

AMERICAN TOWER CORP /MA/

Form POS AM

December 08, 2004

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As filed with the Securities and Exchange Commission on December 8, 2004

Registration Statement No. 333-119162

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**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**POST-EFFECTIVE**

**AMENDMENT NO. 2**

**TO**

**FORM S-3**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

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**American Tower Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of incorporation or organization)

**65-0723837**

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

**116 Huntington Avenue**

**Boston, Massachusetts 02116**

**(617) 375-7500**

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

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**James D. Taiclet, Jr.**

**Chairman, President and Chief Executive Officer**

**American Tower Corporation**

**116 Huntington Avenue**

**Boston, Massachusetts 02116**

**(617) 375-7500**

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

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**Approximate date of commencement of proposed sale to the public:** From time to time after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

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, other than in connection with dividend or interest reinvestment plans, check the following box. x

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. "

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The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the amended Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(c) of the Securities Act of 1933, may determine.

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**Explanatory Note**

The Registrant is filing this Post-Effective Amendment No. 2 to Form S-3 Registration Statement to update the table under the caption "Selling Securityholders" in the prospectus contained herein to add and delete the names and respective holdings of certain selling securityholders who have requested such changes. Certain financial and other information included herein has also been updated to reflect information reported in the Registrant's Form 10-Q and Form 8-K filings subsequent to the filing of Amendment No. 1 to Form S-3 Registration Statement on October 14, 2004.

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The information in this 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 prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Subject to Completion, dated December 8, 2004**

**PROSPECTUS**

**\$345,000,000**

**3.00% Convertible Notes due August 15, 2012  
and the Class A Common Stock  
Issuable Upon Conversion of the Notes**

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In August 2004, we issued \$345,000,000 principal amount of our 3.00% convertible notes due August 15, 2012 in a private placement. This prospectus will be used by selling securityholders to resell their notes and the shares of our Class A common stock issuable upon conversion of the notes from time to time. This prospectus also relates to the issuance and sale of our Class A common stock issued upon the conversion of the notes by subsequent purchasers of the notes.

The notes will mature on August 15, 2012. The notes may be converted into shares of our Class A common stock at any time prior to maturity, subject to prior redemption or repurchase, at an initial conversion rate of 48.7805 shares of Class A common stock per each \$1,000 principal amount of notes converted, which is equal to an initial conversion price of approximately \$20.50 per share. If certain fundamental changes occur, we will in certain circumstances increase the conversion rate by a number of additional shares of Class A common stock or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that the notes are convertible into shares of the acquiring or surviving company, in each case as described herein.

We will pay interest on the notes on February 15 and August 15 of each year beginning February 15, 2005. We may redeem some or all of the notes on or after August 20, 2009 at the redemption prices set forth in this prospectus. In the event of a fundamental change, as described in this

prospectus, noteholders may require us to repurchase some or all of their notes.

The notes are not listed on any national securities exchange or included in any automated quotation system. Our Class A common stock is traded on the New York Stock Exchange under the symbol AMT. On December 3, 2004, the closing sale price of our Class A common stock on the New York Stock Exchange was \$18.48 per share. You should obtain current market quotations for our Class A common stock.

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**Investing in the notes and our Class A common stock involves a high degree of risk. See Risk Factors beginning on page 9.**

**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 or complete. Any representation to the contrary is a criminal offense.**

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**The date of this prospectus is \_\_\_\_\_, 2004.**

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**WHERE YOU CAN FIND MORE INFORMATION**

We file reports, proxy statements and other documents with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information on the Public Reference Room. Our SEC filings are also available to you on the SEC's website at <http://www.sec.gov>. Copies of some of these documents are also available on our website at <http://www.americantower.com>. Our website is not part of this prospectus.

This prospectus is part of a registration statement that we filed with the SEC. The registration statement contains more information than this prospectus regarding us, the notes and our Class A common stock, including certain exhibits and schedules. You can obtain a copy of the registration statement from the SEC at the address listed above or from the SEC's Internet site.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC requires us to incorporate into this prospectus information that we file with the SEC in other documents. This means that we can disclose important information to you by referring to other documents that contain that information. The information incorporated by reference is considered to be part of this prospectus. Information contained in this prospectus and information that we file with the SEC in the future and incorporate by reference in this prospectus automatically updates previously filed information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the initial registration statement and prior to effectiveness of this post-effective amendment no. 2 to registration statement and after the date of the prospectus and before the sale of all the securities covered by this prospectus; provided, however, we are not incorporating any information furnished under Item 7.01 or Item 2.02 of any Current Report on Form 8-K:

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Our Annual Report on Form 10-K for the year ended December 31, 2003 filed with the SEC on March 12, 2004;

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Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 filed with the SEC on May 10, 2004;

Our Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 filed with the SEC on August 9, 2004;

Our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 filed with the SEC on November 8, 2004;

Our Current Reports on Form 8-K filed with the SEC on January 20, 2004, January 27, 2004, February 18, 2004, February 23, 2004, April 27, 2004, May 25, 2004, August 2, 2004, August 17, 2004, September 30, 2004, October 5, 2004, October 22, 2004, October 28, 2004, November 17, 2004, December 1, 2004 and December 6, 2004; and

The description of our Class A common stock contained in our registration statement on Form 8-A (File No. 001-14195) filed on June 4, 1998.

You may request a copy of these documents, which will be provided to you at no cost, by writing or telephoning us at:

American Tower Corporation

116 Huntington Avenue

Boston, Massachusetts 02116

Attention: Investor Relations

Telephone: (617) 375-7500

Exhibits to the documents incorporated by reference will not be sent, however, unless those exhibits have been specifically referenced in this prospectus.

We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus. The selling securityholders are offering to sell, and seeking offers to buy, the notes and shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of notes or shares of our Class A common stock.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

We have made statements about future events and expectations, or forward-looking statements, in this prospectus and in the documents incorporated by reference into this prospectus. We have based those forward-looking statements on our current expectations and projections about future results. When we use words such as project, believe, anticipate, plan, expect, estimate, or intend, or similar expressions, we identify forward-looking statements. Examples of forward-looking statements include statements we make regarding future prospects of growth in the wireless communications and broadcast infrastructure markets, the level of future expenditures by companies and other trends in those

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markets, our planned dispositions of non-core assets, our ability to maintain or increase our market share, our future operating results, our future capital expenditure levels, and our plans to fund our future liquidity needs.

You should keep in mind that any forward-looking statement made by us in this prospectus and the documents incorporated by reference into this prospectus speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. In any event, these and other factors may cause our actual results to differ materially from those expressed in our forward-looking statements, including those factors set forth in this prospectus under the heading Risk Factors. We have no duty to, and we do not intend to, update or revise forward-looking statements made by us in this prospectus and the documents incorporated by reference into this prospectus, except as required by law. In light of these risks and uncertainties, you should keep in mind that the future events or circumstances described in any forward-looking statements made by us in this prospectus and the documents incorporated by reference into this prospectus or elsewhere might not occur.

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**SUMMARY**

*This summary highlights selected information about us. The following information is qualified in its entirety by reference to the more detailed information and financial statements, including notes thereto appearing elsewhere or incorporated by reference herein. You should read this entire prospectus carefully, including Risk Factors and the documents that we have filed with the SEC and incorporated by reference into this prospectus. Unless the context otherwise requires, references to we, us, our and American Tower are to American Tower Corporation and its consolidated subsidiaries, unless it is clear from the context that we mean only American Tower Corporation. We sometimes refer to American Towers, Inc., our wholly owned principal operating subsidiary, as ATI.*

**AMERICAN TOWER CORPORATION**

**Overview**

We are a leading wireless and broadcast communications infrastructure company with a portfolio of approximately 15,000 towers. Our primary business is leasing antenna space on multi-tenant communications towers to wireless service providers and radio and television broadcast companies. We operate the largest independent portfolio of wireless communications and broadcast towers in North America, based on number of towers and revenue.

Our tower portfolio provides us with a recurring base of leasing revenues from our existing customers and growth potential due to the capacity to add more tenants and equipment to these towers. Our broad network of towers enables us to address the needs of wireless service providers on a national basis. We also offer select tower related services, such as antennae and line installation and site acquisition and zoning services, which are strategic to our core leasing business. We intend to capitalize on the continuing increase in the use of wireless communication services by actively marketing space available for leasing on our existing towers and selectively developing or acquiring new towers that meet our return on investment criteria.

Our core leasing business, which we also refer to as our rental and management segment, accounted for approximately 98.4% and 96.6% of our segment operating profit for the years ended December 31, 2003 and December 31, 2002, respectively. In 2004, we expect that our rental and management segment will contribute approximately 98% of our segment operating profit, which we define as segment revenue less direct segment expense (rental and management segment operating profit includes interest income, TV Azteca, net).

An element of our strategy is to continue to focus our operations on our rental and management segment by divesting non-core assets and businesses, using the proceeds to purchase high quality tower assets, and reducing outstanding indebtedness. Between January 1, 2003 and September 30, 2004, we received approximately \$134.3 million of proceeds from the sale of non-core assets and have or will use the net proceeds to acquire new tower assets and to repay outstanding indebtedness.

The sales proceeds described above include proceeds from the disposition of certain non-core services businesses, including Flash Technologies, Galaxy Engineering and Kline Iron & Steel (Kline). With the divestiture of Kline in March 2004, we have substantially completed the transformation of our business to a focused tower leasing business with only limited services activities that directly support our rental and management operations and the addition of new tenants on our towers.



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We believe that our strategy of focusing operations on our rental and management segment will make our consolidated operating cash flows more stable, provide us with continuing growth and enhance our returns on invested capital because of the following characteristics of our core leasing business:

**Long-term tenant leases with contractual escalators.** In general, a lease with a wireless carrier has a duration of five to ten years and lease payments typically increase 3% to 5% per year.

**Tower operating expenses are largely fixed.** Incremental operating costs associated with adding wireless tenants to a tower are low.

**Low maintenance capital expenditures.** On average, a wireless tower requires minimal annual capital investments to maintain.

**High lease renewal rates.** Wireless carriers tend to renew leases because repositioning a site in a carrier's network is expensive and often affects several other sites in the wireless network.

## Strategy

Our strategy is to capitalize on the continued increase in the use of wireless communication services and the infrastructure requirements necessary to deploy current and future generations of wireless communication technologies. Between December 2001 and December 2003, the number of wireless phone subscribers in the United States increased from 128.4 million to 158.7 million, representing an increase of approximately 24%. From December 2001 through December 2003, the number of cell sites (i.e., the number of antennae and related equipment in commercial operation, not the number of towers on which that equipment is located) also increased from approximately 127,500 to approximately 163,000. With respect to Mexico, the number of wireless phone subscribers increased from approximately 21.5 million at the end of 2001, to approximately 30.4 million at the end of 2003, representing an increase of approximately 41% and market penetration of approximately 30% at December 31, 2003.

We expect that the continued growth of subscribers for wireless personal communications and phone services will require wireless carriers to add a significant number of additional cell sites to maintain the performance of their networks in the areas they currently cover and to extend service to areas where coverage does not yet exist. In addition, we believe that as data wireless services, such as email, internet access and video, are deployed on a widespread basis, the deployment of these technologies will require wireless carriers to further increase the cell density of their existing networks, may require an overlay of new technology equipment, and may increase the demand for geographic expansion of their network coverage. To meet this demand, we believe wireless carriers will continue to outsource their tower infrastructure needs as a means of improving existing service coverage, implementing new technology, accelerating access to their markets and preserving capital, rather than constructing and operating their own towers and maintaining their own tower service and development capabilities.

We believe that our existing portfolio of towers, our tower related services and network development capabilities and our management team position us to benefit from these communication trends and to play an increasing role in addressing the needs of wireless service providers and broadcasters. The key elements of our strategy include:

**Maximize Use of Our Tower Capacity.** We believe that our highest returns will be achieved by leasing additional space on our existing towers. Annual rental and management revenue and segment operating profit growth during 2003 was approximately 14% and 24%, respectively. We anticipate that our revenues and segment operating profit will continue to grow because many of our towers are attractively located for wireless service providers and have capacity available for additional antenna space rental that we

can offer to customers at low incremental costs to us. Because the costs of operating a tower are

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largely fixed, increasing utilization significantly improves operating margins. We will continue to target our sales and marketing activities to increase utilization of, and investment return on, our existing towers.

**Actively Manage Our Tower Portfolio.** We are actively managing our portfolio of towers by selling non-core towers and reinvesting a portion of the proceeds in high quality tower assets. In 2003, we sold over 300 non-core towers and redeployed a portion of the proceeds from these sales to the acquisition of 525 towers from NII Holdings in Mexico and Brazil. We also plan to pursue exchanges and sales of towers or tower clusters with tower operators and other entities. Our goal is to enhance operating efficiencies either by acquiring towers in regions where we have insufficient coverage or by disposing or exchanging towers in areas where we do not have operating economies of scale. If we are successful in disposing of certain tower assets, we may reinvest a portion of the proceeds received in tower assets that are expected to provide a greater return.

**Employ Selective Criteria for New Tower Construction and Acquisitions.** While our first priority is leasing capacity on our existing towers, we continue to construct and acquire new towers when our strict initial and long-term return on investment criteria can be met. These criteria include securing leases from customers in advance of construction, ensuring reasonable estimated construction costs and obtaining the land on which to build the tower, whether by purchase or ground lease, on reasonable terms.

**Continue Our Focus on Customer Service and Processes.** Because speed to market and reliable network performance are critical components to the success of wireless service providers, our ability to assist our customers in meeting their goals will ultimately define our success. To that end, we intend to continue to focus on customer service by, for example, reducing cycle time for key functions, such as lease processing and antennae and line installations. Accordingly, we have established a team dedicated to exploring and leveraging customer-driven process improvement capabilities. This establishes another connection point with our customers, sharing operational processes and outcomes, and provides us valuable input and relationship enhancing opportunities. We believe that this effort should enable us to improve revenue generation through improved speed, accuracy and quality.

**Build On Our Strong Relationships with Major Wireless Carriers.** Our understanding of the network needs of our wireless carrier customers and our ability to convey effectively how we can satisfy those needs are key to our efforts to add new antennae leases, cross-sell our services and identify desirable new tower development projects. We are building on our strong relationships with our customers to gain more familiarity with their evolving network plans so we can identify opportunities where our nationwide portfolio of towers, extensive service offerings and experienced construction personnel can be used to satisfy their needs. We believe that we are well positioned to be a preferred partner to major wireless carriers in leasing tower space and new tower development projects because of the location of our towers, our proven operating and construction experience and the national scope of our tower portfolio and services.

**Participation in Industry Consolidation.** We believe there are benefits to consolidation among tower companies. More extensive networks will be better positioned to provide more comprehensive service to customers and to support the infrastructure requirements of future generations of wireless communication technologies. Combining with one or more other tower companies also should result in improvements in cost structure efficiencies, with a corresponding positive impact on operating results. These benefits should, in turn, enhance access to capital and accelerate the de-levering process. Accordingly, we continue to be interested in participating in the consolidation of our industry on terms that are consistent with these perceived benefits and that create long-term value for our stockholders.

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Our principal executive offices are located at 116 Huntington Avenue, Boston, Massachusetts 02116, and our telephone number is (617) 375-7500. Our website address is [www.americantower.com](http://www.americantower.com). We have not incorporated by reference into this prospectus the information included on, or linked from, our website, and you should not consider it to be a part of this prospectus.

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**The Offering**

All of the notes and the shares of Class A common stock issuable upon conversion of the notes are being sold by the selling securityholders or their pledges, donees, transferees or other successors in interest. We will not receive any proceeds from the sale of the notes and the shares of Class A common stock issuable upon conversion of the notes. We refer you to "Selling Securityholders" on page 19 of this prospectus.

Issuer	American Tower Corporation, a Delaware corporation.
Securities Offered	\$345.0 million aggregate principal amount of 3.00% Convertible Notes due August 15, 2012.
Interest	3.00% per annum, payable on February 15 and August 15 of each year, beginning February 15, 2005.
Ranking	The notes are our general, unsecured obligations and rank equally in right of payment with all of our other senior unsecured debt obligations. As of September 30, 2004, we had approximately \$1.7 billion senior unsecured indebtedness outstanding.

Our subsidiaries do not guarantee the notes. The notes are structurally subordinated to all existing and future indebtedness of our subsidiaries, including all outstanding indebtedness under ATI's credit facility and the senior subordinated notes issued by ATI. Indebtedness under the credit facility is secured by the assets of our subsidiaries and is also guaranteed by us and secured by our assets. We also guarantee ATI's outstanding senior subordinated notes. As of September 30, 2004, the following amounts of subsidiary debt were outstanding: \$699.0 million under the credit facility; \$395.4 million accreted value of ATI 12.25% senior subordinated discount notes (\$366.6 million, net of the allocated fair value of warrants of \$28.8 million); \$400.0 million of ATI 7.25% senior subordinated notes and \$61.6 million of other long-term subsidiary debt. In addition, we had \$400.0 million in undrawn revolving loan commitments under the credit facility, against which approximately \$26.7 million of undrawn letters of credit were outstanding.

Maturity Date	August 15, 2012.
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Conversion	You may convert all or some of your notes into shares of our Class A common stock at any time prior to the close of business on the last trading day on the New York Stock Exchange (the NYSE) prior to the maturity date of the notes, subject to prior redemption or repurchase of the notes. Each \$1,000 principal amount of notes may be converted into our Class A common stock at the conversion rate of 48.7805 shares per note, which is equal to an initial conversion price of approximately \$20.50 per share. The conversion rate may be
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adjusted for certain events, but it will not be adjusted for accrued interest. The right to convert notes that have been called for redemption will terminate at the close of business on the business day immediately preceding the date of redemption.

If you elect to convert your notes in connection with certain fundamental changes, we will in certain circumstances increase the conversion rate by a number of additional shares of Class A common stock upon conversion or, in lieu thereof, we may in certain circumstances elect to adjust the conversion rate and related conversion obligation so that the notes are convertible into shares of the acquiring or surviving company, in each case as described under Description of Notes Adjustment to Conversion Rate upon Certain Fundamental Changes.

Repurchase at Option of Holder upon a Fundamental Change

Upon a transaction or event constituting a fundamental change, you may require us to repurchase for cash all or part of your notes at a purchase price equal to 100% of the principal amount, plus accrued but unpaid interest, if any.

Optional Redemption by American Tower Corporation

We may redeem the notes at our option, in whole or in part, after August 20, 2009. The redemption prices are described under Description of Notes Optional Redemption of the Notes.

Use of Proceeds

We will not receive any of the proceeds from the sale by any selling securityholder of the notes or the underlying Class A common stock into which the notes may be converted.

Listing of Class A Common Stock

The Class A common stock is listed on the NYSE under the symbol AMT.

Risk Factors

You should read the Risk Factors contained in, or incorporated into, this prospectus, as well as the other cautionary statements throughout the prospectus, so that you understand the risks associated with an investment in the notes.

Certain United States Federal Income Tax Consequences

For U.S. federal income tax purposes, each note has original issue discount (OID) in an amount equal to \$22.50. In general, and regardless of whether you use the cash or the accrual method of tax accounting, you are required to include such OID in your gross income on a constant yield-to-maturity basis over the term of the notes in advance of cash payments attributable to such income. See Certain United States Federal Income Tax Consequences.

Sinking Fund

None.

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**RISK FACTORS**

*You should consider the following risk factors, in addition to the other information presented in this prospectus and the documents incorporated by reference into this prospectus, in evaluating us, our business and an investment in the notes. Any of the following risks as well as other risks and uncertainties not presently known to us or that we currently deem immaterial could seriously harm our business and financial results and cause the value of the notes or shares of our Class A common stock to decline, which in turn could cause you to lose all or part of your investment.*

**Risks Related to This Offering**

*Substantial leverage and debt service obligations may adversely affect us.*

We have a substantial amount of indebtedness. As of September 30, 2004, we had approximately \$3.2 billion of consolidated debt. Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay when due the principal of, interest on, or other amounts due with respect to our indebtedness. Approximately 22% of our outstanding indebtedness bears interest at floating rates. As a result, our interest payment obligations on such indebtedness will increase if interest rates increase. In addition, we are permitted under certain of our senior note indentures to enter into swap agreements or similar transactions that increase our floating rate obligations. Consequently, changes in interest rates could increase our interest payment obligations on our floating rate indebtedness or our payment obligations under any such swap agreements or similar transactions. Subject to certain restrictions under our existing indebtedness, we may also obtain additional long-term debt and working capital lines of credit to meet future financing needs. This would have the effect of increasing our total leverage.

Our substantial leverage could have significant negative consequences on our financial condition and results of operations, including:

impairing our ability to meet one or more of the financial ratios contained in our debt agreements or to generate cash sufficient to pay interest or principal, including periodic principal amortization payments, which events could result in an acceleration of some or all of our outstanding debt as a result of cross-default provisions;

increasing our vulnerability to general adverse economic and industry conditions;

limiting our ability to obtain additional debt or equity financing;

requiring the dedication of a substantial portion of our cash flow from operations to service our debt, thereby reducing the amount of our cash flow available for other purposes, including capital expenditures;

requiring us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations;

limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we compete; and

placing us at a possible competitive disadvantage with less leveraged competitors and competitors that may have better access to capital resources.

*Our holding company structure results in structural subordination of the notes and may affect our ability to make payments on the notes.*

The notes are obligations exclusively of our company and not of our subsidiaries. However, all of our operations are conducted through our subsidiaries. Our cash flow and our ability to service our debt, including

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the notes, is dependent upon distributions of earnings, loans or other payments by our subsidiaries to us. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on the notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other considerations. Payments to us by our subsidiaries are contingent upon our subsidiaries earnings and cash flows. In addition, the credit facility and the indentures for the ATI 12.25% senior subordinated discount notes and the ATI 7.25% senior subordinated notes impose substantial contractual limitations on the payment of dividends, distributions, loans or other amounts to us. Moreover, our subsidiaries may incur additional indebtedness that may restrict or prohibit the making of distributions, the payment of dividends or the making of loans by such subsidiaries to us.

The notes are structurally subordinated to all existing and future indebtedness and other obligations issued by our subsidiaries, including the ATI 12.25% senior subordinated discount notes, the ATI 7.25% senior subordinated notes and borrowings under the credit facility. As of September 30, 2004, the following amounts of subsidiary debt were outstanding: \$699.0 million under the credit facility, \$395.4 million accreted value of ATI 12.25% senior subordinated discount notes (\$366.6 million, net of the allocated fair value of warrants of \$28.8 million), \$400.0 million of ATI 7.25% senior subordinated notes and \$61.6 million of other long-term subsidiary debt. In addition, we had \$400.0 million in undrawn revolving loan commitments under the credit facility, against which approximately \$26.7 million of undrawn letters of credit were outstanding. In the event of our insolvency, liquidation or reorganization, or should any of the indebtedness under the credit facility, the ATI 12.25% senior subordinated discount notes or the ATI 7.25% senior subordinated notes be accelerated because of a default, the holders of those debt obligations would have a prior claim to the proceeds from any liquidation of or distribution from our subsidiaries.

*The notes effectively rank junior to any of our secured indebtedness.*

The notes are our general unsecured obligations. The notes effectively rank junior to any of our secured indebtedness, including our guaranty of borrowings under the credit facility, to the extent of the assets securing such indebtedness. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure indebtedness will be available to pay obligations on the notes only after all such secured indebtedness has been repaid in full from such assets. As a result, there may not be sufficient assets remaining to pay amounts due on any or all the notes then outstanding.

*We may be unable to repay the notes when due or repurchase the notes when we are required to do so.*

At final maturity of the notes or in the event of acceleration of the notes following an event of default, the entire outstanding principal amount of the notes will become due and payable. Upon the occurrence of a fundamental change (as described herein), we will be required to offer to repurchase in cash all outstanding notes at a redemption price equal to 100% of the principal amount of the notes plus accrued and unpaid interest up to, but not including, the repurchase date. The indentures for our other outstanding indebtedness also provide for repurchase rights upon a change in control and, in some cases, other fundamental changes under different terms. As a result, holders of our other indebtedness may have the ability to require us to repurchase their debt securities before the holders of the notes offered hereby would have such repurchase rights. It is possible that we will not have sufficient funds at maturity, upon acceleration or at the time of the fundamental change to make the required repurchase of notes and other indebtedness.

In addition, a fundamental change (as described herein) and certain other change of control events would constitute an event of default under the credit facility. The credit facility and the indentures governing the ATI 12.25% senior subordinated notes and the ATI 7.25% senior subordinated notes contain certain restrictions on our ability to repay or repurchase any of the notes using cash from our subsidiaries, including, in the case of the credit facility, a prohibition on such repayment or repurchase using cash of our subsidiaries in the case of a default or event of default thereunder. As a result, we may not be able to make any of the required payments on, or repurchases of, the notes described in the prior paragraph without obtaining the consent of the lenders under



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the credit facility with respect to such payment or repurchase. If we were unable to make the required payments or repurchases of the notes, it would constitute an event of default under the notes offered hereby and, as a result, under the credit facility and other outstanding indebtedness.

*The additional shares of Class A common stock payable on notes converted in connection with certain fundamental changes may not adequately compensate you for the lost option time value of your notes as a result of such fundamental changes.*

If certain fundamental changes occur, we will in certain circumstances increase the conversion rate on notes converted in connection with the fundamental change by a number of additional shares of Class A common stock. The number of additional shares of Class A common stock will be determined based on the date on which the fundamental change becomes effective and the price paid per share of our Class A common stock in the fundamental change transaction as described under Description of Notes Adjustment to Conversion Rate upon Certain Fundamental Changes General. While the increase in the conversion rate upon conversion is designed to compensate you for the lost option time value of your notes as a result of the fundamental change, the increase is only an approximation of this lost value and may not adequately compensate you for your loss. If the price paid per share of our Class A common stock in the fundamental change transaction is less than the Class A common stock price at the date of issuance of the notes or above a specified price, there will be no increase in the conversion rate. In addition, in certain circumstances upon a change of control arising from our acquisition by a public company, we may elect to adjust the conversion rate as described under Description of Notes Adjustment to Conversion Rate upon Certain Fundamental Changes Conversion After a Public Acquirer Change of Control and, if we so elect, holders of notes will not be entitled to the increase in the conversion rate described above.

*An active trading market for the notes may not develop.*

There is currently no public trading market for the notes. The notes are not listed on any national securities exchange or included in any automated quotation system and we do not presently intend to apply for these listings. The notes are eligible for trading on The Portal<sup>SM</sup> Market. However, an active trading market for the notes may not develop. If such a market does not develop, the trading price and liquidity of the notes may be adversely affected. Moreover, even if such a market were to exist for the notes, the notes could trade at prices that may be lower than the principal amount or your purchase price, depending on many factors, including prevailing interest rates, the market for similar notes and our financial performance.

*The trading prices for the notes are directly affected by the trading prices of our Class A common stock, the general level of interest rates and our credit quality.*

The trading prices of the notes in the secondary market are directly affected by the trading prices of our Class A common stock, the general level of interest rates and our credit quality. It is impossible to predict whether the price of our Class A common stock or interest rates will rise or fall. Trading prices of our Class A common stock will be influenced by our operating results and prospects and by economic, financial and other factors. In addition, general market conditions, including the level of, and fluctuations in, the trading prices of stocks generally, and sales of substantial amounts of Class A common stock by us in the market, or the perception that such sales could occur, could affect the price of our Class A common stock. Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of our Class A common stock. Any other arbitrage could, in turn, affect the trading prices of the notes.

*The market for the Class A common stock may be volatile.*

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The market price of the Class A common stock could be subject to wide fluctuations. These fluctuations could be caused by:

quarterly variations in our results of operations;

changes in earnings estimates by analysts;

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conditions in our markets; or

general market or economic conditions.

In addition, in recent years the stock market has experienced price and volume fluctuations. These fluctuations have had a substantial effect on the market prices of many companies, often unrelated to the operating performance of the specific companies. These market fluctuations could adversely affect the price of the notes.

*If you hold notes, you are not be entitled to any rights with respect to our Class A common stock, but you are subject to all changes made with respect to our Class A common stock.*

If you hold notes, you are not be entitled to any rights with respect to our Class A common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our Class A common stock), but you are subject to all changes affecting the Class A common stock. You will only be entitled to rights on the Class A common stock if and when we deliver shares of Class A common stock to you in exchange for your notes and in limited cases under the anti-dilution adjustments of the notes. For example, in the event that an amendment is proposed to our certificate of incorporation or by-laws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of the Class A common stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of Class A common stock.

*There will be dilution of the value of our Class A common stock when outstanding warrants become exercisable.*

In January 2003, we issued warrants to purchase approximately 11.4 million shares of our Class A common stock in connection with the offering of the ATI 12.25% senior subordinated discount notes. The shares underlying the warrants represented approximately 5.5% and 5.0% of our outstanding common stock at issuance and as of September 30, 2004, respectively (assuming all the warrants are exercised). These warrants will become exercisable on or after January 29, 2006 at an exercise price of \$0.01 per share and expire August 1, 2008. The issuance of these shares will have a dilutive effect on the value of our Class A common stock when these warrants are exercised.

**Risks Related to Our Business**

*Decrease in demand for tower space would materially and adversely affect our operating results and we cannot control that demand.*

Many of the factors affecting the demand for wireless communications tower space, and to a lesser extent our network development services business, could materially affect our operating results. Those factors include:

consumer demand for wireless services;

the financial condition of wireless service providers;

the ability and willingness of wireless service providers to maintain or increase their capital expenditures;

the growth rate of wireless communications or of a particular wireless segment;

governmental licensing of broadcast rights;

mergers or consolidations among wireless service providers;

increased use of network sharing arrangements or roaming and resale arrangements by wireless service providers;

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delays or changes in the deployment of 3G or other technologies;

zoning, environmental, health and other government regulations; and

technological changes.

The demand for broadcast antenna space is dependent, to a significantly lesser extent, on the needs of television and radio broadcasters. Among other things, technological advances, including the development of satellite-delivered radio, may reduce the need for tower-based broadcast transmission. We could also be affected adversely should the development of digital television be further delayed or impaired, or if demand for it were less than anticipated because of delays, disappointing technical performance or cost to the consumer.

### ***Restrictive covenants in our credit facility and indentures could adversely affect our business by limiting flexibility.***

Our credit facility and the indentures governing the terms of our other debt securities contain restrictive covenants and, in the case of the credit facility, requirements that we comply with certain leverage and other financial tests. These limit our ability to take various actions, including incurring additional debt, guaranteeing indebtedness, issuing preferred stock, engaging in various types of transactions, including mergers and sales of assets, and paying dividends and making distributions or other restricted payments, including investments. These covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, new tower development, merger and acquisition or other opportunities.

### ***Our participation or inability to participate in tower industry consolidation could involve certain risks.***

We believe there are benefits to consolidation among tower companies, and have in the past and may in the future explore merger or acquisition transactions with one or more other companies in our industry. Any merger or acquisition transaction would involve several risks to our business, including demands on managerial personnel that could divert their attention from other aspects of our core leasing business, increased operating risks due to the integration of major national networks into our operational system, and potential antitrust constraints, either in local markets or on a regional basis, that could require selective divestitures at unfavorable prices. Any completed transaction may have an adverse effect on our operating results, particularly in the fiscal quarters immediately following its completion while we integrate the operations of the other business. In addition, once integrated, combined operations may not necessarily achieve the levels of revenues, profitability or productivity anticipated. There also may be limitations on our ability to consummate a merger or acquisition transaction. For example, any transaction would have to comply with the terms of the credit facility and our note indentures, or may require the consent of lenders under those instruments that might not be obtainable on acceptable terms. In addition, regulatory constraints might impede or prevent business combinations. Our inability to consummate a merger or acquisition for these or other reasons could result in our failure to participate in the expected benefits of industry consolidation and may have an adverse effect on our ability to compete effectively.

### ***If our wireless service provider customers consolidate or merge with each other to a significant degree, our growth, revenue and ability to generate positive cash flows could be adversely affected.***

Significant consolidation among our wireless service provider customers, such as the recently completed transaction between Cingular Wireless and AT&T Wireless, may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as do their expansion plans. Similar consequences might occur if wireless service providers engage in extensive sharing, roaming or

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resale arrangements as an alternative to leasing our antennae space. In January 2003, the Federal Communications Commission (FCC) eliminated its spectrum cap, which prohibited wireless carriers from owning more than 45 MHz of spectrum in any given geographical area. The FCC has also eliminated the cross-interest rule for metropolitan areas, which limited an entity's ability to own interests in multiple cellular licenses in an

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overlapping geographical service area. Also, in May 2003, the FCC adopted new rules authorizing wireless radio services holding exclusive licenses to freely lease unused spectrum. Some wireless carriers may be encouraged to consolidate with each other as a result of these regulatory changes as a means to strengthen their financial condition. Consolidation among wireless carriers would also increase our risk that the loss of one or more of our major customers could materially decrease revenues and cash flows.

*Due to the long-term expectations of revenue from tenant leases, the tower industry is sensitive to the creditworthiness of its tenants.*

Due to the long-term nature of our tenant leases, we, like others in the tower industry, are dependent on the continued financial strength of our tenants. Many wireless service providers operate with substantial leverage. During the past two years, several of our customers have filed for bankruptcy, although to date these bankruptcies have not had a material adverse effect on our business or revenues. If one or more of our major customers experience financial difficulties, it could result in uncollectible accounts receivable and our loss of significant customers and anticipated lease revenues.

*Our foreign operations are subject to expropriation risk, governmental regulation, funds inaccessibility and foreign exchange exposure.*

Our expansion in Mexico and Brazil, and any other possible foreign operations in the future, could result in adverse financial consequences and operational problems not experienced in the United States. We have loaned \$119.8 million (undiscounted) to a Mexican company, own or have the economic rights to over 1,850 towers in Mexico, including approximately 200 broadcast towers (after giving effect to pending transactions) and, subject to certain rejection rights, are contractually committed to construct up to approximately 400 additional towers in that country over the next three years. We also own or have acquired the rights to approximately 440 communications towers in Brazil and are, subject to certain rejection rights, contractually committed to construct up to 350 additional towers in that country over the next three years. The actual number of sites constructed will vary depending on the build out plans of the applicable carrier. We may, if economic and capital market conditions permit, also engage in comparable transactions in other countries in the future. Among the risks of foreign operations are governmental expropriation and regulation, the credit quality of our customers, inability to repatriate earnings or other funds, currency fluctuations, difficulty in recruiting trained personnel, and language and cultural differences, all of which could adversely affect our operations.

*A substantial portion of our revenues is derived from a small number of customers.*

A substantial portion of our total operating revenues is derived from a small number of customers. Approximately 62.8% of our revenues for the nine months ended September 30, 2004 and approximately 61.5% of our revenues for the year ended December 31, 2003 were derived from nine customers. Our largest domestic customer is Verizon Wireless, which represented approximately 11.6% of our total revenues for the nine months ended September 30, 2004 and approximately 12.3% of our total revenues for the year ended December 31, 2003. If the recently completed transaction between Cingular Wireless and AT&T Wireless had occurred as of January 1, 2003, however, the combined revenues would have represented approximately 14.0% of our total revenues for the nine months ended September 30, 2004 and approximately 13.2% of our total revenues for the year ended December 31, 2003. Our largest international customer is Iusacell Celular, which is an affiliate of TV Azteca. Iusacell Celular accounted for approximately 3.8% and 4.7% of our total revenues for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. TV Azteca also owns a minority interest in Unefon, which is our second largest customer in Mexico and accounted for approximately 2.6% and 2.8% of our total revenues for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. In addition, we received \$10.8 million and \$14.2 million in interest income, net, from TV Azteca for the nine months ended September 30, 2004 and the year ended December 31, 2003, respectively. If any of these customers were unwilling or unable to perform their obligations under our agreements with them, our revenues, results of operations, and financial condition could be adversely affected.



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In the ordinary course of our business, we also sometimes experience disputes with our customers, generally regarding the interpretation of terms in our agreements. Although historically we have resolved these disputes in a manner that did not have a material adverse effect on our company or our customer relationships, these disputes could lead to a termination of our agreements with customers or a material modification of the terms of those agreements, either of which could have a material adverse effect on our business, results of operations and financial condition. If we are forced to resolve any of these disputes through litigation, our relationship with the applicable customer could be terminated or damaged, which could lead to decreased revenues or increased costs, resulting in a corresponding adverse effect on our operating results.

### ***Status of Iusacell Celular's financial restructuring exposes us to certain risks and uncertainties.***

Iusacell Celular is our largest customer in Mexico and accounted for approximately 3.8% of our total revenues for the nine months ended September 30, 2004 and approximately 4.7% of our total revenues for the year ended December 31, 2003. In addition, in December 2003 we agreed to acquire up to 143 tower sites from Iusacell for up to an aggregate of \$31.4 million, and had acquired 110 tower sites for approximately \$24.5 million as of September 30, 2004. Iusacell currently is in default under certain of its debt obligations and is involved in litigation with certain of its creditors. If Iusacell files for bankruptcy, or if the creditor litigation has an adverse impact on Iusacell's overall liquidity, it could interfere with Iusacell's ability to meet its operating obligations, including rental payments under our leases with them.

### ***New technologies could make our tower antenna leasing services less desirable to potential tenants and result in decreasing revenues.***

The development and implementation of new technologies designed to enhance the efficiency of wireless networks could reduce the use and need for tower-based wireless services transmission and reception and have the effect of decreasing demand for antenna space. Examples of such technologies include technologies that enhance spectral capacity, such as lower-rate vocoders, which can increase the capacity at existing sites and reduce the number of additional sites a given carrier needs to serve any given subscriber base. In addition, the emergence of new technologies could reduce the need for tower-based broadcast services transmission and reception. For example, the growth in delivery of video services by direct broadcast satellites could adversely affect demand for our antenna space. The development and implementation of any of these and similar technologies to any significant degree could have an adverse effect on our operations.

### ***We could have liability under environmental laws.***

Our operations, like those of other companies engaged in similar businesses, are subject to the requirements of various federal, state and local and foreign environmental and occupational safety and health laws and regulations, including those relating to the management, use, storage, disposal, emission and remediation of, and exposure to, hazardous and non-hazardous substances, materials and wastes. As owner, lessee or operator of approximately 15,000 real estate sites, we may be liable for substantial costs of remediating soil and groundwater contaminated by hazardous materials, without regard to whether we, as the owner, lessee or operator, knew of or were responsible for the contamination. In addition, we cannot assure you that we are at all times in complete compliance with all environmental requirements. We may be subject to potentially significant fines or penalties if we fail to comply with any of these requirements. The current cost of complying with these laws is not material to our financial condition or results of operations. However, the requirements of these laws and regulations are complex, change frequently, and could become more stringent in the future. It is possible that these requirements will change or that liabilities will arise in the future in a manner that could have a material adverse effect on our business, financial condition and results of operations.

### ***Our business is subject to government regulations and changes in current or future laws or regulations could restrict our ability to operate our business as we currently do.***

We are subject to federal, state, local and foreign regulation of our business, including regulation by the Federal Aviation Administration (FAA), the FCC, the Environmental Protection Agency, the Department of

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Transportation and the Occupational Safety and Health Administration. Both the FCC and the FAA regulate towers used for wireless communications and radio and television antennae and the FCC separately regulates transmitting devices operating on towers. Similar regulations exist in Mexico, Brazil and other foreign countries regarding wireless communications and the operation of communications towers. Local zoning authorities and community organizations are often opposed to construction in their communities and these regulations can delay, prevent or increase the cost of new tower construction, collocations or site upgrade projects, thereby limiting our ability to respond to customer demand. Existing regulatory policies may adversely affect the timing or cost of new tower construction and locations and additional regulations may be adopted that increase delays or result in additional costs to us or that prevent or restrict new tower construction in certain locations. These factors could adversely affect our operations.

### ***Increasing competition in the tower industry may create pricing pressures that may adversely affect us.***

Our industry is highly competitive, and our customers have numerous alternatives for leasing antenna space. Some of our competitors are larger and have greater financial resources than we do, while other competitors are in weak financial condition or may have lower return on investment criteria than we do. Competitive pricing pressures for tenants on towers from these competitors could adversely affect our lease rates and services income.

In addition, if we lose customers due to pricing, we may not be able to find new customers, leading to an accompanying adverse effect on our profitability. Increasing competition could also make the acquisition of high quality tower assets more costly.

Our competition includes:

national tower companies;

wireless carriers that own towers and lease antenna space to other carriers;

site development companies that purchase antenna space on existing towers for wireless carriers and manage new tower construction;  
and

alternative site structures (e.g., building rooftops, billboards and utility poles).

### ***Our costs could increase and our revenues could decrease due to perceived health risks from radio emissions, especially if these perceived risks are substantiated.***

Public perception of possible health risks associated with cellular and other wireless communications media could slow the growth of wireless companies, which could in turn slow our growth. In particular, negative public perception of, and regulations regarding, these perceived health risks could slow the market acceptance of wireless communications services and increase opposition to the development and expansion of tower sites. The potential connection between radio frequency emissions and certain negative health effects has been the subject of substantial study by the scientific community in recent years. To date, the results of these studies have been inconclusive.

If a connection between radio frequency