

AMERICAN TOWER CORP /MA/
Form S-3
October 03, 2003
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As filed with the Securities and Exchange Commission on October 3, 2003

Registration Statement No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

American Tower Corporation

(Exact name of registrant as specified in its charter)

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

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

Steven B. Dodge

Chairman of the Board 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:

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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.

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.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
3.25% Convertible Notes due 2010	\$ 210,000,000	100%	\$ 210,000,000	\$ 16,989
Class A common stock, \$.01 par value	17,179,680 shares(2)	n/a	n/a	(3)

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

(2) Represents the number of shares of Class A common stock issuable upon conversion of the notes at the initial conversion price of approximately \$12.22 per share of common stock. The notes are convertible into 81.8080 shares of our Class A common stock per \$1,000 principal amount of notes subject to adjustment in certain circumstances. Pursuant to Rule 416 under the Securities Act, we are also registering an indeterminable number of shares of Class A common stock as may be issuable upon conversion of the notes as a result of stock splits, stock dividends or the effect of other anti-dilution provisions on the notes.

(3) Pursuant to Rule 457(i) under the Securities Act, there is no additional filing fee with respect to the shares of common stock issuable upon conversion of the notes because no additional consideration will be received by us in connection with the exercise of the conversion right.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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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 October 3, 2003

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.

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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 October 1, 2003, the closing sale price of our Class A common stock on the New York Stock Exchange was \$9.94 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:

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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, 8 and 15 which are incorporated from our Current Report on Form 8-K dated October 3, 2003 and Item 7A which is incorporated from our Current Report on Form 8-K dated July 28, 2003;

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

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our Current Reports on Form 8-K dated January 21, 2003, February 24, 2003, April 30, 2003, July 24, 2003, July 28, 2003, September 22, 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, 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 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

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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, including pending transactions. 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 94% and 86% 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 1, 2002 and June 30, 2003, we completed approximately \$218.5 million of non-core asset sales comprised of certain assets in our network development services and satellite and fiber network access services segments, approximately 800 non-core towers, and three 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 December 2002, the number of wireless phone subscribers in the United States increased from 33.8 million to 140.8 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 December 2002, the number of cell sites also increased from 22,700 to 139,300.* 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 2002 was 26% and 41%, respectively. 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 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.

* Cellular Telecommunications & Internet Association (CTIA), December 2002. 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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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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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 June 30, 2003, our senior unsecured indebtedness included \$802.9 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 and the 12.25% senior subordinated discount notes, both 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 June 30, 2003, after giving effect to the repayment of \$100.0 million of indebtedness under the credit facilities from the proceeds of our sale of the notes in August 2003 and the related permanent reduction of revolving loan commitments, the following amounts of subsidiary debt would be outstanding: \$1.16 billion under the credit facilities, \$392.6 million of 12.25% senior subordinated discount notes (net of the unamortized allocated fair value of the warrants of \$48.8 million) and \$63.1 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 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.

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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. After giving effect to our sale of the notes in August 2003, the repayment of \$100.0 million of borrowings under our credit facilities and repurchases of our 2.25% convertible notes and 5.0% convertible notes from August 4, 2003 through September 12, 2003, approximately \$1.2 billion would be outstanding under our credit facilities and \$3.5 billion of total consolidated debt would be outstanding as of June 30, 2003.

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 significant 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.

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;

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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

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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 indenture for the 12.25% senior subordinated discount 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 and borrowings under the credit facilities. As of June 30, 2003, after giving effect to the repayment of \$100.0 million of indebtedness under the credit facilities from the proceeds from the sale of the notes in August 2003 and the related permanent reduction of revolving loan commitments, the following amounts of subsidiary debt would be outstanding: \$1.16 billion under the credit facilities, \$392.6 million of 12.25% senior subordinated discount notes and \$63.1 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 or the 12.25% senior subordinated discount 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 the credit facilities, senior notes and senior subordinated discount notes could adversely affect our business by limiting flexibility.

The indentures for our 9³/₈% senior notes, the 12.25% senior subordinated discount notes and the credit facilities 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 the incurrence of 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.

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.

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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 PortalSM 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.

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 quality.

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 quality. 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 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

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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 5.3% of our outstanding common stock as of June 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 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

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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 a 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, our revenue and our 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 spectrum cap, which previously prohibited wireless carriers from owning more than 45 MHz of spectrum in any given geographical area, was allowed to expire. The Federal Communications Commission (FCC) also eliminated the cross-interest rule for metropolitan areas, which limited an entity's ability to own interests in both of the cellular licenses of 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. 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. Many wireless service providers operate with substantial leverage. 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 future lease revenues.

Our foreign operations are subject to certain additional risks.

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

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\$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 600 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 350 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. In December 2002, we agreed to acquire approximately 540 communications sites from NII Holdings, predominantly in Mexico, for an aggregate purchase price of \$100.0 million in cash, \$67.1 million of which had been paid as of June 30, 2003. 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 2003, approximately 58% of our revenues for the year ended December 31, 2002, and approximately 60% of our revenues for the six months ended June 30, 2003, were derived from eight customers. Our largest domestic customer is Verizon Wireless, which represented approximately 11% and 13% of our total revenues for the year ended December 31, 2002 and the six months ended June 30, 2003, respectively. Our largest international customer is Iusacell and its affiliates, which now include Unefon and TV Azteca due to the recent acquisition of Iusacell by Movil Access, an affiliate of Unefon and TV Azteca. Iusacell, Unefon and their affiliates collectively represented approximately 7% of our total revenues for the year ended December 31, 2002 and six months ended June 30, 2003. In addition, we received \$13.9 million and \$7.0 million in interest income for the year ended December 31, 2002 and the six months ended June 30, 2003, respectively, from TV Azteca. If any of these customers were to suffer financial difficulties or 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.

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 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.

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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 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 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

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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. An agreement to sell a majority interest in Verestar was signed on August 29, 2003; however, the consummation of this transaction is subject to certain closing conditions and there can be no assurance that this transaction ultimately will close. If we are unable to sell Verestar, we may be forced to discontinue 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.

Table of Contents**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 six months ended June 30, 2003 are set forth in the table below:

	Year Ended December 31,					Six Months
	1998	1999	2000	2001	2002	Ended June 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 \$266,535; 2001 \$500,715; 2002 \$380,905; and six months ended June 30, 2003 \$177,634.

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.

MARKET FOR OUR CLASS A COMMON STOCK

The following table presents reported quarterly high and low per share sale prices of our Class A common stock on the New York Stock Exchange (the NYSE) for the years 2001, 2002 and 2003.

2001	High	Low
Quarter ended March 31	\$ 41.50	\$ 17.70
Quarter ended June 30	28.75	14.20
Quarter ended September 30	20.62	9.50
Quarter ended December 31	16.30	5.25
2002	High	Low
Quarter ended March 31	\$ 10.40	\$ 3.50
Quarter ended June 30	5.65	2.70
Quarter ended September 30	3.55	1.10
Quarter ended December 31	4.29	0.60

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<u>2003</u>	<u>High</u>	<u>Low</u>
Quarter ended March 31	\$ 5.94	\$ 3.55
Quarter ended June 30	9.90	5.41
Quarter ended September 30	11.74	8.73

On October 1, 2003, the closing price of our Class A common stock was \$9.94 per share as reported on the NYSE.

The outstanding shares of common stock and number of registered holders as of September 30, 2003 were as follows:

	<u>Class</u>		
	<u>A</u>	<u>B</u>	<u>C</u>
Outstanding shares	210,578,684	7,320,015	1,514,152
Registered holders	235	52	1

Table of Contents**DIVIDEND POLICY**

We have never paid a dividend on any class of common stock. We anticipate that we will retain future earnings, if any, to fund the development and growth of our business. We do not anticipate paying cash dividends on shares of common stock in the foreseeable future. Our borrower subsidiaries are prohibited under the terms of the credit facilities from paying cash dividends or making other distributions on, or making redemptions, purchases or other acquisitions of, their capital stock or other equity interests, including preferred stock, except that, beginning on April 15, 2004, if no default exists or would be created thereby under the credit facilities, our borrower subsidiaries may pay cash dividends or make other distributions to the extent that restricted payments, as defined in the credit facilities, do not exceed 50% of excess cash flow, as defined in the credit facilities, for the preceding calendar year. The indenture governing the 12.25% senior subordinated discount notes issued in January 2003 by American Towers, Inc. (ATI), our principal operating subsidiary, imposes similar limitations on the ability of ATI and certain of our subsidiaries that have guaranteed these discount notes to pay dividends and make other distributions. The indenture governing our 9³/₈% senior notes due 2009 also imposes significant limitations on the payment of dividends by us to our stockholders.

SELLING SECURITYHOLDERS

Selling securityholders may use this prospectus to offer and sell the notes and the shares of our Class A common stock issuable upon conversion of the notes. See Plan of Distribution. The table below sets forth information about the beneficial ownership of the notes and shares of our Class A common stock by each selling securityholder who has timely provided us with a completed and executed notice and questionnaire stating its intent to use this prospectus to sell or otherwise dispose of notes and/or shares of our Class A common stock issuable upon conversion of the notes. We have prepared this table using information furnished to us by or on behalf of the selling securityholders. For purposes of the following table, beneficial ownership is determined in accordance with the rules of the SEC, and includes the right to acquire voting or investment control of our Class A common stock within 60 days. Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares of Class A common stock, except to the extent authority is shared by spouses under applicable law. The inclusion of any securities in the table does not constitute an admission of beneficial ownership by the persons named therein.

Our registration of the notes and the shares of our Class A common stock issuable upon conversion of the notes does not mean that the selling securityholders identified below will sell all or any of these securities. In addition, the selling securityholders may have sold, transferred or disposed of all or a portion of their notes in transactions exempt from the registration requirements of the Securities Act since the date on which they provided the information regarding their holdings. If, from time to time, additional securityholders notify us of their intent to use this prospectus to dispose of the notes and/or shares of our Class A common stock issuable upon conversion of the notes, we may supplement this prospectus to include those additional securityholders' information even if, because we have not been notified of any prior exempt sales, the table below continues to list notes and/or shares of our Class A common stock issuable upon conversion of the notes previously proposed to be offered and sold by the additional securityholders' transferors.

Name	Principal Amount of Notes Beneficially Owned that may be Sold	Shares of Class A Common Stock Issuable upon Conversion that may be Sold(1)	Shares of Class A Common Stock Beneficially Owned Before the Offering		Shares of Class A Common Stock Beneficially Owned After the Offering(4)	
			Number(2)	Percent(3)	Number(2)	Percent(3)

[Selling securityholders to be included in a pre-effective amendment]

* Indicates less than 1%.

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- (1) Assumes conversion of the entire amount of notes held by the selling securityholder at the rate of 81.8080 shares of our Class A common stock per each \$1,000 principal amount of notes converted. The number of shares of Class A common stock issuable upon conversion of the notes may be adjusted under circumstances described under Description of Notes. Under the terms of the notes, cash will be paid instead of issuing any fractional shares.
- (2) Includes shares of Class A common stock that the selling securityholder has the right to acquire upon conversion of our Class B common stock, Class C common stock, 3.25% convertible notes due August 1, 2010, 6.25% convertible notes due 2009, 2.25% convertible notes due 2009 and 5% convertible notes due 2010.
- (3) Based on 210,578,684 shares of Class A common stock outstanding as of September 30, 2003.
- (4) We cannot estimate the amount of notes or the number of shares of Class A common stock issuable upon conversion of the notes that will be beneficially owned by the selling securityholders after any offering by the selling securityholders because they may sell all or a portion of the notes or the shares of Class A common stock beneficially owned by them. However, for purposes of this table, we have assumed that, after completion of the offering, none of the shares of Class A common stock covered by this prospectus will be held by the selling securityholders.

No selling securityholder nor any of its affiliates has held any position or office with, been employed by or otherwise has had any material relationship with us or our affiliates during the three years before the date of this prospectus. From time to time we have engaged the services of commercial and investment banking firms, including Credit Suisse First Boston Corporation, Goldman Sachs & Co. and J.P. Morgan, and may engage these and other banks in the future. In addition, Arnold L. Chavkin, one of our directors, is an executive partner of an entity affiliated with J.P. Morgan.

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DESCRIPTION OF NOTES

We issued the notes under an indenture between us and The Bank of New York, as trustee. Copies of the indenture and the registration rights agreement referred to below are included as exhibits to the registration statement of which this prospectus forms a part and are available as set forth above on page 1 under the heading **Where You Can Find More Information**. The following is a summary of certain provisions of the indenture and the registration rights agreement and does not purport to be complete. Reference should be made to all provisions of the indenture and the registration rights agreement, including the definitions of certain terms contained therein. As used in this section, the terms **we**, **us** and **our** refer to American Tower Corporation, but not any of our subsidiaries, unless the context requires otherwise.

General

The notes are our unsecured general obligations. The notes are limited to a principal amount of \$210,000,000. The notes will mature on August 1, 2010.

The notes accrue interest at a rate of 3.25% per annum from August 4, 2003, or from the most recent interest payment date to which interest has been paid or duly provided for, and accrued and unpaid interest will be payable semi-annually in arrears on February 1 and August 1 of each year, which we refer to as interest payment dates, beginning February 1, 2004. Interest will be paid to the person in whose name a note is registered at the close of business on the January 15 or July 15, which we refer to as the record dates, immediately preceding the relevant interest payment date. Each payment of interest on the notes will include interest accrued through the day before the applicable interest payment date (or purchase or redemption, as the case may be). Any payment required to be made on any day that is not a business day will be made on the next succeeding business day as if made on the date that the payment was due and no interest will accrue on that payment for the period from the original payment date to the date of that payment on the next succeeding business day. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Payments on the notes will be made in U.S. dollars at the office of the trustee. At our option, however, we may make payments by check mailed to the holder's registered address or, with respect to global notes, by wire transfer. You may present the notes for conversion, registration of transfer and exchange, without service charge, at the office of our paying agent, initially the trustee, in New York, New York and at the corporate trust office of the trustee in New York, New York.

Ranking

The notes rank equally with our senior unsecured indebtedness. As of June 30, 2003, our senior unsecured indebtedness included \$802.9 million principal amount of convertible notes due in 2009 and 2010 and \$1.0 billion principal amount of our 9³/₈% 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 and the 12.25% senior subordinated discount notes, both 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 June 30, 2003, after giving effect to our repayment of \$100.0 million of indebtedness under the credit facilities and the related permanent reduction of revolving loan commitments, the following amounts of subsidiary debt would be outstanding: \$1.16 billion under the credit facilities, \$392.6 million of 12.25% senior subordinated discount notes (net of the unamortized allocated fair value of the warrants of \$48.8 million) and \$63.1 million of other long-term subsidiary debt, and \$237.8 million of unused commitments would remain under the credit facilities.

Conversion

You are entitled to convert your notes, in denominations of \$1,000 principal amount or multiples thereof, into our Class A common stock at any time before the close of business on the last trading day prior to

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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 as described under Conversion Rate Adjustments, but it will not be adjusted for accrued interest.

Upon conversion, you will not be entitled to any payment or adjustment on account of accrued and unpaid interest on the notes. Our delivery to you of the fixed number of shares of Class A common stock into which the notes are convertible, together with cash in lieu of any fractional share, will be deemed to satisfy our obligation to pay principal and accrued interest on the notes to the date of conversion. Accrued interest is deemed to be paid in full rather than canceled, extinguished or forfeited.

If the notes are converted during the period after any interest record date and prior to the corresponding interest payment date, you will receive the interest payable on those notes on the corresponding interest payment date notwithstanding the conversion (unless they have been called for redemption on a redemption date within the period from the close of business on any regular record date to the opening of business on the next interest payment date) and upon surrender of the notes for conversion you must pay funds equal to the semi-annual cash interest payable on the principal amount to be converted. You may not convert notes called for redemption after the close of business on the business day preceding the date fixed for redemption, unless we default in payment of the redemption price. We will not issue fractional shares of Class A common stock upon conversion. Rather, we will pay the converting holder cash equal to the fair market value of the fractional interest, unless cash payment is prohibited by our indebtedness. In that case, we will issue fractional shares.

If you wish to exercise your conversion right, you must deliver an irrevocable conversion notice, together, if the notes are in certificated form, with the certificated security (the date of such delivery of notice, the conversion date), to the conversion agent who will, on your behalf, convert the notes into shares of our Class A common stock. You may obtain copies of the required form of the conversion notice from the conversion agent. The Bank of New York will act as the initial conversion agent.

Conversion Rate Adjustments

The initial conversion rate into shares of our Class A common stock is subject to adjustment upon the following events:

- (1) the issuance of shares of Class A common stock as a dividend or distribution on shares of Class A common stock. In such cases the conversion rate shall be increased by multiplying:

the conversion rate by

a fraction, the numerator of which will be the sum of the number of shares of Class A common stock outstanding immediately prior to distribution plus the number of shares constituting such distribution, and the denominator of which will be the number of shares of Class A common stock outstanding immediately prior to the distribution;

- (2) subdivisions, combinations and reclassifications of the shares of Class A common stock. In cases of subdivisions and combinations, the conversion rate will be appropriately adjusted to reflect the greater or lesser number of shares of Class A common stock outstanding after any such subdivision or combination. In case of a reclassification, the conversion rate will be adjusted so that upon conversion, a holder of notes will receive the securities it would have owned or have been entitled to receive had such notes been

converted immediately prior to the reclassification;

- (3) the issuance to all holders of shares of Class A common stock of options, rights or warrants to subscribe for or purchase shares of Class A common stock (or securities convertible into shares of Class A common stock) for a period of not more than 45 days to subscribe for or purchase shares of Class A common stock at a price per share (or a conversion price per share) less than the current market price per share, provided, however, that the conversion rate will be readjusted to the extent that

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such subscription, purchase or conversion rights are not exercised on or prior to the expiration date thereof. In such cases, the conversion rate will be increased by multiplying:

the conversion rate by

a fraction, the numerator of which shall be the number of shares of Class A common stock outstanding plus the number of shares so offered for subscription or purchase and the denominator shall be the number of shares outstanding plus the number of shares of Class A common stock which the aggregate of the offering price of the total number of shares of Class A common stock so offered for subscription or purchase would purchase at the current market price per share.

- (4) a payment by us or one of our subsidiaries in respect of a repurchase (including by way of a tender offer or exchange offer) of shares of our Class A common stock to the extent that the cash and value of any other consideration included in the payment per share of Class A common stock exceeds the current market price per share (as defined below) of our Class A common stock on the trading day next succeeding the date of such repurchase (or the last date on which tenders or exchanges may be made pursuant to a tender or exchange offer). In such cases, the conversion rate will be increased by multiplying:

the conversion rate by

a fraction, the numerator of which will be the sum of (x) the fair market value, as determined by our board of directors, of the aggregate consideration payable for all shares of our Class A common stock we purchase in such repurchases and (y) the product of the number of shares of our Class A common stock outstanding less any such purchased shares and the current market price per share of our Class A common stock on the trading day next succeeding the date of the repurchases (or the last date on which tenders or exchanges may be made pursuant to a tender or exchange offer) and the denominator of which will be the product of the number of shares of our Class A common stock outstanding, including any such purchased shares, and the current market price per share of our Class A common stock on the trading day next succeeding the date of the repurchases (or the last date on which tenders or exchanges may be made pursuant to a tender or exchange offer);

- (5) the distribution to all holders of shares of Class A common stock of shares of our capital stock, evidences of our indebtedness, securities, cash or other assets, including options, rights or warrants to purchase our securities, excluding from the foregoing distributions of shares of Class A common stock referred to in (1) above, options, rights and warrants (or convertible securities) referred to in (3) above, dividends and distributions paid exclusively in cash covered by (6) below and cash distributions upon a consolidation or merger to which the last paragraph of this section Conversion Rate Adjustments applies. In such cases, the conversion rate will be increased by multiplying:

the conversion rate by

a fraction, the numerator of which is the current market price per share of our Class A common stock and the denominator of which is the current market price per share of our Class A common stock minus the fair market value, as determined by our board of directors, of the indebtedness, securities, cash or other assets so distributed that is applicable to one share of Class A common stock; and

- (6) the distribution by us of cash to all holders of Class A common stock, excluding any cash portion of distributions referred to in (5) above, or cash distributions upon a merger or consolidation to which the last paragraph of this section Conversion Rate Adjustments applies. In such cases, the conversion rate will be increased by multiplying:

the conversion rate by

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a fraction, the numerator of which will be the current market price per share of our Class A common stock and the denominator of which will be the current market price per share of our Class A common stock minus the amount per share of such dividend or distribution.

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For the purpose of any computation under (3), (5) or (6) above, the current market price per share of our Class A common stock means the average of the closing sale price per share of our Class A common stock for the 20 consecutive trading days ending the day before the ex date with respect to the issuance or distribution requiring such computation. For purposes of any computation under (4) above, the current market price per share of our Class A common stock means the average of the closing sale price per share of our Class A common stock for the 20 consecutive trading days commencing the trading day next succeeding the date of such repurchase (or the last date on which tenders or exchanges may be made pursuant to a tender offer or exchange offer). The ex date means the first date on which the Class A common stock trades in the applicable securities exchange without the right to receive such issuance or distribution. The closing sale price of our Class A common stock means the closing per share sale price (or if no closing per share sales price is reported, the average of the bid and ask prices or, if more than one in either case, the average of the average bid and the average ask price) on that date as reported on the NYSE or, if our Class A common stock is not then listed on the NYSE, then on such national or regional exchange or market on which the Class A common stock is then listed or quoted.

If we distribute capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of shares of our Class A common stock, in each case based on the average closing sales prices of those securities for the 20 trading days commencing on and including the fifth trading day after the date on which ex-dividend trading commences for such distribution on the NYSE, the Nasdaq National Market or such other national or regional exchange or market on which the securities are then listed or quoted.

To the extent permitted by law, we may increase the conversion rate by any amount for any period of at least 20 days if our board of directors determines that the increase would be in our best interests. Any such determination by our board will be conclusive. We may also increase the conversion rate as our board of directors deems advisable to avoid or diminish any income tax to holders of Class A common stock resulting from any dividend or distribution of stock, or rights to acquire stock, or from any event so treated for income tax purposes.

If an increase in the conversion rate is made with respect to a distribution of cash or other property (but generally not stock dividends or rights to subscribe for shares of Class A common stock) to our stockholders, such increase will result in a deemed distribution to U.S. Holders of the notes for U.S. federal income tax purposes. See Material United States Federal Income Tax Consequences for a discussion of this issue.

We will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate. However, we will carry forward any adjustments that are less than 1% of the conversion rate.

If a reorganization event occurs, you will have the right to convert the notes only into the kind and amount of the securities, cash or other property you would have received had you converted your notes immediately prior to the reorganization event. We use the term reorganization event to mean:

any recapitalization of shares of Class A common stock, other than changes involving par value, or as a result of a subdivision or combination of the Class A common stock;

any consolidation or merger involving our company, other than one that does not result in a reclassification, conversion, exchange or cancellation of Class A common stock;

any sale or transfer of all or substantially all of our assets; or

any compulsory share exchange pursuant to which holders of Class A common stock will be entitled to receive other securities, cash or other property.

Table of Contents**Optional Redemption of the Notes**

Prior to August 6, 2008, we cannot redeem the notes at our option. Beginning on August 6, 2008, we may redeem the notes, in whole at any time, or in part from time to time, for cash at the following redemption prices, expressed as a percentage of the principal amount. We are required to pay accrued and unpaid interest up to but not including the date of redemption. We will give not less than 20 days nor more than 60 days notice of redemption by mail to holders of the notes. If we opt to redeem less than all of the notes at any time, the trustee will select or cause to be selected the notes to be redeemed in principal amounts of \$1,000 or integral multiples thereof. The trustee may select the notes by lot, pro rata or by any other method the trustee considers fair and appropriate.

Twelve Months (or shorter period) commencing	Redemption Price
August 6, 2008	100.929%
August 1, 2009	100.464%
August 1, 2010	100.000%

Fundamental Change

Upon the occurrence of a fundamental change, you will have the right to require us to repurchase in cash all of your notes not previously called for redemption, or any portion of the principal amount thereof, that is equal to \$1,000 or an integral multiple of \$1,000. The price we are required to pay is equal to 100% of the principal amount of the notes plus accrued and unpaid interest up to, but not including, the repurchase date.

Within 15 days after the occurrence of a fundamental change, we are obligated to give you notice of the fundamental change and of the repurchase right arising as a result of the fundamental change. We must also deliver a copy of this notice to the trustee. To exercise the repurchase right, you must deliver before the 45th day after the date of our notice irrevocable written notice to the trustee of your exercise of its repurchase right, together with the notes with respect to which the right is being exercised. We are required to repurchase the notes on the date that is 45 days after the date of our notice.

A fundamental change will be deemed to have occurred upon a change in control or a termination of trading.

A change in control will be deemed to have occurred at the time after the notes are originally issued that any of the following occurs:

- (1) any person, including any syndicate or group deemed to be a person under Section 13(d)(3) of the Exchange Act, acquires beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of transactions, of shares of our capital stock entitling the person to exercise 50% or more (or 75% or more in the case of an acquisition by the principal or a related party of the principal) of the total voting power of all shares of our capital stock entitled to vote generally in elections of directors, other than an acquisition by us, any of our subsidiaries or any of our employee benefit plans;

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- (2) consummation of any merger, consolidation or amalgamation by us with or into any other person (other than one or more of our subsidiaries), or of another person into us, or the conveyance, sale, transfer or lease by us of all or substantially all of our assets to another person, other than any transaction:

that does not result in a reclassification, conversion, exchange or cancellation of outstanding shares of Class A common stock,

pursuant to which the holders of shares of our Class A common stock (including within this group all related parties) immediately prior to the transaction have the entitlement to exercise, directly or indirectly, 50% or more of the total voting power of all shares of capital stock entitled to vote generally in the election of directors of the continuing or surviving corporation immediately after

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the transaction, provided, for the avoidance of doubt, nothing under this bullet point should affect the applicability of clause (1) above, or

which is effected solely to change our jurisdiction of incorporation and results in a reclassification, conversion or exchange of outstanding shares of our Class A common stock solely into shares of common stock of the surviving entity; or

- (3) any time our continuing directors do not constitute a majority of our board of directors (or, if applicable, a successor corporation to us).

However, a change in control will not be deemed to have occurred if either:

- (A) the closing sale price per share of our Class A common stock for any five trading days within the period of 10 consecutive trading days ending immediately after the later of the change in control or the public announcement of the change in control, in the case of a change in control relating to an acquisition of capital stock, or the period of 10 consecutive trading days ending immediately before the change in control, in the case of change in control relating to a merger, consolidation or asset sale, equals or exceeds 105% of the conversion price of the notes in effect on each of those trading days, or
- (B) at least 90% of the consideration in a merger or consolidation otherwise constituting a change in control under clause (1) and/or clause (2) above consists of shares of common stock traded on a national securities exchange or quoted on the Nasdaq National Market (or will be so traded or quoted immediately following the merger or consolidation) and as a result of the merger or consolidation the notes become convertible into such shares of common stock.

For purposes of these provisions:

principal means Steven B. Dodge,

related party with respect to the principal means:

- (1) any person that is a subsidiary of the principal; or
- (2) any corporation, trust, partnership, limited liability company or other entity controlled, directly or indirectly, by the principal or a person referred to in the immediately preceding clause (1). For the purposes of this clause (2), the principal and one or more of such persons shall be deemed to control one of the entities referred to above only if they collectively hold in excess of 50% of the outstanding equity, beneficial, partnership, membership or other interests in such entity,

the conversion price is equal to \$1,000 divided by the conversion rate,

whether a person is a beneficial owner will be determined in accordance with Rule 13d-3 under the Exchange Act, and

person includes any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Exchange Act.

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Rule 13e-4 under the Exchange Act requires the dissemination of prescribed information to security holders in the event of an issuer tender offer and may apply in the event that the repurchase option becomes available to the holders of notes. We will comply with this rule to the extent it applies at that time.

The definition of change in control includes a phrase relating to the conveyance, transfer, sale, lease or disposition of all or substantially all of our and our subsidiaries' assets. There is no precise, established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of the conveyance, transfer, sale, lease or other disposition of less than all of our and our subsidiaries' assets may be uncertain.

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Continuing directors means, as of any date of determination, any member of our board of directors who (i) was a member of our board of directors on the date of the indenture or (ii) was nominated for election or elected to our board of directors with the approval of a majority of the continuing directors who were members of our board of directors at the time of such nomination or election.

A termination of trading will be deemed to have occurred if shares of our Class A common stock (or other common stock into which the notes are then convertible) is neither listed for trading on the NYSE nor approved for trading or quoted on the Nasdaq National Market or any other U.S. securities exchange or another established over-the-counter trading market in the United States.

The foregoing provisions would not necessarily provide the holders of notes with protection if we are involved in a highly leveraged or other transaction that may adversely affect the holders.

If a fundamental change were to occur, we may not have sufficient funds to pay the fundamental change repurchase price. Further, we will need to obtain lender approval under the existing credit facilities in order to make any fundamental change repurchase and any future credit agreements or other agreements relating to our indebtedness could contain provisions prohibiting repurchase of the notes under certain circumstances or could provide that a fundamental change repurchase constitutes an event of default under that agreement. If any agreement governing our indebtedness prohibits or otherwise restricts us from repurchasing the notes at a time when we become obligated to do so, we could seek the consent of the lenders to repurchase the notes or to refinance this debt. If we fail to repurchase the notes when required following a fundamental change, we will be in default under the indenture, which would constitute a default under the existing credit facilities and might constitute a default under the terms of our other indebtedness. See Risk Factors We may be unable to repay the notes when due or repurchase the notes when we are required to do so.

Consolidation, Merger and Sales of Assets

We may not (1) consolidate with or merge into any other person or sell, convey, lease or transfer our properties and assets substantially as an entirety to any other person in any one transaction or series of related transactions, or (2) permit any person to consolidate with or merge into us, unless:

if we are not the surviving person, the surviving person formed by such consolidation or into which we are merged or the person to which our properties and assets are so transferred shall be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, and shall execute and deliver to the trustee a supplemental indenture expressly assuming the payment when due of the principal of and interest on the notes and the performance of each of our other covenants under the indenture, and

in either case, immediately after giving effect to such transaction, no default or event of default shall have occurred and be continuing.

Events of Default and Remedies

An event of default is defined in the indenture as being any of the following:

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our default in payment of the principal amount at maturity, optional redemption price or any fundamental change repurchase price when due, upon maturity, acceleration, redemption or otherwise, on any of the notes;

our default for 30 days in payment of any installment of interest, including liquidated damages, if any, on the notes;

our default for 60 days after notice in the observance or performance of any other covenants in the indenture;

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certain events involving bankruptcy, insolvency or reorganization of us or any of our significant subsidiaries;

our failure to give notice of the right to require us to purchase notes following the occurrence of a fundamental change within the time required to give such notice;

the default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any indebtedness for money borrowed by us or any of our significant subsidiaries (or the payment of which is guaranteed by us or any of our significant subsidiaries) whether such indebtedness or guarantee now exists, or is created after the date of the indenture, if that default:

is caused by a failure to pay principal of, or interest or premium, if any, on such indebtedness prior to the expiration of the grace period provided in such indebtedness on the date of such default, which we refer to as a **payment default** ; or

results in the acceleration of such indebtedness prior to its express maturity;

and, in each case, if the principal amount of any such indebtedness, together with the principal amount of any other such indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates \$25.0 million or more; and

our failure or the failure of any of our significant subsidiaries to pay final judgments aggregating in excess of \$25.0 million, which judgments are not paid, discharged or stayed for a period of 60 days.

The indenture will provide that if any event of default exists, the trustee or the holders of not less than 25% in principal amount of the notes then outstanding may declare the principal amount of, and any accrued and unpaid interest, including liquidated damages, if any, on all notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an event of default arising from certain events of bankruptcy or insolvency involving us or any of our significant subsidiaries, all outstanding notes will become due and payable without further action or notice. However, if we cure all defaults, except the nonpayment of principal and interest with respect to any notes that become due by acceleration, and certain other conditions are met, the holders of a majority in principal amount of the notes then outstanding may rescind that acceleration. Holders may similarly waive past defaults.

The holders of a majority in principal amount of the notes then outstanding have the right to direct the time, method and place of conducting any proceedings for any remedy available to the trustee, subject to certain limitations specified in the indenture.

The indenture will provide that while the trustee shall give notice to the holders of notes of any default, the trustee may withhold notice of any default or event of default (except in payment on the notes) if the trustee in good faith considers it in the interest of the note holders to refrain from giving notice.

Modification of the Indenture

The indenture contains provisions permitting us and the trustee, with the consent of the holders of not less than a majority in principal amount of the notes at the time outstanding, to modify the indenture and the rights of the note holders. However, without the consent of each note holder so

affected, we cannot make any modification that will:

change the final maturity of any notes;

reduce the rate or extend the time for payment of interest;

reduce the principal amount or any premium;

change the provisions for liquidated damages, for redemption or for repurchase upon a fundamental change, in each case in a manner adverse to the holders;

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impair or affect the right of a holder to institute suit for the payment of principal, interest or any premium;

change the currency in which the notes are payable;

impair the right to convert the notes into shares of Class A common stock; or

reduce the percentage of notes, the consent of the holders of which is required for any modification.

We may, without the consent of any holder of notes, amend or supplement the indenture or the notes to:

cure any ambiguity, defect or inconsistency or make any other changes in the provisions of the indenture which we and the trustee may deem necessary or desirable, provided such amendment does not materially and adversely affect the notes;

provide for uncertificated notes in addition to or in place of certificated notes;

provide for the assumption of our obligations to holders of notes in the circumstances required under the indenture as described under Consolidation, Merger and Sales of Assets ;

provide for conversion rights of holders of notes in certain events such as our consolidation or merger or the sale of all or substantially all of our assets;

increase the conversion rate;

evidence and provide for the acceptance of the appointment under the indenture of a successor trustee;

make any change that would provide any additional rights or benefits to the holders of notes or that does not adversely affect the legal rights under the indenture of any such holder; or

comply with requirements of the SEC in order to effect or maintain the qualification of the indenture under the Trust Indenture Act of 1939, as amended.

Registration Rights

On August 4, 2003, we entered into a registration rights agreement with the initial purchasers of the notes for the benefit of the holders of the notes. That agreement obligates us, at our sole expense, as follows:

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to use our reasonable best efforts to file a shelf registration statement as soon as practicable, but in no event more than 90 days after the issuance of the notes, covering resales of the notes and the shares of Class A common stock issuable upon their conversion. We refer to those securities collectively as the registrable securities;

to use our reasonable best efforts to cause the shelf registration statement to be declared effective under the Securities Act within 180 days after the issuance of the notes; and

to use our reasonable best efforts to keep the shelf registration statement effective and usable for two years or any shorter period required under Rule 144(k) of the Securities Act.

We are permitted to suspend the use of the shelf registration statement during certain black-out periods if we determine in good faith that it is in our best interest and if we provide the registered holders with written notice of the suspension. The period may not exceed 30 days in any three-month period and may not exceed 90 days in the aggregate in any 12-month period. We are also not required to maintain the shelf registration statement if prior to the end of that two-year period or other shorter Rule 144(k) period all the registrable securities have been sold under the shelf registration statement, transferred under Rule 144 under the Securities Act or otherwise transferred in a way that eliminates their Securities Act transfer restrictions for future resales by non-affiliates.

We are obligated to:

provide each holder of registrable securities with copies of this prospectus,

notify each holder when the registration statement has become effective, and

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take certain other actions as are required to permit unrestricted resales of the registrable securities.

If you sell registrable securities pursuant to the registration statement, you:

will usually be required to be named as a selling security holder in this prospectus and to deliver this prospectus to purchasers,

will be subject to certain of the civil liability provisions under the Securities Act in connection with your sales, and

will be bound by the applicable provisions of the registration rights agreement, including certain indemnification rights and obligations.

If a registration default occurs, the interest rate will be increased 0.50% per annum, subject to certain exceptions. Following the cure of a registration default, the interest rate will become the rate in effect immediately prior to the registration default. We use the term registration default to mean if:

we fail to timely file the shelf registration statement with the SEC within 90 days of closing,

the SEC has not declared the shelf registration statement effective within 180 days of closing, or

we fail to keep the shelf registration statement that has been declared effective continuously effective and usable, subject to certain exceptions, for the period required.

Each registrable security contains a legend to the effect that the holder is deemed to have agreed to be bound by the provisions of the registration rights agreement.

We will mail a notice and questionnaire to the holders of registrable securities not less than 30 calendar days prior to the time we intend in good faith to have the shelf registration statement declared effective. Holders are required to complete and deliver the signed notice and questionnaire at least five business days prior to the effective date of the shelf registration statement to be named as selling security holders in the prospectus at the time of effectiveness. Holders of registrable securities will, however, have at least 20 calendar days from the date on which the notice and questionnaire is first mailed to them to return a completed and signed notice and questionnaire.

No holder of registrable securities will be entitled to be named as a selling security holder in the shelf registration statement at the time of the effectiveness of the registration statement, and no holder of registrable securities will be entitled to use the prospectus forming a part of the shelf registration statement for offers and resales of registrable securities at any time, unless such holder has returned a completed and signed notice and questionnaire to us.

Beneficial owners of registrable securities who have not returned a notice and questionnaire by the deadline described above may receive another notice and questionnaire from us upon request. Following our receipt of a completed and signed notice and questionnaire, we will

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include the registrable securities covered thereby in the shelf registration statement, subject to restrictions on the timing provided in the registration rights agreement.

The summary of certain provisions of the registration rights agreement does not purport to be complete. It is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement. A copy of the registration rights agreement is included as an exhibit to the registration statement of which this prospectus forms a part is available as set forth above on page 1 under the heading **Where You Can Find More Information**.

Concerning the Trustee

The Bank of New York is the trustee, registrar conversion agent and paying agent and is a lender under the credit facilities and may provide other commercial banking services to us in the future.

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Governing Law

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

Form, Exchange, Registration and Transfer

We issued the notes in registered form, without interest coupons. We will not charge a service charge for any registration of transfer or exchange of the notes. We may, however, require the payment of any tax or other governmental charge payable for that registration.

Notes are exchangeable for other notes, for the same principal amount and for the same terms but in different authorized denominations in accordance with the indenture. You may present notes for registration of transfer at the office of the security registrar or any transfer agent we designate. The security registrar or transfer agent will effect the transfer or exchange when it is satisfied with the documents of title and identity of the person making the request.

We have appointed the trustee as security registrar for the notes. We may at any time rescind that designation or approve a change in the location through which any registrar acts. We are required to maintain an office or agency for transfers and exchanges in each place of payment. We may at any time designate additional registrars for the notes.

In the case of any redemption, the security registrar will not be required to register the transfer or exchange of any notes either:

during a period beginning 15 business days prior to the mailing of the relevant notice of redemption and ending on the close of business on the day of mailing of the notice, or

if the notes have been called for redemption in whole or in part, except the unredeemed portion of any notes being redeemed in part.

Payment and Paying Agents

Payments on the notes will be made in U.S. dollars at the office of the trustee. At our option, however, we may make payments by check mailed to the holder's registered address or, with respect to global notes, by wire transfer. We will make any required interest payments to the person in whose name a note is registered at the close of business on the record date for the interest payment.

We have designated the trustee as our paying agent for payments on the notes. We may at any time designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts.

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Subject to the requirements of any applicable abandoned property laws, the trustee and paying agent shall pay to us upon written request any money held by them for payments on the notes that remain unclaimed for two years after the date upon which that payment has become due. Aft;
MARGIN-RIGHT: 0pt" align="left">Flushing, NY 11358

Douglas G. DeVivo
DeVivo Asset Management Company LLC
P.O. Box 2048
Menlo Park, CA 94027

Douglas R. Jamieson

President

Officers:

Douglas R. Jamieson	See above
Christopher J. Michailoff	Secretary
Robert S. Zuccaro	Chief Financial Officer

Gabelli & Company, Inc.
Directors:

James G. Webster, III	Chairman & Interim President
Irene Smolicz	Senior Trader Gabelli & Company, Inc.

Officers:

James G. Webster, III	See Above
Bruce N. Alpert	Vice President - Mutual Funds
Diane M. LaPointe	Treasurer
Douglas R. Jamieson	Secretary

Gabelli Foundation, Inc.

Officers:

Mario J. Gabelli	Chairman, Trustee & Chief Investment Officer
Elisa M. Wilson	President
Marc J. Gabelli	Trustee
Matthew R. Gabelli	Trustee
Michael Gabelli	Trustee

MJG-IV Limited Partnership

Officers:

Mario J. Gabelli

General Partner

SCHEDULE II
INFORMATION WITH RESPECT TO
TRANSACTIONS EFFECTED DURING THE PAST SIXTY DAYS OR
SINCE THE MOST RECENT FILING ON SCHEDULE 13D (1)
SHARES PURCHASED AVERAGE
DATE SOLD(-) PRICE(2)

COMMON STOCK-CNA SURETY CORP

GAMCO ASSET MANAGEMENT INC.

5/19/11	112,900	26.5000
5/17/11	15,500	26.5000
5/11/11	4,500	26.4900
3/31/11	3,000	25.3174
3/23/11	3,000	25.1569

GABELLI SECURITIES, INC.

4/29/11	1,500	26.4746
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GABELLI ASSOCIATES LIMITED II E

5/11/11	500	26.4896
4/29/11	2,000	26.4746
4/01/11	200	25.2689

GABELLI ASSOCIATES LIMITED

5/11/11	2,000	26.4896
4/29/11	1,500	26.4746
4/18/11	500	25.6700
4/01/11	200	25.2689
3/31/11	500	25.3082

GABELLI ASSOCIATES FUND II

5/11/11	1,000	26.4896
4/29/11	1,500	26.4746
3/31/11	500	25.3082

GABELLI ASSOCIATES FUND

5/11/11	1,700	26.4896
4/29/11	3,500	26.4746
4/18/11	500	25.6700
4/01/11	600	25.2689

GABELLI FUNDS, LLC.

GAMCO STRATEGIC VALUE

5/13/11	8,140	26.4900
5/11/11	51,860	26.4900
5/04/11	25,000	26.4800
4/25/11	15,000	26.4600

GABELLI SMALL CAP GROWTH FUND

4/15/11	5,000	25.8990
4/11/11	600	25.7600

THE GDL FUND

5/17/11	30,000	26.5000
5/10/11	3,500	26.4700
5/09/11	600	26.4700
5/05/11	60,000	26.4800
5/02/11	25,000	26.4800
4/20/11	3,000	25.7973
3/22/11	2,000	25.2500

GABELLI ENTERPRISE M&A FUND

5/19/11	94,098	26.5000
5/04/11	1,002	26.4600

GABELLI ABC FUND

5/19/11	140,000	26.5000
5/18/11	25,000	26.4996
5/13/11	24,900	26.4900
5/12/11	109,100	26.5000
5/05/11	1,000	26.4600
4/25/11	34,535	26.4100
4/21/11	65,465	26.4639
3/30/11	10,000	25.3812

(1) UNLESS OTHERWISE INDICATED, ALL TRANSACTIONS WERE EFFECTED ON THE NYSE.

(2) PRICE EXCLUDES COMMISSION.

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(f) under the securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with all other Reporting Entities (as such term is defined in the Schedule 13D referred to below) on behalf of each of them of a statement on Schedule 13D (including amendments thereto) with respect to the Common Stock of CNA Surety Corporation, and that this Agreement be included as an Exhibit to such joint filing. This Agreement may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement this May 20, 2011.

MARIO J. GABELLI
GGCP, INC.
MJG ASSOCIATES, INC.
GABELLI FOUNDATION, INC.
MJG-IV LIMITED PARTNERSHIP

By: /s/ Douglas R.
Jamieson
Douglas R. Jamieson
Attorney-in-Fact

GABELLI FUNDS, LLC
TETON ADVISORS, INC.
GABELLI & COMPANY, INC.

By: /s/ Bruce N. Alpert
Bruce N. Alpert
Chief Operating Officer – Gabelli Funds, LLC
Director – Teton Advisors, Inc.
Vice President – Gabelli & Company, Inc.

GAMCO ASSET MANAGEMENT INC.
GAMCO INVESTORS, INC.
GABELLI SECURITIES, INC.

By: /s/ Douglas R. Jamieson
Douglas R. Jamieson
President & Chief Operating Officer – GAMCO Investors, Inc.
President – GAMCO Asset Management Inc.
Vice President – Gabelli Securities, Inc.

