AMERICAN TOWER CORP /MA/
Form S-4/A
July 26, 2004
Table of Contents

As filed with the Securities and Exchange Commission on July 26, 2004

Registration Statement No. 333-114708

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

American Tower Corporation

(Exact name of registrant as specified in its charter)

Delaware	**4899**	**65-0723837**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

116 Huntington Avenue

Boston, Massachusetts 02116

(617) 375-7500

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

James D. Taiclet, Jr.

Chairman, President and Chief Executive Officer

American Tower Corporation

116 Huntington Avenue

Boston, Massachusetts 02116

(617) 375-7500

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

Copies to:

William H. Hess, Esq.

Executive Vice President and General Counsel

American Tower Corporation

116 Huntington Avenue

Boston, Massachusetts 02116

Tel: (617) 375-7500

Fax: (617) 375-7575

Matthew J. Gardella, Esq.

Palmer & Dodge LLP

111 Huntington Avenue

Boston, Massachusetts 02199-7613

Tel: (617) 239-0100

Fax: (617) 227-4420

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

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, 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, 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 (d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ¨

Table of Contents

PROSPECTUS

$225,000,000

7.50% Senior Notes due 2012

We are offering to exchange 7.50% senior notes due 2012 that we have registered under the Securities Act of 1933 for all outstanding 7.50% senior notes due 2012. We refer to these registered notes as the new notes and all outstanding 7.50% senior notes due 2012 as the old notes.

The Exchange Offer

We will exchange an equal principal amount of new notes that are freely tradeable for all old notes that are validly tendered and not validly withdrawn.

You may withdraw tenders of outstanding old notes at any time prior to the expiration of the exchange offer.

The exchange offer is subject to the satisfaction of limited, customary conditions.

The exchange offer expires at 5:00 p.m., New York City time, on , 2004, unless extended.

The exchange of old notes for new notes in the exchange offer generally will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The New Notes

We are offering the new notes in order to satisfy our obligations under the registration rights agreement entered into in connection with the private placement of the old notes.

The terms of the new notes to be issued in the exchange offer are substantially identical to the terms of the old notes, except that the new notes are registered under the Securities Act and have no transfer restrictions, rights to additional interest or registration rights except in limited circumstances.

We do not intend to apply for listing of the new notes on any securities exchange or to arrange for them to be quoted on any quotation system.

See Risk Factors beginning on page 11 to read about factors you should consider in connection with the exchange offer.

If you are a broker-dealer that receives new notes for your own account as a result of market-making or other trading activities, you must acknowledge that you will deliver a prospectus in connection with any resale of the new notes. The letter of transmittal accompanying this prospectus states that by so acknowledging and by delivering a prospectus, you will not be deemed to admit that you are an underwriter within the meaning of the Securities Act. You may use this prospectus, as we may amend or supplement it in the future, for your resales of new notes. We will make this prospectus available to any broker-dealer for use in connection with any such resale for a period of 180 days after the date of expiration of this exchange offer.

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

The date of this prospectus is , 2004

Table of Contents

TABLE OF CONTENTS

You should rely only on the information contained in, or incorporated by reference into, this prospectus. We have not authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. The information contained or incorporated by reference into this prospectus is accurate only as of the date on the front cover of this prospectus or the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since then. Neither the delivery of this prospectus nor any sale under this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus, that the information contained in this prospectus is correct as of any time subsequent to its date, or that any information incorporated by reference in this prospectus is correct as of any time subsequent to its date. We are not making an offer to sell the new notes in any jurisdiction where the offer or sale is not permitted.

WHERE YOU CAN FIND MORE INFORMATION

We have filed this prospectus with the SEC as part of a registration statement on Form S-4 under the Securities Act of 1933. This prospectus does not contain all of the information set forth in the registration statement because some parts of the registration statement are omitted in accordance with the rules and regulations of the SEC. The registration statement and its exhibits are available for inspection and copying as set forth below.

American Tower Corporation files annual, quarterly and current reports, proxy statements and other information with the SEC. These SEC filings are available to the public over the Internet at the SEC s website at http://www.sec.gov. Please note that the SEC s website is included in this prospectus as an inactive textual reference only. The information contained on the SEC s website is not incorporated by reference into this prospectus and should not be considered to be part of this prospectus. You may also read and copy any document we file with the SEC at its public reference facility at 450 Fifth Street, N.W., Washington, D.C. 20459. You can also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facility.

INCORPORATION OF DOCUMENTS BY REFERENCE

We incorporate by reference into this prospectus certain information filed with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus. Certain information that is subsequently filed with the SEC will automatically update and supersede information in this prospectus and in our other filings with the SEC. We

Table of Contents

incorporate by reference the documents listed below, which have been filed with the SEC, and any future filings American Tower Corporation may make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, after the date of filing of Amendment No. 1 to the registration statement relating to this exchange offer until all the notes offered by this prospectus have been exchanged and all conditions to the consummation of those exchanges have been satisfied, provided, however, that we are not incorporating any information furnished under Item 9 (Item 7.01) or Item 12 (Item 2.02) of any Current Report on Form 8-K (unless otherwise indicated):

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

American Tower Corporation s Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 filed with the SEC on May 10, 2004; and

American Tower Corporation s Current Reports on Form 8-K filed with the SEC on January 20, 2004, January 27, 2004, February 18, 2004, February 23, 2004, April 27, 2004 and May 25, 2004.

You may request a copy of these filings at no cost, by writing or calling us at the following address: 116 Huntington Avenue, Boston, Massachusetts 02116, Tel: (617) 375-7500, Attention: Vice President of Finance, Investor Relations.

If you would like to request any documents, you should do so by no later than , 2004 in order to receive them before the expiration of the exchange offer.

The information relating to us contained in this prospectus and any prospectus supplement does not purport to be complete and should be read together with the information contained in the documents incorporated or deemed to be incorporated by reference into this prospectus or any prospectus supplement. Any statements made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded to the extent that a statement contained in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference into this prospectus modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements about future events and expectations, or forward-looking statements, in this prospectus and the documents incorporated by reference into this prospectus. We have based those forward-looking statements on our current expectations and projections about future results. When we use words such as project, believe, anticipate, plan, expect, estimate, or intend, or similar expressions, w identify forward-looking statements. Examples of forward-looking statements include statements we make regarding future prospects of growth in the wireless communications and broadcast infrastructure markets, the level of future expenditures by companies in those markets, and other trends in those markets, our ability to maintain or increase our market share, our future capital expenditure levels, and our plans to fund our future liquidity needs. These statements are based on management s beliefs and assumptions, which in turn are based on currently available information. These assumptions could prove inaccurate.

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 Risk Factors. We have no duty to, and we do not intend to, update or revise forward-looking statements made by us in this prospectus and the documents incorporated by reference into this prospectus, except as required by law. In light of these risks and uncertainties, you should keep in mind that the future events or circumstances described in any forward-looking statements made by us in this prospectus and the documents incorporated by reference into this prospectus or elsewhere might not occur.

Table of Contents

SUMMARY

This summary highlights selected information about us. This summary may not contain all of the information that you should consider before deciding whether to participate in the exchange offer. 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. References to we, us, our and American Tower are to American Tower Corporation and its consolidated subsidiaries collectively, unless it is clear from the context that we mean only American Tower Corporation, the parent company, or American Towers, Inc., a wholly owned-subsidiary of American Tower Corporation, or the meaning is otherwise clear from the context. We sometimes refer to American Towers, Inc. as ATI.

American Tower

Overview

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

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

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

An element of our strategy is to continue to focus our operations on our rental and management segment by divesting non-core assets and businesses, using the proceeds to purchase high quality tower assets, and reducing outstanding indebtedness. Between January 1, 2003 and March 31, 2004, we completed approximately $140.5 million of non-core asset sales and have or will use the net proceeds therefrom to acquire new tower assets and to repay outstanding indebtedness. We expect that we will generate approximately $10.0 million of additional net proceeds in 2004 from the sale of other non-core assets, and intend to reinvest these proceeds in tower assets.

The sales proceeds described above include proceeds from the disposition of our remaining non-core services businesses, including Flash Technologies, Galaxy Engineering and Kline Iron & Steel Co., Inc. (Kline). With the divestiture of Kline in March 2004, we have completed the

transformation of our business to a focused tower leasing business with only limited services activities that directly support our core rental and management operations and the addition of new tenants on our towers.

Table of Contents

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

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

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

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

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

Strategy

Our strategy is to capitalize on the continued increase in the use of wireless communication services and the infrastructure requirements necessary to deploy current and future generations of wireless communication technologies. Between December 2001 and December 2003, the number of wireless phone subscribers in the United States increased from 128.4 million to 158.7 million, representing an increase of approximately 24%. From December 2001 through December 2003, the number of cell sites (i.e., the number of antennae and related equipment in commercial operation, not the number of towers on which that equipment is located) also increased from approximately 127,500 to approximately 163,000. With respect to Mexico, the number of wireless phone subscribers increased from approximately 21.5 million at the end of 2001, to approximately 30.4 million at the end of 2003, representing an increase of approximately 41% and market penetration of approximately 30% at December 31, 2003. We expect that the continued growth of subscribers for wireless personal communications and phone services will require wireless carriers to add a significant number of additional cell sites to maintain the performance of their networks in the areas they currently cover and to extend service to areas where coverage does not yet exist. In addition, we believe that as data wireless services, such as email, internet access and video, are deployed on a widespread basis, the deployment of these technologies will require wireless carriers to further increase the cell density of their existing networks, may require an overlay of new technology equipment, and may increase the demand for geographic expansion of their network coverage. To meet this demand, we believe wireless carriers will continue to outsource their tower infrastructure needs as a means of improving existing service coverage, implementing new technology, accelerating access to their markets and preserving capital, rather than constructing and operating their own towers and maintaining their own tower service and development capabilities.

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

Maximize Use of Our Tower Capacity. We believe that our highest returns will be achieved by leasing additional space on our existing towers. Annual rental and management revenue and segment operating profit growth during 2003 was approximately 14% and 24%, respectively. We anticipate that our revenues and segment operating profit will continue to grow because many of our towers are attractively located for wireless service providers and have capacity available for additional antenna space rental that we can offer to customers at low incremental costs to us. Because the costs of operating a tower are largely fixed, increasing utilization significantly improves operating margins. We will continue to target our sales and marketing activities to increase utilization of, and

investment return on, our existing towers.

Actively Manage Our Tower Portfolio. We are actively managing our portfolio of towers by selling non-core towers and reinvesting a portion of the proceeds in high quality tower assets. In 2003, we sold over 300 non-core towers and redeployed a portion of the proceeds from these sales to the acquisition of

Table of Contents

525 towers from NII Holdings in Mexico and Brazil. We also plan to pursue exchanges and sales of towers or tower clusters with tower operators and other entities. Our goal is to enhance operating efficiencies either by acquiring towers in regions where we have insufficient coverage or by disposing or exchanging towers in areas where we do not have operating economies of scale. If we are successful in disposing of certain tower assets, we may reinvest a portion of the proceeds received in tower assets that are expected to provide a greater return.

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

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

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

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

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 on our website, and you should not consider it to be a part of this prospectus.

Table of Contents

The Exchange Offer

All capitalized terms used, but not defined, in this section shall have the respective meanings set forth under Description of Notes beginning on page 30 of this prospectus.

Summary of Terms of the Exchange Offer

Background	We sold the old notes on February 4, 2004 in an unregistered private placement to a group of investment banks as initial purchasers. In connection with that private placement, we entered into a registration rights agreement in which we agreed to deliver this prospectus to you and to make an exchange offer for the old notes.
The Exchange Offer	We are offering to exchange up to $225.0 million aggregate principal amount of our new notes, which have been registered under the Securities Act, for up to $225.0 million aggregate principal amount of our old notes. You may tender old notes only in integral multiples of $1,000 principal amount.
Resale of New Notes	Based on interpretive letters of the SEC staff to third parties, we believe that you may resell and transfer the new notes issued pursuant to the exchange offer in exchange for old notes without compliance with the registration and prospectus delivery requirements of the Securities Act, if: you are acquiring the new notes in the ordinary course of your business, you have no arrangement or understanding with any person to participate in the distribution of the new notes, and you are not our affiliate as defined under Rule 405 of the Securities Act. If you fail to satisfy any of these conditions, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes. Broker-dealers that acquired old notes directly from us, but not as a result of market-making activities or other trading activities, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes. See Plan of Distribution on page 78 of this prospectus. Each broker-dealer that receives new notes for its own account pursuant to the exchange offer in exchange for old notes that it acquired as a result of market-making or other trading activities must deliver a prospectus in connection with any resale of the new notes and provide us with a signed acknowledgement of this obligation.
Consequences If You Do Not Exchange Your Old Notes	Old notes that are not tendered in the exchange offer or are not accepted for exchange will continue to bear legends restricting their transfer. You will not be able to offer or sell the old notes unless: an exemption from the requirements of the Securities Act is available to you,

Table of Contents

	we register the resale of old notes under the Securities Act, or the transaction requires neither an exemption from nor registration under the requirements of the Securities Act. After the completion of the exchange offer, we will no longer have an obligation to register the old notes, except in limited circumstances.
Expiration Date	5:00 p.m., New York City time, on , 2004, unless we extend the exchange offer.
Conditions to the Exchange Offer	The exchange offer is subject to limited, customary conditions, which we may waive.
Procedures for Tendering Old Notes	If you wish to accept the exchange offer, you must deliver to the exchange agent, before the expiration of the exchange offer: either a completed and signed letter of transmittal or, for old notes tendered electronically, an agent s message from The Depository Trust Company (which we refer to as DTC), Euroclear or Clearstream stating that the tendering participant agrees to be bound by the letter of transmittal and the terms of the exchange offer, your old notes, either by tendering them in physical form or by timely confirmation of book-entry transfer through DTC, Euroclear or Clearstream, and all other documents required by the letter of transmittal. If you hold old notes through DTC, Euroclear or Clearstream, you must comply with their standard procedures for electronic tenders, by which you will agree to be bound by the letter of transmittal. By signing, or by agreeing to be bound by, the letter of transmittal, you will be representing to us that: you will be acquiring the new notes in the ordinary course of your business, you have no arrangement or understanding with any person to participate in the distribution of the new notes, and you are not our affiliate as defined under Rule 405 of the Securities Act. See The Exchange Offer Procedures for Tendering on page 24 of this prospectus.

Table of Contents

Guaranteed Delivery Procedures for Tendering Old Notes	If you cannot meet the expiration deadline or you cannot deliver your old notes, the letter of transmittal or any other documentation to comply with the applicable procedures under DTC, Euroclear or Clearstream standard operating procedures for electronic tenders in a timely fashion, you may tender your notes according to the guaranteed delivery procedures set forth under The Exchange Offer Guaranteed Delivery Procedures on page 26 of this prospectus.
Special Procedures for Beneficial Holder	If you beneficially own old notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender in the exchange offer, you should contact that registered holder promptly and instruct that person to tender on your behalf. If you wish to tender in the exchange offer on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your old notes, either arrange to have the old notes registered in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.
Withdrawal Rights	You may withdraw your tender of old notes at any time before the exchange offer expires.
Tax Consequences	The exchange pursuant to the exchange offer generally will not be a taxable event for U.S. federal income tax purposes. See United States Federal Income Tax Consequences on page 73 of this prospectus.
Use of Proceeds	We will not receive any proceeds from the exchange or the issuance of the new notes.
Exchange Agent	The Bank of New York is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are set forth under Exchange Agent on page 79 of this prospectus.

Table of Contents

Summary Description of the New Notes

The form and terms of the new notes are the same as the form and terms of the old notes, except that:

- the new notes will be registered under the Securities Act and therefore will not bear legends restricting their transfer, and
- specified rights under the registration rights agreement, including the provisions providing for registration rights and the payment of additional interest in specified circumstances, will be limited or eliminated.

The new notes will evidence the same debt as the old notes and will rank equally with the old notes. The same indenture will govern both the old notes and the new notes. We refer to the old notes and the new notes together as the notes.

Issuer	American Tower Corporation, a Delaware corporation.
New Notes Offered	$225,000,000 aggregate principal amount of 7.50% Senior Notes due 2012.
Maturity Date	May 1, 2012.
Interest Payments	7.50% per annum, payable on May 1 and November 1 of each year, beginning May 1, 2004.
Ranking	The notes are our general, unsecured obligations and will rank equally in right of payment with all of our existing and future senior unsecured debt obligations. As of March 31, 2004, we had $1.7 billion outstanding senior unsecured indebtedness. Further, the notes are not guaranteed by our subsidiaries and will be structurally subordinated to all of our subsidiaries existing and future indebtedness, which includes all outstanding indebtedness under the credit facilities and the senior subordinated notes issued by American Towers, Inc. Indebtedness under the credit facilities is secured by the assets of our subsidiaries and is also guaranteed by us and secured by our assets. We also guarantee the ATI 12.25% senior subordinated discount notes and the ATI 7.25% senior subordinated notes. As of March 31, 2004, the following amounts of subsidiary debt were outstanding: $665.8 million under the credit facilities; $482.7 million of ATI 12.25% senior subordinated discount notes ($440.7 million accreted value, net of the allocated fair value of warrants of $42.0 million); $400.0 million of ATI 7.25% senior subordinated notes and $59.6 million of other long-term subsidiary debt. In addition, $268.3 million of unused commitments remained under the credit facilities.

Table of Contents

Optional Redemption	We may redeem the notes at our option prior to maturity as follows: Before February 1, 2007, we may redeem up to 35% of the original principal amount of the notes at a price equal to 107.50% of the principal amount of the notes plus accrued and unpaid interest thereon and additional interest, if any, with the net cash proceeds of certain public equity offerings within 60 days after the closing of any such offering. On or after May 1, 2008, we may redeem the notes, in whole or in part, in cash at the redemption prices described in this prospectus.
Change of Control Offer	If we undergo a change of control, we may be required to make an offer to purchase each holder s notes at a price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest and additional interest, if any, up to but not including the repurchase date.
Certain Covenants	The provisions of the indenture governing the notes, among other things, limit our ability to: incur more debt, guarantee indebtedness and issue preferred stock; create liens; pay dividends or make distributions or other restricted payments; make certain investments; merge, consolidate or sell assets; enter into transactions with affiliates; and enter into sale-leaseback transactions. These limitations are subject to a number of important exceptions. See Description of the Notes Certain Covenants Covenant Suspension on page 35 of this prospectus.

Risk Factors

See Risk Factors immediately following this summary for a discussion of risks relating to your participation in the exchange offer.

Table of Contents

AMERICAN TOWER CORPORATION

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following selected historical consolidated financial data is derived from our March 31, 2004 unaudited condensed consolidated financial statements as filed in our Quarterly Report on Form 10-Q for the three months ended March 31, 2004, and our audited consolidated financial statements as filed in our Annual Report on Form 10-K for the year ended December 31, 2003. In management s opinion, the unaudited information described above includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation. Results for the three months ended March 31, 2004 are not necessarily indicative of results for the full year.

You should read the selected financial data in conjunction with our Management s Discussion and Analysis of Financial Condition and Results of Operations, our audited consolidated financial statements and related notes and our unaudited condensed consolidated financial statements and related notes, which are incorporated by reference herein. Year-to-year comparisons are significantly affected by our acquisitions, dispositions and construction of towers.

	Year Ended December 31,					Three Months Ended March 31,	
	1999	2000	2001	2002	2003	2003	2004
	(In thousands, except per share data)						
Statements of Operations Data:							
Revenues:							
Rental and management	$ 131,245	$ 269,282	$ 431,051	$ 544,906	$ 619,697	$ 146,462	$ 164,576
Network development services	67,039	158,201	223,926	130,176	95,447	15,005	21,603
Total operating revenues	198,284	427,483	654,977	675,082	715,144	161,467	186,179
Operating expenses:							
Rental and management	60,915	135,891	209,923	226,786	222,724	54,696	55,666
Network development services	55,217	140,758	199,568	118,591	88,943	14,712	20,814
Depreciation and amortization(1)	116,242	236,334	334,917	312,866	313,465	79,654	77,134
Corporate general, administrative and development expense	10,542	29,378	34,310	30,229	26,867	6,648	6,879
Impairments, net loss on sale of long-lived assets and restructuring expense			79,496	101,372	31,656	3,696	3,914
Total operating expenses	242,916	542,361	858,214	789,844	683,655	159,406	164,407
Operating (loss) income from continuing operations	(44,632)	(114,878)	(203,237)	(114,762)	31,489	2,061	21,772
Interest income, TV Azteca, net	1,856	12,679	14,377	13,938	14,222	3,502	3,540
Interest income	17,850	15,948	28,372	3,496	5,255	926	1,114
Interest expense	(27,274)	(151,702)	(267,199)	(254,446)	(279,875)	(71,742)	(69,172)
Loss on retirement of long-term obligations		(24,198)	(26,336)	(8,869)	(46,197)	(8,491)	(8,053)
Income (loss) from investments and other expense	74	(2,465)	(38,795)	(25,559)	(29,819)	(25,199)	(822)
Minority interest in net earnings of subsidiaries	(142)	(202)	(318)	(2,118)	(3,703)	(570)	(1,423)
Loss from continuing operations before income taxes	(52,268)	(264,818)	(493,136)	(388,320)	(308,628)	(99,513)	(53,044)
Income tax benefit	4,479	72,795	102,032	67,783	66,137	19,275	10,450

Loss from continuing operations before cumulative effect of change in accounting principle	$ (47,789)	$ (192,023)	$ (391,104)	$ (320,537)	$ (242,491)	$ (80,238)	$ (42,594)
Basic and diluted loss per common share from continuing operations before cumulative effect of change in accounting principle(2)	$ (0.32)	$ (1.14)	$ (2.04)	$ (1.64)	$ (1.17)	$ (0.41)	$ (0.19)
Weighted average common shares outstanding(2)	149,749	168,715	191,586	195,454	208,098	195,703	220,408

Table of Contents

	Year Ended December 31,					Three Months Ended March 31,	
	1999	2000	2001	2002	2003	2003	2004
	(In thousands)						
Other Data:							
Capital expenditures	$ 272,670	$ 541,347	$ 568,158	$ 180,497	$ 61,608	$ 18,821	$ 10,832
Cash provided by (used for) operating activities	71,192	(37,174)	26,070	105,149	156,386	7,059	31,716
Cash (used for) provided by investing activities	(1,112,277)	(1,999,214)	(1,445,303)	(115,257)	(56,010)	24,017	(5,973)
Cash provided by (used for) financing activities	880,122	2,093,214	1,373,153	101,442	(122,203)	(56,957)	(32,510)
Ratio of earnings to fixed charges(3)							
Towers operated at end of period	5,100	11,000	14,500	14,600	14,800	14,700	14,800

	As of December 31,					As of March 31,
	1999	2000	2001	2002	2003	2004
	(In thousands)					
Balance Sheet Data:						
Cash and cash equivalents (including restricted cash and investments)(4)	$ 25,212	$ 128,074	$ 130,029	$ 127,292	$ 275,501	$ 217,835
Property and equipment, net	1,092,346	2,296,670	3,287,573	2,694,999	2,546,525	2,483,604
Total assets	3,018,866	5,660,679	6,829,723	5,662,203	5,332,488	5,197,910
Long-term obligations, including current portion	740,822	2,468,223	3,561,960	3,448,514	3,361,225	3,299,246
Net debt(5)	715,610	2,340,149	3,431,931	3,321,222	3,085,724	3,081,411
Total stockholders equity	2,145,083	2,877,030	2,869,196	1,740,323	1,711,547	1,672,051

(1) As of January 1, 2002, we adopted the provisions of SFAS No. 142, Goodwill and Other Intangible Assets, (SFAS No. 142). Accordingly, we ceased amortizing goodwill on January 1, 2002. The statements of operations for all periods presented, except for the years ended December 31, 2002 and 2003 and the three months ended March 31, 2003 and 2004, include goodwill amortization. The adoption of SFAS No. 142 reduced amortization expense in continuing operations by approximately $67.6 million for the years ended December 31, 2002 and 2003.

(2) We computed basic and diluted loss per common share from continuing operations before cumulative effect of change in accounting principle using the weighted average number of shares outstanding during each period presented. We have excluded shares issuable upon exercise of options and other common stock equivalents from these computations, as their effect is anti-dilutive.

(3) 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 consist of interest expensed and capitalized, amortization of debt discount and related issuance costs and the component of rental expense associated with operating leases believed by management to be representative of the interest factor thereon. We had a deficiency in earnings to fixed charges in each period as follows (in thousands): 1999 $55,299; 2000 $272,783; 2001 $497,488; 2002 $380,745; 2003 $301,202; and the three months ended March 31, 2003 and 2004 $96,431 and $50,453, respectively.

(4) Includes, as of December 31, 2000 and 2001, approximately $46.0 million and $94.1 million, respectively, of restricted funds required under our credit facilities to be held in escrow through August 2002 to fund scheduled interest payments on our outstanding senior and convertible notes. Includes, as of December 31, 2003 and March 31, 2004, approximately $170.0 million and $119.1 million, respectively, of restricted funds to be held in escrow to pay, repurchase, redeem or retire certain of our outstanding debt.

(5) Net debt represents long-term debt, including current portion, less cash and cash equivalents (including restricted cash and investments).

Table of Contents

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 your participation in the exchange offer. 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 to decline, which in turn could cause you to lose all or part of your investment.

Risks Related to the Exchange Offer

If you fail to exchange your old notes, they will continue to be restricted securities and may become less liquid.

Old notes that you do not tender or that we do not accept will, following the exchange offer, continue to be restricted securities. You may not offer or sell untendered old notes except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We will issue new notes in exchange for the old notes pursuant to the exchange offer only following the satisfaction of procedures and conditions described elsewhere in this prospectus. These procedures and conditions include timely receipt by the exchange agent of the old notes and of a properly completed and duly executed letter of transmittal.

Because we anticipate that most holders of old notes will elect to exchange their old notes, we expect that the liquidity of the market for any old notes remaining after the completion of the exchange offer may be substantially limited. Any old note tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the old notes outstanding. Following the exchange offer, if you did not tender your old notes you generally will not have any further registration rights and your old notes will continue to be subject to transfer restrictions. Accordingly, the liquidity of the market for any old notes could be adversely affected.

Risks Related to the Notes

Substantial leverage and debt service obligations may adversely affect us.

We have a substantial amount of indebtedness. As of March 31, 2004, we had approximately $3.3 billion of consolidated debt. Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay when due the principal of, interest on, or other amounts due with respect to our indebtedness. Approximately 20% 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 on our financial condition and results of operations, including:

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

increasing our vulnerability to general adverse economic and industry conditions;

limiting our ability to obtain additional debt or equity financing;

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

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

Table of Contents

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

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

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

The notes are obligations exclusively of our company and not of our subsidiaries. However, all of our operations are conducted through our subsidiaries. Our cash flow and our ability to service our debt, including the notes, is dependent upon distributions of earnings, loans or other payments by our subsidiaries to us. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts due on the notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other considerations. Payments to us by our subsidiaries are contingent upon our subsidiaries earnings and cash flows. In addition, the credit facilities and the indentures for the ATI 12.25% senior subordinated discount notes and the ATI 7.25% senior subordinated notes impose substantial contractual limitations on the payment of dividends, distributions, loans or other amounts to us. Moreover, our subsidiaries may incur additional indebtedness that may restrict or prohibit the making of distributions, the payment of dividends or the making of loans by such subsidiaries to us.

The notes are structurally subordinated to all existing and future indebtedness and other obligations issued by our subsidiaries, including the ATI 12.25% senior subordinated discount notes, the ATI 7.25% senior subordinated notes and borrowings under the credit facilities. As of March 31, 2004, the following amounts of subsidiary debt were outstanding: $665.8 million under the credit facilities, $482.7 million of ATI 12.25% senior subordinated discount notes ($440.7 million accreted value, net of the allocated fair value of warrants of $42.0 million), $400.0 million of ATI 7.25% senior subordinated notes and $59.6 million of other long-term subsidiary debt. In addition, $268.3 million of unused commitments would remain under the credit facilities. In the event of our insolvency, liquidation or reorganization, or should any of the indebtedness under the credit facilities, the ATI 12.25% senior subordinated discount notes or the ATI 7.25% senior subordinated notes be accelerated because of a default, the holders of those debt obligations would have a prior claim to the proceeds from any liquidation of or distribution from our subsidiaries.

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

The notes are our general unsecured obligations. The notes effectively rank junior to any of our secured indebtedness, including our guaranty of borrowings under the credit facilities, to the extent of the assets securing such indebtedness. As of March 31, 2004, we had $1.6 billion of secured indebtedness. In the event of our bankruptcy, liquidation, reorganization or other winding up, our assets that secure indebtedness will be available to pay obligations on the notes only after all such secured indebtedness has been repaid in full from such assets. As a result, there may not be sufficient assets remaining to pay amounts due on any or all the notes then outstanding.

There may be no public market for the new notes, which may significantly impair the liquidity of the new notes.

Prior to the exchange and issuance of the new notes, there has been no public market for the new notes and we cannot assure you as to:

the liquidity of any market that may develop;

your ability to sell your new notes; or

the price at which you would be able to sell your new notes.

Table of Contents

If a market were to exist for the new notes, the new notes could trade at prices that may be lower than the principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar notes and our financial performance. We do not presently intend to apply for listing of the new notes on any securities exchange.

The initial purchasers in the January 2004 private placement of the old notes have advised us that they presently intend to make a market in the new notes. The initial purchasers are not obligated, however, to make a market in these securities, and they may discontinue any such market-making at any time at their sole discretion. In addition, any market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, we cannot assure you as to the development or liquidity of any market for the new notes.

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 change in control (as described herein), we will be required to offer to repurchase all outstanding notes, as well as the 12.25% senior subordinated discount notes, at 101% of the principal amount (or accreted value) of the notes plus accrued and unpaid interest and additional interest, if any, to the date of repurchase. We have similar repurchase obligations under our other outstanding indebtedness. However, it is possible that we will not have sufficient funds at maturity, upon acceleration or at the time of the change in control 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.

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.

Table of Contents

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

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

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

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

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

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

Significant consolidation among our wireless service provider customers, such as the recently announced transaction between Cingular Wireless and AT&T Wireless, may result in reduced capital expenditures in the aggregate because the existing networks of many wireless carriers overlap, as do their expansion plans. Similar consequences might occur if wireless service providers engage in extensive sharing, roaming or resale arrangements as an alternative to leasing our antennae space. In January 2003, the Federal Communications Commission (FCC) eliminated its spectrum cap, which prohibited wireless carriers from owning more than 45 MHz of spectrum in any given geographical area. The FCC has also eliminated the cross-interest rule for metropolitan areas, which limited an entity s ability to own interests in multiple cellular licenses in an 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.

14

Table of Contents

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

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

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

Our expansion in Mexico and Brazil, and any other possible foreign operations in the future, could result in adverse financial consequences and operational problems not experienced in the United States. We have loaned $119.8 million (undiscounted) to a Mexican company, own or have the economic rights to over 1,850 towers in Mexico, including approximately 200 broadcast towers (after giving effect to pending transactions) and, subject to certain rejection rights, are contractually committed to construct up to approximately 400 additional towers in that country over the next three years. We also own or have acquired the rights to approximately 425 communications towers in Brazil and are, subject to certain rejection rights, contractually committed to construct up to 350 additional towers in that country over the next three years. The actual number of sites constructed will vary depending on the build out plans of the applicable carrier. We may, if economic and capital market conditions permit, also engage in comparable transactions in other countries in the future. Among the risks of foreign operations are governmental expropriation and regulation, the credit quality of our customers, inability to repatriate earnings or other funds, currency fluctuations, difficulty in recruiting trained personnel, and language and cultural differences, all of which could adversely affect our operations.

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

A substantial portion of our total operating revenues is derived from a small number of customers. Approximately 64.2% of our revenues for the three months ended March 31, 2004 and approximately 61.5% of our revenues for the year ended December 31, 2003 were derived from eight customers. Our largest domestic customer is Verizon Wireless, which represented approximately 12.0% of our total revenues for the three months ended March 31, 2004 and approximately 12.3% of our total revenues for the year ended December 31, 2003. If the recently announced transaction between Cingular Wireless and AT&T Wireless had occurred as of January 1, 2003, however, the combined revenues would have represented approximately 16.3% of our total revenues for the three months ended March 31, 2004 and approximately 15.0% of our total revenues for the year ended December 31, 2003. Our largest international customer is Iusacell Celular, which is an affiliate of TV Azteca. Iusacell Celular accounted for approximately 4.4% and 4.7% of our total revenues for the three months ended March 31, 2004 and the year ended December 31, 2003, respectively. TV Azteca also owns a minority interest in Unefon, which is our second largest customer in Mexico and accounted for approximately 2.9% and 2.8% of our total revenues for the three months ended March 31, 2004 and the year ended December 31, 2003, respectively. In addition, we received $3.5 million and $14.2 million in interest income, net, from TV Azteca for the three months ended March 31, 2004 and the year ended December 31, 2003, respectively. If any of these customers were unwilling or unable to perform their obligations under our agreements with them, our revenues, results of operations, and financial condition could be adversely affected.

In the ordinary course of our business, we also sometimes experience disputes with our customers, generally regarding the interpretation of terms in our agreements. Although historically we have resolved these disputes in a manner that did not have a material adverse effect on our company or our customer relationships, these disputes could lead to a termination of our agreements with customers or a material modification of the terms of those agreements, either of which could have a material adverse effect on our business, results of operations and

15

Table of Contents

financial condition. If we are forced to resolve any of these disputes through litigation, our relationship with the applicable customer could be terminated or damaged, which could lead to decreased revenues or increased costs, resulting in a corresponding adverse effect on our operating results.

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

Iusacell Celular is our largest customer in Mexico and accounted for approximately 4.4% of our total revenues for the three months ended March 31, 2004 and approximately 4.7% of our total revenues for the year ended December 31, 2003. In addition, in December 2003 we agreed to acquire up to 143 tower sites from Iusacell for up to an aggregate of $31.4 million, and had acquired 80 tower sites for approximately $18.2 million as of March 31, 2004. Iusacell currently is in default under certain of its debt obligations and is involved in litigation with certain of its creditors. If Iusacell files for bankruptcy, or if the creditor litigation has an adverse impact on Iusacell s overall liquidity, it could interfere with Iusacell s ability to meet its operating obligations, including rental payments under our leases with them.

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

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

We could have liability under environmental laws.

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

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

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

Table of Contents

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

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

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

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

Our competition includes:

- national tower companies;
- wireless carriers that own towers and lease antenna space to other carriers;
- site development companies that purchase antenna space on existing towers for wireless carriers and manage new tower construction; and
- alternative site structures (e.g., building rooftops, billboards and utility poles).

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

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

If a connection between radio frequency 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.

The bankruptcy proceeding of our Verestar subsidiary exposes us to risks and uncertainties.

Our wholly owned subsidiary, Verestar, Inc., filed for protection under Chapter 11 of the federal bankruptcy laws on December 22, 2003. Verestar was reported as a discontinued operation through the date of the bankruptcy filing in 2003 for financial statement purposes and, as of the date of the bankruptcy filing, was deconsolidated for financial statement purposes.

Table of Contents

If Verestar fails to honor certain of its contractual obligations because of its bankruptcy filing or otherwise, claims may be made against us for breaches by Verestar of those contracts as to which we are primarily or secondarily liable as a guarantor, which we do not expect will exceed $10.0 million. In addition, Verestar s bankruptcy estate may bring certain claims against us or seek to hold us liable for certain transfers made by Verestar to us and/or for Verestar s obligations to creditors under various equitable theories recognized under bankruptcy law. The Official Committee of Unsecured Creditors appointed in the Verestar bankruptcy proceeding (the Committee) has requested, and we have agreed to produce, certain documents in connection with the subpoena for Rule 2004 Examination (as defined under federal bankruptcy laws) issued by the Committee. The Bankruptcy Court also has entered an order approving a stipulation between Verestar and the Committee that permits the Committee to file claims against us and/or our affiliates on behalf of Verestar. As of the date of this prospectus, the Committee has not filed any claims against us or our affiliates. The outcome of complex litigation (including claims which may be asserted against us by Verestar s bankruptcy estate) cannot be predicted with certainty and is dependent upon many factors beyond our control; however, any such claims, if successful, could have a material adverse impact on our financial condition. Finally, we will incur additional costs in connection with our involvement in the reorganization or liquidation of Verestar s business.

Table of Contents

USE OF PROCEEDS

This exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any proceeds from the exchange offer. In consideration for issuing the new notes, we will receive old notes from you in like principal amount. The old notes surrendered in exchange for the new notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the new notes will not result in any change in our indebtedness.

Table of Contents

CAPITALIZATION

The following table shows our capitalization as of March 31, 2004. You should read the capitalization table below in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and our unaudited condensed consolidated financial statements and related notes incorporated by reference herein.

	March 31, 2004
	(In Thousands)
Cash and cash equivalents	$ 98,698
Restricted cash and investments	119,137
Total cash and cash equivalents and restricted cash and investments	$ 217,835
Long-term debt, including current portion:	
Credit facilities(1)	$ 665,769
9 3/8% senior notes	1,000,000
7.50% senior notes	225,000
Convertible notes, net of discount(2)	508,233
12.25% senior subordinated discount notes, net of discount(3)	440,663
7.25% senior subordinated notes	400,000
Other long-term debt	59,581
Total long-term debt, including current portion	$ 3,299,246
Stockholders equity:	
Common stock(4)	$ 2,212
Additional paid-in capital	3,914,252
Accumulated deficit	(2,233,327)
Notes receivable	(6,720)
Treasury stock	(4,366)
Total stockholders equity	1,672,051
Total capitalization	$ 4,971,297

(1) As of March 31, 2004, borrowings under our credit facilities included:
Term Loan A $351.3 million,
Term Loan C $266.3 million, and
Revolving Credit Facility $48.2 million.
In May 2004, we refinanced our credit facilities. See Description of Other Indebtedness.

(2) As of March 31, 2004, we had outstanding the following principal amounts of convertible notes:
$0.1 million of 2.25% convertible notes, which are convertible into shares of our Class A common stock at a conversion price of $24.00 per share,
$298.2 million of 5.0% convertible notes, which are convertible into shares of our Class A common stock at a conversion price of $51.50 per share, and
$210.0 million of 3.25% convertible notes, which are convertible into shares of our Class A common stock at a conversion price of $12.22 per share.

(3) Consists of $482.7 million of outstanding debt ($440.7 million in accreted value, net of $42.0 million allocated to the fair value of warrants reflected as a discount to the notes). The discount notes and warrants were originally issued together as 808,000 units, each consisting of a 12.25% senior subordinated discount note having a principal amount of $1,000 at maturity and a warrant to purchase 14.0953 shares of American Tower Corporation s Class A common stock. See Description of Other Indebtedness.

(4) Consists of common stock, par value $.01 per share 560,000,000 shares authorized; 221,094,092 shares outstanding.

Table of Contents

THE EXCHANGE OFFER

Purpose and Effect of Exchange Offer

We sold the old notes on February 4, 2004 in an unregistered private placement to a group of investment banks as the initial purchasers. As part of that offering, we entered into a registration rights agreement with the initial purchasers. Under the registration rights agreement, we agreed to file this registration statement to offer to exchange the old notes for new notes in an offering registered under the Securities Act. This exchange offering satisfies that obligation. We also agreed to perform other obligations under that registration rights agreement. See Description of the Notes Registration Rights; Additional Interest.

By participating in the exchange offer, holders of the old notes will receive new notes that are freely tradable and not subject to restrictions on transfer, subject to the exceptions described under Resale of New Notes immediately below. In addition, holders of new notes generally will not be entitled to additional interest.

Resale of New Notes

We believe that the new notes issued in exchange for the old notes may be offered for resale, resold and otherwise transferred by any new note holder without compliance with the registration and prospectus delivery provisions of the Securities Act if the conditions set forth below are met. We base this belief solely on interpretations of the federal securities laws by the SEC set forth in several no-action letters issued to third parties unrelated to us. A no-action letter is a letter from the SEC responding to a request for its views as to whether a particular matter complies with the federal securities laws or whether the SEC would refer the matter to the SEC s enforcement division for action. We have not obtained, and do not intend to obtain, our own no-action letter from the SEC regarding the resale of the new notes. Instead, holders will be relying on the no-action letters that the SEC has issued to third parties in circumstances that we believe are similar to ours. Based on these no-action letters, the following conditions must be met:

- the holder must acquire the new notes in the ordinary course of its business,
- the holder must have no arrangements or understanding with any person to participate in the distribution of the new notes within the meaning of the Securities Act, and
- the holder must not be an affiliate, as defined in Rule 405 of the Securities Act, of ours.

Each holder of old notes that wishes to exchange old notes for new notes in the exchange offer must represent to us that it satisfies all of above listed conditions. Any holder who tenders in the exchange offer who does not satisfy all of the above listed conditions:

- cannot rely on the position of the SEC set forth in the no-action letters referred to above, and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes.

The SEC considers broker-dealers that acquired old notes directly from us, but not as a result of market-making activities or other trading activities, to be making a distribution of the new notes if they participate in the exchange offer. Consequently, these holders must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes.

Each broker-dealer that receives new notes for its own account in exchange for old notes acquired by that broker-dealer as a result of market-making activities or other trading activities must deliver a prospectus in connection with a resale of the new notes and provide us with a signed acknowledgement of this obligation. A broker-dealer may use this prospectus, as amended or supplemented from time to time, in connection with resales of new notes received in exchange for old notes where the broker-dealer acquired the old notes as a result of market-making activities or other trading activities. The letter of transmittal states that by acknowledging and

Table of Contents

delivering a prospectus, a broker-dealer will not be considered to admit that it is an underwriter within the meaning of the Securities Act. We have agreed that for a period of 180 days after the expiration date of the exchange offer, we will make this prospectus available to broker-dealers for use in connection with any resale of the new notes.

Except as described in the prior paragraph, holders may not use this prospectus for an offer to resell, a resale or other retransfer of new notes. We are not making this exchange offer to, nor will we accept tenders for exchange from, holders of old notes in any jurisdiction in which the exchange offer or the acceptance of it would not be in compliance with the securities or blue sky laws of that jurisdiction.

Terms of the Exchange

Upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, which we refer to together in this prospectus as the exchange offer, we will accept any and all old notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. The date of acceptance for exchange of the old notes, and completion of the exchange offer, is the exchange date, which will be the first business day following the expiration date, unless extended as described in this prospectus. We will issue, on or promptly after the exchange date, an aggregate principal amount of up to $225.0 million of new notes for a like principal amount of outstanding old notes tendered and accepted in connection with the exchange offer. The new notes issued in connection with the exchange offer will be delivered as soon as practicable following the exchange date. Holders may tender some or all of their old notes in connection with the exchange offer, but only in integral multiples of $1,000. The exchange offer is not conditioned upon any minimum amount of old notes being tendered for exchange.

The terms of the new notes are identical in all material respects to the terms of the old notes, except that:

- we have registered the new notes under the Securities Act and therefore these notes will not bear legends restricting their transfer, and
- specified rights under the registration rights agreement, including the provisions providing for payment of additional interest in specified circumstances relating to the exchange offer, will be limited or eliminated.

The new notes will evidence the same debt as the old notes. The new notes will be issued under the same indenture and entitled to the same benefits under that indenture as the old notes being exchanged. As of the date of this prospectus, $225.0 million in aggregate principal amount of the old notes were outstanding. Old notes accepted for exchange will be retired and cancelled and not reissued.

In connection with the issuance of the old notes, we arranged for the old notes originally purchased by qualified institutional buyers to be issued and transferable in book-entry form through the facilities of DTC, acting as depositary. Except as described under Book-Entry Transfer, we will issue the new notes in the form of a global note registered in the name of DTC or its nominee, and each beneficial owner s interest in it will be transferable in book-entry form through DTC.

Holders of old notes do not have any appraisal or dissenters rights in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC.

We will be considered to have accepted validly tendered old notes if and when we have given oral or written notice to that effect to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the new notes from us.

If we do not accept any tendered old notes for exchange because of an invalid tender, the occurrence of the other events described in this prospectus or otherwise, we will return these old notes, without expense, to the tendering holder as quickly as possible after the expiration date of the exchange offer.

Table of Contents

Holders who tender old notes will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes on exchange of old notes in connection with the exchange offer. We will pay all charges and expenses, other than the applicable taxes described in the section Fees and Expenses, in connection with the exchange offer.

If we successfully complete the exchange offer, any old notes which holders do not tender or which we do not accept in the exchange offer will remain outstanding and continue to accrue interest. The holders of old notes after the exchange offer in general will not have further rights under the registration rights agreement, including registration rights and any rights to additional interest. Holders wishing to transfer the old notes would have to rely on exemptions from the registration requirements of the Securities Act.

Expiration Date; Extensions; Amendments

The expiration date for the exchange offer is 5:00 p.m., New York City time, on , 2004. We may extend this expiration date in our sole discretion, but in no event to a date later than , 2004, unless otherwise required by applicable law. If we so extend the expiration date, the term expiration date shall mean the latest date and time to which we extend the exchange offer.

We reserve the right, in our sole discretion:

to delay accepting any old notes,

to extend the exchange offer,

to terminate the exchange offer if, in our sole judgment, any of the conditions described below shall not have been satisfied, or

to amend the terms of the exchange offer in any manner.

We will give oral or written notice of any delay, extension or termination to the exchange agent. In addition, we will give, as promptly as practicable, oral or written notice regarding any delay in acceptance, extension or termination of the offer to the registered holders of old notes. If we amend the exchange offer in a manner that we determine to constitute a material change, or if we waive a material condition, we will promptly disclose the amendment or waiver in a manner reasonably calculated to inform the holders of old notes of the amendment, and extend the offer if required by law.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination, amendment or waiver regarding the exchange offer, we shall have no obligation to publish, advertise, or otherwise communicate any public announcement, other than by making a timely release to a financial news service.

Interest on the New Notes

Interest on the new notes will accrue at the rate of 7.50% per annum on the principal amount, payable semiannually on May 1 and November 1, beginning May 1, 2004. Interest on the new notes will accrue from the date of issuance of the old notes or the date of the last periodic payment of interest on such old notes, whichever is later.

Conditions to the Exchange Offer

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange new notes for, any old notes and we may terminate the exchange offer as provided in this prospectus before the acceptance of the old notes, if:

- the exchange offer, or the making of any exchange by a holder, violates, in our good faith determination, any applicable law, rule or regulation or any applicable interpretation of the staff of the SEC,

Table of Contents

any action or proceeding shall have been instituted or threatened with respect to the exchange offer which, in our reasonable judgment, would impair our ability to proceed with the exchange offer, or

we have not obtained any governmental approval which we, in our sole discretion, exercised reasonably, consider necessary for the completion of the exchange offer as contemplated by this prospectus.

The conditions listed above are for our sole benefit and we may assert them regardless of the circumstances giving rise to any of these conditions. We may waive these conditions in our sole discretion in whole or in part at any time. A failure on our part to exercise any of the above rights shall not constitute a waiver of that right, and that right shall be considered an ongoing right which we may assert at any time and from time to time.

If we determine in our sole discretion, exercised reasonably, that any of the events listed above has occurred, we may, subject to applicable law:

refuse to accept any old notes and return all tendered old notes to the tendering holders,

extend the exchange offer and retain all old notes tendered before the expiration of the exchange offer, subject, however, to the rights of holders to withdraw these old notes, or

waive unsatisfied conditions relating to the exchange offer and accept all properly tendered old notes that have not been withdrawn.

Any determination by us concerning the above events will be final and binding.

In addition, we reserve the right in our sole discretion, exercised reasonably, to:

purchase or make offers for any old notes that remain outstanding subsequent to the expiration date, and

to the extent permitted by applicable law, purchase old notes in the open market, in privately negotiated transactions or otherwise.

The terms of any purchases or offers may differ from the terms of the exchange offer. Those purchases would require the consent of the lenders under our credit facilities.

Procedures for Tendering

Except in limited circumstances, only a Euroclear participant, Clearstream participant or DTC participant listed on a DTC securities position listing with respect to the old notes may tender old notes in the exchange offer. To tender old notes in the exchange offer:

holders of old notes that are DTC participants may follow the procedures for book-entry transfer as set forth under Book-Entry Transfer and in the letter of transmittal; or

Euroclear participants and Clearstream participants on behalf of the beneficial owners of old notes are required to use book-entry transfer pursuant to the standard operating procedures of Euroclear or Clearstream. These procedures include the transmission of a computer-generated message to Euroclear or Clearstream in lieu of a letter of transmittal. See the description of agent s message under Book-Entry Transfer.

Table of Contents

In addition, you must comply with one of the following:

- the exchange agent must receive, before expiration of the exchange offer, a timely confirmation of book-entry transfer of old notes into the exchange agent s account at DTC, Euroclear or Clearstream according to their respective standard operating procedures for electronic tenders and a properly transmitted agent s message as described below, or
- the exchange agent must receive any corresponding certificate or certificates representing old notes along with the letter of transmittal, or
- the holder must comply with the guaranteed delivery procedures described below.

The tender by a holder of old notes will constitute an agreement between the holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal. If less than all the old notes held by a holder are tendered, the tendering holder should fill in the amount of old notes being tendered in the specified box on the letter of transmittal. The entire amount of old notes delivered or transferred to the exchange agent will be deemed to have been tendered unless otherwise indicated.

The method of delivery of old notes, the letter of transmittal and all other required documents or transmission of an agent s message, as described under Book-Entry Transfer, to the exchange agent is at the election and risk of the holder. Instead of delivery by mail, we recommend that holders use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure timely delivery to the exchange agent prior to the expiration of the exchange offer. No letter of transmittal or old notes should be sent to us, DTC, Euroclear or Clearstream. Delivery of documents to DTC, Euroclear or Clearstream in accordance with their respective procedures will not constitute delivery to the exchange agent.

Any beneficial holder whose old notes are registered in the name of his or its broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct it to tender on the beneficial holder s behalf. If any beneficial holder wishes to tender on its own behalf, it must, prior to completing and executing the letter of transmittal and delivering its old notes, either:

- make appropriate arrangements to register ownership of the old notes in its name, or
- obtain a properly completed bond power from the registered holder.

The transfer of record ownership may take considerable time and may not be completed prior to the expiration date.

Signatures on a letter of transmittal or a notice of withdrawal, as described in Withdrawal of Tenders, must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an eligible guarantor institution , within the meaning of Rule 17Ad-15 under the Exchange Act, which we refer to in this prospectus as an eligible institution , unless the old notes are tendered:

by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal; or

for the account of an eligible institution.

If the letter of transmittal is signed by a person other than the registered holder of any old notes listed therein, the old notes must be endorsed or accompanied by appropriate bond powers which authorize the person to tender the old notes on behalf of the registered holder, in either case signed as the name of the registered holder or holders appears on the old notes. If the letter of transmittal or any old notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

Table of Contents

We will determine in our sole discretion, exercised reasonably, all questions as to the validity, form, eligibility, including time of receipt, and acceptance and withdrawal of tendered old notes. We reserve the absolute right to reasonably reject any and all old notes not properly tendered or any old notes whose acceptance by us would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to any particular old notes either before or after the expiration date. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, holders must cure any defects or irregularities in connection with tenders of old notes within a period we will determine. Although we intend to request the exchange agent to notify holders of defects or irregularities relating to tenders of old notes, neither we, the exchange agent nor any other person will have any duty or incur any liability for failure to give this notification. We will not consider tenders of old notes to have been made until these defects or irregularities have been cured or waived. The exchange agent will return any old notes that are not properly tendered and as to which the defects or irregularities have not been cured or waived to the tendering holders, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

In addition, we reserve the right, as set forth under the caption Conditions to the Exchange Offer, to terminate the exchange offer.

By tendering, each holder represents to us, among other things, that:

- the holder acquired new notes pursuant to the exchange offer in the ordinary course of its business,
- the holder has no arrangement or understanding with any person to participate in the distribution of the new notes within the meaning of the Securities Act, and
- the holder is not our affiliate, as defined in Rule 405 under the Securities Act.

If the holder is a broker-dealer that will receive new notes for its own account in exchange for old notes acquired by the broker-dealer as a result of market-making activities or other trading activities, the holder must acknowledge that it will deliver a prospectus in connection with any resale of the new notes.

Book-Entry Transfer

We understand that the exchange agent will make a request promptly after the date of this prospectus to establish accounts with respect to the old notes at DTC, Euroclear and Clearstream for the purpose of facilitating the exchange offer. Any financial institution that is a participant in DTC s system may make book-entry delivery of old notes by causing DTC to transfer the old notes into the exchange agent s DTC account in accordance with DTC s Automated Tender Offer Program procedures for the transfer. Any participant in Euroclear or Clearstream may make book-entry delivery of old notes by causing Euroclear or Clearstream to transfer the old notes into the exchange agent s account in accordance with established Euroclear or Clearstream procedures for transfer. The exchange of new notes for tendered old notes will only be made after a timely confirmation of a book-entry transfer of the old notes into the exchange agent s account and timely receipt by the exchange agent of an agent s message.

The term agent s message means a message, transmitted by DTC, Euroclear or Clearstream, and received by the exchange agent and forming part of the confirmation of a book-entry transfer, which states that DTC, Euroclear or Clearstream has received an express acknowledgment from a participant tendering old notes that the participant has received an appropriate letter of transmittal and agrees to be bound by the terms of the

letter of transmittal, and that we may enforce the agreement against the participant. Delivery of an agent s message will also constitute an acknowledgment from the tendering DTC, Euroclear or Clearstream participant that the representations contained in the letter of transmittal and described under Resale of New Notes are true and correct.

Guaranteed Delivery Procedures

The following guaranteed delivery procedures are intended for holders who wish to tender their old notes but:

their old notes are not immediately available,

Table of Contents

the holders cannot deliver their old notes, the letter of transmittal, or any other required documents to the exchange agent prior to the expiration date, or

the holders cannot complete the procedure under the respective DTC, Euroclear or Clearstream standard operating procedures for electronic tenders before expiration of the exchange offer.

The conditions that must be met to tender old notes through the guaranteed delivery procedures are as follows:

the tender must be made through an eligible institution,

before expiration of the exchange offer, the exchange agent must receive from the eligible institution either a properly completed and duly executed notice of guaranteed delivery in the form accompanying this prospectus, by facsimile transmission, mail or hand delivery, or a properly transmitted agent s message in lieu of notice of guaranteed delivery:

setting forth the name and address of the holder, the certificate number or numbers of the old notes tendered and the principal amount of old notes tendered;

stating that the tender offer is being made by guaranteed delivery; and

guaranteeing that, within three New York Stock Exchange trading days after expiration of the exchange offer, the letter of transmittal, or facsimile of the letter of transmittal, together with the old notes tendered or a book-entry confirmation, and any other documents required by the letter of transmittal will be deposited by the eligible institution with the exchange agent; and

the exchange agent must receive the properly completed and executed letter of transmittal, or facsimile of the letter of transmittal, as well as all tendered old notes in proper form for transfer or a book-entry confirmation, and any other documents required by the letter of transmittal, within three New York Stock Exchange trading days after expiration of the exchange offer.

Upon request to the exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their old notes according to the guaranteed delivery procedures set forth above.

Withdrawal of Tenders

Your tender of old notes pursuant to the exchange offer is irrevocable except as otherwise provided in this section. You may withdraw tenders of old notes at any time prior to 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective:

the exchange agent must receive a written notice, which may be by facsimile transmission or letter, of withdrawal at the address set forth below under Exchange Agent, or

for DTC, Euroclear or Clearstream participants, holders must comply with their respective standard operating procedures for electronic tenders and the exchange agent must receive an electronic notice of withdrawal from DTC, Euroclear or Clearstream.

Any notice of withdrawal must:

specify the name of the person who tendered the old notes to be withdrawn,

identify the old notes to be withdrawn, including the certificate number or numbers and principal amount of the old notes to be withdrawn,

Table of Contents

be signed by the person who tendered the old notes in the same manner as the original signature on the letter of transmittal, including any required signature guarantees, and

specify the name in which the old notes are to be re-registered, if different from that of the withdrawing holder.

If old notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC, Euroclear or Clearstream to be credited with the withdrawn old notes and otherwise comply with the procedures of the applicable facility. We will determine in our sole discretion, exercised reasonably, all questions as to the validity, form and eligibility, including time of receipt, for the withdrawal notices, and our determination will be final and binding on all parties. Any old notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer and no new notes will be issued with respect to them unless the old notes so withdrawn are validly retendered. Any old notes which have been tendered but which are not accepted for exchange will be returned to the holder without cost to the holder as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn old notes may be re-tendered by following the procedures described under Procedures for Tendering at any time prior to the expiration date.

Fees and Expenses

We will not make any payments to brokers, dealers or other persons soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and its related reasonable out-of-pocket expenses, including accounting and legal fees. We may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this prospectus, letters of transmittal and related documents to the beneficial owners of the old notes and in handling or forwarding tenders for exchange.

Holders who tender their old notes for exchange will not be obligated to pay any transfer taxes. If, however:

new notes are to be delivered to, or issued in the name of, any person other than the registered holder of the old notes tendered, or

tendered old notes are registered in the name of any person other than the person signing the letter of transmittal, or

a transfer tax is imposed for any reason other than the exchange of old notes in connection with the exchange offer,

then the tendering holder must pay the amount of any transfer taxes due, whether imposed on the registered holder or any other persons. If the tendering holder does not submit satisfactory evidence of payment of these taxes or exemption from them with the letter of transmittal, the amount of these transfer taxes will be billed directly to the tendering holder.

Consequences of Failures to Properly Tender Old Notes in the Exchange

We will issue the new notes in exchange for old notes under the exchange offer only after timely receipt by the exchange agent of the old notes, a properly completed and duly executed letter of transmittal and all other required documents. Therefore, holders of the old notes desiring to tender old notes in exchange for new notes should allow sufficient time to ensure timely delivery. We are under no duty to give notification of defects or irregularities of tenders of old notes for exchange. Old notes that are not tendered or that are tendered but not accepted by us will, following completion of the exchange offer, continue to be subject to the existing restrictions upon transfer under the Securities Act. Upon completion of the exchange offer, specified rights under the registration rights agreement, including registration rights and any right to additional interest, will be either limited or eliminated.

Table of Contents

Participation in the exchange offer is voluntary. In the event the exchange offer is completed, we will not be required to register the remaining old notes. Remaining old notes will continue to be subject to the following restrictions on transfer:

- holders may resell old notes only if we register the old notes under the Securities Act, if an exemption from registration is available, or if the transaction requires neither registration under nor an exemption from the requirements of the Securities Act, and

- the remaining old notes will bear a legend restricting transfer in the absence of registration or an exemption.

We do not currently anticipate that we will register the remaining old notes under the Securities Act. To the extent that old notes are tendered and accepted in connection with the exchange offer, any trading market for remaining old notes could be adversely affected.

Table of Contents

DESCRIPTION OF NOTES

You can find the definitions of certain terms used in this description under the subheading Certain Definitions on page 53 of this prospectus. In this description, the references to Issuer, we, us, or our refer only to American Tower Corporation and not to any of its Affiliates.

We issued the old notes, and will issue the new notes, under an indenture between us and The Bank of New York, as trustee, in a transaction that is not subject to the registration requirements of the Securities Act. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. The new notes and the old notes will be identical in all material respects, except that the new notes will be registered under the Securities Act and be free of any obligation regarding registration and will not be entitled to any additional interest. Accordingly, unless specifically stated to the contrary, the following description applies equally to the old notes and the new notes.

The following description is a summary of the material provisions of the indenture and the registration rights agreement relating to the notes. It does not restate those agreements in their entirety. We urge you to read the indenture and the registration rights agreement relating to the notes because they, and not this description, define your rights as Holders of the notes. Copies of the indenture and the registration rights agreement are available as set forth under Where You Can Find More Information. We use certain defined terms in this description that are not defined below under Certain Definitions or elsewhere in this description; these terms have the meanings assigned to them in the indenture.

Brief Description of the Notes

The notes:

- are general unsecured obligations of the Issuer;
- rank equally with all existing and future senior unsecured debt of the Issuer;
- accrue interest from the date they are issued at a rate of 7.50%, which is payable semi-annually; and
- mature on May 1, 2012.

The operations of the Issuer are conducted through its Subsidiaries and, therefore, the Issuer depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the notes. The Issuer s Subsidiaries are not guarantors of the notes. Accordingly, the notes are effectively subordinated to all Indebtedness and other obligations of the Issuer s Subsidiaries, including:

- borrowings under the Senior Credit Facility;

the 12.25% Senior Subordinated Discount Notes due 2008 of American Towers, Inc. and the 7.25% Senior Subordinated Notes due 2011 of American Towers, Inc. (together with the 12.25% Senior Subordinated Notes, the American Towers, Inc. Notes);

trade payables; and

lease obligations.

As of March 31, 2004:

the Issuer and its Subsidiaries had outstanding consolidated debt of $3.3 billion,

Table of Contents

the Issuer had outstanding debt (excluding its guarantees of the Senior Credit Facility and the American Towers, Inc. Notes) of $1.7 billion; and

the Issuer s Subsidiaries had outstanding consolidated debt of $1.6 billion (for which the outstanding amount under the 12.25% Senior Subordinated Discount Notes due 2008 of American Towers, Inc. is the accreted value thereof) and had $268.3 million of unused commitments under the Senior Credit Facility.

The Issuer has pledged to the lenders under the Senior Credit Facility the shares of its Subsidiaries and any indebtedness of those Subsidiaries owed to the Issuer. The provisions of the Senior Credit Facility and the American Towers, Inc. Notes contain substantial restrictions on the ability of those Subsidiaries to dividend or distribute cash flow or assets to the Issuer. See Risk Factors Risks Related to This Offering Our holding company structure results in structural subordination of the notes and may affect our ability to make payments on the notes and Description of Other Indebtedness.

As of the Issue Date, the Issuer s current Subsidiaries, other than those listed in the definition of Unrestricted Subsidiary under Certain Definitions below, will be Restricted Subsidiaries. Under certain circumstances, the Issuer will be able to designate current or future Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries generally will not be subject to the restrictive covenants set forth in the indenture.

Principal, Maturity and Interest

The Issuer issued the notes with an aggregate principal amount of $225.0 million in denominations of $1,000 and integral multiples of $1,000. The notes will mature on May 1, 2012.

The notes will accrue interest at a rate of 7.50% per annum from the date of issuance of the notes or from the most recent interest payment date to which interest has been paid or duly provided for. Accrued and unpaid interest will be payable in U.S. Dollars semiannually in arrears on May 1 and November 1 of each year, which we refer to as interest payment dates, commencing on May 1, 2004. Interest will be paid to the person in whose name a note is registered at the close of business on the April 15 and October 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. 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. When we refer to the Issuer s obligation to pay interest upon the redemption, repurchase or acceleration of the Notes, we are including additional interest, if any, payable under the registration rights agreement.

The trustee will initially act as paying agent and registrar. The Issuer may change the paying agent or registrar without prior notice to the Holders of the notes, and the Issuer or any of its Subsidiaries may act as paying agent or registrar. You may present the notes for conversion, registration of transfer and exchange, without service charge, at the office of our paying agent and registrar, in New York, and at the corporate trust office of the trustee in New York.

Transfer and Exchange

A Holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. Holders will be required to pay all taxes due on transfer. The Issuer is not required to transfer or exchange any note selected for redemption or tendered for repurchase. Also, the Issuer is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed or a record date for the payment of interest.

Table of Contents

Optional Redemption

Prior to February 1, 2007, the Issuer may use the net cash proceeds of one or more Public Equity Offerings to redeem in the aggregate up to 35% of the aggregate principal amount of the notes originally issued at a redemption price equal to 107.50% of the principal amount thereof; provided that:

(1) immediately after giving effect to any such redemption, at least 65% of the aggregate principal amount of notes originally issued remains outstanding; and

(2) the Issuer makes such redemption not more than 60 days after the consummation of a Public Equity Offering.

On or after May 1, 2008, the Issuer may redeem all or a part of the notes, upon not less than 30 nor more than 60 days notice, at the redemption prices expressed as a percentage of the principal amount set forth below plus accrued and unpaid interest, if any, on the notes redeemed to but excluding the applicable redemption date, if redeemed during the twelve-month period beginning on May 1 of the years indicated below:

Year	Percentage
2008	103.750%
2009	101.875%
2010 and thereafter	100.000%

Selection and Notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption as follows:

(1) if the notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange, on which the notes are listed; or

(2) if the notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such method as the trustee deems fair and appropriate.

No notes of $1,000 principal amount or less may be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of the note that is to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note presented for redemption will

be issued in the name of the Holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest will cease to accrue on the notes or portion thereof called for redemption as long as the Issuer has deposited with the paying agent funds in satisfaction of the applicable redemption price pursuant to the indenture.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each Holder of notes will have the right to require the Issuer to repurchase all or any part, equal to $1,000 or an integral multiple of $1,000, of such Holder s notes pursuant to the offer described below on the terms set forth in the indenture (the Change of Control Offer). In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the principal amount of the notes plus accrued and unpaid interest up to but excluding the repurchase date, on the notes purchased (the Change of Control Payment). Within 15 days following any Change of Control, the Issuer will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes

Table of Contents

on the date specified in the notice (the Change of Control Payment Date), which date will be no earlier than 30 days and no later than 60 days from the date the notice is mailed, pursuant to the procedures required by the indenture and described in such notice.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all notes or portions of the notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an officer s certificate stating the aggregate principal amount of notes or portions of the notes being purchased by the Issuer.

The paying agent will promptly mail to each Holder of notes properly tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; *provided* that each new note will be in a principal amount of $1,000 or an integral multiple of $1,000.

The Issuer will comply with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations to the extent those laws and regulations are applicable to any Change of Control Offer. If the provisions of any of the applicable securities laws or securities regulations conflict with the provisions of the covenant described above, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the covenant described above by virtue of that compliance. The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by the Issuer and purchases all notes properly tendered and not withdrawn under such Change of Control Offer.

The Change of Control provisions described above will be applicable whether or not any other covenants or similar provisions of the indenture are applicable. These provisions will not require the Issuer to offer to repurchase the notes in connection with certain takeover, recapitalization or similar transactions not covered by the definition of Change of Control. The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole. There is currently no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of notes to require the Issuer to repurchase the notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

A Change of Control and certain other change of control events are a default under the Senior Credit Facility, and the American Towers, Inc. Notes require American Towers, Inc. to repurchase those notes at the option of the holders of those notes upon the occurrence of certain change of control events. In the event that a Change of Control occurs at a time when the Issuer s Subsidiaries are prohibited from making distributions to the Issuer to purchase notes, the Issuer could cause its Subsidiaries to seek the consent of the lenders under the Credit Facilities and the American Towers, Inc. Notes to allow the distributions or could attempt to refinance the borrowings that contain the prohibition. If the Issuer does not obtain a consent or repay such borrowings, the Issuer will remain prohibited from purchasing notes. In this case, the Issuer s failure to purchase tendered notes would constitute an Event of Default under the indenture that would, in turn, constitute a default under the Senior Credit Facility, the American Towers, Inc. Notes and other Indebtedness of the Issuer and its Subsidiaries.

33

Table of Contents

The Issuer s convertible notes also require their repurchase at the holders option upon certain change of control events. The Issuer may elect to make repurchase payments of the convertible notes in its common stock. If the Issuer does not make this election, inability of the Issuer to obtain sufficient cash for this repurchase would result in a default under the convertible notes, which would in turn constitute a Default under the notes and a default under the Senior Credit Facility, the American Towers, Inc. Notes and other Indebtedness of the Issuer and its Subsidiaries.

Asset Sales

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Issuer (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) the fair market value is determined by the Issuer s Board of Directors; and

(3) except in the case of a Tower Asset Exchange or an Excluded International Sale, at least 75% of the consideration received in such Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

For purposes of this provision, each of the following shall be deemed to be cash:

(a) any liabilities of the Issuer or such Restricted Subsidiary shown on the Issuer s most recent balance sheet (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any guarantee of the notes) that are assumed by the transferee of any assets pursuant to a customary novation agreement that releases the Issuer or the Restricted Subsidiary from further liability; and

(b) any securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from the transferee that are converted by the Issuer or the Restricted Subsidiary into cash within 60 days of the applicable Asset Sale, to the extent of the cash received in that conversion.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale by the Issuer or a Restricted Subsidiary of the Issuer, the Issuer or the Restricted Subsidiary may apply an amount equal to such Net Proceeds at its option to:

(1) repay or repurchase secured Indebtedness of the Issuer;

(2) repay or repurchase Indebtedness of any of the Issuer s Restricted Subsidiaries, including Indebtedness under a Credit Facility, whether or not guaranteed by the Issuer;

(3) acquire all or substantially all of the assets of, or a majority of the Voting Stock or other Equity Interests of, another Permitted Business;

(4) make a capital expenditure in the business of the Issuer and its Restricted Subsidiaries; or

(5) acquire other assets (excluding Equity Interests) that are used or useful in a Permitted Business of the Issuer and its Restricted Subsidiaries.

Pending the final application of any Net Proceeds, they can be used to temporarily reduce revolving credit borrowings of the Issuer or its Restricted Subsidiaries or otherwise be invested in any manner that is not prohibited by the indenture. Notwithstanding the foregoing, if the Issuer or one of its Restricted Subsidiaries enters into a legally binding obligation to invest any Net Proceeds and such obligation is terminated prior to 365 days after the relevant Asset Sale, such Net Proceeds may be applied as provided in clauses (1) through (5) above on or prior to the later of such 365th day and 60 days after such termination.

Table of Contents

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will be deemed to constitute Excess Proceeds. When the aggregate amount of Excess Proceeds exceeds $15.0 million, the Issuer will be required to make an offer to all Holders of notes and all holders of other Indebtedness of the Issuer that is *pari passu* with the notes containing provisions similar to those set forth in the indenture relating to the notes with respect to offers to purchase or redeem with the proceeds of sales of assets (an Asset Sale Offer), to purchase the maximum principal amount of notes and such other *pari passu* Indebtedness of the Issuer that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer for notes will be equal to 100% of the principal amount plus accrued and unpaid interest thereon up to but excluding the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, those Excess Proceeds may be used by the Issuer and its Restricted Subsidiaries for any purpose not otherwise prohibited by the indenture. If the principal amount plus premium, if any, and accrued and unpaid interest on the notes and the other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the trustee will select the notes and such other *pari passu* Indebtedness to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable to any Asset Sale Offer. If the provisions of any of the applicable securities laws or securities regulations conflict with the provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of the compliance.

Certain Covenants

Covenant Suspension

If on any date following the Issue Date:

(1) the notes have Investment Grade Ratings from both Rating Agencies and

(2) no Default or Event of Default has occurred and is continuing,

then, beginning on that day, the Issuer and its Restricted Subsidiaries will not be subject to the following provisions of the indenture:

Repurchase at the Option of Holders Asset Sales,

Restricted Payments,

Incurrence of Indebtedness and Issuance of Preferred Stock,

Dividend and Other Payment Restrictions Affecting Subsidiaries,

Designation of Restricted and Unrestricted Subsidiaries,

Transactions with Affiliates,

Limitation on Issuances of Guarantees of Indebtedness,

clause (2)(c)(x) of Merger, Consolidation or Sale of Assets, and

clause (1)(a) and (3) of Sale and Leaseback Transactions.

(collectively, the Suspended Covenants). In the event that the Issuer and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the preceding sentence and, subsequently, one or both of the Rating Agencies withdraws its ratings or downgrades the ratings assigned to the notes below the required Investment Grade Ratings or a Default or Event of Default occurs and is continuing, then the Issuer and its Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants for all periods during the continuance of that withdrawal, downgrade or Default or Event of Default and, furthermore, compliance with the provisions of the covenant described in Restricted Payments with respect to Restricted Payments made during the continuance of the withdrawal, downgrade or Default or Event of Default will be

Table of Contents

calculated in accordance with the terms of that covenant as though that covenant had been in effect during the entire period of time from the Issue Date, provided that there will not be deemed to have occurred a Default or Event of Default with respect to the Suspended Covenants during the time that the Issuer and its Restricted Subsidiaries were not subject to the Suspended Covenants (or after that time based solely on events that occurred during that time). There can be no assurance that the notes will ever achieve an investment grade rating or that, if achieved, it will be maintained.

Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Issuer s or any of its Restricted Subsidiaries Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer s or any of its Restricted Subsidiaries Equity Interests in their capacity as such (other than dividends or distributions payable (i) in Equity Interests (other than Disqualified Stock) of the Issuer or (ii) to the Issuer or a Restricted Subsidiary of the Issuer);

(2) purchase, redeem or otherwise acquire or retire for value (including without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or of any Person of which the Issuer is a Subsidiary (other than any such Equity Interests owned by the Issuer or any of its Restricted Subsidiaries);

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer that is subordinated to the notes, except a payment of interest or principal at the Stated Maturity thereof (other than payments to the Issuer or payments by a Restricted Subsidiary of the Issuer to the Issuer or to another Restricted Subsidiary of the Issuer); or

(4) make any Restricted Investment

(all such payments and other actions set forth in these clauses (1) through (4) being collectively referred to as Restricted Payments), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment; and

(2) the Issuer would have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Debt to Adjusted Consolidated Cash Flow Ratio test set forth in the first paragraph of the covenant described below under the caption Incurrence of Indebtedness and Issuance of Preferred Stock ; provided that this clause (2) will not apply in connection with any Restricted Investment; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (6), (7) and (8) of the paragraph of exceptions below), is less than the sum, without duplication, of:

(a) 100% of the Consolidated Cash Flow of the Issuer for the period (taken as one accounting period) from January 1, 2004 to the end of the Issuer s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if the Consolidated Cash Flow for such period is a deficit, less 100% of the deficit), less 1.40 times the Consolidated Interest Expense of the Issuer since January 1, 2004 to the end of the Issuer s most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment; plus

(b) (i) 100% of the aggregate net cash proceeds plus (ii) 70% of the aggregate value, as reflected on the Issuer s balance sheet in accordance with GAAP using purchase accounting, of any Qualified Proceeds, in each case as of the date the Issuer s Equity Interests were issued, sold or exchanged

Table of Contents

therefor, received by the Issuer since January 29, 2003 (A) as a contribution to its common equity capital, (B) from the issue, sale or exchange of Equity Interests of the Issuer (other than Disqualified Stock) or (C) from the issue or sale (whether before or after the Issue Date) of Disqualified Stock or debt securities of the Issuer (including the Convertible Notes) that have been converted after the Issue Date into Equity Interests (other than Equity Interests (or Disqualified Stock or convertible debt securities) sold to or held by a Subsidiary of the Issuer and other than Disqualified Stock or convertible debt securities that have been converted into Disqualified Stock); plus

(c) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of:

(A) the cash return of capital with respect to the Restricted Investment (less the cost of disposition, if any), and

(B) the initial amount of the Restricted Investment; plus

(d) to the extent that any Unrestricted Subsidiary of the Issuer and all of its Subsidiaries are designated as or become Restricted Subsidiaries after the Issue Date, the lesser of:

(A) the fair market value of the Issuer s Investments in such Subsidiaries as of the date they are designated or become Restricted Subsidiaries, or

(B) the sum of:

(x) the fair market value of the Issuer s Investments in such Subsidiaries as of the date on which such Subsidiaries were most recently designated as Unrestricted Subsidiaries, and

(y) the amount of any Investments made in such Subsidiaries subsequent to such designation as Unrestricted Subsidiaries (and treated as Restricted Payments or excluded from clause (3)(b) pursuant to the second proviso of clause (2) of the next paragraph) by the Issuer or any Restricted Subsidiary; plus

(e) 100% of any dividends or other distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary of the Issuer, to the extent that such dividends were not otherwise included in Consolidated Net Income of the Issuer for such period.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the making of any distribution within 60 days after the date of declaration of the dividend or distribution, if at the date of declaration the dividend payment or distribution would have complied with the provisions of the indenture;

(2) (a) the making of any Investment or (b) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness or Equity Interests of the Issuer, in the case of (a) or (b), in exchange for, or out of the net cash proceeds from the substantially concurrent sale after the Issue Date (other than to a Subsidiary of the Issuer) of Equity Interests of the Issuer (other than any Disqualified Stock); provided that, in each case, the amount of any net cash proceeds (or other assets, as applicable) that are so utilized will be excluded from clause (3)(b) of the preceding paragraph;

(3) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of the Issuer with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend by a Restricted Subsidiary of the Issuer to the holders of its Equity Interests on a pro rata basis;

(5) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Issuer or any Restricted Subsidiary of the Issuer held by any member of the Issuer s (or any of its Restricted Subsidiaries) employees, management or directors pursuant to any management equity subscription agreement, stockholders agreement, stock option agreement or restricted stock agreement

Table of Contents

in effect as of the Issue Date, or upon the death, disability, or termination of employment or directorship of such persons; provided that the aggregate price paid for all of the repurchased, redeemed, acquired or retired Equity Interests may not exceed $2.0 million in any twelve-month period;

(6) the repurchase of Equity Interests (other than Disqualified Stock) of the Issuer or any Restricted Subsidiary of the Issuer deemed to occur upon (a) exercise of stock options to the extent that such Equity Interests represent a portion of the exercise price of such options and (b) the withholding of a portion of such Equity Interests granted or awarded to an employee to pay taxes associated therewith;

(7) the purchase of fractional shares of Equity Interests of the Issuer or any Restricted Subsidiary of the Issuer arising out of stock dividends, splits or combinations or business combinations;

(8) the repurchase of Disqualified Stock of the Issuer or any Restricted Subsidiary of the Issuer in exchange for, or out of the proceeds of, other Disqualified Stock of such Person so long as the new Disqualified Stock is not mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of such Disqualified Stock, in whole or in part, prior to the dates included in any similar provision contained in the Disqualified Stock being exchanged for or under circumstances not provided for; and

(9) payments or distributions to stockholders of the Issuer pursuant to appraisal rights required under applicable law in connection with any consolidation, merger or transfer of assets that complies with the covenant described under Merger, Consolidation or Sale of Assets.

The Board of Directors of the Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if such designation would not cause a Default. For purposes of making such determination, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid in cash) in the Subsidiary so designated will be deemed to be Restricted Payments at the time of the designation and will reduce the amount available for Restricted Payments under the first paragraph of this covenant. All of those outstanding Investments will be deemed to constitute Investments in an amount equal to the fair market value of the Investments at the time of such designation. Such designation will only be permitted if the Restricted Payment would be permitted at the time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary if the designation would not cause a Default.

The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Issuer or the applicable Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any property, assets or Investments required to be valued by this covenant will be determined by the Board of Directors of the Issuer whose resolution with respect thereto will be delivered to the trustee. Not later than the date of making any Restricted Payment, the Issuer will deliver to the trustee an officers certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this covenant were computed, together with a copy of any fairness opinion or appraisal required by the indenture.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, incur) any Indebtedness (including Acquired Debt) and the Issuer will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided* that the Issuer may incur Indebtedness (including Acquired Debt) or issue shares of Disqualified Stock and the Issuer s Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue preferred stock if, in each case, the Issuer s Debt to Adjusted

Consolidated Cash Flow Ratio at the time of incurrence of

Table of Contents

the Indebtedness or the issuance of the preferred stock, after giving pro forma effect to such incurrence or issuance as of such date and to the use of proceeds from such incurrence or issuance as if the same had occurred at the beginning of the most recently ended four full fiscal quarter period of the Issuer for which internal financial statements are available, would have been no greater than 7.5 to 1.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness or the issuance of any of the following items of Disqualified Stock or preferred stock (collectively, Permitted Debt):

(1) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness under the Credit Facilities in an aggregate principal amount (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Issuer and its Restricted Subsidiaries thereunder) at any one time outstanding not to exceed $1.6 billion less any amount applied to reduce Indebtedness incurred pursuant to clause (1) of the third paragraph of the covenant described above under Repurchase at the Option of Holders Asset Sales ;

(2) the incurrence by the Issuer and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by the Issuer of Indebtedness in an aggregate principal amount of $225.0 million represented by the notes originally issued on the issue date and the exchange notes therefor to be issued pursuant to the registration rights agreement;

(4) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness since the Issue Date represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in any business of the Issuer or such Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any other Indebtedness incurred pursuant to this clause (4), not to exceed $50.0 million at any time outstanding;

(5) the incurrence by the Issuer or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than intercompany Indebtedness), Disqualified Stock of the Issuer or preferred stock of a Restricted Subsidiary of the Issuer that was permitted by the indenture to be incurred under the first paragraph of this covenant or clause (2) or (3) of this paragraph or this clause (5);

(6) the incurrence by the Issuer or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries and the issuance by any Restricted Subsidiary of the Issuer of shares of preferred stock to the Issuer or to another Restricted Subsidiary of the Issuer; provided, however, that if the Issuer is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all obligations with respect to the notes and that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness or preferred stock being held by a Person other than the Issuer or a Restricted Subsidiary, and

(b) any sale or other transfer of any such Indebtedness or preferred stock to a Person that is not either the Issuer or a Restricted Subsidiary

will be deemed, in each case, to constitute an incurrence of the Indebtedness by the Issuer or the Restricted Subsidiary or issuance of the shares of preferred stock by the Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence by the Issuer or any of its Restricted Subsidiaries of Interest and Currency Agreements not for speculative purposes;

(8) the Guarantee by the Issuer or any of its Restricted Subsidiaries of Indebtedness of the Issuer or a Restricted Subsidiary of the Issuer that was permitted to be incurred by another provision of the indenture;

Table of Contents

(9) the incurrence by the Issuer or any of its Restricted Subsidiaries of Acquired Debt in connection with a merger with or into a Restricted Subsidiary, or the acquisition of assets or a new Subsidiary; provided that, in the case of any such incurrence of Acquired Debt, such Acquired Debt was incurred by the prior owner of such assets or such Restricted Subsidiary prior to such acquisition by the Issuer or one of its Restricted Subsidiaries and was not incurred in connection with, or in contemplation of, the acquisition by the Issuer or one of its Restricted Subsidiaries; and provided further that, in the case of any incurrence pursuant to this clause (9), as a result of such acquisition by the Issuer or one of its Restricted Subsidiaries, the Issuer s Debt to Adjusted Consolidated Cash Flow Ratio at the time of incurrence of such Acquired Debt, after giving pro forma effect to such acquisition and incurrence as if the same had occurred at the beginning of the most recently ended four full fiscal quarter period of the Issuer for which internal financial statements are available, would have been less than the Issuer s Debt to Adjusted Consolidated Cash Flow Ratio for the same period without giving pro forma effect to such incurrence;

(10) the incurrence by the Issuer or any of its Restricted Subsidiaries since the Issue Date of additional Indebtedness and/or the issuance of preferred stock or Disqualified Stock in an aggregate principal amount (or accreted value or liquidation preference, as applicable) at any time outstanding, including Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (10), not to exceed $25.0 million;

(11) Indebtedness of the Issuer or any of its Restricted Subsidiaries represented by letters of credit, for the account of such Person, in order to provide security for workers compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business to the extent such letters of credit are not drawn upon or, if drawn upon, are reimbursed within five business days of the relevant draw; and

(12) Indebtedness of the Issuer or any of its Restricted Subsidiaries arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided*, that such indebtedness is extinguished within three business days of incurrence.

The indenture will also provide that:

(1) the Issuer will not incur, create, issue, assume, or otherwise become liable for any Indebtedness or issue a Guarantee that is contractually subordinated in right of payment to any other Indebtedness of the Issuer unless such Indebtedness or Guarantee is also contractually subordinated in right of payment to the notes on substantially identical terms; provided, however, that no Indebtedness or Guarantee of the Issuer will be deemed to be contractually subordinated in right of payment to any other Indebtedness or Guarantee of the Issuer solely by virtue of being unsecured;

(2) the Issuer will not permit any of its Unrestricted Subsidiaries to incur any Indebtedness other than Non-Recourse Debt or Indebtedness owed to the Issuer or its Restricted Subsidiaries; and

(3) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock shall not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant; provided, in each such case, that the amount thereof is included in Consolidated Interest Expense of the Issuer as accrued.

For purposes of determining compliance with this covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (12) above, the Issuer will be permitted to classify, or later reclassify, all or a portion of such item of Indebtedness in any manner that complies with this covenant. Indebtedness outstanding under the Senior Credit Facility on the Issue Date will be deemed to have been incurred on such date under clause (1) of the second paragraph of this covenant.

40

Table of Contents

Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien (other than Permitted Liens) of any kind securing Indebtedness, Attributable Debt or trade payables upon any of their property or assets now owned or hereafter acquired unless all payments due under the indenture and the notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien of any kind.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits;

(2) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(3) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(4) transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness as in effect on the Issue Date, and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof; provided that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date unless such restrictions are ordinary and customary for agreements of that type as determined in the good faith judgment of the Issuer s Board of Directors (and evidenced in a board resolution), which determination shall be conclusively binding;

(2) Indebtedness of any Restricted Subsidiary under any Credit Facility that is permitted to be incurred pursuant to the covenant under the caption Incurrence of Indebtedness and Issuance of Preferred Stock ; provided that such Credit Facility and Indebtedness contain only such encumbrances and restrictions on such Restricted Subsidiary s ability to engage in the activities set forth in clauses (1) through (4) of the preceding paragraph as are, at the time such Credit Facility is entered into or amended, modified, restated, renewed, increased, supplemented, refunded, replaced or refinanced, ordinary and customary for a Credit Facility of that type as determined in the good faith judgment of the Issuer s Board of Directors (and evidenced in a board resolution), which determination shall be conclusively binding;

(3) encumbrances and restrictions applicable to any Unrestricted Subsidiary, as the same are in effect as of the date on which the Subsidiary becomes a Restricted Subsidiary, and as the same may be amended, modified, restated, renewed, increased,

supplemented, refunded, replaced or refinanced; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, with respect to the dividend and other payment restrictions than those contained in the applicable series of Indebtedness of such Subsidiary as in effect on the date on which such Subsidiary becomes a Restricted Subsidiary unless such restrictions are ordinary and customary for agreements of that type as determined in the good faith judgment of the Issuer s Board of Directors (and evidenced in a board resolution), which determination shall be conclusively binding;

Table of Contents

(4) any Indebtedness incurred in compliance with the covenant under the heading Incurrence of Indebtedness and Issuance of Preferred Stock or any agreement pursuant to which such Indebtedness is issued if the encumbrance or restriction applies only in the event of a payment default or default with respect to a financial covenant contained in the Indebtedness or agreement and the encumbrance or restriction is not materially more disadvantageous to the Holders than is customary in comparable financings (as determined by the Issuer) and the Issuer determines that any such encumbrance or restriction will not materially affect the Issuer s ability to pay interest or principal on the notes;

(5) the indenture and the notes;

(6) applicable law or any requirement of any regulatory body;

(7) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of the acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired and as such instrument may be amended, modified, restated, renewed, increased, supplemented, refunded, replaced or refinanced, provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the indenture to be incurred and, provided further, that any such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing is no more restrictive, taken as a whole, with respect to the dividend and other payment restrictions than those contained in the instrument as in effect on the date on which the Person was acquired by the Issuer unless such restrictions are ordinary and customary for agreements of that type as determined in the good faith judgment of the Issuer s Board of Directors (and evidenced in a board resolution), which determination shall be conclusively binding;

(8) customary non-assignment provisions in leases, licenses or other contracts entered into in the ordinary course of business;

(9) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on that property of the nature described in clause (4) in the second paragraph of the covenant described above under the caption Incurrence of Indebtedness and Issuance of Preferred Stock ;

(10) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts that Restricted Subsidiary pending its sale or other disposition;

(11) Permitted Refinancing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced unless such restrictions are ordinary and customary for agreements of that type as determined in the good faith judgment of the Issuer s Board of Directors (and evidenced in a board resolution), which determination shall be conclusively binding;

(12) Liens permitted to be incurred pursuant to the provisions of the covenant described under the caption Liens that limit the right of the debtor to dispose of the assets subject to such Liens;

(13) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, shareholder agreements, partnership agreements and other similar agreements; and

(14) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business.

Merger, Consolidation or Sale of Assets

The Issuer may not, directly or indirectly,

(1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation), or

Table of Contents

(2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

(a) either:

(A) the Issuer is the surviving corporation, or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition been made assumes all the obligations of the Issuer under the notes, the indenture and the registration rights agreement pursuant to a supplemental indenture in a form reasonably satisfactory to the trustee;

(c) except in the case of (A) a merger of the Issuer with or into a Wholly Owned Restricted Subsidiary of the Issuer, and (B) a merger entered into solely for the purpose of reincorporating the Issuer in another jurisdiction:

(x) (i) in the case of a merger or consolidation in which the Issuer is the surviving corporation, the Issuer, at the time of the transaction, after giving pro forma effect to the transaction as of such date for balance sheet purposes and as if the transaction had occurred at the beginning of the most recently ended four full fiscal quarter period of the Issuer for which internal financial statements are available for income statement purposes, (i) would have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under Incurrence of Indebtedness and Issuance of Preferred Stock or (ii) would have had a Debt to Adjusted Cash Flow Ratio that was not greater than the Issuer s Debt to Adjusted Consolidated Cash Flow Ratio for the same period without giving pro forma effect to such transaction, or

(ii) in the case of any other such transaction, the entity or Person formed by or surviving any such consolidation or merger (if other than the Issuer), or to which the sale, assignment, transfer, lease, conveyance or other disposition shall have been made, at the time of the transaction, after giving pro forma effect to the transaction as of such date for balance sheet purposes and as if such transaction had occurred at the beginning of the most recently ended four full fiscal quarter period of such entity or Person for which internal financial statements are available for income statement purposes, (i) would have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the first paragraph of the covenant described under Incurrence of Indebtedness and Issuance of Preferred Stock or (ii) would have had a Debt to Adjusted Consolidated Cash Flow Ratio that was not greater than the Issuer s Debt to Adjusted Consolidated Cash Flow Ratio for the same period without giving pro forma effect to such transaction; *provided, however,* that for purposes of determining the amount of Indebtedness permitted to be incurred or the Debt to Adjusted Consolidated Cash Flow Ratio of any entity or Person for purposes of this clause (ii) the entity or Person will be substituted for the Issuer in the covenant described under Incurrence of Indebtedness and Issuance of Preferred Stock, the definition of Debt to Adjusted Consolidated Cash Flow Ratio and the defined terms included therein under the caption Certain Definitions ; and

(y) immediately after such transaction, no Default or Event of Default exists.

Table of Contents

In addition, the Issuer will not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person.

Transactions with Affiliates

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each of the foregoing, an Affiliate Transaction), unless:

(1) the Affiliate Transaction is on terms that, in the aggregate, are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(2) the Issuer delivers to the trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $5.0 million, an officers certificate certifying that the Affiliate Transaction complies with clause (1) above;

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, a resolution of the Board of Directors of the Issuer set forth in an officers certificate certifying that the Affiliate Transaction complies with clause (1) above and that the Affiliate Transaction has been approved by a majority of the members of the Board of Directors of the Issuer having no personal stake in such Affiliated Transaction (or, if there are no such members, by all of the directors and by the procedure described in clause (c) below); and

(c) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million an opinion as to the fairness to the Issuer of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment compensation, benefit or indemnification agreement or arrangement (and any payments or other transactions pursuant thereto) entered into by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business with any officer, employee or director of the Issuer or any of its Restricted Subsidiaries, including pursuant to stock option plans, stock ownership plans and employee benefit plans or arrangements;

(2) transactions between or among the Issuer and/or its Restricted Subsidiaries;

(3) payment of reasonable directors fees in an aggregate annual amount per Person that is substantially consistent with directors fees at comparable companies engaged in Permitted Businesses;

(4) Restricted Payments that are permitted by the provisions of the indenture described above under the caption Restricted Payments and Permitted Investments;

(5) the issuance or sale of Equity Interests (other than Disqualified Stock) of the Issuer;

(6) transactions with a Person that is an Affiliate of the Issuer or a Restricted Subsidiary of the Issuer solely because the Issuer or a Restricted Subsidiary of the Issuer owns an Equity Interest in, or controls, such Person; and

(7) any transaction undertaken pursuant to a contractual obligation as in effect on the Issue Date.

Table of Contents

Sale and Leaseback Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; provided that the Issuer or any of its Restricted Subsidiaries may enter into a sale and leaseback transaction if:

(1) the Issuer or such Restricted Subsidiary, as applicable, could have:

(a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction pursuant to the covenant described above under the caption Incurrence of Indebtedness and Issuance of Preferred Stock ;

(b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption Liens ;

(2) the gross cash proceeds of such sale and leaseback transaction are at least equal to the fair market value, as determined in good faith by the Board of Directors of the Issuer and set forth in an officers certificate delivered to the trustee, of the property that is the subject of that sale and leaseback transaction; and

(3) the transfer of assets in that sale and leaseback transaction is permitted by, and the Issuer applies the proceeds of such transaction in compliance with, the covenant described above under the caption Repurchase at the Option of Holders Asset Sales.

Limitation on Issuances of Guarantees of Indebtedness

The Issuer will not permit any Restricted Subsidiary, directly or indirectly, to Guarantee or pledge any assets to secure the payment of any other Indebtedness of the Issuer unless such Subsidiary simultaneously executes and delivers a supplemental indenture to the indenture governing the notes providing for the Guarantee of the payment of the notes by such Subsidiary, which Guarantee shall be senior to or *pari passu* with such Subsidiary s Guarantee of or pledge to secure such other Indebtedness; *provided* that this covenant will not apply to a Credit Facility of any Restricted Subsidiary of the Issuer for which the Issuer is a guarantor. Notwithstanding the foregoing, any Guarantee by a Subsidiary of the notes shall provide by its terms that it shall be automatically and unconditionally released and discharged upon any sale, exchange or transfer, to any Person other than a Subsidiary of the Issuer, of all of the Issuer s stock in, or all or substantially all the assets of, such Subsidiary, which sale, exchange or transfer is made in compliance with the applicable provisions of the indenture governing the notes. The form of Guarantee will be attached as an exhibit to the indenture.

Designation of Restricted and Unrestricted Subsidiaries.

The Board of Directors of the Issuer may designate any Restricted Subsidiary of the Issuer to be an Unrestricted Subsidiary if that designation would not cause a Default or Event of Default and to the extent that such Subsidiary:

(1) has no Indebtedness to any Person other than:

(a) Non-Recourse Debt; or

(b) Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(2) is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary of the Issuer unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer;

(3) is a Person with respect to which neither the Issuer nor any of its Restricted Subsidiaries has any direct or indirect obligation:

(a) to subscribe for additional Equity Interests; or

Table of Contents

(b) to maintain or preserve such Person s financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Issuer or any of its Restricted Subsidiaries.

If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary properly designated shall be deemed to be an Investment made as of the time of the designation. This designation will only be permitted if the Investment would be permitted at that time under the indenture and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. Any designation of a Restricted Subsidiary of the Issuer as an Unrestricted Subsidiary shall be evidenced to the trustee by filing with the trustee a certified copy of the board resolution giving effect to such designation and an officers certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption Certain Covenants Restricted Payments. If, at any time, any Unrestricted Subsidiary would fail to meet the foregoing requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of that Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Issuer as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described above under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock, the Issuer shall be in default of such covenant).

The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary (other than Verestar and its Subsidiaries) to be a Restricted Subsidiary; provided that the designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Issuer of any outstanding Indebtedness of such Unrestricted Subsidiary and the designation shall only be permitted if:

(1) such Indebtedness is permitted under the covenant described above under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and

(2) no Default or Event of Default would occur or be in existence following such designation.

Reports

Whether or not required by the SEC, so long as any notes are outstanding, the Issuer will furnish to the Holders of notes within the time periods specified in the SEC s rules and regulations for such reports:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Issuer were required to file such Forms including, to the extent not prohibited by the SEC, the Tower Cash Flow for the most recently completed fiscal quarter and the Adjusted Consolidated Cash Flow and Non-Tower Cash Flow for the most recently completed four-quarter period and, with respect to the annual information only, a report thereon by the Issuer s certified independent accountants; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if the Issuer were required to file such reports.

Whether or not required by the SEC, the Issuer will file a copy of information and reports referred to in (1) and (2) above with the SEC for public availability within the time periods specified in the SEC s rules and regulations, (unless the SEC will not accept such a filing), and make such information available to securities analysts and prospective investors upon request. In addition, for any time when any notes (other than exchange notes) are outstanding and the Issuer is not subject to or is not current in its reporting obligations under clauses (1) and (2) above, the Issuer agrees that it will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Table of Contents

Events of Default and Remedies

Each of the following is an Event of Default:

(1) default for 30 days in the payment when due of interest or additional interest on the notes;

(2) default in payment when due of the principal of or premium, if any, on the notes;

(3) failure by the Issuer or any of its Subsidiaries to comply with the provisions described under the caption Certain Covenants Merger, Consolidation or Sale of Assets or failure by the Issuer to consummate a Change of Control Offer or Asset Sale Offer in accordance with the provisions of the indenture applicable to the offers;

(4) failure by the Issuer or any of its Subsidiaries for 30 days after notice to comply with any of the other provisions described under the caption Certain Covenants or Repurchase at the Option of Holders or the failure by the Issuer or any of the Subsidiaries for 60 days after notice to comply with any of the other agreements in the indenture or the notes;

(5) 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 the Issuer or any of its Significant Subsidiaries, or the payment of which is guaranteed by the Issuer or any of its Significant Subsidiaries, whether such Indebtedness or guarantee now exists, or is created after the date of the indenture, if that default:

(a) is caused by a failure to pay principal of or premium, if any, or interest on the Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of the default (a Payment Default); or

(b) results in the acceleration of such Indebtedness prior to its express maturity

and, in each case, 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 $20.0 million or more;

(6) failure by the Issuer or any of its Significant Subsidiaries to pay final judgments against any of them which are not covered by adequate insurance by a solvent insurer of national or international reputation which has acknowledged its obligations in writing, aggregating in excess of $20.0 million, which judgments are not paid, bonded, discharged or stayed for a period of 60 days; and

(7) certain events of bankruptcy or insolvency described in the indenture with respect to the Issuer or any of its S