment Event";

(h) in the case of TAFSI and the Guarantors other than TA Travel,
(i) the acquisition of assets from, or shares or other equity interests in, any Person in connection with a Permitted Business Acquisition, a Permitted Joint Venture or the Additional Permitted Acquisition, (ii) the merger of any Person with and into one of the Guarantors (other than TA Travel) as required by the definition of the term "Permitted Business Acquisition" or as permitted by the definition of the term "Additional Permitted Acquisition", (iii) the merger of one of the Guarantors (other than TA Travel) with and into any Person as permitted by the definition of the term "Additional Permitted Acquisition" and
(iv) the merger of one such Guarantor with and into another such Guarantor (provided that (A) the Company provides the Agent and the Collateral Agent with at least 60 days prior notice, (B) the Company complies with all of its obligations under Section 6.10 and (C) immediately after giving effect thereto no Default or Event of Default shall have occurred or be continuing or would result therefrom);

(i) leases permitted by Section 7.8;

(j) sales, leases or other transfers of assets in connection with Sale and Leaseback Transactions permitted by Section 7.3; and

(k) in the case of any Guarantor or TAFSI, any sale, transfer or other disposition of any asset to TAFSI or another Guarantor (other than TA Travel), as the case may be, provided that the aggregate fair market value of all assets transferred to TAFSI by the Guarantors does not exceed $3,000,000; or

(l) in the case of TA, the acquisition of assets from Burns in connection with the Burns Acquisition, provided that

such acquisition is consummated pursuant to the terms and conditions of the Burns Asset Purchase Agreement.

7.6. Dividends and Distributions.

(a) Declare or pay, directly or indirectly, any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any shares of its capital stock or directly or indirectly redeem, purchase, retire or otherwise acquire for value any shares of any class of its capital stock or set aside any amount for any such purpose except that (i) each Guarantor and TAFSI may declare and pay dividends or make other distributions to the Company or another Guarantor, and (ii) the Company may declare and pay dividends or make other distributions to repurchase or redeem Common Stock (A) from officers, directors or employees of the Company who are no longer employed by the Company so long as no Default or Event of Default shall have occurred and be continuing immediately before and after giving effect to such payment, repurchase or redemption and the aggregate amount of such dividends and other distributions (1) during any fiscal year shall not exceed $1,000,000 and (2) since the Closing Date shall not exceed $3,000,000, plus, in each case, the proceeds of any resale of such Common Stock to other or new employees, directors or officers of the Company made prior to or within 180 days after such repurchases or redemptions and (B) from Operators, so long as the aggregate amount of such repurchases since the Closing Date shall not exceed $15,000,000.

(b) Permit its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such Subsidiary to (i) pay any dividends or make any other distributions on its capital stock or any other interest or (ii) make or repay any loans or advances to the Company other than any (A) consensual encumbrances or restrictions set forth in the Credit Agreement or the Subordinated Note Indenture and (B) consensual encumbrances or restrictions that are incurred in connection with any Refinancing Indebtedness provided that such encumbrances or restrictions are no more onerous than the encumbrances and restrictions described in clause (A) above.

7.7. Transactions with Affiliates.

Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except that the Company, each Guarantor and TAFSI may engage in any of the foregoing transactions in the ordinary course of business at prices and on terms and conditions no less favorable to the Company, such Guarantor or TAFSI, as the case may be, than could be obtained on an arm's-length basis from unrelated third parties, provided that the foregoing shall not restrict (a) any transaction listed on Schedule 7.7 or (b) any transaction with an Affiliate expressly permitted by this Agreement (including transactions expressly permitted by Section 7.2, 7.4, 7.5 or 7.6).

7.8. Business of Company, the Guarantor and TAFSI.

(a) In the case of the Company, engage at any time in any business or business activity other than (a) the ownership of all the outstanding capital stock of one or more Guarantor and of TAFSI, together with the activities directly related thereto, (B) the exercise of its rights and the performance of its obligations under or contemplated by the Transaction Documents and (c) actions required by law to maintain its status as a corporation.

(b) In the case of a Guarantor (other than TA Travel),

(i) engage at any time in any activities other than the business currently conducted by it, TA or National and business activities reasonably incidental thereto (including the operation of restaurants) on Truckstop premises, or

(ii) lease any Truckstop to a third-party operator, or engage any third party operator to operate any Truckstop, or otherwise cease to conduct directly the operation of any Truckstop (other than in connection with a sale, lease or other transfer of such Truckstop in accordance with Section 7.5); provided, however, that such Guarantor may lease Truckstops to credit-worthy third-party operators with experience in the operation of similar facilities who shall at the time become Franchisees if (A) in each case the lease shall (I) provide for payment of rent and all other material amounts payable thereunder at rates at least equal to the fair market rental value as a full service truckstop facility (using for such purpose the highest number

resulting at the time from at least three standard methods of determining fair market rental value), as of the date such lease is executed by such Guarantor, of the entire premises covered by such lease for the term thereof, including any renewal options, (II) require the lessee to use and operate the Truckstop in a manner consistent with industry standards from time to time for the operation of similar facilities (and in any event in compliance with the applicable Franchise Agreement), (III) have a term not longer than ten years, except that such lease may be renewed for a period of up to ten years, or successive periods of up to ten years each, if such lease shall provide for payment of rent and all other material amounts payable thereunder at rates reasonably believed by such Guarantor, as of the date such lease or renewal is entered into, to be the fair market rental value (determined as aforesaid) of the entire premises covered by such lease for each such period, (IV) contain provisions consistent with and not in conflict with any term, condition, covenant or agreement contained in any Financing Document, (V) require the lessee to deliver estoppel certificates to the Collateral Agent in compliance with clause (D) below, (VI) provide that such lease is subject and subordinate in all respects to the applicable Mortgage and may be terminated by such Guarantor in case of a default under or termination of the applicable Franchise Agreement and (VII) constitute an "operating lease" (not a financing lease) for all purposes, (B) in each case, such Guarantor shall have delivered to the holders of the Notes, reasonably in advance of the execution and delivery thereof, copies of such lease and all other agreements to be entered into by such Guarantor in connection therewith,
(C) such Guarantor shall have delivered to the holders of the Notes within 30 days of a request therefor by the holders of the Notes, an estoppel certificate of any lessee in form and substance satisfactory to the Required Holders, (D) in each case, such Guarantor, at its expense, take such action as shall be necessary or as shall be reasonably requested by the Required Holders and the Collateral Agent to assign to the Collateral Agent, for the benefit of the Secured Parties, a perfected security interest in its rights under such lease and other agreements, including the execution, delivery and recording of an assignment of leases and rents substantially in the form included in Exhibit C, (E) on the date of such lease the pro forma Interest Expense Coverage Ratio in respect of the period of four fiscal quarters

ending with the last full fiscal quarter immediately preceding such date (giving effect to the entering into of such lease as if it had been entered into on the first day of such period but not giving effect to any transfer to the lessee of the obligation to make capital expenditures that were made by such Guarantor), shall be equal to or greater than the Interest Expense Coverage Ratio for such period, (F) after giving effect to the entering into of such lease, no Default or Event of Default shall have occurred and be continuing and there shall have been no decrease in Consolidated Net Worth, (G) the consideration to such Guarantor from the lessee in connection with such lease (including without limitation any franchise fee and consideration for the sale of inventory or other assets relating to such Truckstop) shall be paid in cash and, in the case of assets, shall equal the greater of (x) the then-current fair market value of such assets and (y) the book value of such assets as reflected on such Guarantor's financial statements at such time, (H) the lessee shall be an Accredited Lessee (as below defined), (I) the lessee shall not be a lessee or operator of more than three Truckstops leased by the Guarantors pursuant to this Section 7.8 (provided that no more than ten persons may be lessee of more than one Truckstop leased pursuant to this Section 7.8 and no more than five persons may be lessee of more than two Truckstops leased pursuant to this Section 7.8), (J) such lease shall prohibit the lessee from mortgaging such lessee's leasehold interest in the Truckstop or such lease, (K) the rent payable at a fixed or contractual rate under such lease shall equal or exceed 70% of the total rent payable under such lease assuming such lease had been entered into on the first day of the period of four consecutive fiscal quarters ending with the last full fiscal quarter immediately preceding the date of such lease and (L) promptly after execution of such lease, an executed copy of such lease and a certificate of an officer of the Company certifying that such lease complies with the provisions of this Section 7.8 shall be delivered to the holders of the Notes; and provided, further, that such Guarantor may (i) enter into extensions, renewals and replacements of leases permitted pursuant to Section 7.2(a) and (ii) lease or sublease retail space and office space at any Truckstop to the extent permitted pursuant to Sections 7.2(k) and (l).

As used in clause (ii) above, "Accredited Lessee" shall mean with respect to a proposed lessee:

(1) in case the proposed lessee is a franchisee of a Guarantor who has, for at least two years prior to the proposed lease, been in compliance with all requirements of such lessee's franchise agreement or franchise agreements with such Guarantor,

(A) if such lessee is not a lessee of any other Truckstop pursuant to this Section 7.8, an "accredited investor" within the meaning of paragraph (a)(5), (a)(6) or a(8) of Rule 501 under the Securities Act of 1933, as amended,

(B) if such lessee is (after giving effect to the proposed lease) a lessee of two Truckstops pursuant to this Section 7.8, an "accredited investor" as aforesaid, except that for purposes of paragraph (a)(6) of said Rule 501, the individual and joint income requirements shall be $400,000 and $600,000, respectively, and

(C) if such lessee is (after giving effect to the proposed lease) a lessee of three Truckstops pursuant to this Section 7.8, an "accredited investor" as aforesaid, except that for purposes of paragraph (a)(5) of said Rule 501, the net worth requirement shall be $1,500,000 and for purposes of paragraph (a)(6) of said Rule, the individual and joint income requirements shall be $600,000 and $900,000, respectively; and

(2) in case the proposed lessee is not a franchisee of any Guarantor or, in case the proposed lessee is such a franchisee but has not been such for at least two years in compliance with such lessee's franchise agreement or franchise agreements as described in clause (1) above,

(A) if such lessee is not a lessee of any other Truckstop pursuant to this Section 7.8, an "accredited investor" within the meaning of paragraphs (a)(5) and (a)(6) of said Rule 501 or a partnership or other entity in which each of the equity owners constitutes an "accredited investor" within the meaning of both such paragraphs of said Rule,

(B) if such lessee is (after giving effect to the proposed lease) a lessee of two Truckstops pursuant to this Section 7.8, a person meeting the requirements of subclause (A) above, except that for purposes of paragraph (a)(6) of said Rule 501, the individual and joint income requirements shall be $400,000 and $600,000, respectively, and

(C) if such lessee is (after giving effect to the proposed lease) a lessee of three Truckstops pursuant to this Section 7.8, a person meeting the requirements of subclause (A) above, except that for purposes of paragraph (a)(5) of said Rule 501, the net worth requirement shall be $1,500,000 and for purposes of paragraph (a)(6) of said Rule, the individual and joint income requirements shall be $600,000 and $900,000, respectively.

(c) In the case of TAFSI, (i) engage in any activities other than the franchising of auto/truckstops and activities incidental thereto in accordance with its past practice, (ii) own or acquire any material assets (other than assets under the Franchise Agreements) or (iii) incur any material liabilities (other than liabilities under the Transaction Documents and Franchise Agreements).

(d) In the case of TA Travel, engage in any activities other than the business of acquiring, operating and maintaining the Airplane, leasing the Airplane to TA and entering into operating agreements with airplane charter companies with respect to the operation of the Airplane from time to time.

7.9. Limitations on Debt Prepayments.

(a) Optionally prepay, repurchase or redeem or otherwise defease or segregate funds with respect to any Indebtedness for borrowed money (including, in the case of the Company, the Subordinated Notes) other than the Notes; provided, however, that the foregoing shall not prevent the Company from (i) making any payment pursuant to Section 2.12 or 2.13 of the Credit Agreement,
(ii) refinancing Indebtedness under the Credit Agreement or the Subordinated Notes pursuant to, and in accordance with, the provisions of Section 7.1(g) or
(h), respectively (whereupon this Section 7.9 shall apply to the Indebtedness incurred in connection with any such refinancing),

(iii) prepaying or otherwise refinancing any Indebtedness permitted in Section 7.1(i), 7.1(j), 7.1(l), 7.1(m) or 7.1(q), or (iv) prepaying, repurchasing, redeeming or defeasing up to $15,000,000 aggregate principal amount of the Subordinated Notes during the term of this Agreement (provided that (i) the entire amount of such prepayment, repurchase, redemption or defeasance during any fiscal year shall be funded solely from the sum of (without duplication) (A) the 50% of Excess Cash Flow for the immediately preceding fiscal year (beginning on or after January 1, 1999) that the Company is not required to apply to prepay the Notes pursuant to Section 5.1 or required pursuant to Section 2.13(c) of the Credit Agreement to apply to prepay obligations outstanding under the Credit Agreement and (B) any portion of the amount available pursuant to the preceding clause (A) with respect to any prior fiscal year (beginning on or after January 1, 1999) other than the immediately preceding fiscal year and not used prior to the current fiscal year to fund the prepayment, repurchase, redemption or defeasance of Subordinated Notes and (ii) immediately after giving effect thereto no Default or Event of Default shall have occurred or be continuing or would result therefrom). Without limiting the foregoing, neither the Credit Agreement nor the Subordinated Note Indenture nor any document in respect of Credit Agreement Refinancing Indebtedness or Subordinated Note Refinancing Indebtedness shall prevent the Company from electing to apply to the optional prepayment of Notes from time to time pursuant to Section 5.2 an aggregate amount (allocable to principal and Make-Whole Premium) in each case at least equal to the Pro Rata Share of the holders of the Notes in respect of each optional prepayment of the Term Loans pursuant to Section 2.12 of the Credit Agreement (or the analogous provision in respect of Credit Agreement Refinancing Indebtedness).

(b) Permit any amendment or modification to the terms of any Subordinated Note, any Subordinated Note Guarantees or the Subordinated Note Indenture if the effect of such amendment or modification is to impose additional or increased scheduled or mandatory repayment, retirement, repurchase or redemption obligations in respect of the Indebtedness evidenced by such notes or to require any scheduled or mandatory payment to be made in respect of such notes prior to the date that such payment would otherwise be due; or permit any amendment or modification to the terms of the Credit Agreement or any agreement relating to Refinancing Indebtedness unless made in compliance with Section

7.04 of the Intercreditor Agreement (or the analogous provision of any successor thereto).

7.10. Amendment of Certain Documents and Subordinated Notes.

(a) Permit any termination of, or any amendment or modification that is adverse in any material respect to the interests of the holders of the Notes to, (i) the Certificate of Incorporation (or Certificate of Formation) of the Company, any Guarantor or TAFSI, (ii) if applicable, the By-laws of the Company, any Guarantor or TAFSI, (iii) the Subordinated Notes, the Subordinated Note Guarantees and the Subordinated Note Indenture, (iv) any Asset Purchase Agreement, (v) the Environmental Agreements and (vi) the Ancillary Agreements, in each case without the prior written consent of the Required Holders.

(b) Without limiting the generality of the foregoing, with respect to the Subordinated Notes, the Subordinated Note Guarantees and the Subordinated Note Indenture, it is understood that (i) any increase in the interest, fees or other amounts payable in connection therewith, (ii) any amendment that imposes additional covenants or events of default or makes more restrictive the covenants or events of default contained therein or (iii) any amendment that renders the subordination provisions contained therein less favorable to the Noteholder shall in each case require the consent of the Required Holders.

7.11. Limitation on Leases.

Create or suffer to exist any obligations on the part of the Company of any of its Subsidiaries for the payment of rents for any property under leases or agreements to lease, except, in the case of any Guarantor:

(a) (i) leases (other than leases of real property) of such Guarantor entered into in the ordinary course of business and in existence on March 21, 1997 having annual lease payments of less than $250,000 and (ii) leases of such Guarantor in existence on March 21, 1997 and listed on Schedule
7.11(a) (and any extensions, renewals or replacements of such leases, provided that the annual lease payment under any such extension, renewal or replacement shall be no greater than the fair market rental value of the leased property, as of the date of such extension, renewal or replacement for the term of such extension, renewal or replacement);

(b) operating leases entered into after the date hereof by such Guarantor as lessee (i) in the ordinary course of business in a manner and to an extent consistent with historical practices of the Network as of March 21, 1997 and (ii) in connection with Sale and Leaseback Transactions permitted by Section 7.3(b), provided that the aggregate annual lease payments under all leases described in this clause (b) shall not exceed $15,000,000;

(c) Capital Lease Obligations incurred by such Guarantor to finance the acquisition of equipment and other property, provided that (i) the aggregate of (A) all such Capital Lease Obligations and (B) all purchase money Indebtedness permitted pursuant to Section 7.1(c) shall not exceed $15,000,000 at any time outstanding, (ii) each Capital Lease Obligation at the time of its incurrence shall have an average life to maturity greater than the average life to maturity of the Notes, (iii) none of the related leases shall contain financial covenants and (iv) for purposes of Section 7.13, the amount of such aggregate annual rental payments shall be deemed to be Capital Expenditures in the year in which they are incurred;

(d) any fair-market-value leases entered into by TA or National in connection with the relocation of its offices; and

(e) leases permitted pursuant to Section 7.3(a).

7.12. Subsidiaries.

After giving effect to the Additional Transactions, in the case of the Company, have any direct or indirect Subsidiaries other than (a) TA, National, TA Travel and TAFSI, (b) any other direct or indirect wholly owned Subsidiary of the Company that is organized under the laws of a State within the United States and that becomes a Guarantor pursuant to Section 6.10 and (c) any Permitted Joint Venture that is a direct or indirect Subsidiary of the Company. Each of TA, National and TAFSI shall remain a wholly owned Subsidiary of the Company and TA Travel shall remain a wholly owned Subsidiary of TA; provided that any Guarantor (other than TA Travel) may be merged into another Guarantor (other than TA Travel) if such merger is permitted by Section 7.5(h)(iv).

7.13. Capital Expenditures.

(a) Make or permit Capital Expenditures during any fiscal year, to exceed $35,000,000; provided, however, that the amount of permitted Capital Expenditures in any fiscal year shall be increased by (i) an amount equal to 50% of the excess of (A) consolidated EBITDA for the immediately preceding fiscal year over (B) $70,000,000 and (ii) the lesser of (A) 25% of the total amount of permitted Capital Expenditures for the immediately preceding fiscal year (including amounts permitted as a result of the application of clause (i) but excluding any unused Capital Expenditures carried forward to such preceding year) and (B) the total amount of unused permitted Capital Expenditures for the immediately preceding fiscal year (excluding any unused Capital Expenditures carried forward to such preceding year). Notwithstanding the foregoing, the aggregate amount of Capital Expenditures permitted in any fiscal year shall not exceed $45,000,000.

(b) (i) Permit Transition Capital Expenditures to exceed (A) $50,000,000 during any fiscal year, or (ii) $160,000,000 during the term of this Agreement or (ii) permit the aggregate purchase consideration in connection with Permitted Business Acquisitions that, pursuant to Section 7.4 (g), constitute Transition Capital Expenditures to exceed $25,000,000 during the term of this Agreement.

7.14. Consolidated Net Worth.

Permit Consolidated Net Worth at any time to be less than $90,000,000, plus, without duplication, (a) 50% of Net Income for each fiscal quarter for which Net Income is positive, plus (b) 100% of the Net Cash Proceeds of any primary offering of equity securities consummated by the Company or any Guarantor after the Closing Date, plus (c) 100% of any capital contribution made to the Company or any Guarantor after the Closing Date by any holder of its respective capital stock (without duplication), minus (d) amounts paid to repurchase or redeem Common Stock of the Company from Operators as permitted by
Section 7.6(a)(ii).

7.15. Current Ratio.

Permit on the last day of any fiscal quarter the ratio of Current Ratio to be less than 1.00 to 1.00.

7.16. Interest Expense Coverage Ratio.

(a) Permit the Interest Expense Coverage Ratio for any fiscal year ending on a date indicated below to be less than the ratio set forth opposite such date:

Fiscal Year	Ratio
December 31, 1998	1.75
December 31, 1999	2.00
December 31, 2000	2.25
December 31, 2001	2.50
December 31, 2002	2.75

(b) Incur Indebtedness if, after giving effect to the incurrence of such Indebtedness, the Interest Expense Coverage Ratio determined on the last day of the most recently completed period of four consecutive fiscal quarters for such period, as if such Indebtedness had been incurred at the beginning of such period, would be less than 1.00 to 1.00.

7.17. Leverage Ratio.

Permit the Leverage Ratio on any date during any fiscal quarter ending on the last day of or during any period indicated below to be in excess of the ratio set forth opposite such period:

From and Including:	To and Including:	Ratio:
July 1, 1998	December 31, 1998	5.25 to 1.00
January 1, 1999	December 31, 1999	4.75 to 1.00
January 1, 2000	December 31, 2000	4.50 to 1.00
January 1, 2001	December 31, 2001	3.75 to 1.00
January 1, 2002	December 31, 2002	3.25 to 1.00

* * * * *

9. DEFINITIONS.

9.1. Definitions.

Except as otherwise specified or as the context may otherwise require, the following terms shall have the respective meanings set forth below:

"Acquired Improvement" shall have the meaning ascribed in Section 6.14.

"Additional Improvement" shall have the meaning ascribed in Section 6.14.

"Additional Permitted Acquisition" shall have the meaning set forth in the Credit Agreement.

"Additional Reserve Amount" shall have the meaning set forth in the Credit Agreement.

"Additional Term Loans" shall have the meaning ascribed in Section 1.4.

"Additional Transactions" shall have the meaning ascribed in Section 1.4.

"Affiliate" shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Airplane" shall have the meaning ascribed in Section 7.4(l).

"Airplane Mortgage" shall mean the aircraft mortgage previously granted to the Collateral Agent on the Airplane, including any assignment of leases and rents, as amended and restated as of the Restatement Closing Date and any similar mortgage granted on a replacement Airplane pursuant to Section 6.10.

"Ancillary Agreements" shall mean the TA Ancillary Agreements, the National Ancillary Agreements and the Burns Ancillary Agreements.

"Asset Purchase Agreements" shall mean the TA Asset Purchase Agreement, the National Asset Purchase Agreement and the Burns Asset Purchase Agreement.

"Available Proceeds" shall have the meaning ascribed in Section 5.3.

"Burns" shall mean Burns Bros., Inc., an Oregon corporation.

"Burns Acquisition" shall mean the acquisition by TA of Burns' Travel Stops Division for aggregate cash consideration of approximately $55,000,000 pursuant to the Burns Asset Purchase Agreement.

"Burns Ancillary Agreements" shall mean the Subway Purchase Agreement, the Enterprises Asset Purchase Agreement, the BFR Asset Purchase Agreement, the Services Agreement, the General Bill of Sale and Assignment, the Assumption Agreement, the Trademark Assignment, the Gaming Agreement and the Intellectual Property License Agreement (each as defined in the Burns Asset Purchase Agreement).

"Burns Asset Purchase Agreement" shall mean the Asset Purchase Agreement dated as of October 17, 1998, between Burns and TA, as amended, supplemented or otherwise modified from time to time.

"Burns Network" shall mean the Travel Stops Division of Burns acquired by TA in the Burns Acquisition.

"Business Day" shall mean any day (other than a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City.

"Capital Expenditures" shall mean, for any period, the sum of all amounts that would, in accordance with GAAP, be included as additions to property, plant and equipment and other capital expenditures on a consolidated statement of cash flows for the Company during such period (including the amount of assets leased under any Capital Lease Obligation). Notwithstanding the foregoing, the term "Capital Expenditures" shall not include (a) capital expenditures in respect of the reinvestment of sales proceeds, insurance proceeds and condemnation proceeds received by the Company or its Subsidiaries in connection with the sale, transfer or other disposition of the

Company's or its Subsidiaries' business units, assets or properties, if (as contemplated in the definition of the term "Prepayment Event") such reinvestment (including, in the case of insurance proceeds, reinvestment in the form of restoration or replacement of damaged property) shall have resulted in the event giving rise to the receipt of such amounts not being considered a Prepayment Event as contemplated in the definition of such term, (b) Transition Capital Expenditures made during such period, (c) the purchase price with respect to the Additional Permitted Acquisition or (d) the purchase price with respect to the Burns Acquisition.

"Capital Lease Obligations" of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Cash Interest Expense" shall mean, for any period, the interest expense (net of interest income) of the Company and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, excluding (a) any fees and expenses payable or amortized during such period by the Company and its Subsidiaries in connection with the Transactions and (b) any interest on the Subordinated Notes not paid in cash prior to the maturity of the Subordinated Notes. For purposes of the foregoing, interest expense (net of interest income) shall be determined after giving effect to any net payments made or received by the Company with respect to Rate Protection Agreements.

"Casualty" shall have the meaning ascribed in Section 9 of the Guarantee Agreement.

"CBLA Certificate of Deposit" shall have the meaning assigned to such term in Section 7.2(o).

"CERCLA" shall have the meaning ascribed in the definition of the term "Environmental and Safety Laws."

A "Change in Control" shall be deemed to have occurred if:

(a) any person or Group (as below defined) other than (i) the Institutional Equity Investors (including the First Boston Entities (as below defined)) or (ii) the Management Investors and their Permitted Transferees (as set forth in Section 2(b) of the Stockholders Agreement), shall directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, have the ability to elect a majority of the board of directors of the Company;

(b) (i) the Institutional Equity Investors (including the First Boston Entities) or (ii) the First Boston Entities, respectively, in the aggregate cease to own, directly or indirectly, beneficially and of record, shares representing at least 65% of the aggregate ordinary voting power represented by the shares of capital stock of the Company held by such persons on March 21, 1997, provided that such 65% shall be reduced by the dilution suffered by such persons solely as a result of issuances by the Company after the Closing Date of additional shares of capital stock having ordinary voting power (A) for fair value for cash to non-Affiliates of the applicable parties under clause (i) or (ii) above, as the case may be, or (B) to its employees to the extent that such additional shares of capital stock issued to such employees do not at any time exceed 15% of the then outstanding capital stock having ordinary voting power;

(c) any person or Group, other than the Institutional Equity Investors (including the First Boston Entities), owns (directly or indirectly, beneficially or of record) issued and outstanding voting stock of the Company representing more than the lesser at any time of (i) 35% of the aggregate ordinary voting power represented by issued and outstanding capital stock of the Company and (ii) the percentage of the aggregate ordinary voting power represented by the shares owned directly or indirectly, beneficially or of record, by the Institutional Equity Investors (including the First Boston Entities) at such time;

(d) a majority of the seats (other than vacant seats) on the board of directors of the Company shall at any time be occupied by persons who were neither (i) nominated by the Institutional Equity Investors (including the First Boston Entities) or the Management Investors and their Permitted Transferees nor (ii) elected by directors so nominated;

(e) any "Change in Control" (as such term is defined in the Credit Agreement and in the Subordinated Note Indenture) shall have occurred by reason of facts or circumstances not otherwise constituting a Change in Control hereunder (unless the event of default under the Credit Agreement resulting from such Change in Control has been waived pursuant to the Credit Agreement; provided that if any consideration for such waiver has been paid to the Lenders, then an amount bearing the same relation to the aggregate unpaid principal amount of Notes at the time outstanding as the amount of such consideration bears to the outstanding principal amount of Indebtedness under the Credit Agreement shall be allocated and paid concurrently to the holders of the Notes in proportion to the respective unpaid principal amounts held by each such holder);

(f) The Company ceases to own and control directly, of record and beneficially, all of the issued and outstanding capital stock of each Guarantor and TAFSI (other than as a result of a merger of one Guarantor into another Guarantor permitted pursuant to Section 7.5(h)(iv)), free and clear of all Liens (other than Liens created under the Pledge Agreement); or

(g) any Guarantor or TAFSI issues any class of capital stock (or security convertible into its capital stock) that is not pledged to the Collateral Agent for the ratable benefit of the Secured Parties.

For purposes of clause (b) above the Convertible Preferred Stock and the Senior Convertible Participating Preferred Stock shall be deemed to constitute capital stock with ordinary voting power, and for purposes of clauses
(a), (c) and (d) above an Institutional Equity Investor shall be deemed to own all shares of the Company having ordinary voting power in respect of which such Institutional Equity Investor or First Boston Entity shall hold the irrevocable general proxy of the holder of such shares in respect of such shares. For purposes of this definition: the "First Boston Entities" shall mean Credit Suisse First Boston Corporation, The Clipper Group, L.P., Clipper Capital Associates, L.P., Clipper/Merchant I, L.P., Merchant Truckstops, L.P. and their Affiliates and any of their designees on March 21, 1997; and "Group" shall mean a group within the meaning of Rule 13d-5 of the Securities and Exchange Commission as in effect on March 21, 1997.

"Closing Date" shall have the meaning ascribed in Section 2.

"Code" shall mean the Internal Revenue Code of 1986, or any successor statute thereto, as the same may be amended from time to time.

"Collateral" shall mean all the "Collateral" as defined in any Security Document and shall also include the Lockbox Collateral and the Mortgaged Properties.

"Collateral Account" shall have the meaning given such term in the Collateral Account Agreement.

"Collateral Account Agreement" shall mean the Collateral Account Agreement, as amended and restated as of the Restatement Closing Date, between the Company and the Collateral Agent for the benefit of the Secured Parties.

"Collateral Agent" shall mean The Chase Manhattan Bank, as

Collateral Agent under the Intercreditor Agreement, the Security Documents and the Guarantee Agreement.

"Collateral Assignment" shall have the meaning ascribed in Section 1.5.

"Common Stock" shall have the meaning ascribed in Section 4.19.

"Condemnation Proceeds" shall have the meaning ascribed in Section 9 of the Guarantee Agreement.

"Consolidated Net Worth" shall mean, at any date, on a consolidated basis for the Company and its Subsidiaries, (a) the sum of (i) common stock taken at par or stated value, (ii) preferred stock (other than preferred stock that is mandatorily redeemable on or prior to the first anniversary of the latest final maturity of the then outstanding Notes) taken at its liquidation value, (iii) capital surplus relating to common stock and (iv) retained earnings (or deficit) at such date minus (b) the sum of treasury stock at such date (other than treasury stock repurchased pursuant to Section 7.6), all determined in accordance with GAAP and after giving effect to all adjustments required thereby, but excluding any adjustments required by purchase accounting.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" shall have meanings correlative thereto.

"Convertible Preferred Stock" shall mean the Series I Preferred Stock and the Series II Preferred Stock.

"Credit Agreement" shall mean the Original Credit Agreement, as amended and restated as of November 24, 1998 and as further amended, modified or supplemented in accordance with the provisions of this Agreement. After the incurrence of any Credit Agreement Refinancing Indebtedness, the term "Credit Agreement" shall include all agreements (or comparable documents, such as loan agreements or indentures) entered into by the Company in connection with the sale or issuance of such refinancing Indebtedness.

"Credit Agreement Documents" shall mean the Credit Agreement, the Security Documents, the Intercreditor Agreement and the Guarantee Agreement.

"Credit Agreement Refinancing Indebtedness" shall mean any Indebtedness incurred by the Company as contemplated by Section 7.1(g) in connection with the refinancing of Indebtedness under the Credit Agreement.

"Current Assets" as of any date shall mean the total assets that would properly be classified as current assets of the Company and its Subsidiaries on a consolidated basis as of such date in accordance with GAAP.

"Current Liabilities" as of any date shall mean the total liabilities that would properly be classified as current liabilities (other than the current portion of Funded Debt) of the Company and its Subsidiaries on a consolidated basis as of such date in accordance with GAAP.

"Current Ratio" shall mean as of any date the ratio of Current Assets as of such date to Current Liabilities as of such date.

"Default" shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

"dollars" or "$" shall mean lawful money of the United States.

"EBITDA" with respect to the Company and its Subsidiaries for any period shall mean the sum of (a) Net Income for such period, (b) all Federal, state, local and foreign income taxes deducted in determining such Net Income, (c) interest expense deducted in determining such Net Income, (d) depreciation, amortization and other noncash charges deducted in determining such Net Income and (e) to the extent deducted from such Net Income with respect to any fiscal quarter ending on or prior to December 31, 2000, transition costs paid during such period, provided that the aggregate amount of all transition costs incurred after the Closing Date and permitted to be added back to Net Income pursuant to this definition shall not exceed $15,000,000. For purposes of calculating the Interest Expense Coverage Ratio, "EBITDA" shall not include the gain on the initial sale of assets to any lessee in connection with the leasing of any Truckstop in accordance with Section 7.8.

"Environmental Agreements" shall mean (a) the Environmental Agreement entered into as of July 22, 1993, among BP Exploration & Oil Inc., TA and certain other parties, as amended by Amendment No. 1 thereto dated December 9, 1993, and by the letter agreement dated as of December 9, 1993, and as further amended, modified or supplemented in accordance with the provisions of Section 7.10 and (b) the Environmental Agreement dated as of November 23, 1992, between Union Oil Company of California and National, as amended, modified or supplemented in accordance with the provisions of Section 7.10.

"Environmental and Safety Laws" shall mean any and all applicable current and future treaties, laws, regulations, enforceable requirements, binding determinations, orders, decrees, judgments, injunctions, permits, approvals, authorizations, licenses, permissions, notices or binding agreements issued, promulgated or entered by any Governmental Authority, relating to the environment, to employee health or safety as it pertains to the use or handling of, or exposure to, Hazardous Substances, to preservation or reclamation of natural resources or to the management, release or threatened release of

contaminants or noxious odors, including the Hazardous Materials Transportation Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("CERCLA"), the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984, the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, the Clean Air Act of 1970 (to the extent it pertains to the use or handling of, or exposure to, Hazardous Substances), as amended, the Toxic Substances Control Act of 1976, the Occupational Safety and Health Act of 1970, as amended, the Emergency Planning and Community Right-to-Know Act of 1986, the Safe Drinking Water Act of 1974, as amended, and any similar or implementing state or local laws, and all amendments or regulations promulgated thereunder.

"Environmental Claim" shall mean any written notice of any Governmental Authority alleging potential liability for damage to the environment or by any person alleging potential liability for personal injury (including sickness, disease or death), in either case, resulting from or based upon (a) the presence or Release (including intentional and unintentional, negligent and nonnegligent, sudden or nonsudden, accidental or nonaccidental leaks or spills) of any Hazardous Substance at, in or from the property, whether or not owned or leased by the Company or a Guarantor or (b) any other circumstances forming the basis of any violation, or alleged violation, of any Environmental and Safety Laws.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, or any successor statute, together with the regulations thereunder, as the same may be amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that was, is or hereafter becomes, a member of a group of which the Company is a member and which is treated as a single employer under Section 414 of the Code.

"Event of Default" shall have the meaning ascribed in Section 10.1.

"Excess Cash Flow" shall mean, for any period, the consolidated Net Income of the Company and its Subsidiaries

during such period plus, without duplication, (a)(i) the aggregate amounts deducted in determining such Net Income in respect of all deferred charges and depreciation, amortization and other noncash charges (including any interest expense other than Cash Interest Expense), (ii) all noncash losses deducted in determining such Net Income, (iii) to the extent not included in such Net Income, the aggregate amount of all income tax refunds received during such period, (iv) the principal amount of any Indebtedness incurred or assumed pursuant to Section 7.1(c) during such period, (v) the aggregate amount of Indebtedness with respect to Capital Lease Obligations incurred pursuant to Sections 7.1(d) and 7.11(c) during such period and (vi) the net negative change, if any, in Net Working Capital during such period minus (b)(i) all noncash gains and credits included in such Net Income, (ii) scheduled required prepayments during such period of the principal of the Notes, (iii) scheduled payments during such period of the principal of Indebtedness permitted under Section 7.1 other than the Notes (including the Term Loans, the Refinancing Indebtedness and the Subordinated Notes), but only to the extent that such payments cannot by their terms be reborrowed or redrawn, (iv) prepayments during such period of Term Loans and the Notes pursuant to Section 2.12 of the Credit Agreement and
Section 5.2, other than prepayment of the Floating Rate Notes on the Restatement Closing Date, (v) the aggregate amount of Capital Expenditures and Transition Capital Expenditures of the Company and its Subsidiaries made and permitted hereunder during such period (other than the amount of such Capital Expenditures and Transition Capital Expenditures that were financed during such period with funds released to the Company and its Subsidiaries from the Collateral Account),
(vi) repayments during such period of the portion of Capital Lease Obligations of the Company and its Subsidiaries not allocable to Cash Interest Expense and
(vii) the net positive change, if any, in Net Working Capital during such period, in each case determined in accordance with GAAP.

"Existing Indebtedness" shall have the meaning ascribed in Section 1.2.

"Financial Officer" of any corporation shall mean the chief financial officer, principal accounting officer, treasurer or controller of such corporation.

"Financing Documents" shall mean this Agreement, the other agreements referred to in Section 4.27, the Notes, the

Intercreditor Agreement, the Security Documents, the Guarantee Agreement and the Indemnity and Subrogation Agreement.

"First Plaza" shall mean the First Plaza Group Trust, a trust organized under the laws of the State of New York.

"Floating Rate Notes" shall mean the Company's Series II Senior Secured Notes due 2005 which were issued by the Company pursuant to the Original Exchange Agreements and were prepaid on the Restatement Closing Date.

"Franchise Agreements" shall mean the Franchise Agreements pursuant to which the Franchisees have or shall become franchisees of a Guarantor or TAFSI.

"Franchisee" shall mean each party who has executed, or will execute, a Franchise Agreement with a Guarantor or TAFSI.

"Funded Debt" as to any Person shall mean all Indebtedness of such Person that matures more than one year from the date of its creation or matures within one year from such date but is renewable or extendible, at the option of such Person, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including without limitation all amounts of Funded Debt required to be paid or prepaid within one year from the date of its creation and, in the case of the Company, all Indebtedness in respect of the Loans and the Swingline Loans under the Credit Agreement.

"GAAP" shall mean generally accepted accounting principles in the United States.

"Governmental Authority" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantee" of or by any Person shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of)

such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Guarantee Agreement" shall have the meaning ascribed in Section 1.5.

"Guarantors" shall have the meaning ascribed in Section 1.5.

"Hazardous Substances" shall mean any toxic, radioactive, caustic or otherwise hazardous substance, material or waste, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics, including, without limitation, polychlorinated biphenyls ("PCBs"), asbestos or asbestos-containing material, and any substance, waste or material regulated under Environmental and Safety Laws.

"Indebtedness" of any Person shall mean, without duplication, (a) all obligations of such person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person upon which interest charges are customarily paid, (d) all obligations of such person under conditional sale or other title retention agreements relating to assets purchased by such person, (e) all obligations of such person issued or assumed as the deferred purchase price of property or services (excluding trade accounts payable and accrued expenses arising in the ordinary course of business in accordance with customary trade terms), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed by such person, (g) all Guarantees by such person of Indebtedness of others, (h) all Capital Lease Obligations of such person, (i) all obligations of such person in

respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements, (j) all obligations of such person as an account party to reimburse any bank or any other person in respect of letters of credit and bankers' acceptances and (k) all obligations of such person in respect of fuel-supply hedging agreements and arrangements. The Indebtedness of any person shall include the Indebtedness of any partnership or joint venture in which such person is a general partner or member, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such person in respect thereof pursuant to provisions and terms reasonably satisfactory to the Required Holders.

"Indemnity and Subrogation Agreement" shall mean the Indemnity, Subrogation and Contribution Agreement, as amended and restated as of the Restatement Closing Date, between the Company, the Guarantors and the Collateral Agent.

"Institutional Equity Investors" shall mean The Clipper Group, L.P., First Plaza, Credit Suisse First Boston Corporation, Barclays USA, Inc., Olympus Private Placement Fund, L.P., Clipper/Merchant I, L.P., Clipper Capital Associates, L.P., National Partners, L.P., National Partners III, L.P., UBS Capital Corporation, The Travelers Indemnity Company and The Phoenix Insurance Company and their respective Affiliates.

"Insurance Proceeds" shall have the meaning ascribed in Section 9 of the Guarantee Agreement.

"Intercreditor Agreement" shall have the meaning ascribed in Section 1.5; and from and after the incurrence of any Refinancing Indebtedness pursuant to Section 7.1(g), the term "Intercreditor Agreement" shall include any intercreditor agreement entered into in connection with the incurrence of such Refinancing Indebtedness.

"Interest Expense Coverage Ratio" shall mean with respect to the Company and its Subsidiaries on a consolidated basis, for any period, the ratio of (a) EBITDA for such period to (b) Cash Interest Expense for such period.

"Interest Payment Date" shall mean each June 30 and December 31.

"Leasehold Mortgage" shall mean any Mortgage that is a leasehold or subleasehold mortgage.

"Lenders" shall have the meaning ascribed in the Original Credit Agreement or the Credit Agreement, as the context requires. After the incurrence of any Credit Agreement Refinancing Indebtedness, the term "Lender" shall include all original lenders of such refinancing Indebtedness and their successors and assigns.

"Letters of Credit" shall have the meaning ascribed in the Credit Agreement.

"Leverage Ratio" shall mean on any date the ratio of (a) Total Debt as of such date to (b) EBITDA for the period of four consecutive fiscal quarters most recently ended as of such date.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, assignment for security (whether collateral or otherwise), hypothecation, encumbrance, easement, restriction, covenant, lease, sublease, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement, or financing lease having substantially the same economic effect as any of the foregoing, relating to such asset, (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities and (d) zoning or land use restrictions.

"Loans" shall have the meaning ascribed in the Credit Agreement and shall also include Swingline Loans and Letters of Credit. After the incurrence of any Credit Agreement Refinancing Indebtedness, the term "Loans" shall include all loans outstanding in respect of such refinancing Indebtedness.

"Lockbox Agreements" shall have the meaning ascribed in Section 1.5.

"Lockbox Collateral" shall have the meaning ascribed in each of the Lockbox Agreements.

"Make-Whole Premium" shall mean, in connection with any prepayment of a Note, the amount (but not less than zero) equal to the excess, if any, of

(a) the sum of the Present Values (as hereinafter defined) of (1) the principal amount of such Note being prepaid (assuming the required prepayments pursuant to Section 5.1 and the principal balance of such Note payable upon maturity are paid when due) and (2) the amount of interest which would have been payable on each Interest Payment Date on the amount of such principal being prepaid (assuming the required prepayments pursuant to Section 5.1 and the principal balance of such Note payable upon maturity and interest payments are paid when due), over

(b) the principal amount of such Note being prepaid.

For purposes of this definition, "Present Value" shall be determined in accordance with generally accepted financial practice by discounting on a semiannual basis to the date of such prepayment at a discount rate per annum equal to the sum of the applicable Treasury Yield plus 0.50% (or 1.25% if such prepayment date is after December 9, 1998); and the "Treasury Yield" for such purpose shall be determined as of 10:00 A.M. New York City time on the third Business Day prior to the date of such prepayment by reference to the yields of those actively traded "On The Run" United States Treasury securities having a maturity equal to the then-remaining weighted average life to maturity of such Note as reported by the Telerate Access Service page 7677 (ask side) or the equivalent page provided by Telerate Systems Incorporated (or any other nationally recognized publicly available on-line source of similar market data), provided that if such weighted average life to maturity is not equal to the maturity of an actively traded "On The Run" United States Treasury security, such yield shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields as so reported of actively traded "On The Run" Treasury securities having a maturity closest to such weighted average life to maturity . For purposes hereof, "On The Run" United States Treasury securities refers to those United States Treasury securities which are most recently auctioned.

"Management Investors" shall mean the officers, directors or employees of the Company or its Subsidiaries who have purchased or will purchase Common Stock.

"Margin Stock" shall have the meaning given such term under Regulation U.

"Material Adverse Effect" shall mean (a) a materially adverse effect on the business, assets, operations, prospects or condition, financial or otherwise, or the material agreements of the Company and its Subsidiaries, taken as a whole, (b) a material impairment of the ability of the Company, any of the Guarantors or TAFSI to perform any of its obligations under any Transaction Document to which it is or will be a party or (c) a material impairment of the rights of or benefits available to the Collateral Agent or the holders of Notes under any Financing Document.

"Moody's" shall mean Moody's Investors Service, Inc.

"Mortgage Amendment" shall mean an amendment to an existing mortgage or deed of trust, leasehold mortgage, assignment of leases and rents or other security document previously granted to the Collateral Agent with respect to a Mortgaged Property in connection with the Original Credit Agreement, delivered pursuant to Section 5.02(l) of the Credit Agreement or pursuant to Section 6.10, and which amendment has the effect of causing such mortgage or deed of trust, leasehold mortgage, assignment of leases and rents or other security document, as so amended to be substantially in the form of the Mortgage attached as Exhibit I to the Credit Agreement (or Exhibit C thereto in the case of any amendment of an assignment of leases and rents).

"Mortgaged Properties" shall mean the owned real properties and leasehold and subleasehold interests of the Company and TAFSI specified on Schedule 1.1(a).

"Mortgages" shall have the meaning ascribed in Section 1.5.

"Multiemployer Plan" shall mean a multiemployer plan as defined in
Section 4001(a)(3) of ERISA to which the Company 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.

"National" shall have the meaning ascribed in Section 1.1.

"National Ancillary Agreements" shall have the meaning assigned to the term "Ancillary Agreements" in the National Asset Purchase Agreement and shall include the Bill of Sale, the Assignment and Assumption Agreement, the Non-Competition Agreement, the Office Sublease, the Credit Card Agreement, the Trademark License Agreement, the Software License Agreement and the Services Agreement (each as defined in the National Asset Purchase Agreement).

"National Asset Purchase Agreement" shall mean the Asset Purchase Agreement dated as of November 23, 1992, between National and Union Oil Company of California, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"National Network" shall have the meaning ascribed in Section 1.1.

"National Notes" shall have the meaning ascribed in Section 1.1.

"National Purchase Agreements" shall have the meaning ascribed in Section 1.1.

"Net Cash Proceeds" shall mean, with respect to any Prepayment Event or any issuance of equity of the Company or its Subsidiaries, (a) the gross cash proceeds (including insurance proceeds, condemnation awards and payments from time to time in respect of installment obligations, if applicable) received by or on behalf of the Company or any Subsidiary thereof in respect of such Prepayment Event or equity issuance, less (b) the sum of (i) in the case of a Prepayment Event, the amount, if any, of all taxes (other than income taxes) payable by the Company or any Subsidiary thereof in connection with such Prepayment Event and the Company's good-faith best estimate of the amount of all income taxes payable in connection with such Prepayment Event (to the extent that such amount shall have been set aside for the purpose of paying such income taxes), (ii) in the case of a Prepayment Event that is an asset sale or disposition, (A) the amount of any reasonable reserve established in accordance with GAAP against any liabilities associated with the assets sold or disposed of and retained by the Guarantor or any Subsidiary thereof, provided that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of

a Prepayment Event occurring on the date of such reduction, and (B) the amount applied to repay any Indebtedness (other than the Term Loans and the Notes) to the extent such Indebtedness is required by its terms to be repaid as a result of such Prepayment Event and (iii) reasonable and customary fees, commissions and expenses and other costs paid by the Company or any Subsidiary thereof in connection with such Prepayment Event or equity issuance (other than those payable to the Company or any Affiliate of the Company (other than customary financial advisory fees payable to The Clipper Group, L.P. or its Affiliates, in connection therewith to the extent that such fees are no greater than the financial advisory fees that a third party could have obtained for the same services after negotiation at arm's length)), in each case only to the extent not already deducted in arriving at the amount referred to in clause (a).

"Net Income" shall mean, for any period, the aggregate net income (or net deficit) of the Company and its Subsidiaries determined on a consolidated basis for such period, which shall be equal to gross revenues for the Company and its Subsidiaries determined on a consolidated basis during such period less the aggregate for the Company and its Subsidiaries determined on a consolidated basis during such period, without duplication, of (a) cost of goods sold, (b) interest expense, (c) operating expenses, (d) selling, general and administrative expenses, (e) taxes, (f) depreciation, depletion and amortization of properties and (g) any other items that are treated as expense under GAAP, all computed in accordance with GAAP; provided, however, that the term "Net Income" shall exclude, for all purposes other than for the purposes of calculating Consolidated Net Worth, (i) extraordinary gains and losses from the sale of assets other than in the ordinary course of business, (ii) one-time charges taken in connection with the Transactions or in connection with the Additional Permitted Acquisition, if any, and the other Transactions and (iii) any write-up in the value of any asset.

"Net Working Capital" shall mean, with respect to any Person and its Subsidiaries on a consolidated basis at any date, (a) the sum of inventory, current receivables (including trade receivables and current rent receivables) and prepaid expenses minus (b) the sum of accrued expenses payable and trade payables, as each of such items would appear on a consolidated balance sheet of such person and its Subsidiaries as of the date of determination in accordance with GAAP.

"Network" shall have the meaning ascribed in Section 1.1.

"Network Operator" shall mean each independent auto/truckstop operator who will lease or sublease a Truckstop from any Guarantor.

"New Improvements" shall have the meaning ascribed in Section 6.14.

"New Mortgaged Properties" shall have the meaning ascribed in Section 6.14.

"1997 Confidential Information Memorandum" shall mean the Confidential Information Memorandum of the Company dated February 1997.

"1998 Confidential Information Memorandum" shall mean the Confidential Information Memorandum of the Company dated October 1998.

"Noteholders" shall mean the Noteholder and the other noteholders listed in Schedule I hereto.

"Note Register" shall have the meaning ascribed in Section 11.

"Notes" shall have the meaning ascribed in Section 1.3.

"Obligations" shall mean all obligations defined as "Obligations" in the Guarantee Agreement and the Security Documents.

"Offering Memorandum" shall mean the Offering Memorandum of the Company dated March 24, 1997, relating to the Subordinated Notes, as amended, supplemented or otherwise modified from time to time.

"Operators" shall mean independent auto/truckstop operators who lease or sublease their facilities from National.

"Original Credit Agreement" shall mean the Credit Agreement dated as of March 21, 1997 by and among the Company, the Lenders party thereto and The Chase Manhattan Bank, as agent for said Lenders.

"Original Exchange Agreement" shall have the meaning ascribed in Section 1.2.

"Original Notes" shall have the meaning ascribed in Section 1.1.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA or any successor thereto.

"Perfection Certificate" shall mean the Perfection Certificate, substantially in the form of Annex 2 to the Security Agreement, prepared by the Company.

"Permitted Business Acquisition" shall mean any acquisition of assets from, or shares or other equity interests in, any Person (other than the Additional Permitted Acquisition) if (a) immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or would result therefrom, (b) all transactions related thereto shall be consummated in accordance with applicable laws, (c) in the case of any acquisition of shares or other equity interests in any Person, such acquisition is an acquisition of 100% of the shares or other equity interests of such Person and, simultaneously with or immediately following such acquisition, such acquired Person is merged with and into one of the Guarantors and (d) neither the Company nor any of its Subsidiaries shall assume or otherwise become liable for any Indebtedness in connection with such acquisition (except for Indebtedness permitted by Section 7.1).

"Permitted Developer" shall have the meaning ascribed in Section 10 of the Guarantee Agreement.

"Permitted Development Entity" shall be a corporation or limited partnership that does not satisfy the criteria to be considered a "Subsidiary" as contemplated in the definition thereof.

"Permitted Investments" shall mean:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America),

in each case maturing within three months from the date of acquisition thereof;

(b) without limiting the provisions of paragraph (d) below, investments in commercial paper maturing within three months from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from Standard & Poor's and from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits (including eurodollar time deposits) maturing within three months from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, (i) any domestic office of The Chase Manhattan Bank or (ii) any domestic office of any other commercial bank of recognized standing organized under the laws of the United States of America or any state thereof that has a combined capital and surplus and undivided profits of not less than $250,000,000 and which is rated (or the senior debt securities of the holding company of such commercial bank are rated) A or better by Standard & Poor's or A2 or better by Moody's, or carrying an equivalent rating by another nationally recognized rating agency if neither of the two named rating agencies shall rate such commercial bank (or the holding company of such commercial bank);

(d) investments in commercial paper maturing within three months from the date of acquisition thereof and issued by (i) the holding company of The Chase Manhattan Bank or (ii) the holding company of any other commercial bank of recognized standing organized under the laws of the United States of America or any state thereof that has (A) a combined capital and surplus in excess of $250,000,000 and (B) commercial paper rated at least A-1 or the equivalent thereof by Standard & Poor's or at least P-1 or the equivalent thereof by Moody's, or carrying an equivalent rating by another nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments;

(e) repurchase agreements having a term of seven days or less with
(i) any domestic office of The Chase Manhattan Bank or (ii) any domestic office of any other commercial bank of recognized standing organized under the laws of the

United States of America or any state thereof that has a combined capital and surplus and undivided profits of not less than $250,000,000 and which is rated (or the senior debt securities of the holding company of such commercial bank are rated) A or better by Standard & Poor's or A2 by Moody's or carrying an equivalent rating by another nationally recognized rating agency if neither of the two named rating agencies shall rate such bank, in each case relating to marketable direct obligations issued or unconditionally guaranteed by the United States but only if the securities collateralizing such repurchase agreements are delivered to or on the order of the Collateral Agent;

(f) other investment instruments approved in writing by the Required Holders and offered by financial institutions that have a combined capital and surplus and undivided profits of not less than $250,000,000; and

(g) investments consisting of Rate Protection Agreements.

"Permitted Joint Venture" shall have the meaning ascribed in Section 7.4(h).

"Person" or "person" shall mean any natural person, corporation, business trust, joint venture, association, company, limited liability company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean 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 Company or any ERISA Affiliate.

"Pledge Agreement" shall have the meaning ascribed in Section 1.5.

"Prepayment Account" shall have the meaning ascribed in the Intercreditor Agreement.

"Prepayment Event" shall mean (a) any sale, transfer or other disposition of any business units, assets, franchises or other properties of the Company or any Subsidiary thereof (including dispositions in the nature of casualties (to the extent covered by insurance) or condemnations (including any Casualty or Condemnation in respect of a Mortgaged Property as

contemplated in Section 9 of the Guarantee Agreement)), (b) any sale and leaseback of any asset or the mortgaging of any real property other than (i) any Sale and Leaseback Transaction permitted by Section 7.3 or (ii) pursuant to a Mortgage (or a modification thereof) by the Company or any Subsidiary thereof, or (c) the issuance or incurrence by the Company or any Subsidiary thereof of any Indebtedness (excluding any Indebtedness permitted under Section 7.1), or the issuance or sale by the Company or any Subsidiary thereof of any debt securities or any obligations convertible into or exchangeable for, or giving any Person any right, option or warrant to acquire from the Company or any Subsidiary thereof any Indebtedness or any such debt securities or any such convertible or exchangeable obligations (excluding any Indebtedness permitted under Section 7.1). Notwithstanding the foregoing, the term "Prepayment Event" shall not include:

(i) sales, transfers and other dispositions of used or surplus equipment, vehicles and other assets in the ordinary course of business permitted pursuant to Section 7.5(b) not exceeding in the aggregate $1,000,000 in any fiscal year, provided that (A) at any time when such sales, transfers and other dispositions in the ordinary course of business shall exceed $1,000,000 in any fiscal year, the resultant Prepayment Event shall include the entire amount of such sales, transfers and dispositions since the date of such most recent payment, if any, with respect to such fiscal year and not just amounts above such dollar threshold and (B) to the extent that the Company or any of its Subsidiaries shall have reinvested on the date of such Prepayment Event (or certified to the holders of the Notes that it intends to reinvest within 180 days of such Prepayment Event) any of the proceeds of such sales, transfers and dispositions in equipment, vehicles or other assets used in the principal lines of business of the Subsidiaries, the resultant Prepayment Event shall be reduced by the lesser of (I) $1,000,000 and (II) the amount so reinvested or to be reinvested;

(ii) sales of inventory in the ordinary course of business;

(iii) sales, transfers and other dispositions of Truckstops and the related assets permitted pursuant to Sections 7.5(d) or 7.5(g) resulting in Net Cash Proceeds in

an aggregate amount not exceeding (A) during the period commencing on the Closing Date and ending on December 31, 2000, $70,000,000 and (B) during each period of four consecutive fiscal quarters ending on each December 31 thereafter, $7,500,000, provided that (1) such Net Cash Proceeds are either (x) used to prepay or voluntarily prepay the Notes or the Loans, in accordance with Section 5.2 or 5.3 of this Agreement and Section 2.12 or 2.13 of the Credit Agreement, on such date as may be elected by the Company or (y) reinvested in other Truckstop properties and related assets, (2) in connection with any such reinvestment, the Company shall (x) provide the holders of the Notes and the Collateral Agent with such opinions, documents, certificates, title insurance policies (as required by Section 3.14(a)), surveys and other insurance policies as they may reasonably request and (y) take such other actions as the Required Holders and the Collateral Agent may reasonably deem necessary or appropriate (including actions with respect to the delivery to the Collateral Agent of a first priority Mortgage as required by Section 3.14(a) and assignment with respect to the related real property for the ratable benefit of the Secured Parties) and (3) the Company, pending any such repayment, voluntary prepayment or reinvestment, promptly deposits such Net Cash Proceeds in a cash collateral account established with the Collateral Agent for the benefit of the Secured Parties;

(iv) the receipt of insurance or condemnation proceeds (other than Condemnation Proceeds and Insurance Proceeds in respect of Mortgaged Properties), provided that (A) such proceeds are reinvested in equipment, vehicles or other assets used in the Subsidiaries' principal lines of business within 180 days after the receipt thereof and (B) the Company, pending such reinvestment, promptly deposits such proceeds so received and unreinvested in a cash collateral account established with the Collateral Agent for the benefit of the Secured Parties;

(v) the receipt of Condemnation Proceeds and Insurance Proceeds in respect of Mortgaged Properties to the extent that (A) such Condemnation Proceeds or Insurance Proceeds are used to restore, repair or locate, acquire and replace the related Mortgaged Property in accordance with Section 9 of the Guarantee Agreement, (B) such Condemnation Proceeds or Insurance Proceeds, pursuant to Section 9 of the

Guarantee Agreement, are not otherwise required to be applied as a mandatory prepayment pursuant to Section 2.13(b) of the Credit Agreement and Section 5.3 or (C) to the extent permitted by Section 9 of the Guarantee Agreement, any Condemnation Proceeds or Insurance Proceeds are

(I) reinvested in equipment, vehicles or other assets used in the Subsidiaries' principal lines of business within 180 days after the receipt thereof and (II) the Company, pending such reinvestment, has deposited such amounts in an escrow account with the Collateral Agent as contemplated in Section 9 of the Guarantee Agreement;

(vi) except as otherwise specified in Section 10 of the Guarantee Agreement, any sale, transfer and other disposition of any portion of a Mortgaged Property in connection with the development of such property as permitted in, and in accordance with, the provisions of Section 10 of the Guarantee Agreement; and

(vii) in respect of any Mortgaged Property, sales, transfers and other dispositions of any portion of the Land (as defined in the related Mortgage) that has no significant improvements on it that are permitted pursuant to Section 7.5(f) in an aggregate amount not exceeding $2,000,000 in any fiscal year or $8,000,000 since the Closing Date, provided that (A) the proceeds of each such sale are reinvested in equipment, vehicles or other assets used in the Subsidiaries' principal lines of business within 180 days of the date of such sale and (B) the Company, pending such reinvestment, promptly deposits such proceeds so received and unreinvested in a cash collateral account established with the Collateral Agent for the benefit of the Secured Parties.

"Pro Forma Balance Sheet" shall have the meaning ascribed in
Section 4.5(a).

"Pro Rata Share" shall mean, in relation to any amount, (a) with respect to all the Lenders as a group, a share of such amount determined by multiplying such amount by a fraction, the numerator of which shall be the sum of the aggregate principal amount of Revolving Credit Loans (as defined in the Credit Agreement), Swingline Loans and Term Loans outstanding at the time plus the aggregate face amount of all Letters of Credit outstanding at the time under the Credit Agreement plus the

aggregate unused amount of Revolving Credit Commitments (as defined in the Credit Agreement) in effect at the time (the sum of the foregoing amounts being referred to as the "Lenders' Amount"), and the denominator of which shall be the sum of the Lenders' Amount and the aggregate unpaid principal amount of the Notes at the time outstanding (the sum of the foregoing amounts being referred to as the "Denominator Amount"), and (b) with respect to the holders of the Notes, a share of such amount determined by multiplying such amount by a fraction, the numerator of which shall be the aggregate unpaid principal amount of Notes, at the time outstanding, and the denominator of which shall be the Denominator Amount. In making a determination of the Pro Rata Share with respect to a Prepayment Event as of any date in a fiscal year prior to prepayment pursuant to Section 2.12(d) of the Credit Agreement in respect of Excess Cash Flow for the prior fiscal year, the Lenders' Amount shall be determined on a pro forma basis after giving effect to such prepayment in respect of Excess Cash Flow. After the incurrence of Refinancing Indebtedness, the Pro Rata Share shall be determined, mutatis mutandis, with respect to the analogous provisions of the Refinancing Indebtedness.

"Purchase Agreements" shall have the meaning ascribed in Section 1.1.

"Rate Protection Agreements" shall have the meaning ascribed in the Credit Agreement.

"Recapitalization" shall have the meaning ascribed in Section 1.2.

"Refinancing Indebtedness" shall mean the Credit Agreement Refinancing Indebtedness.

"Release" shall mean any discharge, emission, release, or threat thereof, including a "Release" as defined in CERCLA at 42 U.S.C. ss. 9601 (22), and the term "Released" has a meaning correlative thereto.

"Reportable Event" shall mean any reportable event as defined in
Section 4043(b) of ERISA or the regulations issued thereunder with respect to a 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).

"Required Holders" shall mean, at any time, the holder or holders of at least 51% of the aggregate unpaid principal amount of the Notes then outstanding.

"Resellers" shall mean independent auto/truckstop operators who own their facilities and who are part of the National Network.

"Responsible Officer" of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"Restatement Closing Date" shall mean the "Effective Date" as defined in the Supplemental Agreement as the date the Supplemental Agreement becomes effective in accordance with the terms and provisions contained therein.

"Revolving Credit Facility" shall have the meaning ascribed in the Credit Agreement.

"Sale and Leaseback Transaction" shall have the meaning ascribed in Section 7.3.

"Secured Parties" shall have the meaning ascribed in the Security Agreement.

"Security Agreement" shall have the meaning ascribed in Section 1.5.

"Security Documents" shall mean the Mortgages (including any Assignment of Leases and Rents, any Leasehold Mortgage and the Mortgage Amendment covering the Mortgaged Properties), the Security Agreement, the Pledge Agreement, the Collateral Assignment, the Collateral Account Agreement, the Lockbox Agreements, the Trademark Security Agreement, the Airplane Mortgage, and each of the security agreements, mortgages and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 6.10.

"Senior Convertible Participating Preferred Stock" shall mean the Series I Senior Preferred Stock and the Series II Senior Preferred Stock.

"Senior Funded Debt" means all Funded Debt of the Guarantor and its Subsidiaries other than the Subordinated Notes (or the Subordinated Note Refinancing Indebtedness).

"Series I Preferred Stock", "Series I Senior Preferred Stock", "Series II Preferred Stock" and "Series II Senior Preferred Stock" shall have the meaning ascribed in Section 4.19(a).

"Standard & Poor's" means Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc.

"Stockholders Agreement" shall mean the Stockholders Agreement dated as of April 14, 1993, as amended as of March 6, 1997, among certain Institutional Equity Investors, certain Resellers, certain Operators and the Company and as the same may be further amended, modified or supplemented in accordance with the provisions of this Agreement.

"Subordinated Note Documents" shall mean the Subordinated Note Guarantees, the Subordinated Note Indenture and the Subordinated Notes.

"Subordinated Note Guarantees" shall mean, collectively, the Guarantees of the Guarantors guaranteeing repayment of the Subordinated Notes.

"Subordinated Note Indenture" shall mean the Subordinated Note Indenture, dated as of March 24, 1997, among the Company, the Guarantors and Fleet National Bank, as trustee, as amended from time to time in accordance with the terms hereof and thereof.

"Subordinated Note Refinancing Indebtedness" shall mean any Indebtedness incurred by the Company as contemplated in Section 7.1(h).

"Subordinated Notes" shall have the meaning ascribed in Section 1.2.

"Subsidiary" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, limited liability company, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general

partnership interests are, at the time any determination is being made, owned, controlled or held or (b) that is, at the time any determination is made, otherwise Controlled by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent. Unless the context otherwise requires, references to "Subsidiaries" shall mean Subsidiaries of the Company.

"Supplemental Agreement" shall mean the Supplemental Agreement dated as of November 24, 1998, supplementing and amending the Original Exchange Agreement.

"Swingline Loans" shall have the meaning ascribed in the Credit Agreement.

"TA" shall have the meaning ascribed in Section 1.1.

"TA Ancillary Agreements" shall have the meaning ascribed to the term "Ancillary Agreements" in the TA Asset Purchase Agreement and shall include the Non-Competition Agreement, the Credit Card Agreement, the Services Agreement, the Office Sub-Lease, the Assignment and Assumption Agreement, the TAFSI Assumption Agreement, the Jobber Agreement, the Supplemental Agreement, the Trademark Assignment and the Software License Agreement (each as defined in the TA Asset Purchase Agreement).

"TA Asset Purchase Agreement" shall mean the Asset Purchase Agreement dated as of July 22, 1993, as amended by Amendment No. 1 thereto dated as of December 9, 1993, among TA, BP Exploration & Oil, Inc. and Truckstops Corporation of America, as the same may be further amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement.

"TA Holdings" shall have the meaning ascribed in Section 1.1.

"TA Network" shall have the meaning ascribed in Section 1.1.

"TA Notes" shall have the meaning ascribed in Section 1.1.

"TA Purchase Agreements" shall have the meaning ascribed in Section 1.1.

"TA Stockholders Agreement" shall mean the Stockholders Agreement dated as of December 10, 1993 among the Company and the stockholders parties thereto to be amended in accordance with the Company's Consent Solicitation dated February 13, 1997, as the same may be amended, modified or supplemented in accordance with the provisions of this Agreement.

"TA Subordinated Notes" shall mean all of TA's outstanding Series A and Series B Senior Subordinated Notes due 2003.

"TA Travel" shall mean TA Travel, L.L.C., a Delaware limited liability company that is a direct wholly owned Subsidiary of TA and a Guarantor.

"TAFSI" shall have the meaning ascribed in Section 1.2.

"Term Facility" shall have the meaning ascribed in the Credit Agreement.

"Term Lender" shall have the meaning ascribed in the Credit Agreement.

"Term Loan Maturity Date" shall mean March 27, 2005.

"Term Loans" shall mean the Term Loans as defined in the Credit Agreement.

"Total Debt" shall mean, with respect to the Company and its Subsidiaries on a consolidated basis at any time, all Capital Lease Obligations, Indebtedness for borrowed money, Indebtedness in respect of deferred purchase price of property or services of the Company and its Subsidiaries and all preferred stock at such time mandatorily redeemable on or prior to the first anniversary of the Term Loan Maturity Date less the amount of cash and cash equivalents set forth on the Company's consolidated balance sheet at such time (including all amounts on deposit in the Collateral Account at such time) in excess of $2,500,000.

"Trademark Security Agreement" shall have the meaning ascribed in
Section 1.5.

"Transaction Documents" shall mean the Credit Agreement Documents, the Financing Documents and the Subordinated Note Documents.

"Transactions" shall mean after the Restatement Closing Date, (a) the transactions described in Section 4.2 of the Original Exchange Agreement and
(b) the Additional Transactions.

"Transition Capital Expenditures" shall mean, for any period, all capital expenditures (other than the Burns Acquisition and the Additional Permitted Acquisition, if any) made by the Company and its subsidiaries during such period to the extent that such capital expenditures (a) are in an amount in excess of the Capital Expenditures permitted to be made during such period under
Section 7.13(a) of this Agreement and (b) are capital expenditures substantially similar to those described in Section 10 of the 1997 Confidential Information Memorandum or Section 11 of the 1998 Confidential Information Memorandum.

"Truckstop" shall mean, as of any date, each full service truckstop facility that is part of the Network and that is owned by the Company or a Subsidiary or leased by the Company or a Subsidiary as lessee or sublessee.

"Voting Trust" shall mean the Voting Trust established pursuant to the terms of the Voting Trust Agreement.

"Voting Trust Agreement" shall mean the Voting Trust Agreement dated as of April 14, 1993, as amended as of March 6, 1997, among the Company, certain Resellers, certain Operators and United States Trust Company of New York, as trustee, as the same may be amended, modified or supplemented in accordance with the provisions of this Agreement.

"Voting Trust Certificates" shall mean the Voting Trust Certificates issued pursuant to the terms of the Voting Trust Agreement.

"Withdrawal Liability" shall mean 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.

9.2. Terms Generally.

The definitions in Section 9.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be

followed by the phrase "without limitation." All references herein to Sections, Exhibits and Schedules shall be deemed to be references to Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP as in effect from time to time.

* * * * *

[10.1 Events of Default; Acceleration of Maturity....]

If any of the following events ("Events of Default") shall have occurred and be continuing (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or by operation of law or otherwise), that is to say:

(a) any representation or warranty made or deemed made in this Agreement or any Transaction Document or any amendment or modification thereof or waiver thereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished pursuant to this Agreement or any Transaction Document or any amendment or modification thereof or waiver thereunder, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of all or any part of the principal of, or premium (if any) on, any Note when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Note, when and as the same shall become due and payable, and such default shall continue unremedied for a period of three Business Days;

(d) default shall be made in the due observance or performance by the Company, of any covenant, condition or agreement contained in Section 5.3, 5.4, 6.1, 6.5, 6.11, 6.12, 6.13, 6.14, 7.1 or 7.3 to 7.17, inclusive, or Section 8 or in Section 9 or 10 of the Guarantee Agreement;

(e) default shall be made in the due observance or performance by the Company, any Guarantor or TAFSI of any covenant, condition or agreement contained in any Financing Document (other than those defaults specified in subsection (b), (c) or (d) above) and such default shall continue unremedied for a period of the earlier of (i) 30 days after an executive officer of the Company, such Guarantor or TAFSI first becomes aware or should have become aware thereof and (ii) 15 days after notice thereof from any holder of any Note to the Company, such Guarantor or TAFSI, as applicable;

(f) the Company or any of its Subsidiaries shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of $2,000,000, when and as the same shall become due and payable (after giving effect to any applicable grace period) or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness (after giving effect to any applicable grace period) if the effect of any failure referred to in this clause (ii) is to cause, or to permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity;

(g) 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 Company or any of its Subsidiaries, or of a substantial part of the property or assets of the Company or any of its Subsidiaries, 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 Company or any of its Subsidiaries, or for a substantial part of the property or assets of the Company or any of its Subsidiaries, or (iii) the winding-up or liquidation of the Company or any of its Subsidiaries; and such proceeding or petition shall continue undismissed for 30 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Company or any of its Subsidiaries 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 30 days in any event), any proceeding or the filing of any petition described in paragraph (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any of the its Subsidiaries, or for a substantial part of the property or assets of the Company or any of its Subsidiaries, (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;

(i) one or more judgments for the payment of money in an aggregate amount in excess of $2,000,000 (to the extent not covered by insurance) shall be rendered against the Company, any Guarantor or TAFSI or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Company, any Guarantor or TAFSI to enforce any such judgment;

(j) a Reportable Event or Reportable Events, or a failure to make a required installment or other payment (within the meaning of Section 412(n)(l) of the Code), shall have occurred with respect to any Plan or Plans that reasonably could be expected to result in liability of the Company, any Guarantor, TAFSI or any ERISA Affiliate to the PBGC or to a Plan in an aggregate amount exceeding $2,000,000 and, within 30 days after the reporting of any such Reportable Event to the holders of the Notes or after the delivery of the statement required pursuant to Section 6.6(b)(iii), the Required Holders shall have notified the Company in writing that (i) the Required Holders have reasonably determined that, on the basis of

such Reportable Event or Reportable Events or the failure to make a required payment, there are reasonable grounds (a) for the termination of such Plan or Plans by the PBGC, (b) for the appointment by the appropriate United States District Court of a trustee to administer such Plan or Plans or (c) for the imposition of a lien in favor of a Plan and (ii) as a result thereof an Event of Default exists hereunder; or a trustee shall be appointed by a United States District Court to administer any such Plan or Plans; or the PBGC shall institute proceedings to terminate any Plan or Plans;

(k) (i) the Company, any Guarantor, TAFSI or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan, (ii) the Company, such Guarantor, TAFSI or such ERISA Affiliate does not have reasonable grounds for contesting such Withdrawal Liability or is not in fact contesting such Withdrawal Liability in a timely and appropriate manner and (iii) the amount of the Withdrawal Liability specified in such notice, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date or dates of such notification), either (a) is $2,000,000 or more and the Required Holders have reasonably determined that the Company, such Guarantor, TAFSI or such ERISA Affiliate will not be able to make the payments required in connection with such Withdrawal Liability or (B) is less than $2,000,000 and any payment due as a result of such liability remains unpaid 30 days after such payment is due;

(l) the Company, any Guarantor, TAFSI or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if solely as a result of such reorganization or termination the aggregate annual contributions of the Company, each Guarantor, TAFSI and each ERISA Affiliate to all Multiemployer Plans that are then in reorganization or have been or are being terminated have been or will be increased over the amounts required to be contributed to such Multiemployer Plans for their most recently completed plan years by an amount exceeding $2,000,000 and the Required Holders have reasonably

determined that the Company, such Guarantor, TAFSI or such ERISA Affiliate will not be able to make the payments required in connection with such contribution; (m) any material security interest purported to be created by any Security Document shall cease to be, or shall be asserted by the Company, any Guarantor or TAFSI not to be, a valid, perfected, first priority (except as otherwise expressly provided in this Agreement or such Security Document) security interest in the securities, assets or properties covered thereby, except to the extent that any such loss of perfection or priority results from the failure of the Collateral Agent to maintain possession of certificates representing securities pledged under the Pledge Agreement (except to the extent that such loss is covered by a lender's title insurance policy and the related insurer promptly after such loss shall have acknowledged in writing that such loss is covered by such title insurance policy);

(n) any Financing Document shall not be for any reason or shall be asserted by the Company, any Guarantor or TAFSI, not to be in full force and effect and enforceable in all material respects in accordance with its terms;

(o) the Obligations and the guarantees thereof pursuant to the Guarantee Agreement shall cease to constitute, or shall be asserted by the Company or any Guarantor not to constitute, senior indebtedness under the subordination provisions of the Subordinated Notes, the Subordinated Guarantees and the Subordinated Note Indenture (or the provisions of the Subordinated Note Refinancing Indebtedness) or such subordination provisions shall be invalidated or otherwise cease to be a legal, valid and binding obligation of the parties thereto, enforceable in accordance with their terms; or

(p) any material provision of the Guarantee Agreement or any other Financing Document shall cease to be in full force and effect and enforceable in accordance with its terms for any reason whatsoever or any Guarantor or TAFSI shall contest or deny in writing the validity or enforceability of any of its obligations under the Guarantee Agreement or any other Financing Document, as applicable, or the Notes shall cease to be entitled to the benefits of any

Security Document, this Agreement, or the Intercreditor Agreement for any reason whatsoever;

then (i) upon the occurrence of an Event of Default with respect to the Company or any of its Subsidiaries described in subsection (g) or (h) above, the unpaid principal amount of all Notes, together with the interest accrued thereon, shall automatically become immediately due and payable, without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Company or (ii) upon the occurrence and continuance of any other Event of Default, the Required Holders may, by written notice to the Company, declare the unpaid principal amount of all Notes to be, and the same shall forthwith become, due and payable, together with the interest accrued thereon and, to the extent permitted by law, an amount equal to the Additional Amount (as hereinafter defined) in respect of each such Note, provided that during the existence of an Event of Default described in subsection (b) or (c) above with respect to any Note, the holder of such Note may, by written notice to the Company, declare such Note to be, and the same shall forthwith become, due and payable, together with the interest accrued thereon and, to the extent permitted by law, an amount equal to the Additional Amount. If any holder of any Note shall exercise the option specified in the proviso to the preceding sentence, the Company will forthwith give written notice thereof to the holders of all other outstanding Notes and each such holder may (whether or not such notice is given or received), by written notice to the Company, declare the unpaid principal amount of all Notes held by it to be, and the same shall forthwith become, due and payable, together with the interest accrued thereon and, to the extent permitted by law, an amount equal to the Additional Amount. If all Notes are accelerated as specified above, the Company will forthwith give written notice thereof to any holder of an outstanding Note which has not given written notice to the Company with respect to such acceleration.

Notwithstanding the foregoing, in the event that a non-payment default under subsection (a), (d) or (e) above is solely the result of any Network Operator's failure to perform its obligations to any Guarantor pursuant to any operating lease with such Guarantor permitted by Section 7.8, then, so long as (i) there shall not be a similar failure by more than two other Network Operators and (ii) such Guarantor has rights against such Network Operator with respect to such default and has commenced

enforcement of its rights against such Network Operator (including compelling such Network Operator to cure such default, exercising such Guarantor's self-help remedies as landlord under such operating lease or terminating such operating lease and taking possession of the premises within the time for cure as provided herein) and the Required Holders, in their reasonable judgment, are satisfied that such Guarantor is diligently and with best efforts prosecuting such enforcement until cure of such default, no Event of Default shall be deemed to have occurred hereunder with respect thereto.

For purposes of this Section, the term "Additional Amount" means an amount equal to the Make-Whole Premium that would be payable with respect to such Note if the Company had elected to prepay such Note in full pursuant to
Section 5.2 on the date of acceleration.

The provisions of this Section are subject, however, to the condition that if, at any time after all Notes have been declared due and payable as aforesaid by the Required Holders, the Company shall pay all arrears of interest on the Notes and all payments on account of the principal of and premium (if any) on the Notes which shall have become due otherwise than by acceleration (with interest on such principal, premium (if any) and, to the extent permitted by law, on overdue payments of interest, at the rate specified in the Notes with respect to overdue payments) and all Events of Default (other than nonpayment of principal of and accrued interest on Notes due and payable solely by virtue of acceleration) shall be remedied or waived pursuant to
Section 13, then the holders of at least 75% of the aggregate unpaid principal amount of the Notes at the time outstanding may, by written notice to the Company, rescind and annul any such acceleration and its consequences; but no such action shall affect any subsequent Default or Event of Default or impair any right consequent thereon.

* * * * *

13. AMENDMENT AND WAIVER.

(a) Any provision of this Agreement or the Notes may, with the consent of the Company, be amended or waived (either generally or in a particular instance and either retroactively or prospectively), by one or more substantially concurrent written instruments signed by the Required Holders (subject to the

provisions of the Intercreditor Agreement) provided, however, that

(i) no such amendment or waiver shall

(A) change the rate or the time of payment of interest on any of the Notes, change the maturity of any of the Notes or affect the premium payable on any prepayment of a Note, modify any of the other provisions of this Agreement with respect to the payment or prepayment or purchase of any Note, modify this Section 13 or
Section 14, reduce the percentage of the principal amount of the Notes the holders of which are required to approve any such amendment or effectuate any such amendment or effectuate any such waiver, or change the percentage of the principal of the Notes the holders of which are required to accelerate the maturity of the Notes or rescind any such acceleration, without the consent of the holders of all the Notes then outstanding, or

(B) modify the definition of "Make-Whole Premium" without the consent of the holder of each Note affected thereby, and

(ii) no such waiver shall extend to or affect any obligation not expressly waived or impair any right consequent thereon.

* * * * *

16.6 Notices.

All communications and notices provided for hereunder or under the

Notes shall be in writing and delivered, or sent by a nationally recognized overnight courier for delivery on the following Business Day or by telex or telecopy (with such telex or telecopy to be confirmed promptly in writing sent by overnight courier as aforesaid) (A) if to the Noteholder, at its address as set forth in Schedule I hereto, or (B) if to the Company, TAFSI or any Guarantor, at 24601 Center Ridge Road, Suite 200, Westlake, Ohio 44145-5634, Attention of Edwin P. Kuhn, President and CEO (Telecopy No. (440) 808-3301); with a copy to The Clipper Group, L.P., 650 Madison Avenue, 9th Floor, New York, New York 10022, Attention of Rowan G.P. Taylor (Telecopy No. (212) 940-6055); with a copy to Paul, Weiss, Rifkind,

Wharton & Garrison, 1285 Avenue of the Americas, New York, New York 10019, Attention of Valerie E. Radwaner, Esq. (Telecopy No. (212) 757-3990), or (C) if to any other holder of a Note, at the address of such holder as it appears on the Note Register. Any address may be changed from time to time and shall be the most recent address furnished in writing (1) if by the Noteholder or any other holder of a Note, to the Company, or (2) if by the Company to the Noteholder and to each other holder of a Note.

Annex II
(to Supplemental Agreement)

[Amended Schedules 1.01(c), 4.07(b) through 4.23(b), inclusive]

* * * * *

Annex III
(to Supplemental Agreement)

[Amended Schedules 1.1(a), 5.2(b), 6.14, 7.1 through 7.11(a), inclusive]

* * * * *

Annex IV
(to Supplemental Agreement)

[Amended Exhibits]

* * * * *

Annex V
(to Supplemental Agreement)

[Opinions of Counsel]

Exhibit 10.15

Schedule of Omitted Management Subscription Agreements

The following documents have been omitted as Exhibits to the Annual Report on Form 10-K because they are on substantially identical terms as Exhibit 10.14 in all material respects other than with respect to the numbers and purchase prices of shares purchased by each of the executives under the agreements.

Agreement	# of Shares
1. Management Subscription Agreement between the Company and Edwin P. Kuhn	15,452
2. Management Subscription Agreement between the Company and James W. George	11,590
3. Management Subscription Agreement between the Company and Michael H. Hinderliter	11,590
4. Management Subscription Agreement between the Company and Timothy L. Doane	7,727
5. Management Subscription Agreement between the Company and Steven C. Lee	3,864

Exhibit 10.16

NOTE

$ _____ [DATE]

FOR VALUE RECEIVED, _____ (the "Borrower"), hereby unconditionally promises to pay to the order of TravelCenters of America, Inc., a Delaware corporation (the "Company"), or its registered assigns, the aggregate principal amount of _____ ($ _____) in lawful money of the United States of America (the "Loan").

The Borrower is an employee of either the Company or one of its subsidiaries. The Company and the Borrower have entered into a subscription agreement, dated as of the date first above written (the "Subscription Agreement"), pursuant to which the Borrower subscribed for shares of the Company's Common Stock, par value $.01 per share (the "Shares"). The Borrower has requested that the Company make the Loan to the Borrower as the purchase price of the Shares, and the Company is willing to make the Loan to the Borrower, upon the terms and subject to the conditions contained herein.

1. Interest and Payment. Interest shall accrue at an annual rate of ____ Percent, compounded semi-annually. Accrued and unpaid interest, together with unpaid principal, if not sooner paid, shall be due and payable on the earliest of (i) the date the Borrower or his transferees (as permitted in the Stockholders' Agreement, dated as of March 6, 1997 between the Company and certain of its stockholders) are no longer the beneficial owners of the Shares,
(ii) the lapse or waiver of the Borrower's put option under Section 6 of the Management Subscription Agreement or the closing of the purchase of the Borrower's Shares under such Section 6 and (iii) the ninth anniversary of

the date first above written. The Loan may be prepaid, in whole or in part, without premium or penalty, at any time.

2. Conditions. The obligation of the Company to make the Loan is subject to the execution and delivery by the Borrower of the Pledge Agreement dated the date hereof made by the Borrower to the Company in substantially the form of Exhibit A hereto.

3. Miscellaneous. To the extent permitted by law, the Borrower waives diligence, presentment, demand, demand for payment, notice of non-payment, notice of dishonor, protest and notice of protest and all other notices or demands in connection with the delivery, acceptance, performance, default or enforcement of this Note.

No waiver or modification of the terms of this Note shall be valid unless in writing signed by the Company and then only to the extent therein set forth.

This Note shall be governed by and construed and enforced in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

IN WITNESS WHEREOF, the Borrower has caused this Note to be duly executed and delivered on the day and year first above written.

[Borrower]

PLEDGE AGREEMENT

Pledge Agreement, dated as of _____, made by _____ (the "Pledgor"), to TravelCenters of America, Inc., a Delaware corporation (the "Company").

Pledgor is the owner of the shares (the "Pledged Shares") of stock described in Schedule 1 hereto and issued by the Company. The Company has agreed to lend Pledgor _____ ($ _____) (the "Loan"), to be evidenced by a note to be executed by Pledgor simultaneously herewith (the "Note"). It is a condition precedent to the making of the Loan under the Note that Pledgor shall have made the pledge contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce the Company to make the Loan under the Note, Pledgor hereby agrees with the Company as follows:

1. Pledge. Pledgor hereby pledges to the Company and grants the Company a security interest in the Pledged Shares.

2. Security for Obligations. This Pledge Agreement secures the payment of all of Pledgor's obligations under the Note.

3. Delivery of Pledged Collateral. All certificates or instruments representing or evidencing the Pledged Shares shall be delivered to and held by the Company and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Company.

4. Representations and Warranties. Pledgor represents and warrants that Pledgor is the legal and beneficial owner of the Pledged Shares.

5. Further Assurances. Pledgor agrees that from time to time it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Company may request in order to perfect and protect the pledge and security interest granted hereby.

6. Continuing Security Interest. This Agreement shall be a continuing assignment of, and security interest in, the Pledged Shares and shall remain in full force and effect until payment of all obligations under the Note. Upon the payment in full of all such obligations, Pledgor shall be entitled to the return of the Pledged Shares.

7. Governing Law; Terms. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof. Capitalized terms that are not defined herein shall have the meanings ascribed to them in the Note.

IN WITNESS WHEREOF, Pledgor has caused this Agreement to be duly executed and delivered as of the date first written above.

_____

Name:

_____

Exhibit 10.17

Schedule of Omitted Notes

The following documents have been omitted as Exhibits to the Annual Report on Form 10-K because they are on substantially identical terms as Exhibit 10.16 in all material respects other than with respect to the numbers and purchase prices of shares purchased by each of the executives under the agreements.

	Agreement	Amount	Interest Rate
1.	Note between the Company and Edwin P. Kuhn	$77,260	4.76%
2.	Note between the Company and James W. George	$57,950	4.76%
3.	Note between the Company and Michael H. Hinderliter	$57,950	4.76%
4.	Note between the Company and Timothy L. Doane	$57,950	6.01%
5.	Note between the Company and Steven C. Lee	$38,640	6.01%

Exhibit 21

SUBSIDIARIES OF THE COMPANY

Subsidiary	State of Incorporation	Doing Business As
TA Operating Corporation	Delaware	TravelCenters of America
National Auto/Truckstops, Inc.	Delaware	--
TA Franchise Systems, Inc.	Delaware	--
TA Travel, L.L.C. (a)	Delaware	--
TP Acquisition, Inc.	New York	--

(a) Wholly-owned by TA Operating Corporation

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS AND IS QUAIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1998
PERIOD START	JAN 01 1998
PERIOD END	DEC 31 1998
CASH	89,200
SECURITIES	0
RECEIVABLES	64,919
ALLOWANCES	3,907
INVENTORY	42,952
CURRENT ASSETS	210,242
PP&E	361,803
DEPRECIATION	0
TOTAL ASSETS	610,061
CURRENT LIABILITIES	110,674
BONDS	390,865
PREFERRED MANDATORY	69,974
PREFERRED	38
COMMON	14
OTHER SE	28,397
TOTAL LIABILITY AND EQUITY	610,061
SALES	902,266
TOTAL REVENUES	923,810
CGS	627,149
TOTAL COSTS	627,149
OTHER EXPENSES	277,568
LOSS PROVISION	1,355
INTEREST EXPENSE	25,371
INCOME PRETAX	(6,278)
INCOME TAX	(2,101)
INCOME CONTINUING	(4,177)
DISCONTINUED	0
EXTRAORDINARY	(3,905)
CHANGES	0
NET INCOME	(8,082)
EPS PRIMARY	(27.59)
EPS DILUTED	(27.59)

Exhibit 99.1

INFORMATION REQUIRED BY PART III OF FORM 10-K

DIRECTORS AND OFFICERS OF THE REGISTRANT

The executive officers and members of the Board of Directors of the Company and their ages, are as follows:

NAME	AGE	POSITION
Edwin P. Kuhn	56	President, Chief Executive Officer and Director
James W. George	47	Senior Vice President, Chief Financial Officer and Secretary
Timothy L. Doane	41	Senior Vice President
Michael H. Hinderliter	50	Senior Vice President
Steven C. Lee	35	Vice President and General Counsel
Margaret M. Eisen	45	Director
Robert B. Calhoun, Jr	56	Chairman of the Board of Directors and Director
Eugene P. Lynch	37	Director
Louis J. Mischianti	39	Director
Rolf H. Towe	60	Director
Harrison T. Bubb	59	Director

Officers of the Company are appointed by the Board of Directors and serve at its discretion. The term of office for each Director expires when such Director's successor is elected and qualified.

Edwin P. Kuhn was named President, Chief Executive Officer and Director of the Company and its subsidiaries in January 1997. Mr. Kuhn has served as President and Chief Executive Officer of TA since the closing of the TA Acquisition in December 1993. Mr. Kuhn served as the General Manager (the most senior position and effective President) of TA under BP's ownership from April 1992 to December 1993. Prior to joining TA, Mr. Kuhn spent 25 years with Sohio and BP in a series of retail site operating positions, most recently as the Retail Marketing Regional Manager for all BP retail facilities in the states of Ohio, Pennsylvania and Kentucky.

James W. George was named Senior Vice President, Chief Financial Officer and Secretary of the Company and its subsidiaries in January 1997. Mr. George has served as a Vice President and Chief Financial Officer of TA since the closing of the TA Acquisition in December 1993. From August 1990 to December 1993, Mr. George served as the Controller (the most senior financial position) of TA under BP's ownership. Prior to joining TA, Mr. George spent ten years with Sohio and BP in a series of accounting and finance positions.

Timothy L. Doane was named Senior Vice President, Market Development of the Company and its subsidiaries in January 1997. Mr. Doane has served as a Vice President, Market Development of TA since 1995. Prior to joining TA, Mr. Doane spent 15 years with Sohio and BP in a series of positions including Director of Procurement (for all purchases except crude oil), Manager of BP's Procare Automotive Service (a chain of stand-alone automobile repair garages in three midwestern states), International Brand Manager (in the United Kingdom) and Division Manager in retail marketing.

Michael H. Hinderliter was named Senior Vice President, Marketing of the Company and its subsidiaries in January 1997. Mr. Hinderliter has served as a Vice President, Marketing of TA since the closing of the TA Acquisition in December 1993. From August 1992 to December 1993, Mr. Hinderliter served as the Marketing Manager of TA under BP's ownership. From 1989 to August 1992, Mr. Hinderliter was the manager of BP Truckstops Limited, BP's truckstop network in the United Kingdom. Prior thereto, Mr. Hinderliter spent 14 years with TA under Ryder, Sohio and BP ownership in a series of positions which included serving as a Fleet Sales Manager, Division Manager and location General Manager.

Steven C. Lee was named Vice President and General Counsel of the Company and its subsidiaries in December 1997. From September 1995 to November 1997, Mr. Lee served as Assistant Vice President and Corporate Counsel of Premier Farnell Corporation (formerly Premier Industrial Corporation). Mr. Lee practiced law with Calfee, Halter & Griswold from 1989 to 1995.

Margaret M. Eisen has been a Director of the Company since April 1997. Ms. Eisen has served as Managing Director, North American Equities since June 1995 at General Motors Investment Management Corporation ("GMIMC"), the investment advisor to First Plaza Group Trust ("First Plaza"). From March 1993 to June 1995 and from March 1992 to March 1993, Ms. Eisen served as Director, Worldwide Pension Investments and as Director, Equity Portfolio Strategy, respectively, at Du Pont Pension Fund Investment, E. I. Du Pont de Nemours and Company.

Robert B. Calhoun, Jr. has been a Director of the Company since April 1993 and was elected Chairman of the Board of Directors in September 1996. Mr. Calhoun has been President of Clipper Asset Management Corporation, which is the sole general partner of Clipper, as well as certain of its affiliates and related entities, since 1991. Mr. Calhoun also serves as director of Avondale Mills, Inc., Hvide Marine Incorporated, Interstate Bakeries Corporation and several private companies.

Eugene P. Lynch has been a Director of the Company since April 1993. Mr. Lynch has been employed by Clipper or its affiliates and related entities since 1991 and has served as a Managing Director since 1993. Mr. Lynch also serves as a director of AVTEAM, Inc., Owosso Corporation and several private companies.

Louis J. Mischianti has been a Director of the Company since October 1992. Mr. Mischianti has been employed by Olympus Advisory Partners, Inc., an affiliate of Olympus Private Placement Fund, L.P. ("Olympus"), since May 1994. Mr. Mischianti was employed by Clipper or its affiliates from 1991 to April 1994. Mr. Mischianti serves as a director of several private companies.

Rolf H. Towe has been a Director of the Company since July 1996. Mr. Towe has served as a Senior Managing Director of Clipper and its affiliates since 1991. Mr. Towe also serves as a director of American Heritage Life Insurance Company, Sterling Chemicals Holdings, Inc. and several private companies.

Harrison T. Bubb was elected as a Director of the Company on March 25, 1998. Mr. Bubb spent over 35 years with Sohio and BP in various positions, including Vice President - Strategic Development, Director - Retail Europe, Vice President - Marketing (USA) and General Manager - Retail Sales.

EXECUTIVE COMPENSATION

Summary Compensation Table. The following table sets forth the compensation awarded to, earned by or paid to the Chief Executive Officer and each of the four other most highly compensated executive officers of the Company as of December 31, 1998 (the "Named Executive Officers") for services rendered to the Company and its subsidiaries for 1998, 1997 and 1996.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary($)	Bonus($)(1)	Long-Term Compensation: Securities Underlying Options(#)	All Other Compensation ($)(2)
Edwin P. Kuhn..... President, Chief Executive Officer and Director(3)	1998	350,000	175,000	-	8,285
	1997	325,000	162,500	-	4,243
	1996	230,000	92,000	-	4,204
James W. George..... Senior Vice President, Chief Financial Officer and Secretary (4)	1998	225,000	112,500	-	4,364
	1997	210,000	105,000	-	4,241
	1996	144,000	57,600	-	360
Michael H. Hinderliter..... Senior Vice President (4)	1998	225,000	112,500	-	6,460
	1997	210,000	105,000	-	4,953
	1996	144,000	57,600	-	360
Timothy L. Doane..... Senior Vice President (4)	1998	225,000	112,500	-	7,757
	1997	210,000	105,000	-	529
	1996	138,000	55,200	-	348
Steven C. Lee..... Vice President and General Counsel)	1998	110,000	44,000	-	350
	1997	9,167	3,667	-	-
	1996	-	-	-	-

(1) Represents bonus for services rendered in the indicated year.

(2) Represents life insurance premiums paid by the Company. Mr. Kuhn's amount includes $3,405 in 1998, $3,424 in 1997, and $3,628 in 1996, reflecting his use of a Company automobile. Mr. George's amount includes $3,084 in 1998 and $3,712 in 1997 reflecting his use of a Company automobile. Mr. Hinderliter's amount includes $4,960 in 1998 and $4,953 in 1997 reflecting his use of a Company automobile. Mr. Doane's amount includes $6,917 in 1998 reflecting his use of a Company automobile.

(3) Elected as Chief Executive Officer and President of the Company and as a director, effective January 21, 1997.

(4) Elected as Senior Vice President of the Company, effective January 21, 1997.

(5) Mr. Lee began employment with the Company in December 1997, and was elected as Vice President and General Counsel effective December 17, 1997.

Option Grants.

The following table sets forth certain information regarding stock options granted in 1998 pursuant to the Company's 1997 Stock Incentive Plan (the "1997 Stock Plan") to the executive officers named in the Summary Compensation Table. One-hundred percent of the options listed below have vested based on 1998 earnings. Vested options may be exercised at any time after December 31 of the year of grant and will remain exercisable through December 31, 2006, at which time they will terminate.

	OPTION GRANTS IN LAST FISCAL YEAR INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE OF OPTIONS	EXPIRATION DATE	5%	10%
Edwin P. Kuhn	31,000	19.9%	$23.25	December 31, 2006	424,278	1,237,003
James W. George	18,000	11.6%	$23.25	December 31, 2006	246,355	718,260
Michael H. Hinderliter	18,000	11.6%	$23.25	December 31, 2006	246,355	718,260
Timothy L. Doane	18,000	11.6%	$23.25	December 31, 2006	246,355	718,260
Steven C. Lee	6,000	3.9%	$23.25	December 31, 2006	82,118	239,420

Vested options may be exercised at any time after December 31, 1997. Options may also, at the discretion of the Company, vest and/or become exercisable at earlier dates than otherwise provided in the event of certain changes in control or Reorganization Events (as defined in the 1997 Stock Plan). Vested options are exercisable for limited periods following termination of employment of a named executive officer; non-vested options terminate upon termination of employment. Securities obtained as a result of the exercise of options may not be transferred except to certain family members and, upon termination of employment or death, are subject to call and put rights that, generally, give the Company the right, but not the obligation, for a specified time period to purchase such securities from the named executives at a formula price and give the named executives the right, but not the obligation, for a specified time period to sell such securities to the Company at a second formula price. Pursuant to either of the foregoing formulas, a purchase price per share is derived by subtracting consolidated indebtedness (as defined in the 1997 Stock Plan) from a specified multiple of EBITDA (as defined in the 1997 Stock Plan) and dividing the result by the sum of the number of issued and outstanding shares of capital stock of the Company plus the number of shares of capital stock of the Company subject to certain warrants.

1993 Stock Plan. Stock options to purchase shares of the Company's Common Stock, par value $0.01 per share ("Common Stock") have been granted to the Named Executive Officers prior to 1996 pursuant to the Company's 1993 Stock Incentive Plan (the "1993 Stock Plan") as Series I, Series II and Series III options, as follows: Mr. Kuhn, 15,860, 16,721 and 17,799 options; both of Messrs. George and Hinderliter, 9,818, 10,364 and 11,018 options; and Mr. Doane, 7,364, 7,773, and 8,263 options, respectively. The option exercise price for each Series I, Series II and Series III option is as follows: $10.00 per share, $17.49 per share and $22.50 per share, respectively. Seventy-five percent of each series of options have vested with respect to Messrs. Kuhn, George and Hinderliter and 67% of each series of options have vested with respect to Mr. Doane. Options are currently exercisable to the extent vested as of December 31, 1996 and remain exercisable for limited periods following termination of employment of the Named Executive Officer. All such unvested options have been canceled in connection with the adoption of the 1997 Stock Plan. Common Stock acquired upon the exercise of options may not be transferred except to certain family members and are subject to call and put options upon termination of employment. The call and put option pricing formula under the 1993 Stock Plan and option agreements has been

modified to the formula under the 1997 Stock Plan. It is also expected that if a change of control occurs within six months after termination of employment for "good reason," death, "disability" or termination other than for "cause" (as defined), an adjustment will be made to the amount paid upon exercise of any call options or put options (but, in the case of put options, only to the extent the proceeds received by the former employee upon exercise of the put option are used to repay indebtedness to the Company) so that the former employee will be able to receive any amounts in excess of the call or put price payable in the change of control transaction. See "Certain Transactions-Stockholders' Agreements-Supplemental Institutional and Management Stockholders' Agreement."

The following table sets forth information concerning the value of unexercised options as of December 31, 1998 held by the Named Executive Officers. No options were exercised by any Named Executive Officer in 1998.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND LAST FISCAL YEAR-END OPTION VALUES TABLE

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ($)	NUMBER OF SECURITIES UNDERLYING OPTIONS AT 1998YEAR-END (#) EXERCISABLE/UNEXERCISABLE(1)	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT 1998YEAR-END ($) EXERCISABLE/UNEXERCISABLE(1)(2)
Edwin P. Kuhn.....	-	-	100,539/-	521,326/ -
James W. George.....	-	-	59,359/-	313,464/-
Michael H. Hinderliter.....	-	-	59,359/-	313,464/-
Timothy L. Doane.....	-	-	52,058/-	251,543/-
Steven C. Lee.....	-	-	6,000/-	10,500/-

(1) The portion of all options granted pursuant to the 1993 Stock Plan which were unexercisable as of December 31, 1996 were canceled in connection with the adoption of the 1997 Stock Plan.

(2) Based on a stock price of $25.00 per share.

COMPENSATION OF DIRECTORS

In September 1996, the Company's Board of Directors unanimously agreed to waive all Board of Directors retainers and meeting fees, although there is no assurance such an arrangement will continue in the future. Beginning in 1997, each non-employee director was granted, subject to being disclaimed by such directors, 1,250 stock options each year pursuant to the 1997 Stock Plan, Members of the Company's Board of Directors also receive reasonable out-of-pocket expenses in connection with travel to and attendance at meetings.

EMPLOYMENT AGREEMENTS AND STOCKHOLDERS' AGREEMENTS WITH EDWIN P. KUHN, JAMES W. GEORGE, MICHAEL H. HINDERLITER AND TIMOTHY L. DOANE

The Company has entered into an employment agreement, a stockholder's agreement and a Supplemental Institutional and Management Stockholders' Agreement with each of Edwin P. Kuhn, James W. George, Michael H. Hinderliter and Timothy L. Doane (the "Executives"). The principal terms and conditions of the Executives' employment agreements are as follows:

The Executives shall be employed by the Company from January 1, 1997 through December 31, 2000 (unless terminated earlier). The employment agreements provide for annual base salaries, subject to approved increases, of $325,000 for Mr. Kuhn and $210,000 for Messrs. George, Hinderliter and Doane, respectively; annual bonuses of up to 50% of annual base salary, minimum 12.5% of base salary for 1998 (the "Guaranteed Bonuses"); participation in Company employee benefit plans; and certain fringe benefits.

If an Executive's employment is terminated prior to December 31, 2000:
(i) by his resignation other than for "good reason" (this term and each subsequent term in quotation marks referenced in this paragraph as defined in the employment agreements) or for "cause", he shall be entitled to only his accrued and unpaid base salary and any vested benefits under the Company's 1993 and 1997 Stock Plans; (ii) by reason of death or "permanent disability", then in addition to the foregoing, any annual or guaranteed bonus (whichever is greater), pro-rated, and Company-paid continued medical coverage; and (iii) by his resignation for good reason or by the Company for any other reason, base salary until December 31, 2000 (or if later, for one year) subject to offset, his guaranteed bonus, if any (or, if greater, any annual bonus, pro-rated), any vested benefits under the Company's 1993 and 1997 Stock Plans and subsidized medical coverage; provided that if the Executive engages in a "competitive activity," he shall instead only be entitled to his accrued and unpaid base salary, any vested benefits under the Company's 1993 and 1997 Stock Plans and subsidized medical coverage. If any payments and the value of benefits are "contingent on a change of control" within the meaning of section 280G of the Internal Revenue Code of 1986, as amended (which could include, for example and without limitation, the accelerated vesting of stock options upon a change of control), then the Company may be denied an income tax deduction for all or a portion of such payments, and the recipient thereof may be subject to a 20% excise tax in addition to income tax otherwise imposed. The Executives' employment agreements also include non-competition and non-solicitation covenants and confidentiality agreements.

For a description of the stockholder's agreements and Supplemental Institutional and Management Stockholders' agreement to be entered into by the Executives, see "Certain Relationships and Related Transactions-Stockholders' Agreements."

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Since April 1997, the members of the Executive Compensation Committee of the Board of Directors have been Robert B. Calhoun, Jr., Louis J. Mischianti and Rolf H. Towe. Messrs. Calhoun and Towe are employed by Clipper and/or its affiliates and Mr. Mischianti is employed by an affiliate of Olympus.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Prior to March 6, 1997 the Company had two classes of common stock. However, pursuant to the amendment and restatement of the Company's Certificate of Incorporation effected on March 6, 1997, the Company currently has only one class of common stock.

The Company has one class of Common Stock outstanding and four classes of convertible preferred stock outstanding: Series I and Series II Convertible Preferred Stock, par value $0.01 per share ("Series I Preferred" and "Series II Preferred," respectively), and Series I and Series II Senior Convertible Participating Preferred Stock, par value $0.01 per share ("Series I Senior" and "Series II Senior," respectively).

At the option of the holder thereof, Series I Preferred and Series I Senior may be converted to Common Stock at any time on a one for one basis. Series II Preferred and Series II Senior also may be converted to Common Stock on a one for one basis; however, the total number of shares that may be converted at any one time is limited to a percentage determined by reference to a formula reflecting the number of outstanding shares of Common Stock at the time of conversion. Pursuant to this formula, as of December 31, 1998, Clipper/Merchant I, L.P. ("Clipper/Merchant"), which holds of record all outstanding shares of Series II Preferred and Series II Senior, could have elected to convert a combined total of 199,959 shares of Series II Preferred and Series II Senior (out of a total of 2,171,718 shares) to an equal number of shares of Common Stock.

The following table sets forth the number of shares of capital stock of the Company beneficially owned, as of February 15, 1999, by each person known by the Company to beneficially own more than 5% of any class of capital stock of the Company (other than directors and officers, see "-Directors and Officers").

NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF OWNERSHIP(1)	CLASS OF STOCK	PERCENT OF STATED CLASS(1)
United States Trust Company of New York..... 770 Broadway New York, NY 10003	380,500(2)	Common	63.3%
Clipper Capital Associates, L.P.(3)..... 650 Madison Avenue New York, NY 10022	4,528,567	Common(4)	88.3
	2,472,952	Series I Preferred(5)	95.3
	1,237,374	Series II Preferred(5)	100.0
	1,855,656	Series I Senior(5)	69.2
	934,344	Series II Senior(5)	100.0
UBS Capital LLC..... 299 Park Avenue New York, NY 10171	500,739	Common(6)	47.8
	22,059	Series I Preferred	0.9
	425,000	Series I Senior	15.9
First Plaza Group Trust..... c/o Mellon Bank, NA One Mellon Bank Center Pittsburgh, PA 15258	3,996,862	Common(7)	86.9
	2,096,221	Series I Preferred(8)	80.8
	1,800,000	Series I Senior(8)	67.1
Olympus Private Placement Fund, L.P..... Metro Center One Station Place Stamford, CT 06902	523,451	Common(9)	46.6
	306,912	Series I Preferred(10)	11.8
	200,000	Series I Senior	7.5
The Travelers Indemnity Company..... One Tower Square Hartford, CT 06183	200,000	Common(11)	25.0
	200,000	Series I Senior	7.5
Merchant Truckstops, L.P.(12)..... 11 Madison Avenue New York, NY 10010	199,959	Common(13)	25.0
	1,225,000	Series II Preferred	99.0

(1) With respect to Common Stock, reflects beneficial ownership of Common Stock, assuming the conversion into Common Stock by the listed stockholder of any preferred stock and the exercise by the listed stockholder of any warrants to purchase Common Stock owned by such stockholder to the extent currently convertible or exercisable within 60 days after February 15, 1999.

(2) United States Trust Company of New York holds these shares in its capacity as Voting Trustee under the Voting Trust Agreement. See "Certain Relationships and Related Transactions."

(3) Clipper Capital Associates, L.P. ("CCA") directly owns 127,243 shares of Series I Preferred and 37,474 shares of Series I Senior and is the general partner of three limited partnerships that are the record owners of the remainder of these shares: (i) National Partners I, L.P. ("National I"), (ii) National Partners, L.P. III, ("National III") and
(iii) Clipper/Merchant. CCA thus may be said to beneficially own all such shares owned by these three limited partnerships. Clipper Capital Associates, Inc. ("CCI") is the general partner of CCA, and the sole stockholder of CCI is Robert B. Calhoun, Jr., a director of the Company. By virtue of such relationship, CCI and Mr. Calhoun may be deemed to beneficially own these shares. CCI and Mr. Calhoun disclaim beneficial ownership of all such shares except to the extent of any pecuniary interest they may have therein. See footnote 3 to the following security ownership table.

(4) Includes shares of Common Stock that could be issued upon conversion of all outstanding shares of preferred stock of the Company held of record by the following: (i) CCA: 127,243 shares of Series I Preferred and 37,474 shares of Series I Senior, (ii) National I: 2,065,405 shares of Series I Preferred and 1,818,182 shares of Series I Senior, (iii) National III: 280,304 shares of Series I Preferred and (iv) Clipper Merchant: 1,237,374 shares of Series II Preferred and 934,344 shares of Series II Senior. As of February 15, 1999, a combined total of only 199,599 shares of the two Series II classes held by Clipper/Merchant were convertible, as described above. For further discussion of National I, National III and Clipper/Merchant see footnotes 8, 10 and 12 below.

(5) See footnote 4 above.

(6) Includes 53,680 shares of Common Stock held of record, 22,059 shares of Common Stock that could be issued upon conversion of Series I Preferred and 425,000 shares of Common Stock that could be issued upon conversion of Series I Senior.

(7) Includes 100,641 shares of Common Stock that could be issued upon exercise of warrants, 2,096,221 shares of Common Stock that could be issued upon conversion of Series I Preferred and 1,800,000 shares of Common Stock that could be issued upon conversion of Series I Senior. For further discussion of First Plaza's share ownership, see footnote 8 below.

(8) First Plaza directly owns 51,471 shares of Series I Preferred. In addition, First Plaza, as limited partner of National I and under National I's partnership agreement, may be deemed to beneficially own 2,044,750 shares of Series I Preferred and 1,800,000 shares of Series I Senior held of record by National I.

(9) Includes 16,539 shares of Common Stock that could be issued upon exercise of warrants, 306,912 shares of Common Stock that could be issued upon conversion of Series I Preferred and 200,000 shares of Common Stock that could be issued upon conversion of Series I Senior. For further discussion of Olympus' share ownership, see footnote 10 below.

(10) Olympus directly owns 29,412 shares of Series I Preferred. In addition, Olympus, as limited partner of National III and under National III's partnership agreement, may be deemed to beneficially own 277,500 shares of Series I Preferred held of record by National III. Olympus disclaims beneficial ownership of all such shares, except to the extent of any pecuniary interest it may have therein.

(11) Includes 200,000 shares of Common Stock that could be issued upon conversion of Series I Senior.

(12) Merchant Truckstops, L.P. ("Merchant"), as the limited partner of Clipper/Merchant and under Clipper/Merchant's partnership agreement, may be deemed to beneficially own 1,225,000 shares of Series II Preferred held of record by Clipper/Merchant. Merchant is a limited partnership of which Merchant Truckstops, Inc. ("Merchant Inc.") is the general partner, and Merchant Inc. is an indirect wholly-owned subsidiary of Credit Suisse Group ("CS"). By virtue of such relationship, Merchant Truckstops and CS may be deemed to beneficially own these shares. Merchant, Merchant Inc. and CS disclaim beneficial ownership of all such shares, except to the extent of any pecuniary interest they may have therein.

(13) Includes 199,599 shares of Common Stock that could be issued upon conversion of shares of Series II Preferred that were eligible for conversion as of February 15, 1999, as described above.

DIRECTORS AND OFFICERS

The following table sets forth the number of shares of capital stock of the Company beneficially owned, as of February 15, 1999, by each of the Company's executive officers and directors, and all executive officers and directors of the Company as a group.

NAME	AMOUNT AND NATURE OF OWNERSHIP(1)	CLASS OF STOCK	PERCENT OF STATED CLASS(1)
Edwin P. Kuhn	121,991	Common	17.3
	6,000	Series I Preferred	*
James W. George	71,449	Common	10.8
	500	Series I Preferred	*
Michael H. Hinderliter	71,949	Common	10.9
	1,000	Series I Preferred	*
Timothy L. Doane	60,786	Common	9.3
	1,000	Series I Preferred	*
Steven C. Lee	10,864	Common	1.8
	1,000	Series I Preferred	*
Margaret M. Eisen	-	-	-
Robert B. Calhoun, Jr.	4,528,567	Common(2)	88.3
	2,472,952	Series I Preferred(2)	95.3
	1,237,374	Series II Preferred(2)	100.0
	1,855,656	Series I Senior(2)	69.2
	934,344	Series II Senior(2)	100.0
Eugene P. Lynch	-	-	-
Louis J. Mischianti	2,500	Common	*
Rolf H. Towe	7,500	Common	1.2
Harrison T. Bubb	1,250	Common	*
(All directors and officers as a group (11 persons))	4,876,856	Common	89.9
	2,482,452	Series I Preferred	95.7
	1,237,374	Series II Preferred	100.0
	1,855,656	Series I Senior	69.2
	934,344	Series II Senior	100.0

(1) In the case of Common Stock, reflects beneficial ownership of Common Stock, assuming the exercise by the listed stockholder of options to purchase Common Stock owned by such stockholder to the extent currently exercisable within 60 days after February 15, 1999.

(2) CCA, National I, National II, National III and Clipper/Merchant are the record owners of these shares. Mr. Calhoun is the sole stockholder of CCI, which is the general partner of CCA. CCA is the general partner of each of National I, National II, National III and Clipper/Merchant. By virtue of such relationships, Mr. Calhoun may be deemed to beneficially own all of such shares. Mr. Calhoun disclaims beneficial ownership of such shares, except to the extent of any pecuniary interest he may have therein. See footnotes 3, 4, and 5 to the previous security ownership table.

* The percentage of shares beneficially owned in class is less than one percent of the class so owned.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

VOTING TRUST AGREEMENT

Voting and transfer of the shares of Common Stock beneficially owned by Operators and Franchisee-Owners ("Certificate Holders") are governed by a voting trust agreement dated as of April 14, 1993, as amended as of March 6, 1997, among the Certificate Holders, United States Trust Company of New York as the voting trustee (the "Voting Trustee") and the Company (the "Voting Trust Agreement"). The Operators' and Franchisee-Owners' beneficial ownership interest in such shares is evidenced by voting trust certificates (the "Voting Trust Certificates"). In connection with any matter that may be put to a vote of the Company's stockholders, the Voting Trustee will vote all of the shares subject to the Voting Trust Agreement in the manner determined by a vote by the Certificate Holders. Transfers of the Voting Trust Certificates or beneficial interests in shares of Common Stock represented thereby are only permitted in accordance with applicable securities laws and are also subject to certain restrictions. Certain provisions of the Voting Trust Agreement may only be amended by a vote of Certificate Holders holding a majority of the Voting Trust Certificates and a vote of the holders of a majority of the shares of Series I Preferred Stock (and the holders of Common Stock issued upon conversion of Series I Preferred Stock) together with the consent of the Company. The Voting Trust Agreement will terminate on the earlier of (i) April 14, 2003, unless Certificate Holders beneficially owning 65% of the shares subject to the Voting Trust Agreement elect to continue the Voting Trust or (ii) upon the consent of the Company and the vote of the holders of Voting Trust Certificates who beneficially own more than 75% of the shares subject to the Voting Trust Agreement.

STOCKHOLDERS' AGREEMENTS

Global Stockholders' Agreement. The Voting Trustee, Certificate Holders, certain members of the Investor Group (members of such group referred to individually as an "Investor") holding preferred stock, certain members of management (the "Management Stockholders") and the Company are parties to a stockholders' agreement, dated as of April 14, 1993, as amended as of March 6, 1997 (the "Global Stockholders' Agreement"). Pursuant to the Global Stockholders' Agreement, the Management Stockholders have agreed not to sell any shares of Common Stock except for certain family transfers, transfers pursuant to the laws of descent and distribution, and certain other exceptions. The Global Stockholders' Agreement provides that, in the event of any sale (whether by merger or sale of the stock) of the Company effected on the same terms for each holder of capital stock of the Company, a stockholder party to the Global Stockholders' Agreement has no right to dissent and be paid the appraised value of his or her shares and, in the event of a stock sale, is required to sell his or her shares to any purchaser in such sale. The Global Stockholders' Agreement will terminate on the earlier of April 14, 2003 or the consummation of a registered public offering of the Company's stock.

Supplemental Stockholders' Agreement. The Company and certain Investors are parties to a supplemental stockholders' agreement, dated as of December 10, 1993, which the parties thereto expect to amend (the "Supplemental Stockholders' Agreement"). The Supplemental Stockholders' Agreement sets forth analogous provisions for the transfer of preferred stock as the Global Stockholders' Agreement sets forth for transfer of shares held by Management Stockholders.

Institutional and Management Stockholders' Agreement. The Company and the Investor Group are parties to a preferred and common stockholders' agreement, dated as of December 10, 1993 (the "Institutional and Management Stockholders' Agreement") to establish in part the composition of the Company's Board of Directors and to provide for certain participation rights related to the sale of stock by major stockholders. This agreement is expected to be amended and restated to add Management Stockholders as parties and provide for certain other changes.

The parties to the Institutional and Management Stockholders' Agreement are required to vote their shares to elect to the Board of Directors two nominees of Clipper Capital Associates, L.P. ("CCA"), an affiliate of Clipper, one nominee of National Partners III, L.P. ("National III"), two nominees of National Partners, L.P. ("National I") and one nominee jointly chosen by National I and CCA. After the liquidation of National I, First Plaza will assume National I's rights and after the liquidation of National III, Olympus will assume National III's rights, with respect to nominating directors under the agreement. Under certain conditions, the rights of certain parties to nominate directors may increase or decrease. The right to nominate a director ceases when any party (together with its affiliates) sells any shares governed by the agreement unless such shares have been registered under the Securities Act or sold pursuant to Rule 144 under the Securities Act. The portion of the Institutional and Management Stockholders' Agreement pertaining to the Board of Directors terminates on December 10, 2003 unless extended. In the event that the Company becomes publicly held, the Institutional and Management Stockholders' Agreement will terminate except for that portion of the agreement pertaining to nomination of directors.

The Institutional and Management Stockholders' Agreement provides for the right of such stockholders to participate in certain sales of stock of the Company by other parties. In addition, the agreement requires Management Stockholders to participate in any sale of the Company.

Any transferee of a party to the Institutional and Management Stockholders' Agreement must become party to that agreement according to its terms.

Supplemental Institutional and Management Stockholders' Agreement. The Company expects to enter into a Supplemental Institutional and Management Stockholders' Agreement with the Investor Group and the Management Stockholders, the principal terms and conditions of which are expected to be as follows:
shares of Common Stock held by Management Stockholders will be subject to call and put options upon termination of employment of Management Stockholders; the call and put option pricing formulae under the 1993 Stock Plan and option agreements have been modified; if a change of control occurs within six months after termination of the employment of a Management Stockholder for "good reason," death, "disability" or termination other than for "cause" (as defined), an adjustment will be made to the amount paid upon exercise of any call options or put options (but, in the case of put options, only to the extent the proceeds received by the Management Stockholder upon exercise of the put option are used to repay indebtedness to the Company) so that the Management Stockholders will be able to receive any amounts in excess of the call or put price payable in the change of control transaction; and the option exercise price of vested and exercisable Series III options granted under the 1993 Stock Plan was reduced from $28.56 per share to $22.50 per share.

TRANSACTIONS AND RELATIONSHIPS WITH INVESTORS

In April 1993, the Company entered into an agreement (the "First Clipper Agreement") and related indemnity for financial advisory services to be provided, on an exclusive basis, by Clipper and Clipper Capital Partners, L.P. (together, the "Clipper Entities") to the Company and National. In December 1993, the First Clipper Agreement was restated and amended in connection with the TA Acquisition and TA Holdings and TA entered into an agreement (the "Second Clipper Agreement" and, together with the First Clipper Agreement, the "Clipper Agreements") and related indemnity for financial advisory services to be provided, on an exclusive basis, by the Clipper Entities to TA Holdings and TA. In consideration for services provided pursuant to such agreements, the Company, National, TA Holdings and TA agreed to compensate the Clipper Entities at rates established by the Clipper Entities consistent with those rates customarily charged by nationally recognized investment firms. The terms of the Clipper Agreements continue until such time as Clipper and its affiliates no longer own, in the aggregate, 5% or more of the equity securities of the Company. To date, no fees have been paid or have become payable to the Clipper Entities pursuant to the Clipper Agreements or the related indemnity other than fees paid to Clipper at the time of the National Acquisition, the time of the TA Acquisition, the time of the 1997 Refinancing and the time of the 1998

Refinancing. In consideration for their services provided in completing the 1998 Refinancing, Clipper and Olympus were paid $266,667 and $133,333, respectively. Clipper has also been reimbursed from time to time by the Company for out of pocket expenses, including legal fees. Louis J. Mischianti, who is employed by an affiliate of Olympus, is a Director of the Company. Robert B. Calhoun, Jr., Rolf H. Towe and Eugene P. Lynch, each of whom are Directors of the Company, are employed by Clipper or its affiliates.

As of December 31, 1998, The Travelers Insurance Company and its affiliates (collectively "Travelers") owned in the aggregate $27,000,000 of the Company's Series I Senior Secured Notes and also owned, in the aggregate, more than 5% of at least one class of the Company's capital stock. Interest expense related to this indebtedness for the year ended December 31, 1998 was $2,414,000.

TRANSACTIONS WITH OPERATOR STOCKHOLDERS

As of December 31, 1998, Operators controlling 21 travel centers owned an aggregate of 273,750 shares of the Company's Common Stock, which represents approximately 3.1% of the issued and outstanding Common Stock giving effect to the conversion of preferred stock and the exercise of warrants. The Company's transactions with these Operators are at prices and on terms that are the same as similar transactions with non-stockholder Operators. Such Operator stockholders have entered into the Voting Trust Agreement with the Company and the Voting Trustee. One such Operator, Walter E. Smith, Jr., was a Director of the Company from July 1995 until May of 1998.

TRANSACTIONS WITH OFFICERS

As of December 31, 1998, the Company had issued to Edwin P. Kuhn, James W. George, Timothy L. Doane, Michael H. Hinderliter and Steven C. Lee, 15,452, 11,590, 7,727, 11,590, and 3,864 shares of Common Stock (the "Management Shares"), respectively, pursuant to certain management subscription agreements (together, the "Management Subscription Agreement"). Each Management Subscription Agreement provides for a purchase price of the Management Shares of between $10 and $20 per share. As described below, the Company financed a portion of the purchase price of the Management Shares.

The Management Subscription Agreement gives the Company the right, but not the obligation, for 60 days following the employee's cessation of employment with the Company, for any reason whatsoever, to repurchase the Management Shares at a formula price and gives the employee the right, but not the obligation, for an additional 60 days to sell the Management Shares to the Company at a second formula price. Pursuant to either of the foregoing formulas, the purchase price per share is equal to the product of (a) a specified multiple of EBITDA (as defined in the Management Subscription Agreement) of the Company for the most recent four consecutive full fiscal quarters less the aggregate amount of consolidated indebtedness of the Company and (b) a fraction, the numerator of which is equal to the number of Management Shares being repurchased by the Company and the denominator of which equals the number of fully diluted shares of capital stock of the Company. The credit facilities, the Senior Notes and the Indenture limits the Company's ability to repurchase the Management Shares.

In connection with the purchase of the Management Shares, each of the members of senior management who entered into the Management Subscription Agreement also received financing from the Company with respect to no more than one half of the purchase price of such manager's stock purchases. In connection with such financing, each such manager executed a note in favor of the Company (each, a "Management Note") and a pledge agreement (each a "Management Pledge Agreement"). The Management Notes for the named Executives total $251,110 in principal amount, and are payable by the following Named Executives in the indicated principal amount as follows: Edwin P. Kuhn, $77,260; James W. George, $57,950; Timothy L. Doane, $57,950, Michael H. Hinderliter, $57,950 and Steven C. Lee, $38,460. With respect to the Management Notes, interest accrues at an annual rate of 4.76% for Messrs. Kuhn, George and Hinderliter and 6.01% for Messrs. Doane and Lee, in each case compounded semi-annually. Accrued and unpaid interest, together with unpaid principal, if not sooner paid, is due and payable on the earliest of (i) the date of cessation of employment of such employee,
(ii) the date such employee is no longer the owner of the particular Management Shares and (iii) the tenth anniversary of the Management Note.

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