AMERICAN TOWER CORP /MA/
Form S-3/A
December 18, 2003
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As filed with the Securities and Exchange Commission on December 18, 2003

Registration Statement No. 333-109489

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

American Tower Corporation

(Exact name of registrant as specified in its charter)

Delaware	**65-0723837**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

116 Huntington Avenue

Boston, Massachusetts 02116

(617) 375-7500

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

James D. Taiclet, Jr.

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)

Copies to:

William H. Hess, Esq.

Executive Vice President and General Counsel

American Tower Corporation

116 Huntington Avenue

Boston, Massachusetts 02116

(617) 375-7500

Matthew J. Gardella, Esq.

Palmer & Dodge LLP

111 Huntington Avenue

Boston, Massachusetts 02199-7613

(617) 239-0100

Approximate date of commencement of proposed sale to 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 securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

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

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

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

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PROSPECTUS

$210,000,000

3.25% Convertible Notes due August 1, 2010

and the Class A Common Stock

Issuable Upon Conversion of the Notes

In August 2003, we issued $210,000,000 principal amount of our 3.25% convertible notes due August 1, 2010 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 1, 2010. 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 81.8080 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 $12.22 per share.

We will pay interest on the notes on February 1 and August 1 of each year beginning February 1, 2004. We may redeem some or all of the notes on or after August 6, 2008 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 17, 2003, the closing sale price of our Class A common stock on the New York Stock Exchange was $10.20 per share. You should obtain current market quotations for our Class A common stock.

Investing in the notes and our Class A common stock involves a high degree of risk. See Risk Factors beginning on page 8.

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.

The date of this prospectus is , 2003.

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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 the 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 9 or Item 12 of any Current Report on Form 8-K:

our Annual Report on Form 10-K for the year ended December 31, 2002 filed with the SEC on March 24, 2003, excluding Items 6, 7, 7A, 8 and 15 which are incorporated from our Current Report on Form 8-K filed on December 18, 2003;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003 filed with the SEC on May 12, 2003, August 14, 2003 and November 14, 2003, respectively;

our Current Reports on Form 8-K filed with the SEC on January 28, 2003, February 25, 2003, April 30, 2003, July 24, 2003, July 29, 2003, August 1, 2003, September 22, 2003, October 3, 2003, October 10, 2003, October 23, 2003, October 30, 2003, November 4, 2003 and December 18, 2003 (which supersedes Exhibit 99.1 in our Form 8-K s filed on July 29, 2003 and October 3, 2003); 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: Vice President of Finance, 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, w 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 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

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, and American Tower are to American Tower Corporation and its consolidated subsidiaries.

AMERICAN TOWER CORPORATION

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 portfolio of wireless communications towers in North America and are the largest independent operator of broadcast towers in North America, based on number of towers. 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 increasing 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 refer to as our rental and management segment, accounted for approximately 97% and 91% of our segment operating profit for the years ended December 31, 2002 and December 31, 2001, respectively. In 2003, we expect that our rental and management segment will contribute at least 95% of our segment operating profit. By segment operating profit, we mean 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, using the proceeds from these sales to purchase high quality tower assets, and reducing outstanding indebtedness. Between January 2003 and September 2003, we completed approximately $100.1 million of non-core asset sales comprised of certain assets and businesses in our network development services and satellite and fiber network access services segments, non-core towers, and two office buildings in our rental and management segment.

We believe that this strategy of focusing our operations on our rental and management segment will make our consolidated operating cash flows more stable and provide us with continuing growth 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 an initial term of five to ten years with multiple follow-on terms of similar duration. Lease payments typically increase 3% to 5% per year throughout the initial and renewal terms.

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

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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 increasing use of wireless communication services and the infrastructure requirements necessary to deploy current and future generations of wireless communication technologies. Between December 1995 and June 2003, the number of wireless phone subscribers in the United States increased from 33.8 million to 148.1 million. In addition, the minutes of use of wireless phone services among wireless carriers in the United States increased from 37.8 billion for the full year 1995 to nearly 619.0 billion for the full year 2002. From December 1995 through June 2003, the number of cell sites also increased from 22,700 to 147,700.* We expect that the continued growth of wireless subscribers and minutes of use of 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 and internet access, 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 the year ended December 31, 2002 was 26% and 41%, respectively, and 15% and 27%, respectively, for the nine months ended September 30, 2003 as compared to the nine months ended September 30, 2002. We anticipate that our rental and management segment 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 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. We may pursue exchanges and sales of towers or tower clusters with tower operators and other entities. Our goal is to

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* Cellular Telecommunications & Internet Association (CTIA), June 2003. Subscriber and use information includes only cellular, personal communications services, and enhanced specialized mobile radio wireless services. The term cell site above refers to the number of antennae and related equipment in commercial operation, not the number of sites on which that equipment is or could be attached.

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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 more profitable tower assets.

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 return on investment criteria can be met. These criteria include securing leases from the economic equivalent of two broadband 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. Since 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.

Build on our strong relationships with major wireless carriers. Our understanding of the network needs of our wireless carrier customers and our ability to effectively convey 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 communications infrastructure development projects because of the location of our assets, our proven operating and construction experience and the national scope of our tower portfolio and services.

Participation in industry consolidation. We believe there is compelling rationale for 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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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 17 of this prospectus.

Issuer	American Tower Corporation, a Delaware corporation.
Securities offered	$210,000,000 principal amount of 3.25% Convertible Notes due August 1, 2010.
Issue price	100%.
Interest	3.25% per year, payable in cash on August 1 and February 1 of each year, beginning February 1, 2004.
Ranking	The notes rank equally with our senior unsecured indebtedness. As of September 30, 2003, giving effect to subsequent repurchases of our 2.25% convertible notes and 5.0% convertible notes, our senior unsecured indebtedness included $772.1 million accreted amount of convertible notes due in 2009 and 2010 and $1.0 billion principal amount of our 9 $^{3}/8$% senior notes due 2009. Our subsidiaries do not guarantee the notes. The notes effectively rank junior to all indebtedness of our subsidiaries. This indebtedness includes the borrowings of our principal operating subsidiaries under the credit facilities, the 12.25% senior subordinated discount notes and the 7.25% senior subordinated notes, all of which are guaranteed by us and substantially all of our subsidiaries. Additionally, the credit facilities are secured by our assets and the assets of substantially all of our subsidiaries. As of September 30, 2003, after giving effect to the sale of the 7.25% senior subordinated notes in November 2003 and the use of the proceeds to repay $389.3 million of indebtedness under the credit facilities, including the related permanent reduction of revolving loan commitments, the following amounts of subsidiary debt would be outstanding: $742.8 million under the credit facilities, $408.2 million of 12.25% senior subordinated discount notes (net of the unamortized allocated fair value of the warrants of $46.5 million), $400.0 million of 7.25% senior subordinated notes and $62.6 million of other long-term subsidiary debt; and $237.8 million of unused commitments would remain under the credit facilities.
Maturity date	August 1, 2010.
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 81.8080 shares per note, which is equal to an initial conversion price of approximately $12.22 per share. The conversion rate may be adjusted for certain events, but it will not be adjusted for accrued interest. The

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	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.
Fundamental change	If we undergo a fundamental change, you will have the option to require us to repurchase in cash all of your notes not previously called for redemption or any portion thereof. We will pay a repurchase price equal to 100% of the principal amount of the notes plus accrued and unpaid interest up to but not including the repurchase date, and liquidated damages, if any. The existing credit facilities restrict making these payments without bank consent.
Optional redemption	We can redeem the notes, at our option, in whole or in part after August 6, 2008. The redemption prices are described under the heading 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.
Sinking fund	None.

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. 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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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. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Any of these risks 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, 2003, after giving effect to subsequent repurchases of our 2.25% convertible notes and 5.0% convertible notes, the sale of $400.0 million of 7.25% senior subordinated notes in November 2003 and use of $389.3 million of net proceeds from that issuance to repay indebtedness under our credit facilities (including the related permanent reduction of revolving loan commitments), approximately $742.8 million would have been outstanding under our credit facilities and $3.4 billion of total consolidated debt would have been outstanding.

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 in respect of our 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. A material portion 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. 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.

Our substantial leverage could have significant negative consequences, 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 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 business payments. In addition, the credit facilities and the indentures for the 12.25% senior subordinated discount notes and the 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 12.25% senior subordinated discount notes, the 7.25% senior subordinated notes and borrowings under the credit facilities. As of September 30, 2003, after giving effect to the sale of 7.25% senior subordinated notes in November 2003 and the use of the proceeds to pay $389.3 million of indebtedness under the credit facilities, including the related permanent reduction of revolving loan commitments, the following amounts of subsidiary debt would be outstanding: $742.8 million under the credit facilities, $408.2 million of 12.25% senior subordinated discount notes (net of the allocated fair value of the warrants of $46.5 million), $400.0 million of 7.25% senior subordinated notes and $62.6 million of other long-term subsidiary debt; and $237.8 million of unused commitments would remain under the credit facilities. In the event of our insolvency, liquidation or reorganization, or should any of the debt under the credit facilities, the 12.25% senior subordinated discount notes or the 7.25% senior subordinated notes be accelerated because of a default, the holders of those debt obligations would have a prior claim to cash flow generated by the operations of 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 facilities, 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 debt will be available to pay obligations on the notes only after all debt under such secured debt 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.

Restrictive covenants in our credit facilities and indentures could adversely affect our business by limiting flexibility.

Our credit facilities and the indentures for our 9 $^{3}/8$% senior notes, the 12.25% senior subordinated discount notes and the 7.25% senior subordinated notes contain restrictive covenants and, in the case of the credit facilities, 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.

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 in the indenture), we will be required to offer to repurchase all outstanding notes at 100% of the principal amount of the notes on the date of repurchase plus accrued and unpaid interest to the date of repurchase. However, it is possible that we will not have sufficient funds at maturity, in the event of acceleration, or at the time of the fundamental change to make the required repurchase of notes.

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Moreover, the credit facilities prohibit us from redeeming or repurchasing any of the notes for cash. As a result, we would not be able to make any of the required payments on the notes described in the prior paragraph without obtaining the consent of the lenders under the credit facilities with respect to such payment. If we are 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 facilities.

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^{SM} 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 will be directly affected by the trading prices of our Class A common stock, the general level of interest rates and our credit ratings.

The trading prices of the notes in the secondary market will be directly affected by the trading prices of our Class A common stock, the general level of interest rates and our credit ratings. It is impossible to accurately 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. Credit rating agencies may revise their ratings for us and may change those ratings based on their evaluation of us or our industry. We can not assure you that the credit agencies will maintain their current ratings for us. A negative change in our credit ratings could adversely affect the price of the notes.

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

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;
- conditions in our markets or our industry; 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 securities 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 will not be entitled to any rights with respect to our Class A common stock, but you will be subject to all changes made with respect to our Class A common stock.

If you hold notes, you will 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

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A common stock), but you will be 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 12.25% senior subordinated discount notes offering. The shares underlying the warrants represented approximately 5.2% of our outstanding common stock as of September 30, 2003 (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. 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;

- 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.

Continuation of the current U.S. economic slowdown could materially and adversely affect our business.

The existing slowdown in the U.S. economy has negatively impacted the factors, described under the prior heading, affecting the demand for tower space and tower related services. For example, the slowdown, coupled

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with the deterioration of the capital markets, has caused certain wireless service providers to delay and, in certain cases, abandon expansion and upgrading of wireless networks, implementation of new systems, or introduction of new technologies. As a result, demand has also decreased for many of our network development services. The economic slowdown has also harmed, and may continue to harm, the financial condition of some wireless service providers. Many wireless service providers operate with substantial leverage and some wireless service providers, including customers of ours, have filed for bankruptcy.

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

We believe there is compelling rationale for 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 facilities and note indentures, or the consent of lenders under those instruments might be required 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 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 or roaming or resale arrangements as an alternative to leasing our antennae space. In January 2003, the Federal Communications Commission s spectrum cap, which prohibited wireless carriers from owning more than 45 MHz of spectrum in any given geographical area, expired. The Federal Communications Commission, which we refer to as 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 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. In addition, Iusacell, which is our largest customer in Mexico and accounted for approximately 3.7% of our total revenues for the year ended December 31, 2002 and approximately 4.5% for the nine months ended September 30, 2003, is currently in

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default under its debt obligations. If one or more of our major customers experience financial difficulties or if Iusacell files for bankruptcy, 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 1,700 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 650 additional towers in that country over the next three years. After giving effect to pending transactions, we also own or have acquired the rights to approximately 375 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 improve, 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. After giving effect to the reclassification of the operating results from businesses designated as discontinued operations in 2002 and the first three quarters of 2003, approximately 59% of our revenues for the year ended December 31, 2002, and approximately 62% of our revenues for the nine months ended September 30, 2003, were derived from eight customers. Our largest domestic customer is Verizon Wireless, which represented approximately 12% and 13% of our total revenues for the year ended December 31, 2002 and the nine months ended September 30, 2003, respectively. Our largest international customer is a group of companies affiliated with Azteca Holdings, S.A de C.V., including TV Azteca, Unefon and, due to the recent acquisition of Iusacell by Movil Access, an affiliate of Azteca Holdings, Iusacell. Iusacell, Unefon and their affiliates collectively represented approximately 7% of our total revenues for the year ended December 31, 2002 and nine months ended September 30, 2003. In addition, we received $13.9 million and $10.6 million in interest income, net for the year ended December 31, 2002 and the nine months ended September 30, 2003, respectively, from TV Azteca. 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.

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 most of 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.

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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 designated 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 signal combining technologies, which permit one antenna to service two different transmission frequencies and, thereby, two customers, and technologies that enhance spectral capacity, such as beam forming or smart antennas, 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 (which we refer to as the FAA), the FCC, the Environmental Protection Agency, the Department of 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

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accompanying adverse effect on our profitability. Increasing competition could also make the acquisition of high quality tower assets more costly.

Our competition includes:

- national independent 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 emissions and possible negative health effects, including cancer, were established, or if the public perception that such a connection exists were to increase, our operations, costs and revenues would be materially and adversely affected. We do not maintain any significant insurance with respect to these matters.

If we are unable to sell our Verestar subsidiary, we may incur additional costs if we have to wind down and liquidate this business.

In December 2002, we committed to a plan to sell Verestar, which previously comprised our satellite and fiber network access services segment, by December 2003. With the exception of guarantees of Verestar s contractual obligations and other commitments relating to Verestar aggregating approximately $10.0 million, we have nominal contractual obligations to fund Verestar s future business if we do not sell Verestar. In August 2003 we entered into an agreement to sell a 67% interest (on a fully diluted basis) in Verestar. The sale is subject to customary closing conditions and the buyer obtaining certain concessions from Verestar s vendors, however, and we cannot assure you that the sale will close. Verestar is currently in default under its agreements with several of its vendors, and one of these vendors has issued a notice of default to Verestar. In addition, another vendor has filed a petition to deny Verestar s request to transfer control of its FCC licenses in connection with the proposed sale. These and similar actions that may be taken by other Verestar vendors likely will result in an extended delay in the closing of the Verestar sale or termination of the pending sale transaction. If we are unable to consummate the Verestar sale transaction, Verestar may have to cease its operations and liquidate its assets or pursue a formal reorganization under the federal bankruptcy laws. If this were to occur, we could incur additional costs in connection with the winding down and liquidation or reorganization of Verestar s businesses, and our management could be distracted from the operations of our core leasing business during this process.

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RATIO OF EARNINGS TO FIXED CHARGES

Our ratio of earnings to fixed charges for the years ended December 31, 1998 through 2002 and for the nine months ended September 30, 2003 are set forth in the table below:

	Year Ended December 31,					Nine Months Ended
	1998	1999	2000	2001	2002	September 30, 2003
Ratio of Earnings to Fixed Charges[(1)]						

(1) For purposes of calculating this ratio, earnings consists of loss from continuing operations before income taxes, fixed charges (excluding interest capitalized), minority interest in net earnings of subsidiaries, losses from equity investments and amortization of interest capitalized. Fixed charges consists of interest expensed and capitalized, amortization of debt discount and related issuance costs and the component of rental expenses associated with operating leases believed by management to be representative of the interest factor thereon (30%). We had a deficiency in earnings to fixed charges in each period as follows (in thousands): 1998 $45,550; 1999 $55,299; 2000 $272,783; 2001 $497,488; 2002 $380,745; and nine months ended September 30, 2003 $244,471.

USE OF PROCEEDS

We will not receive any proceeds from the sale by any selling securityholder of the notes or the shares of Class A common stock issuable upon conversion of the notes.