TRAVELCENTERS OF AMERICA LLC
Form 424B1
June 29, 2007

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PROSPECTUS

4,868,600 Shares

TravelCenters of America LLC

Common Shares

We are selling all 4,868,600 of our common shares offered in this prospectus.

Our common shares are traded on the American Stock Exchange under the symbol "TA". On June 28, 2007, the last reported sale price of our common shares on the American Stock Exchange was $41.10 per share.

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

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

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

	Per share	Total
Public offering price	$ 41.100	$ 200,099,460
Underwriting discounts and commissions	$ 2.466	$ 12,005,968
Proceeds, before expenses, to us	$ 38.634	$ 188,093,492

The underwriters may also purchase from us up to an additional 730,290 shares, at the public offering price less the underwriting discount, to cover over allotments, if any, within 30 days from the date of this prospectus.

The underwriters are offering our shares as described in "Underwriting". Delivery of the shares will be made on or about July 3, 2007.

Joint Book-Running Managers

UBS Investment Bank **Morgan Stanley**

Lead Manager

RBC Capital Markets

Banc of America Securities LLC

Ferris, Baker Watts
Incorporated

Janney Montgomery Scott LLC

Morgan Keegan & Company, Inc.

Oppenheimer & Co.

Stifel Nicolaus

The date of this prospectus is June 28, 2007.

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ABOUT THIS PROSPECTUS

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

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

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

Prospectus summary

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

THE COMPANY

Business

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

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

Our 233 travel centers

Pro forma 2006 revenue: $6.6 billion

Recent developments

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

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

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

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

Growth strategies

We expect to grow our business as follows:

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

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

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

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

Our history

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

	On May 30, 2007, we acquired Petro; Hospitality Trust acquired the real estate at 40 of the 69 travel centers operated by Petro for approximately $630 million plus debt defeasance costs of approximately $25 million; and we entered a long term lease for those 40 travel centers from Hospitality Trust, which we refer to as the Petro lease.
Risk factors	Your ownership of our common shares includes the following risks, among others:

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

> Our operating margins are small; small changes in our revenues or operating expenses may cause us to experience losses.

> Interruptions in the availability of fuel may cause us to experience losses.

> We regularly incur environmental clean up costs; these costs may become more than we can afford.

> We are engaged in a large number of simultaneous expansion activities. As a result, we may incur higher expenses than our predecessor. These expenses may result in losses and our expansion activities may not be profitable.

> Our management team has been recently assembled from Reit Management & Research LLC, or Reit Management, and its affiliates, from our predecessor and from Petro and it may not be able to work together successfully.

> We may be unable to meet reporting requirements for publicly owned companies, or we may have to increase our expenses to do so.

> We are involved in several litigations that could be expensive to defend and may result in material liabilities.

> Our continuing relationships with Hospitality Trust and Reit Management may cause conflicts of interest.

> Various provisions in our governing documents and our contracts with Hospitality Trust and Reit Management may prevent a change of control of us.

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

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The offering

Common shares we are offering	4,868,600 shares
Common shares to be outstanding after this offering	13,677,175 shares
Use of proceeds	The estimated net proceeds to us from this offering will be $187.6 million, or $215.8 million if the underwriters' over allotment option is exercised in full. We intend to use these net proceeds for general business purposes including funding acquisitions and our other expansion activities.
American Stock Exchange symbol	TA

The number of shares to be outstanding after the offering is based on 8,808,575 shares outstanding on June 28, 2007. If the underwriters exercise their over allotment option in full, we will issue an additional 730,290 shares. Unless otherwise stated, all information contained in this prospectus assumes no exercise of the underwriters' over allotment option.

Risk factors

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

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

Our shares have only traded on the American Stock Exchange since we became a public company in early 2007. Assuming the underwriters do not exercise their over allotment option, we are selling 4,868,600 of our common shares in this offering, an amount equal to 55% of our shares outstanding prior to the offering. We cannot predict what effect this offering may have on the price of our common shares or the volume of transactions involving our shares in the market. Sales of a substantial amount of our common shares, or the perception that such sales could occur, could adversely affect the liquidity of the market for our common shares or their price. Large price changes or low volume may preclude you from buying or selling our shares at all, or at any particular price or during a time frame that satisfies your investment objectives.

Our operating margins are narrow.

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

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

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

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

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

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

Our management team has limited experience working together.

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

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

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

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

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

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

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

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

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

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

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

>

staggered terms for members of our board of directors;

>

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

>

a 75% shareholder vote and cause requirements for removal of directors; and

>

advance notice procedures with respect to nominations of directors and shareholder proposals.

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

We have limited control of our franchisees.

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

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

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

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

We are involved in material litigation.

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

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

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

>

Two of our directors were trustees of Hospitality Trust at the time we were created.

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

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

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

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

- The terms of our management and shared services agreement with Reit Management may be less favorable to us than we may have been able to obtain from a party other than Reit Management.

- Future business dealings between us and Hospitality Trust, Reit Management and their respective affiliates may be on terms less favorable to us than those we could obtain from other parties.

- We may have to compete with Hospitality Trust, Reit Management and their affiliates for the time and attention of Messrs. Portnoy, O'Brien and Hoadley.

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

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

- costs associated with uninsured damages, including damages for which insurance may be unavailable or unavailable on commercially reasonable terms;

- costs that may be required for maintenance and repair of the travel centers; and

- costs due to compliance with and changes in laws and other regulations, including environmental laws and the Americans with Disabilities Act.

Use of proceeds

We will receive net proceeds of approximately $187.6 million from the sale of 4,868,600 shares, after deducting underwriting commissions and discounts and estimated expenses payable by us. If the underwriters exercise their over allotment option in full, then the net proceeds will be approximately $215.8 million.

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

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Market price of common shares

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

Period		**Low**		**High**
First Quarter (February 1, 2007 to March 31, 2007)	$	28.59	$	43.00
Second Quarter (through June 28, 2007)	$	38.46	$	47.41

On June 28, 2007, the last reported sale price of our common shares on the American Stock Exchange was $41.10 per share. As of June 28, 2007, there were approximately 860 shareholders of record of our common shares.

Dividend policy

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

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

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Capitalization

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

> on an actual basis;

> on a pro forma basis after giving effect to our Petro acquisition; and

> on a pro forma as adjusted basis after giving effect to the Petro acquisition and the sale of 4,868,600 shares by us in this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	At March 31, 2007		
	Actual	**After giving pro forma effect to the Petro acquisition**	**As adjusted for this Offering and after giving pro forma effect to the Petro acquisition**

	At March 31, 2007		
	(in thousands except share data)		
Cash and cash equivalents	$ 149,838	$ 106,394	$ 293,987
Restricted investments[1]		$ 274,740	$ 274,740
Capital lease obligations[2]	$ 107,620	$ 107,620	$ 107,620
Debt[1]		$ 270,399	$ 270,399
Shareholders' equity:			
Common shares, no par value, 8,808,575 actual and pro forma shares issued and outstanding and 13,677,175 pro forma as adjusted shares issued and outstanding	333,120	333,120	520,713
Accumulated other comprehensive income	123	123	123
Accumulated deficit	(11,029)	(11,029)	(11,029)
Total shareholders' equity	322,214	322,214	509,807
Total capitalization	$ 429,834	$ 700,233	$ 887,826

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

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

Dilution

Our net tangible book value as of March 31, 2007, was $273.8 million, or $31.08 per share. Net tangible book value per share is determined by dividing our net tangible book value (total tangible assets less total liabilities) by the number of common shares outstanding. Without taking into account any changes in our net tangible book value after March 31, 2007, other than to give effect to the sale of the 4,868,600 shares in this offering, our net tangible book value at March 31, 2007, would have been $461.4 million, or $33.73 per share. This represents an immediate increase in net tangible book value of $2.65 per share to existing shareholders and an immediate dilution in net tangible book value of $7.37 per share to purchasers of our common shares in this offering. The following table illustrates this per share dilution:

Public offering price per share		$ 41.10
Net tangible book value per share before offering	$ 31.08	
Increase in net tangible book value per share attributable to new investors	2.65	
Net tangible book value per share after offering		$ 33.73

Dilution per share to new investors	$	7.37

If the underwriters exercise their over allotment option in full, the net tangible book value per share after the offering will be $489.6 million, or $33.98 per share. This amount represents an immediate increase in net tangible book value of $2.90 per share to the existing shareholders and an immediate dilution in net tangible book value of $7.12 per share to purchasers of our common shares in this offering.

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Business

GENERAL

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

BUSINESS OVERVIEW

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

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

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

HISTORY

Our Predecessor. Our predecessor was formed in December 1992 by a group of institutional investors. In April 1993 our predecessor acquired the travel center business of Unocal Corporation, or Unocal. This Unocal business included 139 travel centers, of which 95 were leased to third party operators, 42 were franchisee operated and two were operated by our predecessor. Unocal operated this business principally as a fuel wholesaler and franchisor. In December 1993, our predecessor acquired the travel center business of The British Petroleum Company plc, or BP. This BP business included 38 company operated and six franchisee operated travel centers.

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

> acquired 50 travel centers, including three multi-property acquisitions of more than ten travel centers;

> designed, developed and constructed five travel centers;

>

began to operate directly 51 travel centers which were previously leased to and operated by franchisees; and

> sold or closed 41 travel centers which were considered nonstrategic.

As a result of these steps, at the time of the HPT Transaction, our predecessor's business included 163 travel centers, of which 140 were operated by our predecessor, 10 were operated by franchisees on sites leased from our predecessor and 13 were operated by franchisees on sites they owned.

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

> Simultaneously with Hospitality Trust's closing of its acquisition of our predecessor, the business of our predecessor was restructured. As a result of the restructuring:

> the real property interests of 146 travel centers which we operate or franchise and certain other assets held by our predecessor were transferred to subsidiaries of Hospitality Trust that we did not own;

> we leased the 146 travel centers owned by Hospitality Trust and agreed to operate our travel centers business;

> we continued to own all of our working capital assets (primarily consisting of cash, receivables and inventory) and liabilities (primarily consisting of trade payables and accrued liabilities);

> we owned one travel center in Ontario, Canada, and leased two travel centers from, and managed one travel center for, owners other than Hospitality Trust; we became the franchisor of 13 travel centers owned and operated by third parties; we owned certain other assets historically owned and used by our predecessor in connection with the travel centers business, including furniture, vehicles and substantially all other moveable equipment employed at the travel centers that we operate and buildings that are situated on land owned by Hospitality Trust for nine travel centers that we operate; and

> Hospitality Trust contributed cash to us so that the sum of our cash, receivables and inventory, net of trade payables and accrued liabilities, was about $200 million at the time of our spin off.

> On January 31, 2007, Hospitality Trust distributed all of our shares to its shareholders.

> We entered into a management and shared services agreement with Reit Management. See "Management Management and Shared Services Agreement with Reit Management".

> We provided Hospitality Trust a right of first refusal to purchase, lease, mortgage or otherwise finance any interest we own in a travel center before we sell, lease, mortgage or otherwise finance that travel center with another party.

> We granted Hospitality Trust and other affiliates of Reit Management a right of first refusal to acquire or finance any real estate of the types in which they invest before we do.

> We agreed to restrict the ownership of our shares and conduct all of our business activities in a manner which may prevent a change of control of us or a sale of a material portion of our assets. See "Description of our limited liability company agreement Restrictions on Share Ownership and Transfer".

- We and Hospitality Trust agreed to cooperate in filing tax returns and addressing other tax matters including appropriate allocations of taxable income, expenses and other tax attributes associated with the HPT Transaction.

- We agreed to indemnify Hospitality Trust for liabilities relating to our business and operations for periods before and after the spin off.

- Hospitality Trust agreed to pay all of the costs and expenses of the spin off and the restructuring.

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

- We entered retirement agreements with the president, the chief financial officer and the general counsel of our predecessor who continued in those positions immediately after we began operations. These agreements require us to make termination payments to these individuals through December 31, 2007. We appointed a new president, chief financial officer and general counsel.

- We have accelerated a same site improvement program for our TA locations with an emphasis upon build outs of revenue generating improvements, such as expanding the number of our truck repair bays in order to reduce waiting times for repairs.

- We have expanded our travel center acquisition and development efforts to identify individual sites which will allow us to fill in locations along the U.S. interstate highways where we do not currently have a travel center. These efforts have begun to produce results, as we have purchased one location from a former franchisee and are having discussions regarding several other possible individual site purchases.

- We have begun a strategic review of all our contractual arrangements to determine if any should be discontinued or expanded. For example, we have given notice to terminate a contract under which a third party markets hedged sales contracts to trucking fleets that in turn fuel at our TA locations in return for low pumping fee payments to us. Similarly, we have begun negotiations with a supplier to change the terms on which we buy lubricants and grease.

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

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

The Petro assets we acquired include:

- Two travel centers owned and operated by Petro.

- Two travel centers that Petro leases from third parties other than Hospitality Trust.

- A 40% minority interest in a joint venture which owns a travel center that is managed by Petro.

-

Contract rights as franchisor of 24 Petro travel centers.

>

Four land parcels which we believe are suitable for development of new travel centers.

>

Various items of personal property, contract rights and working capital.

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

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

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

OUR GROWTH STRATEGY

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

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

Development. We completed construction of a travel center in Livingston, CA, in March 2007. We expect to complete construction of another travel center in Laredo, TX, later this summer. We estimate the total cost of these two developments, including site acquisition costs, to be $30 million. We plan to continue expansion by building new travel centers. We have a standard design for new travel centers appropriate for markets in which we can obtain large parcels of land and where there appears to be sufficient demand to support a full service restaurant and a different standard design for markets in which less land is available or where there appears to be less or different potential business. We own, or have under negotiation for possible acquisition, 13 sites containing approximately 400 acres of land which we believe may be suitable for development as travel centers. We have a 40% interest in a joint venture that may build a new travel center. We estimate our total cost to acquire and develop all of these sites to be $190 million; however, because the approval process for developing new travel centers can be long and complicated, at this time we are unable to assure you the total costs we may incur or that any of these development projects will be completed.

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

OUR TRAVEL CENTER LOCATIONS

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

> 176 travel centers leased from Hospitality Trust and operated by us;

> ten travel centers leased from Hospitality Trust and subleased to and operated by our franchisees;

> five travel centers we operate on sites we own;

> five travel centers that we operate on sites owned by parties other than Hospitality Trust;

> one travel center we operate for a joint venture in which we own a 40% equity interest; and

> 36 travel centers that are owned and operated by our franchisees.

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

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

> a full service restaurant and one or more QSRs operated by us as a franchisee under various brands;

> a truck repair facility and parts store;

> multiple diesel and gasoline fueling points; and

> a travel and convenience store, game room, lounge and other amenities for professional truck drivers and motorists.

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

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

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

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

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Gasoline. We sell branded and unbranded gasoline. Of our 233 travel centers as of May 31, 2007, we offer branded gasoline at 155 travel centers and unbranded gasoline at 59 travel centers. Only 19 of our travel centers do not sell gasoline.

>

Full Service Restaurants and QSRs. Most of our travel centers have both full service restaurants and QSRs that offer customers a wide variety of nationally recognized branded food choices. The substantial majority of our full service restaurants are operated under the "Iron Skillet®," "Country Pride®," "Buckhorn Family Restaurants®" and "Fork in the Road®" brands and offer menu table service and buffets. We also offer more than 20 different brands of QSRs, including Arby's®, Burger King®, Pizza Hut®, Popeye's Chicken & Biscuits®, Starbuck's Coffee®, Subway® and Taco Bell®. As of May 31, 2007, 210 of our travel centers included a full service restaurant, 162 of our travel centers offered at least one QSR, and a total of 287 QSRs are operated in our 233 travel centers. The restaurants and QSRs in travel centers we operate are generally staffed by our employees.

>

Truck Repair and Maintenance Shops. All but 13 of our travel centers have truck repair and maintenance shops. The typical repair and maintenance shop has between three and six service bays and a parts storage room and is staffed by our mechanics. These shops generally operate 24 hours per day, 365 days per year, and offer extensive maintenance and emergency repair and road services, ranging from basic services such as oil changes and tire repair to specialty services such as diagnostics and repair of air conditioning, air brakes and electrical systems, some of which work is backed by our warrantees. Most of our TA truck repair and maintenance facilities provide certain warranty work on Freightliner brand trucks through our participation in the Freightliner ServicePoint® program, as described below.

>

Travel and Convenience Stores. Each of our travel centers has a travel and convenience store which offers merchandise to truck drivers, motorists, recreational vehicle operators and bus drivers and passengers. Each travel and convenience store has a selection of over 4,000 items, including food and snack items, beverages, non-prescription drug and beauty aids, batteries, automobile accessories, and music and video products. In addition to complete travel and convenience store offerings, the stores sell items specifically designed for the truck driver's on the road lifestyle, including laundry supplies, clothing and truck accessories. Most of our stores also have a "to go" snack bar as an additional food offering.

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Additional Driver Services. We believe that trucking fleets can improve the retention and recruitment of truck drivers by directing them to visit high quality, full service travel centers. We try to provide a consistently high level of service and amenities to professional truck drivers at all of our travel centers, making our travel centers an attractive choice for trucking fleets. Most of our travel centers provide truck drivers with access to specialized business services, including an information center where drivers can send and receive faxes, overnight mail and other communications and a banking desk where drivers can cash checks and receive funds transfers from fleet operators. Our typical travel center also has a video game room, a laundry area with washers and dryers, private showers and areas designated for truck drivers only, including a theater or television room with a video player and comfortable seating.

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

OPERATIONS

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

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

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

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

OUR TRAVEL CENTERS

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

Count	Brand	City	State	Total acres	Building area	Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces
1	Petro	Bucksville	AL	48	14,400	255	12	X	167
2	TA	Mobile	AL	15	16,685	89	6	X	77
3	Petro	Shorter(1)	AL	9	12,700	50	4		50
4	TA	Tuscaloosa	AL	15	28,619	151	10	X	140
5	Petro	N. Little Rock	AR	17	21,130	250	10	X	75
6	TA	Prescott	AR	26	19,202	292	10	X	144
7	Petro	W. Memphis	AR	24	15,700	280	12	X	172

						Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces
8	TA	West Memphis	AR	47	21,895	170	8	X	76

Risks and Uncertainties Investments held by the Master Trust and Pla are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments could occur the near term and that such changes could materially affect participants account balances and the amounts reported in the statement of net assets available for plan benefits.

3. TAX STATUS

The Internal Revenue Service (IRS) has determined and informed AT& a letter dated April 18, 2005, that the Plan, restated effective January 1, 2001, with amendments through February 28, 2002, and related trust are qualified in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since February 28, 2002. Hov the Plan Administrator believes that the Plan is qualified and is currently being operated in compliance with the applicable requirements of the IRC Since the Plan and its associated trust are tax-exempt under the IRC, no provision for income taxes has been included in the Plan s financial statements.

Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces

AT&T RETIREMENT SAVINGS AND PROFIT SHARING PLAN

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005 AND 2004**

4. CONCENTRATIONS OF INVESTMENT RISK

Plan participants accounts that are invested in the Company stock fund option are exposed to market risk in the event of a significant decline in th value of AT&T Inc. stock.

5. PLAN TERMINATION

Although it has not expressed any intent to do so, AT&T has the right und the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, the Plan provides that the net assets are to be distributed to participating employees in amounts equal to their respective interest in such assets.

6. PLAN EXPENSES

In general, fees paid for Plan administration, including recordkeeping (except for such services as are attributable to the participant loan progran are paid from the Master Trust, unless those expenses are paid by the Company or participant(s). Fees for Trustee services are paid out of Maste Trust assets. Expenses attributable to the management and investment of each of the investment funds are charged against those respective funds.

7. MASTER TRUST INVESTMENTS

The Master Trust investments presented as of December 31, 2005 and 200 are those held by State Street Bank and Trust Company, as trustee, of the AT&T Savings Master Trust.

Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces

TYPE OF MASTER TRUST INVESTMENTS

Short-term securities
Corporate bonds
Common stocks
Mutual funds
Commingled funds
Investment contracts:
Guaranteed investment contracts
Synthetic investment contracts:
Government securities
Short-term securities
Corporate bonds
Derivatives
Unsettled trades and other
Wrapper
Cash

Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces

AT&T RETIREMENT SAVINGS AND PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005 AND 2004

7. MASTER TRUST INVESTMENTS (continued)

ALLOCATION OF MASTER TRUST INVESTMENTS

AT&T Long Term Savings Plan for Management Employees
AT&T Long Term Savings and Security Plan
AT&T Retirement Savings and Profit Sharing Plan
AT&T of Puerto Rico, Inc. Long Term Savings Plan for Management Employees
AT&T of Puerto Rico, Inc. Long Term Savings and Security Plan

NET APPRECIATION IN FAIR VALUE OF MASTER TRUST INVESTMENTS

Common stocks
Mutual funds
Commingled funds

Total net appreciation in fair value of Master Trust investments

Investment income:
Interest
Dividends

Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces

The following presents investment funds offered to participants that represent 5% or more of the Master Trust investments as of December 31, 2005 and 2004:

AT&T Stable Value Fund
AT&T U.S. Equity Fund
Fidelity Magellan Fund
Fidelity Equity Income Fund

Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces

AT&T RETIREMENT SAVINGS AND PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005 AND 2004

8. RELATED PARTY TRANSACTIONS AND PARTY-IN-IN

The Master Trust invests in common shares of AT&T Inc. stock, which qualifies as a related party transaction. At December 31, 2005, the total of these investments amounted to $211,631,877 or approximately 3% of the Master Trust. At December 31, 2004, the total amounted to $219,113,408 approximately 3% of the Master Trust. Additionally, during 2005, the Master Trust reimbursed the Plan sponsor for certain expenses incurred on behalf of the Master Trust.

Certain Master Trust investments are managed by State Street Bank and Trust Company (State Street) and Fidelity Management Trust Compan (Fidelity). State Street and Fidelity are the trustee and recordkeeper, respectively, as defined by the Master Trust agreement and, therefore, the transactions and fees paid to these entities qualify as parties-in-interest transactions.

Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces

AT&T RETIREMENT SAVINGS AND PROFIT SHARING PLAN

SCHEDULE H, LINE 4(i): SCHEDULE OF ASSETS (HELD AT EN
EMPLOYER IDENTIFICATION NUMBER: 13-4924710

PLAN NUMBER: 010

DECEMBER 31, 2005

Identity of issuer, borrower, lessor or similar party	Description of in including maturi rate of interest, c par or maturity
Investment in Master Trust	Various investme
Participant loans receivable	Interest rates rang

See Report of Independent Registered Public Accounting Firm.

Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator for the Plan has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

AT

AN

By

Pla

By

Date: June 27, 2006

Truck parking spaces	Number of diesel lanes	Truck repair facility	Car parking spaces