TRAVELCENTERS OF AMERICA LLC
Form S-1
November 24, 2014

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As filed with the Securities and Exchange Commission on November 21, 2014

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

TravelCenters of America LLC

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**5531**	**20-5701514**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**24601 Center Ridge Road
Westlake, Ohio 44145-5639
(440) 808-9100**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Andrew J. Rebholz
Chief Financial Officer
TravelCenters of America LLC
24601 Center Ridge Road
Westlake, Ohio 44145
(440) 808-9100**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

Margaret R. Cohen Skadden, Arps, Slate, Meagher & Flom LLP 500 Boylston Street Boston, Massachusetts 02116 (617) 573-4800	Bartholomew A. Sheehan, III Sidley Austin LLP 787 Seventh Avenue New York, New York 10019 (212) 839-5300

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

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

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

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

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

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

Large accelerated filer o	Accelerated filer ý	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee(1)(2)**
% Senior Notes due 20	$57,500,000	$6,682

(1) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.

(2) Pursuant to Rule 457(p) under the Securities Act, unused registration fees of $16,894.22 have already been paid with respect to unsold securities of the Company, including senior notes, that were previously registered pursuant to the Company's Registration Statement on Form S-3 (Reg. No. 333-181182) filed on May 4, 2012, and have been carried forward. Of these unused registration fees, $6,682 is offset against the registration fee due for this offering, leaving $10,212.22 available for future registration fees. No additional registration fee has been paid with respect to this offering.

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

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 21, 2014

PROSPECTUS

TravelCenters of America LLC
% Senior Notes due 20

This is an offering of $ aggregate principal amount of % Senior Notes due 20 , or the Notes. We will pay interest on the Notes quarterly in arrears on February 28, May 31, August 31 and November 30 of each year, beginning on , 2015. The Notes will mature on , 20 .

The Notes will constitute our senior unsecured obligations and will rank *pari passu* in right of payment with all of our existing and future unsecured and unsubordinated indebtedness and will be 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 will be issued in denominations and integral multiples of $25.00.

We may, at our option, at any time on or after , 20 , redeem some or all of the Notes 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, as described under "Description of Notes Optional Redemption."

The Notes will constitute a new issue of securities with no established trading market. We intend to apply to list the Notes on the New York Stock Exchange, or the NYSE, under the symbol " " and, if approved, expect trading in the Notes to begin within 30 days of the original issue date of the Notes. The Notes are expected to trade "flat," meaning that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not reflected in the trading price.

Investment in the Notes involves a high degree of risk. You should read carefully the sections entitled "Risk Factors" and "Warning Concerning Forward Looking Statements" beginning on pages 10 and 64, respectively, of this prospectus.

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

	Per Note	Total(2)
Public offering price(1)	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us(1)	$	$

(1) Plus accrued interest, if any, from , 2015 if the initial settlement occurs after that date.

(2) Assumes no exercise of the underwriters' overallotment option.

We have granted the underwriters an option to purchase up to an additional $ aggregate principal amount of Notes at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus solely to cover overallotments, if any.

The underwriters expect to deliver the Notes to purchasers in book-entry form only through The Depository Trust Company, or DTC, on or about , 2015.

Joint Book-Running Managers

Citigroup **RBC Capital Markets** **UBS Investment Bank**

Lead Manager

MLV & Co.

Prospectus dated , 2015.

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ABOUT THIS PROSPECTUS

References in this prospectus to "we," "us," "our," the "Company" or "TravelCenters of America" mean TravelCenters of America LLC and its consolidated subsidiaries, unless otherwise expressly stated or the context indicates otherwise.

Unless otherwise stated, we have assumed throughout this prospectus supplement that the underwriters' overallotment option is not exercised.

You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus and that the information appearing in the documents incorporated by reference herein is accurate only as of the respective dates of those documents, or such other dates specified therein. Our business, financial condition, results of operations, liquidity and prospects may have changed since any of those respective dates. You should read this entire prospectus, as well as the documents incorporated by reference herein that are described under "Incorporation of Documents by Reference" in this prospectus, before making your investment decision.

You should rely only on the information contained or incorporated by reference in this prospectus and any free writing prospectus prepared by or on behalf of us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus. This means we can disclose information to you by referring you to another document we have filed with the SEC. We will provide to each person, including any beneficial owner, to whom a prospectus is delivered, a copy of any or all of the reports or documents that have been incorporated by reference into this prospectus but not delivered herewith. We will provide such reports or documents upon written or oral request, at no cost to the requestor. Requests for incorporated reports or documents must be made to:

TravelCenters of America LLC
Two Newton Place
255 Washington Street, Suite 300
Newton, MA 02458
Attention: Investor Relations
(617) 796-8251

In addition, incorporated reports and documents may be accessed at our website at www.tatravelcenters.com, although the information on our website is expressly not incorporated by reference into, and does not constitute a part of, this prospectus.

This prospectus incorporates by reference the following documents:

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on June 6, 2014, or our 2013 Form 10-K;

- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, filed with the SEC on August 21, 2014, our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, filed with the SEC on September 30, 2014, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the SEC on November 10, 2014, or our Third Quarter 10-Q;

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- our Current Reports on Form 8-K filed with the SEC on January 2, 2014, January 21, 2014 (Item 1.01 only), April 3, 2014, April 30, 2014, May 12, 2014, June 2, 2014, June 20, 2014, August 15, 2014 and October 7, 2014; and

- our Definitive Proxy Statement on Schedule 14A filed with the SEC on June 6, 2014.

The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC: http://www.sec.gov. The information contained on the SEC's website is expressly not incorporated by reference into this prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference or deemed to be a part of this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference or deemed to be part of this prospectus modifies or replaces such statement. Any statement so modified will not be deemed in its unmodified form to constitute part of this prospectus, and any statement so superseded will not be deemed to constitute a part of this prospectus.

The information relating to us contained in this prospectus should be read together with the information in the documents incorporated by reference.

PROSPECTUS SUMMARY

The information below is only a summary of more detailed information included elsewhere in this prospectus and the documents incorporated herein by reference. This summary does not contain all of the information that is important to you or that you should consider before investing in the Notes. As a result, you should read carefully this entire prospectus, as well as the information incorporated herein by reference, carefully. See "Where You Can Find More Information."

The Company

We are a leading operator and franchisor of travel centers primarily along the U.S. interstate highway system. Our travel center customers include trucking fleets, independent truck drivers and motorists. We also operate convenience stores with retail gasoline stations that generally serve motorists.

We are a limited liability company formed under Delaware law on October 10, 2006, as a wholly owned subsidiary of Hospitality Properties Trust, or HPT. From that time through January 31, 2007, we conducted no business activities. On January 31, 2007, HPT acquired TravelCenters of America, Inc., our predecessor, restructured this acquired business and distributed all of our then outstanding common shares to the shareholders of HPT. In this prospectus, we sometimes refer to these transactions as the HPT Transaction.

As of September 30, 2014, our business included 250 travel centers in 43 U.S. states and in Canada, operated primarily under the "Travel Centers of America," "TA," "Petro Stopping Centers" and "Petro" brand names. Of these travel centers, we operated 220 and franchisees operated 30, including five that they subleased from us. As of September 30, 2014, we owned 36 of these travel centers in fee and leased or managed 189 from or for others, including 184 that we leased from HPT. Franchisees owned or leased 25 travel centers from third parties. Our typical travel center includes:

- about 25 acres of land with parking for 189 tractor trailers and 100 cars;
- a full service restaurant operated under one of our proprietary brands and/or one or more quick service restaurants, or QSRs, operated under nationally franchised brand names;
- a large truck repair and service facility and parts store;
- multiple diesel and gasoline fueling points; and
- a large convenience store, game room, laundry and other amenities.

As of September 30, 2014, we operated 34 convenience stores with retail gasoline stations, primarily under the "Minit Mart" brand name, in four states, primarily Kentucky. Of our 34 convenience stores, at September 30, 2014, we owned 27 and we leased or managed seven, including one that we leased from HPT. Our typical convenience store has ten fueling positions and approximately 5,000 square feet of interior space offering merchandise and one or more QSRs.

Our Competitive Strengths

We believe we possess a number of competitive strengths that enable us to be a leader in our industry and may enable us to enhance this leadership position in the future. We believe these competitive strengths include our broad geographic footprint, our large typical travel center size, the wide array of customer services and amenities we offer, our truck repair service business, which offers a wide variety of repair and maintenance services at substantially all of our travel centers, and our large variety of restaurant choices. See "Our Competitive Strengths and

Growth Strategies."

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Our Growth Strategies

We have identified a number of growth strategies, including opportunities to acquire additional travel centers and convenience stores, to construct new travel centers on land parcels we own or may acquire in the future, and to make improvements to our travel centers that we believe will make them more attractive to customers and help increase our share of the interstate highway market for fuel and nonfuel products and services. We currently intend to use the net proceeds from this offering for general business purposes, including acquisitions and construction of additional travel centers and convenience stores, funding capital improvements to our travel centers and convenience stores and other expansion activities. See "Use of Proceeds."

Recent Developments

Pending and Recent Acquisitions

During the first nine months of 2014, we acquired three travel centers for an aggregate purchase price of approximately $25.7 million. Through the date hereof, we have entered into agreements to acquire three additional travel center properties and seven gasoline/convenience stores for an aggregate amount of approximately $24.7 million. We currently expect to complete these acquisitions before the end of the first half of 2015, but these purchases are subject to conditions and may not occur, may be delayed or the terms may change. We currently intend to continue our efforts to selectively acquire additional properties. Our acquisitions are subject to a number of risks and uncertainties, including as to when, whether and to what extent the anticipated benefits and cost savings of a particular acquisition will be realized. See "Risk Factors Risks related to our acquisition and development plans."

Since the beginning of 2011 through September 30, 2014, we have invested or planned to invest approximately $370.1 million ($331.3 million of which had been invested as of September 30, 2014) to acquire and improve 33 travel centers and 31 gasoline/convenience stores. Typical improvements we make to travel centers we acquire include adding truck repair facilities and nationally branded QSRs, paving parking lots, replacing outdated fuel dispensers, installing diesel exhaust fluid dispensing systems, changing signage, installing point of sale and other information technology systems and completing other building and cosmetic upgrades. The improvements to travel center properties we acquire are often substantial and require a long period of time to plan, design, permit and complete, and after the improvements are completed the travel centers then require a period of time to become part of our customers' supply networks and produce stabilized financial results. Based on our historical experience to date, we estimate that the travel centers we acquire generally will achieve stabilized financial results in approximately the third year after acquisition, but actual results can vary widely from this estimate due to many factors, some of which are outside our control.

Development Activity

We own eight parcels of largely unimproved land that we believe may be appropriate for ground-up development of new travel centers. We have begun construction of one of these travel centers, and, subject to funding, plan to commence construction of two or three of the remaining seven parcels prior to December 31, 2015. We have entered into a contract to acquire an additional parcel of land, and expect to close this acquisition and commence development of a travel center on it during the first half of 2015.

Investment in Travel Centers

Our business of operating high sales volume travel centers that are open 24 hours every day requires us to make regular capital investments to our travel centers to maintain their competitive attractiveness to our customers. During the nine months ended September 30, 2014, we spent approximately $95.4 million on improvements to our travel centers, including approximately

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$14.5 million to improve the travel centers we acquired from 2011 through September 30, 2014. We expect to continue our capital investment program, and we expect to continue programs designed to enhance our future operating results. Our convenience stores are high volume fuel locations with larger interior space for merchandise and food offerings than typical convenience stores and limited need for near term capital investment.

Risk Factors

An investment in the Notes involves a high degree of risk. For a discussion of these risks, please see "Risk Factors" beginning on page 10 of this prospectus and "Warning Concerning Forward Looking Statements" beginning on page 65 of this prospectus.

Corporate Information

We are a Delaware limited liability company. Our principal place of business is 24601 Center Ridge Road, Suite 200, Westlake, OH 44145-5639, and our telephone number is (440) 808-9100.

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The Offering

The following summary information about this offering and the terms and provisions of the Notes is not intended to be complete. For more information, please refer to the "Description of Notes" in this prospectus and the indenture under which the Notes will be issued, the form of which is filed with the SEC as an exhibit to the registration statement of which this prospectus is a part. See "Where You Can Find More Information."

Issuer	TravelCenters of America LLC
Securities Offered	$ aggregate principal amount of % Senior Notes due 20 ($ aggregate principal amount if the underwriters' overallotment option is exercised in full).
Overallotment Option	We have granted the underwriters an option to purchase up to an additional $ aggregate principal amount of Notes at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus solely to cover overallotments.
Maturity Date	, 20 , unless otherwise previously redeemed.
Interest Rate	% per year, payable quarterly in arrears.
Interest Payment Dates	February 28, May 31, August 31 and November 30 of each year, beginning on , 2015.
Ranking	The Notes will constitute senior unsecured obligations of TravelCenters of America LLC. They will not be secured by any of our property or assets and, as a result, you will be one of our unsecured creditors. The Notes will not be obligations of our subsidiaries. The Notes will be effectively subordinated to all of our 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.
Optional Redemption	We may, at our option, at any time and from time to time on or after , 20 , redeem some or all of the Notes 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, as described under "Description of Notes Optional Redemption."
No Financial Covenants	The indenture relating to the Notes does not contain financial covenants. See "Risk Factors Risks Related to this Offering The indenture does not contain financial covenants and does not limit the amount of indebtedness that we may incur" and "Description of Notes Certain Covenants."
Listing and Trading	We intend to apply to list the Notes on the NYSE under the symbol " ." If approved, we expect trading in the Notes to begin within 30 days after the original issue date of the Notes.

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Use of Proceeds	We estimate that the net proceeds from this offering will be $ million after deducting the underwriting discount and other estimated offering expenses (approximately $ million if the underwriters' overallotment option is exercised in full). We currently intend to use the net proceeds from this offering for general business purposes, including acquisitions and construction of additional travel centers and convenience stores, funding capital improvements to our travel centers and convenience stores and other expansion activities.
Trustee	U.S. Bank National Association
Risk Factors	You should carefully consider the information set forth in the section of this prospectus entitled "Risk Factors," as well as the information included in or incorporated by reference in this prospectus before deciding to invest in the Notes.

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SUMMARY SELECTED CONSOLIDATED FINANCIAL INFORMATION

The table below sets forth a summary of our historical financial and other information for the periods presented. We derived the financial information as of and for each of the years in the three-year period ended December 31, 2013, from our audited consolidated financial statements incorporated by reference in this prospectus. We derived the financial information as of and for the nine months ended September 30, 2014, from our unaudited condensed consolidated financial statements incorporated by reference in this prospectus. In the opinion of management, all adjustments, including normal recurring adjustments, necessary for a fair presentation of the results of operations for the unaudited periods have been made. The summary selected operating data presented below for the nine months ended September 30, 2014, are not necessarily indicative of a full year's operations.

The summary selected consolidated historical financial information should be read in conjunction with:

- our audited consolidated financial statements as of December 31, 2013 and 2012, and for the years ended December 31, 2013, 2012 and 2011, and our unaudited condensed consolidated financial statements as of September 30, 2014, and for the nine months ended September 30, 2014 and 2013, and related notes incorporated by reference in this prospectus and the "Management's Discussion and Analysis of Financial Conditions and Results of Operations" included in our 2013 Form 10-K and our Third Quarter 10-Q, which are incorporated by reference in this prospectus; and

- the section entitled "Risk Factors" in this prospectus and in our 2013 Form 10-K.

	Nine Months Ended September 30, 2014	Year Ended December 31, 2013	2012	2011
	(dollars in thousands, except per share data)			
Statements of Operations and Comprehensive Income Data:				
Revenues:				
Fuel	$ 4,823,581	$ 6,481,252	$ 6,636,297	$ 6,603,329
Nonfuel	1,219,792	1,450,792	1,344,755	1,271,085
Rent and royalties from franchisees	9,262	12,687	14,672	14,443
Total revenues	$ 6,052,635	$ 7,944,731	$ 7,995,724	$ 7,888,857
Income from operations	$ 57,128	$ 21,190	$ 41,470	$ 32,400
Net income	$ 26,627	$ 31,623	$ 32,198	$ 23,574
Income per common share:				
Basic and diluted	$ 0.71	$ 1.06	$ 1.12	$ 0.98

	September 30, 2014	December 31, 2013	2012	2011
	(dollars in thousands)			
Balance Sheet Data:				
Total assets	$ 1,334,631	$ 1,257,282	$ 1,029,719	$ 1,016,531
Sale-leaseback financing obligation, noncurrent portion(1)	$ 82,684	$ 83,762	$ 82,195	$ 97,765
Deferred rent obligation(2)	$ 150,000	$ 150,000	$ 150,000	$ 150,000

Senior Notes due 2028	$	110,000	$	110,000	$		$	

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	Nine Months Ended September 30, 2014	Year Ended December 31, 2013	2012	2011
Other Operating Data:				
Total fuel sold (gallons in thousands)(3)	1,525,663	2,034,929	2,039,960	2,087,416
Number of sites (end of period):				
Company operated travel centers	220	217	206	192
Company operated convenience stores	34	34	4	4
Franchisee operated travel centers	5	5	6	10
Franchisee owned and operated travel centers	25	25	29	33
Total locations	284	281	245	239

(1) Accounting for the HPT Transaction under U.S. generally accepted accounting principles, or GAAP, required us to recognize in our consolidated balance sheets the leased assets at thirteen of the properties previously owned by our predecessor that we now lease from HPT because more than a minor portion of those properties was subleased to third parties, and one property did not qualify for operating lease treatment for other reasons. A portion of the total rent payments to HPT is recognized as a reduction of the sale-leaseback financing obligation and a portion is recognized as interest expense in our consolidated statement of income and comprehensive income. See Note 17 in Notes to Consolidated Financial Statements included in Item 15 of our 2013 Form 10-K for discussion of our sale-leaseback financing obligation.

(2) The deferred rent obligation will be due and payable $107,085 in December 2022 and $42,915 in June 2024, and the obligation does not bear interest unless certain events occur as provided in the Amendment Agreement that we entered into in January 2011, which amended the HPT leases and our rent deferral agreement with HPT.

(3) Includes all fuel we sold, both at our retail locations and also on a wholesale basis including to certain of our franchisees and a joint venture in which we own a minority interest but excludes the retail fuel sales at travel centers operated by our franchisees.

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RISK FACTORS

Investing in the Notes involves a high degree of risk that may result in a loss of all or part of your investment. You should carefully review the risk factors set forth below and the information contained under the heading "Warning Concerning Forward Looking Statements" in this prospectus. If any such risks occur, our business, financial condition, results of operations, liquidity or prospects could be materially harmed and you could lose all or part of your investment.

Risks Related to this Offering

We will have substantial indebtedness and other obligations, which could adversely affect our financial condition and ability to meet our obligations under the Notes.

As of September 30, 2014, we had total consolidated liabilities of $851 million, including deferred rent obligations of $150 million ($107.1 million of which is due on December 31, 2022, and $42.9 million of which is due on June 30, 2024) and $110 million aggregate principal amount of our 8.25% Senior Notes due 2028, or the Senior Notes due 2028. We also have substantial operating lease obligations and letters of credit outstanding under our credit facility. Together, these obligations are substantial and could limit our ability to make payments of interest and principal on the Notes, and to obtain financing for working capital, capital expenditures, acquisitions, refinancing, lease obligations or other purposes. They 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 debt levels. Any or all of the above events and factors could have an adverse effect on our results of operations, financial condition and ability to meet our obligations under the Notes.

We depend upon our subsidiaries for cash flow to service our debt, and the Notes will be structurally subordinated to the payment of the indebtedness, lease and other liabilities and any preferred equity of our subsidiaries.

We are the sole obligor on the Notes. We derive all of our revenue and cash flow from our subsidiaries and our ability to service our debt, including the Notes, is substantially dependent upon the earnings of our subsidiaries, which own or lease most of the assets used to operate our business, and their ability to make cash available to us. In addition, as of September 30, 2014, substantially all of our contractual and other obligations and liabilities, other than the Senior Notes due 2028, are obligations of our subsidiaries and thus structurally senior to our obligations on the Notes. None of our subsidiaries will guarantee the Notes. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the Notes, or to make any funds available therefore, whether by dividend, distribution, loan or other payments, and the rights of holders of Notes to benefits from any of the assets of our subsidiaries will be structurally subordinated to the claims of our subsidiaries' creditors and any preferred equity holders. As a result, the Notes are structurally subordinated to the prior payment and satisfaction of all of the existing and future debts, liabilities and obligations, including payment obligations under the HPT lease agreements, trade payables and any preferred equity, of our subsidiaries. Any future subsidiary debt or obligation, whether or not secured, or any preferred equity of our subsidiaries will have priority over the Notes.

The 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.

Upon any distribution to our creditors in a bankruptcy, liquidation, reorganization or similar proceeding relating to us or our property, the holders of our secured debt, including the lenders under our credit facility, will be entitled to exercise the remedies available to a secured lender under

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applicable law and pursuant to the instruments governing such debt and to be paid in full from the assets securing that secured debt before any payment may be made with respect to the Notes. In that event, because the Notes will not be secured by any of our assets, it is possible that there will be no assets from which claims of holders of the Notes can be satisfied or, if any assets remain, that the remaining assets will be insufficient to satisfy those claims in full. If the value of such remaining assets is less than the aggregate outstanding principal amount of the Notes and accrued interest and all debt ranking *pari passu* with the Notes, we will be unable to fully satisfy our obligations under the Notes. In addition, if we fail to meet our payment or other obligations under our secured debt, the holders of that secured debt would be entitled to foreclose on our assets securing that secured debt and liquidate those assets. Accordingly, we may not have sufficient funds to pay amounts due on the Notes. As a result, you may lose a portion of or the entire value of your investment in the Notes. Further, the terms of the Notes permit us to incur additional secured indebtedness. Your Notes will be effectively subordinated to any such additional secured indebtedness. See "Description of Other Indebtedness."

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 due 2028 could have a material adverse effect on our business and financial condition and ability to make payments on the Notes.

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. These tests include maintenance of certain financial ratios any time that excess availability under the credit facility falls below 15% of the maximum credit limit of $200 million, until such time that the excess availability has been greater than 15% of the maximum credit limit for thirty consecutive days. 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 Notes. Under certain circumstances, we are required to seek permission from the lenders under our credit facility to engage in specified corporate actions. The lenders' interests may be different from our interests and those of the holders of the Notes, and no assurance can be given that we will be able to obtain the lenders' permission if it is needed.

Our credit facility also requires that we furnish certain of our financial statements to our lenders within specified time periods. Additionally, the indenture governing our Senior Notes due 2028 requires that we file our reports under the Securities Exchange Act of 1934, as amended, or Exchange Act, within prescribed time periods. If we are unable to furnish these financial statements or reports within the prescribed time periods, or, in the case of our credit facility, obtain a waiver, we may be in default under our credit facility or under the indenture governing the Senior Notes due 2028, which could give rise to adverse consequences, including giving lenders or holders of our Senior Notes due 2028 the right to exercise certain remedies, such as demanding repayment of amounts owed, and restrictions on our ability to borrow. If we are unable to borrow under our credit facility, we may be unable to meet our business obligations or grow our business.

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 Notes. In addition, 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

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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. See "Description of Other Indebtedness."

The indenture does not contain financial covenants and does not limit the amount of indebtedness that we may incur.

The indenture under which the Notes will be issued contains no financial covenants or other provisions that would afford the holders of the 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 common shares. As a result, you are not protected under the indenture in the event of a highly leveraged transaction, reorganization, change of control, restructuring, sale of a significant amount of assets, merger or similar transaction that may adversely affect you.

We currently have notes outstanding and may issue additional Notes.

In January 2013, we issued $110 million principal amount of the Senior Notes due 2028, which currently remain outstanding and which are equal in rank to the Notes. We may from time to time without notice to, or the consent of, the holders of the Notes, create and issue additional notes which also will be equal in rank to the Notes.

An active trading market for the Notes may not develop, be maintained or be liquid.

The Notes are new securities for which there currently is no established trading market. We intend to apply for listing of the Notes on the NYSE. However, such application may not be approved. We can give no assurances concerning the liquidity of any market that may develop for the Notes offered hereby, the ability of any investor to sell the Notes or the price at which investors would be able to sell them. If a market for the Notes does not develop, investors may be unable to resell the Notes for an extended period of time, if at all. If a market for the Notes does develop, it may not continue or it may not be sufficiently liquid to allow holders to resell any of the Notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the Notes as collateral for loans.

The Notes may trade at a discount from their initial issue price or principal amount, depending upon many factors, including prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our financial condition, performance and prospects. Any decline in trading prices, regardless of cause, may adversely affect the liquidity and trading markets for the Notes.

The Notes will not be rated and we do not intend to seek a rating for the Notes.

We do not intend to have the Notes rated by any rating agency. Unrated securities usually trade at a discount to similar rated securities. As a result, there is a risk that the Notes may trade at a price that is lower than they might otherwise trade if rated by a rating agency. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the Notes. In addition, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to the Notes in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for or the market value of the Notes.

If securities or industry analysts do not publish research, or if they publish unfavorable research, about us, the trading price and trading volume of the Notes could decline.

The trading market for the Notes may be influenced by research and reports, or lack thereof, that industry or securities analysts publish about us, our business or our market. Currently, the number of analyst reports about us is limited. If no additional analysts publish research about us, the trading price and volume of the Notes could decline. If analysts publish research about us that is unfavorable, or if analysts who publish research about us now or in the future cease to publish such research regularly, the trading price and volume of the Notes may decline.

Our management has broad discretion over the use of proceeds from this offering.

Our management has broad discretion to use the net proceeds from this offering. Because the proceeds are not required to be allocated to any specific investment or transaction, you cannot evaluate the manner in which the proceeds will be used prior to making your investment decision. The proceeds from this offering may be used in a manner which does not generate a favorable return for us. See "Use of Proceeds."

Federal and state statutes could allow courts, under specific circumstances, to avoid the Notes and require holders of the Notes to return payments received from us to a fund for the benefit of our creditors, or subordinate the Notes to other claims of our creditors.

Under Federal bankruptcy law and comparable provisions of state fraudulent transfer laws, the Notes could be avoided, or claims in respect of the Notes could be subordinated to all of our other debts if, among other things, we:

- issued the Notes with the intent of hindering, delaying or defrauding any existing or future creditor;
- received less than reasonably equivalent value or fair consideration for the issuance of the Notes;
- were insolvent or rendered insolvent by reason of such issuance;
- were engaged in a business or transaction for which our remaining assets constituted unreasonably small capital;
- intended to incur, or believed that we would incur, debts beyond our ability to pay as they mature; or
- were a defendant in an action for money damages against such person if, after final judgment, the judgment was unsatisfied.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A court would likely find that we did not receive reasonably equivalent value or fair consideration for the Notes if we did not substantially benefit directly or indirectly from the issuance of the Notes.

We cannot be certain as to the standards a court would use to determine whether we were solvent at the relevant time or, regardless of the standard that a court uses, whether the Notes would be subordinated to any of our other debt. In general, however, a court would deem an entity insolvent if:

- the sum of its debts, including contingent and unliquidated liabilities, exceeds its assets, at a fair valuation; or the present fair saleable value of its assets is less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and matured.

If a court were to avoid the issuance of the Notes as the result of a fraudulent transfer or conveyance, the court could direct that holders of the Notes return any amounts paid under the Note to us or to a fund for the benefit of our creditors, or subordinate the Notes to our other claims.

An increase in market interest rates could result in a decrease in the value of the Notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate decline in value. Consequently, if you purchase the Notes, and the market interest rates subsequently increase, the market value of your Notes may decline. We cannot predict the future level of market interest rates.

Redemption may adversely affect your return on the Notes.

We have the right to redeem some or all of the Notes prior to maturity, as described under "Description of Notes Optional Redemption." We may redeem the Notes at times when prevailing interest rates may be relatively low compared to prevailing rates at the time of issuance of the Notes. Accordingly, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Risks Related to Our Business

Our operating margins are narrow.

Our total revenues for the year ended December 31, 2013, were $7.9 billion, while the sum of our cost of goods sold (excluding depreciation) and site level operating expenses for the same period totaled $7.5 billion. Fuel sales in particular generate low gross margin percentages. Our fuel sales for the year ended December 31, 2013, were $6.5 billion and our gross margin on fuel sales was $0.3 billion, or approximately 5.3% of fuel sales. A small percentage decline in our future revenues or increase in our future costs and expenses, especially revenues and costs and expenses related to fuel, may cause our profits to decline or us to incur losses.

Our operations have produced losses.

From when we began operations on January 31, 2007, through 2010, our business produced losses. Although some of our historical results were impacted by separation obligations with our former management, business reorganizations and other costs that did not recur and we have been profitable in 2011, 2012 and 2013, we believe our losses in prior periods were also the result of the general decline of the U.S. and world economies over which we have no control. We cannot provide any assurance that we will be able to operate profitably in future periods.

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

The trucking industry is the primary customer for our goods and services. Demand for trucking services in the U.S. generally reflects the amount of commercial activity in the U.S. economy. When the U.S. economy declines, demand for our products and services typically declines. For example, in the recent past declines in housing construction led to less lumber and construction materials being shipped, and these reduced shipments were partly responsible for fewer customers and lower sales volumes at our travel centers. While the U.S. economy has been slowly growing since the recession ended in mid-2009, and trucking activity measures reflect growth in that industry, the strength and sustainability of any economic recovery is uncertain. If the U.S. economy continues to operate as it has over the past few years, or if it worsens, our financial results may not improve and may decline.

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We are obligated to pay material amounts of rent to HPT.

The terms of our leases with HPT require us to pay all of our operating costs and generally fixed amounts of rent. During periods of business decline, like the one we experienced during the most recent U.S. recession (December 2007 through June 2009), our revenues and gross margins may decrease but our minimum rents due to HPT do not decline. A decline in our revenues or an increase in our expenses may make it difficult or impossible for us to meet all of our rent obligations, and, if we default under our HPT leases, we may be unable to continue our business.

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

Increasing fuel prices 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 many customer measures to conserve fuel, such as lower maximum driving speeds and reduced truck engine idling, reducing total fuel consumption and our fuel sales. 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 inventories 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 inventories 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.

Increasing truck fuel efficiency may adversely impact our business.

Government regulation and the high cost of motor fuels are causing truck manufacturers and our trucking customers to focus on fuel efficiency. The largest part of our business consists of selling motor fuel. If our trucking customers purchase less motor fuel because their trucks are operated more efficiently, our financial results will decline unless we are able to sufficiently offset those declines by selling substitute or other products or services, gaining market share or increasing our gross margins per gallon of fuel sold on lower volumes of fuel sales. 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 declines because of fuel use efficiencies. If and as truck fuel use efficiency continues to increase and if we are unable to sufficiently increase our sales of other products and services to gain market share or to increase our profit margins on lower fuel volumes, our profits may decline or we may incur losses.

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 capital or other expenditures, which may adversely affect our business.

Climate change 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. 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. 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. Further, legislation and regulations that limit carbon emissions may cause our energy costs at our locations to increase. Moreover, technological changes developed or changes in customer transportation or fueling preferences, including as a result of or in response to any such legislation, regulation or market reaction, may require us to make significant 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. For example, federal and state governmental requirements addressing emissions from trucks and other motor vehicles, such as the U.S. Environmental Protection Agency's gasoline and diesel sulfur control requirements that limit the concentration of sulfur in motor gasoline and diesel fuel, could negatively impact our business by making the fuel more expensive and causing our customers to buy less. For more information regarding climate change matters and their possible adverse impact on us, please see "Management's Discussion and Analysis Environmental and Climate Change Matters" in our 2013 Form 10-K and in our Third Quarter 10-Q.

Our travel centers require regular and substantial maintenance and capital investments.

Our travel centers are open for business 24 hours per day, 365 days per year. Also, many of our travel centers were originally constructed more than 25 years ago. Because of the age of many of our travel centers and because of the nature and intensity of the uses of our travel centers, our travel centers require regular and substantial expenditures for maintenance and capital investments to remain functional and attractive to customers. If we cannot access capital necessary to maintain our properties, our business may decline and our profits may decline or we may incur losses. Also, deferring certain capital expenditures in the near term may require us to make even larger amounts of capital expenditures in the future. Although we may request that HPT purchase future renovations, improvements and equipment at the travel centers that we lease from HPT, HPT is not obligated to purchase any amounts and any amounts it purchases will result in an increase in our rent payable to HPT.

Our failure to prepare and timely file our periodic reports with the SEC and the existence of material weaknesses in our internal control over financial reporting may adversely affect our access to the public markets to raise debt or equity capital as necessary to make required investments in our properties or to implement our business strategies.

We are not currently able to use a "short form" shelf registration statement on Form S-3 to access the public markets to raise capital, and we will not be able to do so until we have timely filed all required reports under the Exchange Act for a twelve-month period prior to filing such a registration statement. We may use a registration statement on Form S-1 to register a sale of our securities to raise capital or complete acquisitions, but doing so would likely increase transaction costs and the time required to raise capital and adversely impact our ability to raise capital or complete acquisitions in a timely manner. In addition, as noted in our 2013 Form 10-K, material weaknesses were present as of December 31, 2013 in our internal control over financial reporting. As of September 30, 2014, these material weaknesses have not been remediated. These matters could adversely affect our ability to make the capital investments necessary to maintain our properties or prevent us from pursuing transactions or implementing business strategies that we might otherwise believe are beneficial to our business. Until we have maintained timely compliance with our reporting obligations under the Exchange Act for a period of no less than twelve full consecutive calendar months, we will be ineligible to use shorter and less costly filings, such as a registration statement on Form S-3, to register our securities for sale. The existence of material weaknesses in our internal control over financial reporting may make potential investors less willing or unwilling to purchase our securities for what we believe is a fair price, or at all.

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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, when 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 fuel that we purchased; for example, a $10 million amount of trade credit will allow us to purchase 5 million gallons of fuel at $2.00 per gallon, but only 3.33 million gallons at $3.00 per gallon. 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, and fuel commodity prices significantly impact our working capital requirements.

Although we maintain a credit facility permitting borrowings of up to $200 million, subject to limits based upon qualified collateral, we typically utilize a large portion of that facility for issuances of letters of credit to our fuel suppliers to secure our fuel purchases and to taxing authorities (or surety bond providers) for fuel taxes. In addition, our qualified collateral historically has been below the amount required to permit the entire $200 million under our credit facility to be available to us for borrowings. At September 30, 2014, a total of $141.2 million was available to us for loans and letters of credit under the credit facility, of which we had used $41.9 million for outstanding letters of credit issued under that facility to secure certain purchases, insurance, fuel tax and other trade obligations. Any increased investment in working capital decreases our financial flexibility to use our capital for other business purposes or to fund our operations and may cause us to suffer losses.

Although we own 36 travel center premises and 27 gasoline/convenience store premises which are not encumbered by mortgage or other secured indebtedness, our credit facility is secured by substantially all of our cash, accounts receivable, inventory, equipment and intangible assets and imposes restrictions on our ability to incur additional indebtedness or to grant security interests in our assets. Further, under our HPT leases, subject to certain exceptions, our tenant subsidiaries may not incur debt secured by any of their assets used in the operation of the leased travel centers without HPT's consent. Because security interests in a significant amount of our assets have already been granted and we are contractually limited in our ability to incur additional debt or grant security interests, our ability to obtain additional financing may be limited.

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 inventories. 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 storage and dispensing of petroleum products and natural gas 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 travel centers and convenience stores we operate include fueling areas, truck repair and maintenance facilities and tanks for the storage and dispensing of petroleum products, natural gas and other hazardous substances, all of which create the potential for environmental damage. As a result, we regularly incur environmental clean up costs. Our balance sheet as of September 30, 2014, included an accrued liability

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of $5.2 million for environmental remediation and related costs. Because of the uncertainties associated with environmental expenditures, it is possible that future expenditures could be substantially higher than this amount. 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 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.

In our experience, the risk of being subject to regulatory review and proceedings for environmental related matters is greater in certain jurisdictions, such as the State of California. We have significant operations in the State of California and are currently and have in the past been subject to regulatory review and proceedings for environmental related matters and may in the future be subject to similar reviews and proceedings in that state or elsewhere. Although to date our environmental regulatory matters in the State of California have not resulted in settlements or judgments against us, or otherwise resulted in our paying or agreeing to pay amounts, which have had, or which we expect would reasonably be likely to have, a material adverse effect on our business, there can be no assurance that they will not have such an effect or that environmental regulatory reviews or proceedings elsewhere would not have such an effect on us.

Under the leases between us and HPT, we generally have agreed to indemnify HPT from environmental liabilities it may incur arising at any of the properties we lease from HPT. Under our agreement with Equilon Enterprises LLC doing business as Shell Oil Products US, or Shell, we have agreed to indemnify Shell and its affiliates from certain environmental liabilities they may incur with respect to our travel centers where natural gas fueling lanes have been installed. 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.

Consolidation of our competitors and the third party fuel card companies may negatively affect our business.

In 2010, the largest companies in our industry based on diesel fuel volume combined to form Pilot Flying J. As a result of this combination, increased competitive pressure could negatively impact our sales volumes and profitability and increase our site level operating expenses and selling, general and administrative expenses. In addition, 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 a few significant participants, including Comdata Network, Inc., or Comdata, the largest issuer of fuel cards, and Electronic Funds Source, LLC, or EFS. EFS itself is the product of the combination during 2011 and 2012 of the fuel card businesses of Transportation Clearing House LLC, EFS Transportation Services, Inc. and T-Check Systems, each previously one of the larger competitors to Comdata in the fuel card industry, making, we believe, EFS the second largest competitor in the fuel card industry. We are unable to determine the extent of the effect that competition, or lack thereof, between Comdata and EFS in particular, may result in future increases in our transaction fee expenses or working capital requirements, or both.

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The convenience store business is subject to intense competition.

The convenience store industry in the U.S. and in the geographic areas in which we operate is highly competitive and fragmented with ease of entry and constant change in the number and types of retailers offering the products and services similar to those we provide. We compete with other convenience store chains, independent convenience stores, supermarkets, drugstores, discount clubs, motor fuel service stations, mass merchants, fast food operations and other similar retail outlets. In recent years, several non-traditional retailers, such as supermarkets, club stores and mass merchants, have begun to compete directly with convenience stores, particularly in the sale of motor fuel and their market share is expected to grow. Increased competition or new entrants to the industry could result in reduction of our gross margins. Additionally, a large number of our convenience stores are in Kentucky, making our convenience store business particularly vulnerable to changes in economic conditions in Kentucky.

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 information technology networks and systems including the Internet, or IT systems, to process, transmit and store electronic information, including financial records and personal identifying 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 card payments and authorizations, financial transactions, banking and numerous other processes and transactions. We purchase some of the IT systems we use from vendors on whom our IT systems materially depend. 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 and not by us. Although we have taken steps to protect and maintain the security of the IT systems we use and the data 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 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 credit 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, if we have not adopted technologies to support chip and PIN credit cards by the deadlines set by the credit card companies, those companies will not pay us for fraudulent transactions. 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.

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 so to avoid excess, unused capacity. As a result, it may be difficult for us to effect future reductions in our staff without adversely affecting our business prospects. Certain aspects of our business require higher skilled

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personnel, such as truck service technicians. Hiring, training and maintaining higher skilled personnel can be costly, particularly if turnover is high. Further, as we grow our business, particularly the aspects of our business that require higher skilled personnel, we may experience increased difficulty with staffing those positions with qualified personnel and may incur greater costs to do so. 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. In addition, costs for health care and other benefits, due to regulation, market factors or otherwise, may further increase our labor costs.

Our customers may become unable to pay us when we extend credit.

We sell some of our products on credit. Customers purchasing fuel or other goods or services on credit from us may not pay, or they may extend the payment periods, for products sold to them on credit. In light of the challenging economic conditions that have existed in the U.S. generally during and since the recent recession and in the trucking industry specifically, and the slow and uneven recovery and expansion of the U.S. economy since the recession, the risk that some of our customers may not pay us may be greater at present than it had been prior to the recession. Also, to the extent that we are unable to collect receivables owed to us in a timely fashion, we may be required to increase amounts invested in our working capital, which could have a material adverse effect on our business, results of operations or financial condition.

We are involved in litigation which is expensive and may have adverse impacts upon our business.

We have in the recent past been involved in litigation, certain matters of which are ongoing, which was expensive and had adverse consequences to us, and we may become involved in new litigation matters that may be expensive and may have adverse consequences to us. If litigation matters continue for extended periods or if they result in judgments adverse to us, our profits may decline or we may experience losses. We have defended, and will continue to defend, vigorously against litigation challenges. However, we or our subsidiaries may enter into settlement discussions in particular cases if we believe it is in our best interests to do so. Settlement of, or failure to successfully defend, litigation could result in liability that could have a material adverse effect on our results of operations, financial condition and cash flows. For additional information about material pending legal proceedings see Item 3, "Legal Proceedings," in our 2013 Form 10-K and Note 7 to our condensed consolidated financial statements in our Third Quarter 10-Q.

Our franchisees may become unable to pay our rents, franchise royalties and other amounts due to us and we have limited control of our franchisees.

Five travel centers that we lease from HPT are subleased to franchisees. A failure by our franchisees to pay rents to us would not affect our minimum rent payable to HPT. As of September 30, 2014, an additional 25 travel centers not owned by us or HPT are operated by franchisees. For the nine months ended September 30, 2014, the rent, franchise royalty and other revenue generated from all of our franchisee relationships was $9.3 million. We believe the difficult business conditions that have affected the travel centers that we operate during and since the most recent U.S. recession, including the effects of U.S. economic conditions and volatile fuel commodity prices, have also adversely affected our franchisees and may make it difficult for our franchisees to pay the rent, franchise royalties and other amounts due to us. In addition, our sublease and franchise agreements with our franchisees are subject to periodic renewal by us or the franchisee. Also, various laws and our existing franchise agreements limit the control we may exercise over our franchisees' business activities. A failure by our franchisees to pay rent, franchise royalties and other amounts due to us, or the termination or non-renewal of a significant number of our franchise agreements, may cause our profits to decline.

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Our sales could be harmed if we or our suppliers, franchisors, licensors or franchisees become associated with negative publicity.

We operate our travel centers nationwide and operate convenience stores under a small number of brand names. We sell branded gasoline at most of our locations and many of our locations have QSRs operating under brands we do not own. In addition, we resell numerous other products we obtain from third parties. If the companies or brands associated with our products and offerings become associated with negative publicity, our customers may avoid purchasing these products and offerings, including at our locations, and may avoid visiting our locations because of our association with the particular company or brand. 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.

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 truckers 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.

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

Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, imposes limitations on the ability of a company taxable as a corporation that undergoes an "ownership change," as defined by the Code, to use its net operating loss carryforwards and certain other tax benefits and deductions to reduce its tax liability. As a result of certain trading in our shares during 2007, we experienced an ownership change. Consequently, we may be unable to use some or all of our net operating loss generated in 2007 to offset any future taxable income we may generate and the existence of a net unrecognized built in loss at the time of this ownership change could limit our future tax deductions for a five year period after the ownership change. If we experience additional ownership changes, our net operating losses and tax credit carryforwards generated after 2007 could be subject to limitations on usage and the existence of a net unrecognized built-in loss at the time of an ownership change could limit our future tax deductions for a five year period after the ownership change. In 2009, our bylaws were amended to impose certain restrictions on the transfer of our shares in order to help us preserve the tax treatment of our net operating losses and other tax benefits (see below for a discussion of the risks related to our ownership limitations under the heading " Risks Arising from Certain Relationships of Ours and Our Organization and Structure").

If we fail to maintain effective internal control over financial reporting, our financial reporting could be inaccurate or not timely.

Internal control systems are intended to provide reasonable assurance regarding the preparation and fair presentation of published financial statements. We concluded that our internal controls over financial reporting were not effective as of December 31, 2013. As described in Item 9A of our 2013 Form 10-K, during 2013 we identified certain material weaknesses in our internal control over financial reporting with respect to accounting for income taxes, a lack of sufficient accounting department personnel and our financial statement close process. While we have made changes to improve our internal control over financial reporting, these material weaknesses had not yet been remediated as of

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September 30, 2014. We cannot assure you that our actions will be completely effective or that we will not discover other material weaknesses in our controls. If we fail to maintain effective internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected, our business and financial condition could be harmed, investors may lose confidence in our reported financial information and the market price of our common shares or other securities may decline.

Risks Related to Our Acquisition and Development Plans

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

Travel centers that we acquire often require substantial improvements in order to be brought up to our standards, which improvements require an extended period of time to plan, design, permit and complete, often followed by a period of time to mature and become part of our customers' supply networks. We estimate that our travel center acquisitions generally will achieve stabilized financial results in approximately the third year after acquisition, but actual results can vary widely from this estimate. 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.

Additionally, the success of any acquisition, including the realization of anticipated benefits and cost savings, will depend, in part, on our ability to successfully combine the acquiree's business and ours. The integration 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 and cost savings of the acquisition. If we experience difficulties with the integration process for a particular acquisition, the anticipated benefits of the transaction may not be realized fully or at all, or may take longer to realize than expected. Integration efforts may also divert management attention and resources. These matters could have an adverse effect on us for an undetermined period after completion of a transaction.

The obligations and liabilities with respect to an acquisition, some of which may be unanticipated or unknown, may be greater than we have anticipated, which may diminish the value of the acquisition to us.

We may acquire obligations and liabilities in a particular transaction, some of which may not have been disclosed to us, may not be reflected or reserved for in the acquiree's historical financial statements, or may be greater than we have anticipated. These obligations and liabilities could have a material adverse effect on our business, financial condition or results of operations.

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

Our planned travel center development projects 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. Additionally, the travel centers we construct may not generate the financial returns we anticipate.

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

Our business is subject to possible conflicts of interest with HPT and Reit Management & Research LLC, or RMR.

Our business is subject to possible conflicts of interest, as follows:

- We have five Directors: one of whom, Barry M. Portnoy, also is a managing trustee of HPT, and Chairman, the majority owner and an employee of RMR, which provides management services to us and to HPT; one of whom, Arthur G. Koumantzelis, is a former trustee of HPT from prior to when we became a separate public company; one of whom, Lisa Harris Jones, is a member of a law firm that previously had provided professional services to RMR; and one of whom, Thomas M. O'Brien, is a former executive officer of HPT from before we became a separate public company. Further, Mr. Portnoy and two of our Independent Directors are members of the boards of trustees or boards of directors of other public companies to which RMR or its affiliates provides management services.

- Mr. O'Brien, our President and Chief Executive Officer, Andrew J. Rebholz, 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.

- We lease a large majority of our travel centers from HPT.

- RMR provides us business management and shared services pursuant to a business management and shared services agreement and property management services with respect to our headquarters building pursuant to a property management agreement, and RMR provides business and property management services to HPT.

- 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 HPT, our business management and shared services agreement allows RMR to act on its own behalf and on behalf of HPT or such other entity rather than on our behalf.

- RMR's simultaneous contractual obligations to us and HPT create potential conflicts of interest, or the appearance of such conflicts.

In connection with the agreement we entered as part of the HPT Transaction, we granted HPT 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, and we granted HPT 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, which 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 this agreement we agreed not to take any action that might reasonably be expected to have a material adverse impact on HPT's ability to qualify as a real estate investment trust, or REIT.

We believe that our historical and ongoing business dealings with HPT and RMR have benefited us and that, despite the foregoing possible conflicts of interest, the transactions we have entered with HPT and RMR since the HPT Transaction have been commercially reasonable and not less favorable than otherwise available to us. Nonetheless, in the past, in particular following periods of volatility in the overall market or declines in the market price of a company's securities, shareholder litigation, dissident shareholder director nominations and dissident shareholder proposals have often been instituted against companies alleging conflicts of interest in business dealings with affiliated and related persons and entities. Our relationships with HPT, RMR, Affiliates Insurance Company, or AIC, an Indiana insurance company, the other businesses and entities to which RMR provides management services, Barry Portnoy and other related parties of RMR may precipitate such activities. These

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activities, if instituted against us, could result in substantial costs and a diversion of our management's attention even if the action is unfounded.

We have significant commercial arrangements with RMR and HPT and we are dependent on those arrangements in operating our business.

We are party to a business management and shared services agreement with RMR, whereby RMR assists us with various aspects of our business, and a property management agreement with RMR, whereby RMR manages our headquarters office building. One of our Directors is the majority owner and Chairman of RMR. One of our other Directors, President and Chief Executive Officer, our Executive Vice President, Chief Financial Officer and Treasurer and our Executive Vice President and General Counsel are also officers of RMR. Most of the travel centers that we operate are leased by us, principally from HPT. As a result of these factors, we are dependent on our arrangements with RMR and HPT in operating our business and any adverse developments in those arrangements could have a material adverse effect on our business and our ability to conduct our operations.

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

Under our leases with HPT, without the consent of HPT, 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 HPT is located. 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.

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

Our limited liability company agreement, or our LLC agreement, and bylaws contain separate provisions which prohibit any shareholder from owning more than 9.8% and 5% of the number or value of any class or series of our outstanding shares. The 9.8% ownership limitation in our LLC agreement is consistent with our contractual obligations with HPT to not take actions that may conflict with HPT's status as a REIT under the Code. The 5% ownership limitation in our bylaws 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. These provisions inhibit acquisitions of a significant stake in us and may deter, delay or prevent a change in our control or unsolicited acquisition proposals that a shareholder may consider favorable. Additionally, provisions contained in our LLC agreement and bylaws may have a similar impact, including, for example, provisions relating to:

- the division of our Directors into three classes, with the term of one class expiring each year, which could delay a change of control;

- the authority of our Board of Directors, and not our shareholders, to adopt, amend or repeal our bylaws and to fill vacancies on the Board of Directors;

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- limitations on the ability of shareholders to cause a special meeting of shareholders to be held and a prohibition on shareholders acting by written consent unless the consent is a unanimous consent of all our shareholders 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 shareholders' approval, to authorize and issue additional shares of any class or type on terms that it determines;

- limitations on the ability of our shareholders to propose nominees for election as Directors and propose other business to be considered at a meeting of shareholders;

- a requirement that an individual Director may only be removed for cause and then only by unanimous vote of the other Directors; and a 75% shareholders' vote and cause requirements for removal of our entire Board of Directors;

- a 75% shareholders' vote requirement for shareholder nominations and other proposals that are not approved by our Board of Directors;

- our election to be governed by Section 203 of the Delaware General Corporation Law, which would prohibit us from engaging in a business combination with an interested shareholder, generally a person that together with its affiliates owns or within the last three years has owned 15% of our voting shares, for a period of three years after the date of the transaction in which the person became an interested shareholder, unless the business combination is approved in a prescribed manner;

- requirements that shareholders comply with regulatory requirements (including Louisiana, Montana and Nevada gaming and Indiana insurance licensing requirements) affecting us which could effectively limit share ownership of us, including in some cases, to 5% of our outstanding shares; and

- requirements that any person nominated to be a Director comply with any clearance and pre-clearance requirements of state gaming or insurance licensing laws applicable to our business.

In addition, the HPT leases, our shareholders agreement with respect to AIC, our business management and shared services agreement with RMR and our 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 or we experience some other change in control, as defined in those agreements, without the consent of HPT, RMR or the lenders under the credit facility, respectively, and that AIC and the other shareholders of AIC may have rights to acquire our interests in AIC if such an acquisition occurs or if we experience some other change of control. In addition, our obligation to repay deferred rent then outstanding under our amended leases with HPT may be accelerated if, among other things, a Director not nominated or appointed by the then members of our Board of Directors is elected to our Board of Directors or if our shareholders 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 shareholders may be unable to realize a change of control premium for securities they own or otherwise effect a change of our policies or a change of our control.

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

Our LLC agreement eliminates the personal liability of each of our Directors to us and our shareholders for monetary damages for breach of fiduciary duty as our Director, except for a breach of the Director's duty of loyalty to us or our shareholders as modified by our LLC agreement, for acts or omissions not in good faith or which involved intentional misconduct or a knowing violation of law or for any transaction from which the Director derived an improper personal benefit. Our LLC agreement also provides that our Directors and officers, HPT, RMR and the respective directors and officers of HPT and RMR shall not be liable for monetary damages to us or our shareholders for losses sustained or liabilities incurred as a result of any act or omission by any of them unless there has been a final, nonappealable judgment entered by a court 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.

Our LLC agreement also generally requires us to indemnify, to the fullest extent permitted by law, our present and former Directors and officers, HPT, RMR and the respective directors and officers of HPT 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 in good faith on behalf of or with respect to us. We also have similar obligations to our Directors and officers under individual indemnification agreements with such persons. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former Directors and officers, HPT, RMR and the respective directors and officers of HPT and RMR without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result, we and our shareholders may have more limited rights against our present and former Directors and officers, HPT, RMR and the respective directors and officers of HPT and RMR than might otherwise exist absent the provisions in our LLC agreement and our indemnification agreements or that might exist with other companies, which could limit our shareholders' recourse in the event of actions not in our shareholders' best interest.

Disputes with HPT and RMR and shareholder litigation against us or our Directors and officers may be referred to binding arbitration proceedings.

Our contracts with HPT and RMR provide that any dispute arising under those contracts may be referred to binding arbitration proceedings. Similarly, our LLC agreement and bylaws provide that actions by our shareholders against us or against our Directors and officers, including derivative and class actions, may be referred to binding arbitration proceedings. As a result, we and our shareholders would not be able to pursue litigation for these disputes in courts against HPT, RMR or our Directors and officers if the disputes were referred to arbitration. In addition, the ability to collect attorney's fees or other damages may be limited in the arbitration proceedings, which may discourage attorneys from agreeing to represent parties wishing to commence such a proceeding.

We may experience losses from our business dealings with AIC.

As of September 30, 2014, we have invested approximately $6.1 million in AIC, we have purchased substantially all of our property insurance in a program designed and reinsured in part by AIC and we periodically consider the possibilities for expanding our relationship with AIC to other types of insurance. As of September 30, 2014, we, RMR and five other companies to which RMR provides management services each own 14.3% of AIC, and we and those other AIC shareholders participate in a combined insurance program designed and reinsured in part by AIC. Our principal reason for investing in AIC and for purchasing insurance in these programs is to seek to improve our financial results by obtaining improved insurance coverages at lower costs than may be otherwise available to us or by participating in any profits which we may realize as an owner of AIC. While we believe we have in the past benefitted from these arrangements, these beneficial financial results may not occur in the

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future, and we may need to invest additional capital in order to continue to pursue these results. AIC's business involves the risks typical of an insurance business, including the risk that it may be insufficiently capitalized. Accordingly, financial benefits from our business dealings with AIC may not be achieved in the future, and we may experience losses from these dealings.

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

We have locations in Illinois, Louisiana, Montana and Nevada which 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 can vary by jurisdiction:

- shareholders 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 license 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.

As an owner of AIC, we are licensed and approved as an insurance holding company, and any shareholder who owns or controls 10% or more of our securities or anyone who wishes to solicit proxies for election of, or to serve as, one of our Directors or for another proposal of business not approved by our Board of Directors may be required to receive pre-clearance from the relevant insurance regulators.

The gaming and insurance 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.

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OUR COMPETITIVE STRENGTHS AND GROWTH STRATEGIES

Our Competitive Strengths

We believe we possess a number of competitive strengths that enable us to be a leader in our industry and may enable us to enhance this leadership position in the future:

Broad Geographic Footprint

As of September 30, 2014, we operated or franchised 250 travel centers in 43 U.S. states and in Canada. With few exceptions, our travel centers are located near U.S. interstate highway system exits and we believe many of these locations would be very difficult to effectively duplicate. We estimate that approximately 50% of our sites are in the 10 states with the highest concentration of interstate highway system truck traffic. We believe we are the second largest operator and franchisor of travel centers located near the interstate highway system in the U.S.

Large Facilities

Our typical travel center is located on approximately 25 acres, has 189 truck parking spaces, 100 car parking spaces, 10 truck fueling lanes and five car fueling positions. We believe that our average travel center is significantly larger than the average site operated by our competition. We also believe that this size advantage is a competitive advantage because it provides for easier vehicle maneuverability by our customers, which lowers the risk of vehicular collisions or other accidental damage and increases the likelihood that a customer will be able to locate a parking spot quickly during his or her nondriving hours. We believe that these factors may lead to a higher level of customer satisfaction.

Full Service Offering

We believe that we offer the broadest network of travel centers in the U.S. that are considered to be "full service." We believe our travel centers provide our customers with more driver amenities than any other chain of travel centers. Our full service offering includes what we believe is the travel center industry's largest large truck repair and maintenance business, a food service offering that leads the industry in variety of brands and in number of table service restaurants, including well known QSR brands and proprietary table service brands, a large convenience store offering, driver lounges, wide screen theaters, fitness rooms, barber shops, medical clinics, video game rooms, laundry service, ATMs, scanning and faxing, check cashing, mailing services, truck weigh scales, WiFi services and other amenities. Our ReserveIt! program provides truck drivers the opportunity to reserve a parking space at our travel centers for a fee. We believe that our travel centers' full service characteristics are a key factor in our ability to attract our customers.

Industry Leading Truck Repair Service

We believe that we operate our industry's largest, nationwide, non-dealer network of large truck repair and maintenance services. Our 250 travel center locations include over 1,000 truck repair and service bays, and we employ over 2,500 service technicians and mechanics who perform a wide variety of repair and maintenance services. We believe that our next closest travel center competitor operates fewer than 100 facilities that provide a smaller variety of services. In addition, we are the only non-dealer warranty service provider for Daimler Trucks North America in the U.S. We also operate RoadSquadConnect®, through which we provide emergency roadside services through a network of over 1,200 locations including our travel centers; we utilize over 400 heavy duty emergency vehicles from our company operated sites. We believe our call management and dispatch system centralized in our corporate headquarters enhances the efficiency of RoadSquadConnect®.

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Large Variety of Food Services

We operate 218 table service restaurants under five different proprietary brands. Additionally, our travel centers include 302 QSRs operated under 33 different brands, including McDonalds, Burger King, Subway, Starbucks, Popeye's, Dunkin' Donuts, Pizza Hut and Taco Bell. We believe that this broad offering of food service options is highly valued by our customers.

Our Growth Strategies

We have identified a number of growth strategies, including opportunities to acquire additional travel centers and convenience stores, to construct new travel centers on land parcels we own or may acquire in the future, and to make improvements to our travel centers that we believe will make them more attractive to customers and help increase our share of the interstate highway market for fuel and nonfuel products and services.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be $ million after deducting the underwriting discount and other estimated offering expenses (approximately $ million if the underwriters' overallotment option is exercised in full). We currently intend to use the net proceeds from this offering for general business purposes, including acquisitions and construction of additional travel centers and convenience stores, funding capital improvements to our travel centers and convenience stores, and other expansion activities. We expect to invest the net proceeds from this offering in short term, interest bearing securities pending other uses.

RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for each of the periods indicated is as follows:

	Nine Months Ended September 30,	Years ended December 31,				
	2014	2013	2012	2011	2010(2)	2009(2)
Ratio of earnings to fixed charges(1)	1.63	1.01	1.46	1.32	N/A	N/A

(1) For purposes of calculating the ratio of earnings to fixed charges, fixed charges are calculated by adding (a) interest expensed and capitalized, (b) amortized premiums, discounts and capitalized expenses related to indebtedness and (c) an estimate of the interest within rental expense. Earnings are calculated by adding (i) pretax income or loss from continuing operations, (ii) distributed income from equity investees, (iii) fixed charges, and (iv) amortization of capitalized interest, and subtracting (x) interest capitalized and (y) income from equity investments.

(2) For these periods, earnings were inadequate to cover fixed charges. The amount of the coverage deficiencies were $66,560,000 and $94,363,000 for the years ended December 31, 2010 and 2009, respectively.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2014, on a historical basis and as adjusted to give effect to the sale of the Notes offered hereby. You should read the following table in conjunction with our financial statements, the notes to our financial statements and the other financial data included in or incorporated by reference into this prospectus.

	As of September 30, 2014	
	Actual	As adjusted(1)
	(dollars in millions)	
Cash and cash equivalents(2)	$ 126.9	$
Revolving credit facility(3)		
8.25% Senior Notes due 2028	110.0	110.0
% Senior Notes due 20		
Deferred rent obligation(4)	150.0	150.0
Shareholders' equity:		
Common shares, no par value, 39,158,666 shares authorized; 37,667,636 shares issued and outstanding	677.3	677.3
Accumulated other comprehensive income	0.6	0.6
Accumulated deficit	(194.7)	(194.7)
Total shareholders' equity	483.2	483.2
Total capitalization	$ 743.2	$

(1) Excludes up to an additional $ million aggregate principal amount of Notes issuable upon the exercise of the underwriters' overallotment option.

(2) We expect that our cash and cash equivalents balance at December 31, 2014, will be significantly less than it was at September 30, 2014, due to seasonality in our business and our capital expenditures and business acquisition during the fourth quarter.

(3) At September 30, 2014, approximately $141.2 million was available under this $200 million facility that expires in October 2016, of which we had used $41.9 million for outstanding letters of credit issued under this credit facility.

(4) This obligation is interest free, $107.1 million is due on December 31, 2022 and $42.9 million is due on June 30, 2024.

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DESCRIPTION OF NOTES

References in this section to "we," "us" and "our" mean TravelCenters of America LLC and not its subsidiaries.

General

We will issue the Notes under an indenture dated as of January 15, 2013 and a Supplemental Indenture thereto dated as of , 2015, together, the Indenture, between us and U.S. Bank National Association, as trustee, or the Trustee. The Indenture is subject to, and governed by, the Trust Indenture Act of 1939, as amended, or the Trust Indenture Act. This prospectus briefly summarizes some of the provisions of the Indenture. These summaries are not complete. If you would like more information on these provisions, review the copy of the form of Indenture that we have filed with the SEC. See "Where You Can Find More Information" in this prospectus. You may also review the Indenture at the Trustee's corporate trust office at One Federal Street, 3rd Floor, Boston, Massachusetts 02110.

The Notes will be a separate series under the Indenture, initially in an aggregate principal amount of $ ($ aggregate principal amount if the underwriters' overallotment option is exercised in full). This series may be reopened and we may, from time to time, issue additional Notes of the same series. The Notes will mature (unless previously redeemed) on , 20 . The Notes will be issued only in fully registered form without coupons, in denominations and integral multiples of $25.00. The Notes will be evidenced by a global note in book-entry form, except under the limited circumstances described below under " Form of Notes."

The Notes will constitute our senior unsecured obligations and will rank *pari passu* in right of payment with all of our existing and future unsecured and unsubordinated indebtedness and will be 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 will not be 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. As of September 30, 2014, we had no secured indebtedness outstanding (although we have a secured credit facility under which, as of such date, we had availability to borrow up to approximately $141.2 million and against which we had issued $41.9 million of letters of credit). Also as of September 30, 2014, our subsidiaries had total indebtedness of $41.9 million, consisting solely of letters of credit outstanding under our credit facility under which our subsidiaries are either co-borrowers or guarantors; deferred rent obligations of $150 million; and no preferred equity outstanding. In addition, substantially all of our majority-owned U.S. subsidiaries have guaranteed borrowings under our credit facility. Our outstanding other indebtedness is described under "Description of Other Indebtedness." 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 you 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 you. 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. See "Risk Factors Risks Related to this Offering The indenture does not contain financial covenants and does not limit the amount of indebtedness that we may incur."

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Interest and Maturity

The Notes will bear interest at the rate per annum set forth on the cover page of this prospectus from, and including, January , 2015, or from, and including, the immediately preceding interest payment date to which interest has been paid. Interest is payable quarterly in arrears on February 28, May 31, August 31 and November 30 of each year, beginning on , 2015, to the persons in whose names the Notes are registered at the close of business on February 14, May 15, August 15 and November 15, 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 Notes. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months. The Notes will mature (unless previously redeemed) on , 20 .

Optional Redemption

We may, at our option, at any time on or after , 20 , redeem some or all of the Notes 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 the properties and assets of the Company 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

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(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. See "Risk Factors Risks Related to this Offering The indenture does not contain financial covenants and does not limit the amount of indebtedness that we may incur."

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 officer's 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 indentures, 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.

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If an event of default with respect to the Notes occurs and is continuing, the Trustee or the holders of at least a twenty-five percent (25%) in aggregate principal amount of the outstanding Notes, 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 may waive any default or event of default 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 Notes, unless such holders have offered the Trustee reasonable indemnity. The holders of a majority in principal amount of the outstanding Notes 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, provided that:

- the direction is not in conflict with any law or the applicable indenture;
- 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 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 specific 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 such indenture;

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- to conform the terms of the indenture applicable to the Notes to the description of the Notes contained herein;
- 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 such indenture;
- to comply with the rules of any applicable depositary;
- 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
- 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

We have initially designated U.S. Bank National Association as the registrar and paying agent for the Notes. Payments of interest and principal will be made, and the Notes will be 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.

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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 your benefit and the benefit of all other direct holders of the Notes a combination of money or U.S. government agency notes or bonds (or, in some circumstances, depositary 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, or IRS, ruling must be issued permitting us to make the deposit described above, without causing you 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 would be treated as though we took back your debt securities and gave you your share of the cash and notes or bonds deposited in trust; under such circumstances, you could recognize gain or loss on the debt securities you 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, you would have to rely solely on the trust deposit for repayment on the Notes. You 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. You would also be released from any subordination provisions.

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

- your 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, you 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.

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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, you 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, you may not be able to obtain payment of the shortfall.

Listing

We intend to apply to list the Notes on the NYSE under the symbol " ." If approved, we expect trading in the Notes to begin within 30 days after the original issue date of the Notes.

Trading Characteristics

We expect the Notes to trade "flat," meaning that purchasers will not pay, and sellers will not receive, any accrued and unpaid interest on the Notes that is not included in the trading price. Any portion of the trading price of a Note that is attributable to accrued and unpaid interest will be treated as ordinary interest income for U.S. federal income tax purposes and will not be treated as part of the amount realized for purposes of determining gain or loss on the disposition of the Note.

Form of Notes

The Notes will initially be issued in the form of a single, fully registered global note without coupons that will be deposited with or on behalf of DTC and registered in the name of its nominee, Cede & Co. This means that we will not issue certificates to each owner of Notes. One global note will be issued to DTC, which will keep a computerized record of its participants (for example, your broker) whose clients have purchased the Notes. The participant will then keep a record of its clients who purchased the Notes. Beneficial interests in the global note will be shown on, and transfers of the global note will be made only through, records maintained by DTC and its participants.

Accordingly, we will issue one registered global security denominated in an amount equal to the aggregate principal amount of all of the Notes to be issued and represented by such registered global security.

Unless and until it is exchanged in whole or in part for debt securities in definitive registered form, the registered global security may not be transferred except as a whole:

- by DTC to its nominee;

- by Cede & Co. to DTC or another nominee of DTC; or

- by DTC or Cede & Co. to a successor of DTC or a nominee of the successor.

The following provisions will apply to the depositary arrangements for the Notes:

- ownership of beneficial interests in the registered global security will be limited to persons that have accounts with DTC, those persons being referred to as "participants," or persons that may hold interests through participants;

- upon the issuance of the registered global security, DTC will credit, on its book-entry registration and transfer system, the participants' accounts with the respective principal amounts of the Notes represented by the registered global security beneficially owned by the participants;

- the dealers and underwriters participating in the distribution of the Notes will designate the accounts to be credited; and

- the transfer of any ownership interest will be effected only through, records maintained by DTC for the registered global security (with respect to interests of participants) and on the records of participants (with respect to interests of persons holding through participants).

The laws of some states may require that certain purchasers of securities take physical delivery of the securities in definitive form. These laws may limit the ability of those persons to own, transfer or pledge beneficial interests in registered global security.

So long as DTC, or its nominee, is the registered owner of the registered global security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the registered global security for all purposes under the Indenture. Except as set forth below, owners of beneficial interests in the registered global security:

- will not be entitled to have the Notes represented by the registered global security registered in their names;

- will not receive or be entitled to receive physical delivery of the Notes in definitive form; and

- will not be considered the owners or holders of the Notes under the Indenture.

Accordingly, each person owning a beneficial interest in the registered global security must rely on the procedures of DTC and, if the person is not a participant, on the procedures of a participant through which the person owns its interest, to exercise any rights of a holder under the Indenture.

We understand that under currently existing industry practices, if we request any action of holders or if an owner of a beneficial interest in the registered global security desires to give or take any action that a holder is entitled to give or take under the Indenture, DTC would authorize the participants holding the relevant beneficial interests to give or take the action, and those participants would authorize beneficial owners owning through those participants to give or take the action or would otherwise act upon the instructions of beneficial owners holding through them.

We will make payments of principal of and interest on the Notes represented by the registered global security to DTC or its nominee, as the case may be, as the registered owner of the registered global security. Neither we nor the Trustee or any other agent of us or the Trustee will be responsible or liable for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the registered global security or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

We expect that DTC, upon receipt of any payments of principal and interest in respect of the registered global security, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the registered global security as shown on the records of DTC. We also expect that standing customer instructions and customary practices will govern payments by participants to owners of beneficial interests in the registered global security held through the participants, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name." We also expect that any of these payments will be the responsibility of the participants.

If DTC is at any time unwilling or unable to continue as depositary or ceases to be a clearing agency registered under the Exchange Act, we will appoint an eligible successor depositary. If we fail to appoint an eligible successor depositary within 90 days, we will issue the Notes in definitive form in exchange for the registered global security. In addition, we may at any time and in our sole discretion decide not to have the Notes represented by a registered global security. In such event, we will issue Notes in definitive form in exchange for the registered global security representing the Notes. The Trustee will register any Notes issued in definitive form in exchange for a registered global security in such name or names as the depositary, based upon instructions from its participants, shall instruct the Trustee.

DTC has advised us that DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants, or direct participants, deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation, or DTCC. DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to DTC and its direct participants are on file with the SEC. The information in this paragraph concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Neither we nor the Trustee assumes any responsibility for the performance by DTC of its obligations, including obligations that it has under the rules and procedures that govern its operations.

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 will be, governed by and construed in accordance with the laws of the State of New York.

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DESCRIPTION OF OTHER INDEBTEDNESS

Outstanding Notes

The Senior Notes due 2028 will mature on January 15, 2028. We pay interest on the Senior Notes due 2028 quarterly in arrears on January 15, April 15, July 15 and October 15 of each year. The Senior Notes due 2028 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 will be 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. We may, at our option, at any time on or after January 15, 2016, redeem some or all of the Notes 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. The Senior Notes due 2028 are listed on the NYSE under the symbol "TANN."

Revolving Credit Facility

Our senior secured revolving credit facility, or Revolving Credit Facility, under which we and our subsidiaries TA Leasing LLC and TA Operating LLC are the borrowers, provides a revolving line of credit under which up to $200 million may be borrowed, subject to limits based on qualified collateral. Subject to available collateral and lender participation, the maximum amount may be increased to $300 million. The Revolving Credit Facility also provides for the issuance of letters of credit. Loans bear interest at either the London Interbank Offered Rate (LIBOR) or a calculated base rate, in each case plus an applicable margin based on facility availability, utilization and other matters. The calculated base rate means, for any day, a rate per annum equal to the Prime Rate in effect on such day. Amounts outstanding under the Revolving Credit Facility are senior to our obligations under the Notes.

In addition to paying interest, we pay a commitment fee to the lenders under the Revolving Credit Facility at a rate of 0.50% per annum (which is reduced to 0.375% when usage of the Revolving Credit Facility is greater than 50% of the maximum credit limit), which fee is payable monthly in arrears. Letters of credit are also subject to fronting fees and letter of credit fees. The fronting fee equals 0.125% per annum on the daily outstanding balance of letters of credit issued by any issuing bank during the immediately preceding month (or part thereof), payable monthly in arrears. Letter of credit fees are payable on the daily outstanding amount of letters of credit and range from 1.125% to 1.375% for commercial letters of credit and 2.25% to 2.75% for standby letters of credit, depending on the usage of the Revolving Credit Facility for the immediately preceding calendar month, and are payable monthly in arrears. At September 30, 2014, there were no loans outstanding under the Revolving Credit Facility, but we had outstanding $41.9 million of letters of credit issued under the facility, securing certain purchases, insurance, fuel taxes and other trade obligations.

The loan documentation for the Revolving Credit Facility contains, among other terms, representations and warranties, covenants, events of default and indemnification customary for asset-based loan agreements for similarly situated companies, and other representations and warranties, covenants and events of default deemed by the administrative agent to be appropriate for the specific transaction.

Covenants

The Revolving Credit Facility subjects the borrowers and their majority owned subsidiaries, among other obligations, to periodic reporting requirements with respect to equipment, inventory, accounts payable and other collateral securing the Revolving Credit Facility.

If at any time excess availability under the Revolving Credit Facility falls below 15% of the maximum credit limit, we and our subsidiaries (other than certain excluded subsidiaries) on a consolidated basis are required to maintain a fixed charge coverage ratio of not less than 1.00 to 1.00, until such time that the excess availability has been greater than 15% of the maximum credit limit for 30 consecutive days. The fixed charge coverage ratio is defined as the ratio of (i) the amount equal to (1) EBITDAR (as defined in the Revolving Credit Facility) for such period, minus (2) certain capital expenditures, as defined, minus (3) the difference (if positive) between (A) cash income taxes and (B) cash refunds of income taxes, to (ii) the fixed charges for such period, which includes cash interest expense, scheduled principal payments on debt, cash rent expense and certain dividends paid.

Guarantees

The borrowers' obligations under the Revolving Credit Facility are guaranteed by the other borrowers and by each of their existing and subsequently acquired domestic majority owned subsidiaries, subject to certain exceptions.

Security

The Revolving Credit Facility is secured by a first-priority security interest in substantially all of the personal property of the borrowers and the guarantors, including a first-priority security interest in 100% of the equity interests of the borrowers and each of their domestic majority owned subsidiaries, 65% of the equity interests of each of the borrowers' foreign majority owned subsidiaries, and all intercompany debt.

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MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

The following summary of United States federal income tax considerations is based upon the Code, Treasury regulations, and rulings and decisions now in effect, all of which are subject to change, possibly with retroactive effect, or possible differing interpretations. We have not sought a ruling from the IRS with respect to any matter described in this summary, and we cannot provide any assurance that the IRS or a court will agree with the statements made in this summary. The summary applies to you only if you hold our notes as a capital asset, which is generally an asset held for investment rather than as inventory or as property used in a trade or business. The summary does not discuss all of the particular tax considerations that might be relevant to you if you are subject to special rules under federal income tax law, for example if you are:

- a bank, insurance company or other financial institution;
- a regulated investment company or REIT;
- a subchapter S corporation;
- a broker, dealer or trader in securities or foreign currency;
- a person who has a functional currency other than the United States dollar;
- a person who acquires our notes in connection with employment or other performance of services;
- a person subject to alternative minimum tax;
- a person who owns our notes as part of a straddle, hedging transaction, constructive sale transaction, constructive ownership transaction or conversion transaction;
- a United States expatriate; or
- except as specifically described in the following summary, a trust, estate, tax-exempt entity or foreign person.

In addition, the following summary does not address all possible tax considerations relating to the acquisition, ownership and disposition of our notes, and in particular does not discuss any estate, gift, generation-skipping transfer, state, local or foreign tax considerations. For all these reasons, we encourage you and any prospective acquiror of our notes to consult with a tax advisor about the federal income tax and other tax considerations of the acquisition, ownership and disposition of our notes.

Your federal income tax consequences may differ depending on whether or not you are a "U.S. holder." For purposes of this summary, you are a U.S. holder if you are a beneficial owner of our notes and for federal income tax purposes are:

- a citizen or resident of the United States, including an alien individual who is a lawful permanent resident of the United States or meets the substantial presence residency test under the federal income tax laws;
- an entity treated as a corporation for federal income tax purposes that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

- an estate the income of which is subject to federal income taxation regardless of its source; or

- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or, to the extent provided in Treasury regulations, a trust in existence on August 20, 1996 that has elected to be treated as a domestic trust;

whose status as a U.S. holder is not overridden by an applicable tax treaty. Conversely, you are a "non-U.S. holder" if you are a beneficial owner of our notes and are not a U.S. holder. If a partnership (including any entity treated as a partnership for federal income tax purposes) holds our notes, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A holder of our notes that is a partnership and partners in such a partnership are urged to consult their tax advisors about the federal income tax consequences of the acquisition, ownership and disposition of our notes.

Tax Considerations for U.S. Holders

If you are a U.S. holder:

Payments of Interest

You must generally include interest on a note in your gross income as ordinary interest income:

- when you receive it, if you use the cash method of accounting for federal income tax purposes; or

- when it accrues, if you use the accrual method of accounting for federal income tax purposes.

Any portion of the purchase price for a note that is allocable to prior accrued interest generally may be treated as offsetting a portion of the interest income from the next scheduled interest payment on the note. Any interest income so offset is not taxable.

Market Discount

If you acquire a note and your adjusted tax basis in it upon acquisition is less than its principal amount, you will be treated as having acquired the note at a "market discount" unless the amount of this market discount is less than the *de minimis* amount (generally 0.25% of the principal amount of the note multiplied by the number of remaining whole years to maturity of the note). Under the market discount rules, you will be required to treat any gain on the sale, exchange, redemption, retirement, or other taxable disposition of a note, or any appreciation in a note in the case of certain nontaxable dispositions, such as a gift, as ordinary income to the extent of the market discount which has not previously been included in your income and which is treated as having accrued on the note at the time of the disposition. In addition, you may be required to defer, until the maturity of the note or earlier taxable disposition, the deduction of all or a portion of the interest expense on any indebtedness incurred or continued to purchase or carry the note. Any market discount will be considered to accrue ratably during the period from the date of your acquisition to the maturity date of the note, unless you elect to accrue the market discount on a constant yield method. In addition, you may elect to include market discount in income currently as it accrues, on either a ratable or constant yield method, in which case the rule described above regarding deferral of interest deductions will not apply. This election to include market discount in income currently, once made, applies to all market discount obligations acquired by you during or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. We encourage you to consult with your tax advisor regarding these elections.

Amortizable Bond Premium

If you acquire a note and your adjusted tax basis in it upon acquisition is greater than its principal amount, you will be treated as having acquired the note with "bond premium." You generally may elect to amortize this bond premium over the remaining term of the note on a constant yield method, and the amount amortized in any year will generally be treated as a reduction of your interest income from the note for that year. If the amount of your bond premium amortization would be lower if calculated based on an earlier optional redemption date and the redemption price on that date than the amount of amortization calculated through that date based on the note's maturity date and its stated principal amount, then you must calculate the amount and timing of your bond premium amortization

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deductions assuming that the note will be redeemed on the optional redemption date at the optional redemption price. You may generally recalculate your bond premium amortization amount and schedule of deductions to the extent your note is not actually redeemed at that earlier optional redemption date. If you do not make an election to amortize bond premium, your bond premium on a note will decrease the gain or increase the loss that you otherwise recognize on a disposition of that note. Any election to amortize bond premium applies to all taxable debt obligations that you hold at the beginning of the first taxable year to which the election applies and that you thereafter acquire. You may not revoke an election to amortize bond premium without the consent of the IRS. We encourage you to consult with your tax advisor regarding this election.

Disposition of a Note

Upon the sale, exchange, redemption, retirement or other disposition of a note, you generally will recognize taxable gain or loss in an amount equal to the difference, if any, between (1) the amount you receive in cash or in property, valued at its fair market value, upon this sale, exchange, redemption, retirement or other disposition, other than amounts representing accrued and unpaid interest which will be taxable as interest income, and (2) your adjusted tax basis in the note. Your adjusted tax basis in the note will, in general, equal your acquisition cost for the note, exclusive of any amount paid allocable to prior accrued interest, as increased by any market discount you have included in income in respect of the note, and as decreased by any amortized bond premium on the note. Except to the extent of any accrued market discount not previously included in income, as discussed above, your gain or loss will be capital gain or loss, and will be long-term capital gain or loss if you have held the note for more than one year at the time of disposition. For noncorporate U.S. holders, preferential rates of tax may apply to long-term capital gains. The deductibility of capital losses is subject to limitation.

Medicare Contribution Tax

U.S. holders who are individuals, estates or trusts are generally required to pay a 3.8% Medicare tax on their net investment income (including interest on our notes and gains from the sale or other disposition of our notes), or in the case of estates and trusts on their net investment income that is not distributed, in each case to the extent that their total adjusted income exceeds applicable thresholds.

Tax Considerations for Non-U.S. Holders

The rules governing the United States federal income taxation of non-U.S. holders are complex, and the following discussion is intended only as a summary of these rules. If you are a non-U.S. holder, we urge you to consult with your own tax advisor to determine the impact of United States federal, state, local and foreign tax laws, including any tax return filing and other reporting requirements, with respect to your investment in our notes.

If you are a non-U.S. holder:

Generally

You will not be subject to federal income taxes on payments of principal or premium, if any, or interest on a note, or upon the sale, exchange, redemption, retirement or other disposition of a note, if:

- you do not own directly or indirectly 10% or more of the total voting power of all classes of our voting shares;
- your income and gain in respect of the note is not effectively connected with the conduct of a United States trade or business;
- you are not a controlled foreign corporation that is related to or under common control with us;

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we or the applicable paying agent, or the Withholding Agent, have timely received from you a properly executed, applicable IRS Form W-8 or substantially similar form in the year in which a payment of interest, principal or premium occurs, or in a previous calendar year to the extent provided for in the instructions to the applicable IRS Form W-8; and

in the case of gain upon the sale, exchange, redemption, retirement or other disposition of a note recognized by an individual non-U.S. holder, you were present in the United States for less than 183 days during the taxable year in which the gain was recognized.

The IRS Form W-8 or a substantially similar form must be signed by you under penalties of perjury certifying that you are a non-U.S. holder and providing your name and address, and you must inform the Withholding Agent of any change in the information on the statement within 30 days of the change. If you hold a note through a securities clearing organization or other qualified financial institution, the organization or institution may provide a signed statement to the Withholding Agent. However, in that case, the signed statement must generally be accompanied by a statement containing the relevant information from the executed IRS Form W-8 or substantially similar form that you provided to the organization or institution. If you are a partner in a partnership holding our notes, both you and the partnership must comply with applicable certification requirements.

Except in the case of income or gain in respect of a note that is effectively connected with the conduct of a United States trade or business, discussed below, interest received or gain recognized by you which does not qualify for exemption from taxation will be subject to federal income tax at a rate of 30%, which will be withheld in the case of payments of interest, unless reduced or eliminated by an applicable tax treaty. You must generally use an applicable IRS Form W-8, or a substantially similar form, to claim tax treaty benefits. If you are a non-U.S. holder claiming benefits under an income tax treaty, you should be aware that you may be required to obtain a taxpayer identification number and to certify your eligibility under the applicable treaty's limitations on benefits article in order to comply with the applicable certification requirements of the Treasury regulations.

Effectively Connected Income and Gain

If you are a non-U.S. holder whose income and gain in respect of a note are effectively connected with the conduct of a United States trade or business (and, if provided by an applicable income tax treaty, are attributable to a permanent establishment or fixed base you maintain in the United States), you will be subject to regular federal income tax on this income and gain in generally the same manner as U.S. holders, and general federal income tax return filing requirements will apply. In addition, if you are a corporation, you may be subject to a branch profits tax equal to 30% of your effectively connected adjusted earnings and profits for the taxable year, unless you qualify for a lower rate under an applicable tax treaty. To obtain an exemption from withholding on interest on the notes that is effectively connected with the conduct of a United States trade or business, you must generally supply to the Withholding Agent an applicable IRS Form W- 8, or a substantially similar form.

Withholding and Information Reporting

Information reporting, backup withholding and withholding under the Foreign Account Tax Compliance Act, or FATCA, may apply to interest and other payments to you under the circumstances discussed below. Amounts withheld under backup withholding are generally not an additional tax and may be refunded by the IRS or credited against your federal income tax liability, provided that you furnish required information to the IRS. The backup withholding rate is currently 28%.

Under FATCA, non-U.S. financial institutions and other non-U.S. entities are subject to diligence and reporting requirements for purposes of identifying accounts and investments held directly or indirectly by U.S. persons. The failure to comply with these additional information reporting, certification and other requirements could result in a 30% withholding tax on applicable payments to non-U.S. persons. In particular, a payee that is a foreign financial institution that is subject to the diligence and reporting requirements described above must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report information about such accounts, and withhold 30% on applicable payments to noncompliant foreign financial institutions and account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States with respect to these requirements may be subject to different rules. The foregoing withholding will generally apply currently to payments of interest on the notes, and to other "withholdable payments" (including payments of gross proceeds from a sale or other disposition of the notes) made after December 31, 2016. We encourage you to consult with your tax advisor regarding foreign account tax compliance if you hold notes through a non-U.S. intermediary or are a non-U.S. holder.

If You Are a U.S. Holder

You may be subject to backup withholding when you receive interest payments on a note or proceeds upon the sale, exchange, redemption, retirement or other disposition of a note. In general, you can avoid this backup withholding if you properly execute under penalties of perjury an IRS Form W-9 or a substantially similar form on which you:

- provide your correct taxpayer identification number;
- certify that you are exempt from backup withholding because (a) you are a corporation or come within another enumerated exempt category, (b) you have not been notified by the IRS that you are subject to backup withholding, or (c) you have been notified by the IRS that you are no longer subject to backup withholding; and
- certify that you are a U.S. citizen or other U.S. person.

If you do not provide your correct taxpayer identification number on the IRS Form W-9 or a substantially similar form, you may be subject to penalties imposed by the IRS.

Unless you have established on a properly executed IRS Form W-9 or a substantially similar form that you come within an enumerated exempt category, interest and other payments on the notes paid to you during the calendar year, and the amount of tax withheld, if any, will be reported to you and to the IRS.

If You Are a Non-U.S. Holder

The amount of interest paid to you on a note during each calendar year, and the amount of tax withheld, if any, will generally be reported to you and to the IRS. This information reporting requirement applies regardless of whether you were subject to withholding or whether withholding was reduced or eliminated by an applicable tax treaty. Also, interest paid to you on a note may be subject to backup withholding unless you properly certify your non-U.S. holder status on an IRS Form W-8 or a substantially similar form in the manner described above, under "Tax Considerations for Non-U.S. Holders." Similarly, information reporting and backup withholding will not apply to proceeds you receive upon the sale, exchange, redemption, retirement or other disposition of a note, if you properly certify that you are a non-U.S. holder on an IRS Form W-8 or a substantially similar form. Even without having executed an IRS Form W-8 or a substantially similar form, however, in some cases information reporting and backup withholding may not apply to proceeds you receive upon the sale, exchange, redemption, retirement or other disposition of a note, if you receive those proceeds through a broker's foreign office.

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UNDERWRITING

We intend to offer the Notes through the underwriters named below. Citigroup Global Markets Inc., RBC Capital Markets, LLC and UBS Securities LLC are acting as joint book-running managers of this offering and as representatives of the underwriters. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the aggregate principal amount of the Notes listed opposite their names below.

Underwriter	Principal Amount
Citigroup Global Markets Inc.	$
RBC Capital Markets, LLC	
UBS Securities LLC	
MLV & Co. LLC	
Total	$

The underwriters have agreed to purchase all of the Notes sold pursuant to the underwriting agreement, other than Notes that may be sold pursuant to the overallotment option described below, if any of the Notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters, including the validity of the Notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

We have agreed that, for a period of 30 days from the date of this prospectus, we will not, without the prior written consent of Citigroup Global Markets Inc., RBC Capital Markets, LLC and UBS Securities LLC, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities with a maturity of more than one year issued or guaranteed by us. This agreement does not prevent us from borrowing under our existing credit facility or any replacement credit facility. Citigroup Global Markets Inc., RBC Capital Markets, LLC and UBS Securities LLC, in their sole discretion, may release us from this agreement at any time without notice.

Overallotment Option

We have granted the underwriters an option to purchase up to an additional $ aggregate principal amount of Notes at the public offering price, less an underwriting discount of $ per Note. The underwriters may exercise this option within 30 days from the date of this prospectus solely to cover overallotments.

Discounts, Commissions and Expenses

The representatives of the underwriters have advised us that the underwriters propose initially to offer the Notes to the public at the public offering price listed on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per Note. The underwriters may

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allow, and the dealers may reallow, a discount not in excess of $ per Note to other dealers. After the initial public offering, the public offering price, concessions and discount may be changed.

The following table summarizes the discount that we will pay to the underwriters in connection with this offering. These amounts are shown assuming both no and full exercise of the underwriters' overallotment option to purchase additional Notes. The underwriting discount will be $ per Note. The total underwriting discount shown in the following table reflects the actual total underwriting discount that we are required to pay to the underwriters.

	Underwriting Discount Paid by Us	
	No Exercise	**Full Exercise**
Per Note	$	$
Total	$	$

The expenses of this offering, not including the underwriting discount, are estimated to be $ and are payable by us.

Delayed Settlement

We expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this prospectus, which will be the business day following the date of the pricing of the Notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in days, to specify alternative settlement arrangements to prevent a failed settlement.

New Issue of Securities

The Notes will constitute a new issue of securities with no established trading market. We intend to apply to list the Notes on the NYSE under the symbol " ." If approved, we expect trading of the Notes on the NYSE to commence within 30 days after the original issue date of the Notes. We have been advised by the underwriters that they intend to make a market in the Notes, but they are not obligated to do so and may discontinue market making at any time without notice. We cannot assure you of the liquidity of the trading market for the Notes or that an active public market for the Notes will develop. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected.

Price Stabilization and Short Positions

In connection with this offering, the underwriters may purchase and sell Notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

- Short sales involve secondary market sales by the underwriters of a greater number of Notes than they are required to purchase in this offering.

- Covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover short positions.

- Stabilizing transactions involve bids to purchase Notes so long as the stabilizing bids do not exceed a specified maximum.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the underwriters, in covering short positions or

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making stabilizing purchases, repurchases Notes originally sold by that syndicate member in order to cover short positions or make stabilizing purchases.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

Electronic Distribution

A prospectus in electronic format may be made available on the websites maintained by one or more underwriters. Other than the prospectus in electronic format, the information on the underwriters' websites is not part of this prospectus.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us. They have received customary fees and commissions for these transactions. Affiliates of some of the underwriters are lenders under the Revolving Credit Facility.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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COMPENSATION DISCUSSION AND ANALYSIS

Compensation Overview

This Compensation Discussion and Analysis provides a detailed description of our executive compensation philosophy and programs, the compensation decisions our Compensation Committee made under those programs in 2013 and the factors which impacted those decisions. This Compensation Discussion and Analysis discusses the compensation of our "named executive officers" for 2013, who are the officers for whom compensation disclosure was required to be made in our 2013 Form 10-K under SEC rules. For 2013, our named executive officers were:

Name	Title
Thomas M. O'Brien	President and Chief Executive Officer
Andrew J. Rebholz	Executive Vice President, Chief Financial Officer and Treasurer
Michael J. Lombardi	Executive Vice President
Mark R. Young	Executive Vice President and General Counsel
Ara A. Bagdasarian*	Executive Vice President
Barry A. Richards	Executive Vice President

* On January 31, 2014, we entered into a retirement agreement with Ara Bagdasarian, pursuant to which Mr. Bagdasarian resigned effective as of April 30, 2014.

Compensation Philosophy and Process

Our compensation program is designed to help us achieve our business objectives, which include increasing, on a long-term basis, the value of us by improving our financial and operating performance, improving our competitive position within our industry and managing risks facing us.

Individual performance is an important factor in determining each element of compensation. Our Compensation Committee determines the compensation of our Chief Executive Officer, Chief Financial Officer and General Counsel, and determines the amount and terms of share grants to all of our executive officers. Our Compensation Committee recommends to our Board of Directors and our Board of Directors determines all compensation, other than share grants, for our executive officers other than our Chief Executive Officer, Chief Financial Officer and General Counsel. There is no formulaic approach to the determinations of an executive officer's compensation; these determinations are made in the discretion of our Compensation Committee and our Board of Directors. Determinations of an executive officer's compensation are also not made as a direct result of benchmarking compensation against that of other companies.

Our Compensation Committee and our Board of Directors believe it is important to further align the interests of our executive officers with those of our shareholders and therefore have determined that a significant portion of each executive officer's annual compensation will be paid in the form of share awards that vest subject to continued employment over periods ranging from four to nine years from the date of grant. Our Compensation Committee and our Board of Directors also believe that performance of our executive officers may be improved by paying a substantial portion of each executive officer's cash compensation as an annual bonus. Our Compensation Committee and our Board of Directors currently limit the annual base salaries of our executive officers and utilize changes in annual cash bonus amounts as the primary mechanism for effecting annual compensation adjustments for our executive officers.

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The primary factor considered by our Compensation Committee and our Board of Directors when determining discretionary compensation for our executive officers is the historical cash and equity compensation paid to each executive officer and to our other executive officers with similar responsibilities. However, our Compensation Committee and our Board of Directors also consider, among other things, the executive officer's:

- accomplishments during the year;
- ability to identify areas for our improvement and to achieve benefits from those improvements;
- quality of decisions made;
- ability to lead employees both in routine activities and in special projects;
- change in performance as compared to the prior year;
- perceived potential for future development and for assuming additional or alternative duties in the future;
- background, training, education and experience; and
- specific areas of expertise and value to us, and the likelihood that we could find a suitable replacement on a timely and cost effective basis.

In addition to the consideration of the various factors described in the preceding paragraphs, our Compensation Committee and our Board of Directors consider available compensation data for public companies that are engaged in businesses similar to our business or that possess size or other characteristics that are similar to us. None of the Company's direct competitors are public companies and therefore the Company does not have access to the compensation practices and amounts of those companies. Consequently, in order to obtain a general understanding of current trends in compensation practices and ranges of amounts being awarded by other public companies, we compiled and reviewed comparative data gleaned from public filings regarding compensation paid by a group of public companies in the following industries: specialty retail; hotels, restaurants and leisure; food retail; and food and staples retailing industries.(1)

Because the primary factor considered by our Compensation Committee and our Board of Directors is the historical compensation paid to each individual executive officer and to other executives with similar responsibilities, our Compensation Committee and our Board of Directors believe that our compensation philosophy with respect to our executive officers helps limit incentives for management to take excessive risk for short-term benefit.

Details of 2013 Compensation Process

In September 2013, Ms. Gilmore, the Chair of our Compensation Committee, met with Mr. Barry Portnoy, our (non-employee) Managing Director, Mr. Adam Portnoy, President and Chief Executive Officer of RMR, and the chairs of the compensation committees of the other public companies for which RMR provides services. RMR provides management services to us, Equity Commonwealth, Government Properties Income Trust, Hospitality Properties Trust, Select Income REIT, Senior Housing Properties Trust and Five Star Quality Care, Inc. The purposes of this meeting were, among other things, to discuss compensation philosophy regarding potential share grants to be made by us and to consider the compensation payable to our Director of Internal Audit (who provides services to us

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(1)

This group of public companies was comprised of Advance Auto Parts, Inc.; AutoZone, Inc.; Brinker International, Inc.; Casey's General Stores, Inc.; Cracker Barrel Old Country Store, Inc.; Darden Restaurants, Inc.; Genuine Parts Company; Jack in the Box Inc.; Office Depot, Inc.; OfficeMax Incorporated; Staples, Inc.; Starbucks Corporation; Susser Holdings Corporation; The Pantry, Inc.; Wendy's International, Inc.; and YUM! Brands, Inc.

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and to other companies to which RMR provides management services), as well as to consider the allocation of internal audit and related services costs among us and other companies to which RMR provides such services.

At a Compensation Committee meeting in November 2013, our Compensation Committee conducted a review of executive and employee compensation and considered recommendations arising from the September 2013 meeting, recommendations provided by management and other factors such as: (i) the amount of cash compensation historically paid to each executive officer; (ii) the amounts and value of historical share awards made to each executive officer; (iii) the amounts of cash compensation and share awards paid to persons with similar levels of responsibility; (iv) the then current market prices of our common shares; (v) the performance of each executive officer during 2013; (vi) each executive officer's expected future contributions to us; (vii) each executive officer's relative mix of cash and noncash compensation; (viii) the comparative data about executive compensation trends and amounts that we assembled; and (ix) our financial position and operating performance in the past year and our perceived future prospects. Our Compensation Committee did not engage a compensation consultant to participate in the determination or recommendation of the amounts or form of compensation for our executive officers. Messrs. O'Brien, Rebholz and Young participated in parts of the Compensation Committee meeting with regard to consideration of compensation generally and to our other officers, but they left that meeting and did not participate in the Compensation Committee's determination and recommendation of their compensation. Mr. Barry Portnoy participated in parts of the Compensation Committee meeting, but left the meeting and did not participate in the final decisions and recommendations made by our Compensation Committee. All members of our Board of Directors participated in the Board of Directors' decisions on compensation which were not determined by our Compensation Committee.

Compensation Components

The mix of base salary, cash bonus and equity compensation that we pay to our executive officers varies depending on the executive officer's position and responsibilities with us. Our Compensation Committee does not follow a set formula or specific guidelines in determining how to allocate the compensation components for our executives.

The components of the compensation packages of our executive officers are as follows:

Base Salary

Base salaries are reviewed annually and adjusted, if appropriate, on a subjective basis based upon consideration of a number of factors including, but not limited to, the individual performance factors described above, as well as (i) the historical amount paid to each executive officer; (ii) a comparison of the executive officer's pay to that of other individuals within our company and the relative responsibilities, titles, roles, experiences and capabilities of such other individuals; (iii) the comparative data about executive compensation trends and amounts that we assembled; (iv) our financial position and operating performance throughout the relevant year; and (v) for officers other than our Chief Executive Officer and Chief Financial Officer, an evaluation of the officers' performance provided by Messrs. O'Brien, Rebholz and Young. In 2013, we continued our practice of limiting the annual base salaries of our executive officers to a maximum of $300,000, with the exception of Mr. Lombardi whose annual base salary continues to be limited to $339,000, which is the annual base salary amount that was established for him by our predecessor. For 2013, our Compensation Committee also determined to maintain the annual base salary for each of our named executive officers at its prior level, except in the cases of Mr. Bagdasarian, whose annual base salary was increased, effective January 1, 2014, from $260,000 to $265,000, and Mr. Richards, whose annual base salary was increased, effective January 1, 2014, from $240,000 to $255,000.

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Annual Bonus and Share Award Plan

Each of our executive officers is eligible to receive an annual cash bonus and share award. There is no formulaic approach used in determining the amount of these annual cash and share awards. The cash bonus and share awards are determined on a subjective basis by our Compensation Committee and our Board of Directors, as the case may be, based upon consideration of a number of factors, which include the factors taken into account in connection with the base salary determinations discussed above. In addition, in determining cash bonus and share awards for our executive officers, our Compensation Committee and our Board of Directors also consider the recommendations of the Chair of our Compensation Committee, Ms. Gilmore, following her meeting with Messrs. Portnoy and the chairs of the compensation committees of other public companies for which RMR provides services. In light of the limitations imposed on the annual base salaries of our executive officers that are described above, changes in annual cash bonus amounts are the primary mechanism for effecting annual compensation adjustments for our executive officers. For bonus amounts paid to our executive officers for 2013, there were no bonus targets established. In addition, no bonus targets have been established for purposes of bonus amounts that may be paid to our executive officers in 2014.

For 2013, our Compensation Committee awarded Mr. O'Brien a bonus of $1,600,000 in cash and also awarded him 150,000 of our common shares that will vest in ten equal annual installments beginning on the grant date. The shares awarded had a value at the grant date of $1,602,000; the vested portion of the share award was therefore $160,200 as of the grant date. In making this cash bonus and this share award, our Compensation Committee considered, among other things, Mr. O'Brien's performance in leading us through 2013; his role in expanding our business and profitability; his management of capital and operating expenditures in relation to the prevailing business levels; his role in maintaining fuel sales and pricing in order to maintain fuel margin; his role in assessing capital market opportunities and opportunistically procuring capital; his role in our regulatory compliance; his development of new, and enhancement of existing, marketing programs, operating initiatives, products and services that take advantage of our competitive strengths to grow our business in a slowly recovering economy and position us for future growth; his role in identifying potential acquisitions and structuring and negotiating acquisitions for us; his role in the integration of travel centers we acquired in 2011, 2012 and 2013 with our existing operations; his role in negotiating a natural gas initiative with Shell; and his role in negotiating other agreements with our suppliers and customers and managing risks facing us. Our Compensation Committee determined that the share award would vest over time to ensure a continuing commonality of interest between Mr. O'Brien and our shareholders, to provide Mr. O'Brien with an incentive to remain with us to earn the unvested portion of the award and to encourage appropriate levels of risk taking in his decisions affecting our business in the short-term and in the long-term. The foregoing description of the share award to Mr. O'Brien during 2013 does not include the share award granted to him in his capacity as one of our Managing Directors.

The annual cash bonuses for Mr. Rebholz and Mr. Young were determined by our Compensation Committee after consideration of the same criteria described above with regard to Mr. O'Brien as applied to Mr. Rebholz's and Mr. Young's respective performances and after consideration of the other matters noted above, as applicable, that our Compensation Committee considers in determining compensation generally. The annual cash bonuses for our executive officers, other than Messrs. O'Brien, Rebholz and Young, were recommended by our Compensation Committee and approved by our Board of Directors based upon the consideration and evaluation of each executive's performance and level of total compensation as well as the other matters noted above, with regard to the compensation paid to Messrs. O'Brien, Rebholz and Young. These considerations included, but were not limited to, each executive officer's historical level of total compensation and our financial and operating performance during 2013 and each executive officer's level of total compensation.

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Because at least 80% of Messrs. O'Brien's, Rebholz's and Young's business time is devoted to services to us, 80% of Messrs. O'Brien's, Rebholz's and Young's total cash compensation (that is, the combined base salary and cash bonus paid by us and RMR) was paid by us and the remainder was paid by RMR. Messrs. O'Brien, Rebholz and Young are also eligible to participate in certain RMR benefit plans.

We made equity awards under our Amended and Restated TravelCenters of America 2007 Equity Compensation Plan, or the Plan, to our executive officers and others based upon factors that our Compensation Committee considered relevant to align the interests of the persons to whom awards were made with our business objectives, which include, but are not limited to, increasing, on a long-term basis, the value of us by improving our prospects, competitive position within our industry and financial and operating performance, managing risks facing us, as well as achieving strategic initiatives and objectives. In addition to the award of our common shares made to Mr. O'Brien during 2013, our Compensation Committee awarded our common shares to each of our other executive officers who were employed by us at the grant date. These awards ranged in size and value from 37,500 common shares, having a grant date value of $400,500, to 75,000 common shares, having a grant date value of $801,000. In determining the size of each share award, our Compensation Committee considered the responsibilities of the executive, the prior year's share grant, the relation of the size of the award to the size of the share award made to Mr. O'Brien and other factors, including their past and expected future performances and cash bonuses, the total value of the granted shares relative to the value of past grants, 2013 annual cash salaries, the executive officer's tenure with us and our operational results during 2013. In each case, our Compensation Committee determined that the share awards would vest in five equal annual installments for those other executive officers (other than Mr. Rebholz whose shares vest in ten equal annual installments), in each case with the first tranche being vested on the date of the grant, to ensure a continuing commonality of interest between the recipients and our shareholders, to provide our executives with an incentive to remain with us to earn the unvested portion of the award and to encourage appropriate levels of risk taking in their long-term decisions affecting our business.

Other Benefits

Our executive officers are entitled to participate in our benefit plans on the same terms as our other employees. These plans include medical, dental and life insurance plans and a defined contribution retirement plan. We suspended matching contribution payments to our defined contribution retirement plan in May 2009 and such payments had not been reinstated as of December 31, 2013. We do not provide other executive perquisites.

All Other Payments

The Summary Compensation Table below includes a column for amounts described as "All Other Compensation." For each of those years, there no such amounts paid by us to our executive officers.

Say on Pay Results

Our current policy, consistent with the prior vote of our shareholders, is to provide shareholders with an opportunity to approve, on an advisory basis, the compensation of our named executive officers once every three years at our Annual Meeting of Shareholders. In evaluating our compensation process for 2013, our Compensation Committee generally considered the results of the advisory vote of our shareholders on the compensation of the executive officers named in the proxy statement for our 2012 Annual Meeting of Shareholders. Our Compensation Committee noted that more than 93% of votes cast approved the compensation of the named executive officers as described in our 2012 proxy statement. Our Compensation Committee considered these voting results as supportive of the committee's general executive compensation practices, which have been consistently applied since that prior vote of our shareholders on our executive compensation.

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EXECUTIVE COMPENSATION

The following tables, narratives and footnotes discuss the compensation of our Chief Executive Officer, Chief Financial Officer and all of our other executive officers at December 31, 2013, who are our named executive officers. The compensation information for the persons included in the compensation tables are for services rendered to us and our subsidiaries and do not include information regarding any compensation received by such persons for services rendered to RMR.

2013 Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)*	All Other Compensation ($)	Total ($)
Thomas M. O'Brien(1)	2013	$ 300,000	$ 1,600,000	$ 1,684,875	$	$ 3,584,875
President and Chief	2012	300,000	1,540,000	910,400		2,750,400
Executive Officer	2011	300,000	1,400,000	907,250		2,607,520
Andrew J. Rebholz						
	2013	300,000	516,000	801,000		1,617,000
Executive Vice President,	2012	300,000	490,000	436,000		1,226,000
Chief Financial Officer	2011	300,000	450,000	424,000		1,174,000
and Treasurer						
Michael J. Lombardi						
	2013	339,000	316,000	400,500		1,055,500
Executive Vice President	2012	339,000	295,000	218,000		852,000
	2011	339,000	275,000	212,000		826,000
Mark. R. Young						
	2013	300,000	320,000	400,500		1,020,500
Executive Vice President	2012	300,000	300,000	218,000		818,000
and General Counsel	2011	300,000	275,000	212,000		787,000
Ara A. Bagdasarian(2)						
	2013	265,000	278,000	400,500		943,500
Executive Vice President	2012	260,000	250,000	218,000		728,000
	2011	250,000	250,000	212,000		712,000
Barry A. Richards						
	2013	255,000	283,000	400,500		938,500
Executive Vice President	2012	240,000	275,000	218,000		733,000

*
Represents the grant date fair value of shares granted in 2013, 2012 and 2011, as applicable, compiled in accordance with FASB Accounting Standards Codification Topic 718, "Compensation Stock Compensation," or ASC 718. No assumptions are used in this calculation.

(1)
Mr. O'Brien's share awards amounts include $82,875, $38,400 and $59,250 of compensation received for services as Director for 2013, 2012 and 2011, respectively.

(2)
On January 31, 2014, we entered into a retirement agreement with Ara Bagdasarian, pursuant to which Mr. Bagdasarian resigned effective as of April 30, 2014.

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2013 Grants of Plan Based Awards

Share awards granted by us to our Chief Executive Officer and Chief Financial Officer in 2013 provide that one tenth of each award vests on the grant date and one tenth vests on each of the next nine anniversaries of the grant date. Share awards granted by us to our other named executive officers in 2013 provide that one fifth of each award vests on the grant date and one fifth vests on each of the next four anniversaries of the grant date. In the event a recipient who has been granted a share award ceases to perform duties for us or ceases to be an officer or an employee of RMR or any company that RMR manages or that is affiliated with RMR during the vesting period, at our option, the recipient shall forfeit the common shares that have not yet vested. Holders of vested and unvested shares awarded under the Plan are eligible to receive distributions that the we make, if any, on our shares on the same terms as other holders of our common shares.

The following table shows shares granted in 2013, including vested and unvested grants.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards*
Thomas M. O'Brien	5/20/2013	7,500**	$ 82,875
	11/19/2013	150,000	1,602,000
Andrew J. Rebholz	11/19/2013	75,000	801,000
Michael J. Lombardi	11/19/2013	37,500	400,500
Mark R. Young	11/19/2013	37,500	400,500
Ara A. Bagdasarian	11/19/2013	37,500	400,500
Barry A. Richards	11/19/2013	37,500	400,500

* Equals the number of shares multiplied by the closing price on the date of grant, which is also the grant date fair value under ASC 718. No assumptions are used in this calculation.

** Shares granted in Mr. O'Brien's capacity as a Director, which vested fully on the grant date.

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2013 Outstanding Equity Awards at Fiscal Year-End

		Stock Awards	
Name	Year Granted	Number of Shares or Units of Stock That Have Not Vested (#)*	Market Value of Shares or Units of Stock That Have Not Vested ($)**
Thomas M. O'Brien(1)	2013	135,000	$ 1,314,900
	2012	160,000	1,558,400
	2011	140,000	1,363,600
	2010	120,000	1,168,800
	2009	100,000	974,000
	2008	80,000	779,200
	2007	60,000	584,400
Andrew J. Rebholz(1)	2013	67,500	657,450
	2012	80,000	779,200
	2011	70,000	681,800
	2010	60,000	584,400
Michael J. Lombardi	2013	30,000	292,200
	2012	30,000	292,200
	2011	20,000	194,800
	2010	9,000	87,660
Mark R. Young	2013	30,000	292,200
	2012	30,000	292,200
	2011	20,000	194,800
	2010	9,000	87,660
Ara A. Bagdasarian	2013	30,000	292,200
	2012	30,000	292,200
	2011	20,000	194,800
	2010	9,000	87,660
Barry A. Richards	2013	30,000	292,200
	2012	30,000	292,200
	2011	20,000	194,800
	2010	9,000	87,660

*
Unless noted otherwise, share awards granted by us to our executive officers provide that one fifth of each award vests on the grant date and one fifth vests on each of the next four anniversaries of the grant date. The shares granted in 2013 were granted on November 19, 2013; the shares granted in 2012 were granted on December 4, 2012; the shares granted in 2011 were granted on November 29, 2011; the shares granted in 2010 were granted on December 1, 2010; the shares granted in 2009 were granted on December 8, 2009; the shares granted in 2008 were granted on November 24, 2008; and the shares granted in 2007 were granted on November 26, 2007. At our option, in the event a recipient who has been granted a share award ceases to perform duties for us, RMR or any company that RMR manages or that is affiliated with RMR during the vesting period, the recipient shall forfeit all or a portion of the shares that have not yet vested.

**
Equals the number of shares multiplied by the closing price of our common shares on December 31, 2013.

(1)
These share awards provide that one tenth of each award vested on the grant date and one tenth vests on each of the next nine anniversaries of the grant date.

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2013 Stock Vested

The following table shows share grants that vested in 2013, including shares granted in prior years.

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)*
Thomas M. O'Brien	142,500	$ 1,512,875
Andrew J. Rebholz	52,500	552,950
Michael J. Lombardi	45,500	479,860
Mark R. Young	45,500	479,860
Ara A. Bagdasarian	40,500	427,810
Barry A. Richards	40,500	427,810

* Equals the number of shares multiplied by the closing price on the 2013 dates of vesting of grants made in 2013 and prior years.

Potential Payments upon Termination or Change in Control

From time to time, we have entered into arrangements with former employees of ours or RMR in connection with the termination of their employment with us or RMR, providing for the acceleration of vesting of restricted shares previously granted to them under the Plan and, in certain instances, payments for future services to us as a consultant or part time employee and continuation of health care and other benefits. Although we have no formal policy, plan or arrangement for payments to employees of ours or RMR in connection with their termination of employment with us or RMR, we may in the future provide on a discretionary basis for similar payments depending on various factors we then consider relevant and if we believe it is in the its best interests to do so.

On January 31, 2014, we entered into a retirement agreement with Ara Bagdasarian, our Executive Vice President. Pursuant to the retirement agreement, Mr. Bagdasarian resigned effective as of April 30, 2014. Pursuant to the retirement agreement, from May 1, 2014 through December 31, 2014, Mr. Bagdasarian will provide transition services to us and our subsidiaries. The retirement agreement provides that Mr. Bagdasarian will continue to receive his base salary of $267,000 and other benefits through December 31, 2014, and subject to certain conditions, will receive a bonus of $200,000 on January 9, 2015. The retirement agreement also provides that, in exchange for providing services to us through December 31, 2014, we will accelerate the vesting date of any unvested shares Mr. Bagdasarian owns as of January 1, 2015. The retirement agreement contains other customary terms and conditions, including non-solicitation, non-competition, confidentiality and other covenants.

On November 19, 2013, our Compensation Committee approved grants of 150,000 common shares to Mr. Thomas O'Brien, 75,000 common shares to Mr. Andrew Rebholz and 37,500 common shares to each of Messrs. Mark Young, Michael Lombardi, Ara Bagdasarian and Barry Richards. These grants were valued at $10.68 per common share, the closing price of our common shares on the NYSE on the date of grant, and were made under the Plan. The award letter for the grants to Messrs. O'Brien and Rebholz provides for vesting of the common shares in ten equal installments beginning on the date of grant and acceleration of vesting of all share grants (including those previously awarded) upon the occurrence of (i) a change in control of us, or a Change in Control, or (ii) RMR ceasing to be the manager or shared services provider to us, or a Termination Event. The award letter for the grants to each of Messrs. Young, Lombardi, Bagdasarian and Richards provides for vesting of the common shares in five equal installments beginning on the date of grant and acceleration of vesting of all share grants (including those previously awarded) upon the occurrence of a Change in Control or Termination Event.

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The following table describes the potential payments to our named executive officers upon a Change in Control or Termination Event as of December 31, 2013.

Name	Number of Shares Vested Upon Change in Control or Termination	Value Realized on Change in Control or Termination Event as of December 31, 2013 ($)*
Thomas M. O'Brien	795,000	$ 7,743,300
Andrew J. Rebholz	277,500	2,702,850
Michael J. Lombardi	89,000	866,860
Mark R. Young	89,000	866,860
Ara A. Bagdasarian	89,000	866,860
Barry A. Richards	89,000	866,860

* Equals the number of shares multiplied by the closing price of the Company's Common Shares on December 31, 2013.

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DIRECTOR COMPENSATION

The Compensation Committee is responsible for reviewing and determining the grants of our common shares awarded to our Directors and making recommendations to our Board of Directors regarding cash compensation paid to our Directors for Board, committee and committee chair services. Under our Compensation Committee's Charter, the committee is authorized to engage consultants or advisors in connection with its review and analysis of Director compensation, though it did not engage any consultants or advisors in 2013 with respect to Director compensation. Our Managing Directors do not receive cash compensation for their services as Directors but do receive grants of our common shares. The number of our common shares granted to each of our Managing Directors is the same as the number granted to each our Independent Directors.

All of our Directors receive compensation in common shares to further align the interests of our Directors with those of our shareholders. In determining the amount and composition of each of our Director's compensation, our Compensation Committee takes various factors into consideration, including, but not limited to, the responsibilities of our Directors generally, as well as for service on committees and as committee chairs, and the forms of compensation paid to directors or trustees by comparable companies, including the compensation of directors and trustees of other companies managed by RMR. Our Board of Directors reviews our Compensation Committee's recommendations regarding Director cash compensation and determines the amount of such compensation.

2013 Annual Compensation

After giving effect to the changes approved by our Board of Directors on May 20, 2013, each of our Independent Directors receives an annual fee of $35,000 for services as a Director, plus a fee of $1,000 for each meeting attended (prior to such date the meeting fee was $750). Up to two $1,000 fees (or, if prior to May 20, 2013, two $750 fees) are paid to each of our Independent Directors if a Board of Directors meeting and one or more Board of Directors committee meetings are held on the same date. In addition, each of our Directors received a grant of 7,500 of our common shares in 2013.

Each of our Independent Directors who served as a committee chair of our Audit, Compensation and Nominating and Governance Committees received an additional annual fee of $17,500, $7,500 and $7,500, respectively. Our Directors are reimbursed for out of pocket costs they incur from attending continuing education programs and for travel expenses incurred in connection with their service as Directors.

The following table details the total compensation of our Directors for the year ended December 31, 2013.

Name	Fees Earned or Paid in Cash ($)**	Stock Awards ($)***	All Other Compensation ($)	Total ($)
Patrick F. Donelan(1)	$ 60,750	$ 82,875	$	$ 143,625
Barbara D. Gilmore	60,750	82,875		143,625
Lisa Harris Jones(2)	20,500	80,100		100,600
Arthur G. Koumantzelis	70,750	82,875		153,625
Thomas M. O'Brien*		82,875		82,875
Barry M. Portnoy*		82,875		82,875

* Managing Directors do not receive cash compensation for their services as Directors. The compensation of Mr. O'Brien for his services as President and Chief Executive Officer is described above under "Executive Compensation."

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The amounts reported in the Fees Earned or Paid in Cash column reflect the cash fees earned by each Independent Director. In addition to the $35,000 annual cash fee, each of Messrs. Donelan and Koumantzelis and Ms. Gilmore earned an additional $7,500, $17,500 and $7,500, respectively, for service as a committee chair in 2013. Ms. Jones earned a pro-rated annual cash fee of $17,500. Each of Messrs. Donelan and Koumantzelis and Ms. Gilmore earned an additional $18,250 in fees for meetings attended in 2013. Ms. Jones earned an additional $3,000 for meetings attended in 2013.

***

Equals the number of shares multiplied by the closing price of our common shares on the grant date. This is also the compensation cost for the award recognized by us for financial reporting purposes pursuant to ASC 718. No assumptions are used in this calculation. All share grants to Directors vest at the time of grant.

(1)

Mr. Donelan served as an Independent Director until his death on December 31, 2013.

(2)

Ms. Jones was elected to our Board of Directors on November 19, 2013.

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LEGAL MATTERS

The validity of the Notes offered by this prospectus will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP. Selected legal matters in connection with this offering will be passed upon for us by Sullivan & Worcester LLP. Skadden, Arps, Slate, Meagher & Flom LLP and Sullivan & Worcester LLP also represent HPT, RMR and certain of their respective affiliates on various matters. Sidley Austin LLP has acted as counsel to the underwriters.

EXPERTS

The consolidated financial statements of TravelCenters of America LLC appearing in our 2013 Form 10-K, and the effectiveness of TravelCenters of America LLC's internal control over financial reporting as of December 31, 2013 (excluding the internal control over financial reporting of Girkin Development, LLC), have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in its reports thereon, which as to the report on the effectiveness of TravelCenters of America LLC's internal control over financial reporting contains an explanatory paragraph describing the above referenced exclusion of Girkin Development, LLC from the scope of such firm's audit of internal control over financial reporting, and conclude, among other things, that TravelCenters of America LLC did not maintain effective internal control over financial reporting as of December 31, 2013, based on Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 Framework), because of the effects of the material weaknesses described therein, included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of Petro Travel Plaza Holdings LLC appearing in the 2013 Form 10-K have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in its report thereon, included therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy the registration statement of which this prospectus is a part, and its exhibits and schedules or other information on file, at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. You can request copies of those documents upon payment of a duplicating fee to the SEC. Information filed by us with the SEC can be copied at the SEC's Public Reference Room. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. You can review our SEC filings and the registration statement by accessing the SEC's Internet site at http://www.sec.gov. The information contained on the SEC's website is expressly not incorporated by reference into this prospectus.

Our SEC filings are also available on our website at www.tatravelcenters.com, although the information on our website is expressly not incorporated by reference into, and does not constitute a part of, this prospectus.

This prospectus contains summaries of provisions contained in some of the documents discussed in this prospectus, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to in this prospectus have been filed with the SEC and incorporated by reference as exhibits to the registration statement of which this prospectus is a part. If any contract, agreement or other document is filed or incorporated by reference as an exhibit to the registration statement, you should read the exhibit for a more complete understanding of the document or matter involved.

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WARNING CONCERNING FORWARD LOOKING STATEMENTS

THIS PROSPECTUS AND THE INFORMATION INCORPORATED BY REFERENCE HEREIN CONTAIN STATEMENTS THAT CONSTITUTE FORWARD LOOKING STATEMENTS WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND OTHER FEDERAL SECURITIES LAWS. ALSO, WHENEVER WE USE WORDS SUCH AS "BELIEVE," "EXPECT," "ANTICIPATE," "INTEND," "PLAN," "ESTIMATE" 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 AS A RESULT OF VARIOUS FACTORS. AMONG OTHERS, THE FORWARD LOOKING STATEMENTS WHICH APPEAR IN THIS PROSPECTUS AND THE INFORMATION INCORPORATED BY REFERENCE HEREIN THAT MAY NOT OCCUR INCLUDE:

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE THAT OUR BUSINESS REQUIRES REGULAR CAPITAL EXPENDITURES. THE AMOUNT AND TIMING OF CAPITAL EXPENDITURES ARE OFTEN DIFFICULT TO PREDICT. SOME CAPITAL PROJECTS COST MORE THAN ANTICIPATED AND THE PROCEEDS FROM OUR SALES OF IMPROVEMENTS, IF ANY, TO HPT MAY BE LESS THAN ANTICIPATED. CURRENTLY UNANTICIPATED PROJECTS THAT WE MAY BE REQUIRED TO COMPLETE IN THE FUTURE, AS A RESULT OF GOVERNMENT PROGRAMS OR REGULATION, ADVANCES OR CHANGES MADE BY OUR COMPETITION, DEMANDS OF OUR CUSTOMERS, ACQUISITIONS OR OTHER MATTERS, MAY ARISE AND CAUSE US TO SPEND MORE OR LESS THAN CURRENTLY ANTICIPATED. SOME CAPITAL PROJECTS TAKE MORE TIME TO COMPLETE THAN ANTICIPATED. AS A RESULT OF MARKET CONDITIONS OR CAPITAL CONSTRAINTS, WE MAY DEFER CERTAIN CAPITAL PROJECTS AND SUCH DEFERRAL MAY HARM OUR BUSINESS OR REQUIRE US TO MAKE LARGER CAPITAL EXPENDITURES IN THE FUTURE;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE THAT THERE WERE NO LOANS OUTSTANDING UNDER OUR BANK CREDIT FACILITY AS OF SEPTEMBER 30, 2014, THAT, DURING THE YEAR ENDED DECEMBER 31, 2013 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2014, WE RECEIVED APPROXIMATELY $83.9 MILLION AND $42.0 MILLION, RESPECTIVELY, FROM HPT FOR SALES TO HPT OF QUALIFYING IMPROVEMENTS, THAT WE EXPECT TO SELL TO HPT ADDITIONAL IMPROVEMENTS WE HAVE MADE, THAT WE MAY REQUEST TO SELL TO HPT ADDITIONAL CAPITAL IMPROVEMENTS WE MAY MAKE IN THE FUTURE TO THE PROPERTIES WE LEASE FROM HPT, REFERENCE OUR POTENTIAL ISSUANCES OF NEW DEBT AND EQUITY SECURITIES AND STATE THAT WE MAY FINANCE OR SELL UNENCUMBERED REAL ESTATE THAT WE OWN. THESE STATEMENTS MAY IMPLY THAT WE HAVE ABUNDANT WORKING CAPITAL LIQUIDITY. IN FACT, OUR REGULAR OPERATIONS REQUIRE LARGE AMOUNTS OF WORKING CASH. AS OF SEPTEMBER 30, 2014, $41.9 MILLION OF OUR BANK CREDIT FACILITY WAS USED TO PROVIDE LETTERS OF CREDIT TO OUR SUPPLIERS, INSURERS AND TAXING AUTHORITIES AND WE HAVE COLLATERALIZED OUR BANK FACILITY WITH SUBSTANTIALLY ALL OF OUR CASH, ACCOUNTS RECEIVABLE, INVENTORIES, EQUIPMENT AND INTANGIBLE ASSETS. IN ADDITION, OUR BUSINESS REQUIRES US TO MAKE SIGNIFICANT CAPITAL EXPENDITURES TO MAINTAIN OUR COMPETITIVENESS, HPT IS NOT

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OBLIGATED TO PURCHASE THE IMPROVEMENTS WE MAY REQUEST AND WE ARE OBLIGATED TO PAY ADDITIONAL RENT TO HPT FOR CAPITAL IMPROVEMENTS IT ACQUIRES FROM US. WE MAY BE UNABLE TO SELL ADDITIONAL DEBT OR EQUITY SECURITIES IN THE FUTURE, AND WE DO NOT KNOW THE EXTENT TO WHICH WE COULD MONETIZE OUR EXISTING UNENCUMBERED REAL ESTATE. ACCORDINGLY, WE MAY NOT HAVE SUFFICIENT WORKING CAPITAL OR CASH LIQUIDITY;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE SOME OF OUR BELIEFS WITH RESPECT TO CERTAIN PENDING LITIGATION. THESE STATEMENTS MAY IMPLY THAT WE WILL PREVAIL IN OUR LITIGATION OR SUCCESSFULLY SETTLE THE REFERENCED MATTERS. IN FACT, WE MAY BE UNABLE TO PREVAIL IN OUR PENDING LITIGATION OR COMPLETE SETTLEMENTS AND ANY SETTLEMENTS OR ADVERSE RULINGS MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS. ALSO, THE LEGAL AND OTHER EXPENSES WE MAY INCUR IN CONNECTION WITH LITIGATION WILL DEPEND, IN PART, UPON ACTIONS TAKEN BY OTHER PARTIES, WHICH ACTIONS ARE NOT WITHIN OUR CONTROL. OUR LITIGATION COSTS MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE THAT WE HAVE A CREDIT FACILITY WITH A CURRENT MAXIMUM AVAILABILITY OF $200 MILLION. HOWEVER, OUR BORROWING AND LETTER OF CREDIT AVAILABILITY IS SUBJECT TO OUR HAVING QUALIFIED COLLATERAL, INCLUDING ELIGIBLE CASH, ACCOUNTS RECEIVABLE AND INVENTORIES THAT VARY IN AMOUNT FROM TIME TO TIME. ACCORDINGLY, OUR BORROWING AND LETTER OF CREDIT AVAILABILITY AT ANY TIME MAY BE LESS THAN $200 MILLION. FOR EXAMPLE, WE HAD $141.2 MILLION OF BORROWING AND LETTER OF CREDIT AVAILABILITY UNDER OUR CREDIT FACILITY AS OF SEPTEMBER 30, 2014, OF WHICH $41.9 MILLION WAS UTILIZED FOR OUTSTANDING LETTERS OF CREDIT. ALSO, OUR THIRD QUARTER 10-Q STATES THAT THE MAXIMUM AMOUNT AVAILABLE UNDER THE CREDIT FACILITY MAY BE INCREASED TO $300 MILLION, SUBJECT TO AVAILABLE COLLATERAL AND LENDER PARTICIPATION. 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 CREDIT FACILITY OR THE AVAILABILITY OF BORROWINGS WHEN WE MAY NEED OR WANT TO DO SO;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE OUR CURRENT OBSERVATIONS OF ECONOMIC AND INDUSTRY CONDITIONS. IMPROVEMENTS, IF ANY, IN THE U.S. ECONOMY IN GENERAL, OR IN THE TRUCKING OR TRAVEL CENTER INDUSTRIES SPECIFICALLY, MAY NOT CONTINUE, AND OUR FUEL AND NONFUEL SALES VOLUMES AND MARGINS MAY DECLINE;

THE INFORMATION INCORPORATED HEREIN STATES THAT WE AND HPT ARE CHALLENGING THE VIRGINIA DEPARTMENT OF TRANSPORTATION, OR VDOT, VALUATION OF THE PROPERTY WE LEASED FROM HPT AND OPERATE IN ROANOKE, VIRGINIA, THAT WAS TAKEN BY EMINENT DOMAIN PROCEEDINGS BY VDOT. THE IMPLICATION OF THIS STATEMENT MAY BE THAT WE AND HPT WILL RECOVER ADDITIONAL AMOUNTS FROM VDOT THAT WOULD FURTHER REDUCE OUR RENT PAYABLE TO HPT AND/OR PROVIDE US A CASH PAYMENT.

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HOWEVER, WE MAY NOT BE SUCCESSFUL IN OUR CHALLENGE AND WE EXPECT THAT THE ULTIMATE RESOLUTION OF THIS MATTER WILL TAKE A PROLONGED PERIOD OF TIME;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE THAT WE HAVE ACQUIRED TRAVEL CENTER AND GASOLINE/CONVENIENCE STORE LOCATIONS IN 2013 AND 2014, WE REFERENCE SEVERAL ACQUISITIONS THAT WE HAVE COMPLETED OR AGREED TO COMPLETE IN 2013 AND 2014, AND WE STATE THAT WE CURRENTLY INTEND TO CONTINUE OUR EFFORTS TO SELECTIVELY ACQUIRE ADDITIONAL PROPERTIES. THERE ARE MANY FACTORS THAT MAY RESULT IN OUR NOT BEING ABLE TO ACQUIRE AND RENOVATE ADDITIONAL TRAVEL CENTERS AT PRICES THAT ARE LESS THAN THEIR REPLACEMENT COST, INCLUDING COMPETITION FOR SUCH ACQUISITIONS FROM OTHER BUYERS, THE INABILITY TO NEGOTIATE ACCEPTABLE PURCHASE TERMS AND THE POSSIBILITY THAT WE NEED TO USE OUR AVAILABLE FUNDS FOR OTHER PURPOSES, SUCH AS ADDITIONAL INVESTMENTS IN OR MAINTENANCE AND REPAIR OF OUR EXISTING TRAVEL CENTERS. ALSO, WE MAY NOT SUCCEED IN COMPLETING THE PURCHASES TO WHICH WE HAVE AGREED AND WE MAY NOT SUCCEED IN IDENTIFYING AND/OR ACQUIRING OTHER TRAVEL CENTERS. THE IMPLICATIONS OF OUR STATEMENTS MAY ALSO BE THAT WE WILL BE ABLE TO OPERATE OUR ACQUIRED LOCATIONS PROFITABLY. MANY OF THE TRAVEL CENTERS WE HAVE ACQUIRED, OR MAY ACQUIRE, PRODUCED OPERATING RESULTS WHICH MAY HAVE CAUSED THE PRIOR OWNERS TO EXIT THESE BUSINESSES AND OUR ABILITY TO OPERATE THESE LOCATIONS PROFITABLY DEPENDS UPON MANY FACTORS, INCLUDING OUR ABILITY TO INTEGRATE NEW OPERATIONS INTO OUR EXISTING OPERATIONS AND SOME FACTORS WHICH ARE BEYOND OUR CONTROL SUCH AS THE LEVEL OF DEMAND FOR OUR GOODS AND SERVICES ARISING FROM THE U.S. ECONOMY GENERALLY. WE MAY NOT BE ABLE TO SUCCESSFULLY INTEGRATE TRAVEL CENTER OPERATIONS OR OPERATE THESE LOCATIONS, OR ANY OF THEM, PROFITABLY IN THE FUTURE;

OUR ENVIRONMENTAL LIABILITY MAY BE GREATER THAN WE CURRENTLY ANTICIPATE. LEGISLATION AND REGULATION REGARDING CLIMATE CHANGE, INCLUDING GREENHOUSE GAS EMISSIONS, AND OTHER ENVIRONMENTAL MATTERS MAY BE ADOPTED, ADMINISTERED OR ENFORCED DIFFERENTLY IN THE FUTURE AND ANY SUCH CHANGES, THE MARKET REACTION THERETO OR ANY GLOBAL CLIMATE CHANGES COULD ADVERSELY IMPACT OUR OPERATIONS, CAUSE US TO EXPEND SIGNIFICANT AMOUNTS AND CAUSE OUR BUSINESS AND FINANCIAL CONDITION TO DECLINE MATERIALLY;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE THAT WE ESTIMATE THAT ACQUIRED TRAVEL CENTER SITES GENERALLY WILL REACH STABILIZATION IN APPROXIMATELY THE THIRD YEAR AFTER ACQUISITION. THE IMPLICATIONS OF THESE STATEMENTS ARE THAT OPERATIONS AT THESE ACQUIRED SITES WILL IMPROVE TO A LEVEL THAT WILL RESULT IN INCREASES IN OPERATING INCOME AND NET INCOME IN THE FUTURE. MANY OF THE LOCATIONS WE HAVE ACQUIRED PRODUCED OPERATING RESULTS WHICH CAUSED THE PRIOR OWNERS TO EXIT THESE BUSINESSES AND OUR ABILITY TO OPERATE THESE LOCATIONS PROFITABLY DEPENDS UPON MANY FACTORS, INCLUDING OUR ABILITY TO INTEGRATE NEW OPERATIONS INTO OUR EXISTING OPERATIONS. IN FACT, THERE ARE MANY FACTORS WHICH WILL IMPACT OUR FUTURE OPERATIONS THAT MAY CAUSE US

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TO OPERATE LESS PROFITABLY OR UNPROFITABLY IN ANNUAL AND/OR QUARTERLY PERIODS IN ADDITION TO THESE STATED ITEMS, INCLUDING SOME FACTORS WHICH ARE BEYOND OUR CONTROL SUCH AS SEASONALITY, THE CONDITION OF THE U.S. ECONOMY GENERALLY, THE FUTURE DEMAND FOR OUR GOODS AND SERVICES AND COMPETITION IN OUR BUSINESS;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN REFERENCE ACQUISITIONS THAT HAVE BEEN AGREED BUT THAT HAVE NOT BEEN COMPLETED AS OF SEPTEMBER 30, 2014. IMPLICATIONS OF THESE STATEMENTS MAY BE THAT THESE ACQUISITIONS WILL BE COMPLETED AND THAT THEY MAY IMPROVE OUR FUTURE PROFITS. HOWEVER, THESE ACQUISITIONS ARE SUBJECT TO CONDITIONS AND MAY NOT BE COMPLETED OR MAY BE DELAYED OR THEIR TERMS MAY CHANGE. MOREOVER, MANAGING AND INTEGRATING ACQUIRED TRAVEL CENTER AND CONVENIENCE STORE OPERATIONS CAN BE DIFFICULT, TIME CONSUMING AND/OR MORE EXPENSIVE THAN ANTICIPATED AND INVOLVE RISKS OF FINANCIAL LOSSES. WE MAY NOT OPERATE THESE ACQUIRED LOCATIONS AS PROFITABLY AS WE NOW EXPECT;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN REFERENCE OUR ACQUISITION IN DECEMBER 2013 OF A COMPANY THAT OPERATES 31 CONVENIENCE STORES AND STATES THAT THE CONVENIENCE STORES WE ACQUIRED ARE HIGH VOLUME FUEL LOCATIONS, THAT THESE CONVENIENCE STORES APPEAR TO NEED ONLY LIMITED NEAR TERM CAPITAL INVESTMENT, THAT THESE CONVENIENCE STORES WILL NOT REQUIRE A LENGTHY PERIOD TO ACHIEVE STABILIZED FINANCIAL RESULTS AND THAT WE EXPECT THAT WE MAY BE ABLE TO REALIZE SYNERGIES IN PURCHASING AND MERCHANDISING AT THESE CONVENIENCE STORES. THE IMPLICATION OF THESE STATEMENTS IS THAT THESE ST ORES MAY HAVE A POSITIVE IMPACT ON OUR EARNINGS AND IMPROVE OUR FUTURE PROFITS. HOWEVER, ACQUISITIONS AND MANAGING AND INTEGRATING ACQUIRED OPERATIONS CAN BE DIFFICULT, TIME CONSUMING AND/OR MORE EXPENSIVE THAN ANTICIPATED AND INVOLVE RISKS OF FINANCIAL LOSSES. CHANGES OF OWNERSHIP FREQUENTLY RESULT IN PERSONNEL CHANGES AND IN REQUIREMENTS FOR NEW SUPPLY AND SALES ARRANGEMENTS. THESE OR OTHER FACTORS MAY RESULT IN LOWER FINANCIAL PERFORMANCE THAN EXPECTED OR FINANCIAL LOSSES. ALSO, MARKET CONDITIONS AFFECTING THE CONVENIENCE STORES WE ACQUIRED MAY CHANGE IN A WAY WHICH MATERIALLY AND ADVERSELY IMPACTS THE BUSINESS OF THESE CONVENIENCE STORES. WE MAY NOT OPERATE THESE ACQUIRED SITES AS PROFITABLY AS WE NOW EXPECT;

THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE THAT WE ARE IN THE PROCESS OF DESIGNING AND IMPLEMENTING IMPROVED INTERNAL CONTROL OVER FINANCIAL REPORTING TO REMEDIATE THE MATERIAL WEAKNESSES THAT EXISTED AS OF DECEMBER 31, 2013 AND SEPTEMBER 30, 2014 AND THAT WE EXPECT THE CHANGES TO OUR CONTROL ENVIRONMENT TO BE IN PLACE AND FUNCTIONING BY THE END OF 2014. HOWEVER, WE MAY NOT BE SUCCESSFUL IN OUR REMEDIATION EFFORTS, IT MAY TAKE US LONGER THAN EXPECTED TO HAVE THE CHANGES TO OUR CONTROL ENVIRONMENT IN PLACE AND FUNCTIONING AND TO COMPLETE THE REMEDIATION AND WE MAY DISCOVER OTHER MATERIAL WEAKNESSES IN OUR INTERNAL CONTROL OVER FINANCIAL REPORTING;

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- WE EXPECT TO BENEFIT FINANCIALLY BY PARTICIPATING IN AIC WITH RMR AND OTHER COMPANIES TO WHICH RMR PROVIDES MANAGEMENT SERVICES. HOWEVER, THERE CAN BE NO ASSURANCE THAT WE WILL BENEFIT FINANCIALLY FROM THIS PARTICIPATION; AND

- THIS PROSPECTUS AND THE INFORMATION INCORPORATED HEREIN STATE OUR BELIEF THAT OUR CONTINUING RELATIONSHIPS WITH HPT, RMR, AIC AND THEIR AFFILIATED AND RELATED PERSONS AND ENTITIES MAY BENEFIT US AND PROVIDE US WITH ADVANTAGES IN OPERATING AND GROWING OUR BUSINESS. IN FACT, THE ADVANTAGES WE BELIEVE WE MAY REALIZE FROM THESE RELATIONSHIPS MAY NOT MATERIALIZE.

THESE AND OTHER UNEXPECTED RESULTS MAY BE CAUSED BY VARIOUS FACTORS, SOME OF WHICH ARE BEYOND OUR CONTROL, INCLUDING:

- THE TREND TOWARDS IMPROVED FUEL EFFICIENCY OF MOTOR VEHICLE ENGINES AND OTHER FUEL CONSERVATION PRACTICES EMPLOYED BY OUR CUSTOMERS MAY CONTINUE TO REDUCE THE DEMAND FOR DIESEL FUEL AND MAY ADVERSELY AFFECT OUR BUSINESS;

- THE IMPACT OF CHANGES IN THE ECONOMY AND THE CAPITAL MARKETS ON US, OUR CUSTOMERS AND OUR FRANCHISEES;

- COMPLIANCE WITH, AND CHANGES TO, FEDERAL, STATE AND LOCAL LAWS AND REGULATIONS, ACCOUNTING RULES, TAX RATES, ENVIRONMENTAL REGULATIONS AND SIMILAR MATTERS;

- COMPETITION WITHIN THE TRAVEL CENTER AND CONVENIENCE STORE INDUSTRIES;

- FUTURE FUEL PRICE INCREASES, FUEL PRICE VOLATILITY OR OTHER FACTORS MAY CAUSE US TO NEED MORE WORKING CAPITAL TO MAINTAIN OUR INVENTORIES AND CARRY OUR ACCOUNTS RECEIVABLE THAN WE NOW EXPECT;

- ACQUISITIONS OR PROPERTY DEVELOPMENT MAY SUBJECT US TO ADDITIONAL OR GREATER RISKS THAN OUR CONTINUING OPERATIONS, INCLUDING THE ASSUMPTION OF UNKNOWN LIABILITIES;

- MOST OF OUR TRUCKING COMPANY 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 A FEW SIGNIFICANT PARTICIPANTS. FUEL CARD COMPANIES FACILITATE PAYMENTS TO US, AND CHARGE US FEES FOR THESE SERVICES. COMPETITION, OR LACK THEREOF, AMONG THE FUEL CARD COMPANIES MAY RESULT IN FUTURE INCREASES IN OUR TRANSACTION FEE EXPENSES OR WORKING CAPITAL REQUIREMENTS, OR BOTH;

- FUTURE INCREASES IN FUEL PRICES MAY REDUCE THE DEMAND FOR THE PRODUCTS AND SERVICES THAT WE SELL BECAUSE HIGH FUEL PRICES MAY ENCOURAGE FUEL CONSERVATION, DIRECT FREIGHT BUSINESS AWAY FROM TRUCKING OR OTHERWISE ADVERSELY AFFECT THE BUSINESS OF OUR CUSTOMERS. SOME OF THESE TRENDS MAY CONTINUE, WHICH MAY ADVERSELY AFFECT OUR BUSINESS EVEN IF FUEL PRICES DO NOT INCREASE;

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. 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 REQUIRE OUR WORKING CAPITAL NEEDS TO INCREASE. ALSO, THE AVAILABILITY AND THE TERMS OF ANY CREDIT WE MAY BE ABLE TO OBTAIN ARE UNCERTAIN;

OUR FAILURE TO TIMELY FILE OUR ANNUAL REPORT AND OUR QUARTERLY REPORTS ON FORMS 10-Q FOR THE QUARTERS ENDED MARCH 31, 2014 AND JUNE 30, 2014, AND OUR CONSEQUENT INABILITY TO USE OUR SHELF REGISTRATION STATEMENT ON FORM S-3 UNTIL WE HAVE BEEN CURRENT IN OUR FILINGS UNDER THE EXCHANGE ACT FOR A PERIOD OF NOT LESS THAN ONE YEAR, MAY NEGATIVELY IMPACT OUR ABILITY TO ISSUE NEW DEBT AND EQUITY SECURITIES;

WE ARE ROUTINELY INVOLVED IN LITIGATION AND OTHER LEGAL MATTERS INCIDENTAL TO THE ORDINARY COURSE OF OUR BUSINESS. DISCOVERY AND COURT DECISIONS DURING LITIGATION OFTEN HAVE UNANTICIPATED RESULTS. LITIGATION IS USUALLY EXPENSIVE AND DISTRACTING TO MANAGEMENT. WE CAN PROVIDE NO ASSURANCE AS TO 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 MANMADE OR NATURAL DISASTERS BEYOND OUR CONTROL MAY ADVERSELY AFFECT OUR FINANCIAL RESULTS;

ALTHOUGH WE BELIEVE THAT WE BENEFIT FROM OUR CONTINUING RELATIONSHIPS WITH HPT, RMR, AIC AND THEIR AFFILIATED AND RELATED PERSONS AND ENTITIES, ACTUAL AND POTENTIAL CONFLICTS OF INTEREST WITH HPT, RMR, AIC AND THEIR AFFILIATED AND RELATED PERSONS AND ENTITIES MAY PRESENT A CONTRARY PERCEPTION OR RESULT IN LITIGATION;

AS A RESULT OF CERTAIN TRADING IN OUR SHARES DURING 2007, WE EXPERIENCED AN OWNERSHIP CHANGE AS DEFINED BY SECTION 382 OF THE CODE; CONSEQUENTLY, WE MAY BE UNABLE TO USE OUR NET OPERATING LOSS GENERATED IN 2007 TO OFFSET FUTURE TAXABLE INCOME WE MAY GENERATE. IF WE EXPERIENCE ADDITIONAL OWNERSHIP CHANGES, AS DEFINED IN THE CODE, OUR ABILITY TO USE OUR NET OPERATING LOSSES GENERATED AFTER 2007 COULD BE LIMITED OR ELIMINATED; AND

WE ACCUMULATED A SIGNIFICANT DEFICIT DURING THE YEARS 2007 THROUGH 2010. ALTHOUGH WE GENERATED NET INCOME FOR THE YEAR ENDED DECEMBER 31, 2013 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2014, AND OUR PLANS ARE INTENDED TO GENERATE NET INCOME IN FUTURE PERIODS, THERE CAN BE NO ASSURANCE THAT THESE PLANS WILL SUCCEED.

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 IN THIS PROSPECTUS UNDER THE CAPTION "RISK FACTORS."

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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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TravelCenters of America LLC

% Senior Notes due 20

PROSPECTUS

, 2015

Citigroup
RBC Capital Markets
UBS Investment Bank
MLV & Co.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses, other than the underwriting discount, payable by us in connection with the sale of shares of % Senior Notes due 20 being registered. All amounts are estimated except the SEC registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fees and the NYSE listing fee.

	Amount To Be Paid
SEC registration fee	$ 6,682
FINRA filing fee	9,125
NYSE listing fee	*
Printing and engraving costs	*
Legal fees and expenses	*
Accountants' fees and expenses	*
Blue sky qualification fees and expenses	*
Trustee fees and expenses	*
Miscellaneous	*
Total	$ *

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

Subject to standards and restrictions as are set forth in the registrant's Amended and Restated Limited Liability Company Agreement (the "LLC agreement"), Section 18-108 of the Delaware Limited Liability Company Act empowers a Delaware limited liability company to indemnify and hold harmless any member or manager or other persons from and against any and all claims and demands whatsoever.

To the fullest extent permitted by law but subject to the limitations expressly provided in the LLC agreement or in the bylaws of the registrant, all current and former officers and directors of the registrant or any subsidiary of the registrant and other specified indemnities (collectively, the "Indemnitees") shall be indemnified and held harmless by the registrant from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, whether or not by or in the right of the registrant, in which any such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, in connection with any act or omission performed, or omitted to be performed, by such Indemnitee in good faith on behalf of or with respect to the registrant or by reason of its status as an Indemnitee; provided that the Indemnitee shall not be indemnified and held harmless if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is seeking indemnification, the Indemnitee acted in bad faith or engaged in fraud, willful misconduct, or in the case of a criminal matter, acted with knowledge that the Indemnitee's conduct was unlawful. To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to the LLC agreement in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the registrant prior to a determination that the Indemnitee is not entitled to be indemnified upon receipt by the registrant of

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any undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in the LLC agreement. The indemnification, advancement of expenses and other provisions of the LLC agreement shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the shareholders entitled to vote on such matter, pursuant to a vote of the board of directors of the registrant, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

The registrant has entered into indemnification agreements with its directors and officers, which provide for the indemnification of such persons to the maximum extent permitted under Delaware law in the event such a person is involved or threatened to be involved, as a party or otherwise, in connection with any proceeding by reason of his or her status with or service to the registrant or to another entity at the registrant's request. The indemnification agreements also provide for advancement of expenses incurred by a director or officer in connection with an indemnifiable claim, subject to the registrant's receipt of a written undertaking requiring reimbursement in certain circumstances. In addition, the indemnification agreements govern various procedural matters related to indemnification. The rights of a director and officer under an indemnification agreement with the registrant are in addition to any other rights under the LLC agreement and the registrant's bylaws, as they may be amended from time to time, and Delaware law.

The registrant has also previously entered into agreements with some former officers which provide for the indemnification of such officers.

The registrant currently maintains an insurance policy on behalf of its directors and officers against any liability asserted against them or which they incur acting in such capacity or arising out of their status as directors or officers.

Item 15. Recent Sales of Unregistered Securities

There have been no sales of our unregistered securities by us during the last three years.

Item 16. Exhibits.

Exhibit Number	Description
1.1	Underwriting Agreement*
2.1	Agreement and Plan of Merger, dated as of September 15, 2006, by and among TravelCenters of America, Inc., Hospitality Properties Trust, HPT TA Merger Sub Inc. and Oak Hill Capital Partners, L.P. (Incorporated by reference to Exhibit 2.1 of our Registration Statement on Form S-1 filed on December 12, 2006, File No. 333-139272)
2.2	Amendment No. 1 to the Agreement and Plan of Merger, dated as of January 30, 2007, by and among TravelCenters of America, Inc., Hospitality Properties Trust, HPT TA Merger Sub Inc. and Oak Hill Capital Partners, L.P. (Incorporated by reference to Exhibit 2.2 of our Current Report on Form 8-K filed on February 2, 2007)
2.3	Purchase Agreement, dated as of May 30, 2007, by and among TravelCenters of America LLC, Petro Stopping Centers, L.P., Petro Stopping Centers Holdings, L.P. and the partners of Petro Stopping Centers, L.P. and of Petro Stopping Centers Holdings, L.P. (Incorporated by reference to Exhibit 2.1 of our Current Report on Form 8-K filed on June 4, 2007)

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Exhibit Number	Description
2.4	Securities Purchase Agreement, dated as of November 14, 2013, by and among Frederick M. Higgins, Frederick M. Higgins Charitable Remainder Unitrust, Heather Higgins, Leslie Higgins Embry, Cathy Howard, Glenn Howard, Stacy Howard Jones, Wesley Howard, Jamie Gaddie Higgins Family Trust, Jamie Gaddie Higgins Marital Trust, Rita Barks, Danny Evans, Jerry Goff, Helen Jernigan, Martha Miller-Webb, Donna Carlyle, Betsy Monroe, Owen Monroe Trust Under Will, Carrie Leigh Porcel, Frederick M. Higgins, as Sellers' Representative, Girkin Development, LLC and TravelCenters of America LLC (Incorporated by reference to Exhibit 2.4 to our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
3.1	Certificate of Formation of TravelCenters of America LLC (Incorporated by reference to Exhibit 3.1 to our Registration Statement on Form S-1 filed on December 12, 2006, File No. 333-139272)
3.2	Amended and Restated Limited Liability Company Agreement of TravelCenters of America LLC (Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on May 24, 2013)
3.3	Amended and Restated Bylaws of TravelCenters of America LLC, as amended and restated on February 21, 2013 (Incorporated by reference to Exhibit 3.3 to our Current Report on Form 8-K filed on February 27, 2013)
4.1	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 of our Current Report on Form 8-K filed January 15, 2013)
4.2	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 of our Current Report on Form 8-K filed January 15, 2013)
4.3	Form of 8.25% Senior Notes due 2028 (Incorporated by reference to Exhibit 4.3 of our Current Report on Form 8-K filed January 15, 2013)
4.4	Form of Second Supplemental Indenture by and between TravelCenters of America LLC and U.S. Bank National Association, as trustee*
4.5	Form of % Senior Notes due 20 *
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP*
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 Reit Management & Research LLC (Incorporated by reference to Exhibit 10.1 of 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 January 31, 2007, by and among HPT TA Properties Trust and HPT TA Properties LLC, as Landlord, and TA Leasing LLC, as Tenant (Incorporated by reference to Exhibit 10.3 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed on March 20, 2007)

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Exhibit Number	Description
10.3	Guaranty Agreement, dated as of January 31, 2007, made by TravelCenters of America LLC, TravelCenters of America Holding Company LLC and TA Operating LLC, as Guarantors, for the benefit of HPT TA Properties Trust and HPT TA Properties LLC, as Landlord, under the Lease Agreement, dated as of January 31, 2007, by and among such Landlord and TA Leasing LLC (Incorporated by reference to Exhibit 10.4 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed on March 20, 2007)
10.4	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 of our Current Report on Form 8-K filed on June 4, 2007)
10.5	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 of our Current Report on Form 8-K filed on June 4, 2007)
10.6	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 of our Quarterly Report on Form 10-Q for the Quarterly period ended September 30, 2008, filed on November 10, 2008)
10.7	First Amendment to Lease Agreement, dated as of May 12, 2008, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Leasing LLC (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on May 14, 2008)
10.8	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 of our Quarterly Report on Form 10-Q for the Quarterly period ended June 30, 2008, filed on August 11, 2008)
10.9	Registration Rights Agreement, dated August 11, 2008, between TravelCenters of America LLC and Hospitality Properties Trust (Incorporated by reference to Exhibit 10.7 of our Quarterly Report on Form 10-Q for the Quarterly period ended June 30, 2008, filed on August 11, 2008)
10.10	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 of our Current Report on Form 8-K filed on February 1, 2011)
10.11	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 of our Quarterly Report on Form 10-Q filed on May 7, 2013)
10.12	Amendment Agreement, dated as of July 1, 2013, among HPT TA Properties Trust, HPT TA Properties LLC and TA Leasing LLC (Incorporated by reference to Exhibit 10.3 of our Quarterly Report on Form 10-Q filed August 6, 2013)

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Exhibit Number	Description
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 of our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
10.14	Amended and Restated Business Management and Shared Services Agreement, dated as of December 4, 2012, by and between TravelCenters of America LLC and Reit Management & Research LLC (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on December 6, 2012)
10.15	Amended and Restated Shareholders Agreement, dated May 21, 2012, by and among Affiliates Insurance Company, Five Star Quality Care, Inc., Hospitality Properties Trust, CommonWealth REIT, Senior Housing Properties Trust, TravelCenters of America LLC, Reit Management & Research LLC, Government Properties Income Trust and 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)
10.16	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)
10.17	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 with the Securities and Exchange Commission on May 16, 2011)
10.18	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 of our Current Report on Form 8-K dated November 30, 2007)
10.19	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)
10.20	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 of our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
10.21	Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.22 to our Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 16, 2012)
10.22	Summary of Director Compensation (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 20, 2014)
10.23	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)

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Exhibit Number	Description
10.24	Retirement Agreement, dated as of January 31, 2014, by and among TravelCenters of America LLC and Ara A. Bagdasarian (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on August 21, 2014)
10.25	Vesting Agreement, dated as of January 31, 2014, by and among TravelCenters of America LLC and Ara A. Bagdasarian (Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed on August 21, 2014)
10.26	Joinder Agreement, dated 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 filed on August 21, 2014)
12.1	Statement of Computation of Ratio of Earnings to Fixed Charges (Incorporated by reference to Exhibit 12.1 to our Quarterly Report on Form 10-Q filed on November 10, 2014)
16.1	Letter of Ernst & Young LLP dated October 7, 2014 (Incorporated by reference to Exhibit 16.1 to our Current Report on Form 8-K filed on October 7, 2014)
21.1	List of Subsidiaries (Incorporated by reference to Exhibit 21.1 to our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
23.1	Consent of Ernst & Young LLP
23.2	Consent of Ernst & Young LLP
23.3	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1)*
24.1	Power of Attorney (included on signature page herein)
25.1	Form T-1 Statement of Eligibility of Trustee under the Trust Indenture Act of 1939
99.1	Property Management Agreement, dated as of July 21, 2011, by and between Reit Management & Research LLC and TA Operating LLC (Incorporated by reference to Exhibit 99.1 of our Quarterly Report on Form 10-Q filed on November 7, 2011)
99.2	Amended and Restated Reimbursement Agreement, dated May 1, 2012, by and among Reit Management & Research LLC, TravelCenters of America LLC and Five Star Quality Care, Inc. (Incorporated by reference to Exhibit 99.1 of our Quarterly Report on Form 10-Q filed on August 7, 2012)
99.3	Financial Statements of Petro Travel Plaza Holdings LLC (Incorporated by reference to Exhibit 99.3 to our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)

* To be filed by amendment

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Item 17. Undertakings.

(a) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted against the registrant by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(b) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and this offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Westlake, Ohio on November 21, 2014.

TRAVELCENTERS OF AMERICA LLC

By: /s/ THOMAS M. O'BRIEN

Thomas M. O'Brien
President

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Thomas M. O'Brien and Andrew J. Rebholz, and each of them, his or her true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments, including post-effective amendments, to this registration statement, and any registration statement relating to the offering covered by this registration statement and filed pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys in fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and conforming all that said attorneys in fact and agents, and each of them, or their respective substitutes, and each of them, may lawfully do or cause to be done by virtue hereof.

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Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ THOMAS M. O'BRIEN Thomas M. O'Brien	President, Chief Executive Officer and Director (Principal Executive Officer)	November 21, 2014
/s/ ANDREW J. REBHOLZ Andrew J. Rebholz	Chief Financial Officer, Treasurer and Executive Vice President (Principal Financial Officer)	November 21, 2014
/s/ WILLIAM E. MYERS William E. Myers	Chief Accounting Officer and Senior Vice President (Principal Accounting Officer)	November 21, 2014
/s/ BARRY M. PORTNOY Barry M. Portnoy	Director	November 21, 2014
Barbara D. Gilmore	Director	
/s/ LISA HARRIS JONES Lisa Harris Jones	Director	November 21, 2014
/s/ ARTHUR G. KOUMANTZELIS Arthur G. Koumantzelis	Director	November 21, 2014

EXHIBIT INDEX

Exhibit Number	Description
1.1	Underwriting Agreement*
2.1	Agreement and Plan of Merger, dated as of September 15, 2006, by and among TravelCenters of America, Inc., Hospitality Properties Trust, HPT TA Merger Sub Inc. and Oak Hill Capital Partners, L.P. (Incorporated by reference to Exhibit 2.1 of our Registration Statement on Form S-1 filed on December 12, 2006, File No. 333-139272)
2.2	Amendment No. 1 to the Agreement and Plan of Merger, dated as of January 30, 2007, by and among TravelCenters of America, Inc., Hospitality Properties Trust, HPT TA Merger Sub Inc. and Oak Hill Capital Partners, L.P. (Incorporated by reference to Exhibit 2.2 of our Current Report on Form 8-K filed on February 2, 2007)
2.3	Purchase Agreement, dated as of May 30, 2007, by and among TravelCenters of America LLC, Petro Stopping Centers, L.P., Petro Stopping Centers Holdings, L.P. and the partners of Petro Stopping Centers, L.P. and of Petro Stopping Centers Holdings, L.P. (Incorporated by reference to Exhibit 2.1 of our Current Report on Form 8-K filed on June 4, 2007)
2.4	Securities Purchase Agreement, dated as of November 14, 2013, by and among Frederick M. Higgins, Frederick M. Higgins Charitable Remainder Unitrust, Heather Higgins, Leslie Higgins Embry, Cathy Howard, Glenn Howard, Stacy Howard Jones, Wesley Howard, Jamie Gaddie Higgins Family Trust, Jamie Gaddie Higgins Marital Trust, Rita Barks, Danny Evans, Jerry Goff, Helen Jernigan, Martha Miller-Webb, Donna Carlyle, Betsy Monroe, Owen Monroe Trust Under Will, Carrie Leigh Porcel, Frederick M. Higgins, as Sellers' Representative, Girkin Development, LLC and TravelCenters of America LLC (Incorporated by reference to Exhibit 2.4 to our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
3.1	Certificate of Formation of TravelCenters of America LLC (Incorporated by reference to Exhibit 3.1 to our Registration Statement on Form S-1 filed on December 12, 2006, File No. 333-139272)
3.2	Amended and Restated Limited Liability Company Agreement of TravelCenters of America LLC (Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on May 24, 2013)
3.3	Amended and Restated Bylaws of TravelCenters of America LLC, as amended and restated on February 21, 2013 (Incorporated by reference to Exhibit 3.3 to our Current Report on Form 8-K filed on February 27, 2013)
4.1	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 of our Current Report on Form 8-K filed January 15, 2013)
4.2	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 of our Current Report on Form 8-K filed January 15, 2013)
4.3	Form of 8.25% Senior Notes due 2028 (Incorporated by reference to Exhibit 4.3 of our Current Report on Form 8-K filed January 15, 2013)
4.4	Form of Second Supplemental Indenture by and between TravelCenters of America LLC and U.S. Bank National Association, as trustee*
4.5	Form of % Senior Notes due 20*
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP*

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Exhibit Number	Description
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 Reit Management & Research LLC (Incorporated by reference to Exhibit 10.1 of 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 January 31, 2007, by and among HPT TA Properties Trust and HPT TA Properties LLC, as Landlord, and TA Leasing LLC, as Tenant (Incorporated by reference to Exhibit 10.3 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed on March 20, 2007)
10.3	Guaranty Agreement, dated as of January 31, 2007, made by TravelCenters of America LLC, TravelCenters of America Holding Company LLC and TA Operating LLC, as Guarantors, for the benefit of HPT TA Properties Trust and HPT TA Properties LLC, as Landlord, under the Lease Agreement, dated as of January 31, 2007, by and among such Landlord and TA Leasing LLC (Incorporated by reference to Exhibit 10.4 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 filed on March 20, 2007)
10.4	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 of our Current Report on Form 8-K filed on June 4, 2007)
10.5	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 of our Current Report on Form 8-K filed on June 4, 2007)
10.6	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 of our Quarterly Report on Form 10-Q for the Quarterly period ended September 30, 2008, filed on November 10, 2008)
10.7	First Amendment to Lease Agreement, dated as of May 12, 2008, by and among HPT TA Properties Trust, HPT TA Properties LLC and TA Leasing LLC (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on May 14, 2008)
10.8	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 of our Quarterly Report on Form 10-Q for the Quarterly period ended June 30, 2008, filed on August 11, 2008)
10.9	Registration Rights Agreement, dated August 11, 2008, between TravelCenters of America LLC and Hospitality Properties Trust (Incorporated by reference to Exhibit 10.7 of our Quarterly Report on Form 10-Q for the Quarterly period ended June 30, 2008, filed on August 11, 2008)
10.10	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 of our Current Report on Form 8-K filed on February 1, 2011)

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Exhibit Number	Description
10.11	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 of our Quarterly Report on Form 10-Q filed on May 7, 2013)
10.12	Amendment Agreement, dated as of July 1, 2013, among HPT TA Properties Trust, HPT TA Properties LLC and TA Leasing LLC (Incorporated by reference to Exhibit 10.3 of our Quarterly Report on Form 10-Q filed August 6, 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 of our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
10.14	Amended and Restated Business Management and Shared Services Agreement, dated as of December 4, 2012, by and between TravelCenters of America LLC and Reit Management & Research LLC (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on December 6, 2012)
10.15	Amended and Restated Shareholders Agreement, dated May 21, 2012, by and among Affiliates Insurance Company, Five Star Quality Care, Inc., Hospitality Properties Trust, CommonWealth REIT, Senior Housing Properties Trust, TravelCenters of America LLC, Reit Management & Research LLC, Government Properties Income Trust and 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)
10.16	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)
10.17	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 with the Securities and Exchange Commission on May 16, 2011)
10.18	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 of our Current Report on Form 8-K dated November 30, 2007)
10.19	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)
10.20	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 of our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
10.21	Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.22 to our Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 16, 2012)

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Exhibit Number	Description
10.22	Summary of Director Compensation (Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on June 20, 2014)
10.23	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)
10.24	Retirement Agreement, dated as of January 31, 2014, by and among TravelCenters of America LLC and Ara A. Bagdasarian (Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on August 21, 2014)
10.25	Vesting Agreement, dated as of January 31, 2014, by and among TravelCenters of America LLC and Ara A. Bagdasarian (Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed on August 21, 2014)
10.26	Joinder Agreement, dated 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 filed on August 21, 2014)
12.1	Statement of Computation of Ratio of Earnings to Fixed Charges (Incorporated by reference to Exhibit 12.1 to our Quarterly Report on Form 10-Q filed on November 10, 2014)
16.1	Letter of Ernst & Young LLP dated October 7, 2014 (Incorporated by reference to Exhibit 16.1 to our Current Report on Form 8-K filed on October 7, 2014)
21.1	List of Subsidiaries (Incorporated by reference to Exhibit 21.1 to our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)
23.1	Consent of Ernst & Young LLP
23.2	Consent of Ernst & Young LLP
23.3	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1)*
24.1	Power of Attorney (included on signature page herein)
25.1	Form T-1 Statement of Eligibility of Trustee under the Trust Indenture Act of 1939
99.1	Property Management Agreement, dated as of July 21, 2011, by and between Reit Management & Research LLC and TA Operating LLC (Incorporated by reference to Exhibit 99.1 of our Quarterly Report on Form 10-Q filed on November 7, 2011)
99.2	Amended and Restated Reimbursement Agreement, dated May 1, 2012, by and among Reit Management & Research LLC, TravelCenters of America LLC and Five Star Quality Care, Inc. (Incorporated by reference to Exhibit 99.1 of our Quarterly Report on Form 10-Q filed on August 7, 2012)
99.3	Financial Statements of Petro Travel Plaza Holdings LLC (Incorporated by reference to Exhibit 99.3 to our Annual Report on Form 10-K for the year ended December 31, 2013, filed on June 6, 2014)

* To be filed by amendment

h:1%;">

March 31, 2018

Fair Value Measurements Using

Level 1

Level 2

Level 3

Total

(In Thousands)
Impaired loans

$
—

$
4,333

$
6,414

$
10,747

Foreclosed properties

—

1,484

—

1,484

	December 31, 2017 Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Impaired loans	$—	$10,063	$5,084	$15,147
Foreclosed properties	—	1,069	—	1,069

Impaired loans were written down to the fair value of their underlying collateral less costs to sell of $10.7 million and $15.1 million at March 31, 2018 and December 31, 2017, respectively, through the establishment of specific reserves or by recording charge-offs when the carrying value exceeded the fair value of the underlying collateral of impaired loans. Valuation techniques consistent with the market approach, income approach or cost approach were used to measure fair value and primarily included observable inputs for the individual impaired loans being evaluated such as current appraisals, recent sales of similar assets or other observable market data, and are reflected within Level 2 of the hierarchy. In cases where an input is unobservable, specifically when discounts are applied to appraisal values to adjust such values to current market conditions or to reflect net realizable value, the impaired loan balance is reflected within Level 3 of the hierarchy. The quantification of unobservable inputs for Level 3 impaired loan values range from 13% - 75% as of the measurement date of March 31, 2018. The weighted average of those unobservable inputs was 16%. The majority of the impaired loans in the Level 3 category are considered collateral dependent loans or are supported by a SBA guaranty.

Foreclosed properties, upon initial recognition, are remeasured and reported at fair value through a charge-off to the allowance for loan and lease losses, if deemed necessary, based upon the fair value of the foreclosed property. The fair value of a foreclosed property, upon initial recognition, is estimated using a market approach or Level 2 inputs based on observable market data, typically a current appraisal, or Level 3 inputs based upon assumptions specific to the individual property or equipment. Level 3 inputs typically include unobservable inputs such as management applied discounts used to further reduce values to a net realizable value and may be used in situations when observable inputs become stale. Foreclosed property fair value inputs may transition to Level 1 upon receipt of an accepted offer for the sale of the related foreclosed property.

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Fair Value of Financial Instruments

The Corporation is required to disclose estimated fair values for its financial instruments. Fair value estimates, methods and assumptions, consistent with exit price concepts for fair value measurements, are set forth below:

	March 31, 2018				
	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
	(In Thousands)				
Financial assets:					
Cash and cash equivalents	$61,322	$61,319	$41,622	$19,697	$ —
Securities available-for-sale	127,961	127,961	—	127,961	—
Securities held-to-maturity	41,885	41,409	—	41,409	—
Loans held for sale	3,429	3,772	—	3,772	—
Loans and lease receivables, net	1,544,852	1,541,857	—	4,333	1,537,524
Federal Home Loan Bank stock	8,650	N/A	N/A	N/A	N/A
Accrued interest receivable	5,403	5,403	5,403	—	—
Interest rate swaps	1,511	1,511	—	1,511	—
Financial liabilities:					
Deposits	1,371,158	1,367,168	1,001,498	365,670	—
Federal Home Loan Bank advances and other borrowings	308,912	305,156	—	305,156	—
Junior subordinated notes	10,022	8,352	—	—	8,352
Accrued interest payable	2,456	2,456	2,456	—	—
Interest rate swaps	961	961	—	961	—
Off-balance-sheet items:					
Standby letters of credit	52	52	—	—	52

N/A = The fair value is not applicable due to restrictions placed on transferability

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	December 31, 2017				
	Carrying Amount	Fair Value			
		Total	Level 1	Level 2	Level 3
	(In Thousands)				
Financial assets:					
Cash and cash equivalents	$52,539	$52,539	$ 35,114	$17,425	$ —
Securities available-for-sale	126,005	126,005	—	126,005	—
Securities held-to-maturity	37,778	37,696	—	37,696	—
Loans held for sale	2,194	2,413	—	2,413	—
Loans and lease receivables, net	1,482,832	1,482,664	—	10,063	1,472,601
Federal Home Loan Bank stock	5,670	N/A	N/A	N/A	N/A
Accrued interest receivable	5,019	5,019	5,019	—	—
Interest rate swaps	942	942	—	942	—
Financial liabilities:					
Deposits	1,394,331	1,391,801	1,010,147	381,654	—
Federal Home Loan Bank advances and other borrowings	207,898	206,441	—	206,441	—
Junior subordinated notes	10,019	8,836	—	—	8,836
Accrued interest payable	2,095	2,095	2,095	—	—
Interest rate swaps	1,064	1,064	—	1,064	—
Off-balance-sheet items:					
Standby letters of credit	75	75	—	—	75

N/A = The fair value is not applicable due to restrictions placed on transferability
Disclosure of fair value information about financial instruments, for which it is practicable to estimate that value, is required whether or not recognized in the unaudited Consolidated Balance Sheets. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. Certain financial instruments and all non-financial instruments are excluded from the disclosure requirements. Accordingly, the aggregate fair value amounts presented do not necessarily represent the underlying value of the Corporation.
Securities: The fair value measurements of investment securities are determined by a third-party pricing service which considers observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, trade execution data, market consensus prepayment speeds, credit information and the securities' terms and conditions, among other things. The fair value measurements are subject to independent verification by another pricing source on a quarterly basis to review for reasonableness. Any significant differences in pricing are reviewed with appropriate members of management who have the relevant technical expertise to assess the results. The Corporation has determined that these valuations are classified in Level 2 of the fair value hierarchy. When the independent pricing service does not provide a fair value measurement for a particular security, the Corporation will estimate the fair value based on specific information about each security. Fair values derived in this manner are classified in Level 3 of the fair value hierarchy.

Loans Held for Sale: Loans held for sale, which consist of the guaranteed portions of SBA loans, are carried at the lower of cost or estimated fair value. The estimated fair value is based on what secondary markets are currently offering for portfolios with similar characteristics.
Interest Rate Swaps: The carrying amount and fair value of existing derivative financial instruments are based upon independent valuation models, which use widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative contract. This analysis reflects the contractual terms of the

derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The

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Corporation incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Corporation considers the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

Limitations: Fair value estimates are made at a discrete point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Corporation's entire holding of a particular financial instrument. Because no market exists for a significant portion of the Corporation's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and are not considered in the estimates.

Note 11 — Derivative Financial Instruments

The Corporation offers interest rate swap products directly to qualified commercial borrowers. The Corporation economically hedges client derivative transactions by entering into offsetting interest rate swap contracts executed with a third party. Derivative transactions executed as part of this program are not considered hedging instruments and are marked- to-market through earnings each period. The derivative contracts have mirror-image terms, which results in the positions' changes in fair value primarily offsetting through earnings each period. The credit risk and risk of non-performance embedded in the fair value calculations is different between the dealer counterparties and the commercial borrowers which may result in a difference in the changes in the fair value of the mirror-image swaps. The Corporation incorporates credit valuation adjustments to appropriately reflect both its own non-performance risk and the counterparty's risk in the fair value measurements. When evaluating the fair value of its derivative contracts for the effects of non-performance and credit risk, the Corporation considered the impact of netting and any applicable credit enhancements such as collateral postings, thresholds and guarantees.

At March 31, 2018, the aggregate amortizing notional value of interest rate swaps with various commercial borrowers was $91.0 million. The Corporation receives fixed rates and pays floating rates based upon LIBOR on the swaps with commercial borrowers. These interest rate swaps mature between September 2018 and July 2034. Commercial borrower swaps are completed independently with each borrower and are not subject to master netting arrangements. These commercial borrower swaps were reported on the unaudited Consolidated Balance Sheet as a derivative assets of $961,000, included in accrued interest receivable and other assets, and as a derivative liability of $265,000, included in accrued interest payable and other liabilities. As of March 31, 2018, no interest rate swaps were in default and therefore all values for the commercial borrower swaps were recorded on a gross basis on the unaudited Consolidated Balance Sheets.

At March 31, 2018, the aggregate amortizing notional value of interest rate swaps with dealer counterparties was also $91.0 million. The Corporation pays fixed rates and receives floating rates based upon LIBOR on the swaps with dealer counterparties. These interest rate swaps mature in September 2018 through July 2034. Dealer counterparty swaps are subject to master netting agreements among the contracts within our Bank and are reported on the unaudited Consolidated Balance Sheet as a net derivate liability of $696,000, included in accrued interest payable and other liabilities. The gross amount of dealer counterparty swaps, without regard to the enforceable master netting agreement, was a gross derivative liability of 961,000 and gross derivative assets of 265,000. No right of offset existed with dealer counterparty swaps as of March 31, 2018.

All changes in the fair value of these instruments are recorded in other non-interest income. Given the mirror-image terms of the outstanding derivative portfolio, the change in fair value for the three months ended March 31, 2018 and

2017 had an insignificant impact on the unaudited Consolidated Statements of Income.

The Corporation also enters into interest rate swaps to manage interest rate risk and reduce the cost of match-funding certain long-term fixed rate loans. These derivative contracts involve the receipt of floating rate interest from a counterparty in exchange for the Corporation making fixed-rate payments over the life of the agreement, without the exchange of the underlying notional value. The instruments are designated as cash flow hedges as the receipt of floating rate interest from the counterparty is used to manage interest rate risk associated with forecasted issuances of short-term FHLB advances. The change in the fair value of these hedging instruments is recorded in accumulated other comprehensive income and is subsequently reclassified into earnings in the period that the hedged transactions affects earnings.

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As of March 31, 2018, the aggregate notional value of interest rate swaps designated as cash flow hedges was $30.0 million. These interest rate swaps matures between June 2027 and December 2027. A pre-tax unrealized gain of $672,000 was recognized in other comprehensive income for the three months ended March 31, 2018 and there was no ineffective portion of these hedge. No interest rate swaps designated as cash flow hedges were outstanding as of March 31, 2017.
The table below provides information about the balance sheet location and fair value of the Corporation's derivative instruments as of March 31, 2018 and December 31, 2017:

	Interest Rate Swap Contracts			
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
	(In Thousands)			
Derivatives not designated as hedging instruments				
March 31, 2018	Accrued interest receivable and other assets	$ 961	Accrued interest payable and other liabilities	$ 961
December 31, 2017	Accrued interest receivable and other assets	$ 942	Accrued interest payable and other liabilities	$ 942
Derivatives designated as hedging instruments				
March 31, 2018	Accrued interest receivable and other assets	$ 550	Accumulated other comprehensive income (1)	$ 550
December 31, 2017	Accumulated other comprehensive income (1)	$ 122	Accrued interest payable and other liabilities	$ 122

(1) The fair value of derivatives designated as hedging instruments included in accumulated other comprehensive income represent pre-tax amounts, which are reported net of tax on the unaudited Consolidated Balance Sheets.

Note 12 — Regulatory Capital

The Corporation and the Bank are subject to various regulatory capital requirements administered by Federal and the State of Wisconsin banking agencies. Failure to meet minimum capital requirements can result in certain mandatory, and possibly additional discretionary actions on the part of regulators, that if undertaken, could have a direct material effect on the Bank's assets, liabilities and certain off-balance-sheet items as calculated under regulatory practices. The Corporation's and the Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. The Corporation regularly reviews and updates, when appropriate, its Capital and Liquidity Action Plan, which is designed to help ensure appropriate capital adequacy, to plan for future capital needs and to ensure that the Corporation serves as a source of financial strength to the Bank. The Corporation's and the Bank's Boards of Directors and management teams adhere to the appropriate regulatory guidelines on decisions which affect their respective capital positions, including but not limited to, decisions relating to the payment of dividends and increasing indebtedness.
As a bank holding company, the Corporation's ability to pay dividends is affected by the policies and enforcement powers of the Board of Governors of the Federal Reserve system (the "Federal Reserve"). Federal Reserve guidance urges financial institutions to strongly consider eliminating, deferring or significantly reducing dividends if: (i) net income available to common stockholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividend; (ii) the prospective rate of earnings retention is not consistent with the bank holding company's capital needs and overall current and prospective financial condition; or (iii) the bank holding company will not meet, or is in danger of not meeting, its minimum regulatory capital ratios. Management

intends, when appropriate under regulatory guidelines, to consult with the Federal Reserve Bank of Chicago and provide it with information on the Corporation's then-current and prospective earnings and capital position in advance of declaring any cash dividends. As a Wisconsin corporation, the Corporation is

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subject to the limitations of the Wisconsin Business Corporation Law, which prohibit the Corporation from paying dividends if such payment would: (i) render the Corporation unable to pay its debts as they become due in the usual course of business, or (ii) result in the Corporation's assets being less than the sum of its total liabilities plus the amount needed to satisfy the preferential rights upon dissolution of any stockholders with preferential rights superior to those stockholders receiving the dividend.

The Bank is also subject to certain legal, regulatory and other restrictions on their ability to pay dividends to the Corporation. As a bank holding company, the payment of dividends by the Bank to the Corporation is one of the sources of funds the Corporation could use to pay dividends, if any, in the future and to make other payments. Future dividend decisions by the Bank and the Corporation will continue to be subject to compliance with various legal, regulatory and other restrictions as defined from time to time.

Qualitative measures established by regulation to ensure capital adequacy require the Corporation and the Bank to maintain minimum amounts and ratios of Total Common Equity Tier 1 and Tier 1 capital to risk-weighted assets and of Tier 1 capital to adjusted total assets. These risk-based capital requirements presently address credit risk related to both recorded and off-balance-sheet commitments and obligations.

In July 2013, the FRB and the FDIC approved the final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks. These rules are applicable to all financial institutions that are subject to minimum capital requirements, including federal and state banks and savings and loan associations, as well as bank and savings and loan holding companies other than "small bank holding companies" (generally non-publicly traded bank holding companies with consolidated assets of less than $1 billion). Under the final rules, minimum requirements increased for both the quantity and quality of capital held by the Corporation. The rules include a new Common Equity Tier 1 capital to risk-weighted assets minimum ratio of 4.5%, raise the minimum ratio of Tier 1 capital to risk-weighted assets from 4.0% to 6.0%, require a minimum ratio of Total Capital to risk-weighted assets of 8.0%, and require a minimum Tier 1 leverage ratio of 4.0%. The rules also permit banking organizations with less than $15 billion in assets to retain, through a one-time election, the past treatment for accumulated other comprehensive income, which did not affect regulatory capital. The Corporation elected to retain this treatment, which reduces the volatility of regulatory capital ratios. A new capital conservation buffer, comprised of Common Equity Tier 1 capital, was also established above the regulatory minimum capital requirements. This capital conservation buffer will be phased in beginning January 1, 2016 at 0.625% of risk-weighted assets and will increase each subsequent year by an additional 0.625% until reaching its final level of 2.5% on January 1, 2019.

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As of March 31, 2018, the Corporation's capital levels exceeded the regulatory minimums and Bank's capital levels remained characterized as well capitalized under the regulatory framework. The following table summarizes both the Corporation's and Bank's capital ratios and the ratios required by their federal regulators at March 31, 2018 and December 31, 2017:

	Actual		Minimum Required for Capital Adequacy Purposes		For Capital Adequacy Purposes Plus Capital Conservation Buffer		Minimum Required to Be Well Capitalized Under Prompt Corrective Action Requirements	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)							
As of March 31, 2018								
Total capital (to risk-weighted assets)								
Consolidated	$216,519	11.78%	$147,099	8.00%	$181,575	9.875%	N/A	N/A
First Business Bank	209,579	11.45	146,437	8.00	180,758	9.875	$183,046	10.00%
Tier 1 capital (to risk-weighted assets)								
Consolidated	$171,638	9.33 %	$110,324	6.00%	$144,801	7.875%	N/A	N/A
First Business Bank	188,425	10.29	109,828	6.00	144,149	7.875	$146,437	8.00 %
Common equity tier 1 capital (to risk-weighted assets)								
Consolidated	$161,616	8.79 %	$82,743	4.50%	$117,219	6.375%	N/A	N/A
First Business Bank	188,425	10.29	82,371	4.50	116,692	6.375	$118,980	6.50 %
Tier 1 leverage capital (to adjusted assets)								
Consolidated	$171,638	9.26 %	$74,127	4.00%	$74,127	4.00 %	N/A	N/A
First Business Bank	188,425	10.19	73,929	4.00	73,929	4.00	$92,412	5.00 %

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	Actual		Minimum Required for Capital Adequacy Purposes		For Capital Adequacy Purposes Plus Capital Conservation Buffer		Minimum Required to Be Well Capitalized Under Prompt Corrective Action Requirements	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)							
As of December 31, 2017								
Total capital (to risk-weighted assets)								
Consolidated	$214,501	11.98%	$143,219	8.00%	$165,597	9.250%	N/A	N/A
First Business Bank	207,986	11.66	142,736	8.00	165,038	9.250	$178,420	10.00%
Tier 1 capital (to risk-weighted assets)								
Consolidated	$169,176	9.45 %	$107,414	6.00%	$129,792	7.250%	N/A	N/A
First Business Bank	186,374	10.45	107,052	6.00	129,354	7.250	$142,736	8.00 %
Common equity tier 1 capital (to risk-weighted assets)								
Consolidated	$159,157	8.89 %	$80,561	4.50%	$102,939	5.750%	N/A	N/A
First Business Bank	186,374	10.45	80,289	4.50	102,591	5.750	$115,973	6.50 %
Tier 1 leverage capital (to adjusted assets)								
Consolidated	$169,176	9.54 %	$70,920	4.00%	$70,920	4.00 %	N/A	N/A
First Business Bank	186,374	10.56	70,617	4.00	70,617	4.00	$88,272	5.00 %

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
General
Unless otherwise indicated or unless the context requires otherwise, all references in this Report to the "Corporation," "we," "us," "our," or similar references mean First Business Financial Services, Inc. together with our subsidiary. "FBB" or the "Bank" refers to our subsidiary, First Business Bank.
Forward-Looking Statements
This report may include forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, which reflect our current views with respect to future events and financial performance. Forward-looking statements are not based on historical information, but rather are related to future operations, strategies, financial results or other developments. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time the statements are made. Such statements are subject to risks and uncertainties, including among other things:

- Competitive pressures among depository and other financial institutions nationally and in our markets.
- Adverse changes in the economy or business conditions, either nationally or in our markets.
- Increases in defaults by borrowers and other delinquencies.
- Our ability to manage growth effectively, including the successful expansion of our client support, administrative infrastructure and internal management systems.
- Fluctuations in interest rates and market prices.
- The consequences of continued bank acquisitions and mergers in our markets, resulting in fewer but much larger and financially stronger competitors.
- Changes in legislative or regulatory requirements applicable to us and our subsidiary.
- Changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations.
- Fraud, including client and system failure or breaches of our network security, including our internet banking activities.
- Failure to comply with the applicable SBA regulations in order to maintain the eligibility of the guaranteed portion of SBA loans.

These risks could cause actual results to differ materially from what we have anticipated or projected. These risk factors and uncertainties should be carefully considered by our stockholders and potential investors. See Part I, Item 1A — Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017 for discussion relating to risk factors impacting us. Investors should not place undue reliance on any such forward-looking statements, which speak only as of the date made. The factors described within this Form 10-Q could affect our financial performance and could cause actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods.
Where any such forward-looking statement includes a statement of the assumptions or bases underlying such forward-looking statement, we caution that, while our management believes such assumptions or bases are reasonable and are made in good faith, assumed facts or bases can vary from actual results, and the differences between assumed facts or bases and actual results can be material, depending on the circumstances. Where, in any forward-looking statement, an expectation or belief is expressed as to future results is believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will be achieved or accomplished.
We do not intend to, and specifically disclaim any obligation to, update any forward-looking statements.
The following discussion and analysis is intended as a review of significant events and factors affecting our financial condition and results of operations for the periods indicated. The discussion should be read in conjunction with the unaudited Consolidated Financial Statements and the Notes thereto presented in this Form 10-Q.

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Overview

We are a registered bank holding company incorporated under the laws of the State of Wisconsin and are engaged in the commercial banking business through our wholly-owned banking subsidiary, FBB. All of our operations are conducted through the Bank and certain of its subsidiaries. We operate as a business bank focusing on delivering a full line of commercial banking products and services tailored to meet the specific needs of small- to medium-sized businesses, business owners, executives, professionals and high net worth individuals. Our products and services include commercial lending, SBA lending and servicing, asset-based lending, equipment financing, factoring, trust and investment services, investment portfolio administrative services, asset/liability management services, treasury management services and a broad range of deposit products. We do not utilize a branch network to attract retail clients. Our operating philosophy is predicated on deep client relationships fostered by local expertise, combined with the efficiency of centralized administrative functions such as information technology, loan and deposit operations, finance and accounting, credit administration, compliance and human resources. Our focused model allows experienced staff to provide the level of financial expertise needed to develop and maintain long-term relationships with our clients.

Operational Summary

Results for the three months ended March 31, 2018 include:

- Total assets increased to $1.878 billion as of March 31, 2018 compared to $1.794 billion as of December 31, 2017.
- Net income for the three months ended March 31, 2018 was $3.6 million compared to net income of $3.4 million for the three months ended March 31, 2017.
- Diluted earnings per common share for the three months ended March 31, 2018 were $0.42 compared to diluted earnings per common share of $0.39 for the three months ended March 31, 2017.
- Annualized return on average assets (“ROAA”) and annualized return on average equity (“ROAE”) were 0.78% and 8.88%, respectively, for the three month period ended March 31, 2018, compared to 0.77% and 8.31%, respectively, for the same time period in 2017.
- Trust and investment services fee income increased 16.5% to $1.9 million for the three months ended March 31, 2018 compared to $1.6 million for the three months ended March 31, 2017.
- Top line revenue, the sum of net interest income and non-interest income, increased 10.1% to $20.9 million for the three months ended March 31, 2018 compared to $19.0 million for the three months ended March 31, 2017.
- Net interest margin increased 14 basis points to 3.65% for the three months ended March 31, 2018 compared to 3.51% for the three months ended March 31, 2017.
- Efficiency ratio was 67.45% for the three months ended March 31, 2018, compared to 70.85% for the three months ended March 31, 2017.
- Provision for loan and lease losses was $2.5 million for the three months ended March 31, 2018 compared to $572,000 for the same period in the prior year.
- SBA recourse provision was a benefit of $295,000 for the three months ended March 31, 2018, compared to a $6,000 expense for the three months ended March 31, 2017.
- Net charge-offs of $2.6 million represented an annualized 0.67% of average loans and leases for the three months ended March 31, 2018 compared to annualized net recoveries of 0.05% for the three months ended March 31, 2017.
- Gross loans and leases receivable increased $61.9 million, or 16.5% annualized, to $1.563 billion at March 31, 2018 from $1.502 billion at December 31, 2017.
- Allowance for loan and lease losses as a percentage of gross loans and leases was 1.19% at March 31, 2018 compared to 1.25% at December 31, 2017.
- Non-performing assets as a percentage of total assets was 1.15% at March 31, 2018 compared to 1.53% at December 31, 2017.
- Non-accrual loans decreased by $6.4 million, or 24.1%, to $20.0 million at March 31, 2018 from $26.4 million at December 31, 2017.

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Results of Operations

Top Line Revenue

Top line revenue is comprised of net interest income and non-interest income. For the three months ended March 31, 2018, top line revenue increased 10.1% compared to the same period in the prior year primarily due to loan growth combined with higher loan yields, as well as an increase in commercial loan swap fees and trust and investment fee income. This increase was partially offset by higher rates paid on interest-bearing liabilities amid a rising rate environment and a moderate decline in the gain on sale of SBA loans.

The components of top line revenue were as follows:

	For the Three Months Ended March 31,		
	2018	2017	Change
	(Dollars in Thousands)		
Net interest income	$16,202	$14,888	8.8 %
Non-interest income	4,667	4,063	14.9
Total top line revenue	$20,869	$18,951	10.1

Annualized Return on Average Assets and Annualized Return on Average Equity

ROAA for the three months ended March 31, 2018 increased to 0.78% compared to 0.77% for the three months ended March 31, 2017. The increase in ROAA for the three months ended March 31, 2018 was primarily due to an increase in net interest income, trust and investment fee income, commercial loan swap fee income and a decrease in the corporate federal income tax rate from 35% to 21% effective January 1, 2018. This improvement in profitability was partially offset by an increase in the provision for loan and leases losses. ROAA is a critical metric used by us to measure the profitability of our organization and how efficiently our assets are deployed. It is a measurement that allows us to better benchmark our profitability to our peers without the need to consider different degrees of leverage that can ultimately influence return on equity measures.

ROAE for the three months ended March 31, 2018 was 8.88% compared to 8.31% for the three months ended March 31, 2017. The reasons for the increase in ROAE are consistent with the explanations discussed above with respect to ROAA for the three months ended March 31, 2018. We view ROAE to be an important measure of profitability and we continue to focus on improving the return to our stockholders by enhancing the overall profitability of our client relationships, controlling expenses and seeking to minimize credit costs.

Efficiency Ratio

Efficiency ratio is a non-GAAP measure representing non-interest expense excluding the effects of the SBA recourse provision, impairment of tax credit investments, losses or gains on foreclosed properties, amortization of other intangible assets and other discrete items, if any, divided by operating revenue, which is equal to net interest income plus non-interest income less realized gains or losses on securities, if any.

The efficiency ratio was 67.45% for the three months ended March 31, 2018, compared to 70.85% for the three months ended March 31, 2017. We continue to progress towards enhancing the Corporation’s long-term efficiency ratio, building on the strategic changes we have made to date and laying the foundation to generate sustainable and high-quality revenue growth. After significant investments in 2016 and 2017, we believe we now have a solid SBA infrastructure, with the people and processes in place to allow us to build production levels which achieve our profitability goals. At the same time, we expect our charter consolidation and core system conversions to create capacity within our existing workforce to accommodate future growth in a highly efficient manner. We believe these strategic initiatives will continue to act as catalysts for earnings growth in 2018 and beyond. Management will continue to take proactive measures to drive positive operating leverage with the objective of moving the efficiency ratio back within the Corporation’s long-term operating goal of 58-62%.

We believe the efficiency ratio allows investors and analysts to better assess the Corporation’s operating expenses in relation to its operating revenue by removing the volatility that is associated with certain non-recurring or discrete items. The efficiency ratio also allows management to benchmark performance of our model to our peers without the influence of the loan loss provision and tax considerations, which will ultimately influence other traditional financial measurements, including ROAA and ROAE. The information provided below reconciles the efficiency ratio to its most comparable GAAP measure.

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Please refer to both the Non-Interest Income and Non-Interest Expense sections below for discussion on the primary drivers of the year-over-year improvement in the efficiency ratio.

	For the Three Months Ended March 31,			
	2018	2017	$ Change	% Change
	(Dollars in Thousands)			
Total non-interest expense	$13,907	$13,560	$347	2.6 %
Less:				
Amortization of other intangible assets	12	14	(2)	(14.3)
SBA recourse (benefit) provision	(295)	6	(301)	N/M
Impairment of tax credit investments	113	113	—	—
Total adjusted operating expense	$14,077	$13,427	$650	4.8
Net interest income	$16,202	$14,888	$1,314	8.8
Total non-interest income	4,667	4,063	604	14.9
Total operating revenue	$20,869	$18,951	$1,918	10.1
Efficiency ratio	67.45 %	70.85 %		

N/M = Not meaningful

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Net Interest Income

Net interest income levels depend on the amount of and yield on interest-earning assets as compared to the amount of and rate paid on interest-bearing liabilities. Net interest income is sensitive to changes in market rates of interest and the asset/liability management processes to prepare for and respond to such changes.

The following table provides information with respect to (1) the change in net interest income attributable to changes in rate (changes in rate multiplied by prior volume) and (2) the change in net interest income attributable to changes in volume (changes in volume multiplied by prior rate) for the three months ended March 31, 2018 compared to the same periods in 2017. The change in net interest income attributable to changes in rate and volume (changes in rate multiplied by changes in volume) has been allocated to the rate and volume changes in proportion to the relationship of the absolute dollar amounts of the change in each.

	Increase (Decrease) for the Three Months Ended March 31, 2018 Compared to 2017		
	Rate	Volume	Net
	(In Thousands)		
Interest-earning assets			
Commercial real estate and other mortgage loans[1]	$874	$1,149	$2,023
Commercial and industrial loans[1]	286	(179)	107
Direct financing leases[1]	(17)	(3)	(20)
Consumer and other loans[1]	17	12	29
Total loans and leases receivable	1,160	979	2,139
Mortgage-related securities	150	(81)	69
Other investment securities	17	(9)	8
FHLB and FRB Stock	(7)	32	25
Short-term investments	18	16	34
Total net change in income on interest-earning assets	1,338	937	2,275
Interest-bearing liabilities			
Transaction accounts	35	141	176
Money market accounts	325	(134)	191
Certificates of deposit	37	70	107
Wholesale deposits	118	(435)	(317)
Total deposits	515	(358)	157
FHLB advances	204	645	849
Other borrowings	(19)	(26)	(45)
Junior subordinated notes	—	—	—
Total net change in expense on interest-bearing liabilities	700	261	961
Net change in net interest income	$638	$676	$1,314

(1) Includes non-performing loans and leases and loans held for sale.

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The table below shows our average balances, interest, average yields/rates, net interest margin and the spread between the combined average yields earned on interest-earning assets and average rates on interest-bearing liabilities for the three months ended March 31, 2018 and 2017. The average balances are derived from average daily balances.

	For the Three Months Ended March 31,							
	2018				2017			
	Average Balance	Interest	Average Yield/Rate[4]		Average Balance	Interest	Average Yield/Rate[4]	
	(Dollars in Thousands)							
Interest-earning assets								
Commercial real estate and other mortgage loans[1]	$1,046,751	$12,341	4.72	%	$946,110	$10,318	4.36	%
Commercial and industrial loans[1]	439,491	6,702	6.10		451,552	6,595	5.84	
Direct financing leases[1]	29,871	303	4.06		30,123	323	4.29	
Consumer and other loans[1]	29,361	315	4.29		28,202	286	4.06	
Total loans and leases receivable[1]	1,545,474	19,661	5.09		1,455,987	17,522	4.81	
Mortgage-related securities[2]	128,061	687	2.15		145,804	618	1.70	
Other investment securities[3]	36,392	169	1.86		38,554	161	1.67	
FHLB and FRB stock	6,717	49	2.92		3,150	24	3.05	
Short-term investments	57,291	156	1.09		51,136	122	0.95	
Total interest-earning assets	1,773,935	20,722	4.67		1,694,631	18,447	4.35	
Non-interest-earning assets	88,750				80,254			
Total assets	$1,862,685				$1,774,885			
Interest-bearing liabilities								
Transaction accounts	$297,730	408	0.55		$192,297	232	0.48	
Money market accounts	514,837	851	0.66		627,188	660	0.42	
Certificates of deposit	80,904	239	1.18		55,393	132	0.95	
Wholesale deposits	300,855	1,332	1.77		400,672	1,649	1.65	
Total interest-bearing deposits	1,194,326	2,830	0.95		1,275,550	2,673	0.84	
FHLB advances	217,517	1,003	1.84		60,703	154	1.01	
Other borrowings	24,403	413	6.77		25,921	458	7.07	
Junior subordinated notes	10,020	274	10.94		10,006	274	10.97	
Total interest-bearing liabilities	1,446,266	4,520	1.25		1,372,180	3,559	1.04	
Non-interest-bearing demand deposit accounts	228,557				228,015			
Other non-interest-bearing liabilities	23,553				11,223			
Total liabilities	1,698,376				1,611,418			
Stockholders' equity	164,309				163,467			
Total liabilities and stockholders' equity	$1,862,685				$1,774,885			
Net interest income		$16,202				$14,888		
Interest rate spread			3.42	%			3.31	%
Net interest-earning assets	$327,669				$322,451			
Net interest margin			3.65	%			3.51	%
Average interest-earning assets to average interest-bearing liabilities	122.66 %				123.50 %			
Return on average assets[4]	0.78				0.77			
Return on average equity[4]	8.88				8.31			
Average equity to average assets	8.82				9.21			
Non-interest expense to average assets[4]	2.99				3.06			

(1)

The average balances of loans and leases include non-performing loans and leases and loans held for sale. Interest income related to non-performing loans and leases is recognized when collected. Interest income includes net loan fees collected in lieu of interest.

(2) Includes amortized cost basis of assets available-for-sale and held-to-maturity.

(3) Yields on tax-exempt municipal obligations are not presented on a tax-equivalent basis in this table.

(4) Represents annualized yields/rates.

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Comparison of Net Interest Income for the Three Months Ended March 31, 2018 and 2017

Net interest income increased $1.3 million, or 8.8%, during the three months ended March 31, 2018, compared to the same period in 2017. The increase in net interest income was attributable to both positive interest-earning asset volume and rate variances. Interest-earning asset growth was primarily driven by an $89.5 million, or 6.1%, increase in average loans and leases, while yields on variable-rate loans benefited from the FOMC's decision to raise the targeted federal funds rate throughout 2017 and 2018. The increase was partially offset by an increase in both average volume and average rate paid on interest-bearing liabilities.

The yield on average earning assets for the three months ended March 31, 2018 increased 32 basis points to 4.67%, compared to 4.35% for the three months ended March 31, 2017. The increase was due to increased rates on variable-rate loans following the FOMC's decision to raise the targeted federal funds rate and, to a lesser extent, a higher yielding securities portfolio.

The weighted average rate paid on our interest-bearing deposits for the three months ended March 31, 2018 increased 11 basis points to 0.95%, compared to 0.84% for the three months ended March 31, 2017. The rate increase is primarily attributable to a moderate increase in rates across all in-market deposit types. This increase in interest-bearing deposit costs was partially offset by a $99.8 million decrease in wholesale deposits. Excluding wholesale deposits, the weighted average rate paid on interest-bearing deposits for the three months ended March 31, 2018 increased 20 basis points to 0.67%, compared to 0.47% for the three months ended March 31, 2017. The average effective federal funds rate during this same time period increased 75 basis points, resulting in an estimated deposit beta of approximately 27%. Deposit beta is defined as the basis point change in the average rate paid on in-market interest-bearing deposits divided by the basis point change in the average effective federal funds rate.

The rising rate environment has resulted in modest increases in deposit pricing as necessary to serve the Corporation's client relationships. Management believes an increase in average total interest-bearing deposit costs may continue as the Corporation looks to effectively manage deposit relationships amid intense competition and continued expectation of a rising rate environment.

The overall weighted average rate paid on interest-bearing liabilities was 1.25% for the three months ended March 31, 2018, compared to 1.04% for the three months ended March 31, 2017. The primary reason for the increase in rate paid was a moderate increase in rates across all in-market deposit types combined with higher wholesale funding rates resulting from a rising rate environment. The weighted average rate paid on interest-bearing liabilities continued to benefit from a relatively stable level of in-market interest-bearing deposits which increased $18.6 million, or 2.1%, for the three months ended March 31, 2018, compared to the same period in 2017. Consistent with the Corporation's longstanding funding strategy to manage risk and use the most efficient and cost effective source of wholesale funds, fixed rate FHLB advances were used at various maturity terms commensurate with the Bank's funding needs. Average FHLB advances for the three months ended March 31, 2018 increased $156.8 million to $217.5 million at a weighted average rate paid of 1.84%. As of March 31, 2018, the weighted average original maturity of our FHLB term advances was 3.6 years.

We believe we effectively manage the Corporation's liability structure in both term and rate to deliver a net interest margin at or above our target of 3.50%. Further, we expect continued success in attracting in-market deposit relationships in our Wisconsin and Kansas markets which we believe will contribute to our ability to maintain an appropriate cost of funds. Average in-market client deposits - comprised of all transaction accounts, money market accounts and non-wholesale deposits - were $1.122 billion for the three months ended March 31, 2018, compared to $1.103 billion for the three months ended March 31, 2017.

Net interest margin increased 14 basis points to 3.65% for the three months ended March 31, 2018, compared to 3.51% for the three months ended March 31, 2017 primarily due to the aforementioned increase in rates on variable-rate loans and a higher yielding securities portfolio. The resulting increase in earning asset yields benefited net interest margin by 32 basis points. This benefit was partially offset by an increase in average rate paid on in-market deposits, reducing net interest margin by 10 basis points, and by both rate and volume increases in Bank wholesale funds, reducing net interest margin by an additional 10 basis points.

During the first quarter of 2018, management continued to replace wholesale deposits with FHLB advances consistent with our funding philosophy to manage risk and utilize the most efficient and cost effective sources of wholesale funds. This shift in wholesale funds also reduced our FDIC assessment rate resulting in an $81,000, or 21.3%, decrease in FDIC insurance expense, compared to the same period in 2017.

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Management believes the successful efforts to optimize funding costs and profitably expand loan balances will allow the Corporation to continue to maintain a net interest margin of 3.50% or better. However, the collection of loan fees in lieu of interest is an expected source of volatility to quarterly net interest income and net interest margin, given the nature of the Corporation's asset-based lending business. Net interest margin may also experience volatility due to events such as the collection of interest on loans previously in non-accrual status or the accumulation of significant short-term deposit inflows.

Provision for Loan and Lease Losses

We determine our provision for loan and lease losses based upon credit risk and other subjective factors pursuant to our allowance for loan and lease loss methodology, the magnitude of current and historical net charge-offs recorded in the period and the amount of reserves established for impaired loans that present collateral shortfall positions. Refer to the section in this MD&A entitled Allowance for Loan and Lease Losses, below, for further information regarding our allowance for loan and lease loss methodology.

We recorded provision expense of $2.5 million for the three months ended March 31, 2018 compared to $572,000 for the same time period in 2017. Provision for the three months ended March 31, 2018 primarily reflected net charge-offs in excess of previously established specific reserves and an increase to the general reserve commensurate with loan growth. Net charge-offs of $2.6 million for the three months ended March 31, 2018 were primarily related to three legacy SBA loan relationships that were previously identified as impaired.

The addition of specific reserves on impaired loans represents new specific reserves established when collateral shortfalls are present, while conversely the release of specific reserves represents the reduction of previously established reserves that are no longer required. Changes in the allowance for loan and lease losses due to subjective factor changes reflect management's evaluation of the level of risk within the portfolio based upon several factors for each portfolio segment. Charge-offs in excess of previously established specific reserves require an additional provision for loan and lease losses to maintain the allowance for loan and lease losses at a level deemed appropriate by management. Change in the inherent risk of the portfolio is primarily influenced by the overall growth in gross loans and leases and an analysis of loans previously charged off, as well as, movement of existing loans and leases in and out of an impaired loan classification where a specific evaluation of a particular credit may be required rather than the application of a general reserve ratio. Refer to the section in this MD&A entitled Asset Quality, below, for further information regarding the overall credit quality of our loan and lease portfolio.

Comparison of Non-Interest Income for the Three Months Ended March 31, 2018 and 2017

Non-Interest Income

Non-interest income consists primarily of fees earned for trust and investment services, gains on sale of SBA loans, service charges on deposits, loan fee income and commercial loan swap fee income. For the three months ended March 31, 2018 non-interest income increased by $604,000, or 14.9%, to $4.7 million from $4.1 million for the same period in 2017.

Management continues to focus on revenue growth from multiple non-interest income sources in order to maintain a diversified revenue stream through greater contribution from fee-based revenues. Total non-interest income accounted for 22.4% of our total revenues for the three months ended March 31, 2018, compared to 21.4% and for the three months ended March 31, 2017. Management believes the expected steady and gradual expansion of our rebuilt SBA lending program will drive our fee income ratio towards our current strategic target of 25%.

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The components of non-interest income were as follows for the three months ended March 31, 2018 and 2017:

	For the Three Months Ended March 31,			
	2018	2017	$ Change	% Change
	(Dollars in Thousands)			
Trust and investment services fee income	$1,898	$1,629	$ 269	16.5 %
Gain on sale of SBA loans	269	360	(91)	(25.3)
Service charges on deposits	784	765	19	2.5
Loan fees	527	458	69	15.1
Increase in cash surrender value of bank-owned life insurance	292	311	(19)	(6.1)
Commercial loan swap fees	633	199	434	218.1
Other non-interest income	264	341	(77)	(22.6)
Total non-interest income	$4,667	$4,063	$ 604	14.9
Fee income ratio(1)	22.4 %	21.4 %		

(1) Fee income ratio is non-interest income divided by top line revenue (defined as net interest income plus non-interest income).

Trust and investment services fee income increased $269,000, or 16.5%, to a record $1.9 million for the three months ended March 31, 2018, compared to $1.6 million for the three months ended March 31, 2017. This increase was driven by growth in assets under management and administration attributable to both new client relationships and increased equity market values throughout 2017. At March 31, 2018, there were a record $1.394 billion of trust assets under management compared to $1.127 billion at March 31, 2017. Assets under administration were $185.5 million at March 31, 2018 compared to $177.0 million at March 31, 2017.

Gains on sale of SBA loans for the three months ended March 31, 2018 totaled $269,000, a decrease of $91,000, or 25.3%, compared to the three months ended March 31, 2017. After significant investments in 2016 and 2017, management believes a solid SBA infrastructure is now in place, with the people and processes necessary to build production and achieve our profitability goals throughout 2018 and beyond. The Corporation recently hired three more SBA business development officers in Wisconsin, and now, with the production talent already added in 2017, management anticipates production to grow at a moderate pace.

Commercial loan swap fee income for the three months ended March 31, 2018 increased $434,000 to $633,000, compared to $199,000, from the same period in 2017. We believe due to the market's assumption of a rising interest rate environment throughout 2018 we could see additional loan demand for these types of relationship-based opportunities.

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Comparison of Non-Interest Expense for the Three Months Ended March 31, 2018 and 2017
Non-Interest Expense

The components of non-interest expense were as follows for the three months ended March 31, 2018 and 2017:

	For the Three Months Ended March 31,			
	2018	2017	$ Change	% Change
	(Dollars in Thousands)			
Compensation	$9,071	$8,683	$ 388	4.5 %
Occupancy	529	475	54	11.4
Professional fees	1,035	1,010	25	2.5
Data processing	611	584	27	4.6
Marketing	333	370	(37)	(10.0)
Equipment	343	283	60	21.2
Computer software	742	683	59	8.6
FDIC insurance	299	380	(81)	(21.3)
Collateral liquidation costs	1	92	(91)	(98.9)
Impairment on tax credit investments	113	113	—	—
SBA recourse (benefit) provision	(295)	6	(301)	N/M
Other non-interest expense	1,125	881	244	27.7
Total non-interest expense	$13,907	$13,560	$ 347	2.6
Total adjusted operating expense (1)	$14,077	$13,427		
Compensation expense to total adjusted operating expense	64.44 %	64.67 %		
Full-time equivalent employees	256	258		

N/M = Not meaningful

(1) Total adjusted operating expense excludes the impact of discrete items as previously defined in the non-GAAP efficiency ratio calculation.

Non-interest expense for the three months ended March 31, 2018 increased by $347,000, or 2.6%, to $13.9 million compared to $13.6 million for the same period in 2017. The increase in non-interest expense was primarily due to an increase in compensation and other non-interest expense, partially offset by a decrease in SBA recourse provision.

Compensation expense increased by $388,000, or 4.5%, to $9.1 million for the three months ended March 31, 2018 from $8.7 million for the three months ended March 31, 2017. The overall increase reflected growth related to annual merit increases. We expect to continue to opportunistically invest in talent to support our strategic growth efforts, both in the form of additional production and operational staff.

The Corporation recorded a net benefit of $295,000 in SBA recourse provision for estimated losses in the outstanding guaranteed portion of SBA loans sold for the three months ended March 31, 2018, down from a net expense of $6,000 for the three months ended March 31, 2017. The net benefit was primarily due to limited actual losses incurred during the past two quarters in connection with sold SBA loans, which reduced the loss rate applied to the outstanding sold portfolio. Changes to SBA recourse reserves may be a source of non-interest expense volatility in future quarters; however, we believe the frequency and volatility in SBA recourse provision should diminish over time as we continue to originate new SBA loans with our rebuilt platform, the legacy portfolio amortizes down and ongoing remediation efforts mitigate potential losses. As of March 31, 2018, the total outstanding balance of sold SBA loans originated prior to 2017 was $88.3 million, of which $9.1 million were impaired, down from $101.6 million as of December 31, 2016. The total outstanding balance of sold SBA loans originated in 2017 or after was $9.4 million. Based on management's estimate of losses in the guaranteed portion of sold SBA loans, a recourse reserve of $2.5 million, or 2.6% of total sold SBA loans, was outstanding at March 31, 2018.

Other non-interest expense increased by $244,000, or 27.7%, to $1.1 million for the three months ended March 31, 2018 from $881,000 for the three months ended March 31, 2017. The increase was primarily due to an increase in general and administrative expenses and timing associated with the cash reimbursements of various loan-related reimbursable expenses.

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Expense management and strategic investments are critical components of our growth strategy and our culture, from our limited branch network and unique funding model, to our investments in talent and technology. We are diligently managing our operating costs to align with revenue expectations while continuing to make investments that enhance our business and our ability to serve current and prospective clients.

Income Taxes

Income tax expense was $837,000 for the three months ended March 31, 2018, with an effective tax rate of 18.7%, compared to income tax expense of $1.4 million for the three months ended March 31, 2017, with an effective tax rate of 29.5%. The lower income tax expense and effective rate reflect the reduction to the corporate federal income tax rate from 35% to 21%, effective January 1, 2018. No significant discrete items were recognized during the first quarter of 2018.

Generally, the provision for income taxes is determined by applying an estimated annual effective income tax rate to income before taxes and adjusting for discrete items. The rate is based on the most recent annualized forecast of pre-tax income, book versus tax differences and tax credits, if any. If we conclude that a reliable estimated annual effective tax rate cannot be determined, the actual effective tax rate for the year-to-date period may be used. We re-evaluate the income tax rates each quarter. Therefore, the current projected effective tax rate for the entire year may change.

Financial Condition

General

Total assets increased by $84.2 million, or 4.7%, to $1.878 billion as of March 31, 2018 compared to $1.794 billion at December 31, 2017. The increase in total assets was primarily driven by growth in our loan and lease portfolio.

Short-Term Investments

Short-term investments increased by $3.6 million, or 10.2%, to $39.1 million at March 31, 2018 from $35.5 million at December 31, 2017. Our short-term investments primarily consist of interest-bearing deposits held at the FRB and commercial paper. We value the safety and soundness provided by the FRB and therefore incorporate short-term investments in our on-balance-sheet liquidity program. As of March 31, 2018, our total investment in commercial paper was $19.7 million as compared to $17.4 million at December 31, 2017. We approach our decisions to purchase commercial paper with similar rigor and underwriting standards as applied to our loan and lease portfolio. The original maturities of the commercial paper are usually 60 days or less and provide an attractive yield in comparison to other short-term alternatives. These investments also assist us in maintaining a shorter duration of our overall investment portfolio which we believe is necessary to take advantage of an anticipated rising-rate environment. In general, the level of our short-term investments will be influenced by the timing of deposit gathering, scheduled maturities of wholesale deposits, funding of loan and lease growth when opportunities are presented and the level of our securities portfolio. Please refer to the section entitled Liquidity and Capital Resources for further discussion.

Securities

Total securities, including available-for-sale and held-to-maturity, increased by $6.1 million to $169.8 million at March 31, 2018 compared to $163.8 million at December 31, 2017. During the three months ended March 31, 2018, we recognized unrealized losses of $1.4 million before income taxes through other comprehensive income. As of March 31, 2018 and December 31, 2017, our overall securities portfolio, including available-for-sale securities and held-to-maturity securities, had an estimated weighted average expected maturity of 3.85 and 3.74 years, respectively. Generally, our investment philosophy remains as stated in our most recent Annual Report on Form 10-K.

We use a third-party pricing service as our primary source of market prices for our securities portfolio. On a quarterly basis, we validate the reasonableness of prices received from this source through independent verification, data integrity validation through comparison of current price to prior period prices and an expectation-based analysis of movement in prices based upon the changes in the related yield curves and other market factors. No securities within our portfolio were deemed to be other-than-temporarily impaired as of March 31, 2018.

No securities were sold during the three months ended March 31, 2018.

Loans and Leases Receivable

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Loans and leases receivable, net of allowance for loan and lease losses, increased by $62.0 million, or 4.2%, to $1.545 billion at March 31, 2018 from $1.483 billion at December 31, 2017. As of March 31, 2018, construction loans were the largest contributor to loan growth increasing $30.9 million or 24.7%, to $156.0 million from $125.2 million at December 31, 2017. There continues to be a concentration in commercial real estate ("CRE") loans, however, in general our composition of total loans and leases has remained consistent due to balanced growth across our product offerings. CRE loans represented 68% of our total loans as of March 31, 2018 and December 31, 2017, respectively. As of March 31, 2018, approximately 19% of the CRE loans were owner-occupied CRE. We consider owner-occupied CRE more characteristic of the Corporation's commercial and industrial ("C&I") portfolio as, in general, the client's primary source of repayment is the cash flow from the operating entity occupying the commercial real estate property.

Our C&I portfolio increased $14.0 million, or 3.3%, to $443.0 million at March 31, 2018 from $429.0 million at December 31, 2017 primarily driven by asset-based loan growth of $10.7 million. We will continue to emphasize actively pursuing C&I loans across the Corporation as this segment of our loan and lease portfolio provides an attractive yield commensurate with an appropriate level of credit risk and creates opportunities for in-market deposit, treasury management and trust and investment relationships which generate additional fee revenue.

While we continue to experience significant competition as banks operating in our primary geographic areas attempt to deploy liquidity, we remain committed to our underwriting standards and will not deviate from those standards for the sole purpose of growing our loan and lease portfolio. We continue to expect our new loan and lease activity to be adequate to replace normal amortization and to continue to grow at a modest pace in future quarters. The types of loans and leases we originate and the various risks associated with these originations remain consistent with information previously outlined in our most recent Annual Report on Form 10-K.

Non-performing loans decreased $6.4 million, or 24.1%, to $20.0 million at March 31, 2018, compared to $26.4 million at December 31, 2017. The Corporation's non-performing loans as a percentage of total gross loans and leases measured 1.28% and 1.76% at March 31, 2018 and December 31, 2017, respectively. Likewise, the ratio of non-performing assets to total assets decreased to 1.15% at March 31, 2018, compared to 1.53% at December 31, 2017. Please refer to the section entitled Asset Quality, below, for additional information.

Deposits

As of March 31, 2018, deposits decreased by $23.2 million, or 1.7% to $1.371 billion from $1.394 billion at December 31, 2017. The decrease in deposits was primarily due to typical seasonality of our non-interest bearing transaction and money market accounts, in addition to the continued purposeful reduction in the level of wholesale deposits, which decreased by $15.4 million, or 5.0%, to $292.6 million at March 31, 2018 from $308.0 million at December 31, 2017. These decreases were partially offset by an increase in the level of interest-bearing transaction accounts, which increased by $45.1 million, or 20.7%, to $262.8 million at March 31, 2018 from $217.6 million at December 31, 2017 primarily related to successful efforts in attracting in-market deposits from municipality relationships throughout our markets. Deposit ending balances associated with in-market relationships will fluctuate based upon maturity of time deposits, client demands for the use of their cash and our ability to service and maintain existing and new client relationships.

Our strategic efforts continue to be focused on adding in-market relationships. We measure the success of in-market deposit gathering efforts based on the number and average balances of our deposit accounts as compared to ending balances due to the volatility of some of our larger relationships. The Bank's in-market deposits, consisting of all transaction accounts, money market accounts and non-wholesale deposits, are obtained primarily from the South Central, Northeastern and Southeastern regions of Wisconsin and the greater Kansas City area. Average in-market deposits for the three months ended March 31, 2018 were approximately $1.122 billion, or 68.4% of total bank funding. Total bank funding is defined as total deposits plus FHLB advances. This compares to in-market deposits of $1.103 billion, or 70.5% of total funding for the same period in 2017.

FHLB Advances and Other Borrowings

As of March 31, 2018, FHLB advances and other borrowings increased by $101.0 million, or 48.6%, to $308.9 million from $207.9 million at December 31, 2017.

Consistent with our funding philosophy to manage risk and use the most efficient and cost effective source of wholesale funds, we expect the balance of FHLB advances to increase in future periods as we continue to reduce our brokered certificate of deposit portfolio to help reduce the increase in our FDIC insurance assessment rate resulting from the FDIC's revised methodology made effective July 1, 2016. Our operating range of bank wholesale funds to total bank funding is 30%-40%. Wholesale funds include brokered certificates of deposit, deposits gathered from internet listing services and FHLB

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advances. As of March 31, 2018, the ratio of end of period bank wholesale funds to end of period total bank funds was 34.9%. Refer to the section entitled Liquidity and Capital Resources, below, for further information regarding our use and monitoring of wholesale deposits.

Asset Quality

Non-performing Assets

Total impaired assets consisted of the following at March 31, 2018 and December 31, 2017, respectively:

	March 31, 2018	December 31, 2017
	(Dollars in Thousands)	
Non-accrual loans and leases		
Commercial real estate:		
Commercial real estate - owner occupied	$3,978	$ 7,021
Commercial real estate - non-owner occupied	33	34
Land development	2,517	2,626
Construction	2,000	2,872
Multi-family	—	—
1-4 family	733	1,161
Total non-accrual commercial real estate	9,261	13,714
Commercial and industrial	10,453	12,321
Direct financing leases, net	—	—
Consumer and other:		
Home equity and second mortgages	—	—
Other	316	354
Total non-accrual consumer and other loans	316	354
Total non-accrual loans and leases	20,030	26,389
Foreclosed properties, net	1,484	1,069
Total non-performing assets	21,514	27,458
Performing troubled debt restructurings	261	332
Total impaired assets	$21,775	$ 27,790
Total non-accrual loans and leases to gross loans and leases	1.28 %	1.76 %
Total non-performing assets to gross loans and leases plus foreclosed properties, net	1.37	1.83
Total non-performing assets to total assets	1.15	1.53
Allowance for loan and lease losses to gross loans and leases	1.19	1.25
Allowance for loan and lease losses to non-accrual loans and leases	93.05	71.10

As of March 31, 2018 and December 31, 2017, $8.6 million and $8.8 million of non-accrual loans and leases were considered troubled debt restructurings, respectively.

We use a wide variety of available metrics to assess the overall asset quality of the portfolio and no one metric is used independently to make a final conclusion as to the asset quality of the portfolio. Non-performing assets decreased $5.9 million, or 21.6%, to $21.5 million at March 31, 2018 from $27.5 million at December 31, 2017. The decrease reflected the full payoff of the previously disclosed $2.8 million asset-based loan that was moved to impaired status during the second quarter of 2017, as well as $2.6 million of net charge-offs primarily related to three legacy SBA loan relationships that were previously identified as impaired.

We also monitor early stage delinquencies to assist in the identification of potential future problems. As of March 31, 2018, 98.8% of the loan and lease portfolio was in a current payment status, compared to 98.7% as of December 31, 2017. We also monitor our asset quality through our established credit quality indicator categories. As we continue to actively monitor the credit quality of our loan and lease portfolios, we may identify additional loans and leases for which the borrowers or lessees are having difficulties making the required principal and interest payments based upon factors including, but not limited to, the inability to sell the underlying collateral, inadequate cash flow from the operations of the underlying businesses, liquidation

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events or bankruptcy filings. We work proactively with our impaired loan borrowers to find solutions to difficult situations that are in the best interests of the Bank.

The following represents additional information regarding our impaired loans and leases:

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,
	2018	2017	2017
	(In Thousands)		
Impaired loans and leases with no impairment reserves required	$13,455	$22,503	$ 16,975
Impaired loans and leases with impairment reserves required	6,836	15,718	9,746
Total impaired loans and leases	20,291	38,221	26,721
Less: Impairment reserve (included in allowance for loan and lease losses)	3,088	6,158	4,491
Net impaired loans and leases	$17,203	$32,063	$ 22,230
Average impaired loans and leases	$25,653	$27,879	$ 33,164
Foregone interest income attributable to impaired loans and leases	$641	$712	$ 2,695
Less: Interest income recognized on impaired loans and leases	297	—	454
Net foregone interest income on impaired loans and leases	$344	$712	$ 2,241

Non-performing assets also include foreclosed properties. A summary of our current-period foreclosed properties activity is as follows:

(In Thousands)	
Foreclosed properties as of December 31, 2017	$1,069
Loans transferred to foreclosed properties	415
Foreclosed properties as of March 31, 2018	$1,484

Allowance for Loan and Lease Losses

The allowance for loan and lease losses decreased $125,000 from $18.8 million as of December 31, 2017 to $18.6 million as of March 31, 2018. The allowance for loan and lease losses as a percentage of gross loans and leases also decreased from 1.25% as of December 31, 2017 to 1.19% as of March 31, 2018. There have been no substantive changes to our methodology for estimating the appropriate level of allowance for loan and lease loss reserves from what was previously outlined in our most recent Annual Report on Form 10-K.

During the three months ended March 31, 2018, we recorded net charge-offs on impaired loans and leases of approximately $2.6 million, or 0.67% of average loans and leases annualized, comprised of $2.7 million of charge-offs and $84,000 of recoveries. During the three months ended March 31, 2017, we recorded net recoveries on impaired loans and leases of approximately $182,000, or 0.05% of average loans and leases annualized, comprised of $209,000 of charge-offs and $391,000 of recoveries. The current quarter charge-offs were primarily related to the aforementioned three legacy SBA loan relationships.

We will continue to experience some level of periodic charge-offs in the future as exit strategies are considered and executed. Loans and leases with previously established specific reserves may ultimately result in a charge-off under a variety of scenarios. Based upon the application of our methodology for estimating the appropriate level of allowance for loan and lease loss reserves, which includes actively monitoring the asset quality and inherent risks within the loan and lease portfolio, management concluded that an allowance for loan and lease losses of $18.6 million, or 1.19% of total loans and leases, was appropriate as of March 31, 2018. Given ongoing complexities with current workout situations, further charge-offs and increased provisions for loan and lease losses may be recorded if additional facts and circumstances lead us to a different conclusion. In addition, various federal and state regulatory agencies review the appropriateness of the allowance for loan and lease losses. These agencies could require certain loan and lease balances to be classified differently or charged off if their

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credit evaluations differ from those of management, based on their judgments about information available to them at the time of their examination.

As of March 31, 2018 and December 31, 2017, our allowance for loan and lease losses to total non-accrual loans and leases was 93.05% and 71.10%, respectively. This ratio increased primarily due to a $6.4 million reduction in non-accrual loans and leases resulting from the aforementioned asset-based loan payoff and current quarter net charge-offs. Impaired loans and leases exhibit weaknesses that inhibit repayment in compliance with the original terms of the note or lease. However, the measurement of impairment on loans and leases may not always result in a specific reserve included in the allowance for loan and lease losses. As part of the underwriting process, as well as our ongoing monitoring efforts, we endeavor to have appropriate collateral to protect our interest in the related loan or lease. As a result of this practice, a significant portion of our outstanding balance of non-performing loans or leases either does not require additional specific reserves or requires only a minimal amount of required specific reserve, as we believe the loans and leases are adequately collateralized as of the measurement period. In addition, management is proactive in recording charge-offs to bring loans to their net realizable value in situations where it is determined that we will not recover the entire amount of our principal. This practice may lead to a lower allowance for loan and lease losses to non-accrual loans and leases ratio as compared to our peers or industry expectations. Our allowance for loan and lease losses is measured more through general characteristics, including historical loss experience of our portfolio rather than through specific identification and we therefore expect to see this ratio rise as we continue to grow our loan and lease portfolio. Conversely, if we identify additional impaired loans or leases which are adequately collateralized and therefore require no specific or general reserve, this ratio could fall. Given our business practices and evaluation of our existing loan and lease portfolio, we believe this coverage ratio was appropriate for the probable incurred losses inherent in our loan and lease portfolio as of March 31, 2018.

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A tabular summary of the activity in the allowance for loan and lease losses follows:

	As of and for the Three Months Ended March 31,	
	2018	2017
	(Dollars in Thousands)	
Allowance at beginning of period	$18,763	$20,912
Charge-offs:		
Commercial real estate:		
Commercial real estate — owner occupied	(1,299)	(9)
Commercial real estate — non-owner occupied	—	(58)
Construction and land development	(871)	—
Multi-family	—	—
1-4 family	(5)	—
Commercial and industrial	(490)	(55)
Direct financing leases	—	—
Consumer and other:		
Home equity and second mortgages	—	—
Other	(20)	(87)
Total charge-offs	(2,685)	(209)
Recoveries:		
Commercial real estate:		
Commercial real estate — owner occupied	1	—
Commercial real estate — non-owner occupied	—	1
Construction and land development	—	101
Multi-family	—	—
1-4 family	12	2
Commercial and industrial	1	246
Direct financing leases	1	—
Consumer and other:		
Home equity and second mortgages	69	1
Other	—	40
Total recoveries	84	391
Net (charge-offs) recoveries	(2,601)	182
Provision for loan and lease losses	2,476	572
Allowance at end of period	$18,638	$21,666
Annualized net charge-offs (recoveries) as a % of average gross loans and leases	0.67%	(0.05)%

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Liquidity and Capital Resources

The Corporation expects to meet its liquidity needs through existing cash on hand, established cash flow sources, its third party senior line of credit and dividends received from the Bank. While the Bank is subject to certain generally applicable regulatory limitations regarding its ability to pay dividends to the Corporation, we do not believe that the Corporation will be adversely affected by these dividend limitations. The Corporation’s principal liquidity requirements at March 31, 2018 were the interest payments due on subordinated and junior subordinated notes. On April 25, 2018, the Bank’s Board of Directors declared a dividend in the amount of $2.5 million bringing year-to-date dividend declarations to $5.0 million. The capital ratios of the Corporation and its subsidiary continue to meet all applicable regulatory capital adequacy requirements. The Corporation’s and the Bank’s respective Boards of Directors and management teams adhere to the appropriate regulatory guidelines on decisions which affect their capital positions, including but not limited to, decisions relating to the payment of dividends and increasing indebtedness.

The Bank maintains liquidity by obtaining funds from several sources. The Bank’s primary sources of funds are principal and interest repayments on loans receivable and mortgage-related securities, deposits and other borrowings, such as federal funds and FHLB advances. The scheduled payments of loans and mortgage-related securities are generally a predictable source of funds. Deposit flows and loan prepayments, however, are greatly influenced by general interest rates, economic conditions and competition.

On-balance-sheet liquidity is a critical element to maintaining adequate liquidity to meet our cash and collateral obligations. We define our on-balance-sheet liquidity as the total of our short-term investments, our unencumbered securities’ fair value and our unencumbered pledged loans. As of March 31, 2018 and December 31, 2017, our immediate on-balance-sheet liquidity was $325.5 million and $401.1 million, respectively. At March 31, 2018 and December 31, 2017, the Bank had $19.0 million and $17.7 million on deposit with the FRB, respectively. Any excess funds not used for loan funding or satisfying other cash obligations were maintained as part of our on-balance-sheet liquidity in our interest-bearing accounts with the FRB, as we value the safety and soundness provided by the FRB. We plan to utilize excess liquidity to fund loan and lease portfolio growth, pay down maturing debt, allow run-off of maturing bank wholesale funding or invest in securities to maintain adequate liquidity at an improved margin. The decline in on-balance-sheet liquidity is primarily attributable to the increased use of FHLB advances.

We had $577.1 million of outstanding wholesale funds at March 31, 2018, compared to $491.5 million of wholesale funds as of December 31, 2017, which represented 34.9% and 31.1%, respectively, of ending balance total bank funding. Wholesale funds include brokered certificates of deposit, deposits gathered from internet listing services and FHLB advances. Total bank funding is defined as total deposits plus FHLB advances. We are committed to raising in-market deposits while maintaining our overall target mix of wholesale funds and in-market deposits. Wholesale funds continue to be an efficient and cost effective source of funding for the Bank and allows it to gather funds across a larger geographic base at price levels and maturities that are more attractive than local time deposits when required to raise a similar level of in-market deposits within a short time period. Access to such deposits and borrowings allows us the flexibility to refrain from pursuing single service deposit relationships in markets that have experienced unfavorable pricing levels. In addition, the administrative costs associated with wholesale funds are considerably lower than those that would be incurred to administer a similar level of local deposits with a similar maturity structure. During the time frames necessary to accumulate wholesale funds in an orderly manner, we will use short-term FHLB advances to meet our temporary funding needs. The short-term FHLB advances will typically have terms of one week to one month to cover the overall expected funding demands.

Our in-market relationships remain stable; however, deposit balances associated with those relationships will fluctuate. We expect to establish new client relationships and continue marketing efforts aimed at increasing the balances in existing clients’ deposit accounts. Nonetheless, we will continue to use wholesale funds in specific maturity periods, typically three to five years, needed to effectively mitigate the interest rate risk measured through our asset/liability management process or in shorter time periods if in-market deposit balances decline. In order to provide for ongoing liquidity and funding, all of our wholesale funds are certificates of deposit which do not allow for withdrawal at the option of the depositor before the stated maturity (with the exception of deposits accumulated through the internet listing service which have the same early withdrawal privileges and fees as do our other in-market deposits) and FHLB advances with contractual maturity terms and no call provisions. The Bank limits the percentage of wholesale funds to total bank funds in accordance with liquidity policies approved by its Board of Directors. The Corporation's overall operating range of wholesale funds to total bank funds is 30%-40%. The Bank was in compliance with policy limits as of March 31, 2018 and December 31, 2017.

The Bank was able to access the wholesale deposit market as needed at rates and terms comparable to market standards during the three month period ended March 31, 2018. In the event there is a disruption in the availability of wholesale deposits at maturity, the Bank has managed the maturity structure, in compliance with our approved liquidity policy, so at least one year of maturities could be funded through on-balance-sheet liquidity. These potential funding sources include deposits

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with the FRB and borrowings from the FHLB or Federal Reserve Discount Window utilizing currently unencumbered securities and acceptable loans as collateral. As of March 31, 2018, the available liquidity was in excess of the stated policy minimum. We believe the Bank will also have access to the unused federal funds lines, cash flows from borrower repayments and cash flows from security maturities. The Bank also has the ability to raise local market deposits by offering attractive rates to generate the level required to fulfill their liquidity needs.

The Bank is required by federal regulation to maintain sufficient liquidity to ensure safe and sound operations. We believe the Bank has sufficient liquidity to match the balance of net withdrawable deposits and short-term borrowings in light of present economic conditions and deposit flows.

During the three months ended March 31, 2018, operating activities resulted in a net cash inflow of $8.6 million, which included net income of $3.6 million. Net cash used in investing activities for the three months ended March 31, 2018 was approximately $76.4 million which consisted of cash outflows to fund net loan growth and reinvestment of cash flows within purchases of additional securities, partially offset by cash inflows from maturities, redemptions and paydowns of available-for-sale and held-to-maturity securities. Net cash provided by financing activities for the three months ended March 31, 2018 was $76.6 million primarily due to a net increase in FHLB advances, partially offset by a decrease in deposits and cash dividends paid to stockholders. Please refer to the Consolidated Statements of Cash Flows included in PART I. Item 1. for further details regarding significant sources of cash flow for the Corporation.

Contractual Obligations and Off-Balance-Sheet Arrangements

As of March 31, 2018, there were no material changes to our contractual obligations and off-balance-sheet arrangements disclosed in our Annual Report on Form 10-K for the year ended December 31, 2017. We continue to believe that we have adequate capital and liquidity available from various sources to fund projected contractual obligations and commitments.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our primary market risk is interest rate risk, which arises from exposure of our financial position to changes in interest rates. It is our strategy to reduce the impact of interest rate risk on net interest margin by maintaining a favorable match between the maturities and repricing dates of interest-earning assets and interest-bearing liabilities. This strategy is monitored by the Bank's Asset/Liability Management Committee, in accordance with policies approved by the Bank's Board. This committee meets regularly to review the sensitivity of the Bank's assets and liabilities to changes in interest rates, liquidity needs and sources, and pricing and funding strategies.

We use two techniques to measure interest rate risk. The first is simulation of earnings. In this measurement technique the balance sheet is modeled as an ongoing entity whereby future growth, pricing and funding assumptions are implemented. These assumptions are modeled under different rate scenarios that include a parallel, instantaneous and sustained change in interest rates. Key assumptions include:

- the behavior of interest rates and pricing spreads;
- the changes in product balances; and
- the behavior of loan and deposit clients in different rate environments.

This analysis incorporates several assumptions, the most material of which relate to the re-pricing characteristics and balance fluctuations of deposits with indeterminate or non-contractual maturities, and is measured as a percentage change in net interest income for the next 12 months due to instantaneous movements in benchmark interest rates from a baseline scenario. Estimated changes are dependent upon material assumptions such as those previously discussed.

The earnings simulation analysis does not incorporate any management actions that may be used to mitigate negative consequences of actual interest rate movement. For that reason and others, they do not reflect the likely actual results but serve as conservative estimates of interest rate risk. The simulation analysis is not comparable to actual results or directly predictive of future values of other measures provided.

The second measurement technique used is static gap analysis. Gap analysis involves measurement of the difference in asset and liability repricing on a cumulative basis within a specified time frame. In general, a positive gap indicates that more interest-earning assets than interest-bearing liabilities reprice/mature in a time frame and a negative gap indicates the opposite. In addition to the gap position, other determinants of net interest income are the shape of the yield curve, general rate levels and

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the corresponding effect of contractual interest rate floors, reinvestment spreads, balance sheet growth and mix, and interest rate spreads. Our success in attracting in-market deposits adds to the interest rate liability sensitivity of the organization.

We manage the structure of interest-earning assets and interest-bearing liabilities by adjusting their mix, yield, maturity and/or repricing characteristics based on market conditions. Wholesale certificates of deposit and FHLB advances are a significant source of our funding and we use a variety of maturities to augment our management of interest rate exposure. Currently, we do not employ any derivatives to assist in managing our interest rate risk exposure; however, management has the authorization, as permitted within applicable approved policies, and ability to utilize such instruments should they be appropriate to manage interest rate exposure.

The process of asset and liability management requires management to make a number of assumptions as to when an asset or liability will reprice or mature. Management believes that its assumptions approximate actual experience and considers these assumptions to be reasonable, although the actual amortization and repayment of assets and liabilities may vary substantially. Our economic sensitivity to changes in interest rates at March 31, 2018 has not changed materially since December 31, 2017.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Corporation’s management, with the participation of the Corporation’s Chief Executive Officer and Chief Financial Officer, has evaluated the Corporation’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, the Corporation’s Chief Executive Officer and Chief Financial Officer have concluded that the Corporation’s disclosure controls and procedures were effective as of March 31, 2018.

Changes in Internal Control over Financial Reporting

There was no change in the Corporation’s internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) that occurred during the quarter ended March 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Corporation’s internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

From time to time, the Corporation and its subsidiaries are engaged in legal proceedings in the ordinary course of their respective businesses. Management believes that any liability arising from any such proceedings currently existing or threatened will not have a material adverse effect on the Corporation’s financial position, results of operations or cash flows.

Item 1A. Risk Factors

There were no material changes to the risk factors previously disclosed in Item 1A. to Part I of the Corporation’s Annual Report on Form 10-K for the year ended December 31, 2017.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(a) None.
(b) Not applicable.
(c) None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

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Item 5. Other Information

None.

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Item 6. Exhibits

31.1	Certification of the Chief Executive Officer
31.2	Certification of the Chief Financial Officer
32	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101	The following financial information from First Business Financial Services, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of March 31, 2018 and December 31, 2017, (ii) Consolidated Statements of Income for the three months ended March 31, 2018 and 2017, (iii) Consolidated Statements of Comprehensive Income for the three months ended March 31, 2018 and 2017, (iv) Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2018 and 2017, (v) Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017, and (vi) the Notes to Unaudited Consolidated Financial Statements

Signatures

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

FIRST BUSINESS FINANCIAL SERVICES, INC.

April 27, 2018 /s/ Corey A. Chambas
Corey A. Chambas
Chief Executive Officer

April 27, 2018 /s/ Edward G. Sloane, Jr.
Edward G. Sloane, Jr.
Chief Financial Officer
(principal financial officer)

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