

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 10-K

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

For the fiscal year ended December 31, 2019

or

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

Commission File Number: 001-33274

TravelCenters of America Inc.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

20-5701514

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

24601 Center Ridge Road, Westlake, OH 44145-5639

(Address of Principal Executive Offices)

(440) 808-9100

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbols	Name of Each Exchange on Which Registered
Shares of Common Stock, \$0.001 Par Value Per Share	TA	The Nasdaq Stock Market LLC
8.25% Senior Notes due 2028	TANNI	The Nasdaq Stock Market LLC
8.00% Senior Notes due 2029	TANNL	The Nasdaq Stock Market LLC
8.00% Senior Notes due 2030	TANNZ	The Nasdaq Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the shares of common stock, \$0.001 par value, or common stock, of the registrant held by non-affiliates was \$121.6 million based on the \$18.10 closing price per share of common stock on The Nasdaq Stock Market LLC on June 28, 2019. For purposes of this calculation, an aggregate of 685,234 shares of common stock held directly by, or by affiliates of, the directors and the officers of the registrant, plus 684,000 shares of common stock held by Service Properties Trust, have been included in the number of shares of common stock held by affiliates.

Number of the registrant's shares of common stock outstanding as of February 24, 2020: 8,306,579.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required in Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K is incorporated by reference to our definitive Proxy Statement for our 2020 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A, or our definitive Proxy Statement.

References in this Annual Report on Form 10-K, or our Annual Report, to "TA," the "Company," "we," "us" and "our" include TravelCenters of America Inc. and our consolidated subsidiaries unless otherwise stated or the context indicates otherwise.

Warning Concerning Forward-Looking Statements

This Annual Report contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other securities laws. Whenever we use words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "will," "may" and negatives and derivatives of these or similar expressions, we are making forward-looking statements. These forward-looking statements are based upon our present intent, beliefs or expectations, but forward-looking statements are not guaranteed to occur and may not occur. Actual results may differ materially from those contained in or implied by our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control. Among others, the forward-looking statements that appear in this Annual Report that may not occur include statements that:

- Our operating results for the year ended December 31, 2019, reflect certain improvements, such as increases in nonfuel revenues and fuel and nonfuel gross margin over the same period last year. This may imply that we will increase or maintain these improvements and that we will be profitable in the future. However, certain of these improvements resulted from unique items that may not occur in the future. In addition, customer demand and competitive conditions, among other factors, may significantly impact our nonfuel revenues and the costs of our fuel and nonfuel products may increase in the future because of inflation or other reasons. If fuel gross margin per gallon, or fuel or nonfuel sales volume, decline, if we are not able to pass increases in fuel or nonfuel costs to our customers or if our nonfuel sales mix changes in a manner that negatively impacts our nonfuel gross margin, our nonfuel revenues or our fuel and nonfuel gross margin may decline. In fact, since we became a public company in 2007, we have been able to produce only occasional profits and we have accumulated significant losses. We may be unable to produce future profits and our losses may increase;
- We expect that locations we acquire, develop or renovate will produce stabilized financial results after a period of time following acquisition, development or renovation. This statement may imply that stabilization of our acquired, developed or renovated sites will occur as expected, and if so, will generate increased operating income. However, many of the locations we have acquired or may acquire in the future produced operating results that caused the prior owners to exit these businesses. Our ability to operate these acquired, developed or renovated locations profitably depends upon many factors, some of which are beyond our control. Accordingly, these locations may not generate increased operating income or it may take longer than we expect to realize any such increases;
- We have made acquisitions and developed new locations, and we may make acquisitions and develop new locations in the future, including adding sites through franchising. Managing and integrating acquired, developed or franchised locations can be difficult, time consuming and/or more expensive than anticipated and involve risks of financial losses. We may not operate our acquired or developed locations as profitably as we may expect. In addition, acquisitions or property development may subject us to greater risks than our continuing operations, including the assumption of unknown liabilities;
- We plan to continue to invest in existing locations and may invest in new locations. An implication of this statement may be that we have or will have sufficient capital to make the investments we have identified as well as other investments that we have not yet identified. However, we cannot be sure that we will have sufficient capital for such investments. In addition, our growth strategies and business require regular and substantial capital investments. Our capital expenditures plan for 2020 contemplates aggregate investments of approximately \$118.9 million. The amount and timing of capital expenditures are often difficult to predict and may cost more than anticipated. Unanticipated projects that we may be required to undertake in the future (as a result of government programs or regulation, advances or changes made by our competition, demands of our customers, or for other reasons) may arise and cause us to spend more than currently anticipated. Some capital projects take more time to complete than anticipated. As a result of market conditions or other considerations, we may defer certain capital projects and any such deferrals may harm our business or require us to make larger capital expenditures in the future. Also, we may be unable to access reasonably priced capital to make such investments in the future;

- We expect to expand our network by entering into new franchise agreements and through acquisitions. These statements may imply that we expect increased cash flows. However, these franchise agreements are subject to conditions and these franchise agreements may not occur or may be delayed, and the terms of the arrangements may change. In addition, acquisition opportunities may not occur or may subject us to greater risks than anticipated;
- We expect to realize increased sales from our truck service programs and have incurred costs to hire and train additional truck service personnel to support that planned increase in sales. Our truck services are subject to significant and increasing competition. We may not realize the increased sales from our truck services that we expect and any increased sales we may realize may not exceed the increased costs we incur;
- We have a credit facility with a current maximum availability of \$200.0 million, which we refer to as our Credit Facility. The availability of this maximum amount is subject to limits based on our qualified collateral, including our eligible cash, accounts receivable, inventory, equipment and intangible assets that varies in amount from time to time. Accordingly, our borrowing and letter of credit availability at any time may be less than \$200.0 million. At December 31, 2019, based on our eligible collateral at that date, our borrowing and letter of credit availability was \$111.0 million, of which we had used \$18.1 million for outstanding letters of credit and \$7.9 million for loan borrowings. The maximum amount available under the Credit Facility may be increased to \$300.0 million, the availability of which is subject to limits based on our available collateral and lender participation. However, if we do not have sufficient collateral or if we are unable to identify lenders willing to increase their commitments or join our Credit Facility, we may not be able to increase the size of our Credit Facility or the availability of borrowings when we may want or need to do so;
- We entered into a multi unit franchise agreement with IHOP Franchisor LLC, or IHOP, to rebrand and convert up to 94 of our full service restaurants to IHOP restaurants. However, we are only obligated to convert the initial 20 full service restaurants to IHOP, with the remaining conversions at our discretion. We may fail to convert those 20 initial restaurants and may determine not to convert some or all of the remaining 74 restaurants. The timing and costs for these conversions may exceed our expectations and we may fail to complete these conversions in accordance with the schedule, or at all. In addition, we may not realize the 20% return on investment we are anticipating and we may incur losses with respect to these conversions; and
- We may finance or sell unencumbered real estate that we own. However, we do not know the extent to which we can monetize our existing unencumbered real estate or what the terms of any such financing or sale would be.

These and other unexpected results may be caused by various factors, some of which are beyond our control, including:

- Continued improved fuel efficiency of motor vehicle engines and other fuel conservation and alternative fuel practices and sources employed or used by our customers and alternative fuel technologies or other means of transportation that may be developed and widely adopted in the future may continue to reduce the demand for the fuel that we sell and may adversely affect our business;
- Competition within the travel center, truck repair and restaurant industries may adversely impact our financial results. Our business requires substantial amounts of working capital and our competitors may have greater financial and other resources than we do;
- Future increases in fuel prices may reduce the demand for the products and services that we sell;
- Future commodity fuel price increases, fuel price volatility or other factors may cause us to need more working capital to maintain our inventory and carry our accounts receivable at higher balances than we now expect and the general availability of, demand for and pricing of motor fuels may change in ways which lower the profitability associated with our selling motor fuels;
- Our suppliers may be unwilling or unable to maintain the current credit terms for our purchases. If we are unable to purchase goods on reasonable credit terms, our required working capital may increase and we may incur material losses. Also, in times of rising fuel and nonfuel prices, our suppliers may be unwilling or unable to increase the credit amounts they extend to us, which may increase our working capital requirements. The availability and the terms of any credit we may be able to obtain are uncertain;

- Most of our trucking company customers transact business with us by use of fuel cards issued by third party fuel card companies. Fuel card companies facilitate payments to us and charge us fees for these services. The fuel card industry has only two significant participants. We believe almost all trucking companies use only a single fuel card provider and have become increasingly dependent upon services provided by their respective fuel card provider to manage their fleets. Continued lack of competition among fuel card companies may result in future increases in our transaction fee expenses or working capital requirements, or both;
- Our labor costs may continue to increase in response to business and market demands and conditions, business opportunities or pursuant to legal requirements;
- The costs we have incurred and expect to incur to support our planned and expected growth of our business may exceed any increased revenue we may receive from this growth or result in our returns on these investments being less than we expect;
- Fuel supply disruptions may occur, which may limit our ability to purchase fuel for resale;
- If trucking companies are unable to satisfy market demands for transporting goods or if the use of other means of transporting goods increases, the trucking industry may experience reduced business, which would negatively affect our business, results of operations and liquidity;
- Trucking companies have incurred, and may incur additional, increased labor costs to retain and hire truck drivers, which may reduce the amount these companies are willing to pay for our services;
- Compliance with, and changes to, federal, state and local laws and regulations, including those related to tax, employment and environmental matters, accounting rules and financial reporting standards, payment card industry requirements and similar matters may increase our operating costs and reduce or eliminate our profits;
- We are routinely involved in litigation. Discovery during litigation and court decisions often have unanticipated results. Litigation is usually expensive and can be distracting to management. We cannot be sure of the outcome of any of the litigation matters in which we are or may become involved;
- Acts of terrorism, geopolitical risks, wars, outbreaks of so called pandemics or other man made or natural disasters beyond our control may adversely affect our financial results; and
- Although we believe that we benefit from our relationships with our related parties, including Service Properties Trust (formerly known as Hospitality Properties Trust), or SVC, the RMR Group LLC, or RMR, and others affiliated with them, actual and potential conflicts of interest with related parties may present a contrary perception or result in litigation, and the benefits we believe we may realize from the relationships may not materialize.

Results that differ from those stated or implied by our forward-looking statements may also be caused by various changes in our business or market conditions as described more fully under Part I, Item 1A. "Risk Factors" and elsewhere in this Annual Report.

You should not place undue reliance upon forward-looking statements. Except as required by law, we undertake no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise.

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PART I

Item 1. *Business*

Business Overview

TravelCenters of America Inc. is a Maryland corporation. Prior to August 1, 2019, we were organized as a Delaware limited liability company. On August 1, 2019, in conjunction with our conversion from a Delaware limited liability company to a Maryland corporation, we assigned a \$0.001 par value per share to our common stock and the excess over the par value has been classified as additional paid-in capital in our consolidated balance sheets. In addition, on August 1, 2019, we completed a reverse stock split of our outstanding shares of common stock pursuant to which every five shares of our issued and outstanding common stock were exchanged for one share of our common stock. The common stock information included within this Annual Report has been retrospectively adjusted to reflect the par value and the reverse stock split for all periods and dates presented. See Note 10 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report for more information about our reverse stock split.

As of December 31, 2019, we operated or franchised 306 travel centers, standalone truck service facilities and standalone restaurants. Our customers include trucking fleets and their drivers, independent truck drivers, highway and local motorists and casual diners. We also collect rents, royalties and other fees from our tenants and franchisees.

As of December 31, 2019, our business included 261 travel centers in 44 states in the United States and the province of Ontario, Canada, primarily along the U.S. interstate highway system, operated primarily under the "TravelCenters of America," "TA," "TA Express," "Petro Stopping Centers" and "Petro" brand names. Of our 261 travel centers at December 31, 2019, we owned 51, we leased 181, we operated two for a joint venture in which we owned a noncontrolling interest and 27 were owned or leased from others by our franchisees. We operated 232 of our travel centers and franchisees operated 29 travel centers, including two we leased to franchisees. Our travel centers offer a broad range of products and services, including diesel fuel and gasoline, as well as nonfuel products and services such as truck repair and maintenance services, full service restaurants, quick service restaurants, or QSRs, and various customer amenities.

As of December 31, 2019, our business included two standalone truck service facilities operated under the "TA Truck Service" brand name. Of our two standalone truck service facilities, we leased one and owned one. Our standalone truck service facilities offer extensive maintenance and emergency repair and roadside services to large trucks.

As of December 31, 2019, our business included 43 standalone restaurants in 12 states in the United States operated primarily under the "Quaker Steak & Lube," or QSL, brand name. Of our 43 standalone restaurants at December 31, 2019, we operated 16 restaurants (six we owned, nine we leased and one we operated for a joint venture in which we owned a noncontrolling interest) and 27 were owned or leased from others and operated by our franchisees.

We manage our business as one segment. We make specific disclosures concerning fuel and nonfuel products and services because it facilitates our discussion of trends and operational initiatives within our business and industry. We have a single travel center located in a foreign country, Canada, that we do not consider material to our operations.

As of December 31, 2019, we employed approximately 14,300 people on a full time basis and 6,630 people on a part time basis at our travel centers, standalone truck service facilities and standalone restaurants and we employed an additional 979 people in field management, corporate and other roles to support our locations. Forty-two of our employees at two travel centers are represented by unions.

Recent Significant Transactions

Sale of Convenience Stores Business

On December 5, 2018, we sold 225 convenience stores, one standalone restaurant and certain related assets, or the convenience stores business, for an aggregate sale price of \$330.6 million. We received net proceeds of \$319.9 million, after transaction related costs of \$9.7 million and cash sold of \$1.1 million, from this sale. In connection with the sale of our convenience stores business, we recognized a loss on disposal of \$79.6 million and a goodwill impairment charge of \$17.8 million during the year ended December 31, 2018.

Lease Amendments and Travel Center Purchases

In January 2019, we acquired from SVC 20 travel centers we previously leased from SVC for \$309.6 million, including \$1.4 million of transaction related costs, and amended our existing leases with SVC such that:

- the 20 purchased travel centers were removed from the applicable leases and our annual minimum rent was reduced by \$43.1 million;
- the term of each lease was extended by three years;
- the amount of deferred rent obligation to be paid to SVC was reduced from \$150.0 million to \$70.5 million, payable in 16 equal quarterly installments, which commenced on April 1, 2019; and
- commencing with the year ended December 31, 2020, we will be obligated to pay to SVC an additional amount of percentage rent equal to one-half percent (0.5%) of the excess of the annual nonfuel revenues at leased sites over the nonfuel revenues for each respective site for the year ending December 31, 2019.

The lease amendments are further described in Note 9 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report.

Our Growth Strategy

Our growth strategy is focused on both extending our travel center network and on expanding our scope of products and services as well as the customer segments we serve in a way that enhances and complements our travel center product and service offerings.

We intend to extend our travel center network by adding travel centers to our network through acquisitions, franchising and new build development.

We also intend to expand our scope of products and services and our customer segments through investments of capital and human resources in our truck service business, particularly our RoadSquad®, TechOn-Site® and Commercial Tire Network™ programs. Each of these programs, as further described below under the heading "Operations - TA Truck Service," can service our traditional long haul trucking customers as well as other truck owner customers we historically have not served.

Our recent franchising, development and acquisition activities are summarized as follows:

Travel Centers. During the three years ended December 31, 2019, we acquired five travel centers from our former franchisees for an aggregate investment of \$31.9 million, including costs of renovations. In 2017, we completed the construction of an additional travel center, which was developed on land we owned, for an aggregate investment of \$32.2 million that was subsequently sold to, and leased back from, SVC.

During the three years ended December 31, 2019, we entered into franchise agreements covering 12 travel centers to be operated under our TA Express and TA brand names; four of these franchised travel centers began operations under one of our travel center brands during the year ended December 31, 2019, two began operations in the 2020 first quarter to date and we anticipate six franchised travel centers to begin operations by the end of 2020. In addition, we have entered into an agreement with one of these franchisees pursuant to which we expect to add two additional franchised travel centers to our network, one within five years and the other within 10 years.

Typical improvements we make at acquired travel centers include adding truck repair facilities and nationally branded QSRs, paving parking lots, rebranding gasoline offerings, replacing outdated fuel dispensers, installing diesel exhaust fluid, or DEF, dispensing systems, changing signage, installing point of sale and other information technology, or IT, systems and general building and cosmetic upgrades. The cost of capital improvements to recently purchased travel centers and the development of new travel centers are often substantial and require a long period of time to plan, design, permit and complete; and, after being completed, the improved, or new, travel centers require a period of time to become part of our customers' supply networks and produce stabilized financial results. We estimate that the travel centers we acquire or develop generally will reach financial stabilization approximately three years after completion of improvements or development, but actual results can vary widely from this estimate due to many factors, some of which are outside our control, and we cannot be sure that acquired or developed locations will operate profitably.

On October 28, 2019, we entered into a multi unit franchise agreement with IHOP in which we agreed to rebrand and convert up to 94 of our full service restaurants to IHOP restaurants over the next five years, or the IHOP Agreement. Of the 94, we are obligated to convert the initial 20 full service restaurants to IHOP restaurants, with the remaining conversions at our discretion. We currently operate these full service restaurants under our Iron Skillet or Country Pride brand names. Pursuant to the IHOP Agreement, we have agreed to, among other things, rebrand 15 full service restaurants by the end of 2020, 20 full service restaurants in each of 2021, 2022 and 2023 and 19 full service restaurants in 2024. The average investment per site to rebrand these restaurants is expected to be approximately \$1.1 million and we anticipate a return on our investment of approximately 20%.

Standalone Restaurants. During the three years ended December 31, 2019, we acquired eight standalone restaurants from former franchisees for an aggregate investment, including costs of renovations, of \$8.3 million. In addition, during the three years ended December 31, 2019, one standalone restaurant was developed by a joint venture in which we own a noncontrolling interest.

During the three years ended December 31, 2019, we entered into franchise agreements covering seven restaurants to be operated under the QSL brand name; three of these franchised restaurants began operations during the year ended December 31, 2019, and we anticipate the remaining four restaurants will be added to our network by the end of the 2020 third quarter.

Other Acquisitions. During the three years ended December 31, 2019, we acquired a tire retread facility that is part of the Goodyear Authorized Retread Network and opened one standalone truck service facility for a total investment of \$4.6 million, including costs of renovations and equipment.

We currently have a contract in place for the purchase of a parcel of land for \$1.4 million (expected to close by the end of the 2020 second quarter) on which we, or one of our franchisees, plans to develop a TA Express branded travel center.

See Note 3 to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report for more information about our acquisitions during 2019 and 2018.

Our Travel Centers

Our typical TA or Petro branded travel center includes:

- over 25 acres of land with parking for approximately 200 tractor trailers and 100 cars;
- a full service restaurant and one or more QSRs that we operate as a franchisee under various brands;
- a truck repair facility and parts shop;
- multiple diesel and gasoline fueling points, including DEF at the diesel lanes; and
- a travel store, game room, lounge and other amenities for professional truck drivers and motorists.

Our typical TA Express branded travel center includes:

- approximately 10 acres of land with parking for approximately 60 tractor trailers and 50 cars;
- one or more QSRs that we operate as a franchisee under various brands;
- multiple diesel, gasoline and DEF fueling points; and
- a travel store 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 exit and offer fuel and nonfuel products and services 24 hours per day, 365 days per year.

Our travel center locations offer a broad range of products and services designed to appeal to our customers, including:

- *Fuel.* We sell unbranded diesel fuel at separate truck fueling lanes and we sell gasoline and diesel fuel at motorist fuel islands. As of December 31, 2019, we offered branded gasoline at 249 of our locations and unbranded gasoline at seven of our travel centers operated by our franchisees.
- *Diesel Exhaust Fluid.* DEF is an additive that is required by most truck engines manufactured after 2010. As of December 31, 2019, we offered DEF from dispensers on the diesel fueling island at 256 of our travel centers.

- *Full Service Restaurants and Quick Service Restaurants.* Most of our TA and Petro branded travel centers have both full service restaurants and QSRs and our TA Express branded travel centers have one or more QSRs that offer customers a wide variety of nationally recognized branded food choices. The substantial majority of our full service restaurants within travel centers are operated under our Iron Skillet® and Country Pride® brands and offer menu table service and buffets. At certain travel centers we have converted the full service restaurant to a franchised brand, such as IHOP®, Black Bear Diner®, Fuddruckers® and Bob Evans®. We are in the process of rebranding up to 94 of our full service restaurants currently operated under the Iron Skillet® and Country Pride® brand names to IHOP®. We also operate approximately 44 different brands of QSRs, including Popeye's Chicken & Biscuits®, Subway®, Burger King®, Taco Bell®, Pizza Hut®, Dunkin' Donuts® and Starbuck's Coffee®. As of December 31, 2019, approximately 193 of our travel centers included a full service restaurant, approximately 180 of our travel centers offered at least one QSR and there were a total of approximately 443 QSRs in our 261 travel centers.
- *Truck Service.* Most of our travel centers have truck repair and maintenance facilities. Our 244 truck repair and maintenance facilities typically have between two and eight service bays and are staffed by service technicians employed by us or our franchisees. 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, wheel alignments and tire repair to specialty services such as diagnostics and repair of air conditioning, brakes and electrical systems and diesel filter cleaning. Our repair and maintenance services are generally covered by our warranty. Most of our truck repair and maintenance facilities provide some warranty work on Daimler Trucks North America, or Daimler, brand trucks through our participation in the Freightliner ServicePoint® and Western Star ServicePoint® programs, as described under the heading "Operations - Daimler Agreement" below. In addition to work we perform at our facilities, we also provide roadside emergency truck repair, call center and off site truck repair and maintenance services, as described under the heading "Operations - TA Truck Service" below.
- *Travel Stores.* Travel stores located at our travel centers typically have a selection of over 5,000 items, including packaged food and snack items, beverages, non-prescription drug and beauty supplies, batteries, automobile accessories, and music and video products. Each travel store also has a "to go" bar offering fresh brewed coffee, hot dogs, prepared sandwiches and other prepared foods. The travel stores in our travel centers also sell items specifically designed for the truck driver's "on the road" lifestyle, including laundry supplies, clothing, truck accessories and a variety of electronics.
- *Parking.* Our travel centers offer the Reserve-It!® parking program, which allows drivers to reserve for a fee a parking space in advance of arriving at a travel center. As of December 31, 2019, we offered Reserve-It!® parking at 247 of our travel centers and we had dedicated a total of approximately 6,500 parking spaces for this program. These reserved parking spaces comprise an average percentage of the total parking spaces per site of approximately 16%.
- *Additional Driver Services.* We believe that trucking fleets can improve the retention and recruitment of truck drivers by directing them to visit large, high quality, full service travel centers with plentiful overnight parking. We offer commercial trucker and other customer loyalty programs, the principal program being the UltraOne® Program, that are similar to the frequent shopper programs offered by other retailers. Drivers receive points for diesel fuel purchases and for spending on selected nonfuel products and services. These points may be redeemed for discounts on nonfuel products and services at our travel centers. In addition, we publish a magazine called RoadKing® which includes articles and advertising of interest to professional truck drivers. Some of our travel centers offer casino gaming. We strive 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 the amenities listed below:
 - specialized business services, including an information center where drivers can send and receive faxes, overnight mail and other communications;
 - a banking desk where drivers can cash checks and receive funds transfers from fleet operators;
 - wi-fi internet access;
 - a laundry area with washers and dryers;
 - private showers;
 - free exercise facilities; and
 - areas designated for truck drivers only, including a theater or big screen television room with a video player and comfortable seating.

Operations

Fuel. We sell fuel to our customers at prices that we establish daily or are indexed to market prices and reset daily. For the year ended December 31, 2019, diesel fuel and gasoline revenues represented approximately 85.1% and 14.9%, respectively, of our total fuel revenues. For the year ended December 31, 2019, approximately 86.4% of our diesel fuel volume was sold at discounts to posted prices under pricing arrangements with fleet customers. We have numerous sources for our diesel fuel and gasoline supply, including nearly all of the large oil companies operating in the United States. We purchase diesel fuel from various suppliers at rates that fluctuate with market prices and generally are reset daily. By establishing diesel fuel supply relationships with several alternate suppliers for most locations, 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. At some locations, however, there are few suppliers for diesel fuel in that market and we may have only one viable supplier. Generally we have single sources of supply for gasoline at each of our locations. We offer biodiesel at a number of our travel centers and have a limited number of suppliers for this product at those sites.

A large majority of truck drivers use a payment method known as truck "fuel cards" that allow truck drivers to purchase fuel and other goods and services, and permits trucking companies to track fuel and other purchases made by their drivers throughout the United States. Most of our trucking customers transact business with us by use of fuel cards, most of which are issued by third party fuel card companies. The fuel card industry has only two significant participants, FleetCor Technologies, Inc., the parent of Comdata Inc., or Comdata, and its subsidiaries, or FleetCor, and WEX Inc., and its subsidiaries, or WEX. Also, we have a joint venture with Love's Travel Stops and Country Stores, Inc., or Love's, in which we both own a 50% interest in QuikQ LLC, or QuikQ, an independent full-service fuel payment solutions provider, which is currently used by a limited number of our trucking customers. We believe almost all trucking companies use only a single fuel card provider and have become increasingly dependent upon the data, reports and other services provided by their respective sole fuel card provider to manage their fleets and simplify their data processing.

Generally, our fuel purchases are delivered directly from suppliers' terminals to our locations and we do not contract to purchase substantial quantities of fuel to hold as inventory. We generally have only a few days of diesel fuel and gasoline inventory at our travel centers. We believe our exposure to market price increases for diesel fuel and gasoline is partially mitigated by the significant amount of our diesel fuel and gasoline sales that are sold under arrangements that include pricing formulae that reset daily and are indexed to market prices and by us generally not purchasing fuel for delivery other than on the date of purchase. We historically have not engaged in any fixed or hedged price fuel contracts.

Nonfuel Products. We have many sources for the large variety of nonfuel products that we sell. We have developed supply relationships with several suppliers of certain nonfuel products, including Daimler for truck parts, Bridgestone Corporation, Continental AG, Cooper Tire and Rubber Company, Goodyear Tire and Rubber Company, Michelin North America, Inc. and Yokohama Tire Corporation for truck tires, Core-Mark Holding Company Inc. for tobacco and other travel stores products, U.S. Foods for restaurant food products and ExxonMobil Oil Corporation, Equilon Enterprises LLC doing business as Shell Oil Products U.S., or Shell, and Chevron Corporation for lubricants. We maintain two distribution centers to distribute certain nonfuel and nonperishable products to our locations using a combination of contract carriers and our fleet of trucks and trailers. We believe these distribution centers allow us to purchase, maintain and transport inventory and supplies at lower costs.

TA Truck Service. In addition to the truck repair and maintenance services provided at our travel centers, we also provide customers a wide variety of "off site" repair and maintenance services, as described below.

- RoadSquad® is a roadside truck service program that operates 24 hours per day, seven days per week. As of December 31, 2019, this program included a fleet of approximately 604 heavy duty professionally maintained emergency vehicles equipped with GPS technology at our travel centers and other sites and third party roadside service providers in 50 U.S. states, one U.S. territory and 12 Canadian provinces with a total of approximately 1,835 locations. We centrally dispatch our service trucks and third party service providers from our call center to assist customers with comprehensive repair services when they are unable to bring their trucks to our travel centers due to a break down. We also provide outsourced call center services to trucking fleets and other truck owners in place of their internal call centers, which customers may use on a full time basis or for only a portion of a day, on certain days of the week or for certain designated periods. As of December 31, 2019, we provided outsourced call center services to 103 customers, including 63 on a full time basis.

- TechOn-Site® offers truck and trailer mobile maintenance and repair services performed by certified technicians at customer facilities, with a fleet of approximately 234 trucks in service as of December 31, 2019. TechOn-Site® is designed to be a "bay on wheels" fully stocked with standard and specialty parts and state of the art technology that offers various services such as pre-trip truck inspections, U.S. Department of Transportation required inspections, tire repair and replacement, electric systems checks, brake inspections, truck refurbishings and complete lubrication services.
- TA Commercial Tire Network™ is a commercial tire program we began in late 2016 through which we sell a variety of branded tires at our truck repair and maintenance facilities, on customers' lots, distribution centers, through direct sales and under tire manufacturers' national fleet account programs. The TA Commercial Tire Network™ includes a tire retread facility that is part of the Goodyear Authorized Retread Network, providing a full line of Goodyear commercial tire retread products to fleets, local industries and tire dealers within a 150 mile radius of its location in Bowling Green, Ohio. Many of our truck service facilities have access to the retread tires produced at this plant. We believe the TA Commercial Tire Network™ is the most comprehensive commercial tire purchasing, monitoring and maintenance program in the United States.

Daimler Agreement. We are party to an agreement with Daimler. Daimler is the leading manufacturer of large trucks and truck engines in North America under the Freightliner, Western Star and Detroit Diesel brand names. Except for locations in Texas, our TA and Petro truck repair and maintenance facilities are authorized providers of repair work and specified warranty repairs to Daimler's customers. This is accomplished through the Freightliner ServicePoint® program at TA locations and through the Freightliner and/or Western Star ServicePoint® programs at our Petro locations. Our TA and Petro truck maintenance and repair facilities are also part of Freightliner's 24 hour customer assistance database for emergency and roadside repair referrals and we have access generally to Daimler's parts distribution, service and technical information systems.

Competition

Fuel and nonfuel products and services can be obtained by trucking companies and truck drivers from a variety of sources, including national and regional full service travel centers and pumper only truck stops, some of which are owned or franchised by large chains and some of which are independently owned and operated, and some large service stations. In addition, some trucking companies operate their own terminals to provide fuel and services to their own trucking fleets and drivers. Some of our competitors may have more resources than we do and vertically integrated fuel and other 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.

We believe that although the travel center and truck stop industry is highly fragmented, with approximately 6,200 travel centers and truck stops in the United States, the largest trucking fleets tend to purchase the majority of their fuel from us and our two largest competitors. We believe that large trucking fleets and long haul trucking fleets tend to purchase the large majority of their fuel at the approximately 2,800 travel centers and truck stops that are located at or near U.S. interstate highway exits. Based on the number of locations, Pilot Travel Centers LLC, or Pilot, Love's and TA are the three largest companies focused principally on the travel center industry. We believe that, during 2019, both of our principal competitors, Pilot and Love's, added significantly more travel centers to their networks than we added to our network, and in some cases competition from new sites added by Pilot and Love's has negatively impacted our unit results. Nevertheless, we believe we are able to compete successfully in part because many of our travel centers were originally developed years ago when prime real estate locations along the U.S. interstate highway system were more readily available than they are today, which we believe would make it difficult to fully replicate our travel center business, and also in part because of our full service offerings and larger locations that are not often replicated by our principal competitors.

We compete with other travel center and truck stop chains based primarily on diesel fuel prices and the quality, variety and pricing of our nonfuel products, services and amenities. Our truck repair and maintenance facilities compete with other providers of truck repair and maintenance facilities, including some at Pilot and Love's locations. These two competitors have increased their respective numbers of truck repair and maintenance facilities and service offerings over the past few years. For truck maintenance and repair services, we also compete with regional full service travel center and smaller truck stop chains, full service independently owned and operated travel centers and truck stops, fleet maintenance terminals, independent garages, truck and commercial tire 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, gasoline stations and convenience stores. Some truck fleets own their own fuel and repair and maintenance facilities; however, we believe the long term trend has been toward a reduction in these facilities in favor of obtaining fuel and repair and maintenance services from third parties like us. We believe that we are able to compete successfully because we offer consistent, high quality products and services, and our nationwide travel centers provide an advantage to large trucking fleets, particularly long haul trucking fleets, by enabling them to (i) take advantage of efficiencies afforded by the wide array of products and services our travel centers provide for their equipment and their drivers and (ii) reduce the number of their suppliers by routing their trucks through our travel centers nationwide.

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 nonfuel products and services similar to that offered at a travel center and certain congressional leaders have historically supported such legislation. If commercialized, these rest areas may increase the number of locations competing with us and these rest areas may have significant competitive advantages over existing travel centers, including ours, because they are generally located on restricted (i.e., toll) roads and have dedicated ingress and egress. In April 2019, the Trump administration, or the Administration, agreed to a \$2.0 trillion infrastructure plan that contains, among other things, a proposal for rest area commercialization. While it is uncertain the Administration's proposal will find sufficient Congressional support to be enacted, if enacted as proposed, the Administration's plans are likely to adversely affect our business, possibly significantly.

Our Leases with SVC

We have five leases with SVC, four of which we refer to as the TA Leases and one of which we refer to as the Petro Lease, and which we refer to collectively as the SVC Leases.

SVC Leases. Pursuant to the SVC Leases, we lease 144 properties under the TA Leases and 35 properties under the Petro Lease. One of our subsidiaries is a tenant under the leases, and we, and in the case of our TA Leases certain of our subsidiaries, guarantee the tenant's obligations under the leases.

Term. The TA Leases expire on December 31, 2029, 2031, 2032 and 2033, respectively. The Petro Lease expires on June 30, 2035. We may extend each of these leases for up to two additional periods of 15 years.

Annual Minimum Rent. As of December 31, 2019, our aggregate annual minimum rent payable to SVC under the SVC Leases was \$243.9 million. We may request that SVC purchase approved renovations, improvements and equipment additions we make at the leased properties, in return for an increase in our annual minimum rent equal to the amount paid by SVC multiplied by the greater of (i) 8.5% or (ii) a benchmark U.S. Treasury interest rate plus 3.5%. SVC is not required to purchase any improvements and we are not required to sell any improvements to SVC. During the year ended December 31, 2018, we sold to SVC \$56.3 million of improvements we made to properties leased from SVC. During the year ended December 31, 2019, we did not sell to SVC any improvements we made to properties leased from SVC.

Percentage Rent. Under the SVC Leases, we incur percentage rent payable to SVC. The percentage rent is 3.0% of the excess of nonfuel revenues for any particular year over the percentage rent base year amount. Beginning with the year ended December 31, 2020, the percentage rent payable by us to SVC will increase by an amount equal to one-half percent (0.5%) of the excess of annual nonfuel revenues at leased sites over the nonfuel revenues for each respective site for the year ending December 31, 2019.

Deferred Rent. Under the SVC Leases, we owed deferred rent to SVC in an aggregate amount of \$70.5 million, which became payable in 16 equal quarterly installments beginning April 1, 2019. The total amount of deferred rent outstanding as of December 31, 2019, was \$57.2 million. Interest does not accrue on this deferred rent obligation, subject to exceptions. This deferred rent obligation may be accelerated by SVC and become due on an earlier date and interest shall begin to accrue thereon upon the occurrence of certain events, including a change of control of us.

Maintenance and Alterations. We must maintain, at our expense, the leased properties, including maintenance of structural and non-structural components. At the end of each lease we must surrender the leased properties in substantially the same condition as existed at the commencement of the lease subject to any permitted alterations and reasonable wear and tear.

Assignment and Subletting. SVC's consent is required for any direct or indirect assignment or sublease of any of the leased properties. We remain liable under the leases for subleased properties.

Indemnification and Insurance. With limited exceptions, we indemnify SVC for certain environmental matters and for liabilities that arise during the terms of the leases from ownership or operation of the leased properties. We generally must maintain commercially reasonable insurance. Our insurance coverage requirements include:

- property insurance in an amount equal to the full replacement cost of at risk improvements at our leased properties;
- business interruption insurance;
- general liability insurance, including bodily injury and property damage, in amounts that are generally maintained by companies operating travel centers;
- flood insurance for any property located in whole or in part in a flood plain;
- workers' 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 SVC Leases generally require that SVC be named as an additional insured under our insurance policies.

Damage, Destruction or Condemnation. If any leased property is damaged by fire or other casualty or taken by eminent domain, we are generally obligated to rebuild. If the leased property cannot be restored, (a) SVC will generally receive all insurance or taking proceeds, (b) in the case of a casualty loss, we are liable to SVC for any deductible or difference between the replacement cost and the amount of any insurance proceeds, and (c) the annual minimum rent will be reduced by (i) in the case of the TA Leases, at SVC's option, either 8.5% of the net proceeds paid to SVC or the fair market rental of the damaged, destroyed or condemned property, or portion thereof, as of the commencement date of the TA Leases; (ii) in the case of a casualty loss under the Petro Lease, 8.5% of the net proceeds paid to SVC 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 SVC.

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

- our failure to pay rent or any other amounts 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 bankruptcy or dissolution;
- our failure to continuously operate any leased properties without SVC's consent;
- the acquisition by any person or group of beneficial ownership of 9.8% or more of our voting shares or the power to direct the management and policies of us or any of our subsidiary tenants or guarantors; the sale of a material part of the assets of us or any such tenant or guarantor; or the cessation of certain continuing directors constituting a majority of the board of directors of us or any such tenant or guarantor; in each case without the consent of SVC;
- our default under any indebtedness of \$10.0 million or more for the TA Leases, or \$20.0 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, SVC may, to the extent legally permitted:

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

- 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 expended by SVC plus interest.

We are also obligated to reimburse SVC 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 properties by SVC, but SVC is required to obtain nondisturbance agreements for our benefit.

Financing Limitations; Security. Without SVC's prior written consent, our tenant subsidiaries may not incur debt secured by any of their assets used in the operation of the leased properties; provided, however, our tenant subsidiaries may incur purchase money debt to 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 properties that we own may be purchased by SVC at its then fair market value. Also at termination of the TA Leases, SVC has the right to license any of our software used in the operation of the leased properties at its then fair market value and to offer employment to employees at the leased properties; and under the SVC Leases we have agreed to cooperate in the transfer of permits, agreements and the like necessary for the operation of the leased properties.

Territorial Restrictions. Under the terms of each lease, without the consent of SVC, 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 a travel center owned by SVC is located.

Right of First Refusal. We have granted to SVC in the SVC Leases a right of first refusal to acquire or finance certain properties that we determine to acquire.

Non-Economic Properties. If during a lease term the continued operation of any leased property becomes non-economic in our reasonable determination and we and SVC cannot agree on an alternative use for the property, we may offer that property for sale, including the sale of SVC's interest in the property, free and clear of our leasehold interests. No sale of a property leased from SVC, however, may be completed without SVC's consent. In the event we obtain a bona-fide offer to purchase the property and SVC consents to the sale, the net sale proceeds received will be paid to SVC, exclusive of amounts associated with our personal property, which we can elect to sell to the buyers or keep, and the annual minimum rent payable shall be reduced. In the case of the TA Leases, this rent reduction will be, at SVC'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%. If we obtain a bona-fide offer to purchase the property but SVC does not consent to the sale of the property, that property will no longer be part of the lease and the annual minimum rent will be reduced as if the sale had been completed at the amount offered. No more than a total of 15 properties subject to the TA Leases 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.

Arbitration. Our leases with SVC also include arbitration provisions for the resolution of disputes, claims and controversies.

See Note 9 to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report for more information about the terms of the SVC Leases and related amounts.

Relationships with Franchisees

We have lease and franchise agreements with lessees and owners of travel centers and standalone restaurants. We collect rent and franchise, royalty, advertising and other fees under these agreements. The table below summarizes by state information as of December 31, 2019, regarding branding and ownership of the travel centers and standalone restaurants our franchisees operate and excludes travel centers and standalone restaurants we operate. Information about the locations we operate is included in Item 2 of this Annual Report.

	Brand Affiliation:					Ownership of Sites By:	
	TA ⁽¹⁾	TA Express ⁽¹⁾	Petro	QSL ⁽¹⁾	Total	TA	Franchisee or Others ⁽¹⁾
Alabama	1	—	1	—	2	1	1
Florida	—	—	—	1	1	—	1
Illinois	—	—	1	—	1	—	1
Iowa	1	—	—	1	2	—	2
Kansas	1	—	1	—	2	—	2
Kentucky	—	—	—	1	1	—	1
Minnesota	—	—	2	—	2	—	2
Missouri	2	—	2	—	4	—	4
New Jersey	—	—	—	3	3	—	3
North Carolina	—	—	1	—	1	—	1
North Dakota	—	1	1	—	2	—	2
Ohio	1	—	1	9	11	—	11
Oregon	1	—	—	—	1	—	1
Pennsylvania	1	—	—	8	9	—	9
South Carolina	—	—	—	1	1	—	1
South Dakota	—	2	—	—	2	—	2
Tennessee	1	—	—	1	2	—	2
Texas	1	1	—	—	2	1	1
Virginia	1	—	2	1	4	—	4
West Virginia	—	—	—	1	1	—	1
Wisconsin	1	—	1	—	2	—	2
Total	12	4	13	27	56	2	54

⁽¹⁾ Since December 31, 2019, through the date of this Annual Report, two travel centers owned and operated by a franchisee opened under the TA Express brand name, and we have entered into agreements for six franchised travel centers and four franchised standalone restaurants to begin operations by the end of 2020.

TA, TA Express and Petro Franchise Agreements

The following is a summary of the material provisions typically included in our TA, TA Express and Petro travel center franchise agreements.

Initial Franchise Fee. The initial franchise fee for a new TA or Petro franchise is \$150.0 thousand. The initial franchise fee for a new TA Express franchise is \$100.0 thousand.

Term of Agreement. The initial term of a franchise agreement is generally 10 years. Our TA and TA Express 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 and our Petro franchise agreements generally provide for two five year renewals on the same terms as the expiring agreements. As of December 31, 2019, our franchise agreements had an average remaining term excluding renewal options of six years and an average remaining term including renewal options of 12 years.

Protected Territory. Under the terms of our franchise agreements for TA and TA Express 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 TA or TA Express brand in a specified territory for that TA or TA Express branded franchised travel center. 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 for that Petro branded franchised travel center.

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 expiration or earlier termination of our franchise agreement the franchisee may not operate the premises under a competitive brand.

Nonfuel 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 product or service in our travel centers.

Fuel Purchases and Royalties. Our franchise agreements require the franchisee to pay us a royalty fee of \$0.003 per gallon of fuel sold based on sales of certain fuels at the franchised travel center. We also purchase receivables generated by some of our franchisees in connection with sales to common trucking fleet customers through our proprietary billing system on a non-recourse basis in return for a fee.

Royalty Payments on Nonfuel Revenues. Franchisees are required to pay us a royalty fee generally equal to between 2.0% and 4.0% of nonfuel revenues, including on revenues from branded QSRs, in some cases up to a threshold amount, with a lower percentage fee payable on amounts in excess of the threshold amount.

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

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

Rights of First Refusal. During the term of each franchise agreement, we generally have a right of first refusal to purchase the franchised travel center at the price the franchisee is willing to accept from a third party. In addition, some of our agreements give us a right to purchase the franchised travel center for fair market value, as determined by the parties or an independent appraiser, upon expiration or earlier termination of the franchise agreement.

Franchisee Lease Agreements

In addition to franchise, royalty and advertising fees, we also collect rent from franchisees who lease their travel centers from us. At December 31, 2019, there were two such leased franchised travel centers. These franchisees exercised their final renewal term options and renewed their lease agreements during 2017; the terms of these lease agreements expire in June 2022.

QSL Franchise Agreements

Material provisions of our QSL franchise agreements typically include the following:

Initial Franchise Fee. The initial franchise fee for a new QSL franchise is \$40.0 thousand. If a franchisee develops a QSL, the franchisee also is required to sign an area development agreement and is required to pay an initial development fee of \$20.0 thousand per restaurant.

Term of Agreement. The initial term of a QSL franchise agreement is generally 10 to 20 years. Our QSL franchise agreements generally provide for a 10 year renewal on the terms then being offered to prospective franchisees at the time of the franchise renewal. As of December 31, 2019, our franchise agreements had an average remaining term excluding renewal options of 10 years and an average remaining term including renewal options of 19 years.

Protected Area. Under the terms of our QSL franchise agreements, generally we have agreed not to operate, or allow another person to operate, a restaurant that uses the QSL brand in a specified area. In addition, the franchisees have agreed not to operate a similar restaurant within a specified territory during the term and for a minimum of two years commencing on the effective date of termination or expiration of the franchise agreement.

Restaurant Offerings. Franchisees are required to operate their restaurants in conformity with the image of QSL and agree to prepare, sell and offer only approved menu items.

Royalty Payments on Gross Sales. QSL franchisees are required to pay us a royalty fee on gross sales, which includes revenues from all goods, merchandise and services, equal to between 4.0% to 5.0%.

Advertising, Promotion and Image Enhancement. Our franchisees are required to make additional payments to us as contributions to the applicable brand wide advertising, marketing and promotional expenses we incur. In addition, franchisees are required to spend an agreed upon percentage of net revenues on local advertising.

Termination/Nonrenewal. Generally, we may terminate, suspend or refuse to renew a franchise agreement for default by the franchisee.

Rights of First Refusal. During the term of each franchise agreement, we generally have a right of first refusal to purchase that restaurant at the price the franchisee is willing to accept from a third party.

Regulatory Environment

Environmental Regulation

Extensive environmental laws regulate our operations and properties. These laws may require us to investigate and clean up hazardous substances, including petroleum or natural gas products, released at our owned and leased properties. Governmental entities or third parties may hold us liable for property damage and personal injuries, and for investigation, remediation and monitoring costs incurred in connection with any contamination and regulatory compliance at our locations. We use both underground storage tanks and above ground storage tanks to store petroleum products, natural gas and other hazardous substances at our locations. 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 the event of a release. At some locations we must also comply with environmental laws relative to vapor recovery or discharges to water. Under the terms of the SVC Leases, we generally have agreed to indemnify SVC for any environmental liabilities related to properties that we lease from SVC and we are required to pay all environmental related expenses incurred in the operation of the leased properties. We have entered into certain other arrangements in which we have agreed to indemnify third parties for environmental liabilities and expenses resulting from our operations.

For further information about these and other environmental and climate change matters, see the disclosure under the heading "Environmental Contingencies" in Note 15 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report. In addition, for more information about these environmental and weather events and climate change matters and about the risks which may arise as a result, see elsewhere in this Annual Report, including "Warning Concerning Forward-Looking Statements," Item 1A. "Risk Factors," and Part II, Item 7, "Management's Discussion and Analysis - Environmental and Climate Change Matters."

Franchise Regulation

Subject to certain exemptions, the Federal Trade Commission regulations require that we make extensive disclosure to prospective franchisees and some states require state registration and delivery of specified disclosure documentation to potential franchisees. Some state laws also impose restrictions on our ability to terminate or not renew franchises and impose other limitations on the terms of our franchise relationships or the conduct of our franchise business. The Petroleum Marketing Practices Act imposes special regulations on franchises where petroleum products are offered for sale. Also, 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. We believe that we are in compliance with all franchise laws applicable to our business.

Gaming Regulation

Because we have gaming operations at some of our travel centers, we and our concerned subsidiaries are currently subject to gaming regulations in Illinois, Louisiana, Montana, Nevada and Pennsylvania. Requirements under gaming regulations vary by jurisdiction but include, among other things:

- findings of suitability by the relevant gaming authorities with respect to, or licensure of, certain of our and our licensed subsidiaries' directors, officers and key employees and certain individuals having a material relationship with us or our licensed subsidiaries;

- findings of suitability by the relevant gaming authorities with respect to certain of our security holders and restrictions on ownership of certain of our securities;
- prior approval in certain circumstances by the relevant gaming authorities of offerings of our securities;
- prior approval by the relevant gaming authorities of changes in control of us; and
- specified reporting requirements.

Holders of beneficial interests in our voting securities are subject to licensing or suitability investigations by the relevant gaming authorities under various circumstances including, generally, service on our Board of Directors, the attainment of certain levels of ownership of a class of our voting securities, or involvement in the gaming operations of or influence over us or our licensed subsidiaries. Persons or entities seeking to acquire control of us or our operation of the license are subject to prior investigation by and approval from the relevant gaming authorities. Any beneficial owner of our voting securities, regardless of the number of shares owned, may be required by a relevant gaming authority to file an application and have their suitability reviewed in certain circumstances, including if the gaming authority has reason to believe that such ownership of our voting securities would otherwise be inconsistent with its state's gaming laws. In some jurisdictions, the applicant must pay all costs of investigations incurred in connection with such investigations. Additionally, in the event of a finding by a relevant gaming authority that a person or entity is unsuitable to be an owner of our securities, such person would be prohibited from, among other things, receiving any dividend or interest upon such securities, exercising any voting right conferred through such securities or continuing to hold our securities beyond such period of time as may be prescribed by such gaming authority, managing the licensed business and, in some cases, the stockholders may be required to divest himself or itself of our voting securities.

Certain of our and our subsidiaries' directors and officers must also file applications, be investigated and be licensed or found suitable by the relevant gaming authorities in order to hold such positions. In the event of a finding by a relevant gaming authority that a director, officer, key employee or individual with whom we or our licensed subsidiary have a material relationship is unsuitable, we or our licensed subsidiary, as applicable, may be required to sever our relationships with such individual or such individual may be prohibited from serving as our director or officer.

Any violations by us or any of our licensed subsidiaries of the gaming regulations to which we are subject could result in fines, penalties (including the limiting, conditioning, suspension or revocation of any licenses held) and criminal actions. Additionally, certain jurisdictions, such as Nevada, empower their regulators to investigate participation by licensees in gaming outside their jurisdiction and require access to periodic reports regarding those gaming activities. Violations of laws in one jurisdiction could result in disciplinary action in other jurisdictions.

We have a Gaming Compliance Plan, or the Compliance Plan, as required by the Nevada Gaming Commission in connection with our gaming operations at certain of our travel center locations. In connection with the Compliance Plan, we have a Gaming Compliance Committee, or the Compliance Committee, on which a member of our Audit Committee of the Board of Directors serves as the Board of Directors' liaison to the Compliance Committee pursuant to the terms of the Compliance Plan. The Compliance Committee assists us in monitoring activities relating to our continuing qualifications under applicable gaming laws.

Seasonality

Our sales volume is generally lower in the first and fourth quarters than the second and third quarters of each year. In the first quarter, the movement of freight by professional truck drivers as well as motorist travel are usually at their lowest levels of each calendar year. In the fourth quarter, freight movement is typically lower due to the holiday season. While our revenues are modestly seasonal, the quarterly variations in our operating results may reflect greater seasonal differences as our real estate rent expense and certain other costs do not vary seasonally.

Intellectual Property

We own the "Petro Stopping Center" and "Quaker Steak & Lube" names and related trademarks and various trade names used in our business including RoadSquad®, TechOn-Site®, TA Commercial Tire Network™, UltraOne®, Iron Skillet®, Reserve-It!®, eShop® and others. We have the right to use the "TA®," "TA Express®," "TravelCenters of America®," Country Pride® and certain other trademarks, which are owned by SVC, during the term of each TA Lease. We also license certain trademarks used in the operation of certain of our restaurants. We believe that these trademarks are important to our business, but that they could be replaced with alternative trademarks without significant disruption in our business except for the cost of such changes, which may be significant.

Internet Websites

Our internet website addresses are www.ta-petro.com and www.thelube.com. Copies of our governance guidelines, our code of business conduct and ethics, our insider trading policy and the charters of our audit, compensation and nominating and governance committees are posted on our website at www.ta-petro.com and also may be obtained free of charge by writing to our Secretary, TravelCenters of America Inc., Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458-1634. We also have a policy outlining procedures for handling concerns or complaints about accounting, internal accounting controls or auditing matters and a governance hotline accessible on our website that stockholders can use to report concerns or complaints about accounting, internal controls or auditing matters or violations or possible violations of our code of business conduct and ethics. We make available, free of charge, through the "Investors" section of our website at www.ta-petro.com, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, as soon as reasonably practicable after these forms are filed with, or furnished to, the Securities and Exchange Commission, or the SEC. Any material we file with, or furnish to, the SEC is also maintained on the SEC website (www.sec.gov). Security holders may send communications to our Board of Directors or individual Directors by writing to the party for whom the communication is intended at c/o Secretary, TravelCenters of America Inc., Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458-1634 or by email at secretary@ta-petro.com. Our website addresses are included several times in this Annual Report as textual references only. The information on or accessible through our websites is not incorporated by reference into this Annual Report or other documents we file with, or furnish to, the SEC. We intend to use our websites as means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD. Those disclosures will be included on our website at www.ta-petro.com in the "Investors" section. Accordingly, investors should monitor our website, in addition to following our press releases, SEC filings and public conference calls and webcasts.

Item 1A. Risk Factors

Our business faces many risks. If any of the events or circumstances described in the following risk factors occurs, our business, financial condition or results of operations could suffer and the market prices of our equity or debt securities could decline. Investors and prospective investors should carefully consider the following risks, the risks referred to elsewhere in this Annual Report and the information contained under the heading "Warning Concerning Forward-Looking Statements" before deciding whether to invest in our securities.

Risks Related to Our Business

Our operating margins are narrow.

Our operating margins are low. Fuel sales comprise the majority of our revenues and generate low gross margin percentages. A small percentage decline in our future revenues or increase in our future costs, especially revenues and costs and expenses related to fuel, may cause our profits to decline or us to incur losses. Fuel prices and sourcing have historically been volatile, which may increase the risk of declines in revenues or increases in costs. In the years during the most recent U.S. economic recession and the periods of historically high and volatile fuel prices, we realized large operating losses. Shifts in customer demand for our products and services, including as a result of increased fuel conservation practices or use of alternative fuels, or heightened competition could cause our operating margins to narrow further and we may incur losses. Our operating margins will also be negatively impacted by any increase in transaction or other fees we are required to pay to fuel card providers that we cannot pass along to our customers.

Increasing fuel efficiency of motor vehicle engines and use of other fuel conservation practices and alternative fuels may adversely impact our business.

Truck and other vehicle manufacturers and our trucking and motorist customers continue to be focused on technological innovations to improve motor vehicle fuel efficiency and conserve fuel. The development of new technologies, such as truck platooning (the electronic linking of trucks with a lead vehicle), heat and kinetic energy recovery technologies, and substantially lighter "super trucks" and higher efficiency motor fuels could result in significant increases in fuel efficiency. In addition, advances in alternative fuel technologies may lead to their greater adoption by the trucking industry and other motorists. Government regulation may encourage or require the improved fuel efficiency of motor vehicle engines, other fuel conservation practices and alternative fuels. The largest part of our business consists of selling motor fuel. If our trucking or other customers purchase less motor fuel because their trucks or other vehicles operate more fuel efficiently or use alternative fuels, our financial results will decline and we may incur losses unless we are able to sufficiently offset the declines by selling substitute or other products or services, gaining market share, increasing our gross margins per gallon of fuel sold or reducing our operating costs. It is unclear whether we will be able to operate our travel centers profitably if the amount of motor fuels used by the U.S. trucking industry or other motorists declines.

Our financial results are affected by U.S. trucking industry economic conditions.

The trucking industry is the primary customer for our goods and services. Demand for trucking services in the United States generally reflects the amount of commercial activity in the U.S. economy. When the U.S. economy declines, demand for goods moved by trucks declines, and in turn demand for our products and services typically declines, which could significantly harm our results of operations and financial condition.

The industries in which we operate are highly competitive.

We believe that large trucking fleets and long haul trucking fleets tend to purchase the large majority of their fuel at travel centers and truck stops that are located at or near interstate highway exits from us or our largest competitors. Based on the number of locations, we, Pilot and Love's are the largest companies in the travel center industry. These competitors may have greater financial and other resources than we do, which may facilitate their ability to compete more effectively. Increased competition between the major competitors in the travel center and truck stop business could result in a reduction of our gross margins or an increase in our expenses or capital improvement costs, which could negatively affect our profitability and our liquidity. We believe that, during 2019, both of our principal competitors, Pilot and Love's, added significantly more travel centers to their networks than we added to our network, and in some cases competition from new sites added by Pilot and Love's has negatively impacted our unit results.

Further, the truck repair and maintenance service industry is highly competitive. Such services can be obtained by trucking companies and truck drivers from a variety of sources, including national and regional truck repair and maintenance facilities and roadside assistance fleets, full service travel centers, truck stop chains, fleet maintenance terminals, independent garages, truck and commercial tire dealerships, truck quick lube facilities and other parts and service centers. In addition, some trucking companies operate their own terminals to provide repair and maintenance services to their own trucking fleets and drivers. Pilot and Love's, our two largest competitors, have increased their respective numbers of truck repair and maintenance facilities and their roadside assistance fleets over the past several years and should this trend continue, our competitive position could be weakened. Some of our competitors in the truck repair and maintenance service business may have more resources or lower costs than we do and may have vertically integrated businesses which may provide them competitive advantages.

We also face competition from restaurants in the quick service and casual dining segments of the restaurant industry. These segments are highly competitive and fragmented. Our competition includes a variety of locally owned restaurants and national and regional chains offering dine-in, carry-out, delivery and catering services. Many of our competitors have existed longer and have a more established market presence with substantially greater financial, marketing, personnel and other resources than we do. Among our competitors are a number of multi unit, multi market, fast casual restaurant concepts, some of which are expanding nationally. These competitors may have, among other things, lower operating costs, better locations, facilities or management, more effective marketing and more efficient operations.

Any inability to successfully compete effectively will reduce customer traffic and sales at our locations and may prevent us from sustaining or increasing our revenue or improving our profitability.

Disruptive technologies in the energy or transportation industries may materially harm our business.

The major product we sell is fuel. Another significant part of our business is the sale of nonfuel products and services to drivers who visit our locations, often in connection with purchasing fuel. Various technologies are being developed in the energy and transportation industries that, if widely adopted, may materially harm our business. For example, electric motor vehicle engines that do not require diesel fuel and hybrid electric-diesel/gasoline engines may require substantially less diesel/gasoline fuel per mile driven. Further, driverless motor vehicle technologies may result in fewer individual drivers on the U.S. interstate highways and reduce the customer traffic and sales of fuel and nonfuel products at our locations. Such reductions may materially and adversely affect our sales and our business.

We have a substantial amount of indebtedness and rent obligations, which could adversely affect our financial condition.

Our indebtedness and rent obligations are substantial. The terms of our leases with SVC require us to pay all of our operating costs and generally fixed amounts of rent. During periods of business decline, our revenues and gross margins may decrease but our minimum rents due to SVC and the interest payable on our senior notes do not. A decline in our revenues or an increase in our expenses may make it difficult or impossible for us to make payments of interest and principal on our debt or meet our rent obligations and could limit our ability to obtain financing for working capital, capital expenditures, acquisitions, refinancing, lease obligations or other purposes. Our substantial indebtedness and rent obligations may also increase our vulnerability to adverse economic, market and industry conditions, limit our flexibility in planning for, or reacting to, changes in our business operations or to our industry overall, and place us at a disadvantage in relation to competitors that have lower relative debt levels. If we default under our SVC Leases, we may be unable to continue our business. Any or all of the above events and factors could have an adverse effect on our results of operations and financial condition.

Fuel price increases and fuel price volatility could negatively affect our business.

Increasing fuel prices and fuel price volatility have several adverse impacts upon our business. First, high fuel prices result in higher truck shipping costs. This causes shippers to consider alternative means for transporting freight, which reduces trucking business and, in turn, reduces our business. Second, high fuel prices cause our trucking customers to seek cost savings throughout their businesses. This has resulted in the implementation by many of our customers of measures to conserve fuel, such as purchasing trucks that have more fuel efficient engines, employ alternative fuel or other technologies, lower maximum driving speeds and employ other practices to conserve fuel, such as truck platooning and reduced truck engine idling, which measures reduce total fuel consumption and in turn reduce our fuel sales volume. Third, higher fuel prices may result in less disposable income for our customers to purchase our nonfuel goods and services. Fourth, higher and more volatile fuel commodity prices increase the working capital needed to maintain our fuel inventory and receivables, and this increases our costs of doing business. Further, increases in fuel prices may place us at a cost disadvantage to our competitors that may have larger fuel inventory or forward contracts executed during periods of lower fuel prices. If fuel commodity prices or fuel price volatility increase, our financial results may not improve and may worsen.

Limited competition among third party fuel card companies could adversely affect our business.

Most of our trucking customers transact business with us by use of fuel cards, which are issued by third party fuel card companies. The fuel card industry has only two significant participants, FleetCor and WEX. We believe almost all trucking companies use only a single fuel card provider and have become increasingly dependent upon the data, reports and other services provided by their respective fuel card provider to manage their fleets and simplify their data processing. Fuel card providers have direct negotiated contractual relationships with their trucking company customers. We cannot easily substitute an alternative fuel card for trucking companies to use to acquire fuel at our locations. Any effort to convince trucking companies to use an alternative card at our locations requires significant time, expense and coordination with the provider of that alternative card, and may not be successful. Limited competition in the fuel card industry and the increasing dependence of trucking companies on their fuel card provider could adversely affect our business. For example, in 2017 Comdata purported to terminate our Merchant Agreement with us and unilaterally withheld increased fees from the transaction settlement payments due to us. While we were successful in litigation we brought against Comdata, with the court ordering Comdata to continue to perform under the Merchant Agreement, that agreement is scheduled to expire on January 2, 2022, unless renewed. In addition, our agreement with WEX is scheduled to expire on November 6, 2021, and, thereafter, will renew automatically for successive two year terms, in each case, unless terminated. We may not be able to renew our agreements with Comdata or WEX, or enter new agreements with them. Further, any renewal or new agreement we may enter with either of them may be on terms that are materially less favorable to us than our current agreements with them. If Comdata or WEX increase the fees we are required to pay, we may not be able to recover the increased expense through higher prices to customers, and our business, financial condition and results of operations may be materially adversely affected.

Climate change and other environmental legislation and regulation and market reaction thereto may decrease demand for our major product, diesel fuel, and require us to make significant changes to our business and to make capital or other expenditures, which may adversely affect our business.

Climate change and other environmental legislation and regulation, including those addressing greenhouse gas emissions, and market reaction to any such legislation or regulation or to climate change concerns, may decrease the demand for our major product, diesel fuel, and may require us to make significant capital or other expenditures. Federal and state governmental requirements addressing emissions from trucks and other motor vehicles, such as the U.S. Environmental Protection Agency's, or the EPA's, gasoline and diesel sulfur control requirements that limit the concentration of sulfur in motor fuel, could negatively impact our business. Further, legislative and regulatory initiatives requiring increased truck fuel efficiency have accelerated in the United States and these mandates have and may continue to result in decreased demand for diesel fuel, which could have a material adverse effect on our business, financial condition and results of operations. For example, in August 2016 the EPA and the National Highway Traffic Safety Administration established final regulations that will phase in more stringent greenhouse gas emission and fuel efficiency standards for medium and heavy duty trucks beginning in model year 2021 (model year 2018 for certain trailers) through model year 2027, and these regulations are estimated to reduce fuel usage between 9% and 25% (depending on vehicle category) by model year 2027. Regulations that limit carbon emissions may also cause our costs at our locations to increase, make some of our locations obsolete or require us to make material investments in our properties. Increased costs incurred by our suppliers as a result of climate change or other environmental legislation or regulation may be passed on to us in the prices we pay for our fuel supplies, but we may not be able to pass on those increased costs to our customers. Increased fuel costs resulting from these reasons would likely have similar effects on our business, operations and liquidity as discussed elsewhere regarding high fuel costs, including decreased demand for our fuel at our locations, increased working capital needs and decreased fuel gross margins. Moreover, as described elsewhere in this Annual Report, technological changes or changes in customer transportation or fueling preferences, including as a result of or in response to climate change or other environmental legislation or regulation or the market reaction thereto, may require us to make significant changes to our business and to make capital or other expenditures to adopt those technologies or to address those changed preferences and may decrease the demand for products and services sold at our locations.

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 fuel inventory. 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, by weather related events, such as hurricanes in the areas where petroleum or natural gas is extracted or refined, or by national or international conditions, such as government rationing, acts of terrorism, wars and the like. Further, our fuel suppliers may fail to provide us with fuel due to these or other reasons. Any limitation in available fuel supplies or on the fuel we can offer for sale may cause our profits to decline or us to experience losses.

Our growth strategies and our locations require regular and substantial capital investment. We may be unable to access the capital necessary to invest in our locations or fund our growth strategies and we may fail to adequately maintain our properties.

Our growth strategies and business depend upon our ability to raise additional capital to invest in our locations and to fund acquisitions and investments that we believe are important to expand our business and maintain our competitiveness and to raise such capital at costs that are less than our returns on that capital. All of our travel centers are open for business 24 hours per day, 365 days per year. Due to the nature and intensity of the uses of our locations, they require regular and substantial expenditures for maintenance and capital investments to remain functional and attractive to customers. Although we may request that SVC purchase future renovations, improvements and equipment at the properties that we lease from SVC, SVC is not obligated to purchase any amounts and such purchases only relate to improvements to facilities we lease from SVC and not to facilities that we own or lease from others or to general business improvements, such as improvements to our IT systems.

We may be unable to raise reasonably priced capital because of reasons related to our business, market perceptions of our prospects, the terms or amount of our outstanding indebtedness, the terms or amount of our rent obligations or for reasons beyond our control, such as market conditions. Moreover, there is potential for volatility in the availability of business capital on a global basis and in debt and equity markets generally. If we are unable to raise capital at costs that are less than our returns on that capital, our businesses and profits may decline and our growth strategies may fail. Further, we may fail to adequately budget for and fund sustaining and growth capital expenditures, which may reduce our properties' competitiveness and may require us to make larger capital expenditures in the future.

Our storage and dispensing of petroleum products, waste and other hazardous substances create the potential for environmental damages, and compliance with environmental laws is often expensive.

Our business is subject to laws relating to the protection of the environment. The locations we operate include fueling areas, truck repair and maintenance facilities and tanks for the storage and dispensing of petroleum products, waste and other hazardous substances, all of which create the potential for environmental damage. Environmental laws expose us to the possibility that we may become liable to reimburse governments or others for damages and costs they incur in connection with environmental hazards or become liable for fines and penalties for failure to comply with environmental laws. 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 expend significant amounts or experience losses.

Under the leases between us and SVC, we generally have agreed to indemnify SVC from environmental liabilities it may incur arising at any of the properties we lease from SVC. Although we maintain insurance policies which cover our environmental liabilities, that coverage may not adequately cover liabilities we may incur. To the extent we incur material amounts for environmental matters for which we do not receive insurance or other third party reimbursement or for which we have not recognized a liability in prior years, our operating results may be materially adversely affected. In addition, to the extent we fail to comply with environmental laws and regulations, or we become subject to costs and requirements not similarly experienced by our competitors, our competitive position may be harmed. Also, to the extent we are or become obligated to fund any such liabilities, such funding obligation could materially adversely affect our liquidity and financial position.

We rely upon trade creditors for a significant amount of our working capital and the availability of alternative sources of financing may be limited.

Our fuel purchases are our largest operating cost. Historically, we have paid for our fuel purchases after delivery. In the past, as our fuel costs increased with the increase in commodity market prices, some of our fuel suppliers were unwilling to adjust the amounts of our available trade credit to accommodate the increased costs of the fuel volume that we purchased. Also, our historical financial results and general U.S. economic conditions have caused some fuel suppliers to request letters of credit or other forms of security for our purchases. We cannot predict how high or low fuel prices may be in the future, or to what extent our trade creditors will be willing to adjust the amounts of our available trade credit to accommodate increased fuel costs. Fuel commodity prices significantly impact our working capital requirements, and the unavailability of sufficient amounts of trade credit or alternative sources of financing to meet our working capital requirements could materially adversely affect our business.

Our use of joint ventures may limit our flexibility with jointly owned investments.

We are party to joint ventures with unrelated third parties with respect to Petro Travel Plaza Holdings LLC, or PTP, and QuikQ and we may in the future acquire, develop or recapitalize properties in joint ventures, or enter into other types of joint ventures, with other persons or entities. Our participation in these joint ventures is subject to risks, including the following:

- we may share approval rights over major decisions affecting the ownership or operation of the joint venture;
- we may be required to contribute additional capital if our partners fail to fund their share of any required capital contributions;
- our joint venture partners may have economic or other business interests or goals that are inconsistent with our business interests or goals;
- our joint venture partners may be subject to different laws or regulations than us, or may be structured differently than us for tax purposes, which could create conflicts of interest;
- our ability to sell the interest on advantageous terms when we so desire may be limited or restricted under the terms of the applicable joint venture agreements; and
- disagreements with our joint venture partners could result in litigation or arbitration that could be expensive and distracting to management and could delay important decisions.

Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations.

We rely on information technology in our operations, and any material failure, inadequacy, interruption or security failure of information technology could harm our business.

We rely on IT systems, including the internet and cloud-based infrastructures, to process, transmit and store electronic information, including financial records and personally identifiable information such as employee and payroll data and workforce scheduling information, and to manage or support a variety of business processes, including our supply chain, retail sales, credit and other card payments and authorizations, financial transactions, banking and numerous other processes and transactions, as well as certain franchisee services and functions. We purchase some of the IT systems we use from vendors on whom our IT systems materially depend and we also internally develop some of our IT systems. We rely on commercially available and proprietary IT systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as payment card and credit information. In addition, the IT systems we use for transmission and approval of payment card transactions, and the technology utilized in payment cards themselves, may put payment card data at risk, and some of these IT systems are determined and controlled by the payment card suppliers, who may be prone to cyber-attacks, data breaches and payment frauds, and not by us. Although we take various actions to protect and maintain the security of the IT systems we use and the data processed and maintained in them, it is possible that our security measures will not prevent the improper functioning of or damage to the IT systems we use, or the improper access to such IT systems or disclosure of personally identifiable or confidential information, such as in the event of a cyber-attack. Security breaches, including physical or electronic break ins, computer viruses, attacks by hackers and similar breaches, can create system disruptions, shutdowns or unauthorized disclosure of confidential information. Any compromise or breach of our or our provider's IT systems could cause material interruptions in our operations, damage our reputation, require significant expenditures to determine the severity and scope of the breach, subject us to material liability claims, material claims of banks and payment card companies or regulatory penalties, reduce our customers' willingness to conduct business with us and could have a material adverse effect on our business, financial condition and results of operations. Moreover, banks and payment card companies continue to adopt new technologies to mitigate the risk of cyber-attacks, data breaches and fraud and, if we do not adopt these new technologies by the deadlines set by the banks and payment card companies, those companies may not pay us for fraudulent transactions occurring at our locations with those companies' cards or may otherwise penalize us. Further, the failure of the IT systems we use to operate effectively, or problems we may experience with maintaining the IT systems we currently use or transitioning to upgraded or replacement systems, could significantly harm our business and operations and cause us to incur significant costs to remediate such problems.

We may incur significant costs to comply with data privacy and security laws and significant costs and liabilities resulting from failure to comply with such laws and breaches of security of confidential consumer information, including related to our electronic processing of credit and debit card transactions.

We are subject to data protection laws and regulations, including state security breach notification laws, and federal and state consumer protection laws, such as the California Consumer Privacy Act, which govern the collection, use, disclosure and protection of personal information. Compliance with such laws may require us to incur significant costs, and the failure to comply with such laws could result in legal or reputational risk, as well as significant penalties and sanctions.

A significant amount of our sales are by credit or debit cards. We may experience security breaches in which personal information that we process or maintain, which may include credit and debit card information, is stolen or exposed, and our business operations may be impacted if our systems are not able to process such information due to a cyberattack, ransomware or other system failure. We may in the future become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft or unauthorized disclosure of such information, and we may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause us to incur significant expenses and liabilities, which could have a material adverse effect on our business, financial condition and results of operations. Further, adverse publicity resulting from these allegations may have a material adverse effect on our business and results of operations.

Many of our labor costs cannot be easily reduced without adversely affecting our business.

To maintain and manage our operations requires certain minimum staffing levels to operate our travel centers 24 hours per day, 365 days per year, and we attempt to manage our staffing to avoid excess, unused capacity. As a result, it may be difficult for us to affect future reductions in our staff without adversely affecting our business prospects. Further, passage of federal and state legislation, such as minimum wage increases and health insurance requirements, have increased our labor costs and we expect they will continue to do so. Certain aspects of our business require higher skilled personnel, such as truck service technicians. Hiring, training and maintaining higher skilled personnel can be costly, especially if turnover is high. Further, as we grow our business, particularly the aspects of our business that require higher skilled personnel, we have experienced difficulty with staffing those positions with qualified personnel and we may continue to do so. These staffing challenges have resulted in increased labor costs to attract and attempt to retain staff, particularly high skilled personnel, and we expect these staffing and cost pressures to continue for at least the near term. Also, certain opportunities for sales may be lost if staffing levels are reduced too much or if we are unable to maintain a sufficient number of higher skilled employees. If this growth is stalled, takes longer to achieve or is not realized, our operating results and cash flows will be adversely impacted. In addition, costs for health care and other benefits, due to regulation, market factors or otherwise, may further increase our labor costs.

If the Company is unable to attract, motivate and retain experienced and knowledgeable personnel in key positions, its future results could be adversely impacted.

The success of our business is dependent upon our ability to employ and train individuals with the requisite knowledge, skills and experience to execute our business model and achieve our business objectives. The failure of the Company to attract, motivate and retain key personnel or implement an appropriate succession plan could adversely impact our ability to successfully carry out our business strategy and retain other key personnel.

Changes in U.S. trade policies could significantly reduce the volume of imported goods into the United States, which may materially reduce truck freight volume in the United States and our sales.

The Administration and members of the U.S. Congress have made public statements indicating possible significant changes in U.S. trade policy and have taken certain actions that may impact U.S. trade, including entering into the United States-Mexico-Canada Agreement, imposing tariffs on certain goods imported into the United States, engaging in a "trade war" with the People's Republic of China and imposing, or threatening to impose, punitive trade measures on other nations. Changes in U.S. trade policy could trigger retaliatory actions by affected countries, resulting in "trade wars," in increased costs for goods imported into the United States, which may reduce customer demand for these products if the parties having to pay those tariffs increase their prices, or in trading partners limiting their trade with the United States. If these consequences are realized, the volume of economic activity in the United States, including trucking freight volume, may be materially reduced. Such a reduction may materially and adversely affect our sales and our business. Further, the realization of these matters may increase our cost of goods and, if those costs cannot be passed on to our customers, our business and profits may be materially and adversely affected.

The trucking industry may fail to satisfy market demands for transporting goods or market participants may choose other means to transport goods.

The trucking industry has been experiencing a shortage of qualified truck drivers and trucks. Further, increased regulations on the activities of truck drivers and trucking companies, including increased monitoring and enforcement of the number of hours truck drivers may operate a truck each day, and other matters have limited the ability of trucking companies to satisfy market demands for transporting goods. In addition, other means of transporting goods besides by truck are available, and new means of transportation may be developed. For example, there have been general news reports of other means of transportation being increasingly explored, such as light rail, airplanes and drones. If the trucking industry is unable to satisfy market demands for transporting goods or if the use of other means of transporting goods increases, the trucking industry may experience reduced business, which would negatively affect our business, results of operations and liquidity.

Insurance may not adequately cover our losses.

We maintain insurance coverage for our properties, including for casualty, liability, fire, extended coverage and business interruption loss insurance. We are responsible for obtaining and paying for insurance for the travel center properties that we lease from SVC in accordance with the terms of our SVC Leases. We also require our franchisees to maintain insurance for our travel centers they operate as a franchisee. Recently, the costs of insurance have increased significantly, and these increased costs have had an adverse effect on us. Losses of a catastrophic nature, such as those caused by hurricanes, flooding, volcanic eruptions and earthquakes, among other things, or losses from terrorism, may be covered by insurance policies with limitations such as large deductibles or co-payments that we or a franchisee may not be able to pay. Insurance proceeds may not be adequate to restore an affected property to its condition prior to a loss or to compensate us for our losses, including the loss of future revenues from an affected property. Similarly, our other insurance, including our general liability insurance, may not provide adequate insurance to cover our losses. Further, we cannot be sure that certain types of risks that are currently insurable will continue to be insurable on an economically feasible basis, and, in the future, we may discontinue certain insurance coverage on some or all of our properties that we own or are otherwise not obligated to maintain pursuant to agreements with third parties, if the cost of premiums for any of these policies in our judgment exceeds the value of the coverage discounted for the loss. If an uninsured loss or a loss in excess of insured limits occurs, we may have to incur uninsured costs to mitigate such losses or lose all or a portion of the capital invested in a property, as well as the anticipated future revenue from the property. We might also remain obligated for any financial obligations related to the property, even if the property is irreparably damaged. In addition, future changes in the insurance industry's risk assessment approach and pricing structure could further increase the cost of insuring our properties or decrease the scope of insurance coverage, either of which could have an adverse effect on our financial condition, results of operations or liquidity.

Privatization of toll roads or of rest areas may negatively affect our business.

Some states have privatized their toll roads that are part of the interstate highway system. We believe it is likely that tolls will increase on privatized highways. In addition, some states may increase tolls for their own account. If tolls are introduced or increased on highways in the proximity of our locations, our business at those travel centers may decline because truck drivers and motorists may seek alternative routes. Similarly, some states have privatized or are considering privatizing their publicly owned highway rest areas. If publicly owned rest areas along highways are privatized and converted to travel centers in the proximity of some of our locations, our business at those locations may decline and we may experience losses.

In April 2019, the Administration agreed to a \$2.0 trillion infrastructure plan that contains several policy provisions detrimental to the truck stop industry and our business. Specifically, the Administration's proposal intends to shift the responsibility for financing infrastructure projects from the federal government to the states and the private sector; such shifting is expected to greatly increase tolling of U.S. highways. The Administration also proposed rest area commercialization. While it is uncertain the Administration's proposal will find sufficient Congressional support to be enacted, if enacted as proposed, the Administration's plans are likely to adversely affect our business, possibly significantly.

Unfavorable publicity could negatively affect our results of operations as well as our future business.

We operate our travel centers and standalone restaurants under a small number of brand names. We sell gasoline under brands we do not own at most of our locations, many of our locations have QSRs that operate under brands we do not own and some locations have full service restaurants that operate under brands we do not own. In addition, we resell numerous other products we obtain from third parties. If we or the companies or brands associated with our products and offerings become associated with negative publicity, including as a result of customer or employee complaints, our customers may avoid purchasing our products and offerings at our locations because of our association with the particular company or brand. In recent years there has been an increase in the use of social media, which allows individuals access to a broad audience. The availability of information on social media is virtually immediate in its impact. The use of social media by our customers, employees or other individuals to make negative statements about our products, offerings, service, brands or other matters associated with us could quickly damage our reputation and negatively impact our revenues, and we may not be able to quickly and effectively address or counter the negative publicity. As noted elsewhere in this Annual Report, the control we may exercise over our franchisees is limited. Negative publicity or reputational damage relating to any of our franchisees may be imputed to our entire company and business. If we were to experience these or other instances of negative publicity or reputational damage, our sales and results of operations may be harmed.

Food safety and foodborne illness concerns could have an adverse effect on our business.

We cannot guarantee that our controls and training will be fully effective in preventing all food safety issues at our QSRs, full service restaurants or our standalone restaurants, including any occurrences of foodborne illnesses. Some foodborne illness incidents could be caused by third-party vendors and transporters outside of our control. New illnesses resistant to our current precautions may develop in the future, or diseases with long incubation periods could arise, that could give rise to claims or allegations. One or more instances of foodborne illness in any of our QSRs, full service restaurants or our standalone restaurants or related to food products we offer could negatively affect our sales and results of operations if it involves serious illness or is highly publicized. This risk exists even if it were later determined that the illness was wrongly attributed to us or one of our standalone restaurants or travel center locations. A number of restaurant chains have experienced incidents related to foodborne illnesses that have had a material adverse effect on their operations. The occurrence of a similar incident at one or more of our locations, or negative publicity or public speculation about an incident, could have a material adverse effect on our business, financial condition and results of operations.

Territorial restrictions placed on us by our leases with SVC and our franchise agreements with our franchisees could impair our ability to grow our business.

Under our leases with SVC, without the consent of SVC, 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 a travel center owned by SVC is located. Additionally, under our leases with SVC, we have granted SVC a right of first refusal on the properties that are the subject of such leases. 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 TA brand in a specified territory for 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 for that Petro branded franchise location. As a result of these restrictions, we may be unable to develop, acquire or franchise a travel center in an area in which an additional travel center may be profitable, thereby losing an opportunity for future growth of our business.

Our business and operations are subject to risks from adverse weather and climate events.

Severe weather may have a material adverse effect on properties we own and the U.S. trucking industry, and some believe that the incidents of severe weather are increasing in frequency as a result of global climate change. When severe weather events, such as hurricanes, floods and wildfires, occur near our travel centers, we or our franchisees may need to suspend operations of any impacted travel centers until the event has ended, repairs are made and the impacted travel centers are ready for operation. In addition, severe weather across a geographic region may cause a material decrease in the movement of trucks and, as a result, in our business. We or franchisees of our travel centers may incur significant costs and losses as a result of severe weather, both in terms of operating, preparing and repairing our travel centers in anticipation of, during and after a severe weather event and in terms of lost business due to the interruption in operating our travel centers or decreased truck movements. Our insurance and our franchisees' insurance may not adequately compensate us or them for these costs and losses. In addition, concerns about climate change and increasing storm intensities may increase the cost of insurance for our travel centers or practically render it unavailable to obtain.

Labor disputes or other events may arise that restrict, reduce or otherwise negatively impact the movement of goods in the United States, which may adversely impact parts of the trucking industry that are our customers and may adversely impact our financial results at travel centers we operate.

A meaningful aspect of the U.S. trucking industry involves the movement of goods across the United States. Events that restrict, reduce or otherwise negatively impact the movement of those goods may adversely impact the trucking industry. In recent years, there were extended labor disputes at U.S. west coast ports which slowed the loading and unloading of goods at those ports. A large percentage of the goods which are loaded and unloaded at those ports are transported to and from those ports by trucking companies, including some who are our customers. Future labor disputes could disrupt the transportation of goods across the United States and remain unresolved for a prolonged period. Such a disruption may materially and adversely affect our business and our ability to operate profitable travel centers and meet our rent obligations.

We may be unable to utilize our net operating loss and tax credit carryforwards.

Net operating losses and other carryforwards are subject to limitations under the U.S. Internal Revenue Code of 1986, as amended, or the Code. For instance, carryforwards of net operating losses arising in taxable years beginning after 2017 generally cannot offset more than 80% of the current year's taxable income. Moreover, net operating losses arising in taxable years prior to 2018 and various tax credits may only be carried forward for a limited number of years. These and other limitations could affect our ability to utilize currently all of our existing net operating loss and tax credit carryforwards, and could even cause some of these tax attributes to expire before they are used.

If we experience an ownership change, our net operating loss and tax credit carryforwards, which currently are expected to be utilized to offset future taxable income, may be subject to limitations on usage or elimination. Our governing documents impose restrictions on the transfer and ownership of our shares of common stock in order to help us preserve the tax treatment that would adversely affect our ability to utilize our net operating loss and tax credit carryforwards; however, we cannot be sure that these restrictions will be effective. See below for a discussion of the risks related to our ownership limitations under the heading "Risks Arising from Certain of Our Relationships and Our Organization and Structure".

Our business could be adversely impacted if there are deficiencies in our disclosure controls and procedures or our internal control over financial reporting.

The design and effectiveness of our disclosure controls and procedures and our internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While our management will continue to review the effectiveness of our disclosure controls and procedures and our internal control over financial reporting, there can be no guarantee that our disclosure controls and procedures and internal control over financial reporting will be effective in accomplishing all control objectives all of the time. Deficiencies, including any material weaknesses, in our disclosure controls and procedures or internal control over financial reporting could result in misstatements of our results of operations or our financial statements or could otherwise materially and adversely affect our business, reputation, results of operations, financial condition or liquidity.

Our business may be adversely impacted by a material increase in interest rates, including changes that may result from the expected phase out of LIBOR, and adverse changes in fiscal policy or credit market conditions.

In the past, the U.S. federal government's fiscal policies and economic stimulus actions have created uncertainty in the financial markets and caused volatility in interest rates, which impacted business and consumer behavior. The U.S. Federal Reserve steadily increased the targeted federal funds rate over the last several years, but recently took action to decrease its federal funds rate and may continue to make adjustments in the near future. If key economic indicators, such as the unemployment rate, inflation, household spending and economic activity, are not sustained at levels the Federal Reserve believes support its objectives, the Federal Reserve may increase the target range for the federal funds rate. Increases in the federal funds rate would cause interest rates and borrowing costs to rise. Material increases in interest rates or market reactions to those increases may have a material adverse effect on our business. In addition, LIBOR is expected to be phased out in 2021. The interest rates under our Credit Facility are based on LIBOR and future debt we may incur may also be based on LIBOR. We currently expect that the determination of interest under our Credit Facility would be based on the alternative rates provided under our credit agreement or would be revised to provide for an interest rate that approximates the existing interest rate as calculated in accordance with LIBOR. Despite our current expectations, we cannot be sure that, if LIBOR is phased out or transitioned, the changes to the determination of interest under our credit agreement would approximate the current calculation in accordance with LIBOR. An alternative interest rate index that may replace LIBOR may result in our paying increased interest.

The nature of our business exposes us to litigation.

We have been, are currently, and expect in the future to be involved in claims and lawsuits arising in the ordinary course of our business, some of which may involve material amounts. The types of claims that we may be subject to from time to time include commercial disputes, employment related claims, including wage and hour claims, and premises liability claims, among others.

Defending litigation may distract management and be expensive, and any adverse rulings or judgments in such litigation may materially impact our business, operating results and liquidity. For more information regarding certain of our legal proceedings see the heading "Legal Proceedings" in Note 15 to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report.

Risks Related to Our Growth Strategies

We are in the process of executing new and expanded business strategies; we may fail to successfully execute these strategies and these strategies may prove to be unprofitable.

Our success depends on our ability to grow our business and adapt our business model to changing market conditions. We are executing new and expanded business strategies. We launched a new smaller travel center format, branded TA Express, and, as of December 31, 2019, converted and opened 12 travel centers under this brand name, and we plan to expand our travel center business, including the TA Express brand, through franchising, acquisition and development opportunities. We also continue to grow our truck services business, particularly within our RoadSquad®, TechOn-Site® and Commercial Tire Dealer Network™ programs. In addition, as of December 31, 2019, we had entered into franchise agreements covering six travel centers under our travel center brand names and four restaurants to be operated under our QSL brand. On October 28, 2019, we entered into a multi unit franchise agreement with IHOP in which we agreed to rebrand and convert up to 94 of our full service restaurants to IHOP restaurants over the next five years. In addition, in 2018 we commenced operating a commercial tire retread business with our acquisition and upgrade of a 32,000-square foot commercial tire retread facility in Bowling Green, Ohio that we anticipate will give us the ability to provide a complete tire management system and retread tires for national and local fleets, local industries, regional construction and agricultural segments. However, we have no prior experience operating a commercial tire retread facility and the prior owner had closed this facility because it was not operating profitably. These new and expanded business strategies will take time to execute and require additional investment. While we believe the pursuit of these business strategies will have a positive effect on our business in the long term, we cannot be sure that they will.

Acquisitions may be more difficult, costly or time consuming than expected and the anticipated benefits of our growth strategies or any particular transaction may not be fully realized.

Businesses and properties that we acquire often require substantial improvements in order to be brought up to our standards or to achieve our expected financial results. For example, improvements to our acquired travel centers are often extensive and require an extended period of time to plan, design, permit and complete, which is then followed by another period of time for the acquired travel center to become part of our customers' supply networks. Many locations we have acquired, and may in the future acquire, produce, or may produce, operating results before our acquisition that caused, or may cause, the prior owners to exit these businesses. Despite our efforts, the actual results of acquired properties may not improve under our management and may vary greatly from the results we expected when we made the acquisitions. These variances may occur due to many factors, including competition, the cost of improvements exceeding our estimates and our realization of less synergies and less cost savings than expected. Some of these factors are outside our control. If improvements are more difficult, costly or time consuming than expected or if reaching maturity takes longer than expected or does not occur at all, our business, financial condition or results of operations could be negatively affected.

The success of our growth strategies, such as our expansion into the standalone restaurant business, and any particular acquisition, including the realization of anticipated benefits, synergies and cost savings, will depend, in part, on our ability to successfully combine acquired businesses with ours. Integration of acquired businesses may be more difficult, costly or time consuming than expected, may result in the loss of key employees or business disruption to us, or may adversely affect our ability to maintain relationships with customers, suppliers and employees or to fully achieve the anticipated benefits of the growth strategy or acquisition. If we experience difficulties, the anticipated benefits of a growth strategy or particular transaction may not be realized fully or at all, or may take longer to realize than expected.

We may not complete our development projects within the time frame or for the investment we anticipate, or at all, and the anticipated benefits of the new facilities may not be fully realized.

Developing a new location generally may be more risky than buying an existing operating location. Any development projects we plan could be delayed or not completed or could require a greater investment of capital or management time, or both, than we expect. Additionally, if we design, plan, permit or construct a project but do not complete it, we may incur substantial costs without realizing any expected benefits. Also, the facilities we construct may not generate the financial returns we anticipate.

Risks Arising from Certain of Our Relationships and Our Organization and Structure

Our agreements and relationships with SVC, RMR and others related to them may create conflicts of interest, or the perception of such conflicts, and may restrict our ability to grow our business.

We have significant commercial and other relationships with SVC, RMR and others related to them, including:

- We lease a large majority of our travel centers from SVC and our business is substantially dependent upon our relationship with SVC.
- SVC is our largest stockholder, owning 0.7 million, or approximately 8.2%, of our outstanding shares of common stock as of December 31, 2019.
- RMR provides us with business management services pursuant to a business management agreement and we pay RMR fees for those services based on a percentage of our fuel gross margin and nonfuel revenues. RMR also provides business and property management services to SVC.
- The Chair of our Board of Directors and one of our Managing Directors, Adam D. Portnoy, is the chair of the board of trustees and a managing trustee of SVC, owned 1.5% of SVC's outstanding common shares as of December 31, 2019, is a managing director and an officer and, as the sole trustee of ABP Trust, is the controlling shareholder of The RMR Group Inc. and is an officer and employee of RMR. The RMR Group Inc. is the managing member of RMR and RMR is the majority operating subsidiary of The RMR Group Inc.
- As of December 31, 2019, RMR owned 0.3 million, or approximately 3.6%, of our outstanding shares of common stock.
- Our other Managing Director and Chief Executive Officer, Jonathan M. Pertchik, is an Executive Vice President of RMR.
- Barry A. Richards, our President and Chief Operating Officer, William E. Myers, our Executive Vice President, Chief Financial Officer and Treasurer, and Mark R. Young, our Executive Vice President and General Counsel, are also officers of RMR.
- Adam D. Portnoy and all of our Independent Directors are members of the boards of trustees or boards of directors of other public companies to which RMR or its subsidiaries provide management services.
- In the event of conflicts between us and RMR, any affiliate of RMR or any publicly owned entity with which RMR has a relationship, including SVC, our business management agreement allows RMR to act on its own behalf and on behalf of SVC or such other entity rather than on our behalf.

In an agreement with SVC entered in 2007 in connection with our spin off from SVC and in our SVC Leases, we granted SVC 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. Under the 2007 agreement, we also granted SVC and other entities to which RMR provides management services a right of first refusal to acquire or finance any real estate of the types in which they invest before we do. Additionally, under the SVC Leases, without the consent of SVC, 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 a travel center owned by SVC is located. These rights of first refusal and noncompetition provisions could limit our ability to purchase or finance our properties or properties we may wish to invest in or acquire in the future. Also, under the 2007 agreement we agreed not to take any action that might reasonably be expected to have a material adverse impact on SVC's ability to qualify as a real estate investment trust, or REIT. For more information regarding our transactions, and leases with SVC, see Notes 3, 9 and 14 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report.

These relationships could create, or appear to create, conflicts of interest with respect to matters involving us, SVC, RMR and others related to them. As a result of these relationships, our leases with SVC, management agreement with RMR and other transactions with SVC, RMR and others related to them were not negotiated on an arm's length basis between unrelated parties, and therefore the terms thereof may not be as favorable to us as they would have been if they were negotiated on an arm's length basis between unrelated parties. In the past, in particular following periods of volatility in the overall market or declines in the market price of a company's securities, dissident stockholder director nominations, dissident stockholder proposals and stockholder litigation have often been instituted against companies alleging conflicts of interest in business dealings with affiliated and related persons and entities. These activities, if instituted against us, and the existence of conflicts of interest or the perception of conflicts of interest, could result in substantial costs and diversion of our management's attention and could have a material adverse impact on our reputation, business and the market price of our shares of common stock and other securities.

The substantial majority of the travel centers that we operate are owned by SVC and our business is substantially dependent on our relationship with SVC. In addition, we have significant commercial arrangements with RMR and we are dependent on those arrangements in operating our business.

Of the 261 travel centers we operate, 179, or 69%, are owned by SVC and, as a result, our business is substantially dependent on our relationship with SVC. We lease these travel centers pursuant to five long term leases with SVC. SVC may terminate our leases in certain circumstances, including if SVC does not receive annual minimum rent on the subject properties or for certain other events of default. Our business is substantially dependent upon our continued relationship with SVC. The loss of our leases with SVC, or a material change to their terms, could have a material adverse effect on our business, financial condition or results of operations.

Additionally, we are party to a business management agreement with RMR whereby RMR assists us with various aspects of our business. As a result, we are dependent on our arrangements with RMR in operating our business and any adverse developments at RMR or in those arrangements could have a material adverse effect on our business and our ability to conduct our operations.

Ownership limitations and certain other provisions in our charter, bylaws and certain material agreements may deter, delay or prevent a change in our control or unsolicited acquisition proposals.

Our charter, or our Articles, and amended and restated bylaws, or bylaws, contain provisions that prohibit any stockholder from owning more than 5% (in value or in number of shares, whichever is more restrictive) of any class or series of our outstanding shares of capital stock, including our common stock. The ownership limitation in our Articles and bylaws helps facilitate our compliance with our contractual obligations with SVC to not take actions that may conflict with SVC's status as a REIT under the Code and is intended to help us preserve the tax treatment of our tax credit carryforwards, net operating losses and other tax benefits. We also believe these provisions promote good orderly governance. However, these provisions may also inhibit acquisitions of a significant stake in us and may deter, delay or prevent a change in control of us or unsolicited acquisition proposals that a stockholder may consider favorable.

Additionally, other provisions contained in our Articles and bylaws may also inhibit acquisitions of a significant stake in us and deter, delay or prevent a change in control of us or unsolicited acquisition proposals that a stockholder may consider favorable, including, for example, provisions relating to:

- the division of our Board of Directors into three classes, with the term of one class expiring at each annual meeting of stockholders;
- the authority of our Board of Directors, and not our stockholders, to adopt, amend or repeal our bylaws and to fill vacancies on the Board of Directors;
- limitations on the ability of stockholders to cause a special meeting of stockholders to be held and a prohibition on stockholders acting by written consent unless the consent is a unanimous consent of all our stockholders entitled to vote on the matter;
- required qualifications for an individual to serve as a Director and a requirement that certain of our Directors be "Managing Directors" and other Directors be "Independent Directors," as defined in the governing documents;
- the power of our Board of Directors, without stockholders' approval, to authorize and issue additional shares of stock of any class or type on terms that it determines;

- limitations on the ability of our stockholders to propose nominees for election as Directors and propose other business to be considered at a meeting of stockholders;
- a requirement that an individual Director may be removed only for cause (as defined in our Articles) and then only by the affirmative vote of stockholders entitled to cast 75% of the votes entitled to be cast in the election of directors;
- a requirement that any matter that is not approved by our Board of Directors receive the affirmative vote of stockholders entitled to cast 75% of the votes entitled to be cast on the matter;
- restrictions on business combinations between us and an interested stockholder that have not first been approved by our Board of Directors (including a majority of Directors not related to the interested stockholder);
- requirements that stockholders comply with regulatory requirements (including Illinois, Louisiana, Montana, Nevada and Pennsylvania gaming) affecting us, which could effectively limit stock ownership of us including, in some cases, to 5% of our outstanding shares of common stock; and
- requirements that any person nominated to be a Director comply with any clearance and pre-clearance requirements of state gaming laws applicable to our business.

In addition, the SVC Leases, our business management agreement with RMR and our credit agreement for our \$200.0 million secured Credit Facility each provide that our rights and benefits under those agreements may be terminated in the event that anyone acquires more than 9.8% of our shares of capital stock or we experience some other change in control, as defined in those agreements, without the consent of SVC, RMR or the lenders under our Credit Facility, respectively. In addition, our obligation to repay deferred rent then outstanding under our amended leases with SVC may be accelerated if, among other things, a Director not nominated or elected by the then members of our Board of Directors is elected to our Board of Directors or if our stockholders adopt a proposal (other than a precatory proposal) not recommended for adoption by the then members of our Board of Directors. For these reasons, among others, our stockholders may be unable to realize a change in control premium for securities they own of us or otherwise effect a change of our policies or a change of our control.

The licenses, permits and related approvals for our operations may restrict ownership of us, or prevent or delay any change in control of us.

We have travel center locations in Illinois, Louisiana, Montana, Nevada and Pennsylvania that include gaming operations. As a result, we and our subsidiaries involved in these operations are subject to gaming regulations in those states. Under state gaming regulations, which vary by jurisdiction:

- stockholders whose ownership of our securities exceeds certain thresholds may be required to report their holdings to and to be licensed, found suitable or approved by the relevant state gaming authorities;
- persons seeking to acquire control over us or over the operation of our gaming licenses are subject to prior investigation by and approval from the relevant gaming authorities;
- persons who wish to serve as one of our Directors or officers may be required to be approved, found suitable and in some cases licensed, by the relevant state gaming authorities; and
- the relevant state gaming authorities may limit our involvement with, or ownership of, securities by persons they determine to be unsuitable.

The gaming regulations to which we are subject may discourage or prevent investors from nominating persons to serve as our Directors, from purchasing our securities, from attempting to acquire control of us or otherwise implementing changes that they consider beneficial.

Our rights and the rights of our stockholders to take action against our Directors, officers, SVC and RMR are limited.

Our governing documents limit the liability of our Directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law, our Directors and officers will not have any liability to us and our stockholders for money damages other than liability resulting from (i) actual receipt of an improper benefit or profit in money, property or services; or (ii) active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated.

Our Articles also generally require us, to the fullest extent permitted by Maryland law, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, to pay or reimburse reasonable expenses in advance of final disposition of a proceeding to, our present and former Directors and officers, SVC, RMR, and the respective trustees, directors and officers of SVC and RMR for losses they may incur arising from claims or actions in which any of them may be involved in connection with any act or omission by such person or entity on behalf of or with respect to us, unless, with respect to SVC, RMR, and the respective trustees, directors and officers of SVC and RMR, there has been a final, nonappealable judgment entered by an arbiter determining that such person or entity acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that his, her or its conduct was unlawful. We have entered into individual indemnification agreements with our Directors and officers, which provide similar indemnification obligations with respect to such persons. As a result, we and our stockholders may have more limited rights against our present and former Directors and officers, SVC, RMR, and the respective trustees, directors and officers of SVC and RMR than might otherwise exist absent the provisions in our Articles and our indemnification agreements or that might exist with other companies, which could limit our stockholders' recourse in the event of actions not in our stockholders' best interest.

Stockholder litigation against us or our Directors, officers, manager, other agents or employees may be referred to mandatory arbitration proceedings, which follow different procedures than in-court litigation and may be more restrictive to stockholders asserting claims than in-court litigation.

Our stockholders agree, by virtue of becoming stockholders, that they are bound by our governing documents, including the arbitration provisions of our bylaws and Articles, as they may be amended from time to time. Our governing documents provide that certain actions by one or more of our stockholders against us or any of our Directors, officers, manager, other agents or employees, including RMR and its successors, other than any request for a declaratory judgment or similar action regarding the meaning, interpretation or validity of any provision of our governing documents, will be referred to mandatory, binding and final arbitration proceedings if we, or any other party to such dispute, including any of our Directors, officers, manager, other agents or employees, including RMR and its successors, unilaterally so demands. As a result, we and our stockholders would not be able to pursue litigation in state or federal court against us or our Directors, officers, manager, other agents or employees, including RMR and its successors, including, for example, claims alleging violations of federal securities laws or breach of duties, if we or any of our Directors, officers, manager, other agents or employees, including RMR and its successors, against whom the claim is made unilaterally demands the matter be resolved by arbitration. Instead, our stockholders would be required to pursue such claims through binding and final arbitration.

Our bylaws provide that such arbitration proceedings would be conducted in accordance with the procedures of the Commercial Arbitration Rules of the American Arbitration Association, as modified in our governing documents. These procedures may provide materially more limited rights to our stockholders than litigation in a federal or state court. For example, arbitration in accordance with these procedures does not include the opportunity for a jury trial, document discovery is limited, arbitration hearings generally are not open to the public, there are no witness depositions in advance of arbitration hearings and arbitrators may have different qualifications or experiences than judges. In addition, although our governing documents' arbitration provisions contemplate that arbitration may be brought in a representative capacity or on behalf of a class of our stockholders, the rules governing such representation or class arbitration may be different from, and less favorable to stockholders than, the rules governing representative or class action litigation in courts. Our governing documents also generally provide that each party to such an arbitration is required to bear its own costs in the arbitration, including attorneys' fees, and that the arbitrators may not render an award that includes shifting of such costs or, in a derivative or class proceeding, award any portion of our award to any stockholder or such stockholder's attorneys. The arbitration provisions of our governing documents may discourage our stockholders from bringing, and attorneys from agreeing to represent our stockholders wishing to bring, litigation against us or our Directors, officers, manager, other agents or employees, including RMR and its successors. Our agreements with SVC and RMR have similar arbitration provisions to those in our governing documents.

We believe that the arbitration provisions in our governing documents are enforceable under both state and federal law, including with respect to federal securities laws claims. We are a Maryland corporation and Maryland courts have upheld the enforceability of arbitration bylaws. In addition, the United States Supreme Court has repeatedly upheld agreements to arbitrate other federal statutory claims, including those that implicate important federal policies. However, some academics, legal practitioners and others are of the view that charter or bylaw provisions mandating arbitration are not enforceable with respect to federal securities laws claims. It is possible that the arbitration provisions of our governing documents may ultimately be determined to be unenforceable.

By agreeing to the arbitration provisions of our governing documents, stockholders will not be deemed to have waived compliance by us with federal securities laws and the rules and regulations thereunder.

Risks Related to Our Securities

Our capital stock has experienced significant price and trading volume volatility and may continue to do so.

Since we became a publicly traded company in January 2007, our capital stock has experienced significant share price and trading volatility, which may continue. The market price of our shares of capital stock has fluctuated and could fluctuate significantly in the future in response to various factors and events, including, but not limited to, the risks set out in this Annual Report as well as:

- the liquidity of the market for our capital stock, which may experience increased illiquidity as a result of the reverse stock split;
- our historic policy to not pay cash dividends;
- changes in our operating results;
- issuances of additional shares of capital stock and sales of our capital stock by holders of large blocks of our capital stock, such as SVC, RMR or our Directors or officers;
- a lack of analyst coverage, changes in analysts' expectations and unfavorable research reports; and
- general economic and industry trends and conditions.

In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Recently, global and U.S. financial markets have experienced heightened volatility, including as a result of uncertainty regarding actual and potential shifts in U.S. and foreign trade, economic and other policies. This volatility and uncertainty could have a significant impact on the markets for our capital stock and our Senior Notes (as defined below), the markets in which we operate and a material adverse impact on our business prospects and financial condition.

Any future equity issuances we may make may significantly dilute our stockholders' equity interests.

The trading price of our shares of common stock is currently below the trading prices we have experienced in the past. If we issue additional shares of common stock at or near current trading price levels, certain of our pre-existing stockholders, especially our long term stockholders, may experience dilution of their equity interests.

Investors may not benefit financially from investing in our Senior Notes.

The indenture under which the 2028 Senior Notes, the 2029 Senior Notes, and the 2030 Senior Notes, which we refer to collectively as the Senior Notes, were issued contains no financial covenants or other provisions that would afford the holders of the Senior Notes any substantial protection in the event we participate in a material transaction. In addition, the indenture does not limit the amount of indebtedness we may incur or our ability to pay dividends, make distributions or repurchase our shares of common stock. Additionally, investors in our Senior Notes may be adversely affected as a result of the following:

- Senior Notes are unsecured and effectively subordinated to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness;
- an active trading market for the Senior Notes may not be maintained or be liquid;
- we depend upon our subsidiaries for cash flow to service our debt, and the Senior Notes are structurally subordinated to the payment of the indebtedness, lease and other liabilities and any preferred equity of our subsidiaries; and
- an increase in market interest rates and other factors could result in a decrease in the value of the Senior Notes.

Our Credit Facility imposes restrictive covenants on us, and a default under the agreements relating to our Credit Facility or under our indenture governing our Senior Notes could have a material adverse effect on our business and financial condition.

Our Credit Facility requires us and our subsidiaries, among other obligations, to maintain a specified financial ratio under certain circumstances and to satisfy certain financial tests. In addition, our Credit Facility restricts, among other things, our ability to incur debt and liens, make certain investments and pay dividends and other distributions including, under certain circumstances, payments on the Senior Notes. Under certain circumstances, we are required to seek permission from the lenders under our Credit Facility to engage in specified corporate actions.

Various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Failure to comply with these covenants (or similar covenants contained in future financing agreements) could result in a default under our Credit Facility, indenture and other agreements containing cross default provisions, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. A default could permit lenders or holders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing the debt and to terminate any commitments to lend. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations, including our obligations under the Senior Notes. In addition, a default under our Credit Facility or indenture would also constitute a default under the SVC Leases due to cross default provisions in the SVC Leases. Further, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. If our indebtedness were to be accelerated, our assets may not be sufficient to repay such indebtedness in full. In such circumstances, we could be forced into bankruptcy or liquidation and, as a result, investors could lose their investment in our securities.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The table below summarizes by state information as of December 31, 2019, regarding branding and ownership of the properties we operate and excludes properties operated by franchisees. Information for the locations our franchisees operate is included under the heading "Relationships with Franchisees" in Item 1 of this Annual Report.

	Brand Affiliation:						Ownership of Sites by:			
	TA	TA Express	Petro	QSL	Others ⁽¹⁾	Total	TA	SVC	Joint Venture	Others ⁽²⁾
Alabama	3	—	3	—	—	6	2	4	—	—
Arizona	5	—	2	—	—	7	—	7	—	—
Arkansas	2	—	2	—	—	4	—	4	—	—
California	9	—	4	—	1	14	1	10	3	—
Colorado	3	3	1	—	—	7	4	3	—	—
Connecticut	2	1	—	—	—	3	—	3	—	—
Florida	5	1	1	—	—	7	—	7	—	—
Georgia	7	—	3	—	1	11	2	8	—	1
Idaho	1	—	—	—	—	1	—	1	—	—
Illinois	7	—	3	—	—	10	—	10	—	—
Indiana	7	—	6	1	—	14	6	8	—	—
Iowa	2	—	—	—	—	2	1	1	—	—
Kansas	1	—	1	—	—	2	1	1	—	—
Kentucky	2	—	1	—	1	4	1	3	—	—
Louisiana	4	—	3	—	—	7	1	6	—	—
Maryland	3	—	—	—	—	3	—	3	—	—
Michigan	6	—	—	—	—	6	2	4	—	—
Minnesota	1	—	—	—	—	1	1	—	—	—
Mississippi	1	—	1	—	—	2	—	1	—	1
Missouri	4	—	1	—	—	5	1	4	—	—
Montana	2	—	—	—	—	2	2	—	—	—
Nebraska	2	—	1	—	—	3	—	3	—	—
Nevada	3	—	3	—	—	6	1	5	—	—
New Hampshire	1	—	—	—	—	1	—	1	—	—
New Jersey	3	—	1	—	—	4	1	3	—	—
New Mexico	5	—	2	—	—	7	—	6	—	1
New York	5	—	1	—	—	6	1	5	—	—
North Carolina	3	—	1	—	—	4	1	3	—	—
North Dakota	—	1	—	—	—	1	1	—	—	—
Ohio	9	—	4	8	1	22	3	13	—	6
Oklahoma	3	—	1	—	—	4	1	3	—	—
Oregon	2	—	1	—	—	3	1	2	—	—
Pennsylvania	8	—	2	4	—	14	4	9	—	1
Rhode Island	1	—	—	—	—	1	1	—	—	—
South Carolina	4	—	2	—	—	6	2	4	—	—
Tennessee	7	—	2	—	—	9	3	6	—	—
Texas	14	1	7	—	—	22	7	15	—	—
Utah	1	1	—	—	—	2	—	2	—	—
Virginia	3	—	—	1	—	4	—	3	—	1
Washington	1	—	1	—	—	2	—	2	—	—
West Virginia	2	—	—	1	—	3	1	1	—	1
Wisconsin	2	—	1	—	—	3	2	1	—	—
Wyoming	3	—	1	—	—	4	—	4	—	—
Ontario, Canada	1	—	—	—	—	1	1	—	—	—
Total	160	8	63	15	4	250	56	179	3	12

⁽¹⁾ Includes other locations, including a standalone restaurant other than QSL and truck service facilities.

⁽²⁾ Includes properties leased from, or managed for, parties other than SVC.

Item 3. Legal Proceedings

The disclosure under the heading "Legal Proceedings" in Note 15 to the Consolidated Financial Statements in Part IV, Item 15 of this Annual Report is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Our Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information. Our shares of common stock are traded on The Nasdaq Stock Market LLC under the symbol "TA."

Holders. As of February 19, 2020, there were 800 stockholders of record of our shares of common stock.

Dividends. We have never paid or declared any cash dividends on our shares of common stock. At present, we intend to retain our future earnings, if any, to fund the operations and growth of our business. Furthermore, our Credit Facility restricts our payment of cash dividends on our shares of common stock, unless certain requirements under the Credit Facility are met, including that excess availability, as defined, is not less than 20.0% after any such payment, and our rent deferral agreement with SVC prohibits us from paying any dividends while any deferred rent remains unpaid. Our future decisions concerning the payment of dividends on our shares of common stock will depend upon our results of operations, financial condition and capital expenditure plans, as well as other factors as our Board of Directors, in its discretion, may consider relevant, and the extent to which the declaration or payment of dividends may be limited by agreements we have entered or cause us to lose the benefits of certain of our agreements.

Stock Issuable Under Equity Compensation Plans. The equity compensation plan information set forth in Part III, Item 12 of this Annual Report is incorporated by reference herein.

Recent Sales of Unregistered Securities. There were no sales of our unregistered securities by us during the fourth quarter of 2019.

Issuer Purchases of Equity Securities. The following table provides information about our purchases of our equity securities during the quarter ended December 31, 2019:

Calendar Month	Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
October 2019	—	\$ —	—	\$ —
November 2019	—	—	—	—
December 2019	36,653	9.05	—	—
Total	36,653	\$ 9.05	—	\$ —

⁽¹⁾During the quarter ended December 31, 2019, all common stock purchases were made to satisfy stock award recipients' tax withholding and payment obligations in connection with the vesting of awards of shares of common stock, which were repurchased by us based on their fair market value on the repurchase dates.

Item 6. Selected Financial Data

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements and related notes included in Part IV, Item 15 of this Annual Report. Amounts are in thousands of dollars, shares of common stock or gallons, as applicable, unless indicated otherwise.

Company Overview

TravelCenters of America Inc. is a Maryland corporation. Prior to August 1, 2019, we were organized as a Delaware limited liability company. On August 1, 2019, in conjunction with our conversion from a Delaware limited liability company to a Maryland corporation, we completed a reverse stock split of our outstanding shares of common stock pursuant to which every five shares of our issued and outstanding common stock were exchanged for one share of our common stock. The common stock information included within this Annual Report has been retrospectively adjusted to reflect this reverse stock split for all periods and dates presented. See Note 10 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report for more information about our reverse stock split.

As of December 31, 2019, we operated or franchised 261 travel centers, two standalone truck service facilities and 43 standalone restaurants. Our customers include trucking fleets and their drivers, independent truck drivers, highway and local motorists and casual diners. We also collect rents, royalties and other fees from our tenants and franchisees.

We manage our business as one segment. We make specific disclosures concerning fuel and nonfuel products and services because it facilitates our discussion of trends and operational initiatives within our business and industry. We have a single travel center located in a foreign country, Canada, that we do not consider material to our operations.

Executive Summary of Financial Results

During the years ended December 31, 2019 and 2018, we had income before income taxes and discontinued operations of \$37,808 and a loss before income taxes and discontinued operations of \$4,347, respectively. The increase of \$42,155 in our income (loss) before income taxes and discontinued operations was primarily due to the following factors:

- site level gross margin in excess of site level operating expense increased \$47,464, which primarily resulted from the \$70,229 benefit from the federal biodiesel blenders' tax credit that was retroactively reinstated for 2018 and 2019 and recognized in December 2019. During the year ended December 31, 2018, we recognized a \$23,251 benefit from the federal biodiesel blenders' tax credit that was retroactively reinstated for 2017 and recognized in February 2018; and
- real estate rent expense decreased \$25,714, primarily as a result of the acquisition in January 2019 of 20 travel centers from SVC, which we previously leased from SVC, which reduced our annual minimum rent.

The factors noted above for the increase in our income (loss) before income taxes and discontinued operations were partially offset by the following factors:

- selling, general and administrative expense increased \$17,529, which was primarily due to a \$12,947 increase in legal costs resulting from \$10,082 of reimbursed litigation costs collected from Comdata during 2018 and also reflected increased compensation expense as a result of annual salary increases and increased headcount to support the growth in our business; and
- depreciation and amortization expense increased \$17,081, primarily as a result of acquiring 20 travel centers from SVC in January 2019 and \$2,369 of impairment charges related to certain standalone restaurants.

Excluding the benefits of the federal biodiesel blenders' tax credits recognized in the years ending December 31, 2019 and 2018, of \$70,229 and \$23,251, respectively, and excluding the Comdata legal fees reimbursement recognized in 2018 of \$10,082, income (loss) before income taxes and discontinued operations for the year ended December 31, 2019, would have reflected an improvement of \$5,259 as compared to the year ended December 31, 2018, primarily due to the decrease in real estate rent expense as a result of the acquisition of 20 previously leased travel centers from SVC and an increase in nonfuel gross margin, partially offset by an increase in depreciation and amortization expense and increased compensation expense.

In December 2019, the U.S. government retroactively reinstated the federal biodiesel blenders' tax credit for 2018 and 2019, as well as approved the federal biodiesel blenders' tax credit through 2022. As a result, we recognized \$70,229 as a reduction to our fuel cost of goods sold in 2019 relating to 2018 and 2019. It typically has taken us approximately six to eight months to collect the cash refunds related to the federal biodiesel blenders' tax credit and we expect to collect the full amount for 2018 and 2019 by the 2020 fourth quarter. For the years 2020 through 2022, the benefit of the federal biodiesel blenders' tax credit will be included in the price we pay for biodiesel. We anticipate the benefit we will realize in future periods for the federal biodiesel blenders' tax credit may be less than the benefit we realized for each of the years 2017 through 2019.

Effects of Fuel Prices and Supply and Demand Factors

Our revenues and income are subject to material changes as a result of market prices and the availability of diesel fuel and gasoline. These factors are subject to the worldwide petroleum products supply chain, which historically has experienced price and supply volatility as a result of, among other things, severe weather, terrorism, political crises, military actions and variations in demand that are often the result of changes in the macroeconomic environment. Also, concerted efforts by major oil producing countries and cartels to influence oil supply may impact prices. In addition, other actions by governments regarding trade policies may impact fuel prices, such as the Administration's recent statements indicating that it may not extend the duration of previously granted waivers to certain countries from the Administration's sanctions on purchases of oil from Iran.

Over the past several years there have been significant changes in the cost of fuel. During the year ended December 31, 2019, fuel prices trended slightly upward, ending at a higher price than at the start of the year. During the year ended December 31, 2018, fuel prices trended steadily upward during the first half of 2018, but trended steadily downward during the second half of 2018, ending at a lower price than at the start of the year. The average fuel price during the year ended December 31, 2019, was 7.0% below the average fuel price during the year ended December 31, 2018. We generally are able to pass changes in our cost for fuel products to our customers, but typically with a delay, such that during periods of rising fuel commodity prices, fuel gross margin per gallon tends to be lower than it otherwise may have been and during periods of falling fuel commodity prices, fuel gross margin per gallon tends to be higher than it otherwise may have been. Increases in the prices we pay for fuel can have negative effects on our sales and profitability and increase our working capital requirements.

Due to the volatility of our fuel costs and our methods of pricing fuel to our customers, we believe that fuel revenues are not a reliable metric for analyzing our results of operations from period to period. As a result solely of changes in fuel prices, our fuel revenues may materially increase or decrease, in both absolute amounts and on a percentage basis, without a comparable change in fuel sales volume or in fuel gross margin. We therefore consider fuel sales volume and fuel gross margin to be better measures of our performance.

We believe that demand for fuel by trucking companies and motorists for a constant level of miles driven will continue to decline over time because of technological innovations that improve fuel efficiency of motor vehicle engines, other fuel conservation practices and alternative fuels and technologies. Although we believe these factors, combined with competitive pressures, impact the level of fuel sales volume we realize, fuel sales volume increased both on a consolidated and same site basis during the year ended December 31, 2019, as compared to the year ended December 31, 2018. We believe these increases resulted from the success of our marketing initiatives.

Factors Affecting Comparability

Lease Amendments and Travel Center Purchases

In January 2019, we acquired from SVC 20 previously leased travel centers for \$309,637, which amount includes \$1,437 of transaction related costs, and amended our five existing leases with SVC such that: (i) the 20 purchased travel centers were removed from the applicable leases and our annual minimum rent was reduced by \$43,148; (ii) the term of each of the leases was extended by three years; (iii) the amount of the deferred rent obligation to be paid to SVC was reduced from \$150,000 to \$70,458 and we began to pay that amount in 16 equal quarterly installments commencing on April 1, 2019; and (iv) commencing with the year ended December 31, 2020, we will be obligated to pay to SVC an additional amount of percentage rent equal to one-half percent (0.5%) of the excess of the annual nonfuel revenues at leased sites over the nonfuel revenues for each respective site for the year ending December 31, 2019. These lease amendments are further described in Note 9 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report.

Sale of Convenience Stores Business

On December 5, 2018, we sold 225 convenience stores, one standalone restaurant and certain related assets, or the convenience stores business, for an aggregate sale price of \$330,609, resulting in net proceeds of \$319,853 after transaction related costs and cash sold. As a result of this sale, the results of the convenience stores business are presented as discontinued operations for the year ended December 31, 2018, in our consolidated statements of operations and comprehensive income (loss). See Note 4 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report for more information about our discontinued operations.

Federal Biodiesel Blenders' Tax Credit

As noted above, in December 2019, the U.S. government retroactively reinstated the federal biodiesel blenders' tax credit for 2018 and 2019, and in February 2018, the U.S. government retroactively reinstated the federal biodiesel blenders' tax credit for 2017. As a result, we recognized a benefit of \$70,229 and \$23,251 in 2019 and 2018, respectively, to our fuel cost of goods sold.

Recently Acquired Sites

We believe that travel centers we acquire or develop generally require a three year period after they open under our operation, and any related renovations are completed, to reach our expected stabilized financial results.

Since the beginning of 2018, we acquired the operations of three travel centers from franchisees, one that owned the site and two that previously leased the sites from us, acquired a tire retread facility and opened a standalone truck service facility for a total investment (including the costs of initial improvements) of \$20,346 as of December 31, 2019. These sites generated site level gross margin in excess of site level operating expense of \$4,348 and \$1,071 for the years ended December 31, 2019 and 2018, respectively. Prior to acquiring these sites, we collected rent and royalties from these franchisees of \$2,179 for the year ended December 31, 2018.

Growth Strategies

On October 28, 2019, we entered into a multi unit franchise agreement with IHOP in which we agreed to rebrand and convert up to 94 of our full service restaurants to IHOP restaurants over the next five years, or the IHOP Agreement. Of the 94, we are obligated to convert the initial 20 full service restaurants to IHOP restaurants with the remaining conversions at our discretion. We currently operate these full service restaurants under our Iron Skillet or Country Pride brand names. Pursuant to the IHOP Agreement, we have agreed to, among other things, rebrand 15 full service restaurants by the end of 2020, 20 full service restaurants in each of 2021, 2022 and 2023 and 19 full service restaurants in 2024. The average investment per site to rebrand these restaurants is expected to be approximately \$1,100 and we anticipate a return on our investment of approximately 20%.

In 2019, we entered into franchise agreements covering 12 travel centers to be operated under our travel center brand names; four of these franchised travel centers began operations under one of our travel center brands during 2019, two began operations in the 2020 first quarter to date and we anticipate six franchised travel centers to begin operations by the end of 2020. In addition, we have entered into an agreement with one of these franchisees pursuant to which we expect to add two additional franchised travel centers to our network, one within five years and the other within 10 years.

In 2019, we entered into franchise agreements covering six standalone restaurants to be operated under our QSL brand name; three of these franchised restaurants began operations during 2019, and we anticipate the remaining three restaurants will be added to our network by the end of the 2020 second quarter.

We currently have a contract in place for the purchase of a parcel of land for \$1,358 (expected to close by the end of the 2020 second quarter) on which we, or one of our franchisees, plans to develop a TA Express travel center.

Adoption of New Lease Accounting Standard

In February 2016, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update 2016-02, *Leases*, or ASU 2016-02, which established a comprehensive lease standard under GAAP for virtually all industries. In August 2018, the FASB issued Accounting Standards Update 2018-11, *Targeted Improvements to ASC 842*, or ASU 2018-11, which allowed companies to adopt the standard using the modified retrospective transition method. ASU 2016-02 and ASU 2018-11 are collectively referred to as ASC 842. ASC 842 requires, among others things, a lessee to recognize a right of use asset and a lease liability for all leases with a term of greater than 12 months. We adopted ASC 842 using the modified retrospective transition method and elected not to restate prior year comparative periods. Upon adoption, we recognized an adjustment to our beginning accumulated deficit of \$86,243, net of taxes, which had previously been recognized on a straight line basis over the terms of the SVC Leases as a reduction of real estate rent expense. We also recognized operating lease assets of \$1,785,866 and total operating lease liabilities of \$1,996,957 as of January 1, 2019. See Notes 1 and 9 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report for more information about the impact of ASC 842.

Results of Operations

As part of management's discussion and analysis of our operating results, we refer to increases and decreases in results on a same site basis. We include a location in the same site comparisons only if we continuously operated it since the beginning of the earliest comparative period presented, except we do not include locations we operate that are owned by an unconsolidated joint venture in which we own a noncontrolling interest. Same site data also excludes revenues and expenses at locations not operated by us, such as rents and royalties from franchisees, and corporate level selling, general and administrative expense, as well as the revenues and expenses associated with our discontinued operations. We do not exclude locations from the same site comparisons as a result of capital improvements to the site or changes in the services offered.

Consolidated Financial Results

The following table presents changes in our operating results for the year ended December 31, 2019, as compared to the year ended December 31, 2018.

	Year Ended December 31,		Change
	2019	2018	
Revenues:			
Fuel	\$ 4,247,069	\$ 4,395,731	(3.4)%
Nonfuel	1,856,147	1,820,341	2.0 %
Rent and royalties from franchisees	14,143	16,143	(12.4)%
Total revenues	6,117,359	6,232,215	(1.8)%
Gross margin:			
Fuel ⁽¹⁾	378,718	320,027	18.3 %
Nonfuel	1,129,729	1,109,876	1.8 %
Rent and royalties from franchisees	14,143	16,143	(12.4)%
Total gross margin⁽¹⁾	1,522,590	1,446,046	5.3 %
Site level operating expense	943,810	914,730	3.2 %
Selling, general and administrative expense	155,474	137,945	12.7 %
Real estate rent expense	257,762	283,476	(9.1)%
Depreciation and amortization expense	100,260	83,179	20.5 %
Income from operations	65,284	26,716	144.4 %
Interest expense, net	28,356	29,003	(2.2)%
Other (income) expense, net	(880)	2,060	(142.7)%
Income (loss) before income taxes and discontinued operations	37,808	(4,347)	NM
(Provision) benefit for income taxes	(4,339)	1,574	(375.7)%
Income (loss) from continuing operations	33,469	(2,773)	NM
Loss from discontinued operations, net of taxes	—	(117,631)	NM
Net income (loss)	33,469	(120,404)	127.8 %
Less: net income for noncontrolling interest	124	149	(16.8)%
Net income (loss) attributable to common stockholders	\$ 33,345	\$ (120,553)	127.7 %

⁽¹⁾ The amount for 2019 includes a \$70,229 benefit from the federal biodiesel blenders' tax credit that the U.S. government retroactively reinstated for 2018 and 2019 in December 2019, and a \$2,840 one time benefit due to the reversal of loyalty award accruals recognized in connection with introducing a revised customer loyalty program. The amount for 2018 includes a \$23,251 benefit from the federal biodiesel blenders' tax credit that the U.S. government retroactively reinstated for 2017 in February 2018.

Same Site Operating Results

The following table presents our same site operating results for the year ended December 31, 2019, as compared to the year ended December 31, 2018.

	Year Ended December 31,		Change
	2019	2018	
Number of same site company operated locations	241	241	—
Diesel sales volume (gallons)	1,655,280	1,584,863	4.4 %
Gasoline sales volume (gallons)	275,771	283,365	(2.7) %
Total fuel sales volume (gallons)	1,931,051	1,868,228	3.4 %
Fuel revenues	\$ 4,116,591	\$ 4,300,816	(4.3) %
Fuel gross margin ⁽¹⁾	374,820	316,940	18.3 %
Fuel gross margin per gallon	\$ 0.194	\$ 0.170	14.1 %
Nonfuel revenues	\$ 1,831,343	\$ 1,807,153	1.3 %
Nonfuel gross margin	1,114,068	1,100,908	1.2 %
Nonfuel gross margin percentage	60.8 %	60.9 %	(10) pts
Total gross margin ⁽¹⁾	\$ 1,488,888	\$ 1,417,848	5.0 %
Site level operating expense	926,939	904,782	2.4 %
Site level operating expense as a percentage of nonfuel revenues	50.6 %	50.1 %	50 pts
Site level gross margin in excess of site level operating expense ⁽¹⁾	\$ 561,949	\$ 513,066	9.5 %

⁽¹⁾ The amount for 2019 includes a \$70,066 benefit from the federal biodiesel blenders' tax credit that the U.S. government retroactively reinstated for 2018 and 2019 in December 2019, and a \$2,812 one time benefit due to the reversal of loyalty award accruals recognized in connection with introducing a revised customer loyalty program. The amount for 2018 includes a \$23,234 benefit from the federal biodiesel blenders' tax credit that the U.S. government retroactively reinstated for 2017 in February 2018.

Year Ended December 31, 2019, As Compared to Year Ended December 31, 2018

Fuel Revenues. Fuel revenues for 2019 decreased by \$148,662, or 3.4%, as compared to 2018. The decrease in fuel revenues for 2019 as compared to 2018 was primarily due to a decrease in market prices for fuel, partially offset by an increase in fuel sales volume. The table below presents the factors causing the changes in total fuel sales volume and revenues between periods.

	Gallons Sold	Fuel Revenues
Results for the year ended December 31, 2018	1,907,385	\$ 4,395,731
Decrease due to petroleum products price changes		(306,773)
Increase due to same site volume changes	62,823	133,721
Increase due to locations opened	14,684	28,415
Decrease due to locations closed	(373)	(778)
Decrease in wholesale fuel sales volume	(1,390)	(3,247)
Net change from prior year period	75,744	(148,662)
Results for the year ended December 31, 2019	1,983,129	\$ 4,247,069

Nonfuel Revenues. Nonfuel revenues for 2019 increased by \$35,806, or 2.0%, as compared to 2018, primarily as a result of a \$24,190 increase on a same site basis and sales at new sites. The increase on a same site basis was primarily due to an increase in DEF sales as a result of newer trucks on the road and the positive impact of certain of our pricing and marketing initiatives in our stores and QSRs. These increases were partially offset by the impact of the planned closure and remodeling of certain full service restaurants.

Rent and Royalties from Franchisees Revenues. Rent and royalties from franchisees revenues for 2019 decreased by \$2,000, or 12.4%, as compared to 2018, primarily as a result of the purchase of three travel centers and one standalone restaurant from former franchisees and the closure of eight franchised standalone restaurants since the beginning of 2018, partially offset by the four franchised travel centers and three franchised standalone restaurants that began operations in 2019.

Fuel Gross Margin. Fuel gross margin for 2019 increased by \$58,691, or 18.3%, as compared to 2018, primarily as a result of the \$70,229 benefit recognized in 2019 in connection with the December 2019 reinstatement for 2018 and 2019 of the federal biodiesel blenders' tax credit, as compared to a \$23,251 benefit recognized in 2018 in connection with the February 2018 reinstatement for 2017 of the federal biodiesel blenders' tax credit. Excluding the federal biodiesel blenders' tax credit recognized in 2019 and 2018, fuel gross margin increased \$11,713, primarily due to an increase in diesel fuel sales volume and a more favorable purchasing environment in 2019 than in 2018. The increase was partially offset by higher costs associated with increased rewards under our customer loyalty program to incentivize drivers to purchase higher fuel volumes.

Nonfuel Gross Margin. Nonfuel gross margin for 2019 increased by \$19,853, or 1.8%, as compared to 2018 primarily due to an increase in DEF gross margin and improved gross margin at certain QSR concepts. Nonfuel gross margin percentage for 2019 declined slightly to 60.9% from 61.0% for 2018.

Site Level Operating Expense. Site level operating expense for 2019 increased by \$29,080, or 3.2%, as compared to 2018. On a same site basis, site level operating expense increased \$22,157, or 2.4%, primarily due to increased labor costs to support our growth in nonfuel revenues, as well as higher maintenance and property tax expenses. Site level operating expense as a percentage of nonfuel revenues on a same site basis was 50.6% for 2019 as compared to 50.1% for 2018. The increase in this percentage primarily reflects higher nonlabor costs such as maintenance and property taxes; the ratio of labor costs to nonfuel revenues on a same site basis was consistent between 2019 and 2018.

Selling, General and Administrative Expense. Selling, general and administrative expense for 2019 increased by \$17,529, or 12.7%, as compared to 2018. This increase was primarily due to a \$12,947 increase in legal costs primarily resulting from \$10,082 of reimbursed litigation costs collected from Comdata during 2018 and increased compensation expense as a result of annual salary increases and increased headcount to support the growth in our business. The increase was partially offset by \$3,571 of expenses related to an executive officer retirement agreement recognized in 2018.

Real Estate Rent Expense. Real estate rent expense for 2019 decreased by \$25,714, or 9.1%, as compared to 2018. The decrease in real estate rent expense was primarily the result of our purchase of 20 travel centers from SVC in January 2019, which reduced our annual minimum rent due to SVC, partially offset by increases that resulted from our sales to, and lease back from, SVC of improvements at leased sites during 2018.

Depreciation and Amortization Expense. Depreciation and amortization expense for 2019 increased by \$17,081, or 20.5%, as compared to 2018. This increase primarily resulted from an increase, since the beginning of 2018, in our amount of depreciable assets as a result of the locations we acquired (primarily the 20 travel centers acquired from SVC in January 2019) and other capital investments we completed (and did not subsequently sell to SVC) and \$2,369 of impairment charges related to certain standalone restaurants in 2019.

(Provision) Benefit for Income Taxes. We had a provision for income taxes of \$4,339 in 2019 and a benefit for income taxes of \$1,574 for 2018. The change in our (provision) benefit for income taxes was primarily due to pretax income from continuing operations in 2019 as compared to a pretax loss from continuing operations experienced in 2018. See Note 11 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report for more information about our income taxes.

Liquidity and Capital Resources

Our principal liquidity requirements are to meet our operating and financing costs and to fund our capital expenditures, acquisitions and working capital requirements. Our principal sources of liquidity to meet these requirements are our:

- cash balance;
- operating cash flow;
- our revolving Credit Facility with a current maximum availability of \$200,000 subject to limits based on our qualified collateral;
- sales to SVC of improvements we make to the sites we lease from SVC;
- potential issuances of new debt and equity securities; and
- potential financing or selling of unencumbered real estate that we own.

We believe that the primary risks we currently face with respect to our operating cash flow are:

- continuing decreased demand for our fuel products resulting from regulatory and market efforts for improved engine fuel efficiency, fuel conservation and alternative fuels and technologies;
- decreased demand for our products and services that we may experience as a result of competition or otherwise;
- the fixed nature of a significant portion of our expenses, which may restrict our ability to realize a sufficient reduction in our expenses to offset a reduction in our revenues;
- the costs and funding that may be required to execute our growth initiatives;
- the possible inability of acquired or developed properties to generate the stabilized financial results we expected at the time of acquisition or development;
- increasing labor cost inflation;
- increases in our cost of capital that may result if there is a return to increasing market interest rates;
- the risk of an economic slowdown or recession in the U.S. economy; and
- the negative impacts on our gross margins and working capital requirements if there were a return to the higher level of prices for petroleum products we experienced in prior years or due to increases in the cost of our fuel or nonfuel products resulting from inflation generally.

Our business requires substantial amounts of working capital, including cash liquidity, and our working capital requirements can be especially large because of the volatility of fuel prices. Our growth strategy of selectively acquiring additional properties and businesses and developing new sites requires us to expend substantial capital for any such properties, businesses or developments. In addition, our properties are high traffic sites with many customers and large trucks entering and exiting our properties daily, requiring us to expend capital to maintain, repair and improve our properties. Although we had a cash balance of \$17,206 at December 31, 2019, and net cash provided by operating activities of \$82,467 in 2019, we cannot be sure that we will maintain sufficient amounts of cash, that we will generate future profits or positive cash flows or that we will be able to obtain additional financing, if and when it becomes necessary or desirable to pursue business opportunities. As of December 31, 2019, we believe we had sufficient financial resources to fund operations for greater than 12 months.

Proceeds from Sale of Convenience Stores Business

In December 2018, we sold our convenience stores business for an aggregate sale price of \$330,609. This sale generated net cash proceeds of approximately \$319,853 after transaction related costs and cash sold. See Note 4 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report for more information about the sale of our convenience stores business.

Lease Amendments and Travel Center Purchases

In January 2019, we acquired from SVC 20 previously leased travel centers for \$309,637, which amount includes \$1,437 of transaction related costs, and amended our five existing leases with SVC providing for, among other things, a \$43,148 reduction in our annual minimum rent payments and payment in 16 equal quarterly installments, which began on April 1, 2019; of deferred rent that aggregate to \$70,458 to fully satisfy and discharge our previous deferred rent obligation. These lease amendments are further described in Note 9 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report.

Revolving Credit Facility

On July 19, 2019, we entered into an amendment, or the Amendment, to our Credit Facility. The Amendment, among other things: (i) extended the maturity of the Credit Facility to July 19, 2024; (ii) reduced the applicable margins on borrowings and standby letter of credit fees by 25 basis points and on commercial letter of credit fees by 12.5 basis points; (iii) made certain adjustments to the limitations on investments, dividends and stock repurchases under the Credit Facility; (iv) reduced the sublimit for issuance of letters of credit under the Credit Facility from \$170,000 to \$125,000; and (v) made certain adjustments to the borrowing base calculation.

Under the Credit Facility, a maximum of \$200,000 may be drawn, repaid and redrawn until maturity. The availability of this maximum amount is subject to limits based on qualified collateral. Subject to available collateral and lender participation, the maximum amount of this Credit Facility may be increased to \$300,000. The Credit Facility may be used for general business purposes and allows for the issuance of letters of credit. Generally, no principal payments are due until maturity. Under the terms of the Credit Facility, interest is payable on outstanding borrowings at a rate based on, at our option, LIBOR or a base rate, plus a premium (which premium is subject to adjustment based upon facility availability, utilization and other matters). At December 31, 2019, based on our qualified collateral, a total of \$111,017 was available to us for loans and letters of credit under the Credit Facility. At December 31, 2019, there were \$7,900 of borrowings under the Credit Facility, \$31 of accrued interest and outstanding fees and \$18,141 of letters of credit issued under that facility, which reduced the amount available for borrowing under the Credit Facility, leaving \$84,945 available for our use as of that date.

Senior Notes

On October 5, 2015, we issued in an underwritten public offering \$100,000 aggregate principal amount of our 8.00% Senior Notes due on October 15, 2030, or the 2030 Senior Notes. The 2030 Senior Notes require that we pay interest at 8.00% per annum, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, and no principal payments are required prior to maturity on October 15, 2030. The 2030 Senior Notes are callable by us at par plus accrued interest, if any, and without penalty at any time.

On December 16, 2014, we issued in an underwritten public offering \$120,000 aggregate principal amount of our 8.00% Senior Notes due on December 15, 2029, or the 2029 Senior Notes. The 2029 Senior Notes require that we pay interest at 8.00% per annum, payable quarterly in arrears on February 28, May 31, August 31 and November 30 of each year, and no principal payments are required prior to maturity on December 15, 2029. The 2029 Senior Notes are callable by us at par plus accrued interest, if any, and without penalty at any time.

On January 15, 2013, we issued in an underwritten public offering \$110,000 aggregate principal amount of our 8.25% Senior Notes due on January 15, 2028, or the 2028 Senior Notes. The 2028 Senior Notes require that we pay interest at 8.25% per annum, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, and no principal payments are required prior to maturity on January 15, 2028. The 2028 Senior Notes are callable by us at par plus accrued interest, if any, and without penalty at any time.

We refer to the 2030 Senior Notes, 2029 Senior Notes and 2028 Senior Notes collectively as our Senior Notes, which are our senior unsecured obligations. The total annual cash payments for interest expense on the current outstanding aggregate principal amount under our Senior Notes is \$26,675.

The indenture governing our Senior Notes does not limit the amount of indebtedness we may incur. We may issue additional debt from time to time.

IHOP Secured Advance Note

Concurrent with entering into the IHOP Agreement, we entered into a Secured Advance Note with IHOP, or the IHOP Note, pursuant to which we can borrow up to \$10,000 in connection with the costs to convert our full service restaurants to IHOP restaurants. As of December 31, 2019, there were no loans outstanding under the IHOP Note.

West Greenwich Term Loan

On February 7, 2020, we entered into a 10 year term loan for \$16,600 with The Washington Trust Company, or the West Greenwich Loan. The West Greenwich Loan is secured by a mortgage encumbering one of our travel centers. The interest rate is fixed at 3.85% for five years based on the five year Federal Home Loan Bank rate plus 198 basis points, and will reset thereafter. The West Greenwich Loan requires us to make principal and interest payments monthly. We plan to use the proceeds from the West Greenwich Loan for general business purposes. We may, at our option with 60 days prior written notice, at a nominal penalty within the first three years, at any time repay the loan in full prior to the end of the 10 year term.

See Note 8 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report for more information about our Credit Facility, our Senior Notes, the IHOP Note and the West Greenwich Loan.

Distribution from Affiliates Insurance Company

We, SVC and five other companies to which RMR provides management services each currently own 14.3% of Affiliates Insurance Company, or AIC, an Indiana insurance company. AIC is in the process of dissolving. In connection with its dissolution, we and each of the other AIC shareholders received a capital distribution of \$9,000 in December 2019.

Sources and Uses of Cash

Cash Flows from Operating Activities of Continuing Operations. During the years ended December 31, 2019 and 2018, we had net cash inflows from operating activities of continuing operations of \$82,467 and \$73,258, respectively. The \$9,209 increase was due to lower working capital requirements, partially offset by decreases in operating cash flow due to the cash we received during 2018 in connection with the \$23,251 federal biodiesel blenders' tax credit and the \$10,082 reimbursement of legal fees from Comdata.

Cash Flows from Investing Activities of Continuing Operations. During the years ended December 31, 2019 and 2018, we had net cash outflows and inflows from investing activities of continuing operations of \$386,417 and \$208,203, respectively. The \$594,620 change primarily resulted from net cash proceeds of \$310,496 received from the sale of our convenience stores business during 2018, the purchase for \$309,637 of 20 travel centers we previously leased from SVC during 2019 and a reduced amount of sales of improvements to SVC during 2019. The change also reflects reduced amounts of capital expenditures and acquisitions in 2019 as compared to 2018. See Notes 3, 4 and 9 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report for more information about our acquisitions, sale of our convenience stores business and transactions with SVC, respectively.

Our capital expenditure plan for 2020 contemplates aggregate gross investments of approximately \$118,905, but this amount may be increased or decreased, possibly substantially, depending upon the opportunities we are presented, and specific circumstances that we face, including business and competitive demands, during 2020. Some of the investments we plan to make during 2020 may be improvements at leased sites of the type we typically have sold to SVC for an increase in rent; in 2020, we plan to continue to limit the amount of such sales to SVC in order to limit the related rent increases, but similar to our capital expenditure plan for 2020 generally, the amounts we actually sell to SVC may differ substantially from our current plan. SVC is not obligated to purchase any improvements that we may request it to buy.

Cash Flows from Financing Activities. During the years ended December 31, 2019 and 2018, we had net cash inflows and outflows from financing activities of \$6,673 and \$2,402, respectively. The \$9,075 change primarily resulted from the \$7,900 borrowing on our Credit Facility during the year ended December 31, 2019. See above and Note 8 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report for more information about our Credit Facility.

Off Balance Sheet Arrangements

As of December 31, 2019, we had no off balance sheet arrangements that have had or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Related Party Transactions

We have relationships and historical and continuing transactions with SVC, RMR and others related to them. For example: SVC is our former parent company, our principal landlord and our largest stockholder; RMR provides management services to both us and to SVC and RMR employs certain of our and SVC's executive officers, as well as our Managing Directors and SVC's managing trustees; Adam. D. Portnoy, the Chair of our Board of Directors and one of our Managing Directors, is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of The RMR Group Inc., a managing director, president and chief executive officer of The RMR Group Inc. and an officer and employee of RMR; and, as of December 31, 2019, SVC and RMR owned approximately 8.2% and 3.6%, respectively, of our outstanding shares of common stock. We also have relationships and historical and continuing transactions with other companies to which RMR or its subsidiaries provide management services and some of which may have directors, trustees and officers who are also directors, trustees or officers of us, SVC or RMR.

For further information about these and other such relationships and related party transactions, see Notes 3, 9, 13 and 14 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report and the section captioned "Business - Our Leases with SVC" above in Part I, Item 1 of this Annual Report, which are incorporated herein by reference, our other filings with the SEC and our definitive Proxy Statement for our 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days after the fiscal year ended December 31, 2019. For further information about the risks that may arise as a result of these and other related party transactions and relationships, see elsewhere in this Annual Report, including "Warning Concerning Forward-Looking Statements" and Part I, Item 1A, "Risk Factors". Copies of certain of our agreements with these related parties, including our leases, related amendments and transaction agreements with SVC, our business management agreement with RMR, and certain other agreements with SVC, are available as exhibits to our public filings with the SEC and accessible at the SEC's website, www.sec.gov. We may engage in additional transactions with related parties, including SVC and businesses to which RMR or its subsidiaries provide management services.

Critical Accounting Policies

The preparation of our financial statements in accordance with U.S. generally accepted accounting principles requires us to make reasonable estimates and assumptions that may involve the exercise of significant judgment. For any estimate or assumption used, there may be other reasonable estimates or assumptions that may have been used. However, based on the available facts and circumstances inherent in the estimates and assumptions reflected in our consolidated financial statements, management believes it is unlikely that applying other reasonable estimates and assumptions would have caused materially different amounts to have been reported. Actual results may differ from these estimates.

Impairment of Long Lived Assets. We review definite lived assets for indicators of impairment during each reporting period. We recognize impairment charges when (i) the carrying value of a long lived asset or asset group to be held and used in the business is not recoverable and exceeds its fair value and (ii) when the carrying value of a long lived asset or asset group to be disposed of exceeds the estimated fair value of the asset less the estimated cost to sell the asset. Our estimates of fair value are based on our estimates of likely market participant assumptions, including our current expectations for projected fuel sales volume, nonfuel revenues, fuel and nonfuel gross margins, site level operating expense and real estate rent expense. If the business climate deteriorates, our actual results may not be consistent with these assumptions and estimates. The discount rate is used to measure the present value of projected future cash flows and is set at a rate we believe is likely to be used by a market participant using a weighted average cost of capital method that considers market and industry data as well as our specific risk factors. The weighted average cost of capital is our estimate of the overall after tax rate of return required by equity and debt holders of a business enterprise. We use a number of assumptions and methods in preparing valuations underlying impairment tests, including estimates of future cash flows and discount rates and in some instances we may obtain third party appraisals. We recognize impairment charges in the period during which the circumstances surrounding an asset or asset group to be held and used have changed such that the carrying value is no longer recoverable, or during which a commitment to a plan to dispose of the asset or asset group is made. We perform our impairment analysis for substantially all of our property and equipment and operating lease assets at the individual site level because that is the lowest level of asset and liability groupings for which the cash flows are largely independent of the cash flows of other assets and liabilities. During 2019, based on our evaluation of certain low performing owned and leased standalone restaurants, we incurred impairment charges of \$2,369 to our property and equipment and \$579 to our operating lease assets. Applying significantly different assumptions or valuation methods could result in different results than we obtained.

Impairment of Definite Lived Intangible Assets. We assess intangible assets with definite lives for impairment annually or whenever events or changes in circumstances warrant a revision to the remaining period of amortization. Definite lived intangible assets primarily include our agreements with franchisees. For 2019, definite lived intangible assets were assessed using a qualitative analysis that was performed by assessing certain trends and factors, including actual sales, collection of royalties from franchisees and any changes in the manner in which the assets were used that could impact the values of the assets. During 2019, we did not record any impairment charges related to, or recognize a revision to the remaining period of amortization of, our definite lived intangible assets.

Impairment of Indefinite Lived Intangible Assets and Goodwill. We assess intangible assets with indefinite lives for impairment annually or whenever events or changes in circumstances indicate the carrying amount may not be recoverable using either a quantitative or qualitative analysis. Indefinite lived intangible assets consisted of trademarks and their fair value was determined using a relief from royalty method. We subject goodwill and indefinite lived assets to further evaluation and recognize impairment charges when events and circumstances indicate the carrying value of the goodwill or indefinite lived intangible asset exceeds the fair market value of the asset. For 2019, indefinite lived intangible assets were assessed using a qualitative analysis that was performed by assessing certain trends and factors, including actual sales and operating profit margins, discount rates, industry data and other relevant qualitative factors. These trends and factors were compared to, and based on, the assumptions used in the most recent quantitative assessment. During 2019, we did not record any impairment charges related to our indefinite lived intangible assets.

We evaluate goodwill for impairment at the reporting unit level as of July 31, or more frequently if the circumstances warrant. We have two reporting units, which included our travel centers business and our QSL business as of December 31, 2019. With respect to goodwill, if we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we perform a goodwill impairment test to measure the amount of impairment to be recognized, if any.

Goodwill impairment testing for the travel center and QSL reporting units for 2019 was performed using a qualitative analysis which included evaluating financial trends and industry and market conditions and assessing the reasonableness of the assumptions used in the most recent quantitative analysis, including comparing actual results to the projections used in the quantitative analysis. Based on our analyses, we concluded that as of July 31, 2019, our goodwill in those reporting units was not impaired.

Customer Loyalty Programs. We offer travel center trucking customers and casual restaurant diners the option to participate in our customer loyalty programs. Our customer loyalty programs provide customers with the right to earn loyalty awards on qualifying purchases that can be used for discounts on future purchases of goods or services. We apply a relative standalone selling price approach to our outstanding loyalty awards whereby a portion of each sale attributable to the loyalty awards earned is deferred and will be recognized as revenue in the category in which the loyalty awards are redeemed upon the redemption or expiration of the loyalty awards. Significant judgment is required to determine the standalone selling price for loyalty awards. Assumptions used in determining the standalone selling price include the historic redemption rate and the use of a weighted average selling price for fuel to calculate the revenues attributable to the loyalty awards. To the extent an estimate is inaccurate, our liabilities, expenses and net income (loss) attributable to common stockholders may be understated or overstated.

Income Tax Matters. As part of the process of preparing our consolidated financial statements, we estimate income taxes in each of the jurisdictions in which we operate. This process involves estimating actual current tax expense along with assessing temporary differences resulting from differing treatment of items for financial statement and tax reporting purposes. These temporary differences result in deferred tax assets and liabilities, which are recorded in our consolidated balance sheets. 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. In measuring our deferred tax assets, we consider all available evidence, both positive and negative, to determine whether, based on the weight of that evidence, a valuation allowance is needed for all or a portion of the deferred tax assets. Judgment is required in considering the relative impact of negative and positive evidence. The weight given to the potential effect of negative and positive evidence is commensurate with the extent to which it can be objectively verified. We continue to maintain a valuation allowance against the deferred tax assets related to certain net operating loss and tax credit carryforwards in certain federal, state and foreign jurisdictions. To the extent our estimates and assumptions prove inaccurate, we may need to recognize additional amounts of valuation allowance, which would increase our income tax expense and reduce our net income (loss) attributable to common stockholders in future periods.

Accounting for Leases. With respect to accounting for leases, each time we enter a new lease or materially modify an existing lease we evaluate its classification as either a finance lease or an operating lease. The classification of a lease as finance or operating affects whether and how the transaction is reflected in our consolidated balance sheets, as well as our recognition of rental payments as rent or interest expense. For all leases with a term greater than 12 months, we recognize a lease asset and liability in our consolidated balance sheet. Certain of our leases include renewal options and purchase options. Renewal periods are included in calculating our lease assets and liabilities when they are reasonably certain. We calculate our lease assets and liabilities using the discount rate implicit in the SVC Leases and our incremental borrowing rate for all other leases. These evaluations require us to make estimates of, among other things, the remaining useful life and residual value of leased properties, appropriate discount rates and future cash flows that may be realized from the leased properties. Incorrect assumptions or estimates may result in misclassification of our leases or the understatement or overstatement of our lease assets and liabilities. Our lease accounting 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 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.

Business Combinations. We account for our acquisitions of businesses as business combinations, which requires that the assets acquired and liabilities assumed be recognized at their respective fair values as of the acquisition date. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the acquisition date. We record any excess of the purchase price over the estimated fair value of the net assets as goodwill. Our accounting for business combinations involves significant judgments about valuations of assets and liabilities in the current market and the assignment of estimated useful lives. We may adjust our accounting for business combinations to reflect information that is unknown at the time of our respective acquisitions for up to one year after each purchase. Acquisition related transaction costs, such as legal fees, due diligence costs and closing costs, are not included as a component of consideration transferred in an acquisition but are expensed as incurred. The operating results of acquired businesses are reflected in our consolidated financial statements from the date of the acquisition.

Self Insurance Accruals. We are exposed to losses under insurance programs for which we pay deductibles and for which we are partially self insured up to certain stop loss amounts, including claims under our general liability, workers' compensation, motor vehicle and group health benefits policies and programs. Accruals are established under these insurance programs for both estimated losses on known claims and potential claims incurred but not asserted, based on claims histories and using actuarial methods. 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, our liabilities, expenses and net income (loss) attributable to common stockholders may be understated or overstated.

Contingencies. We establish or adjust environmental contingency accruals when the responsibility to remediate becomes probable and the amount of associated costs is reasonably determinable and we record legal contingency accruals when our liability becomes probable and when we can reasonably estimate the amount of our contingent loss. We also have a receivable for expected recoveries of certain of our estimated future environmental expenditures. The process of determining both our estimated future costs of environmental remediation and our estimated future recoveries of costs from insurers or others involves a high degree of management judgment based on past experiences and current and expected regulatory and insurance market conditions. The process of estimating our liability for legal matters involves a high degree of management judgment, which is based on facts and circumstances specific to each matter and our prior experiences with similar matters that may not be indicative of future results. To the extent an estimate is inaccurate, our liabilities, expenses and net income (loss) attributable to common stockholders may be understated or overstated.

Environmental and Climate Change Matters

Legislation and regulation regarding climate change, including greenhouse gas emissions, and other environmental matters and market reaction to any such legislation or regulation or to climate change concerns, may decrease the demand for our fuel products, may require us to expend significant amounts and may otherwise negatively impact our business. For instance, federal and state governmental requirements addressing emissions from trucks and other motor vehicles, such as the EPA's gasoline and diesel sulfur control requirements that limit the concentration of sulfur in motor fuel, as well as new fuel efficiency standards for medium and heavy duty commercial trucks, have caused us to add certain services and provide certain products to our customers at a cost to us that we may be unable to pass through to our customers. Also, various private initiatives and government regulations to promote fuel efficiency and control air pollutant emissions from the trucking industry may raise the cost of trucking as compared to other types of freight transport, as a result decreasing the demand for our fuel products and negatively impacting our business.

For example, in August 2016 the EPA and the National Highway Traffic Safety Administration established final regulations that will phase in more stringent greenhouse gas emission and fuel efficiency standards for medium and heavy duty trucks beginning in model year 2021 (model year 2018 for certain trailers) through model year 2027, and these regulations are estimated to reduce fuel usage between 9% and 25% (depending on vehicle category) by model year 2027. Under the Administration, the EPA and the U.S. Department of Transportation have publicly announced that they will review and reconsider various rules relating to greenhouse gas emissions and fuel efficiency standards for trucks and other motor vehicles, including portions of the rule discussed above, and have proposed, for example, changes to the rule's application to certain types of vehicles. It is difficult to predict what, if any, changes to the existing rule will ultimately occur as a result of the Administration's review or as a result of related legal challenges and, if changes occur, what impact those changes would have on our industry, us or our business. In addition, the California Air Resources Board, or CARB, routinely considers rulemaking activity the purpose of which is to make heavy duty truck fleets operating in the state more fuel efficient and less polluting. Because of the size of the California market and economy, fleet rules adopted by CARB frequently have influence throughout the United States. We may not be able to completely offset the loss of business we may suffer as a result of increasing engine efficiency and other fuel conservation and pollution reduction efforts under federal or state rules or as a result of other existing or future regulation or changes in customer demand.

Some observers believe severe weather activities in different parts of the country over the last few years evidence global climate change. Such severe weather that may result from climate change may have an adverse effect on individual properties we own, lease or operate, or the volume of business at our locations. We mitigate these risks by owning, leasing and operating a diversified portfolio of properties, by procuring insurance coverage we believe adequately protects us from material damages and losses and by attempting to monitor and be prepared for such events. However, we cannot be sure that our mitigation efforts will be sufficient or that future storms, rising sea levels or other changes that may occur due to future climate change or otherwise could not have a material adverse effect on our business.

For further information about these and other environmental and climate change matters, and the related risks that may arise, see the disclosure under the heading "Environmental Contingencies" in Note 15 to the Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report, "Warning Concerning Forward-Looking Statements," "Regulatory Environment - Environmental Regulation" in Part I, Item 1 and Part I, Item 1A, "Risk Factors."

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

Not applicable.

Item 8. *Financial Statements and Supplementary Data*

The information required by this item is included in Part IV, Item 15 of this Annual Report.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Disclosure Controls and Procedures

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 and Rule 15d-15 of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective at December 31, 2019.

Management's Report on Assessment of Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control systems are intended to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework (2013 Framework)*. Based on this assessment, our management concluded that, as of December 31, 2019, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2019, has been audited by RSM US LLP, an independent registered public accounting firm, as stated in their report which appears in Part IV, Item 15 of this Annual Report.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2019, there were no changes to our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

At a meeting of the Company's Board of Directors held on February 24, 2020, the Board of Directors increased its size from five to seven directors and, pursuant to a recommendation of the Nominating and Governance Committee of the Board of Directors, elected Elena Poptodorova and Rajan Penkar to fill the vacancies created by the increase in the size of the Board of Directors.

Ms. Poptodorova will serve as an Independent Director in Group II of the Board of Directors, and her term will expire at the Company's 2021 Annual Meeting of Stockholders. Mr. Penkar will serve as an Independent Director in Group III of the Board of Directors, and his term will expire at the Company's 2022 Annual Meeting of Stockholders. Each of Ms. Poptodorova and Mr. Penkar were also appointed as members of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee of the Board.

Ms. Poptodorova has served as vice president and director for Euro-Atlantic affairs of the Atlantic Club of Bulgaria since April 2017. Ms. Poptodorova has also served as vice president of the Atlantic Treaty Association since December 2017. Ms. Poptodorova served as director of the Shapiro-Silverberg AJC Central Europe Office from October 2016 until February 2017. Ms. Poptodorova was the ambassador extraordinary and plenipotentiary of the Republic of Bulgaria to the United States from 2010 to 2016 and from 2002 to 2008. During this time, she facilitated foreign investments in Bulgaria's information technology sector and assisted the development of transatlantic business association to support investment ventures. From 2009 to 2010, Ms. Poptodorova was the director of the Security Policy Directorate at the Ministry of Foreign Affairs and from 2008 to 2009 she served as the ambassador-at-large for the Black Sea Region. From 2001 to 2002, Ms. Poptodorova served as a spokesperson of the Ministry of Foreign Affairs and director of the Human Rights and International Humanitarian Organizations Directorate. Ms. Poptodorova was a member of the Bulgarian Parliament from 1990-2001, where she served on a variety of committees, including the national security, human rights, media and agriculture committees. During her service as a member of the Bulgarian Parliament, Ms. Poptodorova worked extensively on communal property and industrial property matters with the local government of her electoral district. In addition to her extensive government service, Ms. Poptodorova is a current member of the board of directors of the European Institute, the American Foundation for Bulgaria, the Executive Council on Diplomacy, the Women's Foreign Policy Group, American University in Bulgaria, the Institute for Cultural Diplomacy in Germany and Office Properties Income Trust (Nasdaq: OPI).

Mr. Penkar has served as president and founder of Supply Chain Advisory Services, LLC, which provides e-commerce and omni-channel supply chain design and optimization services to retailers, since 2014. From 2011 to 2014, Mr. Penkar served as senior vice president and president, supply chain for Sears Holding Corporation, an integrated retailer. In this position, Mr. Penkar was accountable for all aspects of the supply chain including global sourcing, retail and e-commerce distribution and fulfillment, global transportation, inventory management, and inside-the-home delivery and installation of appliances and big-ticket merchandise. Before Sears, Mr. Penkar held various positions of increasing responsibility with United Parcel Service, Inc., or UPS, from 1987 to 2011, most recently serving as president, UPS Customer Solutions. Customer engagements covered broad, multi-geography supply chain solutions in small package, contract logistics, forwarding, freight, and service parts logistics. Previously, Mr. Penkar served as a senior member - technical staff at Unimation, a robotics company, and Electronic Associates, Inc., a developer of power plant simulators and manufacturer of analog computers. Mr. Penkar holds an MS in mechanical engineering from Syracuse University, and a BTech in mechanical engineering from the Indian Institute of Technology, Bombay. Mr. Penkar is the recipient of 14 patents in robotics, automation, and supply chain processes.

There is no arrangement or understanding between either of Ms. Poptodorova or Mr. Penkar and any other person pursuant to which she or he was selected as a director. There are no transactions, relationships or agreements between either of Ms. Poptodorova or Mr. Penkar and the Company that would require disclosure pursuant to Item 404(a) of Regulation S-K.

For their service as a director, Ms. Poptodorova or Mr. Penkar will each be entitled to the compensation the Company generally provides to its Independent Directors, with the annual cash fees prorated. A summary of the Company's currently effective director compensation is filed as Exhibit 10.55 to this Annual Report. Consistent with those compensation arrangements, on February 24, 2020, the Company granted to each of Ms. Poptodorova and Mr. Penkar 3,000 shares of the Company's common stock in connection with their election, all of which vested on the grant date.

In connection with their appointments, the Company entered into an indemnification agreement with each of Ms. Poptodorova or Mr. Penkar, effective as of February 24, 2020, on substantially the same terms as the agreements previously entered into between the Company and each of its other directors. A form of indemnification agreement entered into by the Company with each of its directors is filed as Exhibit 10.57 to this Annual Report.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

We have a code of business conduct and ethics that applies to our Directors, officers and employees and RMR, its officers and employees and its parent's and subsidiaries directors, officers and employees. Our code of business conduct and ethics is posted on our website, www.ta-petro.com. A printed copy of our code of business conduct and ethics is also available, free of charge, to any person who requests a copy by writing to our Secretary, TravelCenters of America Inc., Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458-1634. We intend to disclose any amendments to or waivers of our code of business conduct and ethics applicable to our principal executive officer, principal financial officer, principal accounting officer and controller (or any person performing similar functions) on our website.

The remainder of the information required by Item 10 is incorporated by reference to our definitive Proxy Statement.

Item 11. *Executive Compensation*

The information required by Item 11 is incorporated by reference to our definitive Proxy Statement.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

Equity Compensation Plan Information. We may grant awards of options and shares of common stock under the TravelCenters of America Inc. Amended and Restated 2016 Equity Compensation Plan, or the Plan, from time to time to our Directors, officers, employees and other individuals who render services to us. In 2019, we awarded 270,575 shares of common stock to our Directors, officers, employees and others who provided services to us. As of December 31, 2019, 88,057 shares of common stock remained available for issuance under the Plan. The terms of awards made under the Plan are determined by the Compensation Committee of our Board of Directors at the time of the grant.

Information required by Item 12 with respect to securities authorized for issuance under equity based compensation plans is set forth under the Equity Compensation Plan Information section in our definitive Proxy Statement and is incorporated by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by Item 13 is incorporated by reference to our definitive Proxy Statement.

Item 14. *Principal Accounting Fees and Services*

The information required by Item 14 is incorporated by reference to our definitive Proxy Statement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Index to Financial Statements

The following consolidated financial statements of TravelCenters of America Inc. are included on the pages indicated:

TravelCenters of America Inc. Audited Financial Statements	Page
Reports of Independent Registered Public Accounting Firm	F-1
Consolidated Balance Sheets as of December 31, 2019 and 2018	F-3
Consolidated Statements of Operations and Comprehensive Income (Loss) for the Years Ended December 31, 2019 and 2018	F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 2019 and 2018	F-5
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2019 and 2018	F-6
Notes to Consolidated Financial Statements	F-7

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are not applicable or the required information is shown in the consolidated financial statements or notes to the consolidated financial statements and, therefore, have been omitted.

(b) Exhibits

2.1	Asset Purchase Agreement, dated September 1, 2018, between TA Operating LLC, TravelCenters of America LLC, EG Retail (America), LLC and EG Group Limited (Incorporated by reference to Exhibit 2.1 to our Current Report on Form 8-K filed September 4, 2018)
3.1	Plan of Conversion (Incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K filed July 30, 2019)
3.2	Certificate of Conversion of TravelCenters of America LLC (Incorporated by reference to Exhibit 99.2 to our Current Report on Form 8-K filed July 30, 2019)
3.3	Articles of Conversion of TravelCenters of America LLC (Incorporated by reference to Exhibit 99.3 to our Current Report on Form 8-K filed July 30, 2019)
3.4	Articles of Incorporation of TravelCenters of America Inc. (Incorporated by reference to Exhibit 99.4 to our Current Report on Form 8-K filed July 30, 2019)
3.5	Amended and Restated Bylaws of TravelCenters of America Inc. (Incorporated by reference to Exhibit 99.5 to our Current Report on Form 8-K filed July 30, 2019)
4.1	Form of Stock Certificate (Incorporated by reference to Exhibit 4.3 to our Post Effective Amendment to our Registration Statement on Form S-3 filed August 1, 2019)
4.2	Indenture by and between TravelCenters of America LLC and U.S. Bank National Association, as trustee, dated as of January 15, 2013 (Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on January 15, 2013)
4.3	First Supplemental Indenture by and between TravelCenters of America LLC and U.S. Bank National Association, as trustee, dated as of January 15, 2013 (Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on January 15, 2013)
4.4	Second Supplemental Indenture by and between TravelCenters of America LLC and U.S. Bank National Association, as trustee, dated as of December 16, 2014 (Incorporated by reference to Exhibit 4.2 to our Registration Statement on Form 8-A (File No. 001-33274) filed on December 16, 2014)
4.5	Third Supplemental Indenture by and between TravelCenters of America LLC and U.S. Bank National Association, as trustee, dated as of October 5, 2015 (Incorporated by reference to Exhibit 4.1 to our Registration Statement on Form 8-A (File No. 001-33274) filed on October 5, 2015)

4.6	Fourth Supplemental Indenture by and between TravelCenters of America Inc. (as successor by statutory conversion to TravelCenters of America LLC) and U.S. Bank National Association, as trustee, dated as of August 1, 2019 (Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed August 1, 2019)
4.7	Form of 8.25% Senior Notes due 2028 (included in Exhibit 4.3 above)
4.8	Form of 8.00% Senior Notes due 2029 (included in Exhibit 4.4 above)
4.9	Form of 8.00% Senior Notes due 2030 (included in Exhibit 4.5 above)
4.10	Description of Securities of the Registrant (filed herewith)
10.1	Transaction Agreement, dated as of January 29, 2007, by and among Hospitality Properties Trust, HPT TA Properties Trust, HPT TA Properties LLC, TravelCenters of America LLC and The RMR Group LLC (Incorporated by reference to Exhibit 10.1 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed on March 20, 2007)
10.2	Lease Agreement, dated as of May 30, 2007, by and among HPT PSC Properties Trust and HPT PSC Properties LLC, as Landlord, and TA Operating LLC (as successor to Petro Stopping Centers, L.P.), as Tenant (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 4, 2007)
10.3	Guaranty Agreement, dated as of May 30, 2007, made by TravelCenters of America LLC, as Guarantor, for the benefit of HPT PSC Properties Trust and HPT PSC Properties LLC, as Landlord, under the Lease Agreement, dated as of May 30, 2007, by and among such Landlord and TA Operating LLC (as successor to Petro Stopping Centers, L.P.) (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on June 4, 2007)
10.4	* Form of Restricted Share Agreement under the 2007 Equity Compensation Plan of TravelCenters of America LLC (for restricted share grants under the plan prior to October 24, 2008) (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K dated November 30, 2007)
10.5	Deferral Agreement, dated as of August 11, 2008, among Hospitality Properties Trust, HPT TA Properties Trust, HPT TA Properties LLC, HPT PSC Properties Trust, HPT PSC Properties LLC, TravelCenters of America LLC, TA Leasing LLC and Petro Stopping Centers, L.P. (Incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008, filed on August 11, 2008)
10.6	Registration Rights Agreement, dated as of August 11, 2008, between TravelCenters of America LLC and Hospitality Properties Trust (Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2008, filed on August 11, 2008)
10.7	First Amendment to Lease Agreement, dated as of March 17, 2008, by and among HPT PSC Properties Trust, HPT PSC Properties LLC and TA Operating LLC (as successor to Petro Stopping Centers, L.P.) (Incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008, filed on November 10, 2008)
10.8	* Form of Restricted Share Agreement under the Amended and Restated TravelCenters of America LLC 2007 Equity Compensation Plan (for restricted shares granted under the plan on and after October 24, 2008 but prior to November 19, 2013) (Incorporated by reference to Exhibit 10.16 to our Annual Report on Form 10-K for the year ended December 31, 2009, filed on February 24, 2010)
10.9	Amendment Agreement, dated as of January 31, 2011, among Hospitality Properties Trust, HPT TA Properties Trust, HPT TA Properties LLC, HPT PSC Properties Trust, HPT PSC Properties LLC, TravelCenters of America LLC, TA Leasing LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on February 1, 2011)
10.10	* Composite copy of the Amended and Restated TravelCenters of America LLC 2007 Equity Compensation Plan, as amended as of May 12, 2011 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on May 16, 2011)
10.11	Amended and Restated Loan and Security Agreement, dated as of October 25, 2011, by and among TravelCenters of America LLC, TA Leasing LLC, TA Operating LLC, as borrowers, each of the Guarantors named therein, Wells Fargo Capital Finance, LLC, as Agent, and the entities from time to time parties thereto as Lenders (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on October 28, 2011)

10.12	Amendment Agreement, dated as of April 15, 2013, among HPT TA Properties Trust, HPT TA Properties LLC, HPT PSC Properties Trust, HPT PSC Properties LLC and together with HPT TA Trust, HPT TA LLC, HPT PSC Trust, TA Leasing LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013, filed on May 7, 2013)
10.13	Amendment Agreement, dated as of December 23, 2013, among HPT PSC Properties Trust, HPT PSC Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.13 to our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
10.14	* Form of Restricted Share Agreement under the Amended and Restated TravelCenters of America LLC 2007 Equity Compensation Plan (for restricted shares granted under the plan on and after November 19, 2013) (Incorporated by reference to Exhibit 10.20 to our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
10.15	Definitive Master Class Settlement Agreement, executed as of March 3, 2014 (Incorporated by reference to Exhibit 10.23 to our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
10.16	Joinder Agreement, dated as of February 26, 2014, by and among TravelCenters of America LLC, TA Leasing LLC, TA Operating LLC, TravelCenters of America Holding Company LLC, Petro Franchise Systems LLC, TA Franchise Systems LLC, TA Operating Nevada LLC, TA Operating Texas LLC, and Wells Fargo Capital Finance, LLC (Incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014, filed on August 21, 2014)
10.17	Amendment to Amended and Restated Loan and Security Agreement, dated as of December 19, 2014, by and among TravelCenters of America LLC, TA Leasing LLC, TA Operating LLC, as borrowers, each of the Guarantors named therein, Wells Fargo Capital Finance, LLC, as Agent, and the entities from time to time parties thereto as Lenders (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on December 23, 2014)
10.18	Amended and Restated Business Management and Shared Services Agreement, dated as of March 12, 2015, by and between TravelCenters of America LLC and Reit Management & Research LLC (Incorporated by reference to Exhibit 10.14 to our Annual Report on Form 10-K for the year ended December 31, 2014, filed on March 13, 2015)
10.19	Transaction Agreement, dated as of June 1, 2015, by and among Hospitality Properties Trust, HPT TA Properties Trust, HPT TA Properties LLC, HPT PSC Properties Trust, HPT PSC Properties LLC, TravelCenters of America LLC, TravelCenters of America Holding Company LLC, TA Leasing LLC, and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 5, 2015)
10.20	Amended and Restated Lease No. 1, dated as of June 9, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 15, 2015)
10.21	Amended and Restated Lease No. 2, dated as of June 9, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on June 15, 2015)
10.22	Amended and Restated Lease No. 3, dated as of June 9, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on June 15, 2015)
10.23	Amended and Restated Lease No. 4, dated as of June 9, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed on June 15, 2015)
10.24	Amendment to Lease Agreement, dated as of June 9, 2015, by and among HPT PSC Properties Trust, HPT PSC Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.9 to our Current Report on Form 8-K filed on June 15, 2015)
10.25	Guaranty Agreement, dated as of June 9, 2015, by TravelCenters of America LLC and TravelCenters of America Holding Company LLC for the benefit of HPT TA Properties Trust and HPT TA Properties LLC (Incorporated by reference to Exhibit 10.5 to our current Report on Form 8-K filed on June 15, 2015)
10.26	Guaranty Agreement, dated as of June 9, 2015, by TravelCenters of America LLC and TravelCenters of America Holding Company LLC for the benefit of HPT TA Properties Trust and HPT TA Properties LLC (Incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K filed on June 15, 2015)

10.27	Guaranty Agreement, dated as of June 9, 2015, by TravelCenters of America LLC and TravelCenters of America Holding Company LLC for the benefit of HPT TA Properties Trust and HPT TA Properties LLC (Incorporated by reference to Exhibit 10.7 to our Current Report on Form 8-K filed on June 15, 2015)
10.28	Guaranty Agreement, dated as of June 9, 2015, by TravelCenters of America LLC and TravelCenters of America Holding Company LLC for the benefit of HPT TA Properties Trust and HPT TA Properties LLC (Incorporated by reference to Exhibit 10.8 to our Current Report on Form 8-K filed on June 15, 2015)
10.29	Property Exchange Agreement, dated as of June 9, 2015, by and among Hospitality Properties Trust, HPT TA Properties Trust, HPT TA Properties LLC, the Registrant and TA Operating LLC (Incorporated by reference to Exhibit 10.10 to our Current Report on Form 8-K filed on June 15, 2015)
10.30	First Amendment to Amended and Restated Lease Agreement No. 2, dated as of June 16, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed June 22, 2015)
10.31	First Amendment to Amended and Restated Lease Agreement No. 4, dated as of June 16, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on June 22, 2015)
10.32	Second Amendment to Amended and Restated Lease Agreement No. 2, dated as of June 23, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 25, 2015)
10.33	Second Amendment to Amended and Restated Lease Agreement No. 4, dated as of June 23, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on June 25, 2015)
10.34	First Amendment to Amended and Restated Lease Agreement No. 3, dated as of September 23, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on September 24, 2015)
10.35	Third Amendment to Amended and Restated Lease Agreement No. 2, dated as of September 23, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on September 24, 2015)
10.36	Third Amendment to Amended and Restated Lease Agreement No. 4, dated as of September 23, 2015, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on September 24, 2015)
10.37	Fourth Amendment to Amended and Restated Lease Agreement No. 4, dated as of March 31, 2016, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on April 5, 2016)
10.38	First Amendment to Transaction Agreement, dated as of June 22, 2016, by and among Hospitality Properties Trust, HPT TA Properties Trust, HPT TA Properties LLC, HPT PSC Properties Trust, HPT PSC Properties LLC, TravelCenters of America LLC, TravelCenters of America Holding Company LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 22, 2016)
10.39	Amendment to Lease Agreement, dated as of June 22, 2016, by and among HPT PSC Properties Trust, HPT PSC Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.8 to our Current Report on Form 8-K filed on June 22, 2016)
10.40	First Amendment to Amended and Restated Lease Agreement No. 1, dated as of June 22, 2016, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed on June 22, 2016)
10.41	Second Amendment to Amended and Restated Lease Amendment No. 3, dated as of June 22, 2016, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K filed on June 22, 2016)
10.42	Fourth Amendment to Amended and Restated Lease Amendment No. 2, dated as of June 22, 2016, by and among TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K filed on June 22, 2016)
10.43	Fifth Amendment to Amended and Restated Lease Agreement No. 4, dated as of June 22, 2016, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.7 to our Current Report on Form 8-K filed on June 22, 2016)

10.44	Fifth Amendment to Amended and Restated Lease Agreement No. 2, dated as of June 30, 2016, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on July 1, 2016)
10.45	Sixth Amendment to Amended and Restated Lease Agreement No. 2, dated as of September 30, 2016, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on October 4, 2016)
10.46	Sixth Amendment to Amended and Restated Lease Agreement No. 4, dated as of September 14, 2016, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, filed on November 8, 2016)
10.47	* Form of Share Award Agreement under the TravelCenters of America LLC 2016 Equity Compensation Plan (Incorporated by reference to Exhibit 10.61 to our Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 28, 2017)
10.48	† WEX Merchant Acceptance Agreement, dated as of November 5, 2016, by and between WEX Inc. and TA Operating LLC (Incorporated by reference to Exhibit 10.64 to our Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 28, 2017)
10.49	† Amendment # 1 to the WEX Merchant Acceptance Agreement, executed as of January 6, 2017, by and between WEX Inc. and TA Operating LLC (Incorporated by reference to Exhibit 10.65 to our Annual Report on Form 10-K for the year ended December 31, 2016, filed on February 28, 2017)
10.50	Seventh Amendment to Amended and Restated Lease Agreement No. 4, dated as of May 3, 2017, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on May 4, 2017)
10.51	† Comdata Merchant Agreement, effective as of December 15, 2010, by and between Comdata Network, Inc. (now Comdata Inc.) and TA Operating LLC (Incorporated by reference to Exhibit 10.66 to Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2016, filed on May 17, 2017)
10.52	† Amended and Restated Amendment to Comdata Merchant Agreement, dated as of December 14, 2011, by and between Comdata Network, Inc. (now Comdata Inc.) and TA Operating LLC (Incorporated by reference to Exhibit 10.67 to Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2016, filed on May 17, 2017)
10.53	Eighth Amendment to Amended and Restated Lease Agreement No. 4, dated as of September 28, 2017, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017, filed on November 7, 2017)
10.54	* The TravelCenters of America LLC 2016 Equity Compensation Plan, as amended (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on May 30, 2018)
10.55	* Summary of Director Compensation (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on August 5, 2019)
10.56	Second Amendment to Lease Agreement, dated as of May 25, 2018, by and among HPT PSC Properties Trust, HPT PSC Properties LLC and TA Operating LLC (as successor to Petro Stopping Centers, L.P.) (Incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018, filed on August 6, 2018)
10.57	* Form of Indemnification Agreement (filed herewith)
10.58	Amendment No. 2 to Amended and Restated Loan and Security Agreement, dated as of October 12, 2018 (Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018, filed on November 5, 2018)
10.59	First Transaction Agreement by and between Hospitality Properties Trust and TravelCenters of America LLC, dated as of January 16, 2019 (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on January 16, 2019)
10.60	Second Transaction Agreement by and between Hospitality Properties Trust and TravelCenters of America LLC, dated as of January 16, 2019 (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on January 16, 2019)
10.61	Third Transaction Agreement by and between Hospitality Properties Trust and TravelCenters of America LLC, dated as of January 16, 2019 (Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on January 16, 2019)

10.62	Second Amendment to Amended and Restated Lease Agreement No. 1, dated as of January 17, 2019, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on January 23, 2019)
10.63	Third Amendment to Amended and Restated Lease Agreement No. 1, dated as of January 23, 2019, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on January 23, 2019)
10.64	Third Amendment to Amended and Restated Lease Agreement No. 3, dated as of January 17, 2019, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.4 to our Current Report on Form 8-K filed on January 23, 2019)
10.65	Third Amendment to Lease Agreement, dated as of January 17, 2019, by and among HPT PSC Properties Trust, HPT PSC Properties LLC and TA Operating LLC (as successor to Petro Stopping Centers, L.P.) (Incorporated by reference to Exhibit 10.8 to our Current Report on Form 8-K filed on January 23, 2019)
10.66	Fourth Amendment to Lease Agreement, dated as of January 23, 2019, by and among HPT PSC Properties Trust, HPT PSC Properties LLC and TA Operating LLC (as successor to Petro Stopping Centers, L.P.) (Incorporated by reference to Exhibit 10.9 to our Current Report on Form 8-K filed on January 23, 2019)
10.67	Fourth Amendment to Amended and Restated Lease Agreement No. 3, dated as of January 23, 2019, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.5 to our Current Report on Form 8-K filed on January 23, 2019)
10.68	Seventh Amendment to Amended and Restated Lease Agreement No. 2, dated as of January 17, 2019, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on January 23, 2019)
10.69	Ninth Amendment to Amended and Restated Lease Agreement No. 4, dated as of January 17, 2019, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.6 to our Current Report on Form 8-K filed on January 23, 2019)
10.70	Tenth Amendment to Amended and Restated Lease Agreement No. 4, dated as of January 23, 2019, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.7 to our Current Report on Form 8-K filed on January 23, 2019)
10.71	Fourth Amendment to Amended and Restated Lease Agreement No. 1, dated as of January 29, 2019, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on January 29, 2019)
10.72	Eighth Amendment to Amended and Restated Lease Agreement No. 2, dated as of January 29, 2019, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on January 29, 2019)
10.73	Amendment No. 3 to Amended and Restated Loan and Security Agreement (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed July 22, 2019)
10.74	Second Amended and Restated Lease Agreement No. 1, dated October 14, 2019, by and between HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed November 5, 2019)
10.75	Second Amended and Restated Lease Agreement No. 2, dated October 14, 2019, by and between HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed November 5, 2019)
10.76	Second Amended and Restated Lease Agreement No. 3, dated October 14, 2019, by and between HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed November 5, 2019)
10.77	Second Amended and Restated Lease Agreement No. 4, dated October 14, 2019, by and between HPT TA Properties Trust, HPT TA Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.5 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed November 5, 2019)

10.78	Amended and Restated Lease Agreement No. 5, dated October 14, 2019, by and among Highway Ventures Properties Trust, Highway Ventures Properties LLC and TA Operating LLC (Incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed November 5, 2019)
10.79	Amended and Restated Guaranty Agreement, dated October 14, 2019, by TravelCenters of America Inc. for the benefit of HPT TA Properties Trust and HPT TA Properties LLC (Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed November 5, 2019)
10.80	Amended and Restated Guaranty Agreement, dated October 14, 2019, by TravelCenters of America Inc. for the benefit of HPT TA Properties Trust and HPT TA Properties LLC (Incorporated by reference to Exhibit 10.8 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed November 5, 2019)
10.81	Amended and Restated Guaranty Agreement, dated October 14, 2019, by TravelCenters of America Inc. for the benefit of HPT TA Properties Trust and HPT TA Properties LLC (Incorporated by reference to Exhibit 10.9 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed November 5, 2019)
10.82	Amended and Restated Guaranty Agreement, dated October 14, 2019, by TravelCenters of America Inc. for the benefit of HPT TA Properties Trust and HPT TA Properties LLC (Incorporated by reference to Exhibit 10.10 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed November 5, 2019)
10.83	Amended and Restated Guaranty Agreement, dated October 14, 2019, by TravelCenters of America Inc. for the benefit of Highway Ventures Properties Trust and Highway Ventures Properties LLC (Incorporated by reference to Exhibit 10.11 to our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019, filed November 5, 2019)
10.84	* Retirement Agreement, dated as of December 13, 2019, by and between Andrew J. Rebholz and TravelCenters of America Inc. and The RMR Group LLC (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on December 16, 2019)
10.85	* Form of Restricted Stock Agreement under the TravelCenters of America Inc. 2016 Equity Compensation Plan (filed herewith)
10.86	* The TravelCenters of America Inc. 2016 Equity Compensation Plan, as amended (filed herewith)
21.1	Subsidiaries of TravelCenters of America Inc. (filed herewith)
23.1	Consent of RSM US LLP (filed herewith)
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith)
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer (filed herewith)
32.1	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer (furnished herewith)
99.1	Amended and Restated Shareholders Agreement, dated as of May 21, 2012, by and among Affiliates Insurance Company, Five Star Senior Living Inc. (f/k/a Five Star Quality Care, Inc.), Service Properties Trust (f/k/a Hospitality Properties Trust), ABP Trust (as successor to The RMR Group LLC f/k/a REIT Management & Research LLC), Diversified Healthcare Trust (f/k/a Senior Housing Properties Trust), TravelCenters of America Inc., Office Properties Income Trust (f/k/a Government Properties Income Trust) and Industrial Logistics Properties Trust (as successor to Select Income REIT) (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, filed on August 7, 2012)
99.2	Memorandum Opinion, issued September 11, 2017 by the Court of Chancery of the State of Delaware in the case of TA Operating LLC, Plaintiff, v. Comdata, Inc. and FleetCor Technologies, Inc., Defendants, (C.A. No. 12954-CB) (Incorporated by reference to Exhibit 99.1 to our Current Report on Form 8-K filed on September 12, 2017)
99.3	Final Order and Judgment, issued April 9, 2018 by the Court of Chancery of the State of Delaware in the case of TA Operating LLC, Plaintiff, v. Comdata, Inc. and FleetCor Technologies, Inc., Defendants, (C.A. No. 12954-CB) (Incorporated by reference to Exhibit 99.2 to our Current Report on Form 8-K filed on April 13, 2018)
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

101.SCH	XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan or arrangement.

† Confidential treatment has been granted as to certain portions of this Exhibit.

Item 16. Form 10-K Summary

None.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of TravelCenters of America Inc. (the Company) as of December 31, 2019 and 2018, the related consolidated statements of operations and comprehensive income (loss), cash flows and stockholders' equity for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated February 25, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Adoption of New Accounting Standard

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method for accounting for leases effective January 1, 2019 due to the adoption of ASC 842, *Leases*.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ RSM US LLP

We have served as the Company's auditor since 2014.

Cleveland, Ohio
February 25, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Internal Control Over Financial Reporting

We have audited TravelCenters of America Inc.'s (the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, and the related consolidated statements of operations and comprehensive income (loss), cash flows and stockholders' equity of the Company for the years then ended, and the related notes to the consolidated financial statements and our report dated February 25, 2020 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Assessment of Internal Control over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Cleveland, Ohio
February 25, 2020

TravelCenters of America Inc.
Consolidated Balance Sheets
(in thousands, except par value amount)

	December 31,	
	2019	2018
Assets:		
Current assets:		
Cash and cash equivalents	\$ 17,206	\$ 314,387
Accounts receivable (net of allowance for doubtful accounts of \$1,083 and \$959 as of December 31, 2019 and 2018, respectively)	173,496	97,449
Inventory	196,611	196,721
Other current assets	32,456	35,119
Total current assets	419,769	643,676
Property and equipment, net	868,503	628,537
Operating lease assets	1,817,998	—
Goodwill	25,259	25,259
Intangible assets, net	20,707	22,887
Other noncurrent assets	78,659	121,749
Total assets	\$ 3,230,895	\$ 1,442,108
Liabilities and Stockholders' Equity:		
Current liabilities:		
Accounts payable	\$ 147,440	\$ 120,914
Current operating lease liabilities	104,070	—
Current SVC Leases liabilities	—	42,109
Other current liabilities	138,455	125,668
Total current liabilities	389,965	288,691
Long term debt, net	329,321	320,528
Noncurrent operating lease liabilities	1,880,188	—
Noncurrent SVC Leases liabilities	—	353,756
Other noncurrent liabilities	58,885	28,741
Total liabilities	2,658,359	991,716
Stockholders' equity:		
Common stock, \$0.001 par value, 16,000 and 8,674 shares of common stock authorized as of December 31, 2019 and 2018, respectively, and 8,307 and 8,080 shares of common stock issued and outstanding as of December 31, 2019 and 2018, respectively	8	8
Additional paid-in capital	698,402	695,307
Accumulated other comprehensive (loss) income	(172)	355
Accumulated deficit	(127,185)	(246,773)
Total TA stockholders' equity	571,053	448,897
Noncontrolling interest	1,483	1,495
Total stockholders' equity	572,536	450,392
Total liabilities and stockholders' equity	\$ 3,230,895	\$ 1,442,108

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

TravelCenters of America Inc.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(in thousands, except per share amounts)

	Year Ended December 31,	
	2019	2018
Revenues:		
Fuel	\$ 4,247,069	\$ 4,395,731
Nonfuel	1,856,147	1,820,341
Rent and royalties from franchisees	14,143	16,143
Total revenues	6,117,359	6,232,215
Cost of goods sold (excluding depreciation):		
Fuel	3,868,351	4,075,704
Nonfuel	726,418	710,465
Total cost of goods sold	4,594,769	4,786,169
Site level operating expense	943,810	914,730
Selling, general and administrative expense	155,474	137,945
Real estate rent expense	257,762	283,476
Depreciation and amortization expense	100,260	83,179
Income from operations	65,284	26,716
Interest expense, net	28,356	29,003
Other (income) expense, net	(880)	2,060
Income (loss) before income taxes and discontinued operations	37,808	(4,347)
(Provision) benefit for income taxes	(4,339)	1,574
Income (loss) from continuing operations	33,469	(2,773)
Loss from discontinued operations, net of taxes	—	(117,631)
Net income (loss)	33,469	(120,404)
Less: net income for noncontrolling interest	124	149
Net income (loss) attributable to common stockholders	\$ 33,345	\$ (120,553)
Other comprehensive loss, net of taxes:		
Foreign currency gain (loss), net of taxes of \$61 and \$(104), respectively	\$ 46	\$ (156)
Interest in equity investee's unrealized losses on investments	(573)	(69)
Other comprehensive loss attributable to common stockholders	(527)	(225)
Comprehensive income (loss) attributable to common stockholders	\$ 32,818	\$ (120,778)
Net income (loss) per share of common stock attributable to common stockholders:		
Basic and diluted from continuing operations	\$ 4.12	\$ (0.37)
Basic and diluted from discontinued operations	—	(14.72)
Basic and diluted	4.12	(15.09)

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

TravelCenters of America Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net income (loss)	\$ 33,469	\$ (120,404)
Less: loss from discontinued operations, net of taxes	—	(117,631)
Income (loss) from continuing operations	33,469	(2,773)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities of continuing operations:		
Noncash rent credits, net	(21,406)	(14,799)
Depreciation and amortization expense	100,260	83,179
Deferred income tax provision	5,710	403
Changes in operating assets and liabilities, net of effects of business acquisitions:		
Accounts receivable	(76,636)	27,340
Inventory	154	(9,102)
Other assets	5,152	1,384
Accounts payable and other liabilities	26,698	(31,932)
Other, net	9,066	19,558
Net cash provided by operating activities of continuing operations	82,467	73,258
Net cash provided by operating activities of discontinued operations	—	8,348
Net cash provided by operating activities	82,467	81,606
Cash flows from investing activities:		
Proceeds from sale of convenience stores business, net	—	310,496
Proceeds from asset sales to SVC	—	55,829
Proceeds from other asset sales	2,919	—
Acquisition of travel centers from SVC	(309,637)	—
Distribution from equity investee	5,756	—
Capital expenditures	(83,955)	(144,781)
Acquisitions of businesses, net of cash acquired	—	(10,482)
Investment in equity investee	(1,500)	(2,859)
Net cash (used in) provided by investing activities of continuing operations	(386,417)	208,203
Net cash used in investing activities of discontinued operations	—	(8,904)
Net cash (used in) provided by investing activities	(386,417)	199,299
Cash flows from financing activities:		
Proceeds from sale leaseback transactions with SVC	—	517
Sale leaseback financing obligation payments	—	(971)
Acquisition of treasury stock from employees	(346)	(1,744)
Distributions to noncontrolling interest	(136)	(101)
Revolving Credit Facility borrowings	7,900	—
Other, net	(745)	(103)
Net cash provided by (used in) financing activities	6,673	(2,402)
Effect of exchange rate changes on cash	96	(198)
Net (decrease) increase in cash and cash equivalents	(297,181)	278,305
Cash and cash equivalents at the beginning of the year	314,387	36,082
Cash and cash equivalents at the end of the year	\$ 17,206	\$ 314,387
Supplemental disclosure of cash flow information:		
Interest paid (including rent classified as interest and net of capitalized interest)	\$ 27,819	\$ 29,250

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

TravelCenters of America Inc.
Consolidated Statements of Stockholders' Equity
(in thousands)

	Number of Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Total TA Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
December 31, 2017	7,997	\$ 8	\$ 690,680	\$ 580	\$ (126,220)	\$ —	\$ 565,048	\$ 1,447	\$ 566,495
Grants under share award plan and stock based compensation, net	83	—	4,627	—	—	(1,744)	2,883	—	2,883
Retirement of treasury stock	—	—	—	—	—	1,744	1,744	—	1,744
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(101)	(101)
Other comprehensive loss, net of taxes	—	—	—	(225)	—	—	(225)	—	(225)
Net (loss) income	—	—	—	—	(120,553)	—	(120,553)	149	(120,404)
December 31, 2018	8,080	8	695,307	355	(246,773)	—	448,897	1,495	450,392
Grants under share award plan and stock based compensation, net	227	—	3,095	—	—	(346)	2,749	—	2,749
Retirement of treasury stock	—	—	—	—	—	346	346	—	346
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(136)	(136)
Other comprehensive loss, net of taxes	—	—	—	(527)	—	—	(527)	—	(527)
Cumulative effect of adoption of ASC 842, net of taxes	—	—	—	—	86,243	—	86,243	—	86,243
Net income	—	—	—	—	33,345	—	33,345	124	33,469
December 31, 2019	8,307	\$ 8	\$ 698,402	\$ (172)	\$ (127,185)	\$ —	\$ 571,053	\$ 1,483	\$ 572,536

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

TravelCenters of America Inc.
Notes to Consolidated Financial Statements
(dollars and shares in thousands, except par value and per share amounts)

1. Summary of Significant Accounting Policies

General Information and Basis of Presentation

TravelCenters of America Inc., which we refer to as the Company or we, us and our, is a Maryland corporation. Prior to August 1, 2019, we were organized as a Delaware limited liability company. On August 1, 2019, in conjunction with our conversion from a Delaware limited liability company to a Maryland corporation, we assigned a \$0.001 par value per share to our common stock and the excess over the par value has been classified as additional paid-in capital in our consolidated balance sheets. In addition, on August 1, 2019, we completed a reverse stock split of our outstanding shares of common stock pursuant to which every five shares of our issued and outstanding common stock were exchanged for one share of our common stock. The common stock information included within the financial statements and the notes thereto has been retrospectively adjusted to reflect the par value and the reverse stock split for all periods and dates presented. See Note 10 for more information about our reverse stock split.

As of December 31, 2019, we operated or franchised 306 travel centers, standalone truck service facilities and standalone restaurants. Our customers include trucking fleets and their drivers, independent truck drivers, highway and local motorists and casual diners. We also collect rents, royalties and other fees from our tenants and franchisees.

As of December 31, 2019, our business included 261 travel centers in 44 states in the United States and the province of Ontario, Canada, primarily along the U.S. interstate highway system, operated primarily under the "TravelCenters of America," "TA," "TA Express," "Petro Stopping Centers" and "Petro" brand names. Of our 261 travel centers at December 31, 2019, we owned 51, we leased 181, we operated two for a joint venture in which we owned a noncontrolling interest and 27 were owned or leased from others by our franchisees. We operated 232 of our travel centers and franchisees operated 29 travel centers, including two we leased to franchisees. Our travel centers offer a broad range of products and services, including diesel fuel and gasoline, as well as nonfuel products and services such as truck repair and maintenance services, full service restaurants, quick service restaurants and various customer amenities.

As of December 31, 2019, our business included two standalone truck service facilities operated under the "TA Truck Service" brand name. Of our two standalone truck service facilities, we leased one and owned one. Our standalone truck service facilities offer extensive maintenance and emergency repair and roadside services to large trucks.

As of December 31, 2019, our business included 43 standalone restaurants in 12 states in the United States operated primarily under the "Quaker Steak & Lube," or QSL, brand name. Of our 43 standalone restaurants at December 31, 2019, we operated 16 restaurants (six we owned, nine we leased and one we operated for a joint venture in which we owned a noncontrolling interest) and 27 were owned or leased from others and operated by our franchisees.

We manage our business as one segment. We make specific disclosures concerning fuel and nonfuel products and services because it facilitates our discussion of trends and operational initiatives within our business and industry. We have a single travel center located in a foreign country, Canada, that we do not consider material to our operations.

On December 5, 2018, we sold 225 convenience stores, one standalone restaurant and certain related assets, or our convenience stores business. As a result, the results of our convenience stores business are reported as discontinued operations for the year ended December 31, 2018, in our consolidated statements of operations and comprehensive income (loss). See Note 4 for more information about our discontinued operations.

Our consolidated financial statements include the accounts of TravelCenters of America Inc. and its subsidiaries. All intercompany transactions and balances have been eliminated. We use the equity method of accounting for investments in entities when we have the ability to significantly influence, but not control, the investee's operating and financial policies, typically when we own 20% to 50% of the investee's voting stock. See Note 12 for more information about our equity investments.

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

TravelCenters of America Inc.
Notes to Consolidated Financial Statements
(dollars and shares in thousands, except par value and per share amounts)

Significant Accounting Policies

Revenue Recognition. Revenues consist of fuel revenues, nonfuel revenues and rent and royalties from franchisees. See Note 2 for more information about our revenues.

Accounts Receivable and Allowance for Doubtful Accounts. We record trade accounts receivable at the invoiced amount and those amounts do not bear interest. The recorded allowance for doubtful accounts is our best estimate of the amount of probable losses in our existing accounts receivable. We base the allowance on historical payment patterns, aging of accounts receivable, periodic review of customers' financial condition and actual write off history. We charge off account balances against the allowance when we believe it is probable the receivable will not be collected. As of December 31, 2019, our accounts receivable balance included \$70,229 related to the federal biodiesel blenders' tax credit that the U.S. government retroactively reinstated in 2019 for 2018 and 2019.

Inventory. We state our inventory at the lower of cost or net realizable value. We determine cost principally on the weighted average cost method. We maintain reserves for the estimated amounts of obsolete and excess inventory. These estimates are based on unit sales histories and on hand inventory quantities, known market trends for inventory items and assumptions regarding factors such as future inventory needs, our ability and the related cost to return items to our suppliers and our ability to sell inventory at a discount when necessary.

Property and Equipment. We record property and equipment as a result of business combinations based on their fair values as of the date of the acquisition. We record all other property and equipment at cost. We depreciate our property and equipment on a straight line basis generally over the following estimated useful lives of the assets:

Buildings and site improvements	10 to 40 years
Machinery and equipment	3 to 15 years
Furniture and fixtures	5 to 10 years

We depreciate leasehold improvements over the shorter of the lives shown above or the remaining term of the underlying lease.

Goodwill and Intangible Assets. In a business combination we are required to record assets and liabilities acquired, including those intangible assets that arise from contractual or other legal rights or are otherwise capable of being separated or divided from the acquired entity, based on the fair values of the acquired assets and liabilities. Any excess of acquisition cost over the fair value of the acquired net identifiable assets is recognized as goodwill. We amortize the recorded costs of intangible assets with finite lives on a straight line basis over their estimated lives, principally the terms of the related contractual agreements. See Note 6 for more information about our goodwill and intangible assets.

Impairment. We review definite lived assets for indicators of impairment during each reporting period. We recognize impairment charges when (i) the carrying value of a long lived asset or asset group to be held and used in the business is not recoverable and exceeds its fair value and (ii) when the carrying value of a long lived asset or asset group to be disposed of exceeds the estimated fair value of the asset less the estimated cost to sell the asset. Our estimates of fair value are based on our estimates of likely market participant assumptions, including our current expectations for projected fuel sales volume, nonfuel revenues, fuel and nonfuel gross margins, site level operating expense and real estate rent expense. The discount rate is used to measure the present value of projected future cash flows and is set at a rate we believe is likely to be used by a market participant using a weighted average cost of capital method that considers market and industry data as well as our specific risk factors. The weighted average cost of capital is our estimate of the overall after tax rate of return required by equity and debt holders of a business enterprise. We use a number of assumptions and methods in preparing valuations underlying impairment tests including estimates of future cash flows and discount rates, and in some instances we may obtain third party appraisals. We recognize impairment charges in the period during which the circumstances surrounding an asset or asset group to be held and used have changed such that the carrying value is no longer recoverable, or during which a commitment to a plan to dispose of the asset or asset group is made. We perform our impairment analysis for substantially all of our property and equipment and operating lease assets at the individual site level because that is the lowest level of asset and liability groupings for which the cash flows are largely independent of the cash flows of other assets and liabilities. During 2019, based on our evaluation of certain low performing owned and leased standalone restaurants, we incurred impairment charges of \$2,369 to our property and equipment and \$579 to our operating lease assets.

TravelCenters of America Inc.
Notes to Consolidated Financial Statements
(dollars and shares in thousands, except par value and per share amounts)

We assess intangible assets with definite lives for impairment annually or whenever events or changes in circumstances warrant a revision to the remaining period of amortization. Definite lived intangible assets primarily include our agreements with franchisees. For 2019, definite lived intangible assets were assessed using a qualitative analysis that was performed by assessing certain trends and factors, including actual sales, collection of royalties from franchisees and any changes in the manner in which the assets were used that could impact the values of the assets. During 2019, we did not record any impairment charges related to, or recognize a revision to the remaining period of amortization of, our definite lived intangible assets.

We evaluate goodwill and indefinite lived intangible assets for impairment annually, or whenever events or changes in circumstances indicate the carrying amount may not be recoverable, using either a quantitative or qualitative analysis. Indefinite lived intangible assets consisted of trademarks and their fair value was determined using a relief from royalty method. We subject goodwill and indefinite lived intangible assets to further evaluation and recognize impairment charges when events and circumstances indicate the carrying value of the goodwill or indefinite lived intangible asset exceeds the fair market value of the asset.

We evaluate indefinite lived intangible assets for impairment as of November 30, or more frequently if the circumstances warrant. During 2019, indefinite lived intangible assets were assessed using a qualitative analysis that was performed by assessing certain trends and factors, including actual sales and operating profit margins, discount rates, industry data and other relevant qualitative factors. These trends and factors were compared to, and based on, the assumptions used in the most recent quantitative assessment. During 2019, we did not record any impairment charges related to our indefinite lived intangible assets.

We evaluate goodwill for impairment at the reporting unit level as of July 31, or more frequently if the circumstances warrant. We have two reporting units, which included our travel centers business and our QSL business, as of December 31, 2019. With respect to goodwill, if we conclude that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we perform a goodwill impairment test to measure the amount of impairment to be recognized, if any.

As of July 31, 2019, our annual goodwill impairment test for the travel centers and QSL reporting units was performed using a qualitative analysis, which included evaluating financial trends and industry and market conditions and assessing the reasonableness of the assumptions used in the most recent quantitative analysis, including comparing actual results to the projections used in the quantitative analysis. Based on our analyses, we concluded that as of July 31, 2019, our goodwill in those reporting units was not impaired.

Stock Based Employee Compensation. We have historically granted awards of our shares of common stock under our share award plans. Stock awards issued to our Directors vest immediately. Stock awards made to others vest in five equal annual installments beginning on the date of the award. Compensation expense related to stock awards is determined based on the market value of our shares of common stock on the date of the award with the aggregate value of the shares of common stock awarded amortized to expense over the period of time over which the stock based payments vest. We recognize forfeited stock awards as they occur. We include stock based compensation expense in selling, general and administrative expense in our consolidated statements of operations and comprehensive income (loss).

Environmental Remediation. We record remediation charges and penalties when the obligation to remediate is probable and the amount of associated costs are reasonably determinable. We include remediation expense within site level operating expense in our consolidated statements of operations and comprehensive income (loss). Generally, the timing of remediation expense recognition coincides with completion of a feasibility study or the commitment to a formal plan of action. Accrued liabilities related to environmental matters are recorded on an undiscounted basis because of the uncertainty associated with the timing of the related future payments. In our consolidated balance sheets, the accrual for environmental matters is included in other noncurrent liabilities, with the amount estimated to be expended within the subsequent 12 months included in other current liabilities. We recognize a receivable for estimated future environmental costs that we may be reimbursed for within other noncurrent assets in our consolidated balance sheets.

Self Insurance Accruals. For insurance programs for which we pay deductibles and for which we are partially self insured up to certain stop loss amounts, we establish accruals for both estimated losses on known claims and potential claims incurred but not reported, based on claims histories and using actuarial methods. In our consolidated balance sheets, the accrual for self- insurance costs is included in other noncurrent liabilities, with the amount estimated to be expended within the subsequent 12 months included in other current liabilities.

TravelCenters of America Inc.
Notes to Consolidated Financial Statements
(dollars and shares in thousands, except par value and per share amounts)

Asset Retirement Obligations. We recognize the future costs for our obligations related to the removal of our underground storage tanks and certain improvements we own at leased properties over the estimated useful lives of each asset requiring removal. We record a liability for the fair value of an asset retirement obligation with a corresponding increase to the carrying value of the related long lived asset at the time such an asset is installed. We base the estimated liability on our historical experiences in removing these assets, their estimated useful lives, external estimates as to the cost to remove the assets in the future and regulatory or contractual requirements. The liability is a discounted liability using a credit adjusted risk free rate. Our asset retirement obligations at December 31, 2019 and 2018, were \$5,160 and \$2,478, respectively, and are presented in other noncurrent liabilities in our consolidated balance sheets.

Leasing Transactions. Leasing transactions are a material part of our business. We have lease agreements covering many of our properties, as well as various equipment, with the most significant leases being our five leases with Service Properties Trust (formerly known as Hospitality Properties Trust), or SVC. We recognize operating lease assets and liabilities for all leases with an initial term greater than 12 months. Leases with an initial term of 12 months or less are not recognized in our consolidated balance sheets. Our operating lease liabilities represent the present value of our unpaid lease payments. The discount rate used to derive the present value of unpaid lease payments is based on the rates implicit in our leases with SVC and our incremental borrowing rate for all other leases. Certain of our leases include renewal options and purchase options. Renewal periods are included in calculating our operating lease assets and liabilities when they are reasonably certain.

We recognize rent under operating leases without scheduled rent increases as an expense over the lease term as it becomes payable. Certain operating leases specify scheduled rent increases over the lease term or other lease payments that are not scheduled evenly throughout the lease term. We recognize the effects of those scheduled rent increases in rent expense over the lease term on an average, or straight line, basis, which reduces our operating lease assets. The rent payments resulting from our sales to SVC of improvements to the properties we lease from SVC are contingent rent. We recognize the expense related to this contingent rent evenly throughout the remaining lease term beginning on the dates of the related sales to SVC. See Note 9 for more information about our leases with SVC and our accounting for them.

Income Taxes. We establish deferred income tax assets and liabilities to reflect the future tax consequences of differences between the tax basis and financial statement basis of assets and liabilities. We reduce the measurement of deferred tax assets, if necessary, by a valuation allowance when it is more likely than not that the deferred tax asset will not be realized. We recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. We evaluate and adjust these tax positions based on changing facts and circumstances. For tax positions meeting the more likely than not threshold, the amount we recognize in the financial statements is the largest benefit that we estimate has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. See Note 11 for more information about our income taxes.

Reclassifications. Certain prior year amounts have been reclassified to be consistent with the current year presentation within our consolidated financial statements.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board, or the FASB, issued Accounting Standards Update 2016-02, *Leases*, or ASU 2016-02, which established a comprehensive lease standard under GAAP for virtually all industries. In August 2018, the FASB issued Accounting Standards Update 2018-11, *Targeted Improvements to ASC 842*, or ASU 2018-11, which allowed companies to adopt the standard using the modified retrospective transition method. ASU 2016-02 and 2018-11 are collectively referred to as ASC 842. ASC 842 requires lessees to apply a dual approach, classifying leases as either finance or operating leases. This classification determines whether the lease expense is recognized based on the effective interest method or on a straight line basis over the term of the lease. A lessee is also required to recognize a right of use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. We adopted ASC 842 on January 1, 2019, using the modified retrospective transition method, and elected to not restate prior year comparative periods. We elected to adopt the package of practical expedients; accordingly, we retained the lease classification and initial direct costs for any leases that existed prior to adoption and we did not revisit whether any existing or expired contracts contain leases. See Note 9 for more information about the impact of ASC 842.

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In June 2018, the FASB issued Accounting Standards Update 2018-07, *Compensation - Stock Compensation*, or ASU 2018-07, which aligns the accounting for stock based payments to nonemployees with the accounting for stock based payments to employees. We adopted ASU 2018-07 on January 1, 2019, using the modified retrospective transition method, which had no impact on our prior year comparative period. Historically, compensation expense related to stock awards granted to nonemployees was determined based on the vesting date fair value. Under ASU 2018-07, compensation expense relating to all stock awards is now measured at the grant date fair value and amortized to expense over the period of time over which the stock based payments vest. Upon adoption of ASU 2018-07, stock awards to nonemployees were remeasured using the adoption date fair value, or the market value of our shares of common stock as of January 1, 2019. We include stock based compensation expense in selling, general and administrative expense in our consolidated statements of operations and comprehensive income (loss).

In August 2018, the FASB issued Accounting Standards Update 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software*, which aligns the accounting for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the accounting for implementation costs incurred to develop or obtain internal-use software. The capitalized implementation costs are to be amortized over the term of the contract. The new standard is required for annual periods beginning after December 15, 2019, including interim periods therein. Early adoption is permitted. We adopted this standard on January 1, 2020, using the prospective transition method. The implementation of this update will not cause a material change to our consolidated financial statements.

2. Revenues

We recognize revenues based on the consideration specified in the contract with the customer, excluding any sales incentives (such as customer loyalty programs and customer rebates) and amounts collected on behalf of third parties (such as sales and excise taxes). The majority of our revenues are generated at the point of sale in our retail locations. Revenues consist of fuel revenues, nonfuel revenues and rent and royalties from franchisees.

Fuel Revenues. We recognize fuel revenues and the related costs at the time of sale to customers at our company operated locations. We sell diesel fuel and gasoline to our customers at prices that we establish daily or are indexed to market prices and reset daily. We sell diesel fuel under pricing arrangements with certain customers. For the year ended December 31, 2019, approximately 86.4% of our diesel fuel volume was sold at discounts to posted prices under pricing arrangements with our fleet customers, some of which include rebates payable to the customer after the end of the period.

Nonfuel Revenues. We recognize nonfuel revenues and the related costs at the time of sale to customers at our company operated locations. We sell a variety of nonfuel products and services at stated retail prices in our travel centers and standalone restaurants, as well as through our RoadSquad®, TechOn-Site® and TA Commercial Tire Network™ programs. Truck repair and maintenance goods or services may be sold at discounted prices under pricing arrangements with certain customers, some of which include rebates payable to the customer after the end of the period.

Rent and Royalties from Franchisees Revenues. We recognize franchise royalties and advertising fees from franchisees as revenue monthly based on the franchisees' sales data reported to us. Royalty revenues are contractual as a percentage of the franchisees' revenues and advertising fees are contractual as either a percentage of the franchisees' revenues or as a fixed amount. When we enter into a new franchise agreement or a renewal term with an existing franchisee, the franchisee is required to pay an initial or renewal franchise fee. Initial and renewal franchise fees are recognized as revenue on a straight line basis over the term of the respective franchise agreements.

For those travel centers that we lease to a franchisee, we recognize rent revenues on a straight line basis based on the current contractual rent amount. These leases include rent escalations that are contingent on future events, namely inflation or our investing in capital improvements at these travel centers. Because the rent increases related to these factors are contingent upon future events, we recognize the related rent revenues after such events have occurred. See Note 9 for more information about the travel centers we leased to franchisees.

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Other. Sales incentives and other promotional activities that we recognize as a reduction to revenues include, but are not limited to, the following:

- *Customer Loyalty Programs.* We offer travel center trucking customers and casual restaurant diners the option to participate in our customer loyalty programs. Our customer loyalty programs provide customers with the right to earn loyalty awards on qualifying purchases that can be used for discounts on future purchases of goods or services. We apply a relative standalone selling price approach to our outstanding loyalty awards whereby a portion of each sale attributable to the loyalty awards earned is deferred and will be recognized as revenue in the category in which the loyalty awards are redeemed upon the redemption or expiration of the loyalty awards. Significant judgment is required to determine the standalone selling price for loyalty awards. Assumptions used in determining the standalone selling price include the historic redemption rate and the use of a weighted average selling price for fuel to calculate the revenues attributable to the customer loyalty awards.
- *Customer Discounts and Rebates.* We enter into agreements with certain customers in which we agree to provide discounts on fuel and/or truck service purchases, some of which are structured as rebates payable to the customer after the end of the period. We recognize the cost of discounts against, and in the same period as, the revenues that generated the discounts earned.
- *Gift Cards.* We sell branded gift cards. Sales proceeds are recognized as a contract liability; the liability is reduced and revenue is recognized when the gift card subsequently is redeemed for goods or services. Unredeemed gift card balances are recognized as revenues when the possibility of redemption becomes remote.

Disaggregation of Revenues

We disaggregate our revenues based on the type of good or service provided to the customer, or by fuel revenues and nonfuel revenues, in our consolidated statements of operations and comprehensive income (loss). Nonfuel revenues disaggregated by type of good or service for the years ended December 31, 2019 and 2018, were as follows:

	Year Ended December 31,	
	2019	2018
Nonfuel revenues:		
Store and retail services	\$ 756,854	\$ 732,220
Truck service	674,203	671,385
Restaurant	425,090	416,736
Total nonfuel revenues	\$ 1,856,147	\$ 1,820,341

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Contract Liabilities

Our contract liabilities, which are presented in our consolidated balance sheets in other current and other noncurrent liabilities, primarily include deferred revenues related to our customer loyalty programs, gift cards, rebates payable to customers and other deferred revenues. The following table shows the changes in our contract liabilities between periods.

	Customer Loyalty Programs	Other	Total
December 31, 2017	\$ 15,165	\$ 4,681	\$ 19,846
Increases due to unsatisfied performance obligations arising during the period	81,517	10,083	91,600
Revenues recognized from satisfying performance obligations during the period	(74,548)	(10,064)	(84,612)
Other	(6,644)	(1,230)	(7,874)
December 31, 2018	15,490	3,470	18,960
Increases due to unsatisfied performance obligations arising during the period	103,228	12,982	116,210
Revenues recognized from satisfying performance obligations during the period	(90,462)	(10,519)	(100,981)
Other	(10,263)	(1,111)	(11,374)
December 31, 2019	\$ 17,993	\$ 4,822	\$ 22,815

As of December 31, 2019, we expect the unsatisfied performance obligations relating to our customer loyalty programs will be satisfied within 12 months.

As of December 31, 2019, the deferred initial and renewal franchise fee revenue expected to be recognized in future periods ranges between \$119 and \$176 for each of the years 2020 through 2024.

3. Acquisitions

2019 Acquisitions. In January 2019, we entered into agreements, or the Transaction Agreements, with SVC pursuant to which, among other things, we purchased 20 travel centers for \$309,637, which amount includes \$1,437 of transaction related costs. These acquisitions were accounted for as asset acquisitions that resulted in the derecognition of certain operating lease assets and liabilities for a net recognized aggregate cost basis of the acquired assets of \$284,902. See Note 9 for more information about the Transaction Agreements and our leases with SVC and Note 14 for more information about our relationship with SVC.

As of December 31, 2019, we had entered into an agreement to acquire one parcel of land for \$1,358, which we expect to account for as an asset acquisition. We expect to complete this acquisition by the end of the second quarter of 2020, but this purchase is subject to conditions and may not occur, may be delayed or the terms may change.

2018 Acquisitions. During the year ended December 31, 2018, we acquired a travel center from one of our franchisees for a purchase price of \$10,482, and we accounted for this transaction as a business combination, which requires, among other things, that the assets acquired and liabilities assumed be recognized at their respective fair values as of the date of acquisition. We have included the results of the acquired business in our consolidated financial statements from the date of acquisition. The pro forma impact of this acquisition, including the respective results of operations from the beginning of the periods presented, is not material to our consolidated financial statements.

During the year ended December 31, 2018, we acquired a tire retread facility for \$2,805 and also acquired certain assets from two former franchisees, who previously leased from us travel centers we now operate, upon the termination of the related lease and franchise agreements for an aggregate purchase price of \$5,202. These acquisitions were accounted for as asset acquisitions.

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4. Discontinued Operations

On December 5, 2018, we completed the sale of our convenience stores business for an aggregate sales price of \$330,609. We received net proceeds from this sale of \$319,853 after transaction related costs of \$9,650 and cash sold of \$1,106. Upon the classification of the assets and related liabilities as held for sale, we determined that the carrying value of the convenience stores business exceeded the agreed sales price less costs to sell, resulting in a loss on disposal of \$79,623 recognized in the year ended December 31, 2018.

The following table presents the results of operations for our discontinued operations for the year ended December 31, 2018.

	Year Ended December 31, 2018
Revenues	\$ 742,160
Cost of goods sold (excluding depreciation)	610,524
Site level operating expense	103,037
Selling, general and administrative expense	9,443
Real estate rent expense	2,206
Depreciation and amortization expense	20,418
Impairment of goodwill	69,340
Loss from discontinued operations before income taxes	(72,808)
Benefit for income taxes	14,789
Loss from discontinued operations, net of taxes	(58,019)
Loss on disposal	(79,623)
Benefit for income taxes	20,011
Loss from discontinued operations	\$ (117,631)

5. Property and Equipment

Property and equipment, net as of December 31, 2019 and 2018, consisted of the following:

	December 31,	
	2019	2018
Machinery, equipment and furniture	\$ 533,380	\$ 459,892
Land and improvements	316,751	177,322
Buildings and improvements	307,433	197,866
Leasehold improvements	271,451	242,469
Construction in progress	24,678	65,855
Property and equipment, at cost	1,453,693	1,143,404
Less: accumulated depreciation and amortization	585,190	514,867
Property and equipment, net	\$ 868,503	\$ 628,537

Total depreciation expense for the years ended December 31, 2019 and 2018, was \$97,232 and \$80,938, respectively, which included impairment charges of \$2,369 for the year ended December 31, 2019, related to certain standalone restaurants.

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The following table shows the amounts of property and equipment owned by SVC but recognized in property and equipment, net in our consolidated balance sheets, and included within the balances shown in the table above, as a result of the required accounting for the assets funded by SVC under the deferred tenant improvements allowance and as of December 31, 2018, for the assets that did not qualify for sale leaseback accounting. Upon adoption of ASC 842, these failed sale leasebacks were reclassified as operating leases and are included in operating lease assets in our consolidated balance sheet as of December 31, 2019. See Note 9 for more information about our leases with SVC.

	December 31,	
	2019	2018
Leasehold improvements	\$ 101,316	\$ 114,195
Land and improvements	—	14,945
Buildings and improvements	—	9,943
Machinery, equipment and furniture	—	3,282
Property and equipment, at cost	101,316	142,365
Less: accumulated depreciation and amortization	81,915	96,266
Property and equipment, net	<u>\$ 19,401</u>	<u>\$ 46,099</u>

At December 31, 2019, our property and equipment balance included \$37,425 of improvements of the type that we historically requested that SVC purchase for an increase in annual minimum rent; however, we may elect not to sell some of those improvements and SVC is not obligated to purchase these improvements.

6. Goodwill and Intangible Assets

Intangible Assets

Intangible assets, net, as of December 31, 2019 and 2018, consisted of the following:

	December 31, 2019		
	Cost	Accumulated Amortization	Net
Amortizable intangible assets:			
Agreements with franchisees	\$ 21,145	\$ (13,350)	\$ 7,795
Leasehold interests	2,094	(2,094)	—
Other	3,913	(3,318)	595
Total amortizable intangible assets	27,152	(18,762)	8,390
Carrying value of trademarks (indefinite lives)	12,317	—	12,317
Intangible assets, net	<u>\$ 39,469</u>	<u>\$ (18,762)</u>	<u>\$ 20,707</u>

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	December 31, 2018		
	Cost	Accumulated Amortization	Net
Amortizable intangible assets:			
Agreements with franchisees	\$ 21,645	\$ (12,308)	\$ 9,337
Leasehold interests	2,754	(2,183)	571
Other	3,913	(3,251)	662
Total amortizable intangible assets	28,312	(17,742)	10,570
Carrying value of trademarks (indefinite lives)	12,317	—	12,317
Intangible assets, net	<u>\$ 40,629</u>	<u>\$ (17,742)</u>	<u>\$ 22,887</u>

Total amortization expense for amortizable intangible assets for the years ended December 31, 2019 and 2018, was \$1,609 and \$2,452, respectively.

We amortize our amortizable intangible assets over a weighted average period of approximately nine years. The aggregate amortization expense for our amortizable intangible assets as of December 31, 2019, for each of the next five years is:

	Total
2020	\$ 1,152
2021	1,068
2022	961
2023	863
2024	848

Goodwill

As of December 31, 2019, all of our goodwill balance is deductible for tax purposes. Goodwill by reporting unit was as follows:

	December 31,	
	2019	2018
Travel centers business	\$ 22,213	\$ 22,213
QSL business	3,046	3,046
Total goodwill	<u>\$ 25,259</u>	<u>\$ 25,259</u>

7. Other Current Liabilities

Other current liabilities as of December 31, 2019 and 2018, consisted of the following:

	December 31,	
	2019	2018
Taxes payable, other than income taxes	\$ 52,320	\$ 42,985
Accrued wages and benefits	21,416	19,830
Customer loyalty program accruals	17,993	15,490
Self insurance program accruals, current portion	13,509	14,623
Accrued capital expenditures	4,721	7,742
Other	28,496	24,998
Total other current liabilities	<u>\$ 138,455</u>	<u>\$ 125,668</u>

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8. Long Term Debt

Long term debt, net as of December 31, 2019 and 2018, consisted of the following:

	Interest Rate	Maturity Date	December 31,	
			2019	2018
2028 Senior Notes	8.25%	January 15, 2028	\$ 110,000	\$ 110,000
2029 Senior Notes	8.00%	December 15, 2029	120,000	120,000
2030 Senior Notes	8.00%	October 15, 2030	100,000	100,000
Revolving Credit Facility	5.00%	July 19, 2024	7,900	—
Other long term debt	6.06%	March 31, 2027	982	1,086
Deferred financing costs			(9,561)	(10,558)
Total long term debt, net			\$ 329,321	\$ 320,528

Senior Notes

Our 2028 Senior Notes were issued in January 2013 and require us to pay interest quarterly in arrears on January 15, April 15, July 15 and October 15 of each year. No principal payments are required prior to the maturity date. We may, at our option, at any time redeem some or all of the 2028 Senior Notes by paying 100% of the principal amount of the 2028 Senior Notes to be redeemed plus accrued but unpaid interest, if any, to, but not including, the redemption date.

Our 2029 Senior Notes were issued in December 2014 and require us to pay interest quarterly in arrears on February 28, May 31, August 31 and November 30 of each year. No principal payments are required prior to the maturity date. We may, at our option, at any time redeem some or all of the 2029 Senior Notes by paying 100% of the principal amount of the 2029 Senior Notes to be redeemed plus accrued but unpaid interest, if any, to, but not including, the redemption date.

Our 2030 Senior Notes were issued in October 2015 and require us to pay interest quarterly in arrears on January 15, April 15, July 15 and October 15 of each year. No principal payments are required prior to the maturity date. We may, at our option, at any time redeem some or all of the 2030 Senior Notes by paying 100% of the principal amount of the 2030 Senior Notes to be redeemed plus accrued but unpaid interest, if any, to, but not including, the redemption date.

We refer to the 2028 Senior Notes, 2029 Senior Notes and 2030 Senior Notes collectively as our Senior Notes, which are our senior unsecured obligations. The indenture governing our Senior Notes does not limit the amount of indebtedness we may incur. We may issue additional debt from time to time. Our Senior Notes are presented in our consolidated balance sheets as long term debt, net of deferred financing costs. We estimate that the fair values of our 2028 Senior Notes, 2029 Senior Notes and 2030 Senior Notes were \$112,332, \$121,200 and \$102,000, respectively, based on their respective closing prices on The Nasdaq Stock Market LLC, or the Nasdaq, (a Level 1 input) on December 31, 2019.

Revolving Credit Facility

On July 19, 2019, we and certain of our subsidiaries, as borrowers or guarantors, entered into an amendment, or the Amendment, to our amended and restated loan and security agreement, or the Credit Facility, dated October 25, 2011, with Wells Fargo Capital Finance, LLC, as administrative agent for various lenders. The Amendment, among other things: (i) extended the maturity of the Credit Facility from December 19, 2019, to July 19, 2024; (ii) reduced the applicable margins on borrowings and standby letter of credit fees by 25 basis points and on commercial letter of credit fees by 12.5 basis points; (iii) made certain adjustments to the limitations on investments, dividends and stock repurchases under the Credit Facility in a manner favorable to us; (iv) reduced the sublimit for issuance of letters of credit under the Credit Facility from \$170,000 to \$125,000; and (v) made certain adjustments to the borrowing base calculation in a manner we believe to be favorable to us.

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Under the Credit Facility, a maximum of \$200,000 may be drawn, repaid and redrawn until maturity. The availability of the maximum amount is subject to limits based on qualified collateral. Subject to available collateral and lender participation, the maximum amount of this Credit Facility may be increased to \$300,000. The Credit Facility may be used for general business purposes and allows for the issuance of letters of credit. Generally, no principal payments are due until maturity. Under the terms of the Credit Facility, interest is payable on outstanding borrowings at a rate based on, at our option, LIBOR or a base rate, plus a premium (which premium is subject to adjustment based upon facility availability, utilization and other matters).

As of December 31, 2019, the applicable margin was 1.25% for LIBOR borrowings and standby letter of credit fees, 0.25% for Base Rate borrowings and 0.625% for commercial letter of credit fees, in each case subject to adjustment based on facility availability, utilization and other matters. As of December 31, 2019, the unused line fee was 0.25% per annum, subject to adjustment according to the average daily principal amount of unused commitments under the Credit Facility.

The Credit Facility requires us to maintain certain levels of collateral, limits our ability to incur debt and liens, restricts us from making certain investments and paying dividends and other distributions, requires us to maintain a minimum fixed charge ratio under certain circumstances and contains other customary covenants and conditions. The Credit Facility provides for the acceleration of principal and interest payments upon an event of default including, but not limited to, failure to pay interest or other amounts due, a change in control of us, as defined in the Credit Facility, and our default under certain contracts, including our leases with SVC and our business management agreement with The RMR Group LLC, or RMR. Our Credit Facility is secured by substantially all of our cash, accounts receivable, inventory, equipment and intangible assets. The amount available to us is determined by reference to a borrowing base calculation based on eligible collateral. At December 31, 2019, based on our qualified collateral, a total of \$111,017 was available to us for loans and letters of credit under the Credit Facility. At December 31, 2019, there were \$7,900 of borrowings under the Credit Facility, \$31 of accrued interest and outstanding fees and \$18,141 of letters of credit issued under that facility, securing certain insurance, fuel tax and other obligations. The outstanding loans, accrued interest and outstanding fees and letters of credit reduce the amount available for borrowing under the Credit Facility, leaving \$84,945 available for use as of that date.

IHOP Secured Advance Note

On October 28, 2019, we entered into a multi unit franchise agreement with IHOP Franchisor LLC, or IHOP, in which we agreed to rebrand and convert up to 94 of our full service restaurants to IHOP restaurants over the next five years, or the IHOP Agreement. Concurrent with entering into the IHOP Agreement, we entered into a Secured Advance Note with IHOP, or the IHOP Note, pursuant to which we can borrow up to \$10,000 in connection with the costs to convert our full service restaurants to IHOP restaurants. At December 31, 2019, there were no loans outstanding under the IHOP Note.

West Greenwich Term Loan

On February 7, 2020, we entered into a 10 year term loan for \$16,600 with The Washington Trust Company, or the West Greenwich Loan. The West Greenwich Loan is secured by a mortgage encumbering one of our travel centers. The interest rate is fixed at 3.85% for five years based on the five year Federal Home Loan Bank rate plus 198 basis points, and will reset thereafter. The West Greenwich Loan requires us to make principal and interest payments monthly. We plan to use the proceeds from the West Greenwich Loan for general business purposes. We may, at our option with 60 days prior written notice, at any time repay the loan in full, at a nominal penalty within the first three years, prior to the end of the 10 year term.

Deferred Financing Costs

The unamortized balance of our deferred financing costs were \$9,561 and \$10,558 for our Senior Notes and \$671 and \$216 for our Credit Facility at December 31, 2019 and 2018, respectively, net of accumulated amortization of \$5,420 and \$4,422, and \$1,136 and \$904, respectively. During the year ended December 31, 2019, we capitalized \$688 of the costs related to the Amendment of our Credit Facility and we recognized expense of \$47 to write off previously capitalized fees when we amended our Credit Facility. The deferred financing costs for our Senior Notes are presented as a reduction of long term debt, net and the deferred financing costs for our Credit Facility are presented in other noncurrent assets in our consolidated balance sheets. We estimate we will recognize future amortization of deferred financing costs of \$1,149 in 2020, \$1,146 in each of the years 2021, 2022 and 2023 and \$1,075 in 2024. We recognized interest expense from the amortization of deferred financing costs of \$1,183 and \$1,221 for the years ended December 31, 2019 and 2018, respectively.

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9. Leasing Transactions

On January 1, 2019, we adopted ASC 842 using the modified retrospective transition method and elected not to restate prior year comparative periods. We elected to adopt the package of practical expedients; accordingly, we retained the lease classification and initial direct costs for any leases that existed prior to adoption and we did not revisit whether any existing or expired contracts contain leases.

On the date we adopted ASC 842, we recognized operating lease assets of \$1,785,866 and operating lease liabilities of \$1,996,957. We also recognized an adjustment to our beginning accumulated deficit of \$86,243, net of taxes, consisting of (i) the previously recognized deferred gain on sale leaseback transactions of \$113,712, (ii) the previously recognized liability for certain failed sale leaseback transactions recognized as financings of \$1,591 and (iii) the related tax effect of \$29,060.

As a Lessee

We have lease agreements covering many of our properties, as well as various equipment, with the most significant leases being our five leases with SVC, which are further described below. Certain of our leases include renewal options, and certain leases include escalation clauses and purchase options. Renewal periods are included in calculating our operating lease assets and liabilities when they are reasonably certain. Leases with an initial term of 12 months or less are not recognized in our consolidated balance sheets. As of December 31, 2019, all of our leases were classified as operating leases.

Certain of our operating leases provide for variable lease costs, which primarily include percentage rent and our obligation for the estimated cost of removing underground storage tanks under the SVC Leases (as defined below).

Our lease costs are included in various balances in our consolidated statements of operations and comprehensive income (loss), as shown in the following table. For the year ended December 31, 2019, our lease costs consisted of the following:

	Classification in our Consolidated Statements of Operations and Comprehensive Income (Loss)	Year Ended December 31, 2019
Operating lease costs: SVC Leases	Real estate rent expense	\$ 240,328
Operating lease costs: other	Real estate rent expense	11,082
Variable lease costs: SVC Leases	Real estate rent expense	5,203
Variable lease costs: other	Real estate rent expense	1,149
Total real estate rent expense		<u>257,762</u>
Operating lease costs: equipment and other	Site level operating expense and selling, general and administrative expense	3,088
Short-term lease costs	Site level operating expense and selling, general and administrative expense	2,869
Sublease income	Nonfuel revenues	(2,180)
Net lease costs		<u><u>\$ 261,539</u></u>

During the year ended December 31, 2019, we recognized impairment charges of \$579 to our operating lease assets relating to certain standalone restaurants, which are included in real estate rent expense in our consolidated statement of operations and comprehensive income (loss).

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Maturities of our operating lease liabilities that had remaining noncancelable lease terms in excess of one year as of December 31, 2019, were as follows:

	SVC Leases ⁽¹⁾	Other	Total
Years ended December 31:			
2020	\$ 271,336	\$ 6,548	\$ 277,884
2021	270,799	5,555	276,354
2022	268,936	4,439	273,375
2023	255,344	3,107	258,451
2024	251,150	1,813	252,963
Thereafter	2,034,504	7,724	2,042,228
Total operating lease payments	3,352,069	29,186	3,381,255
Less: present value discount ⁽²⁾	(1,391,435)	(5,562)	(1,396,997)
Present value of operating lease liabilities	\$ 1,960,634	\$ 23,624	\$ 1,984,258

⁽¹⁾ Includes rent for properties we sublease from SVC and pay directly to SVC's landlords.

⁽²⁾ The discount rate used to derive the present value of unpaid lease payments is based on the rates implicit in the SVC Leases and our incremental borrowing rate for all other leases.

The weighted average remaining lease term as of December 31, 2019, was approximately 13 years. Our weighted average discount rate as of December 31, 2019, was 9.1%.

During the year ended December 31, 2019, we paid \$279,168 for amounts that had been included in the measurement of our operating lease liabilities.

As of December 31, 2019, our operating lease assets and liabilities consisted of the following:

	SVC Leases	Other	Total
Operating lease assets	\$ 1,796,406	\$ 21,592	\$ 1,817,998
Current operating lease liabilities	98,574	5,496	104,070
Noncurrent operating lease liabilities	1,862,060	18,128	1,880,188

As previously disclosed in our 2018 Annual Report and under the previous lease accounting standard, future minimum lease payments required under leases that had remaining noncancelable lease terms in excess of one year as of December 31, 2018, were as follows (included herein are the full payments then due under the SVC Leases, including the amount attributed to the lease of those sites that were accounted for as a financing as of December 31, 2018, in our consolidated balance sheet as reflected in the sale leaseback financing obligations):

	Total
Years ended December 31:	
2019	\$ 302,855
2020	301,220
2021	299,393
2022	296,551
2023	295,534
Thereafter	1,980,078
Total	\$ 3,475,631

The amounts in the table above are as of December 31, 2018, and do not reflect the \$43,148 annual minimum rent reduction resulting from the Transaction Agreements entered into in January 2019, as further described below.

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Leasing Agreements with SVC. As of December 31, 2019, we leased from SVC a total of 179 properties under five leases, four of which we refer to as the TA Leases and one of which we refer to as the Petro Lease, and which we refer to collectively as the SVC Leases. In January 2019, we entered into the Transaction Agreements, pursuant to which:

- We purchased 20 travel center properties from SVC, which we previously leased from SVC, for a total acquisition cost of \$309,637, including \$1,437 of transaction related costs.
- Upon completing these transactions, these travel centers were removed from the SVC Leases and our annual minimum rent due to SVC was reduced by \$43,148.
- The term of each SVC Lease was extended by three years.
- Commencing on April 1, 2019, we began to pay SVC 16 quarterly installments of approximately \$4,404 each (an aggregate of \$70,458) to fully satisfy and discharge our \$150,000 deferred rent obligation to SVC that otherwise would have become due in five installments between 2024 and 2030. We paid to SVC \$13,211 in respect of such obligation during the year ended December 31, 2019.
- Commencing with the year ending December 31, 2020, we will be obligated to pay to SVC an additional amount of percentage rent equal to one-half percent (0.5%) of the excess of our annual nonfuel revenues at leased sites over the nonfuel revenues for each respective site for the year ending December 31, 2019.
- Certain of the 179 travel center properties that we continue to lease from SVC were reallocated among the SVC Leases.

As a result of the Transaction Agreements, our operating lease assets and liabilities each increased by \$23,673 and our asset retirement obligations increased by \$2,420. In addition, the purchase of the 20 travel center properties resulted in the derecognition of certain operating lease assets and liabilities. See Note 3 for more information about these acquisitions.

The number of properties leased, the terms, the annual minimum rent and the deferred rent balances owed by us under the SVC Leases, as of December 31, 2019, were as follows:

	Number of Properties	Initial Term End Date ⁽¹⁾	Annual Minimum Rent as of December 31, 2019	Deferred Rent ⁽²⁾
TA Lease 1	36	December 31, 2032	\$ 49,707	\$ 15,148
TA Lease 2	36	December 31, 2031	44,077	14,068
TA Lease 3	35	December 31, 2029	42,409	13,870
TA Lease 4	37	December 31, 2033	46,067	14,161
Petro Lease	35	June 30, 2035	61,654	—
Total	179		\$ 243,914	\$ 57,247

⁽¹⁾ We have two renewal options of 15 years each under each of the SVC Leases.

⁽²⁾ Commencing April 1, 2019, we began to pay SVC \$70,458 in 16 equal quarterly installments of \$4,404 each for deferred rent we owe SVC. Under our rent deferral agreement with SVC, deferred rent shall be accelerated and interest shall begin to accrue thereon at 1.0% per month on the deferred rent amounts if certain events occur, including: our default under the SVC Leases; a change of control of us, as defined in the rent deferral agreement; or our declaration or payment of a dividend or other distribution in respect of our common stock. The total amount of deferred rent outstanding as of December 31, 2019, was \$57,247.

On October 14, 2019, we and SVC amended the SVC Leases, pursuant to which, among other things, certain of the 179 travel center properties that we lease from SVC were reallocated among the SVC Leases. We accounted for this amendment as a lease modification. As a result, our operating lease assets and liabilities each increased by \$33,816. The amendments did not have a material impact on our real estate rent expense.

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The SVC Leases are "triple net" leases that require us to pay all costs incurred in the operation of the leased properties, including costs related to personnel, utilities, inventory acquisition and provision of services to customers, insurance, real estate and personal property taxes, environmental related expenses, underground storage tank removal costs and ground lease payments at those properties at which SVC leases the property and subleases it to us. We also are required generally to indemnify SVC for certain environmental matters and for liabilities that arise during the terms of the leases from ownership or operation of the leased properties and, at lease expiration, we are required to pay an amount equal to an estimate of the cost of removing underground storage tanks on the leased properties. The SVC Leases require us to maintain the leased properties, including structural and non-structural components.

We recognized total rent expense of \$245,531 and \$273,012 for the years ended December 31, 2019 and 2018, respectively, under the SVC Leases.

In addition to the payment of annual minimum rent, the SVC Leases provide for payment to SVC of percentage rent, calculated at 3.0% of the increase in total nonfuel revenues at each property over base year levels (the base year is 2012 for 35 properties, 2015 for 138 properties, 2017 for two properties, 2019 for three properties and 2020 for one property). The percentage rent amounts due for the years ended December 31, 2019 and 2018, were \$4,075 and \$3,591, respectively. As noted above, pursuant to the Transaction Agreements, we are obligated to pay additional percentage rent commencing with the year ended December 31, 2020.

Under the SVC Leases, we may request that SVC purchase approved amounts of renovations, improvements and equipment at the leased properties in return for increases in our annual minimum rent according to the following formula: the annual minimum rent will be increased by an amount equal to the amount paid by SVC multiplied by the greater of (i) 8.5% or (ii) a benchmark U.S. Treasury interest rate plus 3.5%. During the year ended December 31, 2018, we sold to SVC \$56,346 of improvements we made to properties leased from SVC; as a result, pursuant to the terms of the SVC Leases, our annual minimum rent payable to SVC increased by \$4,789. During the year ended December 31, 2019, we did not sell to SVC any improvements we made to properties leased from SVC. At December 31, 2019, our property and equipment balance included \$37,425 of improvements of the type that we historically requested that SVC purchase for an increase in annual minimum rent; however, we may elect not to sell some of those improvements and SVC is not obligated to purchase these improvements.

As permitted by the SVC Leases, we sublease a portion of certain travel centers to third parties to operate other retail operations. These subleases are classified as operating leases. We recognized sublease rental income of \$2,180 and \$2,294 for the years ended December 31, 2019 and 2018, respectively.

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The following table summarizes the various amounts related to the SVC Leases that are included in our consolidated balance sheet as of December 31, 2018.

	December 31, 2018
Current SVC Leases liabilities:	
Accrued rent	\$ 24,721
Sale leaseback financing obligations ⁽¹⁾	1,032
Straight line rent accrual ⁽²⁾	2,458
Deferred gain ⁽³⁾	10,128
Deferred tenant improvements allowance ⁽⁴⁾	3,770
Total current SVC Leases liabilities	\$ 42,109
Noncurrent SVC Leases liabilities:	
Deferred rent obligation ⁽⁵⁾	\$ 150,000
Sale leaseback financing obligations ⁽¹⁾	22,365
Straight line rent accrual ⁽²⁾	46,431
Deferred gain ⁽³⁾	100,913
Deferred tenant improvements allowance ⁽⁴⁾	34,047
Total noncurrent SVC Leases liabilities	\$ 353,756

⁽¹⁾ *Sale Leaseback Financing Obligations.* As of December 31, 2018, the assets related to two travel centers we leased from SVC were reflected in our consolidated balance sheet, as were the related financing obligations. This accounting was required primarily because, at the time of the inception of the prior leases with SVC, more than a minor portion of these two travel centers was subleased to third parties. Upon adoption of ASC 842, these failed sale leasebacks were reclassified as operating leases, which resulted in a gain that was recognized in our beginning accumulated deficit as of January 1, 2019. See above for more information about the impact of adopting ASC 842.

⁽²⁾ *Straight Line Rent Accrual.* As of December 31, 2018, the straight line rent accrual included the accrued rent expense from 2007 to 2012 for stated increases in our annual minimum rent due under our then existing TA Lease. The TA Leases we entered into in connection with a transaction agreement we entered into with SVC in 2015 contain no stated rent payment increases. Prior to the adoption of ASC 842, we amortized this accrual on a straight line basis over the current terms of the TA Leases as a reduction of real estate rent expense. The straight line rent accrual also included our obligation for the estimated cost of removing underground storage tanks at properties leased from SVC at the end of the related lease; we recognized these obligations on a straight line basis over the term of the related leases as additional real estate rent expense. As of January 1, 2019, the straight line rent accrual was reclassified as a reduction to our operating lease assets and the obligation for the estimated cost of removal of underground storage tanks was reclassified to other noncurrent liabilities. As of December 31, 2019, our obligation for the estimated cost of removal of underground storage tanks was \$22,216.

⁽³⁾ *Deferred Gain.* The deferred gain primarily included \$145,462 of gains from the sales of travel centers and certain other assets to SVC during 2015 and 2016. Prior to the adoption of ASC 842, we amortized the deferred gains on a straight line basis over the terms of the related leases as a reduction of real estate rent expense. Upon adoption of ASC 842, we recognized the unamortized deferred gain of \$85,053, net of taxes, in our beginning accumulated deficit as of January 1, 2019. See above for more information about the impact of adopting ASC 842.

⁽⁴⁾ *Deferred Tenant Improvements Allowance.* SVC funded certain capital projects at the properties we lease under the SVC Leases without an increase in rent payable by us. In connection with SVC's initial capital commitment, we recognized a liability for rent deemed to be related to this capital commitment as a deferred tenant improvements allowance. Prior to the adoption of ASC 842, we amortized the deferred tenant improvements allowance on a straight line basis over the terms of the SVC Leases as a reduction of real estate rent expense. Upon the adoption of ASC 842, the unamortized balance of the deferred tenant improvements allowance was reclassified as a reduction to our operating lease assets as of January 1, 2019.

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⁽⁵⁾ *Deferred Rent Obligation.* Pursuant to a rent deferral agreement with SVC, we previously deferred as of December 31, 2010, a total of \$150,000 of rent payable to SVC, which remained outstanding as of December 31, 2018, and had been due in five installments between 2024 and 2030. Upon the adoption of ASC 842, these future lease payments were included in our calculation of our operating lease assets and liabilities and the deferred rent obligation was reclassified as a reduction to our operating lease assets as of January 1, 2019. In January 2019, as described above and pursuant to the terms of the Transaction Agreements, our deferred rent obligation was reduced to \$70,458, payable in 16 equal quarterly installments commencing on April 1, 2019, and our operating lease assets and liabilities were remeasured using these revised payment amounts. The total amount of deferred rent outstanding as of December 31, 2019, was \$57,247.

As a Lessor

As of December 31, 2019, we leased two travel centers to franchisees. These two lease agreements expire in June 2022. These leases include rent escalations that are contingent on future events, namely inflation or our investing in capital improvements at these travel centers. During the year ended December 31, 2018, we leased four travel centers to franchisees, two of which expired prior to December 31, 2018. Rent revenues from these operating leases totaled \$2,293 and \$3,052 for the years ended December 31, 2019 and 2018, respectively. Future minimum lease payments due to us for the two leased sites under these operating leases as of December 31, 2019, were \$2,287 for each of the years 2020 and 2021 and \$1,144 for 2022. See above for information regarding certain travel centers that we leased from SVC in which we sublease a portion of the travel centers to third parties to operate other retail operations.

10. Stockholders' Equity

On August 1, 2019, in conjunction with our conversion from a Delaware limited liability company to a Maryland corporation, we increased our authorized shares of common stock from 8,674 shares to 16,000 shares. In addition, we completed a reverse stock split of our outstanding shares of common stock pursuant to which every five shares of our issued and outstanding common stock were exchanged for one share of our common stock. No fractional shares were issued in the reverse stock split. Instead, fractional shares that otherwise would have resulted from the reverse stock split were purchased by us at the closing price of our common stock on July 31, 2019. The common stock information included within this Annual Report has been retrospectively adjusted to reflect this reverse stock split for all dates and periods presented.

Share Award Plans

On May 19, 2016, our stockholders approved the TravelCenters of America LLC 2016 Equity Compensation Plan, and in 2019, the plan was amended and restated to reflect our conversion to a Maryland corporation and our reverse stock split effective August 1, 2019, which are collectively referred to as the 2016 Plan. Under the terms of the 2016 Plan, 860 shares of common stock have been authorized for issuance under the terms of the 2016 Plan. The 2016 Plan replaced the Amended and Restated TravelCenters of America LLC 2007 Equity Compensation Plan, or the 2007 Plan. No additional awards will be made under the 2007 Plan and the shares of common stock previously registered for offer and sale under the 2007 Plan but not yet issued were deregistered, although shares of common stock awarded under the 2007 Plan that had not yet vested have continued, and will continue, to vest in accordance with, and subject to, the terms of the related awards. We refer to the 2007 Plan and 2016 Plan collectively as the Share Award Plans.

We awarded a total of 270 and 175 shares of common stock under the 2016 Plan during the years ended December 31, 2019 and 2018, respectively, with aggregate market values of \$2,647 and \$3,867, respectively, based on the closing prices of our shares of common stock on the Nasdaq on the dates of the awards. During the years ended December 31, 2019 and 2018, we recognized total stock based compensation expense of \$3,441 and \$6,371, respectively. During the years ended December 31, 2019 and 2018, the vesting date fair value of shares of common stock that vested was \$1,754 and \$5,147, respectively.

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The weighted average grant date fair value of shares of common stock awarded during the years ended December 31, 2019 and 2018, was \$9.78 and \$22.07, per share of common stock, respectively. Shares of common stock issued to Directors vested immediately and the related stock based compensation expense was recognized on the date of the award. Shares of common stock issued to others vest in five equal annual installments beginning on the date of the award. The related stock based compensation expense was determined based on the market value of our shares of common stock on the date of the award with the aggregate value of the awarded shares of common stock expensed over the period of time over which the stock based payments vest. As of December 31, 2019, 88 shares of common stock remained available for issuance under the 2016 Plan. As of December 31, 2019, there was a total of \$5,293 of stock based compensation expense related to unvested shares of common stock that will be expensed over a weighted average remaining service period of approximately three years. The following table sets forth the number and weighted average grant date fair value of unvested shares of common stock and shares of common stock awarded under the Share Award Plans for the year ended December 31, 2019.

	Number of Shares of Common Stock	Weighted Average Grant Date Fair Value Per Share of Common Stock
Unvested shares of common stock as of December 31, 2018	316	\$ 27.44
Granted	270	9.78
Vested	(168)	22.15
Forfeited/canceled	(6)	26.57
Unvested shares of common stock as of December 31, 2019	412	18.03

Treasury Stock

Certain recipients of stock awards may elect to have us withhold the number of their vesting shares of common stock with a fair market value sufficient to fund the required tax withholding obligations with respect to their stock awards and during the year ended December 31, 2019, we acquired fractional shares of common stock that resulted from the reverse stock split on August 1, 2019. For the years ended December 31, 2019 and 2018, we acquired through this share withholding process and the reverse stock split 37 and 89 shares of common stock, respectively, with an aggregate value of \$346 and \$1,744, respectively. During the years ended December 31, 2019 and 2018, we retired 37 and 89 shares of treasury stock, \$0.001 par value, respectively, with a carrying value of \$346 and \$1,744, respectively, that reduced our shares of common stock outstanding.

Income (Loss) Per Share of Common Stock from Continuing Operations Attributable to Common Stockholders

We calculate basic earnings per share of common stock by dividing income (loss) from continuing operations available to common stockholders for the period by the weighted average shares of common stock outstanding during the period. The income (loss) from continuing operations attributable to participating securities is deducted from our income (loss) from continuing operations attributable to common stockholders to determine the income (loss) from continuing operations available to common stockholders. We calculate diluted earnings per share of common stock by adjusting weighted average outstanding shares of common stock, assuming conversion of all potentially dilutive stock securities, using the treasury stock method; but we had no dilutive stock securities outstanding as of December 31, 2019, nor at any time during the two year period then ended. Unvested shares of common stock issued under our Share Award Plans are deemed participating securities because they participate equally in earnings and losses with all of our other shares of common stock.

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The following table presents a reconciliation of income (loss) from continuing operations to income (loss) from continuing operations available to common stockholders and the related earnings per share of common stock.

	Year Ended December 31,	
	2019	2018
Income (loss) from continuing operations	\$ 33,469	\$ (2,773)
Less: net income for noncontrolling interest	124	149
Income (loss) from continuing operations attributable to common stockholders	33,345	(2,922)
Less: income (loss) from continuing operations attributable to participating securities	1,301	(125)
Income (loss) from continuing operations available to common stockholders	<u>\$ 32,044</u>	<u>\$ (2,797)</u>
Weighted average shares of common stock ⁽¹⁾	7,783	7,649
Basic and diluted income (loss) per share of common stock from continuing operations attributable to common stockholders	<u>\$ 4.12</u>	<u>\$ (0.37)</u>

⁽¹⁾ Reflects the retrospective adjustment related to the reverse stock split completed on August 1, 2019, and excludes unvested shares of common stock awarded under our Share Award Plans, which shares of common stock are considered participating securities because they participate equally in earnings and losses with all of our other shares of common stock. The weighted average number of unvested shares of common stock outstanding was 316 and 341 for the years ended December 31, 2019 and 2018, respectively.

11. Income Taxes

We had a tax provision of \$4,339 for the year ended December 31, 2019, and a tax benefit of \$1,574 for the year ended December 31, 2018.

Effective Tax Rate Reconciliation

	Year Ended December 31,	
	2019	2018
U.S. federal statutory rate applied to income (loss) before income taxes and discontinued operations	\$ (7,940)	\$ 994
State income taxes, net of federal benefit	635	(2,957)
Benefit of tax credits	4,020	3,977
Provision to return adjustments	(31)	560
Nondeductible executive compensation	(109)	(210)
Other nondeductible expenses	(530)	(430)
Other, net	(384)	(360)
Total (provision) benefit for income taxes	<u>\$ (4,339)</u>	<u>\$ 1,574</u>

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Components of the (Provision) Benefit For Income Taxes

	Year Ended December 31,	
	2019	2018
Current tax benefit:		
Federal	\$ 1,019	\$ 1,737
State	352	240
Total current tax benefit	1,371	1,977
Deferred tax provision:		
Federal	(6,163)	3,581
State	453	(3,984)
Total deferred tax provision	(5,710)	(403)
Total (provision) benefit for income taxes	\$ (4,339)	\$ 1,574

Components of Deferred Tax Assets and Liabilities

	December 31,	
	2019	2018
Deferred tax assets:		
Tax loss carryforwards	\$ 63,185	\$ 76,250
Tax credit carryforwards	35,624	31,377
Leasing arrangements	32,007	55,929
Reserves	18,204	16,186
Asset retirement obligations	1,278	625
Other	704	488
Total deferred tax assets before valuation allowance	151,002	180,855
Valuation allowance	(1,209)	(1,310)
Total deferred tax assets	149,793	179,545
Deferred tax liabilities:		
Property and equipment	(102,051)	(97,306)
Goodwill and intangible assets	(3,708)	(3,374)
Total deferred tax liabilities	(105,759)	(100,680)
Net deferred tax assets	\$ 44,034	\$ 78,865

As of December 31, 2019 and 2018, we had a valuation allowance of \$1,209 and \$1,310, respectively, related to foreign credit carryforwards, state net operating losses and deferred tax assets in foreign jurisdictions due to the uncertainty of their realization. At December 31, 2019, we had carryforwards for federal net operating losses, state net operating losses and federal tax credits of \$264,143, \$183,561 and \$35,624, respectively. Although not anticipated, \$3,600 of the federal net operating losses are scheduled to expire in 2030 if unused. We anticipate \$81 of the state net operating losses will expire in 2020 and \$50 will expire in 2021; if not utilized, a portion of the state net operating losses may need to be written off; however, a valuation allowance relating to these losses has been recorded. Although not anticipated, the remaining state net operating losses are scheduled to begin to expire in 2022 if unused. Federal tax credit carryforwards of \$434 may expire between 2021 and 2024 if unused, with the remainder expected to be utilized prior to their expiration beginning in 2030.

The net deferred tax assets presented in the table above are included in other noncurrent assets in our consolidated balance sheets.

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Our U.S. federal income tax returns are subject to tax examinations for the years ended December 31, 2010 and December 31, 2016, through the current period. Our state and Canadian income tax returns are generally subject to examination for the tax years ended December 31, 2015, through the current period. To the extent we have tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted by the taxing authorities to the extent the carryforwards are utilized in a subsequent year.

12. Equity Investments

As of December 31, 2019 and 2018, our investment in equity affiliates, which is presented in our consolidated balance sheets in other noncurrent assets, and our proportional share of our investees' net income (loss), which is included in other (income) expense, net in our consolidated statements of operations and comprehensive income (loss), were as follows:

	PTP	Other ⁽¹⁾	Total
Investment balance:			
As of December 31, 2019	\$ 24,517	\$ 5,983	\$ 30,500
As of December 31, 2018	21,260	18,805	40,065
Income (loss) from equity investments:			
Year ended December 31, 2019	\$ 5,657	\$ (4,750)	\$ 907
Year ended December 31, 2018	3,652	(5,679)	(2,027)

⁽¹⁾ Includes our investments in Affiliates Insurance Company, or AIC, and QuikQ LLC, or QuikQ.

Petro Travel Plaza Holdings LLC

Petro Travel Plaza Holdings LLC, or PTP, is a joint venture between us and Tejon Development Corporation that owns two travel centers, three convenience stores and one standalone restaurant in California. We own a 40.0% interest in PTP and we receive a management fee from PTP to operate these locations. We recognized management fee income of \$849 and \$1,562 for the years ended December 31, 2019 and 2018, respectively, which is included in nonfuel revenues in our consolidated statements of operations and comprehensive income (loss).

QuikQ LLC

QuikQ is a joint venture between us and Love's Travel Stops and Country Stores, Inc. QuikQ is an independent full-service fuel payment solutions provider. We own a 50.0% interest in QuikQ.

Affiliates Insurance Company

We, SVC and five other companies to which RMR provides management services each currently own 14.3% of AIC, an Indiana insurance company. Although we own less than 20% of AIC, we use the equity method to account for this investment because we believe that we have significant influence over AIC because a majority of our Directors, and one of our employees, are also directors of AIC.

AIC is in the process of dissolving. In connection with its dissolution, we and each of the other AIC shareholders received a capital distribution of \$9,000 in December 2019.

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Summarized Financial Information

The following table sets forth summarized financial information of our equity investments and does not represent the amounts we have included in our consolidated statements of operations and comprehensive income (loss) in connection with our equity investments.

	Year Ended December 31,	
	2019	2018
Total revenues	\$ 126,750	\$ 125,448
Cost of goods sold (excluding depreciation)	80,579	87,189
Income from operations	9,259	2,742
Net income	7,206	1,363

Fair Value

It is not practicable to estimate the fair value of our equity investments because of the lack of quoted market prices and the inability to estimate current fair value without incurring excessive costs. However, management believes that the carrying amounts of our equity investments at December 31, 2019, were not impaired given these companies' overall financial condition and earnings trends.

13. Business Management Agreement with RMR

We have a business management agreement with RMR to provide management services to us, which relates to various aspects of our business generally, including but not limited to, services related to compliance with various laws and rules applicable to our status as a publicly traded company, advice and supervision with respect to our travel centers, site selection for properties on which new travel centers may be developed, identification of, and purchase negotiation for, travel center properties and companies, accounting and financial reporting, capital markets and financing activities, investor relations and general oversight of our daily business activities, including legal matters, human resources, insurance programs, management information systems and the like. See Note 14 for more information regarding our relationship, agreements and transactions with RMR.

Under our business management agreement, we pay RMR an annual business management fee equal to 0.6% of the sum of our fuel gross margin (which is our fuel revenues less our fuel cost of goods sold) plus our total nonfuel revenues. The fee is payable monthly and totaled \$13,409 and \$14,570 for the years ended December 31, 2019 and 2018, respectively. These amounts are included in selling, general and administrative expense and loss from discontinued operations, net of taxes in our consolidated statements of operations and comprehensive income (loss).

The current term of our business management agreement with RMR ends on December 31, 2020, and automatically renews for successive one year terms unless we or RMR gives notice of non-renewal before the end of an applicable term. RMR may terminate the business management agreement upon 120 days' written notice, and we may terminate upon 60 days' written notice, subject to approval by a majority vote of our Independent Directors. If we terminate or do not renew the business management agreement other than for cause, as defined, we are obligated to pay RMR a termination fee equal to 2.875 times the annual base management fee and the annual internal audit services expense, which amounts are based on averages during the 24 consecutive calendar months prior to the date of notice of termination or nonrenewal.

We are also generally responsible for all of our expenses and certain expenses incurred or arranged by RMR on our behalf. RMR also provides internal audit services to us in return for our share of the total internal audit costs incurred by RMR for us and other publicly owned companies to which RMR or its subsidiaries provide management services, which amounts are subject to approval by our Compensation Committee. Our Audit Committee appoints our Director of Internal Audit and our Compensation Committee approves our portion of RMR's internal audit costs. The amounts recognized as expense for internal audit costs were \$284 and \$236 for the years ended December 31, 2019 and 2018, respectively. These amounts are included in selling, general and administrative expense in our consolidated statements of operations and comprehensive income (loss) and are in addition to the business management fees paid to RMR.

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Pursuant to our business management agreement, RMR may from time to time negotiate on our behalf with certain third party vendors and suppliers for the procurement of services to us. As part of this arrangement, we may enter agreements with RMR and other companies to which RMR provides management services for the purpose of obtaining more favorable terms from such vendors and suppliers.

RMR has agreed to provide certain transition services to us for 120 days following termination by us or notice of termination by RMR.

14. Related Party Transactions

We have relationships and historical and continuing transactions with SVC, RMR, ABP Trust, Adam D. Portnoy and others related to them, including other companies to which RMR or its subsidiaries provide management services and some of which have directors, trustees or officers who are also our Directors or officers.

Relationship with SVC

We are SVC's largest tenant and SVC is our principal landlord and largest stockholder and as of December 31, 2019, owned 684 shares of our common stock, representing approximately 8.2% of our outstanding shares of common stock.

RMR provides management services to both us and SVC and Adam D. Portnoy, the Chair of our Board of Directors and one of our Managing Directors, also serves as the chair of the boards of trustees or boards of directors of several of the other public companies to which RMR provides management services and as a managing trustee or managing director of all these companies, including serving as the chair of the board of trustees and as a managing trustee of SVC. Ethan S. Bornstein, Adam D. Portnoy's brother-in-law, is an executive officer of SVC. See Note 9 for more information about our lease agreements and transactions with SVC.

Spin-Off Transaction Agreement. In connection with our spin-off from SVC in 2007, we entered a transaction agreement with SVC and RMR, pursuant to which we granted SVC 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 to or with another party, and we granted SVC and any other company to which RMR provides management services a right of first refusal to acquire or finance any real estate of the types in which SVC or such other companies invest before we do. We also agreed that for so long as we are a tenant of SVC we will not permit: the acquisition by any person or group of beneficial ownership of 9.8% or more of the voting shares or the power to direct the management and policies of us or any of our subsidiary tenants or guarantors under the SVC Leases; the sale of a material part of our assets or of any such tenant or guarantor; or the cessation of certain of our Directors to continue to constitute a majority of our Board of Directors or any such tenant or guarantor. Also, we agreed not to take any action that might reasonably be expected to have a material adverse impact on SVC's ability to qualify as a real estate investment trust and to indemnify SVC for any liabilities it may incur relating to our assets and business.

Lease Arrangements. As of December 31, 2019, we leased from SVC a total of 179 properties under the SVC Leases. We have also engaged in other transactions with SVC, including in connection with the Transaction Agreements. See Notes 3 and 9 for more information about our relationship, agreements and transactions with SVC.

Our Manager, RMR

RMR provides certain services we require to operate our business. We have a business management agreement with RMR to provide management services to us, which relates to various aspects of our business generally. See Note 13 for more information about our business management agreement with RMR.

Adam D. Portnoy is the sole trustee, an officer and the controlling shareholder of ABP Trust, which is the controlling shareholder of The RMR Group Inc., a managing director and the president and chief executive officer of The RMR Group Inc. and an officer and employee of RMR. Both of our Managing Directors and our Chief Executive Officer, President and Chief Operating Officer, Executive Vice President, Chief Financial Officer and Treasurer, Executive Vice President and General Counsel, and Secretary are officers and employees of RMR. The RMR Group Inc. is the managing member of RMR. As of December 31, 2019, RMR owned 299 shares of our common stock, representing approximately 3.6% of our outstanding shares of common stock. See Note 13 for more information about our relationship with RMR.

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Stock Awards to RMR Employees. We award shares of common stock to certain employees of RMR who are not also Directors, officers or employees of ours. During the years ended December 31, 2019 and 2018, we awarded to such persons a total of 20 and 10 of our shares of common stock valued at \$184 and \$228, in aggregate, respectively, based upon the closing prices of our shares of common stock on the Nasdaq on the dates the awards were made. These share awards to RMR employees are in addition to the fees we paid to RMR and the stock awards to our Directors, officers and employees (some of whom are also officers and employees of RMR). See Note 10 for more information regarding our stock awards and activity as well as certain stock purchases we made in connection with stock award recipients satisfying tax withholding obligations on vesting stock awards.

Relationship with AIC

We, SVC and five other companies to which RMR provides management services each currently own 14.3% of AIC, an Indiana insurance company.

We and the other AIC shareholders historically participated in a combined property insurance program arranged and reinsured in part by AIC. The policies under that program expired on June 30, 2019, and we and the other AIC shareholders elected not to renew the AIC property insurance program; we have instead purchased standalone property insurance coverage with unrelated third party insurance providers. We paid aggregate premiums, including taxes and fees, of \$2,502 and \$1,721, respectively, in connection with this insurance program for the policy years ended June 30, 2019 and 2018, respectively.

Our investment in AIC had a carrying value of \$298 and \$8,632 as of December 31, 2019 and 2018, respectively. These amounts are included in other noncurrent assets in our consolidated balance sheets. We recognized income of \$575 and \$516 related to our investment in AIC for the years ended December 31, 2019 and 2018, respectively, and \$664 during the year ended December 31, 2019, related to previously unrealized gains and losses on securities held for sale, which amounts are included in other (income) expense, net in our consolidated statements of operations and comprehensive income (loss). Our other comprehensive loss attributable to common stockholders includes our proportional share of unrealized gains and losses on securities held for sale, which are owned by AIC, of \$91 and \$69 for the years ended December 31, 2019 and 2018, respectively. Our other comprehensive loss attributable to common stockholders for the year ended December 31, 2019, also includes the reclassification to other (income) expense, net of the \$664 previously unrealized gains and losses on securities held for sale.

RMR historically provided management and administrative services to AIC for a fee equal to 3.0% of the total premiums paid for insurance arranged by AIC. As a result of the property insurance program having been discontinued, AIC has not occurred fees payable to RMR since that time.

AIC is in the process of dissolving. See Note 12 for more information regarding our investment in AIC.

Directors' and Officers' Liability Insurance

We, The RMR Group Inc., RMR and certain companies to which RMR or its subsidiaries provide management services, including SVC, participate in a combined directors' and officers' liability insurance policy. The current combined policy expires in September 2020. We paid aggregate premiums of \$122 and \$157 in the years ended December 31, 2019 and 2018, respectively, for these policies.

Executive Officer Retirements

In December 2019, we and RMR entered into a retirement agreement with our former Managing Director and Chief Executive Officer, Andrew J. Rebholz. Pursuant to his retirement agreement, Mr. Rebholz will continue to serve, through June 30, 2020, as a non-executive employee in order to assist in transitioning his duties and responsibilities to his successor. Under Mr. Rebholz's retirement agreement, consistent with past practice, we will continue to pay Mr. Rebholz his current annual base salary of \$300 until June 30, 2020, and we paid Mr. Rebholz a cash bonus in respect of 2019 in the amount of \$1,000 in December 2019. Subject to the satisfaction of certain other conditions, after his retirement on June 30, 2020, we will make an additional cash payment to Mr. Rebholz in the amount of \$1,000 and fully accelerate the vesting of any of our unvested shares of common stock previously awarded to Mr. Rebholz.

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Pursuant to his retirement agreement, Mr. Rebholz granted us or our nominee a first right of refusal in the event he determines to sell any of our shares of common stock that he owns, pursuant to which we may elect during a specified period to purchase those shares of common stock at the average closing price per share of common stock for the 10 trading days preceding the date of his written notice to us of his intent to sell. In the event that we decline to exercise our purchase right, RMR may elect to purchase such shares of common stock at the price offered to us. Mr. Rebholz also agreed that, as long as he owns our shares of common stock, he will vote those shares of common stock at stockholders' meetings in favor of nominees for director and proposals recommended by the Board.

Mr. Rebholz's retirement agreement contains other terms and conditions, including cooperation, confidentiality, non-solicitation, non-competition and other covenants, and a waiver and release. Mr. Rebholz's retirement agreement also contains certain terms relating to RMR and other companies to which RMR or its affiliate provides management services.

In November 2017, we entered into a retirement agreement with our then Managing Director, President and Chief Executive Officer, Thomas M. O'Brien. Mr. O'Brien resigned those positions on December 31, 2017, and he remained a non-executive employee of ours until June 30, 2018, in accordance with his retirement agreement. During the year ended December 31, 2018, we accelerated the vesting of previously granted stock awards and made an additional cash payment to Mr. O'Brien resulting in additional compensation expense of \$3,571.

15. Contingencies

Environmental Contingencies

Extensive environmental laws regulate our operations and properties. These laws may require us to investigate and clean up hazardous substances, including petroleum or natural gas products, released at our owned and leased properties. Governmental entities or third parties may hold us liable for property damage and personal injuries, and for investigation, remediation and monitoring costs incurred in connection with any contamination and regulatory compliance at our locations. We use both underground storage tanks and above ground storage tanks to store petroleum products, natural gas and other hazardous substances at our locations. 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 the event of a release. At some locations we must also comply with environmental laws relative to vapor recovery or discharges to water. Under the terms of the SVC Leases, we generally have agreed to indemnify SVC for any environmental liabilities related to properties that we lease from SVC and we are required to pay all environmental related expenses incurred in the operation of the leased properties. We have entered into certain other arrangements in which we have agreed to indemnify third parties for environmental liabilities and expenses resulting from our operations.

From time to time we have received, and in the future likely will receive, notices of alleged violations of environmental laws or otherwise have become or will become aware of the need to undertake corrective actions to comply with environmental laws at our locations. Investigatory and remedial actions were, and regularly are, undertaken with respect to releases of hazardous substances at our locations. In some cases we have received, and may receive in the future, contributions to partially offset our 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 locations purchased from those indemnitors. To the extent we incur material amounts for environmental matters for which we do not receive or expect to receive insurance or other third party reimbursement and for which we have not previously recorded a liability, our operating results may be materially adversely affected. In addition, to the extent we fail to comply with environmental laws and regulations, or we become subject to costs and requirements not similarly experienced by our competitors, our competitive position may be harmed.

At December 31, 2019, we had an accrued liability of \$2,441 for environmental matters as well as a receivable for expected recoveries of certain of these estimated future expenditures of \$574, resulting in an estimated net amount of \$1,867 that we expect to fund in the future. We cannot precisely know the ultimate costs we may incur in connection with currently known environmental related violations, corrective actions, investigation and remediation; however, we do not expect the costs for such matters to be material, individually or in the aggregate, to our financial position or results of operations.

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We currently have insurance of up to \$20,000 per incident and up to \$20,000 in the aggregate for certain environmental liabilities, subject, in each case, to certain limitations and deductibles, which expires in June 2021. However, we can provide no assurance that we will be able to maintain similar environmental insurance coverage in the future on acceptable terms.

We cannot predict the ultimate effect changing circumstances and changing environmental laws may have on us in the future or the ultimate outcome of matters currently pending. We cannot be certain that contamination presently unknown to us does not exist at our sites, or that a material liability will not be imposed on us in the future. If we discover additional environmental issues, or if government agencies impose additional environmental requirements, increased environmental compliance or remediation expenditures may be required, which could have a material adverse effect on us.

Legal Proceedings

We are routinely involved in various legal and administrative proceedings incidental to the ordinary course of business, including commercial disputes, employment related claims, wage and hour claims, premises liability claims and tax audits, among others. We do not expect that any litigation or administrative proceedings in which we are presently involved, or of which we are aware, will have a material adverse effect on our business, financial condition, results of operations or cash flows.

On April 5, 2019, two plaintiffs filed a class action complaint against us in Ohio state court alleging that certain credit and debit card receipts printed by us included more information than permitted by the Fair and Accurate Credit Transactions Act. The complaint did not seek any actual damages, but plaintiffs sought statutory damages for the individual plaintiffs and members of the class, as well as declaratory relief, punitive damages, attorneys' fees and costs. In June 2019, we filed a motion to dismiss. On July 5, 2019, plaintiffs filed an amended complaint, which added a request for injunctive relief and on August 2, 2019, we filed a renewed motion to dismiss. After briefing by the parties, on November 13, 2019, the Ohio state court granted our motion and entered a judgment dismissing the case.

16. Inventory

Inventory at December 31, 2019 and 2018, consisted of the following:

	December 31,	
	2019	2018
Nonfuel products	\$ 161,560	\$ 163,302
Fuel products	35,051	33,419
Total inventory	<u>\$ 196,611</u>	<u>\$ 196,721</u>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TravelCenters of America Inc.

Date: February 25, 2020

By: /s/ William E. Myers

Name: William E. Myers

Title: Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial Officer and Principal Accounting Officer)

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

Signature	Title	Date
<u>/s/ Jonathan M. Pertchik</u> Jonathan M. Pertchik	Managing Director and Chief Executive Officer (Principal Executive Officer)	February 25, 2020
<u>/s/ William E. Myers</u> William E. Myers	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)	February 25, 2020
<u>/s/ Adam D. Portnoy</u> Adam D. Portnoy	Managing Director	February 25, 2020
<u>/s/ Barbara D. Gilmore</u> Barbara D. Gilmore	Independent Director	February 25, 2020
<u>/s/ Lisa Harris Jones</u> Lisa Harris Jones	Independent Director	February 25, 2020
<u>/s/ Joseph L. Morea</u> Joseph L. Morea	Independent Director	February 25, 2020

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF
THE SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2019, TravelCenters of America Inc. (“we,” “us” and “our”) had four classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): (i) shares of common stock, \$0.001 par value per share (“common stock”); (ii) 8.25% Senior Notes due 2028 (“2028 Senior Notes”); (iii) 8.00% Senior Notes due 2029 (“2029 Senior Notes”); and (iv) 8.00% Senior Notes due 2030 (“2030 Senior Notes” and, collectively with the 2028 Senior Notes and the 2029 Senior Notes, “Notes”).

DESCRIPTION OF COMMON STOCK

The following description of our common stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Articles of Incorporation (our “Charter”) and our Amended and Restated Bylaws (our “Bylaws”), each of which have been filed with the Securities and Exchange Commission (the “SEC”) as exhibits to this Annual Report on Form 10-K.

General

Our Charter provides that we may issue up to 16,000,000 shares of common stock. Our Charter authorizes our Board of Directors to amend our Charter to increase or decrease the aggregate number of authorized shares of stock, or the number of shares of stock of any class or series that we are authorized to issue, without stockholder approval.

Subject to the provisions of our Charter and Bylaws regarding the restrictions on ownership and transfer of our stock and except as may otherwise be specified in the terms of any class or series of common stock or preferred stock that we may issue, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors and, except as provided with respect to any other class or series of stock, the holders of shares of common stock will possess the exclusive voting power.

Holders of shares of common stock have no preference, conversion, exchange, sinking fund, or redemption rights, have no general appraisal rights and have no general preemptive rights to subscribe for any securities of our company. Subject to the provisions of our Charter and Bylaws regarding the restrictions on ownership and transfer of our stock, shares of common stock will have equal dividend, liquidation and other rights.

Power to Reclassify Our Unissued Shares of Stock

Our Charter authorizes our Board of Directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including one or more classes or series of stock that have priority with respect to dividends or upon liquidation over our common stock, and authorizes us to issue the newly-classified shares. Prior to the issuance of shares of each new class or series, our Board of Directors is required by Maryland law and by our Charter to set, subject to the provisions of our Charter regarding the restrictions on ownership and transfer of our stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption for each class or series. Our Board of Directors may take these actions without stockholder approval unless stockholder approval is required by the rules of any stock exchange or automatic quotation system on which our securities may be listed or traded.

Power to Increase or Decrease Authorized Shares of Stock and Issue Additional Shares of Common Stock and Preferred Stock

We believe that the power of our Board of Directors to amend our Charter to increase or decrease the number of authorized shares of stock, to authorize us to issue additional shares of common stock or preferred stock and to classify or reclassify unissued shares of stock and thereafter to authorize us to issue such classified or reclassified shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions on a timely basis and in meeting other needs that might arise. Nonetheless, the unrestricted ability of our Board of Directors to issue additional shares of common stock and preferred stock may have adverse consequences to our stockholders, including possibly diluting the ownership of existing stockholders and making a change of control of us difficult to achieve. The additional classes or series, as well as the additional shares of common stock or preferred stock, as applicable, will be available for issuance without further action by our stockholders, unless such approval is required by the rules of any stock exchange or automated quotation system on which our securities may be listed or traded.

Restrictions on Ownership and Transfer of Stock

Our Charter restricts the number and value of our shares of stock that our stockholders may own.

Our Charter prohibits any person from constructively owning more than 5% (in value or in number of shares, whichever is more restrictive) of the outstanding shares of our common stock or 5% (in value or in number of shares, whichever is more restrictive) of the outstanding shares of any other class or series of our stock. Our Board of Directors may from time to time increase or decrease our ownership limitations.

Our Board of Directors, in its sole discretion, may exempt persons from these ownership limitations, so long as our Board of Directors determines, among other things, that it is in our best interests and would not cause a default under the terms of any contract to which we are a party or would reasonably expect to become a party, provided that any duties of our Board of Directors to the stockholder requesting the exemption will not apply, to the fullest extent permitted by law, to such determination. In determining whether to grant an exemption, our Board of Directors may consider, among other factors, the following:

- the general reputation and moral character of the person requesting the exemption;
- whether the person's ownership of shares would be direct or through ownership attribution;
- whether the person's ownership of shares would interfere with the conduct of our business;
- whether granting an exemption would adversely affect any of our existing contractual arrangements; and
- whether the person to whom the exemption would apply is attempting to change control of us or affect our policies in a way that our Board of Directors, in its sole discretion, considers adverse to our best interests or those of our stockholders.

If a person attempts to transfer our shares of stock in violation of the ownership limitations described above, in our sole discretion, either (a) that number of shares (rounded up to the nearest whole share) which would cause the violation will automatically be transferred to a trust (the "Charitable Trust") for the exclusive benefit of one or more charitable beneficiaries designated by us or (b) such attempted transfer will be void *ab initio*. The prohibited owner will generally:

- have no rights in the shares held in the Charitable Trust;
- not benefit economically from ownership of any shares held in the Charitable Trust (except to the extent provided below upon a sale of the shares);
- have no rights to dividends or other distributions with respect to shares held in the Charitable Trust;
- not possess any right to vote or other rights attributable to the shares held in the Charitable Trust; and
- have no claim, cause of action or other recourse whatsoever against the purported transferor of any shares held in the Charitable Trust.

Effective as of the date that the shares have been transferred to the Charitable Trust, the trustee of the Charitable Trust will have the authority, at the trustee's sole discretion:

- to rescind as void any vote cast by a prohibited owner prior to our discovery that the shares have been transferred to the Charitable Trust; and
- to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary.

However, if we have already taken irreversible corporate action, then the trustee may not rescind and recast the vote.

Within 20 days of receiving notice from us that the shares have been transferred to the Charitable Trust, the trustee of the Charitable Trust will sell such shares (together with the right to receive distributions with respect to such shares) to a person, designated by the trustee of the Charitable Trust, whose ownership of the shares will not violate the ownership limitations set forth in our Charter. Upon such sale, the interest of the charitable beneficiary in the shares sold will terminate, and the trustee of the Charitable Trust will distribute the net proceeds of the sale to the prohibited owner and to the charitable beneficiary of the Charitable Trust as follows:

The prohibited owner will receive the lesser of:

- the net price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in the Charitable Trust, for example, in the case of a gift, devise or other similar transaction, the market price (as defined in our Charter) of the shares on the day of the event causing the shares to be transferred to the Charitable Trust, in each case; and
- the net sales proceeds received by the trustee of the Charitable Trust from the sale or other disposition of the shares held in the Charitable Trust plus any dividends received by the trustee of the Charitable Trust on such shares.

If, prior to our discovery that the shares have been transferred to a Charitable Trust, a prohibited owner sells such shares, then:

- those shares will be deemed to have been sold on behalf of the Charitable Trust; and
- to the extent that the prohibited owner received an amount for those shares that exceeds the amount that the prohibited owner was entitled to receive from a sale by the trustee of the Charitable Trust, the prohibited owner must pay the excess to the trustee of the Charitable Trust upon demand.

Also, shares held in the Charitable Trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of:

- the price per share in the transaction that resulted in the transfer to the Charitable Trust or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in the Charitable Trust, for example, in the case of a gift, devise or other similar transaction, the market price per share on the day of the event causing the shares to become held by the Charitable Trust; and
- the market price per share on the date we, or our designee, accept the offer.

We will have the right to accept the offer until the trustee of the Charitable Trust has sold the shares held in the Charitable Trust. The net proceeds of the sale to us will be distributed in the same manner as any other sale by a trustee of the Charitable Trust.

The restrictions described above will not preclude the settlement of any transaction entered into through the facilities of any national securities exchange or automated inter-dealer quotation system. Our Charter provides, however, that the settlement of any transaction will not negate the effect of any of the foregoing limitations and any transferee in such a transaction will be subject to all of the provisions and limitations described above.

Every stockholder of record of more than 5% of the outstanding shares of any class or series of stock is required to give written notice to us within 30 days (i) after the end of each taxable year and (ii) after a request from us. Such notice must state the name and address of the legal and beneficial owner(s), the number of shares of each class and series of our shares of stock which the stockholder owns, and a description of the manner in which those shares are held. In addition, each stockholder is required to provide us with any additional information that we may request in order to determine compliance with the ownership limits.

Any person who acquires or attempts or intends to acquire constructive ownership of shares of our stock that will or may violate the ownership limits or any person who would have owned shares that resulted in a transfer to the Charitable Trust must give written notice immediately to us or, in the case of a proposed or attempted transaction, provide us at least 15 days prior written notice and provide us with such other information as we may request.

Additionally, our Bylaws impose certain restrictions on the transfer of shares in order to help us preserve the tax treatment of our net operating losses and other tax benefits. These restrictions generally provide that transfers of shares to a person, entity or group which is then, or would become as a result of such transfer, an owner of 5% or more of our outstanding shares of stock (i) are void in total, for transferees then already owning 5% or more of our shares of stock and (ii) are void to the extent the transfer would so result in such level of ownership by the proposed transferee, for other transferees. These restrictions do not apply if the transferor or the transferee obtains the written approval of our Board of Directors.

All certificates representing our shares and any share statements for our uncertificated shares may bear legends referring to the foregoing restrictions.

Stock exchange listing

Our shares of common stock have been approved for listing on the Nasdaq Stock Market LLC under the symbol “TA.”

Transfer agent and registrar

The transfer agent and registrar for our shares of common stock is EQ Shareowner Services.

Board of Directors

Our Board of Directors has the exclusive power to increase or decrease the number of directors, provided that the number of directors may not be fewer than three and may not be more than seven, and further provided that the term of any director may not be decreased due to a reduction in the number of directors. We currently have five Directors.

Under our Bylaws, a Director must be at least 21 years of age, not under legal disability and, at the time of nomination and election, (i) not have been convicted of a felony, (ii) have substantial expertise or experience relevant to our business (as determined by our Board of Directors), (iii) have been nominated for election to the Board in accordance with our Bylaws and (iv) meet the qualifications of an Independent Director or a Managing Director, as applicable. An “Independent Director” is a Director who is not an employee of ours or The RMR Group LLC or its permitted successors or assigns (collectively, “RMR”), who is not involved in our day-to-day activities and who meets the qualifications of an independent director under the applicable rules of the principal securities exchange upon which our shares of common stock or other securities are listed for trading and the SEC, as those requirements may be amended from time to time. A “Managing Director” is a Director who has been an employee or officer of us or of RMR or involved in our day-to-day activities for at least one year prior to his or her election as a Director and who is not an Independent Director. Our Board of Directors may establish different or additional qualifications for our Independent Directors or Managing Directors. A majority of our Directors holding office must at all times be Independent Directors, except for temporary periods due to vacancies. If the number of our Directors, at any time, is set at less than five, at least one Director will be a Managing Director. So long as the number of our Directors is five or greater, at least two Directors must be Managing Directors.

Our Charter divides our Board of Directors into three classes, with each class as nearly equal in number as possible. The initial term of the Directors who are members of Class I will continue until our 2020 annual meeting of stockholders and until their successors are elected and qualify, the initial term of the Directors who are members of Class II will continue until our 2021 annual meeting of stockholders and until their successors are elected and qualify, and the initial term of the Class III Director will continue until our 2022 annual meeting of stockholders and until her successor is elected and qualifies. At each annual meeting, stockholders are entitled to elect the successors of the class of Directors whose term expires at that meeting for a term continuing until our annual meeting of stockholders held in the third following year and until their successors are elected and qualify. Our stockholders are entitled to elect only one class of Directors each year.

We believe that the classification of our Board of Directors will help to assure the continuity of our business strategies and policies. Our classified board could have the effect of making the replacement of a majority of the incumbent Directors more time-consuming and difficult. At least two annual meetings of our stockholders will generally be required to effect a change in a majority of our Board of Directors.

In uncontested elections, Directors are elected by a plurality of the votes cast in the election of directors; in a contested election, the election of Directors nominated by our Board requires the affirmative vote of stockholders entitled to cast at least a majority of the votes entitled to be cast in such election, and the election of directors not previously approved by our Board requires the affirmative vote of stockholders entitled to cast at least 75% of the votes entitled to be cast in such election, in each case voting together as a single class. In the case of a failure to elect any Director at an annual meeting of our stockholders, the incumbent Director who was up for election at that meeting will hold over and continue to serve as a Director until the election and qualification of his or her successor. There is no cumulative voting in the election of our Directors.

Subject to the provisions of any class or series of shares of our stock that hereafter may be created and are then outstanding, any vacancy as a result of any reason, including, without limitation, a vacancy caused by the death, resignation, retirement, removal or incapacity of any Director or resulting from an increase in the number of Directors, will be filled only by the affirmative vote of a majority of the Directors then remaining in office, even if the remaining Directors do not constitute a quorum, and any Director elected to fill a vacancy will serve for the remainder of the full term of the directorship in which such vacancy occurred and until the election and qualification of his or her successor. Our Charter provides that, subject to the provisions of any class or series of shares of stock of our company, a Director may be removed only for cause (as defined in our Charter) by the affirmative vote of stockholders entitled to cast at least 75% of all the votes entitled to be cast on the matter.

Advance Notice of Director Nominations and Other Business

Our Bylaws provide that nominations of individuals for election as Directors and proposals of other business to be considered at an annual meeting of our stockholders may be made only in our notice of the meeting, by or at the direction of our Board of Directors or by a stockholder (or group of stockholders) who is entitled to make nominations or proposals and has complied with the advance notice procedures and with ownership and other requirements set forth in our Bylaws.

Under our Bylaws, a written notice of nominations of individuals for election as Directors or other matters to be considered at an annual meeting of our stockholders by one or more of our stockholders must be delivered to our Secretary at our principal executive offices not later than 5:00 p.m., Eastern time, on the 120th day nor earlier than the 150th day prior to the first anniversary of the date of our proxy statement for the preceding year's annual meeting; *provided, however,* that if the annual meeting is called for a date that is more than 30 days earlier or later than the first anniversary of the date of the preceding year's annual meeting, the notice must be delivered by not later than 5:00 p.m., Eastern time, on the 10th day following the earlier of the day on which (a) notice of the annual meeting is mailed or otherwise made available or (b) public announcement of the date of such annual meeting is first made by us. Neither the postponement or adjournment of an annual meeting, nor the public announcement of such postponement or adjournment, commences a new time period or extends any time period for the giving of a notice by one or more stockholders.

Our Bylaws set forth procedures and requirements for submission of nominations of individuals for election as Directors and other proposals by our stockholders for consideration at an annual meeting of our stockholders. These procedures and requirements include, among other things:

- requiring that each of the stockholders desiring to make a nomination or proposal of other business:
 - has continuously owned (as defined in our Bylaws) at least 3% of our outstanding shares of common stock entitled to vote in the election of Directors or on a proposal of such other business, as the case may be, for at least three years as of (a) the date of the giving of the notice of the proposed nomination or proposal of other business, (b) the record date for determining the stockholders entitled to vote at the meeting and (c) the time of the annual meeting (including any postponement or adjournment thereof);
 - holds a certificate or certificates representing the aggregate requisite number of shares of stock owned by such stockholder(s) as of the date of the giving of the notice, the record date for determining the stockholders entitled to vote at the meeting and the time of the annual meeting (including any postponement or adjournment thereof);
 - is entitled to make such nomination or propose such other business and to vote at the meeting on such election or proposal of other business; and
 - submits the nomination or proposal to our Secretary in accordance with the requirements of our Bylaws;
-

- providing that the advance notice provisions in our Bylaws are the exclusive means for stockholders to make nominations for consideration at an annual meeting of our stockholders;
- requiring that certain information and documentation be provided regarding any proposed nominee for election as a Director by the proposing stockholder(s);
- requiring certain information be provided regarding any business other than the election of Director by the proposing stockholder(s);
- requiring certain information and documentation to be provided by the proposing stockholder(s) as to the proposing stockholder(s) and certain of its(their) affiliates; and
- providing that the proposing stockholder(s) is(are) responsible for ensuring compliance with the advance notice provisions, that any responses of the stockholder(s) to any request for information will not cure any incompleteness, inaccuracy or failure in the notice of the proposing stockholder(s) and that neither we, nor our Board of Directors, any committee of our Board of Directors or any of our officers has any duty to request clarification or updating information or to inform the proposing stockholder(s) of any defect in the notice of the proposing stockholder(s).

Only the business brought before a special meeting pursuant to our notice of the meeting may be considered at a special meeting of stockholders. Under our Bylaws, nominations of individuals for election as Directors may be made at a special meeting of our stockholders at which Directors are to be elected pursuant to our notice of meeting, by or at the direction of our Board of Directors, or if there are no Directors and the special meeting is called by one or more of our officers for the election of successor Directors; provided, however, that nominations of individuals to serve as Directors at a special meeting may only be made by (1) the Board of Directors or officers of the Corporation who called the special meeting of stockholders for the purpose of electing one or more Directors or (2) provided that our Board of Directors has determined that Directors will be elected at such special meeting, by one or more stockholders wishing to make a nomination who satisfy and comply with all of the timing and information requirements applicable to an annual meeting of stockholders. Under our Bylaws, in the event that our Board of Directors (or an officer of ours) calls a special meeting of our stockholders for the purpose of electing one or more Directors, stockholder(s) who meet(s) the requirements set forth in our Bylaws may nominate an individual or individuals (as the case may be) for election as a Director if the stockholder(s) provide(s) timely notice, in writing, to our Secretary at our principal executive offices, containing the information and following the procedures required by the advance notice provisions in our Bylaws, as described above for submitting nominations for consideration at an annual meeting of our stockholders. To be timely, such notice must be delivered not earlier than the 150th day prior to such special meeting and not later than 5:00 p.m., Eastern time, on the later of (i) the 120th day prior to such special meeting or (ii) the 10th day following the day on which public announcement is first made of the date of the special meeting and the nominees proposed to be voted on at the special meeting. Neither the postponement or adjournment of a special meeting, nor the public announcement of such postponement or adjournment, will commence a new time period for the giving of a notice by one or more stockholders.

Meetings of Stockholders

A meeting of our stockholders for the election of Directors and the transaction of any business will be held annually on a date and at the time and place set by our Board of Directors. Our Chief Executive Officer, the chairman of our Board, our President or our Board of Directors may call a special meeting of our stockholders. Subject to the provisions of our Bylaws, a special meeting of our stockholders to act on any matter that may properly be brought before a meeting of our stockholders will be called by our Secretary upon the written request of stockholders entitled to cast a majority of all the votes entitled to be cast at the special meeting.

Action by Written Consent

Our Charter provides that any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting only by a unanimous written consent of stockholders entitled to vote on the action.

Limitation of Liability and Indemnification of Directors and Officers and Others

The Maryland General Corporation Law (the “MGCL”) permits a Maryland corporation to include in its charter a provision eliminating the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty by the director or officer that was established by a final judgment as being material to the cause of action adjudicated. Our Charter contains a provision which eliminates the liability of our Directors and officers to the maximum extent permitted by the MGCL.

The MGCL requires us (unless our Charter were to provide otherwise, which our Charter does not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. The MGCL permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to or in which they may be made, or threatened to be made, a party or witness by reason of their service in those capacities. However, a Maryland corporation is not permitted to provide indemnification if the following is established:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

In addition, under Maryland law, a Maryland corporation may not indemnify a director or officer in a suit by the corporation or in its right in which the director or officer was adjudged liable to the corporation or in a suit in which the director or officer was adjudged liable on the basis that a personal benefit was improperly received. Nevertheless, a court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received. However, indemnification for an adverse judgment in a suit by the corporation or in its right, or for a judgment of liability on the basis that a personal benefit was improperly received, is limited to expenses.

The MGCL permits a corporation to advance reasonable expenses to a director or officer upon the corporation’s receipt of the following:

- a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation; and
- a written undertaking by him or her, or on his or her behalf, to repay the amount paid or reimbursed by the corporation if it is ultimately determined that this standard of conduct was not met.

Our Charter requires us, to the fullest extent permitted by Maryland law in effect from time to time, to indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, to pay or reimburse reasonable expenses in advance of a final disposition of a proceeding to, any present or former Director or officer of our company (including any predecessor of our company), any person who is or was serving at our request (including any predecessor of our company) as an officer, director, member, trustee, manager or partner of another person, Hospitality Properties Trust (“HPT”), RMR, The RMR Group Inc. (“RMR Inc.” and, together with HPT and RMR, collectively, the “Other Indemnitees”), and the respective trustees, directors and officers of the Other Indemnitees, unless, with respect to the Other Indemnitees and the respective trustees, directors and officers of the Other Indemnitees, there has been a final, nonappealable judgment entered by an arbiter determining that such person or entity acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that his, her or its conduct was unlawful. Except with respect to proceedings to enforce rights to indemnification, we are required to indemnify any person or entity described in this paragraph in connection with a proceeding initiated by him, her or it against us only if such proceeding was authorized by our Board of Directors. The rights to indemnification and to the advancement of expenses vest immediately upon an individual’s election or appointment as a Director or officer or his or her designation as an Indemnitee (as such term is defined in our Charter).

We have entered into indemnification agreements with our Directors and officers providing for rights to and procedures for indemnification by us to the maximum extent permitted by Maryland law and advancements by us of certain expenses and costs relating to claims, suits or proceedings arising from service to us. We also maintain directors' and officers' liability insurance for our Directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to our Directors, officers or persons controlling us pursuant to the foregoing provisions of Maryland law and our Charter, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and therefore is unenforceable.

Bylaws

Our Charter and Bylaws provide that our Bylaws may be amended or repealed and new Bylaws adopted only by our Board of Directors.

Stockholder liability

Under the MGCL, a stockholder is generally not personally liable for the obligations of a Maryland corporation solely as a result of his or her status as a stockholder. Under our Charter, to the fullest extent permitted by Maryland law in effect from time to time, each stockholder is liable to us (and any of our subsidiaries or affiliates) for, and is required to indemnify and hold us (and any of our subsidiaries and affiliates) harmless from and against, all costs, expenses, penalties, fines or other amounts, including, without limitation, reasonable attorneys' and other professional fees, whether third party or internal, arising from a stockholder's breach of or failure to fully comply with any covenant, condition or provision of our Charter or Bylaws or any action by or against us (or any of our subsidiaries and affiliates) in which the stockholder is not the prevailing party, and shall pay such amounts on demand, together with interest on such amounts, which interest will accrue at the rate of interest provided in the Bylaws for indemnification amounts payable by a stockholder to any such indemnitee or, if the Bylaws do not provide for a rate of interest for any such amount, the lesser of 15% per annum compounded and the maximum amount permitted by law, in each case, from the date such costs or other amounts are incurred until the receipt of payment.

Business opportunities

Our Charter provides that we have the power, by resolution of our Board of Directors, to renounce any interest or expectancy of ours in, or being offered an opportunity to participate in, any business opportunity that is presented to us or one or more of our Directors or officers and that Directors shall have no obligation or duty to present any business opportunities to us that may become available to such Director or to affiliates of such Director. In addition, our Charter provides that, unless otherwise provided in a written agreement with us, notwithstanding any duty that might otherwise exist, it shall not be a breach of any duty or other obligation of any Director for the Director or an affiliate of such Director to engage in any outside business interests and activities in preference to or to the exclusion of us or to compete directly with us.

Quorum and Voting by Stockholders

Whenever our stockholders are required or permitted to take any action by a vote, the action may be taken by a vote at a meeting of our stockholders at which a quorum is present. The presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum for the transaction of business at the meeting. Subject to any voting rights provided to holders of shares of another class or series of stock at any time outstanding and except as otherwise provided in our Charter, including with respect to amendments to our Charter and certain extraordinary actions described below under the heading "*Merger, Conversion, Transfer or Other Disposition of Assets, etc.*," the following matters, including the election of Directors, submitted by our Board to the stockholders for approval or otherwise voted upon by the stockholders, require the following vote by the stockholders, at a meeting of stockholders duly called and at which a quorum is present: (i) the election of any Managing Director or any Independent Director in an uncontested election, a plurality of all the votes cast by stockholders, voting together as a single class; (ii) any other election of a Director nominated by the Board, the affirmative vote of stockholders entitled to cast at least a majority of all the votes entitled to be cast on the election, voting together as a single class; (iii) any other matter that has been approved previously by the Board, a majority of all votes cast by stockholders, voting together as a single class; and (iv) any matter that has not been approved previously by the Board, the affirmative vote of stockholders entitled to cast at least 75% of all the votes entitled to be cast on the matter, voting together as a single class.

Business Combinations

Under the MGCL, certain “business combinations” (including a merger, consolidation, statutory share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and an interested stockholder (defined generally as any person that beneficially owns, directly or indirectly, 10% or more of the voting power of the corporation’s outstanding voting stock or an affiliate or associate of the corporation that, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation), or an affiliate of such an interested stockholder, are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. Thereafter, any such business combination must generally be recommended by the board of directors of the Maryland corporation and approved by the affirmative vote of at least (a) 80% of the votes entitled to be cast by holders of outstanding voting stock of the corporation and (b) two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom (or with whose affiliate) the business combination is to be effected or held by an affiliate or associate of the interested stockholder, unless, among other conditions, the corporation’s common stockholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares. A person is not an interested stockholder under the statute if the board of directors of the Maryland corporation approved in advance the transaction by which the person otherwise would have become an interested stockholder.

These provisions of the MGCL do not apply, however, to business combinations that are approved or exempted by a board of directors prior to the time that the interested stockholder becomes an interested stockholder.

Control Share Acquisitions

The MGCL provides that a holder of “control shares” of a Maryland corporation acquired in a “control share acquisition” has no voting rights with respect to the control shares except to the extent approved by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of such shares in the election of directors: (1) a person who makes or proposes to make a control share acquisition, (2) an officer of the corporation or (3) an employee of the corporation who is also a director of the corporation. “Control shares” are voting shares of stock which, if aggregated with all other such shares of stock owned by the acquirer, or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within one of the following ranges of voting power: (A) one-tenth or more but less than one-third; (B) one-third or more but less than a majority; or (C) a majority or more of all voting power. Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A “control share acquisition” means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon the satisfaction of certain conditions (including an undertaking to pay expenses and making an “acquiring person statement” as described in the MGCL), may compel the directors of the Maryland corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an “acquiring person statement” as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquirer or, if a meeting of stockholders is held at which the voting rights of such shares are considered and not approved, as of the date of such meeting. If voting rights for control shares are approved at a stockholders meeting and the acquirer becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquirer in the control share acquisition.

The control share acquisition statute does not apply to (a) shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) acquisitions approved or exempted by the charter or bylaws of the corporation.

Our Bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions by any person of shares of our stock. There is no assurance that such provision will not be amended or eliminated at any time in the future.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL (“Subtitle 8”) permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors, even if they do not constitute a quorum, and for the replacement director to serve for the remainder of the full term of the class of directors in which the vacancy occurred; and
- a majority requirement for the calling of a stockholder-requested special meeting of stockholders.

We have elected in our Charter to be subject to the provision of Subtitle 8 providing that vacancies on our Board of Directors may be filled only by the remaining directors. Through other provisions in our Charter and Bylaws unrelated to Subtitle 8, we already (1) have a classified board; (2) require the affirmative vote of the holders of not less than 75% of all of the votes entitled to be cast in the election of directors for the removal of any Director, which removal will be allowed only for cause; (3) vest in our Board of Directors the exclusive power to fix the number of directorships; and (4) require, unless called by our Chief Executive Officer, the chairman of our Board, our President or the Board of Directors, the written request of stockholders entitled to cast not less than a majority of all votes entitled to be cast at such a meeting to call a special meeting of stockholders.

Amendments to our Charter

Under the MGCL, a Maryland corporation generally may not amend its charter unless such action is first approved and declared advisable by the corporation’s board of directors and then approved by the affirmative vote of stockholders entitled to cast at least two-thirds of all the votes entitled to be cast on the matter. However, the MGCL allows a Maryland corporation’s charter to set a lower percentage, so long as the percentage is not less than a majority of all the votes entitled to be cast on the matter. Under our Charter, amendments to our Charter may be made if first approved by our Board of Directors and, to the extent a stockholder vote is required under the MGCL, then approved by the affirmative vote of a majority of the votes entitled to be cast by our stockholders entitled to vote thereon, voting together as a single class. However, if the amendment is to reduce the percentage of outstanding shares of stock required to take any action (*i.e.*, reducing a vote that requires two-thirds of all the votes entitled to be cast on the matter to a majority), such amendment will require the affirmative vote of holders of outstanding shares constituting not less than the voting requirement sought to be reduced (*e.g.*, in the example set forth in the prior parenthetical, two-thirds of all the votes entitled to be cast on the matter).

Merger, Conversion, Transfer or Other Disposition of Assets, etc.

Under the MGCL, a Maryland corporation generally may not merge, convert into another form of entity or transfer all or substantially all of its assets unless such action is first approved and declared advisable by the corporation's board of directors and then approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. The statute allows a Maryland corporation's charter to set a lower percentage, so long as the percentage is not less than a majority of all the votes entitled to be cast on the matter. Under our Charter, any merger, combination or consolidation of us with or into, or transfer of all or substantially all our assets to, another entity or conversion of us to another entity may be effected only if first approved by our Board of Directors and, to the extent a stockholder vote is required under the MGCL, then approved by the affirmative vote of a majority of the votes entitled to be cast by our stockholders entitled to vote thereon.

Regulatory Compliance and Disclosure

Our Bylaws provide that any stockholder who, by virtue of such stockholder's ownership of our shares of stock or actions taken by the stockholder affecting us, triggers the application of any requirement or regulation of any federal, state, municipal or other governmental or regulatory body on us or any of our subsidiaries must promptly take all actions necessary and fully cooperate with us to ensure that such requirements or regulations are satisfied without restricting, imposing additional obligations on or in any way limiting the business, assets, operations or prospects of us or any of our subsidiaries. If the stockholder fails or is otherwise unable to promptly take such actions so as to cause satisfaction of such requirements or regulations, such stockholder shall promptly divest a sufficient number of our shares necessary to cause the application of such requirement or regulation to not apply to us or any of our subsidiaries. If the stockholder fails to cause such satisfaction or divest itself of such sufficient number of our shares by not later than the tenth day after triggering such requirement or regulation referred to in the Bylaws, then any of our shares beneficially owned by such stockholder at and in excess of the level triggering the application of such requirement or regulation shall, to the fullest extent permitted by law, be deemed to constitute shares held in violation of the ownership limitations set forth in our Charter. Also, our Bylaws provide that if the stockholder who triggers the application of any regulation or requirement fails to satisfy the requirements or regulations or to take curative actions within such ten-day period, we may take all other actions which our Board of Directors deems appropriate to require compliance or to preserve the value of our assets, and we may charge the offending stockholder for our costs and expenses as well as any damages which may result.

Our Bylaws also provide that if a stockholder, by virtue of such stockholder's ownership of our shares of stock or its receipt or exercise of proxies to vote shares owned by other stockholders, would not be permitted to vote such stockholder's shares or exercise proxies for such shares in excess of a certain amount pursuant to applicable law but our Board of Directors determines that the excess shares or shares represented by the excess proxies are necessary to obtain a quorum, then such stockholder shall not be entitled to vote any such excess shares or proxies, and instead such excess shares or proxies may, to the fullest extent permitted by law, be voted by our management service provider or another person designated by our Board of Directors, in proportion to the total shares otherwise voted on such matter.

Disputes by Stockholders

Our Charter and Bylaws provide that actions brought against us or any Director, officer, manager (including RMR or its successor), agent or employee of ours, by a stockholder, including derivative and class actions, shall, on the demand of any party to such dispute, be resolved through binding arbitration in accordance with the procedures set forth in our Charter and Bylaws.

Exclusive Forum Bylaw

Our Bylaws currently provide that, unless the dispute has been referred to binding arbitration, the Circuit Court for Baltimore City, Maryland will be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim for breach of a duty owed by any director, officer, manager, agent or employee of ours to us or our stockholders; (3) any action asserting a claim against us or any director, officer, manager, agent or employee of ours arising pursuant to Maryland law or our Charter or Bylaws brought by or on behalf of a stockholder either on such stockholder's own behalf, on our behalf or on behalf of any series or class of our shares of stock or stockholders against us or any of our directors, officers, manager, agents or employees, including any claims relating to the meaning, interpretation, effect, validity, performance or enforcement of our Charter or Bylaws; or (4) any action asserting a claim against us or any director, officer, manager, agent or employee of ours that is governed by the internal affairs doctrine of the State of Maryland. The exclusive forum provision of our Bylaws does not apply to any dispute that has been referred to binding arbitration in accordance with our Charter or Bylaws, and does not purport to establish exclusive jurisdiction in the Circuit Court for Baltimore City, Maryland for claims that arise under the Securities Act, the Exchange Act or other federal securities laws if there is exclusive or concurrent jurisdiction in the federal courts. Any person or entity purchasing or otherwise acquiring or holding any interest in our shares of common stock shall be deemed to have notice of and to have consented to the exclusive forum provisions of our Bylaws.

Anti-takeover effect of Certain Provisions of our Charter and Bylaws

Provisions of our governing documents, including, for example, our restrictions on transfer and ownership of our shares of common stock, our classified Board of Directors, our stockholder voting rights and standards, the power of our Board of Directors to amend our Charter to increase or decrease the number of authorized shares of stock, to authorize us to issue additional shares of common stock or preferred stock and to classify or reclassify unissued shares of stock in certain circumstances without stockholder approval and our Director qualifications, could delay or prevent a change in control of us. The limitations in our Charter and Bylaws on the right of our stockholders to propose nominations of individuals for election as Directors or other proposals of business to be considered at meetings of our stockholders, including the compliance with disclosure requirements related thereto, may delay, defer or prevent our stockholders from making proposals that could be beneficial to our stockholders.

DESCRIPTION OF NOTES

The following description of our Notes is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the indenture, dated as of January 15, 2013 (the “Base Indenture”), between us and U.S. Bank National Association, as trustee (the “Trustee”), as supplemented (i) in the case of the 2028 Senior Notes, by the First Supplemental Indenture, dated as of December 16, 2015 (the “First Supplemental Indenture”); (ii) in the case of the 2029 Senior notes, by the Second Supplemental Indenture, dated as of December 16, 2014 (the “Second Supplemental Indenture”) and (iii) in the case of the 2030 Senior Notes, by the Third Supplemental Indenture, dated as of October 5, 2015 (the “Third Supplemental Indenture”). The Base Indenture, as supplemented by the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture is referred to herein as the “Indenture.” Each of the Base Indenture, First Supplemental Indenture, Second Supplemental Indenture and Third Supplemental Indenture has been filed with the SEC as an exhibit to this Annual Report on Form 10-K. The 2030 Senior Notes, the 2029 Senior Notes and the 2028 Senior Notes are traded on The Nasdaq Stock Market LLC under the symbols “TANNI,” “TANNL” and “TANNZ,” respectively.

We encourage you to read the Indenture for additional information. The Indenture is subject to, and governed by, the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”).

General

The 2030 Senior Notes, 2029 Senior Notes and 2028 Senior Notes were initially issued in an aggregate principal amount of \$100,000,000, \$120,000,000 and \$110,000,000 respectively. Each series may be reopened and we may, from time to time, issue additional Notes of the same series. The 2030 Senior Notes, 2029 Senior Notes and 2028 Senior Notes will mature (unless previously redeemed) on October 15, 2030, December 15, 2029 and January 15, 2028, respectively. The Notes were issued only in fully registered form without coupons, in denominations and integral multiples of \$25.00. The Notes are each evidenced by a global note in book-entry form.

The Notes constitute our senior unsecured obligations and rank *pari passu* in right of payment with all of our existing and future unsecured and unsubordinated indebtedness and are effectively subordinated to all existing and future secured indebtedness (including all borrowings under our credit facility) to the extent of the value of the assets securing such indebtedness and to all existing and future debt, other liabilities (including deferred rent obligations) and any preferred equity of our subsidiaries. The Notes are not guaranteed by our subsidiaries. Accordingly, our secured debt and the debt, other liabilities and any preferred equity of our subsidiaries will have to be satisfied in full before you will be able to realize any value from our encumbered or indirectly held assets. In addition, substantially all of our majority-owned U.S. subsidiaries have guaranteed borrowings under our credit facility. We and our subsidiaries may also incur additional indebtedness, including secured indebtedness.

The Indenture does not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of Notes protection in the event of (1) a highly leveraged or similar transaction involving us or any of our affiliates, (2) a change in control or (3) a reorganization, restructuring, merger or similar transaction involving us that may adversely affect holders of Notes. In addition, we may, in the future, enter into transactions such as the sale of all or substantially all of our assets or a merger or consolidation that would increase the amount of our indebtedness or substantially reduce or eliminate our assets, which might have an adverse effect on our ability to service our indebtedness, including the Notes.

Interest and Maturity

The 2030 Senior Notes bear interest at the rate of 8.25% per annum, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, to the persons in whose names the 2030 Senior Notes are registered at the close of business on January 1, April 1, July 1 and October 1, as the case may be, immediately before the relevant interest payment date; provided that a special record date or other arrangements will apply in respect of interest not punctually paid or provided for. Accrued and unpaid interest is also payable on the date of maturity or earlier redemption of the 2030 Senior Notes. Interest on the 2030 Senior Notes is computed on the basis of a 360-day year of twelve 30-day months. The 2030 Senior Notes will mature (unless previously redeemed) on October 15, 2030.

The 2029 Senior Notes bear interest at the rate of 8.00% per annum, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, to the persons in whose names the 2029 Senior Notes are registered at the close of business on January 1, April 1, July 1 and October 1, as the case may be, immediately before the relevant interest payment date; provided that a special record date or other arrangements will apply in respect of interest not punctually paid or provided for. Accrued and unpaid interest is also payable on the date of maturity or earlier redemption of the 2029 Senior Notes. Interest on the 2029 Senior Notes is computed on the basis of a 360-day year of twelve 30-day months. The 2029 Senior Notes will mature (unless previously redeemed) on October 15, 2029.

The 2028 Senior Notes bear interest at the rate of 8.00% per annum, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, to the persons in whose names the 2028 Senior Notes are registered at the close of business on January 1, April 1, July 1 and October 1, as the case may be, immediately before the relevant interest payment date; provided that a special record date or other arrangements will apply in respect of interest not punctually paid or provided for. Accrued and unpaid interest is also payable on the date of maturity or earlier redemption of the 2028 Senior Notes. Interest on the 2028 Senior Notes is computed on the basis of a 360-day year of twelve 30-day months. The 2028 Senior Notes will mature (unless previously redeemed) on January 15, 2028.

Optional Redemption

We may, at our option, at any time on or after October 15, 2018, December 15, 2018 and January 15, 2016, redeem some or all of the 2030 Senior Notes, 2029 Senior Notes and 2028 Senior Notes, respectively, by paying 100% of the principal amount of the Notes to be redeemed plus accrued but unpaid interest, if any, to, but not including, the redemption date.

We are required to give notice of such a redemption not less than 30 days nor more than 60 days prior to the redemption date to each holder's address appearing in the securities register maintained by the Trustee. In the event we elect to redeem less than all of the Notes, the particular Notes to be redeemed will be selected by the Trustee by such method as the Trustee shall deem fair and appropriate.

Certain Covenants

Existence. We will do or cause to be done all things necessary to preserve and keep in full force and effect our existence, rights and franchises; provided, however that we will not be required to preserve any such right or franchise if our Board of Directors determines that the preservation thereof is no longer desirable in the conduct of our business and that the loss thereof is not disadvantageous in any material respect to our ability to make payments under the Indenture. In addition, the Indenture does not restrict our ability to merge or consolidate, or sell, convey, transfer or otherwise dispose of all or substantially all of our assets, provided that any successor or acquirer of our properties or assets substantially as an entirety must assume all of our obligations under the Indenture and the Notes.

Maintenance of Properties. We will cause all properties used or useful in the conduct of our or our subsidiaries' business to be maintained and kept in good condition, repair and working order; provided, however, that we shall not be prevented from discontinuing the operation or maintenance of any of such properties if such discontinuance is, in our judgment, desirable in the conduct of our or our subsidiaries' business and not disadvantageous in any material respect to our ability to make payments under the Indenture.

Provision of Financial Information. If, at any time, we are no longer subject to the periodic reporting requirements of the Exchange Act for any reason, we agree that we will continue to prepare the financial statements and a "Management's Discussion and Analysis of Financial Condition and Results of Operations" substantially similar to that which would have been required to be included in an annual report on Form 10-K and a quarterly report on Form 10-Q if we had been subject to such Exchange Act reporting requirements (with all such financial statements prepared in accordance with Regulation S-X (or any successor regulation) promulgated by the SEC and all such annual financial statements including a report thereon from our certified independent accountants) and post copies thereof to our website for public availability within 15 days after the time periods that would have been applicable to filing such reports with the SEC in the rules and regulations applicable to such reports if we had been required to file those reports with the SEC; provided, however, that if we are no longer subject to the periodic reporting requirements of the Exchange Act, we will not be required to comply with Section 302 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 and 308 of Regulation S-K (or any successor regulation) promulgated by the SEC, or Item 10(e) of Regulation S-K with respect to any non-GAAP financial measures contained therein (or any successor regulation) or any similar requirement under any other regulation.

No Financial Covenants. The Indenture does not contain any limit on the amount of indebtedness that may be authenticated and delivered under it. Similarly, the Indenture does not limit the amount of secured indebtedness that we may incur or require us to maintain a particular amount of unencumbered assets or any specified coverage ratios.

Merger, Consolidation or Sale of Assets

Under the Indenture, we are generally permitted to consolidate or merge with or into another company. We are also permitted to convey, transfer or lease our properties and assets substantially as an entirety to another company. However, we may not take any of these actions unless the following conditions are met:

- if we consolidate or merge out of existence or convey, transfer or lease our properties and assets substantially as an entirety, the surviving entity must be a corporation, partnership, limited liability company or trust, organized and validly existing under the laws of the United States, any state thereof or the District of Columbia and must expressly agree to be legally responsible for the Notes and all of our obligations under the Indenture;
- immediately after such consolidation or merger or such conveyance, transfer or lease, we must not be in default that is continuing under the Indenture. A default for this purpose would include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded; and
- we must deliver the Trustee an officers' certificate and an opinion of counsel regarding compliance with the Indenture.

Events of Default, Notice and Waiver

The following are events of default under the Indenture:

- if we fail to pay interest when due and our failure continues for thirty (30) days and the time for payment has not been extended or deferred;
- if we fail to pay the principal, or premium, if any, when due;
- if we fail to observe or perform any other covenant contained in the notes or the Indenture, other than a covenant specifically relating to another series of notes, and our failure continues for ninety (90) days after we receive notice from the trustee or holders of at least ten percent (10%) in aggregate principal amount of the outstanding notes of that series; and
- if we experience specified events of bankruptcy, insolvency or reorganization.

If an event of default with respect to the notes of any series occurs and is continuing, the Trustee or the holders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding notes of that series, by notice to us in writing, and to the trustee if notice is given by such holders, may declare the unpaid principal of, premium, if any, and accrued interest, if any, on the notes due and payable immediately.

The holders of a majority in principal amount of the outstanding notes of an affected series may waive any default or event of default with respect to such series and its consequences, except (i) uncured defaults or events of default regarding payment of principal, premium, if any, or interest, unless we have cured the default or event of default in accordance with the Indenture; and (ii) certain covenants or provisions which under the terms of the Indenture cannot be modified or amended without the consent of the holder of each outstanding note affected. Any such waiver shall cure such default or event of default.

Subject to the terms of the Indenture, if an event of default under the Indenture shall occur and be continuing, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any of the holders of the applicable series of notes, unless such holders have offered the Trustee reasonable indemnity. The holders of a majority in principal amount of the outstanding notes of any series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the notes of that series, provided that:

- the direction is not in conflict with any law or the Indenture;
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- the Trustee may take any other action deemed proper by it which is not inconsistent with such direction; and
- subject to its duties under the Trust Indenture Act, the Trustee need not take any action that might involve it in personal liability or might be unduly prejudicial to the holders not involved in the proceeding.

A holder of the notes of any series will only have the right to institute a proceeding under the Indenture or to appoint a receiver or another trustee, or to seek other remedies if:

- the holder has given written notice to the Trustee of a continuing event of default with respect to that series;
- the holders of at least twenty-five percent (25%) in aggregate principal amount of the outstanding notes of that series have made written request, and such holders have offered reasonable indemnity to the Trustee to institute such proceedings as Trustee; and
- the Trustee does not institute such proceeding within sixty (60) days after its receipt of such notice, request and offer of indemnity, and does not receive from the holders of a majority in aggregate principal amount of the outstanding notes of that series other conflicting directions within such sixty (60) day period.

These limitations do not apply to a suit instituted by a holder of Notes if we default in the payment of the principal, premium, if any, or interest on, the Notes.

We will periodically file statements with the trustee regarding our compliance with specified covenants in the Indenture.

Modification of the Indenture

We and the Trustee may change the Indenture without the consent of any holders with respect to certain matters, including:

- to cure any ambiguity, defect or inconsistency in the Indenture;
- to change anything that does not materially adversely affect the interests of any holder of notes of any series;
- to provide for the assumption, by a successor or the acquirer of all or substantially all of our assets, of our obligations under the Indenture;
- to comply with the rules of any applicable depository;
- to add to our covenants for the benefit of holders of notes of any series or to surrender any right or power conferred upon us;
- to add to or change or eliminate any provision of the indenture as shall be desirable in accordance with amendments to the Trust Indenture Act; or
- to comply with any requirement of the SEC in connection with the qualification of an indenture under the Trust Indenture Act.

In addition, under the Indenture, the rights of holders of a series of notes may be changed by us and the Trustee with the written consent of the holders of at least a majority in aggregate principal amount of the outstanding notes of each series that is affected. Certain changes, however, may only be made with the consent of each holder of any outstanding notes affected, including the following:

- changing the fixed maturity of such series of notes;
 - reducing the principal amount, the rate of interest or any premium payable upon the redemption of any notes;
 - extending the time of payment of interest, or any premium payable upon the redemption of any such notes;
 - reducing the percentage in principal amount of notes, the consent of whose holders is required for any such supplemental indenture, or the consent of whose holders is required for any waiver provided for in the Indenture;
 - changing our obligation to maintain an office or agency in the places and for the purposes specified in the Indenture; or
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- modifying certain provisions of the Indenture which require the consent of, or action by, a specified minimum percentage of holders, except to increase any such percentages or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of each of the holders of the affected notes.

Sinking Fund

The Notes are not entitled to any sinking fund payments.

The Registrar and Paying Agent

U.S. Bank National Association is the registrar and paying agent for the Notes. Payments of interest and principal will be made, and the Notes are transferable, at the office of the paying agent, or at such other place or places as may be designated pursuant to the Indenture. For so long as the Notes are in book-entry form evidenced by a global security, payments will be made to a nominee of the depository.

Discharge, Full Defeasance and Covenant Defeasance

Discharge. We may discharge some of our obligations to holders of the Notes that have become due and payable at their stated maturity or will become due and payable within one year, or are scheduled for redemption within one year, by irrevocably depositing with the Trustee, in trust, money in an amount sufficient to pay the Notes, including any premium and interest.

Full Defeasance. We can, under particular circumstances, effect a full defeasance of the Notes. By this we mean we can legally release ourselves from any payment or other obligations on the Notes if, among other things, we put in place the arrangements described below to repay the Notes and deliver certain certificates and opinions to the Trustee, including, among other things:

- we must irrevocably deposit, in trust, for the benefit of all direct holders of the Notes a combination of money or U.S. government agency notes or bonds (or, in some circumstances, depository receipts representing these notes or bonds) that will generate enough cash to satisfy all interest, principal and any other payment obligations on the Notes on their various due dates;
- the current U.S. federal income tax law must be changed or an Internal Revenue Service (“IRS”) ruling must be issued permitting us to make the deposit described above, without causing holders to be taxed on the Notes any differently than if we did not make the deposit and instead repaid the debt securities ourselves; under current U.S. federal income tax law, the deposit and our legal release from the debt securities could cause you to recognize gain or loss on the debt securities they were deemed to have returned to us; and
- we must deliver to the Trustee a legal opinion confirming the U.S. federal income tax law change or IRS ruling described above.

If we did accomplish full defeasance, holders would have to rely solely on the trust deposit for repayment on the Notes. Holders could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from any claims of our lenders and other creditors if we ever became bankrupt or insolvent. Holders would also be released from any subordination provisions.

Notwithstanding the foregoing, the following rights and obligations will survive full defeasance:

- holders’ right to receive payments from the trust when payments are due;
- our obligations relating to registration and transfer of Notes and lost or mutilated certificates; and
- our obligations to maintain a payment office and to hold moneys for payment in trust.

Covenant Defeasance. Under current U.S. federal income tax law, we can make the same type of deposit described above and be released from some of the restrictive covenants in the Notes. This is called “covenant defeasance.” In that event, holders would lose the protection of such restrictive covenants but would gain the protection of having money and securities set aside in trust to repay the Notes.

If we accomplish covenant defeasance, the following provisions of the indenture and the Notes would no longer apply:

- the covenants set forth above under “—Merger, Consolidation or Sale of Assets” and “—Certain Covenants”; and
- the event of default listed in the third bullet point under the heading “—Events of Default, Notice and Waiver” above, as well as events of default relating to certain events of bankruptcy, insolvency or reorganization specified in the Indenture.

If we accomplish covenant defeasance, holders may still look to us for repayment of the Notes if a shortfall in the trust deposit occurred. A shortfall may occur if one of the remaining events of default occurs, such as our bankruptcy, causing the Notes to become immediately due and payable. Depending on the event causing the default, holders may not be able to obtain payment of the shortfall.

Information Concerning the Trustee

The Trustee, other than during the occurrence and continuance of an event of default under the Indenture, undertakes to perform only such duties as are specifically set forth in the Indenture. Upon an event of default under the Indenture, the Trustee must use the same degree of care as a prudent person would exercise or use in the conduct of his or her own affairs. Subject to this provision, the Trustee is under no obligation to exercise any of the powers given it by the Indenture at the request of any holder of Notes unless it is offered reasonable security and indemnity against the costs, expenses and liabilities that it might incur. The Trustee is not required to spend or risk its own money or otherwise become financially liable while performing its duties unless it reasonably believes that it will be repaid or receive adequate indemnity.

Governing Law

The Indenture is, and the Notes are, governed by and construed in accordance with the laws of the State of New York.

**TRAVELCENTERS OF AMERICA INC.
INDEMNIFICATION AGREEMENT**

THIS INDEMNIFICATION AGREEMENT (this “*Agreement*”), effective as of [_____, 20__] (the “*Effective Date*”), by and between TravelCenters of America Inc., a Maryland corporation (the “*Company*”), and [_____] (“*Indemnitee*”).

WHEREAS, Indemnitee currently serves as a director and/or officer of the Company and may, in connection therewith, be subjected to claims, suits or proceedings arising from such service; and

WHEREAS, as an inducement to Indemnitee to continue to serve as such, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law as hereinafter provided; and

WHEREAS, the parties desire to set forth their agreement regarding indemnification and advancement of expenses as reflected herein;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) “*Board*” means the board of directors of the Company.

(b) “*Bylaws*” means the bylaws of the Company, as they may be amended from time to time.

(c) “*Change in Control*” means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the “*Act*”), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if after the Effective Date:

(i) any “person” (as such term is used in Sections 13(d) and 14(d) of the Act) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 10% or more of the combined voting power of all the Company’s then outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board in office immediately prior to such person attaining such percentage interest;

(ii) there occurs a proxy contest, or the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board then in office, as a consequence of which members of the Board in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter; or

(iii) during any period of two consecutive years, other than as a result of an event described in clause (c)(ii) of this Section 1, individuals who at the beginning of such period constituted the Board (including for this purpose any new director whose election or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least a majority of the Board.

(d) “**Charter**” means the charter (as defined in the MGCL) of the Company, as it may be in effect from time to time.

(e) “**Company Status**” means the status of a Person who is or was a director, trustee, manager, member, officer, partner, employee, agent or fiduciary of the Company or any predecessor of the Company or any of their majority owned subsidiaries and the status of a Person who, while a director, trustee, manager, member, officer, partner, employee, agent or fiduciary of the Company or any predecessor of the Company or any of their majority owned subsidiaries, is or was serving at the request of the Company or any predecessor of the Company or any of their majority owned subsidiaries as a director, trustee, manager, member, officer, partner, employee, fiduciary or agent of another corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or any other Enterprise.

(f) “**control**” of an entity shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities, by contract or otherwise.

(g) “**Disinterested Director**” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification or advance of Expenses is sought by Indemnitee.

(h) “**Enterprise**” shall mean the Company and any other corporation, real estate investment trust, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, trustee, officer, partner, manager, member, employee, agent or fiduciary.

(i) “**Expenses**” means all expenses, including, but not limited to, all attorneys’ fees and costs, retainers, court or arbitration costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond or other appeal bond or its equivalent.

(j) “**Independent Counsel**” means a law firm, or a member of a law firm, selected by the Company and acceptable to Indemnitee, that is experienced in matters of business law. If, within twenty (20) days after submission by Indemnitee of a written demand for indemnification pursuant to Section 7(a) hereof, no Independent Counsel shall have been selected and agreed to by Indemnitee, either the Company or Indemnitee may petition a Chosen Court (as defined in Section 18) for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person so appointed shall act as Independent Counsel hereunder.

(k) “**MGCL**” means the Maryland General Corporation Law.

(l) “**Person**” means an individual, a corporation, a general or limited partnership, an association, a limited liability company, a governmental entity, a trust, a joint venture, a joint stock company or another entity or organization.

(m) “**Proceeding**” means any threatened, pending or completed claim, demand, action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative (including on appeal), whether or not by or in the right of the Company, except one initiated by an Indemnitee pursuant to Section 9.

Section 2. Indemnification – General; Court-Ordered Indemnification.

(a) The Company shall indemnify, and advance Expenses to, Indemnitee (i) as provided in this Agreement and (ii) otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 2 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by Section 2-418 of the MGCL, the Charter or the Bylaws.

(b) Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification of Indemnitee by the Company in the following circumstances:

(i) if such court determines that Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

(ii) if such court determines that an Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper without regard to any limitation on such court-ordered indemnification contemplated by Section 2-418(d)(2)(ii) of the MGCL.

Section 3. Proceedings Other Than Derivative Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 3 if, by reason of Indemnitee's Company Status, Indemnitee is, or is threatened to be, made a party to, witness in or otherwise asked or required to participate in, any Proceeding, other than a derivative Proceeding by or in the right of the Company (or, if applicable, such other Enterprise at which Indemnitee is or was serving at the request of the Company or a predecessor of the Company or any of their majority owned subsidiaries). Pursuant to this Section 3, Indemnitee shall be indemnified against all judgments, penalties, fines and amounts paid in settlement and all Expenses incurred by Indemnitee or on Indemnitee's behalf in connection with a Proceeding by reason of Indemnitee's Company Status unless it is finally determined that such indemnification is not permitted by the MGCL, the Charter or the Bylaws.

Section 4. Derivative Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 4 if, by reason of Indemnitee's Company Status, Indemnitee is, or is threatened to be, made a party to, witness in or otherwise asked or required to participate in, any derivative Proceeding brought by or in the right of the Company (or, if applicable, such other Enterprise at which Indemnitee is or was serving at the request of the Company or a predecessor of the Company or any of their majority owned subsidiaries). Pursuant to this Section 4, Indemnitee shall be indemnified against all judgments, penalties, fines and amounts paid in settlement and all Expenses incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding unless it is finally determined that such indemnification is not permitted by the MGCL, the Charter or the Bylaws.

Section 5. Indemnification for Expenses of a Party Who is Partly Successful. Without limitation on Section 3 or Section 4, if Indemnitee is not wholly successful in any Proceeding covered by this Agreement, but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 5 for all Expenses incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Advancement of Expenses. The Company, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding in which Indemnitee may be involved, or is threatened to be involved, including as a party, a witness or otherwise, by reason of Indemnitee's Company Status, within ten (10) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall be preceded or accompanied by a written affirmation by Indemnitee of Indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Company as authorized by the MGCL, the Charter and the Bylaws has been met and a written undertaking by or on behalf of Indemnitee, in substantially the form of Exhibit A hereto or in such other form as may be required under applicable law as in effect at the time of the execution thereof, to reimburse the portion of any Expenses advanced to Indemnitee relating to any claims, issues or matters in the Proceeding as to which it shall be finally determined that the standard of conduct has not been met and which have not been successfully resolved as described in Section 5. For the avoidance of doubt, the Company shall advance Expenses incurred by Indemnitee or on Indemnitee's behalf in connection with such a Proceeding pursuant to this Section 6 until it is finally determined that Indemnitee is not entitled to indemnification under the MGCL, the Charter or the Bylaws in respect of such Proceeding. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 6 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor. At Indemnitee's request, advancement of any such Expense shall be made by the Company's direct payment of such Expense instead of reimbursement of Indemnitee's payment of such Expense.

Section 7. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written demand therefor. The Secretary of the Company shall, promptly upon receipt of such a demand for indemnification, provide copies of the demand to the Board.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 7(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee or (ii) if a Change in Control shall not have occurred or if, after a Change in Control, Indemnitee shall so request, (A) by the Board (or a duly authorized committee thereof) by a majority vote of a quorum consisting of Disinterested Directors, or (B) if a quorum of the Board consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (C) if so directed by a majority of the members of the Board, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Any Independent Counsel, member of the Board or stockholder of the Company shall act reasonably and in good faith in making a determination regarding Indemnitee's entitlement to indemnification under this Agreement.

(c) The Company shall pay the fees and expenses of Independent Counsel, if one is appointed, and shall fully indemnify such Independent Counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or the Independent Counsel's engagement as such pursuant hereto.

Section 8. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the Person or Persons making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(b) It shall be presumed that Indemnatee has at all times acted in good faith and in a manner Indemnatee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Without limitation of the foregoing, Indemnatee shall be deemed to have acted in good faith if Indemnatee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnatee by officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge or actions, or failure to act, of any director, trustee, manager, member, officer, partner, employee, agent or fiduciary of the Enterprise shall not be imputed to Indemnatee for purposes of determining the right to indemnification under this Agreement.

(c) Neither the failure to make a determination pursuant to Section 7(b) as to whether indemnification is proper in the circumstances because Indemnatee has met any particular standard of conduct, nor an actual determination by the Company (including by the Board or Independent Counsel) pursuant to Section 7(b) that Indemnatee has not met such standard of conduct, shall be a defense to Indemnatee's claim that indemnification is proper in the circumstances or create a presumption that Indemnatee has not met any particular standard of conduct.

(d) The termination of any Proceeding, by judgment, order, settlement, conviction, a plea of *nolo contendere* or its equivalent, or an entry of an order of probation prior to judgment, shall not in and of itself adversely affect the right of Indemnatee to indemnification or create a presumption that Indemnatee did not meet the standard of conduct required for indemnification. The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any Proceeding to which Indemnatee is a party is resolved in any manner other than by adverse judgment against Indemnatee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration), it shall be presumed that Indemnatee has been successful on the merits or otherwise in such Proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

Section 9. Remedies of Indemnatee.

(a) If (i) a determination is made pursuant to Section 7(b) that Indemnatee is not entitled to indemnification under this Agreement, (ii) advance of Expenses is not timely made pursuant to Section 6, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 7(b) within thirty (30) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5 within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnatee is entitled to indemnification, Indemnatee shall (A) unless the Company demands arbitration as provided by Section 17, be entitled to an adjudication in a Chosen Court or (B) be entitled to seek an award in arbitration as provided by Section 17, in each case of Indemnatee's entitlement to such indemnification or advance of Expenses.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 9, the Company shall have the burden of proving that Indemnatee is not entitled to indemnification or advance of Expenses, as the case may be. In the event that a determination shall have been made pursuant to Section 7(b) that Indemnatee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 9 shall be conducted in all respects as a de novo trial on the merits, and Indemnatee shall not be prejudiced by reason of the adverse determination under Section 7(b).

(c) If a determination shall have been made pursuant to Section 7(b) that Indemnatee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 9, absent a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee's statement not materially misleading, in connection with the demand for indemnification.

(d) In the event that Indemnitee, pursuant to this Section 9, seeks a judicial adjudication of or an award in arbitration as provided by Section 17 to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement by the Company, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall indemnify Indemnitee against any and all Expenses incurred by Indemnitee in such judicial adjudication or arbitration and, if requested by Indemnitee, the Company shall (within ten (10) days after receipt by the Company of a written demand therefor) advance, to the extent not prohibited by law, the Charter or the Bylaws, any and all such Expenses.

(e) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 9 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such judicial proceeding or arbitration that the Company is bound by all the provisions of this Agreement.

(f) To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of Indemnitee.

(g) Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under Maryland law for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the tenth (10th) day after the date on which the Company was requested to advance Expenses in accordance with Section 6 of this Agreement or the thirtieth (30th) day after the date on which the Company was requested to make the determination of entitlement to indemnification under Section 7(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnitee by the Company.

Section 10. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly upon being served with or receiving any summons, citation, subpoena, complaint, indictment, information, notice, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder; provided, however, that the failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 10(b) and of Section 10(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within fifteen (15) days following receipt of notice of any such Proceeding under Section 10(a) above, and the counsel selected by the Company shall be reasonably satisfactory to Indemnitee. The Company shall not, without the prior written consent of Indemnitee, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee, or (iii) has the actual or purported effect of extinguishing, limiting or impairing Indemnitee's rights hereunder. This Section 10(b) shall not apply to a Proceeding brought by Indemnitee under Section 9 above or Section 15.

(c) Notwithstanding the provisions of Section 10(b), if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Company Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by

separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which shall not be unreasonably withheld, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other Person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, at the expense of the Company (subject to Section 9(d)), to represent Indemnitee in connection with any such matter.

Section 11. Liability Insurance.

(a) To the extent the Company maintains an insurance policy or policies providing liability insurance for any of its directors, managers or officers, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any Company director, manager or officer during Indemnitee's tenure as a director, manager or officer and, following a termination of Indemnitee's service in connection with a Change in Control, for a period of six (6) years thereafter.

(b) If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event of any payment by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee with respect to any insurance policy. Indemnitee shall take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights in accordance with the terms of such insurance policy. The Company shall pay or reimburse all Expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

Section 12. Non-Exclusivity; Survival of Rights.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter or the Bylaws, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by Indemnitee in Indemnitee's Company Status prior to such amendment, alteration or repeal. To the extent that a change in the MGCL permits greater indemnification to Indemnitee than would be afforded currently under the MGCL, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change if permitted by the MGCL. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 13. Binding Effect.

(a) The indemnification and advance of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or

substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, manager, officer, partner, employee, agent or fiduciary of the Company or a director, manager, member, officer, partner, trustee, employee, agent or fiduciary of another Enterprise which such Person is or was serving at the request of the Company or a predecessor of the Company or any of their majority owned subsidiaries, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(b) Any successor of the Company (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all, or a substantial part of, the business or assets of the Company shall be automatically deemed to have assumed and agreed to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place, provided that no such assumption shall relieve the Company of its obligations hereunder. To the extent required by applicable law to give effect to the foregoing sentence and to the extent requested by Indemnitee, the Company shall require and cause any such successor to expressly assume and agree to perform this Agreement by written agreement in form and substance satisfactory to Indemnitee.

Section 14. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 15. Limitation and Exception to Right of Indemnification or Advance of Expenses. Notwithstanding any other provision of this Agreement, (a) any indemnification or advance of Expenses to which Indemnitee is otherwise entitled under the terms of this Agreement shall be made only to the extent such indemnification or advance of Expenses does not conflict with applicable Maryland law and (b) Indemnitee shall not be entitled to indemnification or advance of Expenses under this Agreement with respect to any Proceeding brought by Indemnitee unless (i) the Proceeding is brought to enforce rights under this Agreement, the MGCL, the Charter, the Bylaws, liability insurance policy or policies, if any, or otherwise or (ii) the Charter, the Bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board or an agreement approved by the Board to which the Company is a party expressly provides otherwise.

Section 16. Specific Performance, Etc. The parties hereto recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

Section 17. Arbitration.

(a) Any disputes, claims or controversies regarding Indemnitee's entitlement to indemnification or advancement of Expenses hereunder or otherwise arising out of or relating to this Agreement, including any disputes, claims or controversies brought by or on behalf of a party hereto or any holder of equity interests (which, for purposes of this Section 17, shall mean any holder of record or any beneficial owner of equity interests or any former holder of record or beneficial owner of equity interests) of a party, either on his, her or its own behalf, on behalf of a party or on behalf of any series or class of equity interests of a party or holders of equity interests of a party against a party or any of their respective directors, trustees, members, officers, managers, agents or employees, including any disputes, claims or controversies relating to the meaning, interpretation, effect, validity, performance or enforcement of this Agreement, including this Section 17 or the governing documents of a party (all of which are referred to as "**Disputes**"), or relating in any way to such a Dispute or Disputes shall, on the demand of any party to such Dispute or Disputes, be resolved through binding and final arbitration in accordance with the Commercial Arbitration Rules (the "**Rules**") of the American Arbitration Association ("**AAA**") then in effect, except

as those Rules may be modified in this Section 17. For the avoidance of doubt, and not as a limitation, Disputes are intended to include derivative actions against the directors, trustees, officers or managers of a party and class actions by a holder of equity interests against those individuals or entities and a party. For the avoidance of doubt, a Dispute shall include a Dispute made derivatively on behalf of one party against another party. For purposes of this Section 17, the term “equity interest” shall mean, (i) in respect of the Company, Shares (as defined in the Charter), (ii) shares of “membership interests” in an entity that is a limited liability company, (iii) partnership interests in an entity that is a partnership, (iv) shares of capital stock of an entity that is a corporation and (v) similar equity ownership interests in other entities.

(b) There shall be three (3) arbitrators. If there are only two (2) parties to the Dispute, each party shall select one (1) arbitrator within fifteen (15) days after receipt by respondent of a copy of the demand for arbitration. The arbitrators may be affiliated or interested persons of the parties. If there are more than two (2) parties to the Dispute, all claimants, on the one hand, and all respondents, on the other hand, shall select, by the vote of a majority of the claimants or the respondents, as the case may be, one (1) arbitrator within fifteen (15) days after receipt of the demand for arbitration. The arbitrators may be affiliated or interested persons of the claimants or the respondents, as the case may be. If either a claimant (or all claimants) or a respondent (or all respondents) fail(s) to timely select an arbitrator then the party (or parties) who has selected an arbitrator may request AAA to provide a list of three (3) proposed arbitrators in accordance with the Rules (each of whom shall be neutral, impartial and unaffiliated with any party) and the party (or parties) that failed to timely appoint an arbitrator shall have ten (10) days from the date AAA provides the list to select one (1) of the three (3) arbitrators proposed by AAA. If the party (or parties) fail(s) to select the second (2nd) arbitrator by that time, the party (or parties) who have appointed the first (1st) arbitrator shall then have ten (10) days to select one (1) of the three (3) arbitrators proposed by AAA to be the second (2nd) arbitrator; and, if he/they should fail to select the second (2nd) arbitrator by such time, AAA shall select, within fifteen (15) days thereafter, one (1) of the three (3) arbitrators it had proposed as the second (2nd) arbitrator. The two (2) arbitrators so appointed shall jointly appoint the third (3rd) and presiding arbitrator (who shall be neutral, impartial and unaffiliated with any party) within fifteen (15) days of the appointment of the second (2nd) arbitrator. If the third (3rd) arbitrator has not been appointed within the time limit specified herein, then AAA shall provide a list of proposed arbitrators in accordance with the Rules, and the arbitrator shall be appointed by AAA in accordance with a listing, striking and ranking procedure, with each party having a limited number of strikes, excluding strikes for cause.

(c) The place of arbitration shall be Boston, Massachusetts unless otherwise agreed by the parties.

(d) There shall be only limited documentary discovery of documents directly related to the issues in dispute, as may be ordered by the arbitrators. For the avoidance of doubt, it is intended that there shall be no depositions and no other discovery other than limited documentary discovery as described in the preceding sentence.

(e) In rendering an award or decision (an “**Award**”), the arbitrators shall be required to follow the laws of the State of Maryland without regard to principles of conflicts of law. Any arbitration proceedings or award rendered hereunder and the validity, effect and interpretation of this arbitration agreement shall be governed by the Federal Arbitration Act, 9 U.S.C. §1 et seq. An Award shall be in writing and shall state the findings of fact and conclusions of law on which it is based. Any monetary Award shall be made and payable in U.S. dollars free of any tax, deduction or offset. Subject to Section 17(g), each party against which an Award assesses a monetary obligation shall pay that obligation on or before the thirtieth (30th) day following the date of such Award or such other date as the Award may provide.

(f) Except to the extent expressly provided by this Agreement or as otherwise agreed by the parties hereto, each party and each Person acting or seeking to act in a representative capacity (such Person, a “**Named Representative**”) involved in a Dispute shall bear its own costs and expenses (including attorneys’ fees), and the arbitrators shall not render an Award that would include shifting of any such costs or expenses (including attorneys’ fees) or, in a derivative case or class action, award any portion of a party’s award to its attorneys, a Named Representative or any attorney of a Named Representative. Each party (or, if there are more than two (2) parties to the Dispute, all claimants, on the one hand, and all respondents, on the other hand, respectively) shall bear

the costs and expenses of its (or their) selected arbitrator and the parties (or, if there are more than two (2) parties to the Dispute, all claimants, on the one hand, and all respondents, on the other hand) shall equally bear the costs and expenses of the third (3rd) appointed arbitrator.

(g) Notwithstanding any language to the contrary in this Agreement, an Award, including but not limited to any interim Award, may be appealed pursuant to the AAA's Optional Appellate Arbitration Rules (the "***Appellate Rules***"). An Award shall not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has expired. Appeals must be initiated within thirty (30) days of receipt of an Award by filing a notice of appeal with any AAA office. Following the appeal process, the decision rendered by the appeal tribunal may be entered in any court having jurisdiction thereof. For the avoidance of doubt, and despite any contrary provision of the Appellate Rules, Section 17(f) shall apply to any appeal pursuant to this Section 17 and the appeal tribunal shall not render an Award that would include shifting of any costs or expenses (including attorneys' fees) of any party or Named Representative or the payment of such costs and expenses, and all costs and expenses of a party or Named Representative shall be its sole responsibility.

(h) Following the expiration of the time for filing the notice of appeal, or the conclusion of the appeal process set forth in Section 17(g), an Award shall be final and binding upon the parties thereto and shall be the sole and exclusive remedy between those parties relating to the Dispute, including any claims, counterclaims, issues or accounting presented to the arbitrators. Judgment upon an Award may be entered in any court having jurisdiction. To the fullest extent permitted by law, no application or appeal to any court of competent jurisdiction may be made in connection with any question of law arising in the course of arbitration or with respect to any award made except for actions relating to enforcement of this agreement to arbitrate or any arbitral award issued hereunder and except for actions seeking interim or other provisional relief in aid of arbitration proceedings in any court of competent jurisdiction.

(i) This Section 17 is intended to benefit and be enforceable by the parties hereto and their respective holders of equity interests, directors, trustees, officers, managers, agents or employees, and their respective successors and assigns, and shall be binding upon all such parties and their respective holders of equity interests, and be in addition to, and not in substitution for, any other rights to indemnification or contribution that such individuals or entities may have by contract or otherwise.

Section 18. Venue. Each party hereto agrees that it shall bring any Proceeding in respect of any claim arising out of or related to this Agreement exclusively in the Circuit Court for Baltimore City, Maryland (the "***Circuit Court***"), or, to the extent that court does not have subject matter jurisdiction, the United States District Court for the District of Maryland, Northern Division (collectively, the "***Chosen Courts***"). Solely in connection with claims arising under this Agreement, each party irrevocably and unconditionally (a) submits to the exclusive jurisdiction of the Chosen Courts, (b) agrees not to commence any such Proceeding except in such courts, (c) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any such Proceeding in the Chosen Courts, (d) waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such Proceeding, (e) agrees that service of process upon such party in any such Proceeding shall be effective if notice is given in accordance with Section 24 and (f) agrees to request and/or consent to the assignment of any such Proceeding to the Circuit Court's Business and Technology Case Management Program or similar program. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by law. A final judgment in any such Proceeding shall be conclusive and may be enforced in any jurisdiction by suit on the judgment or in any other manner provided by law. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT. Notwithstanding anything herein to the contrary, if a demand for arbitration of a Dispute is made pursuant to Section 17, this Section 18 shall not preempt resolution of the Dispute pursuant to Section 17.

Section 19. Adverse Settlement. The Company shall not seek, nor shall it agree to or support, or agree not to contest any settlement or other resolution of any matter that has the actual or purported effect of extinguishing, limiting or impairing Indemnitee's rights hereunder, including without limitation the entry of any bar order or other order, decree or stipulation, pursuant to 15 U.S.C. § 78u-4 (the Private Securities Litigation Reform Act), or any similar foreign, federal or state statute, regulation, rule or law.

Section 20. Period of Limitations. To the fullest extent permitted by law, no legal action shall be brought, and no cause of action shall be asserted, by or on behalf of the Company or any controlled affiliate of the Company against Indemnatee, Indemnatee's spouse, heirs, executors or personal or legal representatives after the expiration of two years from the date of accrual of such cause of action, and any claim or cause of action of the Company or its controlled affiliate shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such two-year period; provided, however, if any shorter period of limitations is otherwise applicable to any such cause of action, such shorter period shall govern.

Section 21. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties hereto and delivered to the other party (including via facsimile or other electronic transmission), it being understood that each party hereto need not sign the same counterpart.

Section 22. Delivery by Electronic Transmission. This Agreement and any signed agreement or instrument entered into in connection with this Agreement or contemplated hereby, and any amendments hereto or thereto, to the extent signed and delivered by means of an electronic transmission, including by a facsimile machine or via email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to the other parties. No party hereto or to any such agreement or instrument shall raise the use of electronic transmission by a facsimile machine or via email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through electronic transmission as a defense to the formation of a contract and each such party forever waives any such defense.

Section 23. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to, or shall, constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

Section 24. Notices. Any notice, report or other communication required or permitted to be given hereunder shall be in writing unless some other method of giving such notice, report or other communication is accepted by the party to whom it is given, and shall be given by being delivered at the following addresses to the parties hereto:

(a) If to Indemnatee, to: The address set forth on the signature page hereto.

(b) If to the Company to:

TravelCenters of America Inc.
Two Newton Place
255 Washington Street, Suite 300
Newton, Massachusetts 02458-1634
Attn: Secretary

or to such other address as may have been furnished to Indemnatee by the Company or to the Company by Indemnatee, as the case may be.

Section 25. Governing Law. The provisions of this Agreement and any Dispute, whether in contract, tort or otherwise, shall be governed by and construed in accordance with the laws of the State of Maryland without regard to its conflicts of laws rules.

Section 26. Interpretation.

(a) *Generally.* Unless the context otherwise requires, as used in this Agreement: (i) words defined in the singular have the parallel meaning in the plural and vice versa; (ii) "Sections," and "Exhibits"

refer to Sections and Exhibits of this Agreement unless otherwise specified; and (iii) “hereto” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) *Additional Interpretive Provisions.* The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. Any capitalized term used in any Exhibit to this Agreement, but not otherwise defined therein, shall have the meaning as defined in this Agreement. References to any statute shall be deemed to refer to such statute as amended from time to time and to any rules or regulations promulgated thereunder and any successor statute or statutory provision. References to any agreement are to that agreement as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. References to any Person include the successors and permitted assigns of that Person. Reference to any agreement, document or instrument means the agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof.

(c) *Prior Indemnification Agreement.* This Agreement shall entirely supersede, amend and replace the Prior Indemnification Agreement. This Agreement constitutes the entire agreement among the parties and supersedes any prior understandings, agreements or representations by or among the parties, or any of them, written or oral, with respect to the subject matter of the Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have executed or caused to be executed on their behalf this Agreement as of the date first written above.

TRAVELCENTERS OF AMERICA INC.

By: _____

Name: Mark R. Young

Title: Executive Vice President and General Counsel

JONATHAN PERTCHIK

Indemnatee's Address: _____

[_____]

Two Newton Place

255 Washington Avenue, Suite 300

Newton Massachusetts 02458

[Signature Page to Indemnification Agreement]

EXHIBIT A

FORM OF AFFIRMATION AND
UNDERTAKING TO REPAY EXPENSES ADVANCED

To the Board of Directors of TravelCenters of America Inc.:

This affirmation and undertaking is being provided pursuant to that certain Indemnification Agreement dated _____, 20 (the “**Indemnification Agreement**”), by and between TravelCenters of America Inc., a Maryland corporation (the “**Company**”), and the undersigned Indemnatee, pursuant to which such Indemnatee is entitled to advancement of Expenses in connection with [Description of Claims/Proceeding] (together, the “**Claims**”). Terms used, and not otherwise defined, herein shall have the meanings specified in the Indemnification Agreement.

Indemnatee is subject to the Claims by reason of Indemnatee’s Company Status or by reason of alleged actions or omissions by Indemnatee in such capacity.

Indemnatee hereby affirms Indemnatee’s good faith belief that the standard of conduct necessary for Indemnatee's indemnification has been met.

In consideration of the advancement of Expenses by the Company for attorneys’ fees and related expenses incurred by Indemnatee in connection with the Claims (the “**Advanced Expenses**”), Indemnatee hereby agrees that if, in connection with a proceeding regarding the Claim, it is ultimately determined that Indemnatee is not entitled to indemnification under the MGCL, the Charter, the Bylaws or the Indemnification Agreement with respect to an act or omission by Indemnatee, then Indemnatee shall promptly reimburse the portion of the Advanced Expenses relating to the Claim(s) as to which the foregoing findings have been established and which have not been successfully resolved as described in Section 5 of the Indemnification Agreement. To the extent that Advanced Expenses do not relate to specific Claims, Indemnatee agrees that such Advanced Expenses may be allocated on a reasonable and proportionate basis.

IN WITNESS WHEREOF, the undersigned Indemnatee has executed this Affirmation and Undertaking to Repay Expenses Advanced on

_____, _____.

WITNESS:

Print name of witness

Print name of Indemnatee

TRAVELCENTERS OF AMERICA INC.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (this “Agreement”) is made as of “DATE”, between “NAME” (the “Recipient”) and TravelCenters of America Inc. (the “Company”).

In consideration of the mutual promises and covenants contained in this Agreement, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Shares. Subject to the terms and conditions hereinafter set forth and the terms and conditions of the TravelCenters of America Inc. Amended and Restated 2016 Equity Compensation Plan, as it may be amended from time to time (the “Plan”), the Company hereby grants to the Recipient, effective as of the date of this Agreement, “NUMBER” shares of its common stock, par value \$0.001 per share (“Common Stock”). The shares so granted are hereinafter referred to as the “Shares,” which term shall also include any shares of Common Stock issued to the Recipient by virtue of his or her ownership of the Shares, by share dividend, share split, recapitalization or otherwise. Capitalized terms that are used but not defined herein shall have the meaning set forth in the Plan.

2. Vesting; Forfeiture of Shares.

(a) Subject to Sections 2(b) and 2(c) hereof, the Shares shall vest one-fifth of the total number of Shares as of the date hereof and as to a further one-fifth of such total number of Shares on each anniversary of the date hereof for the next four calendar years. Any Shares not vested as of any date are herein referred to as “Unvested Shares.”

(b) Subject to Section 2(c) hereof, at the option of the Company, in the event the Recipient ceases to render significant services, whether as an employee or otherwise, to (i) the Company, (ii) the entity which is the manager or shared services provider to the Company or an entity controlled by, under common control with or controlling such entity (collectively, the “Manager”), or (iii) an affiliate of the Company (which shall be deemed for such purpose to include any other entity to which the Manager is the manager or shared services provider), all or any portion of the Unvested Shares shall be forfeited by the Recipient as of the date the Recipient ceases to render all such services. The Company may exercise such option by delivering or mailing to the Recipient (or his or her estate), at any time after the Recipient has ceased to render such services, a written notice of exercise of such option. Such notice shall specify the number of Unvested Shares to be forfeited.

(c) Notwithstanding anything in this Agreement to the contrary, immediately upon the occurrence of the death of the Recipient, a Change in Control or a Termination Event, all of the Unvested Shares shall vest and any forfeiture or other rights of the Company described in Section 2(b) shall lapse in their entirety, and such vesting and lapse of forfeiture or other Company rights shall also immediately apply to each other

share of Common Stock previously granted to the Recipient which then remains subject to comparable restrictions and rights.

3. Legends. Certificates evidencing Shares and Shares not evidenced by certificates shall also bear or contain, as applicable, legends and notations as may be required by the Plan or Bylaws, each as in effect from time to time, or as the Company may otherwise determine appropriate.

Promptly following the request of the Recipient with respect to any Shares (or any other share of Common Stock previously granted to the Recipient) which have become vested, the Company shall take, at its sole cost and expense, all such actions as may be required to permit the Recipient to resell such shares including, without limitation, providing to the Company's transfer agent certificates of officers of the Company, and opinions of counsel and/or filing an appropriate registration statement, and taking all such other actions as may be required to remove the legends set forth above with respect to transfer and vesting restrictions from the certificates evidencing such shares and, if applicable, from the share books and records of the Company. The Company shall reimburse the Recipient, promptly upon the receipt of a request for payment, for all expenses (including legal expenses) reasonably incurred by the Recipient in connection with the enforcement of the Recipient's rights under this paragraph.

4. Tax Withholding. To the extent required by law, the Company shall withhold or cause to be withheld income and other taxes incurred by the Recipient by reason of a grant of Shares, and the Recipient agrees that he or she shall upon request of the Company pay to the Company an amount sufficient to satisfy his or her tax withholding obligations from time to time (including as Shares become vested).

5. Prior Restricted Share Grants. The parties to this Agreement acknowledge that any agreement between the Recipient and the Company entered into prior to the date hereof and relating to the vesting of the common shares, no par value, of TravelCenters of America LLC shall hereafter be deemed to refer to shares of Common Stock, and all references in any such agreement to "TravelCenters of America LLC" shall mean "TravelCenters of America Inc." All other terms of any such agreement shall remain in full force and effect, except that all such agreements shall be construed and enforced in accordance with the laws of the State of Maryland, without giving effect to the principles of conflicts of laws of such state.

6. Miscellaneous.

(a) Amendments. Neither this Agreement nor any provision hereof may be changed or modified except by an agreement in writing executed by the Recipient and the Company; provided, however, that any change or modification that does not adversely affect the rights hereunder of the Recipient, as they may exist immediately prior to the effective date of such change or modification, may be adopted by the Company without an agreement in writing executed by the Recipient, and the Company shall give the Recipient written notice of such change or modification reasonably promptly following the adoption of such change or modification.

(b) Binding Effect of the Agreement. This Agreement shall inure to the benefit of, and be binding upon, the Company, the Recipient and their respective estates, heirs, executors, transferees, successors, assigns and legal representatives.

(c) Provisions Separable. In the event that any of the terms of this Agreement shall be or become or is declared to be illegal or unenforceable by any court or other authority of competent jurisdiction, such terms shall be null and void and shall be deemed deleted from this Agreement, and all the remaining terms of this Agreement shall remain in full force and effect.

(d) Notices. Any notice in connection with this Agreement shall be deemed to have been properly delivered if it is in writing and is delivered by hand or by facsimile transmission or sent by registered certified mail, postage prepaid, to the party addressed as follows, unless another address has been substituted by notice so given:

To the Recipient: To the Recipient's address as set forth on the signature page hereof.

To the Company: TravelCenters of America Inc.
Two Newton Place
255 Washington Street, Suite 300
Newton, MA 02458
Attn: Secretary

(e) Construction. The headings and subheadings of this Agreement have been inserted for convenience only, and shall not affect the construction of the provisions hereof. All references to sections of this Agreement shall be deemed to refer as well to all subsections which form a part of such section.

(f) Employment Agreement. This Agreement shall not be construed as an agreement by the Company, the Manager or any affiliate of the Company or the Manager to employ the Recipient, nor is the Company, the Manager or any affiliate of the Company or the Manager obligated to continue employing the Recipient by reason of this Agreement or the grant of Shares to the Recipient hereunder.

(g) Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Maryland, without giving effect to the principles of conflicts of laws of such state.

(h) Binding Arbitration. Any disputes regarding this Agreement, the granting or vesting of any shares of the Company and/or any related matters shall be settled by binding arbitration in accordance with any Mutual Agreement to Resolve Disputes and Arbitrate Claims between the Recipient and the Company or in accordance with procedures set forth in any Mutual Agreement to Resolve Disputes and Arbitrate Claims between the Recipient and the Manager. In the absence of such an agreement, any such claims or disputes shall be resolved through binding arbitration before one arbitrator conducted under the rules of JAMS in Boston, Massachusetts.

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

TRAVELCENTERS OF AMERICA INC.

By: _____

Name: William E. Myers

Title: Executive Vice President, Chief Financial
Officer and Treasurer

RECIPIENT:

"NAME"

"ADDRESS"

"CITY", "ST" "ZIP"

**TRAVELCENTERS OF AMERICA INC.
AMENDED AND RESTATED 2016 EQUITY COMPENSATION PLAN**

1. PURPOSE

The purpose of this TravelCenters of America Inc. Amended & Restated 2016 Equity Compensation Plan (the "Plan") is to encourage employees, officers, directors and other individuals (whether or not employees) who render services to TravelCenters of America Inc., a Maryland corporation (the "Company"), or its affiliates to continue their efforts for and association with the Company or its affiliates by providing opportunities for them to participate in the ownership of the Company and in its future growth through the granting of options to acquire shares of the Company's common stock ("Options"), grants of shares of the Company's common stock some of which may be subject to restrictions ("Restricted Stock") and other rights, (including stock appreciation rights ("SARs")) to receive compensation in amounts determined by the value of the Company's common stock ("Other Rights"). The term "Subsidiary" as used in the Plan means a corporation or other business entity of which the Company owns, directly or indirectly through an unbroken chain of ownership, fifty percent (50%) or more of the total combined voting power of all classes of stock, in the case of a corporation, or fifty percent (50%) or more of the total combined interests by value, in the case of any other type of business entity. The Plan is an amendment and restatement of the TravelCenters of America LLC 2016 Equity Compensation Plan, which amendment and restatement was effected in order to reflect the conversion of TravelCenters of America LLC to TravelCenters of America Inc. under state law and the 1:5 reverse stock split effected in connection with that conversion on August 1, 2019.

2. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Compensation Committee of the Company's Board of Directors or such other committee of the Board of Directors as the Board of Directors may designate (the "Independent Administrative Committee") except in instances where it is necessary or advisable (including to comply with applicable law or regulation) to provide for administration by the Company's Board of Directors (the "Board") itself. The Independent Administrative Committee shall from time to time determine to whom awards shall be granted under the Plan, whether Options granted shall be incentive stock options ("ISOs") or nonqualified stock options ("NSOs"), the terms of the Options (including vesting provisions) and the number of shares of Common Stock (as hereinafter defined) that may be granted under Options, and the terms and number of Restricted Stock or Other Rights. The Independent Administrative Committee shall report to the Board the names of individuals to whom Options, shares of Restricted Stock or Other Rights are to be granted, the number of shares of Common Stock covered and the terms and conditions of each grant. In instances where the Board is administering the Plan, references in the Plan to the Independent Administrative Committee shall be deemed to refer to the Board.

The Independent Administrative Committee shall have the authority to adopt, amend and rescind such rules and regulations as, in its opinion, may be advisable in the administration of the Plan, which shall include, without limitation, the discretion to impose holding periods on shares

of Common Stock acquired pursuant to awards granted hereunder. All questions of interpretation and application of the Plan or such rules and regulations and of awards granted hereunder shall be subject to the discretionary determination of the Independent Administrative Committee, which shall be final and binding. The Plan shall be administered in such a manner as to permit those Options granted hereunder and specially designated under Section 5 hereof as ISOs to qualify as incentive stock options for purposes of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

For so long as Section 16 of the Securities Exchange Act of 1934, as amended from time to time (the "Exchange Act"), is applicable to the Company, each member of the Independent Administrative Committee shall be a "non-employee director" or the equivalent within the meaning of Rule 16b-3 under the Exchange Act, and, for so long as deemed necessary or appropriate to the Board or the Independent Administrative Committee, an "outside director" within the meaning of Section 162 of the Code and the regulations thereunder.

With respect to persons subject to Section 16 of the Exchange Act ("Insiders"), transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successor under the Exchange Act. To the extent any provision of the Plan or action by the Independent Administrative Committee fails to so comply, it shall be deemed to be modified so as to be in compliance with such Rule, or, if such modification is not possible, it shall be deemed to be null and void, to the extent permitted by law and deemed advisable by the Independent Administrative Committee.

3. STOCK SUBJECT TO THE PLAN

The total number of shares of common stock of the Company that may be subject to Options, Restricted Stock and Other Rights under the Plan shall be 860,000 shares of the Company's common stock, par value \$0.001 per share ("Common Stock"), from authorized but unissued shares of Common Stock. The maximum number of shares of Common Stock subject to Options that may be granted to any Optionee in the aggregate in any calendar year shall not exceed 20,000 shares. The number of shares of Common Stock stated in this Section 3 shall be subject to adjustment in accordance with the provisions of Section 11. Shares of Restricted Stock that fail to vest, shares of Common Stock subject to an Option that is not fully exercised prior to its expiration or other termination and shares of Common Stock subject to Other Rights that are not delivered pursuant to such award shall again become available for grant under the terms of the Plan. The shares of Common Stock tendered for payment of the exercise price of an Option or satisfaction of tax withholding obligations and the shares of Common Stock subject to a SAR which are not delivered upon the full exercise of the SAR will not again become available for grant under the Plan. In the event that the Company uses the proceeds from exercises of Options under the Plan to repurchase shares of Common Stock in the market, any such shares of Common Stock so repurchased shall not increase the number of shares of Common Stock available for grant under the Plan.

4. ELIGIBILITY

The individuals who shall be eligible to receive grants of Options, Restricted Stock and Other Rights under the Plan shall be employees, officers, directors and other individuals who render services in connection with the management, operation or development of the Company or a Subsidiary and who have contributed or may be expected to contribute to the success of the Company or a Subsidiary. ISOs shall not be granted to any individual who is not an employee of the Company or a Subsidiary that is a corporation. The term "Optionee," as used in the Plan, refers to any individual to whom an Option has been granted.

5. TERMS AND CONDITIONS OF OPTIONS

Every Option shall be evidenced by a written Stock Option Agreement in such form as the Independent Administrative Committee shall approve from time to time, specifying the number of shares of Common Stock that may be purchased pursuant to the Option, the time or times at which the Option shall become exercisable in whole or in part, whether the Option is intended to be an ISO or an NSO and such other terms and conditions as the Independent Administrative Committee shall approve, and containing or incorporating by reference the following terms and conditions.

(a) DURATION. Each Option shall expire no more than ten years from its date of grant; provided, however, that no ISO granted to an employee who owns (directly or under the attribution rules of Section 424(d) of the Code) shares of the Company's stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Subsidiary shall expire not later than five years from its date of grant.

(b) EXERCISE PRICE. The exercise price of each Option shall be specified by the Independent Administrative Committee in its discretion; provided, however, that the exercise price shall be at least 100 percent of the Fair Market Value (as hereinafter defined) of the Common Stock on the date on which the Independent Administrative Committee awards the Option, which shall be considered the date of grant of the Option for purposes of fixing the exercise price; and provided, further, that the exercise price with respect to an ISO granted to an employee who at the time of grant owns (directly or under the attribution rules of Section 424(d) of the Code) stock representing more than ten percent of the voting power of all classes of stock of the Company or of any Subsidiary shall be at least 110 percent of the Fair Market Value of the stock on the date of grant of the ISO. For purposes of the Plan, except as may be otherwise explicitly provided in the Plan or in any Stock Option Agreement, the "Fair Market Value" of a share of Common Stock at any particular date shall be determined according to the following rules: (i) if the shares of Common Stock are not at the time listed or admitted to trading on a stock exchange, the Fair Market Value shall be the closing price of a share of Common Stock on the date in question in the over-the-counter market, as such price is reported in a publication of general circulation selected by the Board and regularly reporting the price of the Common Stock in such market, including any market that is outside of the United States; provided, however, that if the price of the Common Stock is

not so reported, the Fair Market Value shall be determined in good faith by the Board, which may take into consideration (1) the price paid for Common Stock in the most recent trade of a substantial number of shares known to the Board to have occurred at arm's length between willing and knowledgeable investors, (2) an appraisal by an independent party or (3) any other method of valuation undertaken in good faith by the Board, or some or all of the above as the Board shall in its discretion elect; or (ii) if the shares of Common Stock are at the time listed or admitted to trading on any stock exchange, including any market that is outside of the United States, then the Fair Market Value shall be the closing sale price of the Common Stock on the date in question on the principal exchange on which the shares of Common Stock are then listed or admitted to trading. If no reported sale of Common Stock takes place on the date in question on the principal exchange, then the most recent previous reported closing sale price (or, in the Board's discretion, the reported closing asked price) of the Common Stock on such date on the principal exchange shall be determinative of Fair Market Value.

(c) **METHOD OF EXERCISE.** To the extent that it has become exercisable under the terms of the Stock Option Agreement, an Option may be exercised from time to time by notice acceptable to the Chief Executive Officer of the Company, or his delegate, stating the number of shares of Common Stock with respect to which the Option is being exercised and accompanied by payment of the exercise price in cash or check payable to the Company or, if the Stock Option Agreement so provides, other payment or deemed payment described in this Section 5(c). Such notice shall be delivered in person to the Chief Executive Officer of the Company, or his delegate, or shall be sent by registered mail, return receipt requested, to the Chief Executive Officer of the Company, or his delegate, in which case delivery shall be deemed made on the date such notice is deposited in the mail.

Alternatively, payment of the exercise price may be made:

(1) In whole or in part in shares of Common Stock already owned by the Optionee or to be received upon exercise of the Option; provided, however, that such shares of Common Stock are fully vested and free of all liens, claims and encumbrances of any kind; and provided, further, that the Optionee may not make payment in shares of Common Stock that he acquired upon the earlier exercise of any ISO (or other "incentive stock option"), unless he has held the shares of Common Stock for at least two years after the date the ISO was granted and at least one year after the date the ISO was exercised. If payment is made in whole or in part in shares of Common Stock, then the Optionee shall deliver to the Company stock certificates or other evidence of legal and beneficial ownership registered in his name representing a number of shares of Common Stock legally and beneficially owned by him, fully vested and free of all liens, claims and encumbrances of every kind and having a Fair Market Value on the date of delivery that is not greater than the exercise price, such stock certificates or other evidence of legal and beneficial ownership to be duly endorsed, or accompanied by stock powers duly endorsed, by the record holder of the shares of Common

Stock being delivered. If the exercise price exceeds the Fair Market Value of the shares of Common Stock so delivered, the Optionee shall also deliver cash or a check payable to the order of the Company in an amount equal to the amount of that excess or, if the Stock Option Agreement so provides, his promissory note as described in paragraph (2) of this Section 5(c); or

(2) By payment of the exercise price in whole or in part by delivery of the Optionee's recourse promissory note, in a form specified by the Company, secured by the shares of Common Stock acquired upon exercise of the Option and such other security as the Independent Administrative Committee may require; provided that this method of payment of the exercise price shall not be available to the extent that such method of exercise is prohibited by Section 402 of the Sarbanes-Oxley Act of 2002 (generally prohibiting public companies from making loans to or extending credit to directors and executive officers).

At the time specified in an Optionee's notice of exercise, the Company shall, without issue or transfer tax to the Optionee, deliver to the Optionee at the main office of the Company, or such other place as shall be mutually acceptable, a certificate for the shares of Common Stock or other evidence of legal and beneficial ownership as to which such Optionee's Option is exercised. If the Optionee fails to pay for or to accept delivery of all or any part of the number of shares of Common Stock specified in the Optionee's notice upon tender of delivery thereof, the Optionee's right to exercise the Option with respect to those shares of Common Stock shall be terminated, unless the Company otherwise agrees.

(d) EXERCISABILITY. An Option may be exercised so long as it is outstanding from time to time in whole or in part, to the extent and subject to the terms and conditions that the Independent Administrative Committee in its discretion may provide in the Stock Option Agreement. Such terms and conditions shall include provisions for exercise within twelve (12) months after the Optionee's death or disability (within the meaning of Section 22(e)(3) of the Code), provided that no Option shall be exercisable after the expiration of the period described in paragraph (a) above. Except as the Independent Administrative Committee in its discretion may otherwise provide in the Stock Option Agreement, an Option shall cease to be exercisable upon the expiration of ninety (90) days following the termination of the Optionee's employment with, or the Optionee's other provision of services to, the Company or a Subsidiary (or such later date as may be established at grant or at a later date by the Independent Administrative Committee), subject to paragraph (a) above and Section 11 hereof.

(e) NOTICE OF ISO STOCK DISPOSITION. The Optionee must notify the Company promptly in the event that he sells, transfers, exchanges or otherwise disposes of any shares of Common Stock issued upon exercise of an ISO before the later of (i) the second anniversary of the date of grant of the ISO and (ii) the first anniversary of the date the shares of Common Stock were issued upon the exercise of the ISO.

(f) NO RIGHTS AS STOCKHOLDER. An Optionee shall have no rights as a stockholder with respect to any shares of Common Stock covered by an Option until the

date of issuance of a stock certificate or other evidence of legal and beneficial ownership to him for the shares of Common Stock. No adjustment shall be made for dividends or other rights for which the record date is earlier than the date the stock certificate or other evidence of legal and beneficial ownership is issued, other than as required or permitted pursuant to Section 11.

(g) **TRANSFERABILITY OF OPTIONS.** Options shall not be transferable by the Optionee otherwise than by will or under the laws of descent and distribution, and shall be exercisable during the Optionee's lifetime only by the Optionee, except that the Independent Administrative Committee may specify in a Stock Option Agreement that pertains to an NSO that the Optionee may transfer such NSO to a member of the Immediate Family (as hereinafter defined) of the Optionee, to a trust solely for the benefit of the Optionee and the Optionee's Immediate Family, or to a partnership or limited liability company whose only partners or members are the Optionee and members of the Optionee's Immediate Family. "Immediate Family" shall mean, with respect to any Optionee, such Optionee's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships.

(h) **NO OPTION OR STOCK APPRECIATION RIGHT RE-PRICING.** Without limitation of the authority set forth in Section 3 or Section 11 hereof, no Option (or SAR) shall have its exercise or strike price lowered nor shall any Option or SAR be settled, cancelled, forfeited, exchanged or surrendered in exchange or otherwise in consideration for a new Option or SAR with an exercise or strike price that is less than that of such settled, cancelled, forfeited, exchanged or surrendered Option or SAR (or in exchange for cash or another type of award or consideration), unless the stockholders of the Company shall have approved of such transaction.

6. STOCK APPRECIATION RIGHTS

The Independent Administrative Committee may grant SARs in respect of such number of shares of Common Stock subject to the Plan as it shall determine, in its discretion, and may grant SARs either separately or in connection with Options, as described in the following sentence. SARs granted in connection with an Option may be exercised only to the extent of the surrender of the related Option, and, to the extent of the exercise of the related Option, the SAR shall terminate. Shares of Common Stock covered by an Option that terminates upon the exercise of a related SAR shall cease to be available under the Plan. The terms and conditions of a SAR related to an Option shall be contained in the Stock Option Agreement, and the terms of a SAR not related to any Option shall be contained in a SAR Agreement.

Upon exercise of a SAR, the Optionee shall be entitled to receive from the Company an amount equal to the excess of the Fair Market Value, on the exercise date, of the number of shares of Common Stock as to which the SAR is exercised, over the exercise price for those shares under a related Option or, if there is no related Option, over the base value stated in the SAR Agreement. Any amount payable by the Company upon exercise of a SAR shall be paid in

the form of cash or other property (including shares of Common Stock), as provided in the Stock Option Agreement or SAR Agreement governing the SAR.

7. RESTRICTED STOCK

The Independent Administrative Committee may grant or award shares of Restricted Stock in respect of such number of shares of Common Stock, and subject to such terms or conditions, as it shall determine and specify in a Restricted Stock Agreement, and may provide in a Stock Option Agreement for an Option to be exercisable for shares of Restricted Stock.

A holder of Restricted Stock shall have all of the rights of a stockholder of the Company, including the right to vote the shares of stock and the right to receive any cash dividends, unless the Independent Administrative Committee shall otherwise determine. Unless a grantee's Restricted Stock Agreement provides to the contrary, unvested Restricted Stock granted under the Plan shall not be transferred without the written consent of the Board. In addition, at the time of termination for any reason of a grantee's employment or other service relationship with the Company or a Subsidiary, the Company shall have the right, in the case of unvested Restricted Stock, (1) to cause the forfeiture of such shares of Restricted Stock for no consideration (2) to purchase all or any of such shares of Restricted Stock at a price equal to the lower of (a) the price paid to the Company for such shares of Restricted Stock or (b) the Fair Market Value of such shares of Restricted Stock at the time of repurchase, (3) to waive vesting requirements, (4) to permit continued vesting based on such criteria as the Independent Administrative Committee shall determine or (5) to provide for such other treatment as the Independent Administrative Committee shall determine and set forth in the applicable agreement. Nothing in the Plan shall be construed to give any person the right to require the Company to purchase any shares of Common Stock granted as Restricted Stock.

Stock certificates, if any, representing Restricted Stock shall be imprinted with a legend to the effect that the shares of Restricted Stock represented may not be sold, exchanged, transferred, pledged, hypothecated or otherwise disposed of except in accordance with the terms of the Restricted Stock Agreement and, if the Independent Administrative Committee so determines, the holder may be required to deposit the stock certificates or other evidence of legal and beneficial ownership with the President, Treasurer, Secretary or other officer of the Company or with an escrow agent designated by the Independent Administrative Committee, together with a stock power or other instrument of transfer appropriately endorsed in blank. In the event that the shares of Restricted Stock are not represented by a stock certificate, the Company shall direct the Company's registrar and transfer agent to make an appropriate notation of the restrictions on transfer to which the shares of Restricted Stock are subject in the stock books and records of the Company.

8. OTHER RIGHTS

Subject to the provisions of the Plan, the Independent Administrative Committee shall have sole and complete authority to determine the individuals to whom and the time or times at which such Other Rights shall be granted. Each Participant who is granted an Other Right shall receive an award agreement, containing such terms and conditions as the Independent

Administrative Committee shall determine, in its sole discretion, which agreement shall set forth, among other things, the number of shares of Common Stock to be granted pursuant to such Other Right, or the manner in which such Other Right shall be settled (e.g., in shares of Common Stock, cash or other property), or the conditions, if any, to the vesting and/or payment or settlement of such Other Right (which may include, but not be limited to, achievement of performance criteria) and all other terms and conditions of such Other Right. The Independent Administrative Committee may make awards of Other Rights consisting of unrestricted shares of Common Stock to such individuals and in such amounts as the Independent Administrative Committee may determine (subject to Section 13(d)). To the extent that an Other Award is granted with a vesting condition based upon the attainment of performance criteria, any dividends payable with respect to the Common Stock subject to the award (or dividend equivalents awarded with respect to such award) shall be subject to the same performance criteria as are applicable to the award to which the dividend or dividend equivalent relate and shall be paid or forfeited, as the case may be, based on the attainment, or failure to attain, the applicable performance criteria.

9. METHOD OF GRANTING OPTIONS, RESTRICTED STOCK AND OTHER RIGHTS

The grant of Options, shares of Restricted Stock and Other Rights shall be made by action of the Board or the Independent Administrative Committee, at a meeting at which a quorum of its members is present, or by written consent of its members; provided, however, that if an individual to whom a grant has been made fails to execute and deliver to the Independent Administrative Committee a Stock Option Agreement, Restricted Stock Agreement or SAR Agreement (or an agreement evidencing an Other Right) within thirty (30) days after it is submitted to him, the Option, shares of Restricted Stock, SAR or Other Rights granted under the applicable agreement shall be voidable by the Company at its election, without further notice to the grantee.

10. REQUIREMENTS OF LAW

The Company shall not be required to transfer shares of Restricted Stock or to sell or issue any shares of Common Stock upon the exercise of any Option or the exercise or vesting of an award of Other Rights (as applicable) if the issuance of such shares of Restricted Stock or shares of Common Stock will result in a violation by the recipient or the Company of any provisions of any law, statute or regulation of any governmental authority. Specifically, in connection with the Securities Act of 1933, as amended from time to time (the "Securities Act"), upon the transfer of shares of Restricted Stock or the exercise of any Option or the exercise or vesting of an award of Other Rights (as applicable), the Company shall not be required to issue shares of Restricted Stock or shares of Common Stock, as the case may be, unless the Independent Administrative Committee has received evidence satisfactory to it to the effect that the holder of the shares of Restricted Stock or the Option will not transfer such shares of Restricted Stock or shares of Common Stock except pursuant to a registration statement in effect under the Securities Act or unless an opinion of counsel satisfactory to the Company has been received by the Company to the effect that registration is not required. Any determination in this

connection by the Independent Administrative Committee shall be conclusive. The Company shall not be obligated to take any other affirmative action in order to cause the transfer of shares of Restricted Stock or the exercise of an Option or the delivery of shares of Common Stock with respect to the exercise or vesting of an award of Other Rights (as applicable) to comply with any law or regulations of any governmental authority, including, without limitation, the Securities Act or applicable state securities laws.

11. CHANGES IN CAPITAL STRUCTURE

In the event that the outstanding shares of Common Stock are hereafter changed for a different number or kind of stock or other securities of the Company, by reason of a reorganization, recapitalization, exchange of stock, stock split, combination of stock or dividend payable in stock or other securities or similar corporate event, the Independent Administrative Committee shall have the right and discretion to make a corresponding adjustment in the number and kind of stock or other securities covered by outstanding Options and Other Rights and for which Options, shares of Restricted Stock and Other Rights may be granted under the Plan. Any such adjustment in outstanding Options (and, if applicable, Other Rights) shall be made without change in the total price applicable to the unexercised portion of the Option (or Other Right, if applicable), but the price per share specified in the applicable award agreement shall be correspondingly adjusted; provided, however, that no adjustment shall be made with respect to an ISO that would constitute a modification as defined in Section 424 of the Code which would cause the Option to fail to constitute an ISO without the consent of the holder. Any such adjustment made by the Independent Administrative Committee shall be conclusive and binding upon all affected persons, including the Company and all Optionees and holders of Other Rights.

If while unexercised Options or Other Rights remain outstanding under the Plan the Company merges or consolidates with a wholly-owned subsidiary for the purpose of incorporating itself, including under the laws of another jurisdiction, the Optionees or holders of Other Rights will be entitled to acquire shares of common stock of the incorporated company upon the same terms and conditions as were in effect immediately prior to such reincorporation (unless such incorporation involves a change in the number of shares of common stock or the capitalization of the company, in which case proportional adjustments shall be made as provided above) and the Plan, unless otherwise rescinded by the Board, will remain the Plan of the incorporated company.

Except as otherwise provided in the preceding paragraph, if the Company or a Subsidiary is merged or consolidated with another corporation, whether or not the Company is the surviving entity, or if the Company is liquidated or sells or otherwise disposes of all or substantially all of its assets to another entity while unexercised or unvested Options, shares of Restricted Stock or Other Rights remain outstanding under the Plan, or if other circumstances occur in which the Independent Administrative Committee in its sole and absolute discretion deems it appropriate for the provisions of this paragraph to apply (in each case, an "Applicable Event"), then: (a) in the discretion of the Independent Administrative Committee, each holder of an outstanding Option or Other Right shall be entitled, upon exercise of the Option (or exercise or vesting of the Other Right), to receive in lieu of shares of Common Stock, such stock or other securities or

property as he would have received had he exercised or vested in the Option or Other Right immediately prior to the Applicable Event; or (b) the Independent Administrative Committee may, in its sole and absolute discretion, waive, generally or in one or more specific cases, any limitations imposed on exercise or vesting (including without limitation a change in any existing vesting schedule) so that, in the case of awards subject to exercise, some or all Options or Other Rights from and after a date prior to the effective date of such Applicable Event, specified by the Independent Administrative Committee, in its sole and absolute discretion, shall be exercisable; or (c) the Independent Administrative Committee may, in its sole and absolute discretion, cancel outstanding and unexercised Options and Other Rights as of the effective date of any such Applicable Event; or (d) the Independent Administrative Committee may, in its sole discretion, convert some or all Options or Other Rights into Options or Other Rights with respect to the stock or other securities of the surviving corporation pursuant to an Applicable Event; or (e) the Independent Administrative Committee may, in its sole and absolute discretion, assume the outstanding and unexercised options to purchase stock or other securities of any corporation and convert such options into Options to purchase shares of Common Stock, whether pursuant to this Plan or not, pursuant to an Applicable Event; provided, however, that notice of any cancellation pursuant to clause (c) shall be given to each holder of an Option or exercisable Other Right not less than ten business days preceding the effective date of such Applicable Event; and provided, further, that the Independent Administrative Committee may, in its sole and absolute discretion waive, generally or in one or more specific instances, any limitations imposed on exercise (including a change in any existing exercise schedule) with respect to any Option or exercisable Other Right so that such Option shall be exercisable in full or in part, as the Independent Administrative Committee may, in its sole and absolute discretion, determine, during such ten business day period. Notwithstanding the foregoing, immediately upon the occurrence of a "Change in Control" or "Termination Event" (as each is defined on Exhibit A hereto) all awards issued and outstanding under the Plan shall become fully vested and exercisable (as the case may be), whether or not the holder of the award experiences a termination of employment or service in connection with the Change in Control.

Except as expressly provided to the contrary in this Section 11, the issuance by the Company of shares of Common Stock or other equity securities of any class for cash or property or for services, either upon direct sale or upon the exercise of rights or warrants, or upon conversion of stock or obligations of the Company convertible into such stock or other securities, shall not affect the number, class or price of the shares of Common Stock then subject to outstanding Options or Other Rights.

12. FORFEITURE FOR DISHONESTY, VIOLATION OF AGREEMENTS OR TERMINATION FOR CAUSE

Notwithstanding any provision of the Plan to the contrary (other than Section 13(c), which this Section 12 shall be subject to), if the Independent Administrative Committee determines, after full consideration of the facts, that:

- (a) the Optionee (or holder of shares of Restricted Stock or Other Rights) has been engaged in fraud, embezzlement or theft in the course of his employment by or

involvement with the Company or a Subsidiary, has made unauthorized disclosure of trade secrets or other proprietary information of the Company or a Subsidiary or of a third party who has entrusted such information to the Company or a Subsidiary, or has been convicted of a felony, or crime involving moral turpitude or any other crime which reflects negatively upon the Company; or

(b) the Optionee (or holder of shares of Restricted Stock or Other Rights) has violated the terms of any employment, noncompetition, nonsolicitation, confidentiality, nondisclosure or other similar agreement with the Company to which he is a party; or

(c) the employment or involvement with the Company or a Subsidiary of the Optionee (or holder of shares of Restricted Stock or Other Rights) was terminated for "cause," as defined in any employment agreement with the Optionee (or holder of shares of Restricted Stock or Other Rights), if applicable, or if there is no such agreement, as determined by the Independent Administrative Committee, which may determine that "cause" includes among other matters the willful failure or refusal of the Optionee (or holder of shares of Restricted Stock or Other Rights) to perform and carry out his assigned duties and responsibilities diligently and in a manner satisfactory to the Independent Administrative Committee; then the Optionee's right to exercise an Option shall terminate as of the date of such act (in the case of (a) or (b)) or such termination (in the case of (c)), the Optionee shall forfeit all unexercised Options (or the holder shall forfeit all unvested shares of Restricted Stock or unvested Other Rights) and the Company shall have the right to repurchase all or any part of the shares of Common Stock acquired by the Optionee upon any previous exercise of any Option (or any previous acquisition by the holder of shares of Restricted Stock or Other Rights, whether then vested or unvested), at a price equal to the lower of (a) the amount paid to the Company upon such exercise or acquisition (or to cause such stock to be forfeited without consideration if no amount was paid), or (b) the Fair Market Value of such stock at the time of repurchase. If an Optionee whose behavior the Company asserts falls within the provisions of the clauses above has exercised or attempts to exercise an Option prior to consideration of the application of this Section 12 or prior to a decision of the Independent Administrative Committee, the Company shall not be required to recognize such exercise until the Independent Administrative Committee has made its decision and, in the event any exercise shall have taken place, it shall be of no force and effect (and shall be void AB INITIO) if the Independent Administrative Committee makes an adverse determination; provided, however, that if the Independent Administrative Committee finds in favor of the Optionee then the Optionee will be deemed to have exercised the Option retroactively as of the date he originally gave notice of his attempt to exercise or actual exercise, as the case may be. The decision of the Independent Administrative Committee as to the cause of an Optionee's (or holder of shares of Restricted Stock or Other Rights) discharge and the damage done to the Company shall be final, binding and conclusive. No decision of the Independent Administrative Committee, however, shall affect in any manner the finality of the discharge of such Optionee (or holder of shares of Restricted Stock or Other Rights) by the Company. For purposes of this Section 12, reference to the Company shall include any Subsidiary.

13. MISCELLANEOUS

(a) **NO GUARANTEE OF EMPLOYMENT OR OTHER SERVICE RELATIONSHIP.** Neither the Plan nor any Stock Option Agreement, Restricted Stock Agreement, SAR Agreement or other agreement hereunder shall give an employee the right to continue in the employment of the Company or a Subsidiary or give the Company or a Subsidiary the right to require an employee to continue in employment. Neither the Plan nor any Stock Option Agreement, Restricted Stock Agreement, SAR Agreement or other agreement hereunder shall give a director or other service provider the right to continue to perform services for the Company or a Subsidiary or give the Company or a Subsidiary the right to require the director or service provider to continue to perform services.

(b) **TAX WITHHOLDING.** To the extent required by law, the Company shall withhold or cause to be withheld income and other taxes with respect to any income recognized by a grantee by reason of the exercise or vesting of an Option or shares of Restricted Stock, or payments with respect to Other Rights, and as a condition to the receipt of any Option, shares of Restricted Stock or Other Rights the grantee shall agree that if the amount payable to him by the Company and any Subsidiary in the ordinary course is insufficient to pay such taxes, then he shall upon the request of the Company pay to the Company an amount sufficient to satisfy its tax withholding obligations.

Without limiting the foregoing, the Independent Administrative Committee may in its discretion permit any grantee's withholding obligation to be paid in whole or in part in the form of shares of Common Stock by withholding from the shares of Common Stock to be issued or by accepting delivery from the grantee of shares of Common Stock already owned by him. The Fair Market Value of the shares of Common Stock for such purposes shall be determined as set forth in Section 5(b). An Optionee may not make any such payment in the form of shares of Common Stock acquired upon the exercise of an ISO until such shares have been held by him for at least two years after the date the ISO was granted and at least one year after the date the ISO was exercised. If payment of withholding taxes is made in whole or in part in shares of Common Stock, the grantee shall deliver to the Company stock certificates registered in his name or other evidence of legal and beneficial ownership representing a number of shares of Common Stock owned by him, fully vested and free of all liens, claims and encumbrances of every kind, duly endorsed or accompanied by stock powers duly endorsed by the record holder of the shares of Common Stock represented by such stock certificates. If the grantee is subject to Section 16(a) of the Exchange Act, his ability to pay his withholding obligation in the form of shares of Common Stock shall be subject to such additional restrictions as may be necessary to avoid any transaction that might give rise to liability under Section 16(b) of the Exchange Act.

(c) **RECOUPMENT POLICY.** If (1) the Company is required to prepare an accounting restatement due to the material non-compliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws and (2) a

recipient of an award under the Plan knowingly engaged in such misconduct then the Independent Administrative Committee may determine in its discretion that absent such non-compliance a lesser award would have been awarded under the Plan or that a lesser amount would have been realized with respect to an award or awards under the Plan. In the event that the Independent Administrative Committee makes such a determination, the Independent Administrative Committee may cause, in its discretion, any such award granted under the Plan to such a recipient which is unvested or unexercised to be reduced or eliminated and may require any such participant who has exercised or become vested in such an award to repay all or a portion of such award to the Company. Any determination of the Independent Administrative Committee hereunder shall be conclusive and binding on the Company and the applicable award recipient. The determination of the Independent Administrative Committee need not be uniform with respect to award recipients. Each recipient of an award under the Plan shall conclusively be deemed to have consented to the authority of the Independent Administrative Committee hereunder. The provisions of this Section 13(c) and those of Section 12 shall be of no force or effect from and after the occurrence of a Change in Control or a Termination Event or upon such additional events as the Independent Administrative Committee may specify.

(d) CERTAIN VESTING RULES. Unless otherwise determined by the Independent Administrative Committee in its discretion, (1) if the vesting condition for any award made to a participant who is an employee of the Company or a Subsidiary is based solely upon continued employment for a period of time, such vesting period shall not be less than 36 months for the vesting of the entire Award (provided that ratable portions of each such award may vest periodically during such 36 month period) and (2) if the vesting condition for any award made to a participant who is not an employee of the Company or a Subsidiary is based solely upon continued service for a period of time, such vesting period shall not be less than 12 months for the vesting of the entire award. The minimum vesting requirement set forth in the preceding sentence shall not apply to awards under the Plan to a non-employee member of the Board. The provisions of this Section 13(d) shall not be construed to limit the provisions of Section 11 or to limit the ability of the Independent Administrative Committee to accelerate awards upon a termination of a participant's employment (which the Independent Administrative Committee may do in its discretion).

(e) USE OF PROCEEDS. The proceeds from the sale of shares of Common Stock pursuant to Options shall constitute general funds of the Company.

(f) CONSTRUCTION. All masculine pronouns used in this Plan shall include both sexes; the singular shall include the plural and the plural the singular unless the context otherwise requires. The titles of the sections of the Plan are included for convenience only and shall not be construed as modifying or affecting their provisions. All other provisions of this Plan notwithstanding, this Plan shall be administered and construed so as to avoid any person who receives an Option or Other Right incurring any adverse tax consequences under Code Section 409A. The Independent Administrative

Committee may suspend or amend the application of any provision of the Plan which could, in the sole determination of the Board of Directors, result in an adverse tax consequence to any person under Code Section 409A.

(g) GOVERNING LAW. This Plan shall be governed by and construed in accordance with the laws of the State of Maryland, without regard to the principles of conflict of laws.

14. EFFECTIVE DATE, DURATION, AMENDMENT AND TERMINATION OF PLAN

The Plan shall be effective as of May 19, 2016 (the “Effective Date”), subject to the approval of the Company’s stockholders. The Independent Administrative Committee may grant Options, shares of Restricted Stock or Other Rights under the Plan from time to time until the close of business on May 19, 2026. The Board may at any time amend the Plan; provided, however, that without approval of the Company's stockholders there shall be no: (a) change in the number of shares of Common Stock that may be issued under the Plan, except by operation of the provisions of Section 11, either to any one grantee or in the aggregate; (b) change in the class of persons eligible to receive Options, shares of Restricted Stock or Other Rights; or (c) other change in the Plan that requires stockholder approval under applicable law. No amendment shall adversely affect outstanding Options (or shares of Restricted Stock or Other Rights) without the consent of the Optionee (or holder of shares of Restricted Stock or Other Rights). The Plan may be terminated at any time by action of the Board, but any such termination will not terminate any Option, shares of Restricted Stock or Other Rights then outstanding without the consent of the Optionee or the holder of such shares of Restricted Stock or Other Rights.

Exhibit A

A “Change in Control” shall be deemed to have occurred if any of the events set forth in any one of the following paragraphs shall have occurred:

(a) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in paragraph (c)(i) below;

(b) the following individuals cease for any reason to constitute a majority of the number of Directors then serving: individuals who, on the date of the Agreement, constitute the Board and any new Director (other than a Director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of Directors) whose appointment or election by the Board or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the Directors then in office who either were Directors on the date of the Agreement or whose appointment, election or nomination for election was previously so approved or recommended;

(c) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other entity, other than (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 50% or more of the combined voting power of the Company’s then outstanding securities; or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company’s assets, other than a sale or disposition by the Company of all or substantially all of the Company’s assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

A “Termination Event” shall occur if The RMR Group LLC (or any entity controlled by, under common control with or controlling the RMR Group LLC) ceases to be the manager or shared services provider to the Company.

For purposes of the definitions set forth on this Exhibit A, the following definitions shall apply, with capitalized terms used but not defined in this Exhibit A having the meaning set forth in the Plan:

“Affiliate” shall have the meaning set forth in Rule 12b-2 promulgated under Section 12 of the Exchange Act.

“Beneficial Owner” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

“Director” is a member of the Board.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Person” shall have the meaning given in Section 3(a)(9) of the Exchange Act, as modified and used in Sections 13(d) and 14(d) thereof, except that such term shall not include (i) the Company or any of its Subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities and (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of common stock of the Company.

**TravelCenters of America Inc.
Consolidated Subsidiaries
As of December 31, 2019**

Name of Subsidiary	Jurisdiction of Organization
TravelCenters of America Holding Company LLC	Delaware
TA Operating LLC	Delaware
TA Franchise Systems LLC	Delaware
Petro Franchise Systems LLC	Delaware
TA Operating Nevada LLC	Nevada
TA Operating Montana LLC	Delaware
TravelCentres Canada Corporation	Ontario, Canada
TravelCentres Canada, Inc.	Ontario, Canada
TravelCentres Canada Limited Partnership	Ontario, Canada
QSL Operating LLC	Maryland
QSL Franchise Systems LLC	Maryland
QSL RE LLC	Maryland
TA HQ LLC	Maryland
TA Ventures LLC	Maryland
QSL of Austintown Realty LLC	Ohio
QSL of Austintown Ohio LLC	Ohio

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- Registration Statement (Form S-3 No. 333-223310) and related Prospectus of TravelCenters of America LLC,
- Registration Statement (Form S-8 No. 333-154735) pertaining to the TravelCenters of America Inc. 2007 Equity Compensation Plan,
- Registration Statement (Form S-8 No. 333-160933) pertaining to the Amended and Restated TravelCenters of America Inc. 2007 Equity Compensation Plan,
- Registration Statement (Form S-8 No. 333-176161) pertaining to the Amended and Restated TravelCenters of America Inc. 2007 Equity Compensation Plan,
- Registration Statement (Form S-8 No. 333-211458) pertaining to the TravelCenters of America Inc. 2016 Equity Compensation Plan, and
- Registration Statement (Form S-8 No. 333-225149) pertaining to the Amended and Restated TravelCenters of America Inc. 2016 Equity Compensation Plan

of our reports dated February 25, 2020, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting of TravelCenters of America Inc., appearing in this Annual Report on Form 10-K of TravelCenters of America Inc. for the year ended December 31, 2019.

/s/ RSM US LLP

Cleveland, Ohio
February 25, 2020

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, Jonathan M. Pertchik, certify that:

1. I have reviewed this Annual Report on Form 10-K of TravelCenters of America Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2020

/s/ Jonathan M. Pertchik

Jonathan M. Pertchik

Chief Executive Officer

CERTIFICATION PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)

I, William E. Myers, certify that:

1. I have reviewed this Annual Report on Form 10-K of TravelCenters of America Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2020

/s/ William E. Myers

William E. Myers

Executive Vice President, Chief Financial
Officer and Treasurer

**Certification Pursuant to 18 U.S.C. Sec. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)**

In connection with the filing by TravelCenters of America Inc. (the "Company") of the Annual Report on Form 10-K for the period ending December 31, 2019 (the "Report"), each of the undersigned hereby certifies, to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 25, 2020

/s/ Jonathan M. Pertchik

Jonathan M. Pertchik
Chief Executive Officer

/s/ William E. Myers

William E. Myers
Executive Vice President, Chief Financial Officer
and Treasurer