

TRAVELCENTERS OF AMERICA LLC  
Form S-1  
June 15, 2007

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As filed with the Securities and Exchange Commission on June 15, 2007

Registration No. 333-

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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**FORM S-1**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**TravelCenters of America LLC**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**5531**  
(Primary Standard Industrial  
Classification Code Number)

**20-5701514**  
(I.R.S. Employer  
Identification Number)

**24601 Center Ridge Road**  
**Westlake, Ohio 44145**  
**(440) 808-9100**

(Address, including zip code, and telephone number, including  
area code, of registrant's principal executive offices)

**John R. Hoadley,**  
**Chief Financial Officer**  
**TravelCenters of America LLC**  
**24601 Center Ridge Road**  
**Westlake, Ohio 44145**  
**(440) 808-9100**

(Name, address, including zip code, telephone number, including  
area code, of agent for service)

**Copy to:**

**Alexander A. Notopoulos, Jr.,**  
**Sullivan & Worcester LLP**  
**One Post Office Square**  
**Boston, Massachusetts 02109**  
**(617) 338-2800**

**Donald J. Murray**  
**Dewey Ballantine LLP**  
**1301 Avenue of the Americas**  
**New York, New York 10019**  
**(212) 259-8000**

**Approximate date of commencement of proposed distribution to the public:** As soon as practicable after the effective date of this  
Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities  
Act of 1933, check the following box.

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If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

### CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered <sup>(1)</sup>	Proposed maximum offering price per share	Proposed maximum aggregate offering price <sup>(1)</sup>	Amount of registration fee <sup>(2)</sup>
Common Shares	2,300,000	\$45.50	\$104,650,000	\$3,212.76

(1) *Includes 300,000 common shares which may be purchased by the underwriters to cover over allotments, if any.*

(2) *Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended on the basis of the average high and low prices of the Registrant's common shares on June 12, 2007, as reported by the American Stock Exchange.*

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such state.

PRELIMINARY PROSPECTUS Subject to completion June 15, 2007

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## 2,000,000 Shares

# TravelCenters of America LLC

## Common Shares

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We are selling all 2,000,000 of our common shares offered in this prospectus.

Our common shares are traded on the American Stock Exchange, under the symbol "TA". On June 12, 2007, the last reported sale price of our common shares on the American Stock Exchange was \$45.44 per share.

Although we are a limited liability company, our common shares have voting, dividend and liquidation rights that are generally associated with common stock. Ownership of our shares by any person generally is limited to 9.8% of any class or series of our equity securities.

**Investment in our shares involves a high degree of risk. You should read carefully this entire prospectus, including the section entitled "Risk factors" that begins on page 5 of this prospectus, which describes the material risks.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.**

	Per share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

The underwriters may also purchase from us up to an additional 300,000 shares, at the public offering price less the underwriting discount, to cover over allotments, if any, within 30 days from the date of this prospectus.

The underwriters are offering our shares as described in "Underwriting". Delivery of the shares will be made on or about \_\_\_\_\_, 2007.

**UBS Investment Bank**



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## ABOUT THIS PROSPECTUS

References in this prospectus to "we", "us", "our", the "Company" or "TravelCenters of America" mean TravelCenters of America LLC and its subsidiaries.

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We believe that the information contained in this prospectus is accurate as of the date on the cover. Changes may occur after that date, and we do not expect to update this information except as required by applicable law.

Some of the descriptive material in this prospectus refers to the assets, liabilities, operations, results, activities or other attributes of the historical business conducted by our predecessor, TravelCenters of America, Inc., as if it had been conducted by us. For example, "our brands", "our assets" or similar words have been used in historical or current contexts to describe those matters which, while clearly attributable to our predecessor, have continuing relevance to us. However, our business as a whole is materially different from the business historically conducted by our predecessor, as more fully described in "Selected Financial Data." Accordingly, none of these references are intended to imply that the historical business, financial position, results of operations or cash flows of our predecessor are indicative of our business, financial position, results of operations or cash flows, now or at any future date or for any future period.

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## Prospectus summary

*This summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary may not contain all of the information that you should consider before investing in our common shares. You should carefully read the entire prospectus, including "Risk Factors" and the financial statements and related notes, before making an investment decision.*

## THE COMPANY

### Business

We operate and franchise 233 travel centers primarily along the U.S. interstate highway system. Our travel centers include 164 that are operated under the "TravelCenters of America" or "TA" brand names and 69 that are operated under the "Petro" brand name. Our typical travel center includes:

- > over 23 acres of land with parking for 190 tractor trailers and 100 cars;
- > a full service restaurant and one or more quick service restaurants, or QSRs, operated by us primarily as a franchisee under various brands;
- > a truck repair facility and parts store;
- > multiple diesel and gasoline fueling points; and
- > a travel and convenience store, game room, lounge and other amenities for professional truck drivers and motorists.

*Our 233 travel centers*

*Pro forma 2006 revenue: \$6.6 billion*

### Recent developments

***Spin off.*** On January 31, 2007, Hospitality Properties Trust, a publicly owned real estate investment trust, or Hospitality Trust, acquired our predecessor and distributed all of our common shares to its shareholders and we became a separate public company. See " Our history".

***Petro Acquisition.*** On May 30, 2007, we acquired Petro Stopping Centers, L.P., or Petro, for approximately \$70 million. See " Our history".

***Expansion activities.*** Since we became a public company on January 31, 2007, we have pursued expansion activities. We expect to spend \$125 million to \$150 million to improve our TA branded travel centers during the next four years; since January 31, 2007, we purchased one travel center; we have several single site acquisitions under conditional purchase agreements or discussion; and we have several development projects underway or planned. See " Growth strategies".

***New credit facility.*** We are discussing a new credit facility with a large commercial bank. We expect this credit facility to be for at least \$100 million and secured by certain of our accounts receivable and inventory.

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### Growth strategies

We expect to grow our business as follows:

***Same site improvements.*** We expect to spend \$125 million to \$150 million during the next four years to, among other things, improve and expand parking lots, increase the number of our truck repair bays to reduce repair waiting times experienced at our centers and remodel the interior and exterior of many of our travel centers. We expect these improvements will make these travel centers more attractive to both

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professional truck drivers and motorists and increase our same site sales.

**Acquisitions.** In addition to our Petro acquisition, we purchased one travel center from a former TA franchisee in May 2007 for \$3.1 million. We expect to substantially remodel this center for an additional cost of \$1.6 million. We have nine other individual travel center purchases in various stages of negotiations, letters of intent or conditional purchase contracts. We estimate the total cost to purchase and remodel all nine of these travel centers to be \$90 million; however, at this time, we are unable to assure you that any of these purchases will occur.

**Development.** We completed construction of a travel center in Livingston, CA, in March 2007. We expect to complete construction of another travel center in Laredo, TX, later this summer. We estimate the total cost of these two developments, including site acquisition costs, to be \$30 million. We own, or have under negotiation for possible acquisition, 13 sites containing 400 acres of land which we believe may be suitable for development as travel centers. We have a 40% interest in a joint venture that may build a new travel center. We estimate our total cost to acquire and develop all of these sites to be \$190 million; however, because the approval process for developing new travel centers can be long and complicated, at this time we are unable to assure you the total costs we may incur or that any of these development projects will be completed.

**Franchising.** Forty six of our travel centers are operated by our franchisees, 24 as Petro Stopping Centers® and 22 as TravelCenters of America®. Since January 1, 2006, we have added two TA travel centers and two Petro travel centers as franchised locations. We have agreed and expect to add one additional Petro franchised location and one additional TA franchised location in 2007. We expand our business by franchising when desirable locations are not available for purchase or when we believe a particular site can be more successfully operated by a franchisee than by us. We expect to add franchised sites; and, if a franchisee is no longer interested to operate a franchised travel center, we consider whether to purchase the site and operate it directly.

Our history

On January 31, 2007, Hospitality Trust purchased our predecessor for approximately \$1.9 billion. Simultaneously with this purchase, Hospitality Trust restructured our predecessor's business as follows: (i) Hospitality Trust retained the real estate of 146 of the 163 travel centers then operated or franchised by our predecessor and other assets; (ii) our predecessor's operating business and all its assets not retained by Hospitality Trust, plus approximately \$200 million of net working capital, were contributed to us; (iii) we entered a long term lease for our predecessor's real estate retained by Hospitality Trust, which we refer to as the TravelCenters lease; and (iv) all of our shares were spun off to Hospitality Trust's shareholders and we became a separate public company.

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On May 30, 2007, we acquired Petro; Hospitality Trust acquired the real estate at 40 of the 69 travel centers operated by Petro for approximately \$630 million plus debt defeasance costs of approximately \$25 million; and we entered a long term lease for those 40 travel centers from Hospitality Trust, which we refer to as the Petro lease.

Risk factors

Your ownership of our common shares includes the following risks, among others:

- > The trading market for our common shares may be volatile and thin.
- > Our operating margins are small; small changes in our revenues or operating expenses may cause us to experience losses.
- > Interruptions in the availability of fuel may cause us to experience losses.
- > We regularly incur environmental clean up costs; these costs may become more than we can afford.
- > We are engaged in a large number of simultaneous expansion activities. As a result, we may incur higher expenses than our predecessor. These expenses may result in losses and our expansion activities may not be profitable.
- > Our management team has been recently assembled from Reit Management & Research LLC, or Reit Management, and its affiliates, from our predecessor and from Petro and it may not be able to work together successfully.
- > We may be unable to meet reporting requirements for publicly owned companies, or we may have to increase our expenses to do so.
- > We are involved in several litigations that could be expensive to defend and may result in material liabilities.
- > Our continuing relationships with Hospitality Trust and Reit Management may cause conflicts of interest.
- > Various provisions in our governing documents and our contracts with Hospitality Trust and Reit Management may prevent a change of control of us.

General

We are a Delaware limited liability company. Our principal place of business is 24601 Center Ridge Road, Westlake, Ohio 44145, and our telephone number is (440) 808-9100.

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## The offering

Common shares we are offering 2,000,000 shares

Common shares to be outstanding after this offering 10,808,575 shares

Use of proceeds The estimated net proceeds to us from this offering are \$ million, assuming a public offering price of \$ per share, or \$ million if the underwriters' over allotment option is exercised in full. We intend to use these net proceeds for general business purposes including funding acquisitions and our other expansion activities.

American Stock Exchange symbol TA

The number of shares to be outstanding after the offering is based on 8,808,575 shares outstanding on June 12, 2007. If the underwriters exercise their over allotment option in full, we will issue an additional 300,000 shares. Unless otherwise stated, all information contained in this prospectus assumes no exercise of the underwriters' over allotment option.

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## Risk factors

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*Investing in our common shares involves a high degree of risk. You should carefully consider the following risks, together with all of the other information included in this prospectus, before investing in our common shares. The risks described below may not be the only risks we face. Additional risks that we do not yet know of, or that we currently think are immaterial, may also impair our business operations or financial results. If any of the events or circumstances described in the following risks occurs, our business, financial condition or results of operations could suffer and the trading price of our securities could decline. Investors and prospective investors should carefully consider the following risks and the information contained in this prospectus under the heading "Warning Concerning Forward Looking Statements" before deciding whether to invest in our common shares.*

### **The trading market for our common shares may be volatile and thin.**

Our shares have only traded on the American Stock Exchange since we became a public company in early 2007. Assuming the underwriters do not exercise their over allotment option, we are selling 2,000,000 of our common shares in this offering, an amount equal to 19% of our shares outstanding prior to the offering. We cannot predict what effect this offering may have on the price of our common shares or the volume of transactions involving our shares in the market. Sales of a substantial amount of our common shares, or the perception that such sales could occur, could adversely affect the liquidity of the market for our common shares or their price. Large price changes or low volume may preclude you from buying or selling our shares at all, or at any particular price or during a time frame that satisfies your investment objectives.

### **Our operating margins are narrow.**

Our pro forma total revenues for the year ended December 31, 2006, were \$6.6 billion; and our pro forma cost of goods sold (excluding depreciation) and site level operating expenses for the same period totaled \$6.3 billion. Fuel sales in particular generate low gross margins. Our pro forma fuel sales were \$5.4 billion and our pro forma gross profit on fuel sales was \$212 million for the year ended December 31, 2006. A small percentage decline in our future revenues or increase in our future expenses, especially revenues and expenses related to fuel, may have a material adverse effect upon our income or may cause us to experience losses.

### **An interruption in our fuel supplies would materially adversely affect our business.**

To mitigate the risks arising from fuel price volatility, we generally maintain limited inventories of fuel. Accordingly, an interruption in our fuel supplies would materially adversely affect our business. Interruptions in fuel supplies may be caused by local conditions, such as a malfunction in a particular pipeline or terminal, or by national or international conditions, such as government rationing, acts of terrorism, war and the like. Any limitation in available fuel supplies that causes a decline in truck freight shipments or a limit on the fuel we can offer for sale may have a material adverse effect on our sales of fuel and non-fuel products and services or may cause us to experience losses.

### **Our storage and dispensing of petroleum products create the potential for environmental damages, and compliance with environmental laws may be costly.**

Our business is subject to laws relating to the protection of the environment. The travel centers we operate include fueling areas, truck repair and maintenance facilities and tanks for the storage of petroleum products and other hazardous substances, all of which create the potential for environmental damages. As a result, we regularly incur environmental clean up costs. Because of the

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uncertainties associated with environmental expenditures, it is possible that future expenditures could be substantially higher than the amounts we have previously accrued. Environmental laws expose us to the possibility that we may become liable to reimburse the government or third parties for damages and costs they incur in connection with environmental hazards. We cannot predict what environmental legislation or regulations may be enacted or how existing laws or regulations will be administered or interpreted with respect to our products or activities in the future; more stringent laws, more vigorous enforcement policies or stricter interpretation of existing laws in the future could cause us to experience losses. In addition, under the terms of the leases between us and Hospitality Trust, we have generally agreed to indemnify Hospitality Trust from all environmental liabilities it may incur arising at any of our travel centers.

### **Our management team has limited experience working together.**

We are a recently reorganized business. Our board and our management team include persons associated with Hospitality Trust and its affiliates and with Reit Management as well as former executives of our predecessor and of Petro. This management team has limited experience working together and they may not be able to do so successfully. Although we implemented retention bonus plans for certain of our employees who are former employees of our predecessor or who were historically employees of Petro, we can provide no assurance that we will in fact retain any or all of these persons.

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**We may be unable to successfully integrate the business of Petro and our other expansion activities.**

We recently acquired Petro. We also have undertaken other acquisition, development and franchise growth activities. The process of integrating our operations and those of Petro and our other expansion activities may involve unforeseen difficulties and may require a large amount of our management's attention and our other resources. We can give no assurance that we will effectively integrate and manage our expansion activities. These expansion activities may cause us to incur higher costs than our predecessor. If we are unable to successfully manage our enlarged operations, our expansion activities may not be profitable and we may realize losses.

**We may be unable to meet financial reporting and internal control standards for a publicly owned company.**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

We may identify material weaknesses in our internal control over financial reporting in the future. Beginning with our Annual Report on Form 10-K for the year ending December 31, 2007, pursuant to

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Section 404 of the Sarbanes Oxley Act of 2002, our management will be required to assess the effectiveness of our internal control over financial reporting, and, beginning for the year ending December 31, 2008, we will be required to have our independent registered public accounting firm attest to the design and operating effectiveness of our internal control over financial reporting. If our management or our independent registered public accounting firm were to either identify a material weakness or otherwise conclude in their reports that our internal control over financial reporting was not effective, investors could lose confidence in our reported financial information and the value of our shares could be adversely affected which, in turn, could harm our business, have an adverse effect on our future ability to raise capital and cause the price of our traded securities to decline.

**Our relationships with Hospitality Trust and Reit Management may limit the growth of our business.**

In connection with our spin off from Hospitality Trust, we entered agreements which prohibit us from acquiring or financing real estate in competition with Hospitality Trust or other affiliates of Reit Management, unless those investment opportunities are first offered to Hospitality Trust or those other entities. These restrictions may make it difficult or impossible for us to alter our business strategy to include investments in real estate. Also, because our leases with Hospitality Trust limit our ability to incur debt and prohibit ownership of more than 9.8% of our shares by any party, we may be unable to independently finance future growth opportunities.

**Ownership limitations and anti-takeover provisions may prevent you from receiving a takeover premium.**

Our limited liability company agreement, or LLC agreement, places restrictions on the ability of any person or group to acquire beneficial ownership of more than 9.8% (in number of shares, vote or value, whichever is most restrictive) of any class or series of our equity securities. The terms of our leases with Hospitality Trust and our management and shared services agreement with Reit Management provide that our rights under those agreements may be cancelled by Hospitality Trust and Reit Management, respectively, upon the acquisition by any person or group of more than 9.8% of our shares, and upon other change of control events, as defined in those agreements. If the breach of these ownership limitations causes a lease default, shareholders causing the default are liable to us and may be liable to other shareholders for damages. These agreements and other provisions in our LLC agreement may increase the difficulty of acquiring control of us by means of a tender offer, open market purchases, a proxy fight or otherwise. Other provisions in our governing documents which may deter takeover proposals include the following:

> staggered terms for members of our board of directors;

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the power of our board of directors, without a shareholders' vote, to authorize and issue additional shares and classes or series of shares on terms that it determines;

- > a 75% shareholder vote and cause requirements for removal of directors; and
- > advance notice procedures with respect to nominations of directors and shareholder proposals.

For these reasons, shareholders may be unable to cause a change of control of us or to realize a change of control premium for their common shares.

### **We have limited control of our franchisees.**

Ten travel centers which we lease from Hospitality Trust are subleased to franchisees. An additional 36 travel centers are owned and operated by franchisees. For the year ended December 31, 2006, our pro

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forma rent and royalty revenues from these franchisee relationships were \$16 million. Various laws and our existing franchise contracts limit the control we may exercise over our franchisees' business activities. A failure by our franchisees to pay rents and royalties to us may have a material adverse effect upon our financial results or may cause us to experience losses.

### **We expect we will incur costs and cash outlays which are significantly higher than those of our predecessor and may result in a prolonged period of substantial losses.**

Our pro forma operating expenses for the year ended December 31, 2006, include expenses of \$230 million incurred under the terms of our leases with Hospitality Trust and our management and shared services agreement. This amount is significantly higher than the depreciation, which is a noncash operating expense, and interest expenses that were incurred by our predecessor and Petro that we avoid after the HPT Transaction and our acquisition of Petro. Our leases with Hospitality Trust require us to make capital expenditures to maintain the travel centers we lease. Expenditures we make for improvements that are in excess of the \$125 million that we may draw from Hospitality Trust for improvements at the leased TA sites will either be paid by us directly without reimbursement or, if they are reimbursed by Hospitality Trust, increase our rent expense. These additional expenses and cash outlays may result in future substantial losses and negative cash flow. We incurred substantial pro forma net losses for 2006 and for the three months ended March 31, 2007. Material losses or negative cash flow which persist over a significant period of time may prevent us from operating our business successfully and could cause the market price of our common shares to decline substantially.

### **We are involved in material litigation.**

We are a defendant in two class action cases and one antitrust litigation. These litigations seek material amounts of damages which may not be covered by insurance. Although we believe that we have defenses to these claims, it is impossible to predict the outcome of these litigations at this time. Moreover, the attorney's fees and other costs of this litigation are likely to be significant, and the management time required to defend these matters may distract us from other, income producing activities. See "Business Legal Proceedings" for more information about these litigations.

### **Our creation was, and our continuing business will be, subject to conflicts of interest with Hospitality Trust and Reit Management.**

Our creation was, and our continuing business will be, subject to conflicts of interest, as follows:

- > Two of our directors were trustees of Hospitality Trust at the time we were created.
- > We have five directors: one of whom, Barry M. Portnoy, also is a trustee of Hospitality Trust and the majority owner of Reit Management; one of whom, Arthur G. Koumantzelis, is a former trustee of Hospitality Trust; and one of whom, Thomas M. O'Brien, is a former executive officer of Hospitality Trust.

- > Mr. O'Brien, who serves as our President and Chief Executive Officer, and John R. Hoadley, our Executive Vice President, Chief Financial Officer and Treasurer, are also employees of Reit Management. Reit Management is the manager for Hospitality Trust, and we purchase services from Reit Management pursuant to our management and shared services agreement.

These conflicts may have caused, and in the future may cause, adverse effects on our business, including:

- > Our leases with Hospitality Trust may be on terms less favorable to us than the terms we may have been able to obtain from a party other than Hospitality Trust.

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- > The terms of our management and shared services agreement with Reit Management may be less favorable to us than we may have been able to obtain from a party other than Reit Management.
- > Future business dealings between us and Hospitality Trust, Reit Management and their respective affiliates may be on terms less favorable to us than those we could obtain from other parties.
- > We may have to compete with Hospitality Trust, Reit Management and their affiliates for the time and attention of Messrs. Portnoy, O'Brien and Hoadley.

**Our leases with Hospitality Trust require that we indemnify Hospitality Trust from various liabilities.**

Our leases with Hospitality Trust generally require that we pay for, and indemnify Hospitality Trust from, liabilities associated with the ownership or operation of our leased travel centers. Accordingly our business will be subject to all our business operating risks and all the risks associated with real estate including:

- > costs associated with uninsured damages, including damages for which insurance may be unavailable or unavailable on commercially reasonable terms;
- > costs that may be required for maintenance and repair of the travel centers; and
- > costs due to compliance with and changes in laws and other regulations, including environmental laws and the Americans with Disabilities Act.

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## Use of proceeds

We will receive net proceeds of approximately \$      million from the sale of 2,000,000 shares at the assumed public offering price of \$      per share, after deducting underwriting commissions and discounts and estimated expenses payable by us. A \$1.00 increase (decrease) in the assumed public offering price of \$      would increase (decrease) the net proceeds to us from this offering by \$      , assuming we sell the number of shares set forth on the cover of this prospectus and after deducting the underwriting commissions and discounts and estimated offering expenses payable by us. If the underwriters exercise their over allotment option in full, then the net proceeds will be approximately \$      million.

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We intend to use the net proceeds of this offering for general business purposes, including funding acquisitions and our other expansion activities. We expect that the net proceeds of this offering will be invested in short term, interest bearing securities pending other uses.

An increase or decrease of 1,000,000 shares in the number of shares offered by us would result in an increase or decrease in net proceeds to us of \$ million, assuming the public offering price per share remains the same and after deducting the underwriting commissions and estimated offering expenses payable by us.

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### Market price of common shares

Since February 1, 2007, our common shares have been traded on the American Stock Exchange under the symbol "TA". The following table presents the high and low sales prices for our common shares as reported on the American Stock Exchange for each calendar quarter since they began to trade:

Period	Low	High
First Quarter (February 1, 2007 to March 31, 2007)	\$ 28.59	\$ 43.00
Second Quarter (through June 12, 2007)	\$ 38.46	\$ 46.90

On June 12, 2007, the last reported sale price of our common shares on the American Stock Exchange was \$45.44 per share. As of June 12, 2007, there were approximately 860 shareholders of record of our common shares.

### Dividend policy

We do not expect to make any distributions to any shareholders in the foreseeable future.

Under the Delaware Limited Liability Company Act, we generally cannot make a distribution that would cause our liabilities to exceed the fair value of our assets.

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### Capitalization

The following table describes our capitalization as of March 31, 2007:

- > on an actual basis;
- > on a pro forma basis after giving effect to our Petro acquisition; and
- > on a pro forma as adjusted basis after giving effect to the Petro acquisition and the sale of 2,000,000 shares by us in this offering at an assumed public offering price of \$45.44 per share, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

A \$1.00 increase or decrease in the public offering price per share would result in an increase or decrease in pro forma as adjusted cash and cash equivalents and total capitalization of \$1.9 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus remains the same. An increase or decrease of 1,000,000 shares in the number of shares offered by us would result in an increase or decrease in pro forma as adjusted cash and cash equivalents and total capitalization of \$43.2 million, assuming the public offering price per share remains

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the same. The pro forma as adjusted information is illustrative only, and following the completion of this offering, will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

At March 31, 2007			
	Actual	After giving pro forma effect to the Petro acquisition	As adjusted for this Offering and after giving pro forma effect to the Petro acquisition
Cash and cash equivalents	\$ 149,838	\$ 106,394	\$ 192,230
Restricted investments <sup>(1)</sup>		\$ 274,740	\$ 274,740
Capital lease obligations <sup>(2)</sup>	\$ 107,620	\$ 107,620	\$ 107,620
Debt <sup>(1)</sup>		\$ 270,399	\$ 270,399
Shareholders' equity:			
Common shares, no par value, 8,808,575 actual and pro forma shares issued and outstanding and 10,808,575 pro forma as adjusted shares issued and outstanding	333,120	333,120	418,956
Accumulated other comprehensive income	123	123	123
Accumulated deficit	(11,029)	(11,029)	(11,029)
<b>Total shareholders' equity</b>	<b>322,214</b>	<b>322,214</b>	<b>408,050</b>
<b>Total capitalization</b>	<b>\$ 429,834</b>	<b>\$ 700,233</b>	<b>\$ 786,069</b>

(1) Prior to our acquisition of Petro, \$275 million of U.S. Treasury bonds were placed in escrow for the purpose of covenant defeasance of all Petro's debt which was not repaid in connection with the Petro acquisition. These treasury bonds are reflected on our balance sheet as restricted investments and are sufficient to pay the principal amount of this defeased debt, all of the interest that will accrue on the defeased debt until the February 15, 2008, redemption date and the redemption premium due on February 15, 2008.

(2) As a result of our application of Statement of Financial Accounting Standards No. 98 (SFAS 98), which sets forth accounting guidance related to sale leaseback transactions, to the TravelCenters lease, 13 of the travel centers we lease from Hospitality Trust do not qualify for operating lease treatment, because more than an insignificant portion of these travel centers is sublet to a third party. The amount shown as capital lease obligation will remain on our balance sheet unless and until the subleased portion of these travel centers is reduced to an insignificant level. We expect that the Petro lease will qualify for operating lease treatment, but that determination is subject to the results of a valuation study commissioned with an independent appraiser; the results of this independent study are not expected to be complete until later in 2007.

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## Dilution

Our net tangible book value as of March 31, 2007, was \$273.8 million, or \$31.08 per share. Net tangible book value per share is determined by dividing our net tangible book value (total tangible assets less total liabilities) by the number of common shares outstanding. Without taking into account any changes in our net tangible book value after March 31, 2007, other than to give effect to the assumed sale of the 2,000,000 shares offered by this prospectus at an assumed public offering price of \$45.44 per share, our net tangible book value at March 31, 2007, would have been \$359.6 million, or \$33.27 per share. This represents an immediate increase in net tangible book value of \$2.19 per share to existing shareholders and an immediate dilution in net tangible book value of \$12.17 per share to purchasers of our common shares in this offering. The following table illustrates this per share dilution:

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Assumed public offering price per share	\$	45.44
Net tangible book value per share before offering	\$	31.08
Increase in net tangible book value per share attributable to new investors		2.19
		<hr/>
Net tangible book value per share after offering		33.27
		<hr/>
Dilution per share to new investors	\$	12.17
		<hr/>

Each \$1.00 increase (decrease) in the public offering price per share would increase (decrease) the net tangible book value by \$0.18 per share (assuming that we sell 2,000,000 shares in this offering and no exercise of the underwriters' option to purchase additional shares) and the dilution to investors in this offering by \$0.82 per share.

Each increase (decrease) of 1,000,000 shares in the number of shares offered by us would result in an increase (decrease) would increase (decrease) the net tangible book value by \$      per share (assuming no exercise of the underwriters' option to purchase additional shares) and the dilution to investors in this offering by \$      per share, assuming that the public offering price per share remains the same.

If the underwriters exercise their over allotment option in full, the net tangible book value per share after the offering would have been \$      million, or \$      per share. This amount represents an immediate increase in net tangible book value of \$      per share to the existing shareholders and an immediate dilution in net tangible book value of \$      per share to purchasers of our common shares in this offering.

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## Business

### GENERAL

We are a limited liability company formed under Delaware law on October 10, 2006 as a wholly owned subsidiary of Hospitality Trust. Our initial capitalization in a nominal amount was provided by Hospitality Trust on our formation date. From that time through January 31, 2007, we conducted no business activities. On January 31, 2007, Hospitality Trust acquired our predecessor, restructured this acquired business and distributed all of our common shares to the shareholders of Hospitality Trust. In this prospectus we sometimes refer to these transactions as the HPT Transaction.

### BUSINESS OVERVIEW

We operate and franchise travel centers primarily along the U.S. interstate highway system. Our customers include long haul trucking fleets and their drivers, independent truck drivers and motorists. As of May 31, 2007, after we completed our Petro acquisition, our business included 233 travel centers located in 41 states in the U.S. and the province of Ontario, Canada. Many of our travel centers were originally developed years ago when prime real estate locations along the interstate highway system were more readily available than they are today, a fact which we believe would make it difficult to replicate our business. We believe that our nationwide locations provide an advantage to long haul trucking fleets by enabling them to reduce the number of their suppliers by routing their trucks among our locations from coast to coast.

We offer a broad range of products and services, including diesel fuel and gasoline, truck repair and maintenance services, full service restaurants, more than 20 different brands of QSRs, travel and convenience stores and other driver amenities.

The U.S. travel center and truck stop industry in which we operate consists of travel centers, truck stops, diesel fuel outlets and similar properties. We believe that the travel center and truck stop industry is highly fragmented, with in excess of 6,000 travel centers and truck stops in the U.S.

### HISTORY

*Our Predecessor.* Our predecessor was formed in December 1992 by a group of institutional investors. In April 1993 our predecessor acquired the travel center business of Unocal Corporation, or Unocal. This Unocal business included 139 travel centers, of which 95 were leased to third

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party operators, 42 were franchisee operated and two were operated by our predecessor. Unocal operated this business principally as a fuel wholesaler and franchisor. In December 1993, our predecessor acquired the travel center business of The British Petroleum Company plc, or BP. This BP business included 38 company operated and six franchisee operated travel centers.

In January 1997, our predecessor changed its business strategy to combine the operations of the former Unocal and BP travel center businesses under the TravelCenters of America and TA brand names. From January 1997 through January 31, 2007, our predecessor:

- > acquired 50 travel centers, including three multi-property acquisitions of more than ten travel centers;
  - > designed, developed and constructed five travel centers;
  - > began to operate directly 51 travel centers which were previously leased to and operated by franchisees; and
  - > sold or closed 41 travel centers which were considered nonstrategic.
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As a result of these steps, at the time of the HPT Transaction, our predecessor's business included 163 travel centers, of which 140 were operated by our predecessor, 10 were operated by franchisees on sites leased from our predecessor and 13 were operated by franchisees on sites they owned.

*The HPT Transaction.* We commenced business on January 31, 2007. In order to govern relations before and after the spin off, we entered into a transaction agreement with Hospitality Trust and Reit Management. The material provisions of the transaction agreement are summarized as follows:

- > Simultaneously with Hospitality Trust's closing of its acquisition of our predecessor, the business of our predecessor was restructured. As a result of the restructuring:
  - > the real property interests of 146 travel centers which we operate or franchise and certain other assets held by our predecessor were transferred to subsidiaries of Hospitality Trust that we did not own;
  - > we leased the 146 travel centers owned by Hospitality Trust and agreed to operate our travel centers business;
  - > we continued to own all of our working capital assets (primarily consisting of cash, receivables and inventory) and liabilities (primarily consisting of trade payables and accrued liabilities);
  - > we owned one travel center in Ontario, Canada, and leased two travel centers from, and managed one travel center for, owners other than Hospitality Trust; we became the franchisor of 13 travel centers owned and operated by third parties; we owned certain other assets historically owned and used by our predecessor in connection with the travel centers business, including furniture, vehicles and substantially all other moveable equipment employed at the travel centers that we operate and buildings that are situated on land owned by Hospitality Trust for nine travel centers that we operate; and
  - > Hospitality Trust contributed cash to us so that the sum of our cash, receivables and inventory, net of trade payables and accrued liabilities, was about \$200 million at the time of our spin off.
- > On January 31, 2007, Hospitality Trust distributed all of our shares to its shareholders.
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We entered into a management and shared services agreement with Reit Management. See "Management Management and Shared Services Agreement with Reit Management".

- > We provided Hospitality Trust a right of first refusal to purchase, lease, mortgage or otherwise finance any interest we own in a travel center before we sell, lease, mortgage or otherwise finance that travel center with another party.
  - > We granted Hospitality Trust and other affiliates of Reit Management a right of first refusal to acquire or finance any real estate of the types in which they invest before we do.
  - > We agreed to restrict the ownership of our shares and conduct all of our business activities in a manner which may prevent a change of control of us or a sale of a material portion of our assets. See "Description of our limited liability company agreement Restrictions on Share Ownership and Transfer".
  - > We and Hospitality Trust agreed to cooperate in filing tax returns and addressing other tax matters including appropriate allocations of taxable income, expenses and other tax attributes associated with the HPT Transaction.
  - > We agreed to indemnify Hospitality Trust for liabilities relating to our business and operations for periods before and after the spin off.
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- > Hospitality Trust agreed to pay all of the costs and expenses of the spin off and the restructuring.

*Activities Since January 31, 2007.* Since we began operations on January 31, 2007, we have completed or begun a number of business initiatives which we believe may improve our future financial performance, including:

- > We entered retirement agreements with the president, the chief financial officer and the general counsel of our predecessor who continued in those positions immediately after we began operations. These agreements require us to make termination payments to these individuals through December 31, 2007. We appointed a new president, chief financial officer and general counsel.
- > We have accelerated a same site improvement program for our TA locations with an emphasis upon build outs of revenue generating improvements, such as expanding the number of our truck repair bays in order to reduce waiting times for repairs.
- > We have expanded our travel center acquisition and development efforts to identify individual sites which will allow us to fill in locations along the U.S. interstate highways where we do not currently have a travel center. These efforts have begun to produce results, as we have purchased one location from a former franchisee and are having discussions regarding several other possible individual site purchases.
- > We have begun a strategic review of all our contractual arrangements to determine if any should be discontinued or expanded. For example, we have given notice to terminate a contract under which a third party markets hedged sales contracts to trucking fleets that in turn fuel at our TA locations in return for low pumping fee payments to us. Similarly, we have begun negotiations with a supplier to change the terms on which we buy lubricants and grease.

*The Petro Acquisition.* On May 30, 2007, we acquired Petro for approximately \$70 million. Petro operates or franchisees 69 travel centers along the U.S. interstate highways. These 69 centers are similar to the TravelCenters locations which we operate, except that they are generally larger and newer.

Also, on May 30, 2007, Hospitality Trust acquired the real estate of 40 Petro centers for \$630 million and Hospitality Trust and Petro defeased certain secured debts of Petro and paid a net defeasance cost (in addition to the debt principal included in Hospitality Trust acquisition price) of about \$25 million. Simultaneously with Hospitality Trust's acquisition of this real estate, we leased these 40 locations from Hospitality Trust.

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See " Our Leases with Hospitality Trust".

The Petro assets we acquired include:

- > Two travel centers owned and operated by Petro.
- > Two travel centers that Petro leases from third parties other than Hospitality Trust.
- > A 40% minority interest in a joint venture which owns a travel center that is managed by Petro.
- > Contract rights as franchisor of 24 Petro travel centers.
- > Four land parcels which we believe are suitable for development of new travel centers.
- > Various items of personal property, contract rights and working capital.

The majority owner of the joint venture in which we acquired a 40% interest has an option to purchase our 40% interest for \$16 million, and we have offered to purchase their remaining 60% interest for \$24 million. However, at this time, we do not expect that this majority owner will exercise either of these options.

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In connection with the Petro acquisition, we have offered to purchase from former owners of Petro their minority interests in an entity which is a franchisee of four Petro travel centers and related assets. We believe that this entity is currently evaluating this offer. The result of this evaluation may be, generally at this franchisee's option, one of: (1) our proceeding to purchase these interests for \$11 million; (2) this franchisee's other owners purchasing these interests for \$11 million; or (3) our purchase of 100% of this entity and related interests for \$35 million. All of these possibilities are subject to negotiation of a binding contract between the parties. It is possible that this franchisee will offer alternatives to any of the options set forth above, in which case, generally we will have the option to either proceed on the terms proposed or to pursue the purchase of the minority interests of the former owners of Petro for \$11 million.

We expect to continue to operate both Petro and TA branded travel centers. We believe that the primary factors which attract customers to our travel centers are their locations and the variety, quality and prices of goods and services offered at each travel center, not the brands. We also believe that certain business activities may historically have been better operated by either Petro or our predecessor, and we have formed a management team to study and compare the historical operations at our TA and Petro operations so that we may implement the better operating practices throughout our business.

## **OUR GROWTH STRATEGY**

*Same site improvements.* We plan to continue to expand and standardize many of our TA locations to increase the services we offer to attract professional truck drivers and motorists. We expect to spend \$125 million to \$150 million during the next four years, among other things, to improve and expand parking lots, to increase the number of our truck maintenance and repair bays to expand business and reduce repair waiting times experienced at our travel centers, to remodel the interior and exterior of many of these travel centers and for other improvements. We have identified eight TA locations that we operate that we intend to re-image and one TA location which we intend to raze and rebuild over the next two to three years. We have also identified certain TA locations at which we believe we can add 40 maintenance and repair bays during that same time period. We believe that we have other opportunities to increase our revenues, including, but not limited to, the expansion of the number of gasoline lanes at several of our travel centers to increase the number of gasoline customers serviced simultaneously. We expect soon to begin a thorough review of our Petro locations to determine what site improvements, if any, may be appropriate at these locations. We believe these improvements will make these travel centers more attractive to both professional truck drivers and motorists and increase our same site sales.

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*Acquisitions.* In addition to the Petro Acquisition, we purchased one travel center from a former TA franchisee in May 2007 for \$3.1 million. We expect to substantially remodel this center for an additional cost of \$1.6. There are segments along the U.S. interstate and Canadian highway systems that we consider to be strategic but where we believe we do not have an adequate presence. We intend to pursue acquisitions in these locations. We regularly evaluate opportunities to expand through acquisitions, some of which may be significant in size. We have a contract to purchase minority interests in four Petro franchised locations for approximately \$11 million, and we may be required to purchase 100% of the entity that owns these locations for an additional \$24 million. We have nine other individual center purchases in various stages of negotiations, letters of intent or conditional purchase contracts at this time. We estimate the total cost to purchase and remodel all nine of these centers to be \$90 million; however, at this time, we are unable to assure you that any of these purchases will occur.

*Development.* We completed construction of a travel center in Livingston, CA, in March 2007. We expect to complete construction of another travel center in Laredo, TX, later this summer. We estimate

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the total cost of these two developments, including site acquisition costs, to be \$30 million. We plan to continue expansion by building new travel centers. We have a standard design for new travel centers appropriate for markets in which we can obtain large parcels of land and where there appears to be sufficient demand to support a full service restaurant and a different standard design for markets in which less land is available or where there appears to be less or different potential business. We own, or have under negotiation for possible acquisition, 13 sites containing approximately 400 acres of land which we believe may be suitable for development as travel centers. We have a 40% interest in a joint venture that may build a new travel center. We estimate our total cost to acquire and develop all of these sites to be \$192 million; however, because the approval process for developing new travel centers can be long and complicated, at this time we are unable to assure you the total costs we may incur or that any of these development projects will be completed.

*Franchising.* Forty six of our travel centers are operated by our franchisees, 24 as Petro Stopping Centers® and 22 as TravelCenters of America®. Since January 1, 2006, we have added two TA travel centers and two Petro travel centers as franchised locations. We have agreed and expect to add one additional Petro franchised location and one additional TA franchised location in 2007. We expand our business by franchising when desirable locations are not available for purchase or when we believe a particular site can be more successfully operated by a franchisee than by us. We expect to add franchised sites; and, when a franchisee is no longer interested to operate a franchised travel center, we consider, when we have the option, whether to purchase the site and operate it directly.

### OUR TRAVEL CENTER LOCATIONS

At May 31, 2007, our travel centers consisted of:

- > 176 travel centers leased from Hospitality Trust and operated by us;
- > ten travel centers leased from Hospitality Trust and subleased to and operated by our franchisees;
- > five travel centers we operate on sites we own;
- > five travel centers that we operate on sites owned by parties other than Hospitality Trust;
- > one travel center we operate for a joint venture in which we own a 40% equity interest; and
- > 36 travel centers that are owned and operated by our franchisees.

Our travel centers include 164 that are operated under the TravelCenters of America or TA brand names and 69 that are operated under the Petro brand name. Our typical travel center includes:

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over 23 acres of land with parking for 190 tractor trailers and 100 cars;

- > a full service restaurant and one or more QSRs operated by us as a franchisee under various brands;
- > a truck repair facility and parts store;
- > multiple diesel and gasoline fueling points; and
- > a travel and convenience store, game room, lounge and other amenities for professional truck drivers and motorists.

Substantially all of our travel centers are full service sites located on or near an interstate highway and offer fuel and non-fuel products and services 24 hours per day, 365 days per year.

*Properties.* The physical layouts of our travel centers vary from site to site. The majority of the developed acreage at our travel centers consists of truck and car fuel islands, separate truck and car parking lots, a main building, which contains a full service restaurant and one or more QSRs, a travel

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and convenience store, a truck maintenance and repair shop and other amenities. Many of our TA locations have one building with separate service areas, but many of our Petro locations have several separate buildings.

*Product and Service Offering.* We offer many products and services to complement our diesel fuel business, including:

- > *Gasoline.* We sell branded and unbranded gasoline. Of our 233 travel centers as of May 31, 2007, we offer branded gasoline at 155 travel centers and unbranded gasoline at 59 travel centers. Only 19 of our travel centers do not sell gasoline.
- > *Full Service Restaurants and QSRs.* Most of our travel centers have both full service restaurants and QSRs that offer customers a wide variety of nationally recognized branded food choices. The substantial majority of our full service restaurants are operated under the "Iron Skillet@," "Country Pride@," "Buckhorn Family Restaurants@" and "Fork in the Road@" brands and offer menu table service and buffets. We also offer more than 20 different brands of QSRs, including Arby's®, Burger King®, Pizza Hut®, Popeye's Chicken & Biscuits®, Starbuck's Coffee®, Subway® and Taco Bell®. As of May 31, 2007, 210 of our travel centers included a full service restaurant, 162 of our travel centers offered at least one QSR, and a total of 287 QSRs are operated in our 233 travel centers. The restaurants and QSRs in travel centers we operate are generally staffed by our employees.
- > *Truck Repair and Maintenance Shops.* All but 13 of our travel centers have truck repair and maintenance shops. The typical repair and maintenance shop has between three and six service bays and a parts storage room and is staffed by our mechanics. These shops generally operate 24 hours per day, 365 days per year, and offer extensive maintenance and emergency repair and road services, ranging from basic services such as oil changes and tire repair to specialty services such as diagnostics and repair of air conditioning, air brakes and electrical systems, some of which work is backed by our warranties. Most of our TA truck repair and maintenance facilities provide certain warranty work on Freightliner brand trucks through our participation in the Freightliner ServicePoint® program, as described below.
- > *Travel and Convenience Stores.* Each of our travel centers has a travel and convenience store which offers merchandise to truck drivers, motorists, recreational vehicle operators and bus drivers and passengers. Each travel and convenience store has a selection of over 4,000 items, including food and snack items, beverages, non-prescription drug and beauty aids, batteries, automobile accessories, and music and video products. In addition to complete travel and convenience store offerings, the stores sell items specifically designed for the truck driver's on the road lifestyle, including laundry supplies, clothing and truck accessories. Most of our stores also have a "to go" snack bar as an additional food offering.

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*Additional Driver Services.* We believe that trucking fleets can improve the retention and recruitment of truck drivers by directing them to visit high quality, full service travel centers. We try to provide a consistently high level of service and amenities to professional truck drivers at all of our travel centers, making our travel centers an attractive choice for trucking fleets. Most of our travel centers provide truck 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. Our typical travel center also has a video game room, a laundry area with washers and dryers, private showers and areas designated for truck drivers only, including a theater or television room with a video player and comfortable seating.

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*Marketing.* We offer truck drivers "loyal fueler" programs, called the RoadKing Club<sup>SM</sup> and the Petro Passport<sup>SM</sup>, that are similar to the frequent flyer programs offered by airlines. Drivers receive a point for each gallon of diesel fuel purchased and each dollar spent on selected non-fuel products and services. These points can be redeemed for discounts on non-fuel products and services at our travel centers. We publish a bi-monthly magazine called "Road King<sup>SM</sup>" which includes articles and advertising of interest to professional truck drivers.

## OPERATIONS

*Fuel.* We purchase diesel fuel from various suppliers at rates that fluctuate with market prices and generally are reset daily, and we sell fuel to our customers at prices that we establish daily. By establishing supply relationships with several alternate suppliers per location, we believe we are able to effectively create competition for our purchases among various diesel fuel suppliers. We also believe that purchasing arrangements with multiple diesel fuel suppliers may help us avoid product outages during times of diesel fuel supply disruptions. We have single sources of supply for gasoline at each of our travel centers that offer branded gasoline; but our travel centers selling unbranded gasoline generally purchase gasoline from multiple sources.

Generally our fuel purchases are delivered directly from suppliers' terminals to our travel centers. We do not contract to purchase substantial quantities of fuel to keep as inventory. We generally have less than three days of diesel fuel inventory at our travel centers. We are exposed to price increases and interruptions in supply. We believe our exposure to market price increases for diesel fuel is mitigated by the significant percentage of our total diesel fuel sales volume that is sold under pricing formulae that are indexed to market prices, which reset daily. We do not engage in any fixed price fuel contracts with customers. We may engage, from time to time, in a minimal level of hedging of the price of our fuel purchases with futures and other derivative instruments that primarily are traded on the New York Mercantile Exchange.

*Non-fuel products.* We have many sources for the large variety of non-fuel products that we sell. We have developed strategic relationships with several suppliers of key non-fuel products, including Freightliner LLC for truck parts, Bridgestone/Firestone Tire Sales Company for truck tires and ExxonMobil Oil Corporation for lubricants and oils. We believe that our relationships with these and our other suppliers are satisfactory. We maintain a distribution center near Nashville, Tennessee with 85,000 square feet of space. Our distribution center distributes certain non-fuel, non-perishable products to our TA travel centers using a combination of contract carriers and our fleet of trucks and trailers.

*Freightliner Agreement.* We are party to an agreement with Freightliner LLC, a DaimlerChrysler company. Freightliner is a leading manufacturer of heavy trucks in North America. We are an authorized provider of repair work and specified warranty repairs to Freightliner's customers through the Freightliner ServicePoint® program. Most of our TA truck maintenance and repair facilities are part of Freightliner's 24 hour customer assistance database for emergency and roadside repair referrals and we have access to Freightliner's parts distribution, service and technical information systems. This agreement does not presently include our Petro locations.

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## OUR TRAVEL CENTERS

Our travel centers are geographically diversified, located in 41 states in the U.S. and in Ontario, Canada. The travel centers we operate and their significant services and amenities are generally described in the chart below (travel centers operated by our franchisees are shown separately see " Relationships with Franchisees"). The listed properties are owned by Hospitality Trust and leased by us unless otherwise indicated.

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Count	Brand	City	State	Total acres	Building area	Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces	Gasoline	Travel/convenience store	Full service restaurant	QSRs
1	Petro	Bucksville	AL	48	14,400	255	12	X	167	X	X	X	X
2	TA	Mobile	AL	15	16,685	89	6	X	77	X	X	X	
3	Petro	Shorter <sup>(1)</sup>	AL	9	12,700	50	4		50	X	X		X
4	TA	Tuscaloosa	AL	15	28,619	151	10	X	140	X	X	X	X
5	Petro	N. Little Rock	AR	17	21,130	250	10	X	75	X	X	X	
6	TA	Prescott	AR	26	19,202	292	10	X	144	X	X	X	X
7	Petro	W. Memphis	AR	24	15,700	280	12	X	172	X	X	X	X
8	TA	West Memphis	AR	47	21,895	170	8	X	76	X	X	X	X
9	TA	Eloy	AZ	22	26,269	234	12	X	87	X	X	X	X
10	Petro	Eloy	AZ	23	12,300	175	11	X	99	X	X	X	X
11	TA	Kingman	AZ	28	13,231	115	9	X	100	X	X	X	X
12	Petro	Kingman	AZ	38	18,200	180	12	X	175	X	X	X	X
13	TA	Tonopah	AZ	53	21,475	407	12	X	80	X	X	X	X
14	TA	Willcox	AZ	21	16,459	229	8	X	75	X	X	X	X
15	TA	Barstow	CA	25	24,654	303	16	X	122	X	X	X	X
16	TA	Buttonwillow	CA	16	13,880	170	7	X	129	X	X	X	X
17	TA	Coachella	CA	17	30,458	205	12	X	140	X	X	X	X
18	TA	Corning	CA	24	20,945	254	14	X	54	X	X	X	X
19	Petro	Corning	CA	18	12,300	120	12	X	138	X	X	X	
20	TA	Livingston <sup>(1)</sup>	CA	11	24,000	105	6	X	128	X	X		X
21	TA	Ontario East	CA	32	32,696	559	16	X	132		X	X	X
22	TA	Ontario West	CA	35	23,893	549	10	X	76	X	X	X	X
23	TA	Redding	CA	20	17,853	196	10	X	87	X	X	X	X
24	TA	Santa Nella	CA	23	12,904	240	8	X	100	X	X	X	X
25	Petro	Santa Nella <sup>(2)</sup>	CA	14	15,282	150	12	X	115	X	X		X
26	TA	Wheeler Ridge <sup>(2)</sup>	CA	20	20,514	130	8	X	111	X	X		X
27	Petro	Wheeler Ridge <sup>(3)</sup>	CA	51	27,900	415	12	X	245	X	X	X	X
28	TA	Denver East <sup>(4)</sup>	CO	27	30,676	224	8	X	117	X	X	X	X
29	TA	Denver West	CO	13	12,660	163	7	X	40	X	X	X	
30	TA	Limon	CO	11	16,906	104	12	X	60	X	X	X	X
31	TA	Milldale	CT	13	15,580	145	9	X	77	X	X	X	
32	TA	New Haven	CT	12	12,953	170	10	X	64	X	X		X
33	TA	Willington	CT	43	19,870	240	8	X	155	X	X	X	X
34	TA	Marianna	FL	32	18,028	112	9	X	105	X	X	X	
35	Petro	Ocala	FL	37	20,500	270	12	X	167	X	X	X	X
36	TA	Tampa	FL	10	22,094	158	6	X	75	X	X		X
37	TA	Vero Beach <sup>(5)</sup>	FL	28	16,579	162	8	X	88	X	X	X	
38	TA	Wildwood	FL	23	24,022	170	10	X	100	X	X	X	X
39	TA	Atlanta	GA	18	24,180	218	10	X	128		X	X	X
40	Petro	Atlanta	GA	64	21,500	499	16	X	129		X	X	X
41	TA	Brunswick <sup>(5)</sup>	GA	28	15,000	81		X	91				
42	TA	Cartersville	GA	21	30,676	212	8	X	105	X	X	X	X
43	TA	Commerce	GA	13	14,238	133	8	X	80	X	X	X	
44	TA	Cordele <sup>(2)</sup>	GA	29	52,198	114	12	X	90	X	X	X	X
45	Petro	Kingsland	GA	20	10,500	175	9	X	85	X	X		X
46	TA	Madison	GA	12	16,446	149	7	X	105	X	X	X	X
47	TA	Savannah	GA	20	15,773	175	7	X	80	X	X	X	X
48	TA	Council Bluffs	IA	11	15,684	78	8	X	84	X	X	X	
49	TA	Boise	ID	13	20,700	95	8	X	34	X	X	X	X
50	TA	Bloomington	IL	19	14,261	147	8	X	95		X	X	

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51	TA	Chicago North	IL	63	26,400	215	10	X	105	X	X	X	
52	TA	Effingham	IL	13	30,397	137	11	X	127	X	X	X	X
53	Petro	Effingham	IL	30	20,000	300	14	X	138	X	X	X	
54	TA	Elgin	IL	15	20,023	92	9	X	97	X	X	X	X
55	TA	Mt Vernon	IL	33	21,839	169	8	X	97	X	X	X	X
56	TA	Troy	IL	20	24,340	87	8	X	83	X	X	X	
57	Petro	Angola	IN	18	25,000	200	12		60	X	X	X	X

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58	TA	Gary	IN	22	33,344	318	16	X	109	X	X	X	X
59	TA	Lake Station	IN	23	25,130	252	17	X	170	X	X	X	X
60	TA	Porter	IN	35	22,000	212	12	X	51	X	X	X	X
61	TA	Seymour	IN	16	15,807	167	9	X	55	X	X	X	
62	TA	Whitestown	IN	39	12,953	172	8	X	96	X	X	X	X
63	TA	Florence	KY	11	18,783	123	8	X	87	X	X		X
64	Petro	Franklin <sup>(1)</sup>	KY	3	14,000			X					
65	Petro	Glendale	KY	25	24,000	263	12	X	198	X	X	X	X
66	TA	Walton	KY	9	15,988	99	8	X	46	X	X	X	X
67	Petro	Egan	LA	27	15,000	120	8		50	X	X		X
68	Petro	Hammond	LA	16	12,300	200	12	X	120	X	X	X	X
69	TA	Lafayette	LA	14	17,034	94	7	X	47	X	X	X	X
70	Petro	Shreveport	LA	18	13,800	275	12	X	118	X	X	X	
71	TA	Slidell	LA	22	20,607	159	10	X	145	X	X	X	
72	TA	Tallulah	LA	17	18,625	135	8	X	75	X	X	X	
73	TA	Baltimore	MD	21	65,884	181	8	X	92		X	X	X
74	TA	Elkton	MD	30	21,576	164	10	X	125	X	X	X	X
75	TA	Jessup	MD	25	88,889	453	10	X	100		X	X	X
76	TA	Ann Arbor	MI	32	18,477	205	10	X	90	X	X	X	
77	TA	Monroe	MI	33	20,383	156	8	X	105	X	X	X	X
78	TA	Saginaw	MI	11	13,735	70	8	X	84	X	X	X	
79	TA	Sawyer	MI	23	27,920	140	12	X	100	X	X	X	X
80	TA	Rogers	MN	12	17,291	150	8	X	93	X	X	X	
81	TA	Concordia	MO	20	24,200	146	10	X	100	X	X	X	X
82	TA	Foristell	MO	17	14,162	95	8	X	111	X	X	X	X
83	Petro	Kingdom City	MO	25	20,500	235	12	X	195	X	X	X	X
84	TA	Matthews	MO	29	16,815	114	8	X	62	X	X	X	X
85	TA	Oak Grove	MO	15	19,777	132	10	X	97	X	X	X	X
86	Petro	Jackson <sup>(2)</sup>	MS	17	23,100	205	10	X	165	X	X	X	
87	TA	Meridian	MS	13	17,330	90	8	X	41	X	X	X	
88	TA	Candler	NC	20	12,853	98	8	X	45	X	X	X	
89	TA	Greensboro	NC	29	29,508	186	12	X	122	X	X	X	X
90	Petro	Mebane	NC	30	24,000	285	12	X	188	X	X	X	X
91	TA	Grand Island	NE	19	19,223	82	6	X	64	X	X	X	
92	TA	Ogallala	NE	17	17,594	94	8	X	72	X	X	X	
93	Petro	York	NE	31	16,400	250	10	X	164	X	X	X	X
94	TA	Greenland	NH	7	17,361	105	9		33	X	X	X	
95	TA	Bloomsbury	NJ	13	23,660	129	10	X	96	X	X	X	X
96	Petro	Bordentown	NJ	40	20,000	490	12	X	275		X	X	X
97	TA	Columbia	NJ	16	17,573	185	11	X	90	X	X	X	X
98	TA	Paulsboro	NJ	25	19,206	175	12	X	44	X	X	X	
99	TA	Albuquerque	NM	12	20,318	150	8	X	96	X	X	X	
100	TA	Gallup	NM	15	17,916	76	8	X	121	X	X	X	
101	TA	Las Cruces	NM	19	30,667	232	9	X	102	X	X	X	X
102	Petro	Milan	NM	23	13,800	200	12	X	127	X	X	X	
103	TA	Moriarity	NM	26	18,718	245	10	X	55	X	X	X	X
104	TA	Santa Rosa	NM	25	25,694	116	11	X	57	X	X	X	X
105	TA	Las Vegas	NV	12	20,207	144	10	X	116	X	X	X	X
106	TA	Mill City	NV	73	38,613	152	10	X	88	X	X	X	X
107	Petro	N. Las Vegas	NV	22	21,401	207	12	X	120	X	X	X	X
108	TA	Sparks	NV	15	24,827	200	8	X	122	X	X	X	
109	Petro	Sparks	NV	25	24,896	400	10	X	260	X	X	X	
110	TA	Binghamton	NY	10	5,726	111	8	X	55	X	X	X	

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111	TA	Dansville	NY	16	13,580	102	12	X	86	X	X	X	
112	TA	Fultonville	NY	15	39,345	112	10	X	32	X	X	X	
113	TA	Maybrook	NY	16	20,499	188	12	X	85	X	X	X	X
114	TA	Pembroke	NY	16	13,807	132	8	X	108	X	X	X	
115	Petro	Waterloo	NY	32	30,000	350	12	X	125	X	X	X	X
116	TA	Ashland	OH	7	12,888				106	X	X	X	X
117	TA	Dayton	OH	90	12,281	232	7	X	62	X	X	X	X
118	Petro	Girard	OH	29	20,000	375	14	X	170	X	X	X	X
119	TA	Hebron	OH	17	20,337	141	10	X	39	X	X	X	X
120	TA	Jeffersonville	OH	12	20,257	125	8	X	87	X	X	X	X
121	TA	Kingsville	OH	37	23,206	158	10	X	51	X	X	X	X

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122	TA	Lodi	OH	25	33,775	237	10	X	133	X	X	X	X
123	TA	London	OH	27	19,224	185	8	X	109	X	X	X	X
124	Petro	N. Baltimore	OH	17	29,000	250	14	X	160	X	X	X	X
125	Petro	New Paris	OH	27	21,000	210	12	X	160	X	X	X	X
126	TA	North Canton	OH	11	8,466	93	8	X	77		X	X	
127	TA	Toledo	OH	18	19,156	207	10	X	108	X	X	X	X
128	Petro	Toledo	OH	33	20,000	375	12	X	215	X	X	X	
129	TA	Youngstown	OH	16	30,466	161	10	X	120		X	X	
130	Petro	Ok. City	OK	30	14,600	280	12	X	187	X	X	X	X
131	TA	Oklahoma City East	OK	19	26,327	175	10	X	77	X	X	X	
132	TA	Oklahoma City West	OK	19	18,622	150	8	X	72	X	X	X	X
133	TA	Sayre	OK	20	10,439	101	9	X	25	X	X		X
134	TA	Woodstock <sup>(1)</sup>	Ont. Can.	27	28,000	202	12	X	103	X	X	X	
135	Petro	Medford	OR	15	11,500	123	8	X	87	X	X	X	
136	TA	Portland	OR	20	17,135	275	8	X	30	X	X	X	X
137	TA	Troutdale	OR	25	44,282	225	10	X	73	X	X	X	X
138	TA	Barkeyville <sup>(4)</sup>	PA	61	9,426	112	8	X	135	X	X	X	X
139	TA	Bloomsburg	PA	13	19,105	190	8	X	104	X	X	X	X
140	TA	Brookville	PA	49	20,600	264	8	X	109	X	X	X	X
141	Petro	Carlisle	PA	34	24,500	380	12	X	184		X	X	X
142	TA	Greencastle	PA	24	14,149	194	12	X	114	X	X	X	
143	TA	Harborcreek	PA	27	25,227	266	10	X	138	X	X	X	X
144	TA	Harrisburg	PA	54	20,195	178	9	X	110		X	X	
145	TA	Lamar	PA	68	11,625	168	9	X	95	X	X	X	X
146	TA	Milesburg <sup>(5)</sup>	PA	11	8,822	122	8	X	30	X	X	X	
147	TA	Florence <sup>(2)</sup>	SC	10	30,340	77	9		94	X	X		X
148	TA	Manning	SC	15	17,946	84	8	X	80	X	X	X	X
149	TA	Spartanburg	SC	26	31,682	187	8	X	122	X	X	X	
150	TA	Antioch	TN	22	20,856	154	9	X	158	X	X	X	X
151	TA	Franklin	TN	13	15,922	100	8	X	91	X	X	X	
152	Petro	Kingston Springs	TN	9	6,900	98	8	X	60	X	X		X
153	TA	Knoxville	TN	24	22,868	128	10	X	99		X	X	
154	Petro	Knoxville	TN	25	13,800	265	12	X	160	X	X	X	X
155	TA	Nashville	TN	17	23,280	154	10	X	230		X	X	
156	Petro	Amarillo	TX	20	17,300	300	12	X	134	X	X	X	X
157	TA	Amarillo West	TX	25	33,226	243	8	X	150	X	X	X	X
158	TA	Baytown	TX	17	11,715	184	12	X	88	X	X	X	X
159	Petro	Beaumont	TX	20	13,500	275	12	X	196	X	X	X	
160	TA	Big Spring	TX	14	24,772	108	6	X	59	X	X	X	X
161	TA	Dallas South	TX	20	18,081	146	8	X	100	X	X		X
162	TA	Edinburg <sup>(1)</sup>	TX	18	14,500	120	6	X	32	X	X	X	X
163	Petro	El Paso	TX	31	20,000	290	12	X	96	X	X	X	X
164	TA	Ganado	TX	11	20,030	104	8	X	87	X	X	X	X
165	TA	New Braunfels	TX	20	19,307	298	10	X	115	X	X	X	X
166	TA	Rockwall	TX	13	16,714	100	6	X	90	X	X		X
167	TA	San Antonio	TX	31	32,750	258	8	X	82	X	X	X	X
168	Petro	San Antonio	TX	21	13,200	250	12	X	85	X	X	X	
169	TA	Terrell	TX	22	21,683	401	12	X	125	X	X	X	X
170	Petro	Vinton	TX	8	4,800	65	7	X	30	X	X		X

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171	Petro	Weatherford	TX	25	21,000	275	12	X	128	X	X		X
172	TA	Parowan	UT	7	9,144	48	6	X	61	X	X		X
173	TA	Salt Lake City	UT	20	18,843	191	7	X	75	X	X	X	X
174	TA	Ashland <sup>(4)</sup>	VA	19	25,841	183	8	X	98	X	X	X	
175	TA	Richmond	VA	25	20,453	154	18	X	81	X	X	X	X
176	TA	Roanoke	VA	12	21,033	129	8	X	103	X	X	X	
177	TA	Wytheville	VA	17	20,654	114	10	X	108	X	X	X	X
178	TA	Seattle East	WA	16	20,365	150	6	X	60		X	X	
179	Petro	Spokane	WA	22	16,000	220	10	X	90	X	X	X	X
180	TA	Hudson	WI	15	15,443	100	7	X	30	X	X	X	
181	TA	Madison	WI	11	16,446	118	9	X	102	X	X	X	X
182	TA	Hurricane	WV	21	16,544	76	10	X	53	X	X	X	
183	TA	Wheeling <sup>(4)</sup>	WV	8	12,346	182	10	X	36		X	X	
184	TA	Cheyenne	WY	23	18,590	150	10	X	66	X	X	X	X
185	TA	Fort Bridger	WY	135	14,646	165	10	X	19	X	X	X	X

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186 Petro	Laramie	WY	35	15,500	236	12	X	111	X	X	X
187 TA	Rawlins	WY	28	18,594	188	12	X	80	X	X	X

X

*Amenity present at travel center.*

(1)

*Property owned by us.*

(2)

*Property owned by a third party other than Hospitality Trust and leased to or managed by us.*

(3)

*Property owned by a joint venture in which we own a 40% equity interest.*

(4)

*Property at which we lease the land from Hospitality Trust but we own the buildings.*

(5)

*In 2006, this travel center was razed and a truck maintenance and repair facility was built on this site. We expect the redevelopment of this site will be completed in late 2007.*

### OUR LEASES WITH HOSPITALITY TRUST

We have two leases with Hospitality Trust, the TravelCenters lease for 146 TA travel centers, which became effective on January 31, 2007, and the Petro lease for 40 Petro travel centers, which became effective on May 30, 2007. Two of our subsidiaries are the tenants under the leases, and we and, in the case of our TravelCenters lease, certain of our subsidiaries guarantee the tenants' obligations under the leases.

The following are summaries of the material terms of the leases:

**Operating Costs.** The leases are so called "triple net" lease which require us to pay all costs incurred in the operation of the leased travel centers, including personnel, utilities, acquiring inventories, service to customers, insurance, real estate and personal property taxes and ground lease payments, if any.

**Minimum Rent.** The TravelCenters lease requires us to pay minimum rent to Hospitality Trust as follows:

Lease Year	Annual Rent (000s)
February 1, 2007 through January 31, 2008	\$ 153,500
February 1, 2008 through January 31, 2009	157,000
February 1, 2009 through January 31, 2010	161,000
February 1, 2010 through January 31, 2011	165,000
February 1, 2011 through January 31, 2012	170,000
February 1, 2012 and thereafter	175,000

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The Petro lease requires us to pay minimum rent to Hospitality Trust of \$62,225,000 per annum.

In addition, minimum rents may increase if Hospitality Trust funds or reimburses the cost of renovations, improvements and equipment related to the leased travel centers as described below.

**Improvements.** Hospitality Trust has agreed to provide up to \$25 million of funding annually for the first five years of the TravelCenters lease for certain specified improvements to the "TA" leased properties. This funding is cumulative, meaning if some portion of the \$25 million is not spent in one year it may be drawn by us from Hospitality Trust in subsequent years; provided, however, none of the \$125 million of funding is available to be drawn after December 31, 2015. All improvements purchased with this funding will be owned by Hospitality Trust. There will be

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no adjustment in our minimum rent as these amounts are funded by Hospitality Trust.

*Maintenance and Alterations.* Except for Hospitality Trust's commitment to fund up to \$125 million as described above, we must maintain, at our expense, the leased travel centers, including maintenance of structural and non-structural components. The leases require us to submit an annual budget for capital expenditures at the leased travel centers to Hospitality Trust for approval. We may request that Hospitality Trust fund approved amounts for renovations, improvements and equipment at the leased travel centers, in addition to the \$125 million described above, in return for minimum annual rent increases according to a formula: the minimum rent per year will be increased by an amount equal to the amount funded by Hospitality Trust times the greater of (i) 8.5% or (ii) a benchmark U.S. Treasury interest rate plus 3.5%. At the end of any lease we must surrender the leased travel centers in substantially the same conditions as existed at the commencement of the lease subject to any permitted alterations and ordinary wear and tear.

*Percentage Rent.* Starting in 2012, the TravelCenters lease requires us to pay Hospitality Trust additional rent with respect to each lease year generally in an amount equal to three percent (3%) of increases in non-fuel gross revenues and three tenths of one percent (0.3%) of increases in gross fuel revenues at each leased travel center over the respective gross revenue amounts for the year 2011. The Petro lease requires the same percentage rent payments, except that such payments start in 2013 and are calculated using the revenues of the 40 Petro travel centers in excess of revenues for the year 2012. Percentage rent attributable to fuel sales in each lease is subject to a maximum each year calculated by reference to changes in the consumer price index.

*Term.* The TravelCenters lease expires on December 31, 2022. The Petro lease expires on June 30, 2024, subject to extension by us for up to two additional periods of 15 years each.

*Assignment and Subletting.* Hospitality Trust's consent is required for any direct or indirect assignment or sublease of any of the leased travel centers. We remain liable under the leases for subleased travel centers.

*Environmental Matters.* Generally, we have agreed to indemnify Hospitality Trust from liabilities which may arise from any violation of any environmental law or regulation.

*Indemnification and Insurance.* With limited exceptions, we indemnify Hospitality Trust from liabilities which arise during the terms of the leases from ownership or operation of the leased travel centers. We generally must maintain commercially reasonable insurance. Our insurance coverage includes:

- > property insurance, in an amount equal to the full replacement cost of at risk improvements at our leased travel centers;
- > business interruption insurance;

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- > general liability insurance, including bodily injury and property damage, in amounts as are generally maintained by companies operating travel centers;
- > flood insurance for any travel center located in whole or in part in a flood plain;
- > worker's compensation insurance if required by law; and
- > such additional insurance as may be generally maintained by companies operating travel centers, including certain environmental insurance.

The leases require that Hospitality Trust be named as an additional insured under our insurance policies.

*Damage, Destruction or Condemnation.* If any leased travel center is damaged by fire or other casualty or taken by eminent domain, we are generally obligated to rebuild. If the leased travel center cannot be restored, Hospitality Trust will generally receive all insurance or taking proceeds, we are liable to Hospitality Trust for any deductible or deficiency between the replacement cost and the amount of proceeds, and the

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annual minimum rent will be reduced by (i) in the case of the TravelCenters lease, at Hospitality Trust's option, either 8.5% of the net proceeds paid to Hospitality Trust or the fair market rental of the damaged, destroyed or condemned property, or portion thereof, as of the commencement date of the TravelCenters lease; (ii) in the case of a casualty under the Petro lease, 8.5% of the net proceeds paid to Hospitality Trust plus the fair market value of the land; and (iii) in the case of a taking under the Petro lease, 8.5% of the amount of the net proceeds paid to Hospitality Trust.

*Events of Default.* Events of default under each lease include the following:

- > our failure to pay rent or any other sum when due;
- > our failure to maintain the insurance required under the lease;
- > the occurrence of certain events with respect to our insolvency;
- > the institution of a proceeding for our dissolution;
- > our failure to continuously operate any leased travel center without Hospitality Trust's consent;
- > any person or group of affiliated persons acquiring ownership of more than 9.8% of us without Hospitality Trust's consent;
- > any change in our control or sale of a material part of our assets without Hospitality Trust's consent;
- > our default under any indebtedness of \$10 million or more for the TravelCenters lease, or \$20 million or more for the Petro lease, that gives the holder the right to accelerate the maturity of the indebtedness; and
- > our failure to perform certain other covenants or agreements of the lease and the continuance thereof for a specified period of time after written notice.

*Remedies.* Following the occurrence of any event of default, each lease provides that, among other things, Hospitality Trust may, to the extent legally permitted:

- > accelerate the rent;
- > terminate the lease; and/or

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- > make any payment or perform any act required to be performed by us under the lease and receive from us, on demand, an amount equal to the amount so funded by Hospitality Trust plus interest.

We are also obligated to reimburse Hospitality Trust for all costs and expenses incurred in connection with any exercise of the foregoing remedies.

*Lease Subordination.* Each lease may be subordinated to any mortgages of the leased travel centers by Hospitality Trust, but Hospitality Trust is required to obtain nondisturbance agreements for our benefit.

*Financing Limitations; Security.* Without Hospitality Trust's prior written consent, our tenant subsidiaries may not incur debt secured by any of their assets used in the operation of the leased travel centers; provided, however, our tenant subsidiaries may incur purchase money debt to

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acquire assets used in these operations and we may encumber such assets to obtain a line of credit secured by our tenant subsidiaries receivables, inventory or certain other assets used in these operations.

**Lease Termination.** When a lease terminates, any equipment, furniture, fixtures, inventory and supplies at the leased travel centers that we own may be purchased by Hospitality Trust at then fair market value. Also at termination of the TravelCenters lease, Hospitality Trust has the right to license any of our software used in the operation of the leased travel centers thereunder at its then fair market value and to offer employment to employees at the leased travel centers thereunder; and under both leases we have agreed to cooperate in the transfer of permits, agreements and the like necessary for the operation of the leased travel centers thereunder.

**Territorial Restrictions.** Under the terms of each lease, we generally cannot own, franchise, finance, operate, lease or manage any travel center or similar property within 75 miles in either direction along the primary interstate on which the leased travel center is located without the consent of Hospitality Trust.

**Non-Economic Properties.** If during a lease term the continued operation of any leased travel center becomes non-economic as defined in the lease, we may offer such travel center for sale including a sale of Hospitality Trust's interest in the property, free and clear of our leasehold interests. The net sale proceeds received will be paid to Hospitality Trust and the annual minimum rent payable shall be reduced. In the case of the TravelCenters lease, this reduction will be, at Hospitality Trust's option, either the amount of such proceeds times 8.5% or the fair market rental for such property as of the commencement date of the lease; in the case of the Petro lease, this reduction will be the amount of such proceeds times 8.5%. No more than a total of 15 properties subject to the TravelCenters lease and no more than five properties subject to the Petro lease may be offered for sale as non-economic properties during the applicable lease term. No sale of a travel center leased from Hospitality Trust may be completed without Hospitality Trust's consent; provided, however, if Hospitality Trust does not consent, that property will no longer be part of the lease and the minimum rent will be reduced as if the sale had been completed.

### RELATIONSHIPS WITH FRANCHISEES

We have lease and franchise agreements with lessees and owners of travel centers. We collect rent, franchise, royalty and other fees under these agreements. As of May 31, 2007, 46 of our travel centers were operated by our franchisees. Ten of these travel centers are leased by us from Hospitality Trust and subleased by us to a franchisee. Thirty six of these travel centers are owned, or leased from others, by our franchisees. As of May 31, 2007, we have agreed to franchise one travel center as a TA center and one as a Petro center. We expect the franchise agreements to become effective during 2007 when these owners complete certain facility improvements required to meet our operating standards. As of

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May 31, 2007, two franchisees operated four locations each, two operated three locations each, two operated two locations each, and 28 operated one location each. Our franchised locations as of May 31, 2007, are generally described in the chart below; the listed properties are owned or leased from third parties by our franchisees unless otherwise indicated.

Count	Brand	City	State	Total acres	Building area	Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces	Gasoline	Travel/convenience store	Full service restaurant	QSRs
1	Petro	Gadsden	AL	28	15,000	275	11		30	X	X	X	
2	TA	Montgomery <sup>(2)</sup>	AL	10	15,739	125	8	X	55	X	X	X	X
3	TA	Baldwin <sup>(1)</sup>	FL	18	15,042	137	7	X	44	X	X	X	X
4	TA	Jacksonville South <sup>(1)</sup>	FL	19	22,855	90	7	X	90	X	X	X	X
5	TA	Atlanta South <sup>(1)</sup>	GA	29	20,520	200	8	X	100	X	X	X	X
6	Petro	Carnesville	GA	37	21,500	250	12	X	114	X	X	X	X
7	TA	Lake Park <sup>(2)</sup>	GA	9	14,900	75	8	X	60	X	X	X	X
8	TA	Walcott	IA	70	107,375	300	15	X	250	X	X	X	X
9	Petro	Monee	IL	15	11,000	190	8	X	110	X	X	X	X
10	Petro	Rochelle	IL	29	28,000	400	10	X	125	X	X	X	X
11	TA	Clayton <sup>(1)</sup>	IN	16	14,130	100	7	X	108	X	X	X	X
12	Petro	Gaston	IN	18	13,500	150	8	X	86	X	X	X	X
13	Petro	Greensburg	IN	10	10,000	140	7	X	45	X	X	X	

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					Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces			Full service restaurant	
14	Petro	Remington	IN	17	14,800				X	X		
15	TA	Beto Junction	KS	35	23,000	273	X	112	X	X	X	X
16	Petro	Colby	KS	10	17,500	90		90	X	X		X
17	TA	Oakley	KS	13	13,200	100	X	40	X	X	X	X
18	Petro	Salina	KS	12	12,160	75		75	X	X		X
19	Petro	Elkton	MD	24	20,800	210	X	140	X	X	X	
20	TA	Albert Lea	MN	31	49,000	305	X	270	X	X	X	X
21	Petro	Clearwater	MN	13	20,000	150		225	X	X	X	
22	Petro	Joplin	MO	46	27,000	377	X	109	X	X	X	X
23	TA	Mt. Vernon	MO	15	22,000	150	X	90	X	X	X	
24	Petro	Oak Grove	MO	26	23,000	305	X	155	X	X	X	X
25	TA	Strafford	MO	18	20,000	130	X	90	X	X	X	X
26	TA	Kenly	NC	34	36,000	200	X	120	X	X	X	X
27	Petro	Fargo	ND	25	23,500	195	X	236	X	X	X	
28	TA	Napoleon	OH	10	9,000	120		100	X	X	X	X
29	Petro	Napoleon	OH	13	13,000	110		50	X	X		X
30	TA	Wapakoneta	OH	19	30,000	140	X	50	X	X	X	
31	TA	Eugene	OR	20	25,000	140	X	50	X	X	X	
32	TA	Breezewood	PA	30	27,000	200	9	125	X	X	X	X
33	Petro	Breezewood	PA	22	18,480	360	X	42	X	X	X	X
34	Petro	Claysville	PA	40	13,000	210	X	80	X	X	X	X
35	Petro	Milton	PA	30	20,600	312	X	120	X	X	X	X
36	Petro	Scranton	PA	32	55,000	400	X	100	X	X	X	X
37	Petro	Florence	SC	30	22,700	250	X	178	X	X	X	X
38	TA	Jackson <sup>(2)</sup>	TN	10	13,527	100	X	90	X	X	X	X
39	TA	Knoxville West <sup>(1)</sup>	TN	25	22,238	176	X	146	X	X	X	X
40	TA	Denton <sup>(1)</sup>	TX	15	19,247	110	X	62	X	X	X	X
41	TA	Sweetwater <sup>(1)</sup>	TX	18	12,600	160	X	43	X	X	X	X
42	Petro	Glade Spring	VA	25	12,245	270	8	70	X	X	X	
43	Petro	Ruther Glen	VA	50	19,000	250	X	150	X	X	X	X
44	TA	Janesville	WI	5	12,000	85	7	45	X	X		X
45	Petro	Portage	WI	35	20,300	300	X	150	X	X	X	X
46	Petro	Racine	WI	14	18,000	185	X	115	X	X	X	X

X

*Amenity present at travel center.*

(1)

*Owned by Hospitality Trust, leased to us and operated by the franchisee subject to sublease and franchise agreements.*

(2)

*Property at which we lease the land from Hospitality Trust but we own the buildings and the entire property is operated by the franchisee subject to sublease and franchise agreements.*

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*Franchise Agreements*

Material provisions of our franchise agreements include the following:

*Initial Franchise Fee.* The initial franchise fee for a new franchise is \$100,000 for a "TA" franchise and \$50,000 for a "Petro" franchise.

*Term of Agreement.* The initial term of a franchise agreement is generally ten years for a "TA" franchise and 15 years for a "Petro" franchise. Our franchise agreements generally provide for two five year renewals on the terms then being offered to prospective franchisees at the time of the franchise renewal. The remaining terms of the current franchise agreements end in 2007 through 2021. The average remaining term of these agreements as of May 31, 2007, including all renewal periods, was approximately 15 years.

*Protected Territory.* Under the terms of our franchise agreements for TA travel centers, generally we have agreed not to operate, or allow another person to operate, a travel center or travel center business that uses the "TravelCenters of America" or "TA" brand in a specified territory around the location of that TA branded franchise location. Under the terms of our franchise agreements for Petro travel centers, generally we have agreed not to operate, or allow another person to operate, a travel center or travel center business that uses the "Petro" brand in a specified

territory around the location of that Petro branded franchise location.

*Restrictive Covenants.* Generally our franchisees may not operate any travel center or truck stop related business under a franchise agreement, licensing agreement or marketing plan or system of another person or entity. If the franchisee owns the franchised premises, generally for a two year period after termination of our franchise agreement the franchisee may not operate the site with a competitive brand.

*Fuel Purchases, Sales and Royalties.* Our TA franchisees that operate travel centers that they lease from us must purchase all of their diesel fuel from us; our franchisees that operate travel centers that they own are not required to purchase their diesel fuel from us. Generally our franchise agreements which do not require the franchisee to purchase fuel from us do generally require a franchisee to pay us an additional royalty fee based on sales of certain fuels at the franchised travel center. We also purchase receivables generated by franchisees of some travel centers on a non-recourse basis in return for a fee.

*Royalty Payments on Non-Fuel Revenues.* Franchisees are required to pay us a royalty fee generally equal to between 3.5% and 4% of non-fuel revenues. Generally if a TA franchisee operates one or more QSRs on the franchised premises, the franchisee must pay us 3% of all revenues in connection with those sales, net of royalties paid to QSR franchisors.

*Advertising, Promotion and Image Enhancement.* Our franchisees are required to make additional payments to us as contribution to the applicable brand wide advertising, marketing and promotional expenses we incur.

*Non-fuel Product Offerings.* Franchisees are required to operate their travel centers in conformity with guidelines that we establish and offer any products and services that we deem to be a standard, or "core," product or service in our centers.

*Termination/Nonrenewal.* Generally, we may terminate or refuse to renew a franchise agreement for default by the franchisee. We may also refuse to renew if we determine that renewal would not be in our economic interest or if the franchisee will not agree to the terms in our then current form of franchise agreement.

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*Rights of First Refusal.* In the event that a franchisee wishes to accept an offer from a third party to purchase its travel center upon termination or expiration of our franchise agreement, we have a right of first refusal to purchase that facility at the price offered by the third party. In addition, we generally have similar rights or the right to purchase franchised Petro centers for fair market value, as determined by the parties or an independent appraiser, upon termination or expiration of a Petro franchise agreement.

#### *Franchisee Lease Agreements*

In addition to franchise fees, we also collect sublease rent from franchisees for ten travel centers operated by TA franchisees that sublease travel centers from us. Each operator of a travel center that enters into a lease agreement also must enter into a franchise agreement. The material provisions of these lease agreements include the following:

*Operating Costs.* The franchisee is responsible for the payment of all costs and expenses in connection with the operation of the leased travel centers, typically excluding certain environmental costs, certain maintenance costs and real property taxes.

*Term of Agreement.* The leases have an initial term of ten years and allow for two renewals of five years each. The remaining current terms of these lease agreements end in 2012. The average remaining term of these agreements as of May 31, 2007, including all renewal periods, was approximately 15 years.

*Rent.* The sublessee must pay annual fixed rent equal to the sum of:

- > base rent;
- > improvement rent, if any, which is defined as an amount equal to a percentage of the cost of all capital improvements we fund that we and the sublessee mutually agree will enhance the value of the leased premises and which cost in excess of \$2,500; and
- > an annual inflator equal to the percentage increase in the consumer price index.

*Use of the Leased Travel Center.* The leased travel center must be operated as a travel center in compliance with all laws, including all environmental laws. The sublessee must submit to quality inspections that we request and appoint, subject to our approval, an employee as manager who is responsible for the day to day operations at the leased travel center.

*Termination/Nonrenewal.* These lease agreements contain terms and provisions regarding termination and nonrenewal, which are substantially the same as the terms and provisions of the related franchise agreements. These lease agreements are cross defaulted with the related franchise agreements. In certain circumstances, we may reimburse the franchisee for a portion of the cost of certain capital improvements upon termination of the lease.

#### *Franchise Regulation*

Some states require state registration and delivery of specified disclosure documentation to potential franchisees and impose special regulations on petroleum franchises. Some state laws also impose restrictions on our ability to terminate or not to renew franchises and impose other limitations on the terms of our franchise relationships or the conduct of our franchise business. 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 federal and state antitrust laws. Federal Trade Commission regulations require that we make extensive

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disclosure to prospective franchisees. We believe that we are in compliance with all franchise laws applicable to our business.

#### **COMPETITION**

The travel center and truck stop industry is fragmented and highly competitive. We believe that there are in excess of 6,000 travel center and truck stops nationwide.

Fuel and non-fuel products and services can be obtained by long haul truck drivers from a variety of sources, including regional full service travel center and pumper only truck stop chains, independently owned and operated truck stops and some large service stations. In addition, some trucking companies operate their own terminals to provide fuel and services to their own trucking fleets.

There are generally two types of fueling stations designed to serve the trucking industry:

- > full service travel centers, such as ours, which offer a broad range of products and services to long haul trucking fleets and their drivers, independent truck drivers and motorists, including: diesel fuel and gasoline; full service restaurants; QSRs; truck repair and maintenance; travel and convenience stores; parking areas; and various driver amenities; and
- > so called "pumper only" truck stops, which provide diesel fuel, typically at discounted prices, with limited additional services. A pumper only chain may include a majority of travel centers which typically contain no, or only one or two, QSRs, limited store facilities and no truck repair and maintenance facilities.

We experience substantial competition from pumper only truck stop chains based principally on diesel fuel prices. We also experience substantial competition from full service travel center regional chains and independent full service travel centers, which is based principally on diesel fuel prices and non-fuel product and service offerings.

Our truck repair and maintenance facilities compete with regional full service travel center and truck stop chains, full service independently owned and operated truck stops, fleet maintenance terminals, independent garages, truck dealerships, truck quick lube facilities and other parts and service centers.

We also compete with other full service restaurants, QSRs, mass merchandisers, electronics stores, drugstores and travel and convenience stores.

Many truck fleets own their own fuel, repair and maintenance facilities. Although we believe the long term trend has been toward a reduction in these facilities in favor of obtaining fuel, repair and maintenance services from third parties like us, during the last few years of historically volatile fuel prices, this long term trend appears to have slowed and may be reversing.

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An additional source of competition in the future could result from commercialization of state owned interstate highway rest areas. Some state governments have historically requested that the federal government allow these rest areas to offer fuel and non-fuel products and services similar to that offered at a travel center. If commercialized, these rest areas may materially increase the number of locations competing with us.

We believe we will be able to compete successfully for the following reasons:

- > By offering consistent, high quality products and services in our nationwide locations we are able to attract fleet and independent professional truck drivers as well as motorists.
- > Many of our employees have substantial experience in operating our business. In addition, our management and shared services agreement with Reit Management may provide us with additional

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experience and knowledge in real estate acquisitions, maintenance and development, as well as in public company operations, finance and other matters.

- > Our continuing relationship with Hospitality Trust may provide us opportunities to expand our business by acquiring new leaseholds for travel centers in cooperation with Hospitality Trust and by Hospitality Trust providing us with a source of financing for improvement to our existing centers and for development of new travel centers.

Although we believe our management team is highly talented, our senior management has been assembled from Reit Management, our predecessor, and Petro and they do not have extensive experience working together. We expect we may expand our business with Hospitality Trust; however, Hospitality Trust is not obligated to provide us with opportunities to lease additional properties, and we may not be able to find other sources of capital sufficient to maintain and grow our travel center business. Also, some of our competitors have substantially more resources than we do; and some of our competitors have vertically integrated fuel businesses which may provide them competitive advantages. For all of these reasons and others, we can provide no assurance that we will be able to compete successfully.

### ENVIRONMENTAL MATTERS

Our operations and properties are extensively regulated by environmental laws. We may be required to investigate and clean up hazardous substances, including petroleum products, released at a property. We may be held liable to governmental entities or to third parties for property damage and personal injuries and for investigation and clean up costs incurred in connection with any contamination. We use underground storage tanks and above ground storage tanks to store petroleum products and waste at our travel centers. We must comply with environmental laws regarding tank construction, integrity testing, leak detection and monitoring, overfill and spill control, release reporting and financial assurance for corrective action in case of a release. At some locations, we must also comply with environmental laws relating to vapor recovery or discharges to water.

From time to time we, our predecessor and Petro have received and likely will receive future notices of alleged violations of environmental laws or otherwise became aware of the need to undertake corrective actions to comply with environmental laws at operated travel centers. Investigatory and remedial actions were, and regularly are undertaken with respect to releases of hazardous substances at the travel centers we operate. In some cases contributions were, and may be, received to partially offset environmental costs from insurers, from state funds established for environmental clean up associated with the sale of petroleum products or from indemnitors who agreed to fund certain environmental related costs at travel centers purchased from such indemnitors.

As of May 31, 2007, we had a reserve of \$11.1 million for known unindemnified environmental matters for which we will be responsible, and we had a receivable for estimated insurance recoveries of these estimated future expenditures of \$4.8 million and \$4.4 million of cash in an escrow account to fund certain of these estimated expenditures, leaving an estimated net amount of \$1.9 million to be funded by us in the future. We do not have a reserve for potential unknown or future environmental matters. We cannot precisely know the ultimate costs we will incur in connection with currently known or unknown future potential environmental related violations, corrective actions, investigation and remediation; however, based on our current knowledge we do not expect that the costs to be incurred at our travel centers, individually or in the aggregate, will be material to our financial condition, results of operations or cash flow.

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Despite our present expectation, we cannot be certain that we know of all existing contamination present in our travel centers, or that material liability will not be imposed on us in the future. If

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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 us.

We expect to continue our predecessor's and Petro's programs to monitor and remediate our exposures to environmental liabilities. Also, we have insurance of up to \$60 million for unanticipated costs regarding certain known environmental liabilities and of up to \$35 million regarding certain unknown or future environmental liabilities subject to certain limitations and deductibles. However, as noted above, we can provide no assurance that:

- > we or a prior owner, operator or occupant of our travel centers did not create a material environmental condition not known to us at this time;
- > future uses or conditions (including, without limitation, changes in applicable environmental laws and regulations) will not result in the imposition of additional environmental liability upon us; or
- > we will be able to maintain similar environmental insurance coverage in the future on acceptable terms.

Under the terms of our leases, we have agreed to indemnify Hospitality Trust generally for any environmental liabilities related to travel centers which we lease from Hospitality Trust.

## **INTELLECTUAL PROPERTY**

We own no patents. We own the "Petro" name and related trademarks. We have the right to use the "TA", "TravelCenters of America" and other trademarks historically used by our predecessor, but which are now owned by Hospitality Trust, during the term of the TravelCenters lease. We also license certain trademarks used in the operation of our QSRs. We believe that these trademarks are important to our business, but could be replaced with alternative marks without significant disruption in our business.

## **EMPLOYEES**

As of May 31, 2007, we employed approximately 16,000 people on a full or part time basis. Of this total, approximately 15,400 were employees at our company operated sites, 550 performed managerial, operational or support services at our headquarters or elsewhere and 50 employees staffed our distribution center. Except for an aggregate of 22 employees at two sites, all of our employees are non-union. We believe that our relationship with our employees is satisfactory.

## **LEGAL PROCEEDINGS**

We are involved from time to time in various legal and administrative proceedings and threatened legal and administrative proceedings incidental to the ordinary course of our business. Other than as described below, we believe that we are not now involved in any litigation, individually or in the aggregate, which could have a material adverse affect on our business, financial condition, results of operations or cash flows.

On February 27, 2006, Flying J, Inc. and certain of its affiliates, or Flying J, filed a lawsuit against us and Pilot Travel Centers, LLC and certain of its affiliates, or Pilot, in the U.S. District Court for the District of Utah. Flying J and Pilot are competitors of ours. Flying J also markets a fuel purchasing credit card to trucking companies. The Flying J lawsuit claims, in essence, that we and Pilot have refused to accept the Flying J fuel card, and that such refusal was the result of unlawful concerted action. Flying J is seeking, among other things, an injunction requiring us and Pilot to accept the

Flying J fuel card and damages. We believe that there are substantial factual and legal defenses to Flying J's claims. This case is at an early stage and we cannot estimate our ultimate exposure to loss or liability, if any, related to this litigation. However, like most complex antitrust litigation, the costs of this continuing defense are likely to be substantial.

Beginning in mid December 2006, and continuing to the present, a series of class action lawsuits have been filed against numerous companies in the petroleum industry, including us, in United States District Courts in over 20 states. Major petroleum companies and significant retailers in the industry have been named as defendants in one or more of these lawsuits. The plaintiffs in these lawsuits generally allege that they purchased motor fuel that was greater than 60 degrees Fahrenheit at the time of sale. There are two primary theories upon which the plaintiffs seek recovery in these cases. The first theory alleges that the plaintiffs purchased smaller quantities of motor fuel than the amount for which defendants charged them because the defendants measured the amount of motor fuel they delivered in gallons that, at higher temperatures, contain less energy. These cases seek, among other relief, an order requiring the defendants to install temperature related equipment on their retail motor fuel dispensing devices, damages and attorneys' fees. The second theory alleges that fuel taxes are calculated in temperature adjusted to 60 degree gallons and are collected by the government from suppliers and wholesalers, who are reimbursed in the amount of the tax by the defendant retailers before the fuel is sold to consumers. The tax cases allege that when the fuel is subsequently sold to consumers at temperatures above 60 degrees, the defendant retailers sell a greater volume of fuel than the amount on which they paid tax, and therefore reap a windfall because the customers pay more tax than the retailer paid. The tax cases seek, among other relief, recovery of excess taxes paid and punitive damages. We believe that there are substantial factual and legal defenses to the theories alleged in these lawsuits. The cases are at an early stage, with motions to consolidate all the cases into one court pursuant to multi district litigation procedures recently filed, and we cannot estimate our ultimate liability, if any, related to these lawsuits, nor the costs of their defense, at this time.

On November 3, 2006, Great American Insurance Company of New York and Novartis Pharmaceuticals Corporation, or Novartis, filed a complaint in the United States District Court for the Southern District of New York against our predecessor and a trucking company, Prime, Inc., in connection with the alleged theft of a tractor trailer operated by Prime which contained certain of Novartis's pharmaceutical products. The alleged theft occurred at our Bloomsbury, New Jersey travel center. Novartis seeks damages up to or exceeding \$30 million together with interest, litigation, costs and attorneys' fees. On January 5, 2007, our predecessor answered Novartis' complaint and asserted a cross claim for contribution and indemnification against Prime. We believe that there are substantial defenses to this claim and that any liability arising from this matter may be covered by one or more of our existing insurance policies.

On May 2, 2007, a class action lawsuit was filed against us in the United States District Court for the Northern District of Indiana. The complaint alleges violation of a provision of the Federal Fair and Accurate Transactions Act which limits certain credit and debit card information that may appear on electronically printed receipts provided to the cardholder. The plaintiff purports to represent a class of all persons provided with electronically printed receipts for transactions occurring at our travel centers in Indiana after December 4, 2006, which receipts allegedly violate the Fair and Accurate Transactions Act. The complaint seeks damages of \$100 to \$1,000 per violation, attorneys' fees, litigation expenses and costs. We are currently assessing this claim and intend to defend against the claim.

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## Selected financial data

Since our formation on October 10, 2006, and until the completion of our spin off from Hospitality Trust on January 31, 2007, we had no operations, revenues, expenses, liabilities or assets, except the nominal initial capitalization provided by our parent.

TravelCenters of America, Inc. is considered to be our predecessor under applicable rules and regulations of the Securities and Exchange Commission, or SEC. The Hospitality Trust acquisition, related restructuring and the spin off caused our assets, liabilities, financial position, results of operations and cash flows to be materially different than those of our predecessor. The most significant of these differences include the facts that our predecessor:

> had substantial indebtedness;

>

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owned a substantial amount of real property; and

>  
operated as a private company;

whereas we:

>  
have no funded debt;

>  
lease most of our travel centers from Hospitality Trust; and

>  
operate as a publicly traded company subject to SEC regulation.

Among other things, these differences cause us to incur substantial expenses which were not incurred by our predecessor, for example, rent payments to Hospitality Trust and costs associated with operating as a public company, while allowing us to avoid the interest and depreciation expenses our predecessor historically incurred. For all of these reasons, the historical financial information of our predecessor is not indicative of our current or future financial position, results of operations or cash flows.

The following table presents selected financial data which has been derived from our historical financial statements for the two months from February 1, 2007, through March 31, 2007, and the historical financial statements of our predecessor for the one month ended January 31, 2007, and the three months ended March 31, 2006. The following data should be read in conjunction with our financial statements and the notes thereto included elsewhere in this prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations." As discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," we are a relatively new company and our historical financial information is not reflective of our current operations. Accordingly, you should not place undue reliance on our historical financial information.

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	Predecessor		Company	
	Three months ended March 31, 2006	One month ended January 31, 2007	Two months ended March 31, 2007	
(In thousands, except per share data)				
<b>Statement of Operations Data:</b>				
Revenues:				
Fuel	\$ 884,145	\$ 285,053	\$ 596,143	
Non-fuel	199,907	66,795	138,924	
Rent and royalties	2,306	834	1,603	
	1,086,358	352,682	736,670	
Total revenues				
Income (loss) from operations	13,186	(42,164)	(16,995)	
Net income (loss)	1,104	(22,048)	(11,029)	
Income (loss) from continuing operations per common share:				
Basic	\$ 0.16	\$ (3.18)	\$ (1.25)	
Diluted	\$ 0.15	\$ (3.18)	\$ (1.25)	

### Other Operating Data:

Total diesel fuel sold (in thousands of gallons)	414,379	143,096	266,122	
Total gasoline sold (in thousands of gallons)	47,172	13,751	31,562	

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As of  
March 31, 2007

	(In thousands, except site data)
<b>Balance Sheet Data:</b>	
Total assets	\$ 688,076
Total liabilities	\$ 366,390
Total shareholders' equity	\$ 322,214
<b>Number of sites:</b>	
Company operated sites	141
Franchisee leased and operated sites	10
Franchisee owned and operated sites	13
<b>Total sites</b>	<b>164</b>

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The following table presents selected historical financial information of our predecessor for each of the last five fiscal years. The information set forth below with respect to the years ended December 31, 2004, 2005 and 2006 was derived from, and should be read in conjunction with, the audited consolidated financial statements of our predecessor included elsewhere in this prospectus. The information set forth below with respect to the years ended December 31, 2002 and 2003 was derived from audited consolidated financial statements of our predecessor that are not included in this prospectus. The following information should also be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations - Historical Results of Operations - Our Predecessor" and our pro forma financial statements and the notes thereto included elsewhere in this prospectus.

	Year ended December 31,				
	2002	2003	2004 <sup>(1)</sup>	2005 <sup>(2)</sup>	2006
(In thousands, except per share data and site counts)					
<b>Statement of Operations Data:</b>					
Revenues:					
Fuel	\$ 1,237,989	\$ 1,513,648	\$ 1,959,239	\$ 3,231,853	\$ 3,905,128
Non-fuel	617,342	649,502	707,958	833,500	868,380
Rent and royalties	15,539	13,080	10,667	9,943	10,006
Total revenues	1,870,870	2,176,230	2,677,864	4,075,296	4,783,514
Income from operations	51,937	59,977	69,285	86,324	95,542
Net income (loss)	1,271	8,891	14,862	(2,095)	31,033
Income (loss) from continuing operations per common share:					
Basic	\$ 0.18	\$ 1.32	\$ 2.14	\$ (0.30)	\$ 4.47
Diluted	\$ 0.18	\$ 1.26	\$ 2.04	\$ (0.30)	\$ 4.09

**Balance Sheet Data (end of period):**

Total assets	\$ 660,767	\$ 650,567	\$ 897,729	\$ 939,704	\$ 995,592
Long term debt (net of unamortized discount)	523,934	502,033	682,892	675,638	668,734
Redeemable equity	681	1,909	1,864	1,935	13,403

Year ended December 31,

**Other Operating Data:**

Total diesel fuel sold (in thousands of gallons)	1,349,741	1,341,125	1,338,020	1,575,460	1,645,958
Total gasoline sold (in thousands of gallons)	160,560	191,104	182,921	195,946	204,307
Number of sites (end of period):					
Company operated sites	122	126	138	139	140
Franchisee leased and operated sites	20	14	12	10	10
Franchisee owned and operated sites	10	10	10	11	13
<b>Total sites</b>	<b>152</b>	<b>150</b>	<b>160</b>	<b>160</b>	<b>163</b>

*Notes to Selected Financial Data*

- (1) *Includes the operating results of 11 sites our predecessor acquired on December 1, 2004, beginning on the acquisition date.*
- (2) *In connection with a refinancing our predecessor completed during 2005, our predecessor recognized expenses of \$39,566.*

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**Management's discussion and analysis of financial condition and results of operations****OVERVIEW**

We were formed in October 2006 as a Delaware limited liability company. We were formed as a 100% owned subsidiary of Hospitality Trust to succeed to the operating business of our predecessor, which Hospitality Trust acquired on January 31, 2007. Until January 31, 2007, we operated as a shell company subsidiary of Hospitality Trust.

Because of the restructuring and spin off, which we refer to collectively as the HPT Transaction the historical financial information of our predecessor is not indicative of our future financial position, results of operations or cash flows. You should read the following discussion in conjunction with the financial statements included elsewhere in this prospectus.

Our revenues and income are subject to potentially material changes as a result of the market prices of diesel fuel and gasoline, as well as the availability of these products. These factors are subject to the worldwide petroleum products supply chain, which historically has experienced shocks as a result of, among other things, severe weather, political crises, wars and other military actions and variations in demand, which are often the result of changes in the macroeconomic environment. Over the past few years there has been a significant increase in the cost of diesel fuel and gasoline as crude oil demand increased during the economic recovery in the United States and events such as Hurricane Katrina affected the supply system. These significant increases in our costs for these products can largely be passed on to our customers, but the volatility in the crude oil and refined products markets can result in short term negative, or positive, effects on our operating results. We expect that the petroleum products markets will continue to be volatile and that prices for these products will remain at historically high levels for the foreseeable future. However, we do not expect that this price volatility will have a significant effect on our results in the foreseeable future. Likewise, while we at times experience product availability shortages in limited areas, we do not expect these supply disruptions will have a material effect on our results of operations.

**SUMMARY OF TRAVEL CENTER SITE COUNTS**

The changes in the number of our travel centers and in their method of operation (company operated, franchisee leased and operated or franchisee owned and operated) are significant factors influencing

the changes in our results of operations. The following table summarizes the changes in the composition of our business from December 31, 2003 through May 31, 2007.

	Company Operated	Franchisee Leased and Operated	Franchisee Owned and Operated	Total
Number of travel centers at December 31, 2003	126	14	10	150
2004 Activity:				
New travel centers	12			12
Sales of travel centers	(2)			(2)
Acquisitions of franchised travel centers	2	(2)		
Number of travel centers at December 31, 2004	138	12	10	160
2005 Activity:				
New travel centers			1	1
Sales of travel centers	(1)			(1)
Acquisitions of franchised travel centers	2	(2)		
Number of travel centers at December 31, 2005	139	10	11	160
2006 Activity:				
New travel centers	1		2	3
Number of travel centers at December 31, 2006	140	10	13	163
2007 Activity:				
Acquisition of franchised travel center	1		(1)	
Petro acquisition	45		24	69
New travel centers	1			1
Number of travel centers at May 31, 2007	187	10	36	233

## HISTORICAL RESULTS OF OPERATIONS

### Relevance of fuel revenues and fuel volumes

Due to market pricing of commodity fuel products and our pricing arrangements with fuel customers, fuel revenue is not a reliable metric for analyzing our results of operations or our predecessor's results from period to period. As a result solely of changes in crude oil and refined products market prices, our fuel revenue may increase or decrease significantly versus our or our predecessor's historical results of operations, in both absolute amounts and on a percentage basis, without a comparable change in fuel sales volumes or in gross profit per gallon. We consider fuel volumes to be a better measure of comparative performance than fuel revenues.

### Three months ended March 31, 2007 compared to March 31, 2006

We were spun off from Hospitality Trust on January 31, 2007, and had no operations prior to that time. For the purpose of discussing the historical results of operations, the following table adds our results and the results of our predecessor, without pro forma adjustments, for the three months ended March 31, 2007, and compares these combined results of operations to those of our predecessor for the three months ended March 31, 2006. The data has been presented to facilitate our discussion below of the trends and changes affecting our operating results. It has

been prepared for comparative

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purposes only and does not purport to be indicative of the results of operations that actually would have resulted had the HPT Transaction occurred on January 1, 2006, and is not indicative of our future results of operations.

	Predecessor		Company		Company and Predecessor Combined	Change
	Three months ended March 31, 2006	One month ended January 31, 2007	Two months ended March 31, 2007	Three months ended March 31, 2007		
<b>Revenues:</b>						
Fuel	\$ 884,145	\$ 285,053	\$ 596,143	\$ 881,196		\$ (2,949)
Non-fuel	199,907	66,795	138,924	205,719		5,812
Rent and royalties	2,306	834	1,603	2,437		131
<b>Total revenues</b>	<b>1,086,358</b>	<b>352,682</b>	<b>736,670</b>	<b>1,089,352</b>		<b>2,994</b>
<b>Cost of goods sold (excluding depreciation):</b>						
Fuel	857,009	270,694	579,402	850,096		(6,913)
Non-fuel	82,280	27,478	56,234	83,712		1,432
<b>Total cost of goods sold (excluding depreciation)</b>	<b>939,289</b>	<b>298,172</b>	<b>635,636</b>	<b>933,808</b>		<b>(5,481)</b>
<b>Operating expenses:</b>						
Site level operating expenses	103,282	36,093	72,412	108,505		5,223
Selling, general & administrative expense	11,525	8,892	11,861	20,753		9,228
Real estate lease rent	2,705	931	28,428	29,359		26,654
Depreciation and amortization expense	16,650	5,810	5,288	11,098		(5,552)
Merger related expenses		44,972		44,972		44,972
(Gain) loss on asset sales	(279)	(24)		(24)		255
<b>Total operating expenses</b>	<b>133,883</b>	<b>96,674</b>	<b>117,989</b>	<b>214,663</b>		<b>80,780</b>
Income (loss) from operations	13,186	(42,164)	(16,955)	(59,119)		(72,305)
Debt extinguishment expense		(16,140)		(16,140)		(16,140)
Interest (expense) income, net	(11,410)	(4,214)	(777)	(4,991)		6,419
<b>Income (loss) before income taxes</b>	<b>\$ 1,776</b>	<b>\$ (62,518)</b>	<b>\$ (17,732)</b>	<b>\$ (80,250)</b>		<b>\$ (82,026)</b>

#### Same site results comparisons

As part of the discussion and analysis of our operating results we refer to increases and decreases in results on a same site basis. For purposes of these comparisons, a travel center is included in the following same site comparisons only if it was continuously operated by us from January 1, 2006 through March 31, 2007. Franchisee operated travel centers are excluded from the same site

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comparisons below. Travel centers are not excluded from the same site comparisons as a result of expansions in their size or in the services offered.

	Three months ended March 31,		
	Predecessor 2006	Combined <sup>(1)</sup> 2007	Change
(dollars and gallons in thousands)			
Number of company operated travel centers	138	138	
Diesel sales volume (gallons)	373,499	371,638	-0.5%
Gasoline sales volume (gallons)	46,726	45,039	-3.6%
Total nonfuel revenues	\$ 198,648	\$ 203,533	+2.5%
Total rental income	1,120	1,171	+4.6%
Total royalty revenues	1,158	1,182	+2.1%
Operating expenses	102,647	107,059	+4.3%

(1)

*The operating results presented for the three months ended March 31, 2007, represent the sum of our results for the two months ended March 31, 2007 and the results of our predecessor for the one month ended January 31, 2007.*

**Revenues.** Revenues for the three months ended March 31, 2007, were \$1,089.4 million, which represented an increase from the quarter ended March 31, 2006, of \$3.0 million, or 0.3%, that was primarily attributable to an increase in non-fuel revenue.

Fuel revenue for the quarter ended March 31, 2007, decreased by \$2.9 million, or 0.3%, as compared to the same period in 2006. This decrease was principally the result of decreased fuel sales volumes compared to 2006, which effect was somewhat offset by higher selling prices. Sales volumes for diesel and gasoline declined by 5.2 million gallons, or 1.2% and 1.9 million gallons, or 3.9%, respectively. Average diesel fuel and gasoline sales prices for the three months ended March 31, 2007, increased by 1.2% and 1.7%, respectively, as compared to the same period in 2006, reflecting increases in commodity prices that were attributable to higher crude oil costs due to increased worldwide demand and political unrest in oil producing regions of the world. For the quarter ended March 31, 2007, diesel fuel and gasoline sales volume were 409.2 million gallons and 45.3 million gallons, respectively, as compared to 414.4 million gallons of diesel fuel and 47.2 million gallons of gasoline for the quarter ended March 31, 2006. The diesel fuel sales volume decrease of 5.2 million gallons was the result of a decrease of 3.2 million gallons, or 16.1%, in the fuel sold by us as a wholesaler of diesel fuel, a line of business that we deemphasized beginning in 2006, and a 0.5% decrease in same site diesel fuel sales volumes. The gasoline sales volume decrease was primarily attributable to a 3.6% decrease in same site gasoline sales volumes. We believe the same site diesel fuel sales volume decrease resulted primarily from a slight decrease in demand by shippers for trucking during 2007. Fuel revenues were 80.9% of total revenues for the quarter ended March 31, 2007, as compared to 81.4% for the same period in 2006.

Non-fuel revenues for the quarter ended March 31, 2007 of \$205.7 million increased by \$5.8 million, or 2.9%, as compared to the same period in 2006. The increase was the result of a 2.5% increase in same site non-fuel revenues and a net increase in sales at company operated sites added in 2007 and 2006. We believe the same site increase reflected increased customer traffic resulting, in part, from the capital improvements that were made to our travel centers and also from our marketing strategies. Non-fuel revenues were 18.9% of total revenues for the quarter ended March 31, 2007, as compared to 18.4% for the same period in 2006.

Rent and royalty revenues for the quarter ended March 31, 2007 increased \$0.1 million, or 5.7%, as compared to the same period in 2006. This increase resulted from the two franchisee owned and operated sites added in 2006 and increases in both rent and royalty revenues on a same site basis.



Royalty revenue increased 2.1% on a same site basis and there was a 4.6% increase in same site rent revenue.

*Cost of goods sold (excluding depreciation).* Cost of goods sold for the quarter ended March 31, 2007 was \$933.8 million, a decrease of \$5.5 million, or 0.6%, as compared to the same period in 2006 that was primarily the result of reduced fuel sales volumes as compared to the same period in 2006. Fuel cost of goods sold for the quarter ended March 31, 2007 decreased by \$6.9 million, or 0.8%, as compared to the same period in 2006. Non-fuel cost of goods sold for the quarter ended March 31, 2007 of \$83.7 million included an increase of \$1.4 million, or 1.7%, as compared to the same period in 2006. This increase was primarily attributable to the increased level of non-fuel sales described above.

*Site level operating expenses.* Site level operating expenses primarily include the direct expenses of company operated sites. Site level operating expenses increased by \$5.2 million, or 5.1%, to \$108.5 million for the quarter ended March 31, 2007, compared to \$103.3 million for the same period in 2006. This increase resulted from a 4.3% increase on a same site basis and a net increase from company operated sites added in 2007 and 2006. The same site increase was primarily the result of the increased costs necessary to support the increased level of non-fuel sales. On a same site basis, operating expenses as a percentage of non-fuel revenues for the quarter ended March 31, 2007 were 52.6%, compared to 51.7% for the same period in 2006.

*Selling, general and administrative expenses.* Selling, general and administrative expenses for the three months ended March 31, 2007 were \$20.8 million, representing a \$9.2 million, or 80.1% increase from the same period in 2006. This increase was primarily attributable to \$4.3 million of share based compensation expense recognized by our predecessor during the one month period ended January 31, 2007, and which was negligible in the same period in 2006. The increased level of share based compensation expense in 2007 as compared to 2006 resulted from the vesting of performance stock options in the 2007 period as a result of the HPT Transaction. All stock options of our predecessor were cancelled in January 2007. In addition, the 2007 period included \$0.9 million of expense under our management and shared services agreement with Reit Management, \$1.0 million of accrued severance expense related to the agreements with our former chief executive officer and chief financial officer and \$0.9 million of compensation expense recognized in connection with executive retention plans adopted as a result of the HPT Transaction. The remainder of the increase primarily resulted from increased personnel costs.

*Real estate rent expense.* Rent expense for the quarter ended March 31, 2007 was \$29.4 million, an increase of \$26.7 million over the prior year period. This increase was primarily attributable to the lease agreement with Hospitality Trust that became effective on January 31, 2007. Under the lease with Hospitality Trust, we paid rent of \$25.9 million during the two months ended March 31, 2007, of which \$1.9 million was recognized as interest expense, and we accrued an additional \$2.9 million of rent expense in order to recognize the rent expense related to this lease on a straight line basis over the lease term.

*Depreciation and amortization expense.* Depreciation and amortization for the quarter ended March 31, 2007 was \$11.1 million, which reflected a decrease from the first quarter of 2006 of \$5.6 million, or 33.3%. This decrease was attributable to the significant decrease in depreciable assets on our balance sheet after the HPT Transaction on January 31, 2007, which resulted in a substantial decline in depreciation expense. Our property and equipment balance at March 31, 2007 was \$242.1 million, as compared to our predecessor's property and equipment balance as of December 31, 2006 of \$653.7 million, reflecting a 63.1% decrease. The decline in depreciation expense was

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somewhat offset by a \$0.6 million increase in amortization of intangible assets resulting from the accounting for the HPT Transaction.

*Merger related expenses.* During January 2007, our predecessor recognized a charge of \$45.0 million related to expenses incurred in marketing itself for sale and consummating the HPT Transaction. These costs primarily consisted of investment banking fees, other transaction advisory fees and management bonus payments.

*Income (loss) from operations.* There was a net loss from operations of \$59.1 million for the quarter ended March 31, 2007, compared to income from operations of \$13.2 million for the same period in 2006. This decrease of \$72.3 million, as compared to the 2006 period was primarily the result of the \$4.3 million increase in share based compensation expense, \$26.6 million of Hospitality Trust rent expense and \$45.0 million of merger related expenses.

*Interest and other financial costs, net.* Interest expense for the three months ended March 31, 2007 was \$5.0 million, as compared to \$11.4 million for the same period in 2006. This \$6.4 million, or 56.3%, decrease primarily resulted from the repayment of our predecessor's indebtedness on January 31, 2007 as part of the HPT Transaction, but also due to a \$1.2 million increase in interest income earned on our cash balance. The decline arising from these factors was somewhat offset by recognizing as interest expense \$1.9 million of rent under our lease with Hospitality Trust in connection with the rent related to those sites we lease from Hospitality Trust that did not qualify for operating lease

treatment.

*Debt extinguishment expense.* In connection with the repayment of its indebtedness as a result of the HPT Transaction, our predecessor charged to expense the remaining unamortized balance of its previously incurred debt issuance costs of \$15.2 million and the remaining unamortized amount of debt discount of \$0.9 million related to a note payable.

*Income tax provision (benefit).* Our effective tax rate for the two months ended March 31, 2007 was a benefit of 37.8%, which differed from the statutory rate primarily due to state income taxes net of the federal tax effect. Our predecessor's effective tax rates for the one month ended January 31, 2007 and the three months ended March 31, 2006 were a benefit of 64.7% and a provision of 37.8%, respectively. Our predecessor's rate for the one month ended January 31, 2007 differed from the statutory rate primarily due to deductibility for tax purposes of expenses related to stock options that were not expensed for financial reporting purposes, partially offset by certain merger related expenses recognized in the financial statements which were not deductible for income tax purposes. Our predecessor's tax rate for the three months ended March 31, 2006, differed from the statutory rate primarily due to state income taxes, net of the federal tax effect. The differences in the effective tax rates among these three periods primarily resulted from the effects of the HPT Transaction on our predecessor's results for the one month ended January 31, 2007 as well as the effects of the HPT Transaction on our results and our tax attributes.

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### Petro acquisition pro forma information

On May 30, 2007, we acquired Petro, which at that time operated 45 travel centers and franchised another 24 travel centers. The following unaudited pro forma information presents our results of operations as if both the HPT Transaction and the Petro Acquisition had occurred on January 1, 2007.

**Three months ended  
March 31, 2007**

	(in millions of dollars)	
Total revenue	\$	1,515.6
Gross profit	\$	214.5
Net loss	\$	(58.6)
Loss per common share	\$	(6.65)

These pro forma results of operations have been prepared for comparative purposes only and do not purport to be indicative of the results of operations that actually would have resulted had the HPT Transaction and the Petro Acquisition occurred on January 1, 2007, or that may result in the future. The pro forma results for the three months ended March 31, 2007 include \$45.0 million of merger related expenses, \$16.1 million of debt extinguishment expenses and \$4.3 million of share based compensation expense, each incurred by our predecessor as a result of the HPT Transaction, and \$1.9 million of expenses related to executive retention and separation payments. Please see our pro forma unaudited consolidated statements of operations included in this prospectus.

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### HISTORICAL RESULTS OF OPERATIONS FOR OUR PREDECESSOR

#### Year ended December 31, 2006 compared to year ended December 31, 2005

##### *Same Site Results Comparisons*

As part of the discussion and analysis of our predecessor's operating results we refer to increases and decreases in results on a same site basis. For purposes of these comparisons, a travel center is included in the following same site comparisons only if it was continuously operated by us from January 1, 2005 through December 31, 2006. Franchisee operated travel centers are excluded from the same site comparison below. Travel centers are not excluded from the same site comparisons as a result of expansions in their square footage or in the services offered.

**Year ended December 31,**

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Year ended December 31,

	2005	2006	Change
(dollars and gallons in thousands)			
Number of company operated travel centers	135	135	
Diesel sales volume (gallons)	1,373,708	1,479,798	+7.7%
Gasoline sales volume (gallons)	186,926	193,333	+3.4%
Total nonfuel revenues	\$ 823,198	\$ 852,764	+3.6%
Total rental income	4,394	4,566	+3.9%
Total royalty revenues	4,681	4,806	+2.7%
Operating expenses	406,561	423,359	+4.1%

*Revenues.* Our predecessor's revenues for the year ended December 31, 2006, were \$4,783.5 million, which represents an increase from the year ended December 31, 2005, of \$708.2 million, or 17.4%, that was primarily attributable to an increase in fuel revenue.

Fuel revenue for the year ended December 31, 2006, increased by \$673.3 million, or 20.8%, as compared to the same period in 2005. The increase was principally the result of increased average selling prices for both diesel fuel and gasoline, but also resulted from increases in sales volumes for both diesel fuel and gasoline. Average diesel fuel and gasoline sales prices for the year ended December 31, 2006, increased by 15.6% and 16.3%, respectively, as compared to 2005, reflecting increased worldwide demand and political unrest in oil producing regions of the world. Our predecessor's diesel fuel and gasoline sales volumes for the year ended December 31, 2006, increased 4.5% and 4.3%, respectively, as compared to the same period in 2005. For the year ended December 31, 2006, our predecessor sold 1,646.0 million gallons of diesel fuel and 204.3 million gallons of gasoline, as compared to 1,575.5 million gallons of diesel fuel and 195.9 million gallons of gasoline for the year ended December 31, 2005. The diesel fuel sales volume increase of 70.5 million gallons resulted from a 7.7% increase in same site diesel fuel sales volumes and a net increase in sales volumes at company operated sites added or eliminated during 2005 and 2006, somewhat offset by a decrease in wholesale diesel fuel sales volumes. The gasoline sales volume increase of 8.4 million gallons was primarily attributable to a 3.4% increase in same site gasoline sales volumes and a net increase in sales volumes at company operated travel centers added or eliminated during 2005 and 2006, somewhat offset by a 3.2 million gallon, or 96.7% decrease in wholesale gasoline sales volumes. We believe the same site diesel fuel and gasoline sales volume increases resulted from our predecessor's fuel marketing strategies as well as its strong non-fuel products and services offerings. Fuel revenues were 81.6% of our predecessor's total revenues for 2006 as compared to 79.3% for 2005, principally as a result of higher fuel prices in 2006.

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Non-fuel revenues for the year ended December 31, 2006, of \$868.4 million increased by \$34.9 million, or 4.2%, as compared to the same period in 2005. The increase was the result of a 3.6% increase in same site non-fuel revenues and the increased sales at company operated travel centers added in 2005 and 2006. We believe the same site increase reflected increased customer traffic resulting, in part, from the capital improvements that our predecessor made to its travel centers and also from our predecessor's fuel marketing strategy. Non-fuel revenues were 18.2% of our predecessor's total revenues for 2006 as compared to 20.5% for 2005, principally as a result of higher fuel prices in 2006.

Rent and royalty revenues for the year ended December 31, 2006, increased \$0.1 million, or 0.6%, as compared to the same period in 2005. This was attributable to the offsetting effects of rent and royalty revenue lost as a result of the conversions of two leased sites to company operated sites during 2005, the initial and continuing franchise fees related to three franchisee owned and operated sites added in 2005 and 2006, and increases in both rent and royalty revenues on a same site basis. Royalty revenue increased 2.7% on a same site basis and there was a 3.9% increase in same site rent revenue.

*Cost of goods sold (excluding depreciation).* Cost of goods sold for the year ended December 31, 2006, was \$4,123.4 million, an increase of \$672.7 million, or 19.5%, as compared to the same period in 2005 that was primarily attributable to an increase in fuel cost.

Fuel cost for the year ended December 31, 2006, increased by \$659.1 million, or 21.2%, as compared to the same period in 2005. The increase was attributable principally to increased market prices for our predecessor's purchases of diesel fuel and gasoline, but also resulted from the increases in sales volumes for both diesel fuel and gasoline as described above. Average diesel fuel and gasoline purchase prices for the year ended December 31, 2006, increased by 15.9% and 17.9%, respectively, as compared to the same period in 2005, reflecting increases in commodity prices that were attributable to higher crude oil costs due to increased worldwide demand and political unrest in oil producing regions of the world.

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Non-fuel cost of goods sold for the year ended December 31, 2006, of \$361.9 million included an increase of \$13.6 million, or 3.9%, as compared to the same period in 2005. This increase was primarily attributable to the increased level of non-fuel sales described above.

*Site level operating expenses.* Site level operating expenses included the direct expenses of company operated sites and the ownership costs of franchisee operated sites. Our predecessor's site level operating expenses increased by \$6.4 million, or 1.6%, to \$415.9 million for the year ended December 31, 2006, compared to \$409.5 million for the same period in 2005. This increase resulted from a \$16.7 million, or 4.1%, increase on a same site basis and a net increase resulting from company operated travel centers added or eliminated during 2005 and 2006, which increases were somewhat offset by a \$4.4 million net reduction of operating expense recognized in June 2006 upon the settlement of certain claims as described below under the heading "Other income (expenses), net" and a \$1.3 million reduction of expenses recognized in December 2006 resulting from a refund of funds previously seized by the government in 2005 as proceeds of alleged illegal gambling via video games at certain travel centers we own. During 2005, our predecessor recognized expense of \$5.3 million in connection with the seizure. The same site increase was primarily related to the increased costs necessary to support the increased level of non-fuel sales and also reflected both higher credit card transaction fees associated with increases in fuel costs and an increase in energy costs. On a same site basis, site level operating expenses as a percentage of non-fuel revenues for the year ended December 31, 2006 were 49.6%, compared to 49.4% for the same period in 2005, reflecting the effects of increased credit card transaction fees and utility costs.

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*Selling, general and administrative expenses.* Selling, general and administrative expenses included corporate overhead and administrative costs, and for the year ended December 31, 2006, were \$61.3 million, representing a \$8.3 million, or 15.6% increase, from the same period in 2005 that was primarily attributable to personnel costs and share based compensation expense. Personnel costs for the year ended December 31, 2006, increased \$3.8 million over the same period in 2005 due both to increases in the number of employees and salary increases. Share based compensation expense for the year ended December 31, 2006, increased by \$3.0 million over the same period in 2005. The increased level of share based compensation expense in 2006 as compared to 2005 resulted from the number of performance stock options that vested in the 2006 period in combination with an increase in the estimated value of those options.

*Real estate lease rent expense.* Real estate lease rent expense for the year ended December 31, 2006 was \$11.0 million as compared to \$10.9 million for the year ended December 31, 2005. This increase of \$0.1 million, or 1.2% was primarily due to increases in rents upon exercise of renewal options.

*Depreciation and amortization expense.* Depreciation and amortization expense for the year ended December 31, 2006, was \$71.9 million, as compared to \$65.0 million for the same period in 2005, an increase of \$6.9 million, or 10.6%. This increase resulted from our predecessor's investments in additional depreciable assets in 2005 and 2006 and an increased level of asset abandonments during 2006 that was largely related to two sites that were razed in preparation for rebuilding.

*Merger and refinancing expenses.* During the year ended December 31, 2006, our predecessor recognized a charge of \$4.9 million related to expenses incurred in marketing itself for sale, primarily costs related to debt financings that were not pursued to completion.

*Gain on asset sales.* For the year ended December 31, 2006, the gain on asset sales of \$0.5 million primarily was generated from the sale of excess land, while the gain on asset sales of \$0.2 million for the year ended December 31, 2005, primarily was generated from the sale of one company operated travel center.

*Income from operations.* Our predecessor generated income from operations of \$95.5 million for the year ended December 31, 2006, compared to income from operations of \$86.3 million for the same period in 2005. This increase of \$9.2 million, or 10.7%, was primarily the result of the increased gross profit that resulted from increased fuel and non-fuel sales volumes and increased fuel margin per gallon and non-fuel gross profit percentage. The increased gross profit was somewhat offset by increased operating expenses.

*Other income (expense), net.* In 2006 our predecessor reached settlements of two claims made in connection with transactions that occurred in 2000. Our predecessor incurred \$1.2 million of expenses in the 2006 period prior to the settlement in pursuit of these claims. As a result of the settlements, which totaled \$6.9 million, our predecessor recognized \$5.6 million as a reduction of operating expenses because it represented the recovery of related expenses that had been incurred in 2006 and prior years. The remaining \$1.3 million of the settlement amounts represented a gain on claim settlements and was recognized in non-operating income. During the year ended December 31, 2005, our predecessor incurred \$39.6 million of expenses in connection with a refinancing and recognized a gain on sale of investment of \$2.0 million in 2005. This gain was related to the 2004 sale of an equity investment and was recognized in 2005 when the last portion of sale proceeds was released from escrow as a result of the resolution of certain contingencies.

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*Interest and other financial costs, net.* Interest and other financial costs, net, for the year ended December 31, 2006, of \$47.5 million decreased by \$1.0 million, or 2.1%, compared to the same

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period in 2005. This decrease resulted from a reduction in our predecessor's weighted average effective borrowing rates as a result of its June 2005 refinancing.

*Income taxes.* Our predecessor's effective income tax rates for the years ended December 31, 2005 and 2006, were 1,079.0% and 37.1%, respectively. These rates differed from the federal statutory rate due primarily to state income taxes, partially offset by the benefit of certain tax credits and, for 2005, the effect of the nondeductibility of a \$5.3 million charge described above in "Site level operating expenses." The difference in these effective tax rates between the 2006 period and the 2005 period was primarily the result of changes in effective state tax rates and the effect of the nondeductibility of the \$5.3 million charge in 2005. As a result of our predecessor's near break even pre-tax income for 2005 of \$0.2 million, the nondeductibility of the \$5.3 million charge that was expensed in arriving at the pre-tax income had a much larger effect on the effective tax rate in 2005 than would have been the case in 2006 when the pre-tax income was \$49.3 million.

### Year ended December 31, 2005 compared to year ended December 31, 2004

#### *Same Site Results Comparisons*

As part of the discussion and analysis of our predecessor's operating results we refer to increases and decreases in results on a same site basis. For purposes of these comparisons, a travel center is included in the following same site comparisons only if it was continuously operated by us from January 1, 2004 through December 31, 2005. Franchisee operated travel centers are excluded from the same site comparisons below. Travel centers are not excluded from the same site comparisons as a result of expansions in their square footage or in the services offered.

	Year ended December 31,		
	2004	2005	Change
	(dollars and gallons in thousands)		
Number of company operated travel centers	122	122	
Diesel sales volume (gallons)	1,138,996	1,244,421	+9.3%
Gasoline sales volume (gallons)	171,903	172,352	+0.3%
Total nonfuel revenues	\$ 692,431	\$ 742,755	+7.3%
Total rental income	4,243	4,394	+3.6%
Total royalty revenues	4,438	4,681	+5.5%
Operating expenses	336,357	363,543	+8.1%

*Revenues.* Our predecessor's revenues for 2005 were \$4,075.3 million, which represented an increase from 2004 of \$1,397.4 million, or 52.2%, that was the result of increases in both fuel revenue and non-fuel revenues. The fuel and non-fuel revenue increases are in part the result of the addition of eleven travel centers acquired in December 2004 and in part the result of factors described below.

Fuel revenue for 2005 increased by \$1,272.6 million, or 65.0%, as compared to 2004. The increase was principally from increased average selling prices for both diesel fuel and gasoline. These prices increased by 43.7% and 28.2%, respectively, as compared to 2004, reflecting increases in commodity prices resulting from higher crude oil costs due to increased worldwide demand, refinery outages and other refined petroleum product supply disruptions, including the effects of hurricanes Katrina and Rita in late 2005. Diesel fuel and gasoline sales volumes for 2005 increased 17.7% and 7.1%, respectively, as compared to 2004. In 2005, our predecessor sold 1,575.5 million gallons of diesel fuel and 195.9 million gallons of gasoline, as compared to 1,338.0 million gallons of diesel fuel and 182.9 million gallons of gasoline sold in 2004. The diesel fuel sales volume increase of 237.4 million

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gallons primarily resulted from a 115.4 million gallon net increase in sales volume at travel centers that our predecessor added or eliminated during 2004 and 2005, and a 9.3% increase in same site diesel fuel sales volumes. Our predecessor also increased sales volume of wholesale diesel fuel in 2005 by 18.8 million gallons, or 20.6%, over the 2004 level. The gasoline sales volume increase of 13.0 million gallons, or 7.1%, was primarily attributable to a 14.8 million gallon net increase in sales volumes at company operated travel centers our predecessor added or eliminated during 2004 and 2005, and a 0.3% increase in same site gasoline sales volumes, partially offset by a 2.4 million gallon decrease in wholesale gasoline sales volumes. We believe the same site diesel fuel sales volume increase resulted from an expanded freight market in 2005 and our predecessor's fuel marketing strategies, somewhat offset by an increase in the level of freight carried by train instead of truck and an increase in trucking fleets' self fueling at their own terminals due to wide fluctuations in, and high levels of, diesel prices in 2005. The same site increase in gasoline sales volume resulted primarily from increased motorist visits to our travel centers as a result of our predecessor's more aggressive retail gasoline pricing program as well as site improvements made as part of our predecessor's capital investment program, partially offset by the negative effects on motorist purchases caused by the high prices and the supply disruptions resulting from hurricanes Katrina and Rita in late 2005. We believe the decreases in wholesale sales volumes for both diesel and gasoline resulted from the volatility in commodity prices during 2005, coupled with the high level of commodity prices and our predecessor's decision to be less active in wholesale gasoline sales. Fuel revenues were 79.3% of our predecessor's total revenues for 2005 as compared to 73.2% for 2004, principally as a result of higher fuel prices.

Non-fuel revenues for 2005 of \$833.5 million reflected an increase of \$125.5 million, or 17.7%, as compared to 2004. The increase was primarily attributable to the \$73.3 million net increase in sales at the company operated travel centers our predecessor added or eliminated during 2004 and 2005 and also was attributable to a 7.3% increase in same site non-fuel revenues. We believe the same site increases reflected increased customer traffic resulting, in part, from the capital improvements that our predecessor made to renovate our travel centers, from an expanded freight market and from our predecessor's competitive fuel marketing strategies. Non-fuel revenues were 20.5% of our predecessor's total revenues for 2005 as compared to 26.4% for 2004, principally as a result of higher fuel prices.

Rent and royalty revenues for 2005 decreased \$0.7 million, or 6.8%, as compared to 2004, attributable to the rent and royalty revenue lost as a result of the conversions of four franchisee leased travel centers to company operated travel centers during 2004 and 2005. This decrease was partially offset by a 5.5% increase in same site royalty revenue and a 3.6% increase in same site rent revenue.

*Cost of goods sold (excluding depreciation).* Cost of goods sold for 2005 were \$3,450.8 million, which represents an increase from 2004 of \$1,303.8 million, or 60.7%, that was primarily attributable to an increase in fuel cost.

Fuel cost for 2005 increased by \$1,245.4 million, or 67.1%, as compared to 2004. The increase was attributable principally to increased market prices for diesel fuel and gasoline, but also resulted from the increases in sales volumes for both diesel fuel and gasoline that were described above. Average diesel fuel and gasoline purchase prices for 2005 increased by 45.6% and 29.3%, respectively, as compared to 2004, reflecting increases in commodity prices that were attributable to higher crude oil costs due to increased worldwide demand, political unrest in certain oil producing regions of the world and supply disruptions caused by hurricanes Katrina and Rita.

Non-fuel cost of goods sold for 2005 of \$348.3 million included an increase of \$58.4 million, or 20.1%, as compared to 2004. This increase is primarily attributable to the increased level of non-fuel sales described above.

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*Site level operating expenses.* Site level operating expenses increased by \$63.2 million, or 18.2%, to \$409.5 million for 2005 compared to \$346.3 million for 2004. This increase was primarily attributable to a net increase resulting from travel centers that our predecessor added or eliminated during 2004 and 2005, and a 8.1% increase on a same site basis. The increase was also due in part to a \$5.3 million charge our predecessor recorded in 2005 in connection with a seizure of funds by the government in a legal dispute concerning revenues we received from a vendor operating certain video games alleged by the government to be illegal gambling devices.

*Selling, general and administrative expenses.* Selling, general and administrative expenses for 2005 were \$53.1 million, which reflected a \$9.9 million, or 22.9%, increase from 2004 that was primarily attributable to stock compensation costs. Stock compensation expense for 2005 was \$8.9 million, primarily related to the vesting of performance stock options. Stock compensation expense for 2004 was \$0.1 million. The remaining \$1.0 million increase was primarily due to increased personnel costs, partially resulting from the addition of sites in late 2004.

*Depreciation and amortization expense.* Depreciation and amortization expense for 2005 was \$65.0 million, compared to \$58.8 million for 2004, an increase of \$6.2 million, or 10.6%, that was primarily due to travel centers acquired in December 2004, as well as other capital additions purchased in 2004 and 2005.

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*Real estate lease rent expense.* Real estate lease rent expense for the year ended December 31, 2005, was \$10.9 million as compared to \$15.9 million for the year ended December 31, 2004. This decrease of \$5.0 million, or 31.4%, was primarily due to the termination, effective December 1, 2004, of a lease agreement under which our predecessor leased eight travel centers. At the termination of this lease, our predecessor acquired the previously leased assets.

*(Gain) loss on asset sales.* For 2005, gain on asset sales of \$0.2 million arose primarily from the sale of a travel center and excess land, while gain on asset sales of \$2.5 million for 2004 was generated primarily from the sale of two company operated travel centers, one closed travel center and our predecessor's fractional shares of three aircraft.

*Income from operations.* Our predecessor generated income from operations of \$86.3 million for 2005, compared to income from operations of \$69.3 million for 2004. This increase of \$17.0 million, or 24.6%, as compared to 2004 was primarily attributable to the increased level of gross margin which was partially offset by the increased level of expenses, especially stock compensation expense and the write off related to funds seized by the government as described above.

*Other income (expense), net.* Until April 2004, our predecessor owned 21.5% of an equity investee and recognized \$0.2 million in 2004 as its equity share of the investee's earnings. There were no such investees in 2005. Our predecessor's gain on sale of investment of \$2.0 million for 2005 resulted from the 2004 sale of this equity investment. During 2004, a gain of \$1.6 million was recognized when the transaction closed, and an additional gain was recognized in 2005 when the last portion of sales proceeds was released from escrow as a result of the resolution of certain contingencies. For 2005, our predecessor recognized \$39.6 million of debt extinguishment and refinancing expenses in connection with refinancing transactions in that year. For 2004, our predecessor recognized \$1.7 million of debt extinguishment and refinancing expenses in connection with 2004 refinancing transactions.

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*Interest and other financial costs, net.* Interest and other financial costs, net, for 2005 increased by \$2.5 million, or 5.3%, compared to 2004. This increase primarily resulted from the increased level of interest rates in 2005 as compared to 2004.

*Income taxes.* Our predecessor's effective income tax rates for the years ended December 31, 2004 and 2005 were 36.3% and 1,079.0%, respectively. These rates differed from the federal statutory rate due primarily to state and foreign income taxes partially offset by the benefit of certain tax credits, and for 2005 the effect of the nondeductibility of the \$5.3 million charge resulting from the seizure of funds by the government. The difference in these effective tax rates between 2005 and 2004 was primarily the result of changes in effective state tax rates and the effect of the nondeductibility of the \$5.3 million charge in 2005. As a result of our predecessor's near break even pre-tax income for 2005 of \$0.2 million, the nondeductibility of the \$5.3 million charge that was expensed in arriving at the pre-tax income had a much larger effect on the effective tax rate in 2005 than would have been the case in 2004 when the pre-tax income was \$23.3 million.

### Rip Griffin Acquisition pro forma information

On December 1, 2004, our predecessor acquired from Rip Griffin Truck Service Center, Inc. the assets related to eleven travel centers. The results from these eleven sites were included in our predecessor's results from that date. The following unaudited pro forma information presents our predecessor's results of operations as if the acquisition of the Rip Griffin sites had taken place on January 1, 2004.

	Year ended December 31, 2004
(in millions of dollars)	
Total revenue	\$ 2,880.0
Gross profit	\$ 577.9
Income before extraordinary item and accounting change	\$ 18.1
Net income	\$ 18.1

These pro forma results of operations have been prepared for comparative purposes only and do not purport to be indicative of the results of operations that actually would have resulted had the acquisition occurred on January 1, 2004, or that may result in the future.

### CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements in accordance with accounting principles generally accepted in the U.S. requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The critical accounting policies we employ in the preparation of our consolidated financial statements are those which involve

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allowances for doubtful accounts receivable, asset impairment, reserves for self insurance, environmental liabilities, income tax accounting and accounting for leases.

We maintain our allowances for doubtful accounts receivable based on historical payment patterns, aging of accounts receivable, periodic review of customers' financial condition, and actual write off history. If the financial condition of customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Our accounting policies require recording impairment losses on long lived assets to reduce the carrying value of certain assets to their fair value. This could occur under our policies in two types of cases: (1) when assets are used in operations, events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the

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carrying value of those assets; and (2) when assets are to be disposed of and their carrying values exceed the estimated fair value of the asset less the estimated cost to sell the asset. Estimated cash flows are based on historical results adjusted to reflect the best estimate of future market and operating conditions. Our estimates of fair value are based on industry trends and references to market rates and transactions.

We have not recognized an impairment charge with respect to any of our intangible assets. We annually assess goodwill and intangible assets with indefinite lives for impairment. A number of assumptions and methods are used in preparation of valuations underlying impairment tests, including estimates of future cash flows and discount rates. Applying significantly different assumptions or valuation methods could result in different results from these impairment tests. Similarly, defining the reporting unit differently could lead to a different result for goodwill.

We are partially self insured with respect to general liability, workers' compensation, motor vehicle and group health benefits claims up to certain stop loss amounts ranging from \$100,000 to \$500,000. Provisions are established under these partial self insurance programs for both estimated losses on known claims and claims incurred but not reported, based on claims histories. The most significant risk of this methodology is its dependence on claims histories, which are not always indicative of future claims. To the extent an estimate is inaccurate, expenses and net income may be understated or overstated. Although some variation to actual results occurs, historically our predecessor experienced variability that has not been material. For the years ended December 31, 2004, 2005 and 2006, our predecessor's aggregate provisions amounted to \$25.3 million, \$25.8 million, and \$26.1 million, respectively. For the years ended December 31, 2004, 2005 and 2006, our predecessor paid \$23.9 million, \$25.4 million and \$27.5 million, respectively, on claims related to these partial self insurance programs. At December 31, 2005 and 2006, our predecessor's aggregated liability related to these partial self insurance programs was \$12.2 million and \$10.8 million, respectively, which our predecessor believed was adequate to cover both reported and incurred but not reported claims.

We establish or adjust environmental contingency reserves when the responsibility to remediate becomes probable and the amount of associated costs is reasonably determinable.

As part of the process of preparing our consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we operated. The process involves estimating actual current tax expense along with assessing temporary differences resulting from differing treatment of items for financial statement and tax purposes. These timing differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheet. We are required to record a valuation allowance to reduce deferred tax assets if we are not able to conclude that it is more likely than not these assets will be realized.

Accounting for leases is an additional critical accounting policy of ours. Each time we enter a new lease or materially modify an existing lease we evaluate its classification as either a capital lease or an operating lease. The classification of a lease as capital or operating affects whether and how the transaction is reflected in our balance sheet, as well as our recognition of rental payments as rent or interest expense. These evaluations require us to make estimates of, among other things, the remaining useful life and residual value of a leased property, appropriate discount rates and future cash flows. Incorrect assumptions or estimates may result in misclassification of our leases. These policies involve significant judgments based upon our experience, including judgments about current valuations, estimated useful lives, and salvage or residual values. In the future we may need to revise our assessments to incorporate information which is not known at the time of our previous assessments, and such revisions could increase or decrease our depreciation expense related to properties that we

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lease, result in the classification of some of our leases as other than operating leases or decrease the carrying values of some of our assets.

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Any or all of these policies, applied in the future with the benefit of additional facts or better estimates which were not known or available at the time the various required evaluations were made, could result in revisions to estimated liabilities, adjustments to reduce assets to their fair value or recognition of expenses.

With the exception of accounting for leases, our critical accounting policies described above were also our predecessor's critical accounting policies. Our predecessor was also reliant upon other accounting policies which it considered critical, but which we believe are unlikely to have continuing importance to us, including policies regarding accounting for agreements under which certain members of our predecessor's management purchased shares of our predecessor's stock which was subject to redemption under certain conditions and for options to purchase our predecessor's stock which were granted to certain members of our predecessor's management. Each of these accounting policies was complicated by the fact that our predecessor's stock was privately held, subjecting the related accounting to subjective valuation estimates.

### *Changes in accounting principle*

*FAS 123R.* Effective January 1, 2006, our predecessor adopted Statement of Financial Accounting Standards No. 123(R), "Share Based Payment" (FAS 123R), which replaced FAS No. 123, "Accounting for Stock Based Compensation," and superseded Accounting Principles Board Opinion No. 25 (APB 25), "Accounting for Stock Issued to Employees." FAS 123R requires compensation cost relating to share based payment transactions be recognized in the financial statements. Our predecessor adopted FAS 123R using the prospective approach; accordingly, prior periods were not restated. There was no effect on our predecessor's balance sheet or results of operations as a result of the adoption of FAS 123R. Prior to January 1, 2006, our predecessor measured compensation costs related to share based payments under APB 25, as permitted by FAS 123, and provided pro forma disclosure in the notes to financial statements as required by FAS 123. FAS 123R does not allow the pro forma disclosure previously permitted by FAS 123.

Under APB 25, our predecessor accounted for employee share options using the intrinsic value method of accounting. For share options that vested based on the passage of time, no share based compensation cost was reflected in our predecessor's consolidated statements of operations because for all such options the exercise price equaled the estimated market value of the underlying share on the date of grant. For share options that vested based on attaining specified financial return performance targets, no share based compensation cost was reflected in our predecessor's consolidated statements of operations until such time as attaining of the targets was determined to be probable, which was not the case for the options granted under our predecessor's 2001 stock plan until the fourth quarter of 2005. Our predecessor had not granted options since the adoption of FAS 123R, but in April 2006 it modified certain outstanding options and, accordingly, began accounting for these modified options as prescribed by FAS 123R. As a result, our predecessor recognized share based compensation expense with respect to these modified stock options in the financial statements for the year ended December 31, 2006.

*FIN 48.* Effective January 1, 2007, we adopted the Financial Accounting Standards Board, or FASB, issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109" (FIN 48). FIN 48 is effective for fiscal years beginning after December 15, 2006. FIN 48 prescribes methods for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Under this guidance, a benefit can be recognized with

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respect to a tax position only if it is more likely than not that the position will be sustained upon examination. In such cases, the tax position is to be measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. There was no material impact on our financial statements as a result of our adoption of FIN 48.

### **LIQUIDITY AND CAPITAL RESOURCES**

Our principal liquidity requirements are to meet our operating expenses, including rent to Hospitality Trust, our capital expenditures and our working capital requirements. Our sources of liquidity to meet these requirements are our operating cash flow, our cash balance and our ability to draw capital improvement funding under the terms of our leases with Hospitality Trust.

The primary risks we face with respect to our operating cash flow include decreased demand for our products and services, including that which may be caused by the volatility of prices of petroleum based products. A reduction of our revenue without an offsetting reduction in our operating expenses may cause us to use our cash at a rate that we cannot sustain for extended periods. Also, a significant increase in the prices we must pay to obtain fuel may increase our cash requirements for working capital.

We anticipate that we will be able to fund our working capital needs and capital expenditures in the short term with funds generated by our operations, our cash balances and from our ability to draw improvement funding under the terms of our leases with Hospitality Trust. Over the longer term, we may seek additional forms of financing, including accessing public capital markets for debt or equity, the sale and lease back of

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travel centers that we own, develop or acquire and the credit facility which we are currently negotiating. We are currently having discussions with a large commercial bank for a new credit facility. We expect this credit facility to be for at least \$100 million and to be secured by our accounts receivable and inventory.

### OFF BALANCE SHEET ARRANGEMENTS

As of March 31, 2007, we did not have any off balance sheet arrangements. As part of the Petro acquisition, we acquired a 40% interest in a joint venture that owns one travel center that we operate. This travel center is encumbered by mortgage debt of approximately \$15 million. Petro historically has accounted, and we expect to account, for the investment in the joint venture on the equity method; and, therefore, Petro has not recorded, and we will not record, a liability for 40% of this mortgage debt. Petro was not and we are not directly liable for this debt, but our investment in this joint venture of approximately \$16 million would be substantially lost if the joint venture defaulted on this debt and the joint venture's property was lost to foreclosure.

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### SUMMARY OF PRO FORMA CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

The following table summarizes our expected obligations as of December 31, 2006, on a pro forma basis for the HPT Transaction and the Petro acquisition, to make future required payments under various agreements.

	Payments due by period				
	Total	2007	2008-2009	2010-2011	Thereafter
(In millions of dollars)					
Long term debt <sup>(1)</sup>	\$ 261.3	\$	\$ 261.3	\$	\$
Leases with Hospitality Trust <sup>(2)</sup>	3,825.9	215.9	442.5	459.5	2,708.0
Other operating leases	10,156.1	3,531.7	1,261.2	1,249.4	7,291.8
Employee retention and separation payments	20.1	14.7	5.4		
Other long term liabilities	29.4	9.0	7.2	2.9	10.3
	\$ 14,292.8	\$ 809.2	\$ 1,977.6	\$ 1,711.8	\$ 10,010.1

(1) *All of our predecessor's debt was repaid in connection with the HPT Transaction. The debt assumed in the Petro acquisition was covenant defeased and is expected to be fully repaid in February 2008 when it is first callable. The amount shown includes the principal of this debt and the prepayment premium. We have marketable securities in escrow to fund the repayment of this debt as well as the prepayment premium and interest that is payable through the expected repayment date.*

(2) *These pro forma amounts are presented as if our leases with Hospitality Trust for 186 travel centers commenced on January 1, 2007.*

At March 31, 2007, letters of credit were our primary outstanding trade commitments. On a pro forma basis for the Petro acquisition, we had outstanding \$34.4 million of letters of credit. Until we have established a credit facility, we have secured these letters of credit with cash deposits of \$36.0 million. As of May 31, 2007, we also had commitments to purchase land or operating travel centers for an aggregate of \$21.4 million.

### SEASONALITY

Our revenues during a year are often lowest in the first quarter when movement of freight by professional truck drivers and motorist travel are historically at their lowest seasonal levels. Our revenues in the fourth quarter of a year are often somewhat lower than those of the second and third quarters because, while the fourth quarter is often positively impacted by increased movement of freight in preparation for various national holidays, that positive impact is often more than offset by a reduction in freight movement caused by vacation time associated with those

holidays taken by professional truck drivers.

## INFLATION AND DEFLATION

Inflation in the past several years in the U.S. has been modest. Future inflation might have both positive or negative impacts on our business. Rising price levels may allow us to increase revenues, but may also impact our operating costs. Our revenues may change by either more or less than the rate of change in our expenses. Because a large component of our expenses will consist of fixed rental obligations to Hospitality Trust, we may be adversely affected by declines in general price levels, or deflation.

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## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of May 31, 2007, we had no obligations for funded debt (other than the covenant defeased notes that resulted from the Petro acquisition) and were not directly affected by changes in market interest rates. However, we expect to obtain a revolving credit facility secured by some of our assets. We expect that such a line of credit may bear interest for funded amounts at floating rates. We may from time to time consider our exposure to interest rate risks if we have or expect to have material amounts of floating rate obligations, and in those circumstances we may decide to purchase interest rate caps or other hedging instruments.

We are exposed to risks arising from market changes in the availability and price of fuel. Some of these changes may arise from local conditions, such as a malfunction in a particular pipeline or at a particular terminal. However, most of these risks arise from national or international conditions, such as weather related shut downs of oil drilling or refining capacities, political instability in oil producing regions of the world or terrorism. Almost all of these risks are beyond our control. These risks may also arise from changes in the demand for fuel, particularly those changes which result from increases and decreases in economic activities. Because petroleum products are traded in commodity markets, material changes in demand for fuel worldwide, such as the recent increases in fuel demand in India and China, may have a material impact upon the prices we have to pay for fuel.

We attempt to mitigate our exposure to fuel price market risks in four ways. First, we maintain supply contracts and arrangements for diesel fuel with several different suppliers for each of our travel centers; if one supplier has a local problem we may be able to obtain fuel supplies from other suppliers. Second, we maintain modest fuel inventories, generally about three days of fuel sales; modest inventories may mitigate the risk that we sell fuel for less than its cost in the event of rapid price declines. Third, we sell a majority of our diesel fuel at contracted prices determined as cents per gallon above a benchmark which is reflective of the market costs for fuel; by selling on such terms we may be able to maintain our margin per gallon despite changes in the prices we pay for fuel. Finally, we may from time to time purchase or sell futures contracts for fuel.

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## Management

The following table lists the names, ages and positions of our directors and our executive officers as of May 31, 2007:

Name	Age	Position
Barry M. Portnoy	61	Managing Director (term will expire in 2008)
Thomas M. O'Brien	41	Managing Director (term will expire in 2009), Chief Executive Officer and President
Arthur G. Koumantzelis	76	Independent Director (term will expire in 2008)
Barbara D. Gilmore	57	Independent Director (term will expire in 2009)
Patrick F. Donelan	65	Independent Director (term will expire in 2010)

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Name	Age	Position
John R. Hoadley	36	Executive Vice President, Chief Financial Officer and Treasurer
Larry W. Dockray	56	Executive Vice President of Operations
Peter P. Greene	42	Executive Vice President of Real Estate Acquisitions and Development
Michael J. Lombardi	55	Executive Vice President of Sales
Joseph A. Szima	55	Executive Vice President of Marketing

### DIRECTORS

Our board of directors consists of five members divided into three classes, with each class serving for a staggered three year term. At each annual meeting of our shareholders, a class of directors is elected for a three year term to succeed the directors of the same class whose terms are then expiring. There are no voting agreements or other contractual arrangements relating to the election of the members of our board.

Our LLC agreement categorizes our board of directors into "Managing Directors" who are active in our day to day business and "Independent Directors" who are independent of our management as independence is defined in our LLC agreement and the applicable rules of the principal stock exchange on which our securities are listed. Our LLC agreement requires that a majority of our board of directors be independent directors.

### MANAGING DIRECTORS

*Barry M. Portnoy* serves as one of our Managing Directors. Mr. Portnoy has been one of the managing trustees or directors of Hospitality Trust, HRPT Properties Trust, or HRPT Properties, Senior Housing Properties Trust, or Senior Housing, and Five Star Quality Care, Inc., or Five Star, since each began business in 1995, 1986, 1999 and 2001, respectively. Mr. Portnoy has been a director and owner of RMR Advisors, Inc. and a trustee of each of the funds it manages since their founding beginning in 2003, including RMR Real Estate Fund, RMR Hospitality and Real Estate Fund, RMR F.I.R.E. Fund, RMR Preferred Dividend Fund, RMR Asia Pacific Real Estate Fund and RMR Asia Real Estate Fund, collectively the RMR Funds. Mr. Portnoy has been an owner, director and chairman of Reit Management since it began business in 1986. From 1978 through March 1997, Mr. Portnoy was a partner of the law firm of Sullivan & Worcester LLP, and he was chairman of that firm from

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1994 to 1997. Mr. Portnoy is a Group I director and will serve until our 2008 annual meeting of shareholders.

*Thomas M. O'Brien* serves as one of our Managing Directors and as our President and Chief Executive Officer. Mr. O'Brien has been Senior Vice President of Reit Management since 2006 and was Vice President of Reit Management prior to that time since 1996. Mr. O'Brien was the President and a Director of RMR Advisors, Inc. and President and Chief Executive Officer of each of the RMR Funds since their founding beginning in 2003 until May 2007. From 2002 through 2003, Mr. O'Brien served as Executive Vice President of Hospitality Trust, where he had previously served as Treasurer and Chief Financial Officer since 1996. Prior to 1996 Mr. O'Brien was a senior manager with Arthur Andersen LLP. Mr. O'Brien is a Group II director and will serve until our 2009 annual meeting of shareholders.

### INDEPENDENT DIRECTORS

*Arthur G. Koumantzelis* was the President and Chief Executive Officer of Gainesborough Investments LLC, a private investment company, from 1998 until his retirement from that position in 2007. Mr. Koumantzelis also has been a director of Five Star since 2001. Mr. Koumantzelis was a trustee of Hospitality Trust from 1995 until his resignation in January 2007 prior to our spin off. Mr. Koumantzelis has been a trustee of each of the RMR Funds since their founding. Mr. Koumantzelis was a trustee of Senior Housing from 1999 until his resignation in 2003. Mr. Koumantzelis was formerly the chief financial officer of Cumberland Farms, Inc., a company engaged in the convenience store business and the sale of petroleum products principally under the name "Gulf Oil" and related trademarks. Mr. Koumantzelis is a Group I director and will serve until our 2008 annual meeting of shareholders.

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*Barbara D. Gilmore* has served as a clerk to Judge Joel B. Rosenthal of the United States Bankruptcy Court, Western Division of the District of Massachusetts, since 2001. Ms. Gilmore was a partner of the law firm of Sullivan & Worcester LLP from 1993 to 2000. Ms. Gilmore has been a director of Five Star since 2004. Ms. Gilmore is a Group II director and will serve until our 2009 annual meeting of shareholders.

*Patrick F. Donelan* has been principally employed as a private investor since December 2003. Mr. Donelan has been a trustee of HRPT Properties since 1998. Mr. Donelan was the Non-Executive Chairman and member of the advisory board until 2003, and was Chief Executive Officer through 2002, of eSecLending (Europe) Ltd, a London based privately owned company in the business of managing securities lending programs for institutional owners of publicly owned securities. Prior to its acquisition by Dresdner Bank in 1995, Mr. Donelan was Chairman of Kleinwort Benson (North America) Inc., the U.S. based subsidiary of Kleinwort Benson Limited, a United Kingdom based bank. Mr. Donelan was an investment banker at Dresdner Kleinwort Wasserstein, the U.K. based investment banking subsidiary of Dresdner Bank of Germany from 1995 to 2001. Mr. Donelan is a Group III director and will serve until our 2010 annual meeting of shareholders.

### EXECUTIVE OFFICERS

*Thomas M. O'Brien* is our President and Chief Executive Officer, in addition to being a Managing Director as described above.

*John R. Hoadley* is our Executive Vice President, Chief Financial Officer and Treasurer. Mr. Hoadley has been Senior Vice President of Reit Management since 2006 and was Vice President prior to that time since 2001. Mr. Hoadley was Treasurer and Chief Financial Officer of Senior Housing from 2001 to 2007. From 1999 to 2001, Mr. Hoadley served as the Controller of Hospitality Trust. Prior to

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1998, Mr. Hoadley was a senior accountant with Arthur Andersen LLP. Mr. Hoadley is a certified public accountant.

*Larry W. Dockray* is our Executive Vice President of Operations. Mr. Dockray served our predecessor in this capacity since November 2006 and previously as a Regional Vice President since 1993. Prior to joining our predecessor, Mr. Dockray spent nine years as a district manager first with The Standard Oil Company of Ohio, or Sohio, and then with BP after it acquired Sohio.

*Peter P. Greene* is our Executive Vice President of Real Estate Acquisitions and Development. Mr. Greene served our predecessor in this capacity since January 2007, as a Senior Vice President of Development and Franchising since 2003, as Vice President of Strategic Development since January 2001 and in various other positions since 1996. Prior to 1996, he spent two years with Tosco Corporation (subsequently merged into what is now ConocoPhillips) and nine years with BP in various management positions.

*Michael J. Lombardi* is our Executive Vice President of Sales. Mr. Lombardi served our predecessor in this capacity since January 2007 and as Senior Vice President of Sales since June 2006. Prior to joining our predecessor, Mr. Lombardi was employed for seven years in senior positions in the global marketing and customer service divisions of Ford Motor Company and thirteen years in the retail marketing division of BP.

*Joseph A. Szima* is our Executive Vice President of Marketing. Mr. Szima served our predecessor in this capacity since January 2007, as Senior Vice President and Assistant Secretary since March 2004 and as a Regional Vice President since 1996. Prior to joining our predecessor, Mr. Szima was employed for ten years by BP in various management positions.

Each of our executive officers is elected by, and serves at the discretion of, our board of directors. Each of our executive officers except Messrs. O'Brien and Hoadley devote his full time to our affairs. Messrs. O'Brien and Hoadley devote at least 80% of their business time to our affairs and the balance to the business of Reit Management, where they each continue to serve as senior vice presidents.

Until February 27, 2007, Timothy L. Doane was our President and Chief Executive Officer, and James W. George was our Executive Vice President, Chief Financial Officer and Secretary. As of that date, Messrs. Doane and George resigned as our officers. Mr. Doane served us and our predecessor as President and Chief Executive Officer since 2005, as President and Chief Operating Officer since July 2003, as Senior Vice President of Marketing prior to that from January 2001 and in various other positions since 1995. Mr. George served us and our predecessor as Executive Vice President, Chief Financial Officer and Secretary since 2003, as Senior Vice President, Chief Financial Officer and Secretary since 1997 and in various other positions since 1993.

From our formation in October 2006 until January 31, 2007, John G. Murray was our president and Mark L. Kleifges was our treasurer. Messrs. Murray and Kleifges resigned those positions as of the completion of the HPT Transaction. Mr. Murray is president of Hospitality Trust and has been for over five years. Mr. Kleifges is treasurer and chief financial officer of Hospitality Trust and has been since 2002. Until 2002,

Mr. Kleifges was a partner with Arthur Andersen LLP for more than nine years.

## COMMITTEES OF THE BOARD OF DIRECTORS

Our board of directors has established three committees, consisting of an audit committee, a compensation committee and a nominating and governance committee. Each of these committees is comprised of Mr. Koumantzelis, Ms. Gilmore and Mr. Donelan, who are independent of us under applicable AMEX listing standards and under the charter of each respective committee and, in the case of the audit committee, the independence requirements of the SEC. Copies of the charters of our audit,

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compensation and nominating and governance committees are posted on our website, [www.ttravelcenters.com](http://www.ttravelcenters.com). Our website address is included several times in this prospectus as a textual reference only, and the information in the website is not incorporated by reference into this prospectus.

- > *Audit Committee.* The responsibilities of our audit committee are to select our independent registered public accounting firm and to assist our board in fulfilling its responsibilities for oversight of: (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) the independent registered public accounting firm's qualifications and independence; and (4) the performance of our internal audit function.
- > *Compensation Committee.* Our compensation committee's responsibilities include: (1) evaluating the services provided by, and compensation paid by us to, individuals who serve as our president and chief executive officer, our other executive officers and our director of internal audit; (2) evaluating compensation paid to employees generally; (3) reviewing, evaluating and approving our management and shared services agreement with Reit Management; and (4) the evaluation and administration of, and approval of grants under, our equity compensation plans.
- > *Nominating and Governance Committee.* The responsibilities of our nominating and governance committee include: (1) identification of individuals qualified to become members of our board and recommending to the board the director nominees for each annual meeting of shareholders or when board vacancies occur; and (2) development and recommendation to the board of a set of governance principles.

## FINANCIAL EXPERT

Our board has designated Mr. Koumantzelis as the financial expert serving on our audit committee in accordance with applicable AMEX and SEC rules. We believe Mr. Koumantzelis is qualified to serve as an audit committee financial expert because of his experience as a member of the audit committees of other publicly owned companies, as the chief financial officer of a company which was required to file reports with the SEC and as a certified public accountant who was responsible for auditing companies which filed SEC reports.

## COMPENSATION OF DIRECTORS

For their services as directors, we pay each independent director an annual fee of \$25,000, plus a fee of \$500 for each board and committee meeting attended to a maximum of \$1,000 per day. In addition, for their services as directors, each director will receive an annual grant of 1,500 of our common shares in 2007 and following each annual meeting of shareholders commencing in 2008. Board members are not separately compensated for serving on board committees; however, we pay each board member serving as chairman of our audit committee, compensation committee and nominating and governance committee additional annual fees of \$7,500, \$2,500 and \$2,500, respectively. We reimburse directors for reasonable out of pocket expenses incurred in attending meetings of the board of directors or board committees on which they serve. Messrs. Portnoy and O'Brien, our Managing Directors, do not receive any cash compensation for their services as directors, but they will receive annual share grants and they may be reimbursed for their expenses.

Neither we nor our predecessor paid compensation to our respective directors in or for 2006.

## COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of our compensation committee members is our employee, an employee of any of our subsidiaries or an employee of Reit Management.

Until January 11, 2007, Mr. Koumantzelis was a trustee of Hospitality Trust, which is our primary landlord. Mr. Koumantzelis resigned his position as a trustee of Hospitality Trust on January 11, 2007.

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## Executive compensation

### COMPENSATION DISCUSSION AND ANALYSIS

We did not pay any compensation to our executive officers prior to the HPT Transaction, but our predecessor did pay its executive officers in 2006.

The compensation of our executive officers who were employees of our predecessor has been set largely by reference to the historical level of compensation paid to them by our predecessor, and, in the case of certain executives who had employment contracts in place with our predecessor, by reference to their employment contracts. The compensation of Messrs. O'Brien and Hoadley was set largely by reference to the historical levels of compensation paid to them by Reit Management. Also because at least 80% of Messrs. O'Brien's and Hoadley's business time is devoted to services to us and they remain officers and employees of Reit Management, a substantial portion of Messrs. O'Brien's and Hoadley's cash compensation is paid by us and the remainder is paid by Reit Management.

Notwithstanding the consideration of compensation by reference to the historical practices and to assumed contracts, our board of directors has formed a compensation committee as described above. Our compensation plans going forward will be formed by using a combination of data regarding historical pay and publicly available compensation data for public companies that are engaged in our industry, in related industries, or that possess size or other characteristics which are similar to ours. We also expect to consider other factors, including but not limited to:

- > the individual's background, training, education and experience;
- > the individual's role with us and the compensation paid to individuals in similar roles in the companies we consider to have characteristics similar to ours;
- > the market demand for specific expertise possessed by the individual;
- > the goals and expectations for the individual's position and his or her success in achieving these goals; and
- > a comparison of the individual's pay to that of other individuals within the company and the relative responsibilities, titles, roles, experiences and capabilities of such other individuals.

We expect the mix of base salary, cash bonus and equity compensation that we pay to our executive officers to vary depending on position and do not expect our compensation committee to follow a set formula or specific guidelines in determining how to allocate among the compensation components.

#### *Compensation components*

The components of our compensation package are as follows:

##### *Base salary*

Base salaries for our executives are expected to be reviewed annually as part of our compensation program and adjusted, if appropriate, based upon each executive's past and expected future contributions to us. We expect that we will also adjust base salaries, as warranted, for promotions and other changes in the executive's role which may occur from time to time.

As described below, our prior employment agreements with each of Messrs. Doane and George and Mr. Steven C. Lee have been replaced. The replacement agreements continue current base salary

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through August 31, 2007, for Messrs. Doane and George, and through July 31, 2007, for Mr. Lee and provide for certain specified lump sum payments to them.

#### *Annual bonus*

Each of our executives is eligible to receive an annual performance based cash bonus.

Mr. O'Brien's annual bonus will be reviewed and approved by our compensation committee, composed of only independent directors, who are expected to base their review and decisions upon their consideration and evaluation of his performance during the year. Considerations may include, but may not be limited to, our financial and market performance, our growth and our success in achieving strategic initiatives.

Mr. Hoadley's annual bonus will be recommended by our compensation committee and approved by our board of directors who are expected to base their review and decisions upon their consideration and evaluation of his performance during the year. Considerations may include, but may not be limited to, our financial and market performance, growth and our success in achieving strategic initiatives.

For our other executive officers, our predecessor has historically set annual bonus targets by establishing various objectives for each individual, including objectives related to company financial performance, capital expenditures, vendor, customer and industry relations, safety measures, product improvement, and others. Actual bonuses may differ from target bonuses based upon the level of achievement of individual objectives. For most of our executives, we have established an additional target bonus which can be earned if objectives are met and certain company financial objectives are exceeded. We may also award bonuses if we determine that our executives contributed significantly to our opportunistic expansion or other activities which arose during the year, which activities may have precluded them from achieving their stated objectives. In January 2007, our predecessor paid the target bonuses for 2006 to each executive and we believe it will be reasonably likely that target bonuses may be achieved for 2007.

No target bonus has been established for Mr. O'Brien or Mr. Hoadley. For other executives, a target bonus has been established, consistent with the past practice of our predecessor, and is stated as a percentage of base salary of between 50% and 100%. The target bonuses for Messrs. Szima and Dockray are set by the terms of their employment contracts at 75% of their base salaries.

As described below, under our revised employment agreements with Messrs. Doane, George and Lee, they are no longer eligible for an annual cash bonus and will instead receive certain specified lump sum payments.

#### *Equity incentive plan*

As described in " Our Equity Compensation Plan", we have adopted the TravelCenters of America LLC 2007 Equity Compensation Plan. We expect to make equity awards under this plan based upon factors which our compensation committee deems relevant to align the longer term interests of our executives with our business objectives.

#### *Perquisites and other benefits*

Our executive officers are entitled to participate in our benefit plans on the same terms as our other employees. These plans include medical, dental and life insurance plans and a defined contribution plan. We believe that our predecessor's practice of extending non-cash benefits such as automobile allowances, club membership reimbursements and the like to certain executives are no longer

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appropriate and we expect to eliminate these benefits effective July 1, 2007, or reasonably soon thereafter.

#### *Employment contracts*

TravelCenters of America, Inc., our predecessor, had employment agreements with each of Messrs. Doane, George, Szima and Lee. As of the date of HPT Transaction, we assumed these employment agreements. The assumed employment agreements with Messrs. Doane, George and Lee have been replaced with revised agreements as set forth below.

Pursuant to his employment agreement, for 2006, Mr. Szima's annual base salary was \$325,000. In addition, Mr. Szima is eligible to receive a cash bonus equal to 75% of this base salary. Mr. Szima's agreement provides for an initial two year term with automatic one year extensions at the end of each year through age 65. Notice of non-renewal given to the employee before December 31 of any year will result in expiration of the employment agreement effective December 31 of the year following the year in which notice was given. Based upon the terms of this contract, after our acquisition of our predecessor, notice of non-renewal cannot result in expiration of the employment agreement sooner than the December 31 following the second anniversary of the change of control which occurred on January 31, 2007. In the case of certain types of separations from the company, the employment agreement contains terms which provide for cash payments of two times Mr. Szima's then current base salary and target bonus. Mr. Szima has agreed to refrain from competing with us during his employment and during any period during which he is receiving payments following his termination.

On February 27, 2007, Mr. Doane, our former President and Chief Executive Officer and Mr. George, our former Executive Vice President, Chief Financial Officer and Secretary resigned as our officers. Each of Messrs. Doane and George terminated his existing employment agreement and entered into a new employment agreement with us. Messrs. Doane and George agreed to remain in our employ and to devote all of their business time and effort to our affairs through August 31, 2007. Messrs. Doane and George further agreed to make themselves reasonably available to us thereafter on an as needed basis through August 31, 2008. As part of these new employment agreements, each of Messrs. Doane and George have agreed not to compete with us for a period which ends August 31, 2010. Mr. Doane will be paid his current salary, at a rate of \$700,000 per year, through August 31, 2007, plus an additional \$4.2 million (including payments of \$3.8 million on August 31, 2007, and \$350,000 on December 31, 2007) and will receive certain other benefits from us. As part of his new employment agreement, Mr. George will be paid his current salary, which is at a rate of \$450,000 per year, through August 31, 2007, plus an additional \$2.4 million (including payments of \$2.1 million on August 31, 2007, and \$225,000 on December 31, 2007) and will receive certain other benefits from us.

On April 24, 2007, Mr. Lee, our former Senior Vice President and General Counsel resigned as our officer. Mr. Lee terminated his existing employment agreement and entered into a new employment agreement with us. Mr. Lee agreed to remain in our employ and to devote all of his business time and effort to our affairs through July 31, 2007. As part of his new employment agreement, Mr. Lee agreed not to compete with us for a period which ends August 31, 2010. Mr. Lee will be paid his current salary, at a rate of \$300,000 per year, through July 31, 2007, plus an additional \$1.5 million (including payments of \$1.4 million on July 31, 2007, and \$150,000 on December 31, 2007) and will receive certain other benefits from us.

Subsequent to the closing of the HPT Transaction, a memorandum that had been entered by Mr. Doane with Mr. Dockray in October 2006 was called to our attention. This memorandum may be an employment contract which requires that we pay Mr. Dockray a salary, that he be eligible to receive a target bonus of 75% of his annual salary and that he receive certain relocation payments.

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We believe the payments being made to Messrs. Doane, George and Lee are substantially similar to the compensation they would have received under their previous employment agreement, except these payments have been accelerated. Other than pursuant to these agreements, we have no obligations for severance or retirement benefits for our executive officers.

#### **2006 COMPENSATION TABLES**

Each of our executive officers, except Messrs. O'Brien and Hoadley, was an employee of our predecessor prior to January 31, 2007. Because we paid no compensation to any officer or director prior to January 31, 2007, we have presented 2006 compensation information in the tables below for our predecessor's chief executive officer, chief financial officer and four other persons. We refer to five of these persons (excluding Mr. Kuhn who was our predecessor's chairman and who has had no employment relationship with us) as "named executive officers" for 2006. No other executive officers who would have otherwise been includable in the following table on the basis of total compensation earned in 2006 have been excluded by reason of their termination of employment or change in executive status during 2006.

#### *Summary Compensation Table for 2006*

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Name and Principal Position	Year	Salary \$	Bonus \$	Stock awards \$	Option awards <sup>(1)</sup> \$	Non-equity incentive plan compensation <sup>(2)</sup> \$	Change in pension value and non-qualified deferred compensation earnings \$	All other compensation <sup>(3)</sup> \$	Total \$
Edwin P. Kuhn <sup>(4)</sup>	2006	291,667			2,542,331			78,982	2,912,980
Mr. Doane <sup>(5)</sup>	2006	650,000			1,582,162	700,000		33,357	2,965,519
Mr. George <sup>(5)</sup>	2006	431,167			1,449,173	337,500		35,072	2,252,912
Mr. Szima, Executive Vice President of Marketing	2006	306,800			614,018	243,750		20,775	1,185,343
Michael H. Hinderliter <sup>(6)</sup>	2006	321,250			1,197,729	211,250		35,999	1,766,228
Mr. Lee, Senior Vice President and General Counsel <sup>(5)</sup>	2006	285,000			433,115	195,000		12,172	925,287

(1) The assumptions used to calculate the fair value of the option awards are set forth in Note 16 to the audited consolidated financial statements of TravelCenters of America, Inc. as of and for the year ended December 31, 2006, which are included elsewhere in this prospectus. There were no forfeitures of granted options during 2006.

(2) Amounts represent incentive bonuses earned during 2006 that were paid in 2007.

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(3) All other compensation includes the following:

	Matching contributions to defined contribution retirement plan \$	Insurance premiums paid on behalf of executive \$	Allowance for automobile \$	Allowance for club membership \$
Mr. Kuhn	4,200	57,080	4,644	13,058
Mr. Doane	4,200	6,860	9,177	13,120
Mr. George	4,200	8,895	5,842	16,135
Mr. Hinderliter	4,200	11,142		20,657
Mr. Szima	4,200	900	2,685	12,990
Mr. Lee	4,200	3,322		4,650

(4) Mr. Kuhn was chairman of our predecessor until the HPT Transaction on January 31, 2007 and was CEO of our predecessor through December 31, 2004.

(5) As described above in " Employment Contracts" Mr. Doane, our former President and Chief Executive Officer, Mr. George, our former Executive Vice President, Chief Financial Officer and Secretary and Mr. Lee, our former Senior Vice President and General Counsel resigned as our officers in early 2007. Mr. O'Brien became our President and Chief Executive Officer and Mr. Hoadley became our chief financial officer on February 27, 2007. Mark R. Young, currently an employee of Reit Management, is acting as our General Counsel and is expected to become our Executive Vice President and General Counsel, effective July 1, 2007. We have agreed to base salary of each of Messrs. O'Brien, Hoadley and Young to be paid by us at \$240,000

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per year; their additional compensation in 2007 will be at the discretion of our board of directors. Neither we nor our predecessor compensated any of Messrs. O'Brien, Hoadley and Young during 2006.

(6)

Mr. Hinderliter, who was our Senior Vice President of Sales and served our predecessor in that capacity, retired on March 31, 2007.

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Grants of Plan Based Awards for 2006

Name	Grant Date	Estimated future payouts under equity incentive plan awards <sup>(1)</sup>			Estimated future payouts under non-equity incentive plan awards <sup>(2)</sup>			All other stock awards: number of shares of stock or units #	All other option awards: number of securities underlying options #	Exercise or base price of option awards \$/sh <sup>(3)</sup>	Grant date fair value of stock and option awards \$ <sup>(4)</sup>
		Threshold \$	Target \$	Maximum \$	Threshold #	Target #	Maximum #				
Mr. Kuhn	1/1/2001 <sup>(4)</sup>								43,032	\$ 31.75	2,542,331
	1/1/2001 <sup>(4)</sup>				0	43,032	43,032			\$ 31.75	933,794
Mr. Doane	1/1/2001 <sup>(4)</sup>								26,780	\$ 31.75	1,582,162
	1/1/2001 <sup>(4)</sup>				0	26,779	26,779			\$ 31.75	581,104
	1/1/2006	0	700,000	700,000							
Mr. George	1/1/2001 <sup>(4)</sup>								24,529	\$ 31.75	1,449,173
	1/1/2001 <sup>(4)</sup>				0	24,529	24,529			\$ 31.75	532,279
	1/1/2006	0	337,500	337,500							
Mr. Szima	1/1/2001 <sup>(4)</sup>								10,393	\$ 31.75	614,018
	1/1/2001 <sup>(4)</sup>				0	10,393	10,393			\$ 31.75	225,528
	1/1/2006	0	243,750	243,750							
Mr. Hinderliter	1/1/2001 <sup>(4)</sup>								20,273	\$ 31.75	1,197,729
	1/1/2001 <sup>(4)</sup>				0	20,272	20,272			\$ 31.75	439,902
	1/1/2006	0	211,250	211,250							
Mr. Lee	1/1/2001 <sup>(4)</sup>								7,331	\$ 31.75	433,115
	1/1/2001 <sup>(4)</sup>				0	7,330	7,330			\$ 31.75	159,061
	1/1/2006	0	195,000	195,000							

(1)

Represents plan cash incentives and excludes payments described below in " Executive Retention Plan" and " Other Transaction Benefits". The maximums shown here were paid by our predecessor in January 2007.

(2)

Based on the terms of the merger agreement between our predecessor and Hospitality Trust, the maximums shown here vested and were settled on a net cash basis on January 31, 2007.

(3)

The exercise price of the options of \$31.75 represents the estimated market price per share of the underlying shares at the date of grant. Our predecessor was a privately held company and, accordingly, there was no quoted market price to which to refer at the date of grant. However, the grant date of the options was January 1, 2001, which was only 47 days subsequent to the merger and recapitalization transaction through which the then current owners of the predecessor gained control of our predecessor and the price per share paid in that transaction was \$31.75. These merger and recapitalization transactions are more fully described in Note 16 to the audited consolidated financial statements of TravelCenters of America, Inc. as of and for the year ended December 31, 2006, which are included elsewhere in this prospectus.

(4)

These options were granted on January 1, 2001 and were amended on April 6, 2006, resulting in a new grant date for FAS 123R accounting purposes. The grant date fair values shown in the table are as of April 6, 2006. The exercise prices were not affected by the amendments.

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Base salary comprised 21.9% and cash incentive awards comprised 18.6% of total compensation paid to our predecessor's named executive officers in 2006. There were no awards made to any of our predecessor's named executive officers under an equity based incentive plan in 2006. However, an amendment made on April 6, 2006, to equity based incentive plan awards made in 2001 resulted in a new grant date for these awards for FAS 123R accounting purposes.

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### Outstanding Equity Awards at Fiscal Year End for 2006

	Option Awards					Stock Awards			
	Number of securities underlying unexercised options exercisable <sup>(1)</sup>	Number of securities underlying unexercised options unexercisable	Equity incentive plan awards: number of securities underlying unexercised unearned options <sup>(2)</sup>	Option Exercise Price	Option Expiration Date	Number of shares or units of stock that have not vested	Market value of shares or units of stock that have not vested	Equity incentive plan awards: number of shares, units or other rights that have not vested	Equity incentive plan awards: market value of unearned shares, or other rights that have not vested
Mr. Kuhn	163,521		43,032	\$ 31.75	12/31/2010				
Mr. Doane	100,878		26,779	\$ 31.75	12/31/2010				
Mr. George	92,462		24,529	\$ 31.75	12/31/2010				
Mr. Szima	39,019		10,393	\$ 31.75	12/31/2010				
Mr. Hinderliter	76,697		20,272	\$ 31.75	12/31/2010				
Mr. Lee	27,637		7,330	\$ 31.75	12/31/2010				

(1) *The unexercised but exercisable options vested at various times from January 1, 2001, through April 6, 2006. Approximately 52.3% of the vested options vested on a ratable basis over the five year period that ended on December 31, 2005. Approximately 21.2% of the vested options vested on December 31, 2005 based on achieving a specified internal rate of return through that date. Approximately 26.5% of the vested options vested on April 6, 2006 as the result of amendments to the option agreements that were effective as of that date. These amendments affected only the vesting of the options and not the exercise price or expiration date for those options. The various classes of option grants and the related vesting are more fully described in Note 16 to the audited consolidated financial statements of TravelCenters of America, Inc. as of and for the year ended December 31, 2006, which are included elsewhere in this prospectus.*

(2) *The unearned options fully vested as of January 31, 2007, the date of consummation of the HPT Transaction. These options and the related vesting are more fully described in Note 16 to the audited consolidated financial statements of TravelCenters of America, Inc. as of and for the year ended December 31, 2006, which are included elsewhere in this prospectus.*

### EXECUTIVE RETENTION PLAN

Seventeen persons who previously worked for our predecessor are participating in our executive retention plan. The plan contemplates payments designed to encourage their continued employment by us. We will pay a maximum of \$2.6 million to executives covered by that plan who remain in our employ as of December 31, 2007, and, as described above, to Messrs. Doane, George and Lee pursuant to our revised employment agreements with them. We will also pay a maximum of \$5.4 million to executives covered by that plan who remain in our employ as of January 31, 2009 (the two year anniversary of the date of our spin off from Hospitality Trust).

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The named executive officers participating in the plan are as follows:

	Payment for continued employment through 12/31/07 \$	Payment for continued employment through the second anniversary of the Hospitality Trust acquisition \$
Mr. Doane <sup>(1)</sup>	350,000	
Mr. George <sup>(1)</sup>	225,000	
Mr. Hinderliter	244,000	
Mr. Szima	162,500	500,000
Mr. Lee <sup>(1)</sup>	150,000	

(1)

*As described above in " Employment Contracts" Messrs. Doane, George and Lee resigned as officers of ours in early 2007. As part of the compensation to be paid to Messrs. Doane, George and Lee under their revised employment agreements, we have agreed to pay them the amounts shown above for continued employment through December 31, 2007 on December 31, 2007 despite the termination of their active employment prior to that date.*

### OTHER HPT TRANSACTION BENEFITS

Sixteen persons who previously worked for our predecessor owned shares of TravelCenters of America, Inc. and options to acquire such shares that were purchased by or awarded to them during their employment by our predecessor. As part of the HPT Transaction, TravelCenters of America, Inc. shares and share options were redeemed for cash. Based upon the merger consideration paid in connection with the HPT Transaction, the TravelCenters of America, Inc. shares and share options owned by former employees of our predecessor were valued in the aggregate at \$136.0 million. TravelCenters of America, Inc. paid \$5.5 million in the aggregate to certain of its employees who maintained their employment through the date of the closing of the HPT Transaction. The amounts paid to our named executive officers were as follows:

	Payment for owned shares	Net cash settlement of option awards	Other cash payments	Total transaction benefits
Mr. Doane	\$ 2,230,141	\$ 14,850,819	\$ 1,450,000	\$ 18,530,960
Mr. George	2,693,940	13,610,003	1,325,000	