AMERICAN TOWER CORP /MA/
Form 10-Q
May 08, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One):

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. For the quarterly period ended March 31, 2008**

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**
Commission File Number: 001-14195

AMERICAN TOWER CORPORATION

(Exact name of registrant as specified in its charter)

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

116 Huntington Avenue

Boston, Massachusetts 02116

(Address of principal executive offices)

Telephone Number (617) 375-7500

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ¨ No x

As of April 28, 2008, there were 396,573,502 shares of Class A Common Stock outstanding.

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AMERICAN TOWER CORPORATION

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QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2008

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PART 1. FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS Unaudited

(in thousands, except share data)

	March 31, 2008	December 31, 2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 121,633	$ 33,123
Restricted cash	50,127	53,684
Short-term investments and available-for-sale securities	6,802	7,224
Accounts receivable, net of allowances	37,120	40,316
Prepaid and other current assets	76,076	71,264
Deferred income taxes	40,080	40,063
Total current assets	331,838	245,674
PROPERTY AND EQUIPMENT, net	3,030,388	3,045,186
GOODWILL	2,188,312	2,188,312
OTHER INTANGIBLE ASSETS, net	1,670,389	1,686,434
DEFERRED INCOME TAXES	455,578	479,854
NOTES RECEIVABLE AND OTHER LONG-TERM ASSETS	515,722	484,997
TOTAL	$ 8,192,227	$ 8,130,457
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 149,533	$ 175,464
Accrued interest	50,820	33,702
Current portion of long-term obligations	1,688	1,817
Unearned revenue	104,482	106,395
Total current liabilities	306,523	317,378
LONG-TERM OBLIGATIONS	4,433,162	4,283,467
OTHER LONG-TERM LIABILITIES	535,998	504,178
Total liabilities	5,275,683	5,105,023
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST IN SUBSIDIARIES	3,277	3,342
STOCKHOLDERS EQUITY:		
Preferred Stock: $.01 par value; 20,000,000 shares authorized; no shares issued or outstanding		
Class A Common Stock: $.01 par value; 1,000,000,000 shares authorized, 453,762,046 and 452,759,969 shares issued, and 396,025,563 and 399,518,542 shares outstanding, respectively	4,537	4,527
Additional paid-in capital	7,801,002	7,772,382
Accumulated deficit	(2,661,218)	(2,703,373)

Accumulated other comprehensive loss	(11,137)	(3,626)
Treasury stock (57,736,483 and 53,241,427 shares at cost, respectively)	(2,219,917)	(2,047,818)
Total stockholders equity	2,913,267	3,022,092
TOTAL	$ 8,192,227	$ 8,130,457

See notes to unaudited condensed consolidated financial statements.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS Unaudited

(in thousands, except per share data)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
REVENUES:		
Rental and management	$ 373,983	$ 346,029
Network development services	8,201	6,445
Total operating revenues	382,184	352,474
OPERATING EXPENSES:		
Costs of operations (exclusive of items shown separately below)		
Rental and management	86,931	83,761
Network development services	3,627	3,522
Depreciation, amortization and accretion	97,072	130,194
Selling, general, administrative and development expense (including stock-based compensation expense of $16,264 and $16,667, respectively)	48,909	48,643
Impairments and net loss on sale of long-lived assets	789	244
Total operating expenses	237,328	266,364
OPERATING INCOME	144,856	86,110
OTHER INCOME (EXPENSE):		
Interest income, TV Azteca, net of interest expense of $372 and $372, respectively	3,541	3,498
Interest income	963	3,617
Interest expense	(65,514)	(53,274)
Loss on retirement of long-term obligations	(25)	(4,152)
Other (expense) income	(778)	2,998
Total other expense	(61,813)	(47,313)
INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND INCOME ON EQUITY METHOD INVESTMENTS	83,043	38,797
Income tax provision	(40,801)	(17,631)
Minority interest in net earnings of subsidiaries	(73)	(88)
Income on equity method investments	5	2
INCOME FROM CONTINUING OPERATIONS	42,174	21,080
(LOSS) INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX BENEFIT (PROVISION) OF $10 and $(618), RESPECTIVELY	(19)	1,148
NET INCOME	$ 42,155	$ 22,228
NET INCOME PER COMMON SHARE AMOUNTS:		
BASIC:		
Income from continuing operations	$ 0.11	$ 0.05
(Loss) income from discontinued operations		

Net income	$ 0.11	$ 0.05
DILUTED:		
Income from continuing operations	$ 0.10	$ 0.05
(Loss) income from discontinued operations		
Net income	$ 0.10	$ 0.05
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
BASIC	397,128	421,627
DILUTED	421,622	439,557

See notes to unaudited condensed consolidated financial statements.

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS Unaudited

(in thousands)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 42,155	$ 22,228
Stock-based compensation expense	16,264	16,667
Depreciation, amortization and accretion	97,072	130,194
Other non-cash items reflected in statements of operations	33,702	22,150
Increase in net deferred rent asset	(7,728)	(12,901)
Decrease in restricted cash	1,238	
Increase in assets	(9,187)	(11,757)
Increase in liabilities	8,866	4,806
Cash provided by operating activities	182,382	171,387
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for purchase of property and equipment and construction activities	(44,625)	(31,445)
Payments for acquisitions	(28,312)	(10,061)
Proceeds from sale of available-for-sale securities and other long-term assets	2,136	9,095
Deposits, restricted cash and investments	2,070	65
Cash used for investing activities	(68,731)	(32,346)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under credit facilities	475,000	310,000
Repayments of notes payable, credit facilities and capital leases	(325,640)	(225,849)
Purchases of Class A common stock	(182,750)	(499,013)
Proceeds from stock options, warrants and stock purchase plan	11,644	46,845
Deferred financing costs and other financing activities	(3,395)	(5,137)
Cash used for financing activities	(25,141)	(373,154)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	88,510	(234,113)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	33,123	281,264
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 121,633	$ 47,151
CASH PAID FOR INCOME TAXES	$ 11,720	$ 4,547
CASH PAID FOR INTEREST	$ 46,300	$ 39,793

See notes to unaudited condensed consolidated financial statements.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited

1. Description of Business, Basis of Presentation and Accounting Policies

American Tower Corporation and subsidiaries (collectively, ATC or the Company) is an independent owner, operator and developer of wireless and broadcast communications sites in the United States, Mexico and Brazil. The Company s primary business is the leasing of antenna space on multi-tenant communications sites to wireless service providers and radio and television broadcast companies. The Company also manages rooftop and tower sites for third parties, operates distributed antenna systems within buildings, and provides network development services that support its rental and management operations and the addition of new tenants and equipment on its sites.

ATC is a holding company that conducts its operations in the United States and internationally through its directly and indirectly owned subsidiaries. ATC s principal United States operating subsidiaries are American Towers, Inc. (ATI) and SpectraSite Communications, LLC (SpectraSite). ATC conducts its international operations through its subsidiary, American Tower International, Inc., which in turn conducts operations through its international operating subsidiaries. The Company s international operations consist primarily of its operations in Mexico and Brazil, which it conducts in Mexico through ATC Mexico Holding Corp. (ATC Mexico) and in Brazil through ATC South America Holding Corp. (ATC South America).

The accompanying condensed consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). The financial information included herein is unaudited; however, the Company believes such information and the disclosures herein are adequate to make the information presented not misleading and reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair presentation of the Company s financial position and results of operations for such periods. Results of interim periods may not be indicative of results for the full year. These condensed consolidated financial statements and related notes should be read in conjunction with the Company s Annual Report on Form 10-K for the year ended December 31, 2007.

Significant Accounting Policies and Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Actual results may differ from those estimates, and such differences could be material to the accompanying condensed consolidated financial statements.

Estimated Useful Lives of Assets During the last half of 2007, the Company undertook a review of the estimated useful lives of its tower assets to determine if it should modify its estimates for asset lives based on its historical operating experience. The Company retained an independent consultant to assist it in completing this review and received a report from the consultant in the first quarter of 2008. Through December 31, 2007, the Company depreciated its towers on a straight-line basis over the shorter of the term of the underlying ground lease (including renewal options) or the estimated useful life of the tower, which the Company had historically estimated to be 15 years. Additionally, certain of the Company s intangible assets are amortized on a similar basis to the tower assets, as the estimated useful lives of such intangibles correlate to the useful life of the towers.

The Company completed the review of the estimated useful lives of its tower assets in the first quarter of 2008. Based on this review, the Company revised the estimated useful lives of its towers and certain related intangible assets from its historical estimate of 15 years to a revised estimate of 20 years, effective January 1, 2008. The Company accounted for the change in estimated useful lives as a change in estimate under Statement of Financial Accounting Standards (SFAS) No. 154 Accounting Changes and Error Corrections. The impact of the change in estimate was accounted for prospectively effective January 1, 2008, resulting in a reduction in depreciation and amortization expense of approximately $30.2 million pre-tax and an increase of approximately

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

$18.9 million, net of tax, in net income for the three months ended March 31, 2008. The Company also expects the change in estimate to decrease depreciation and amortization expense for the year ended December 31, 2008 by approximately $120.8 million as compared to the year ended December 31, 2007.

Stock-Based Compensation: Expected Life of Stock Options As described in note 5, the Company adopted SEC Staff Accounting Bulletin (SAB) No. 110 Share Based Payment (SAB No. 110) effective January 1, 2008 and changed the expected life of stock options granted after January 1, 2008.

Restricted Cash The Company classifies as restricted cash all cash pledged as collateral to secure obligations and all cash whose use is otherwise limited by contractual provisions, including cash on deposit in reserve accounts relating to the Commercial Mortgage Pass-Through Certificates, Series 2007-1 described in note 3 to the Company s consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2007.

Short-Term Investments and Available-For-Sale Securities As of March 31, 2008, short-term investments and available-for-sale securities includes government bonds of approximately $6.1 million with remaining maturities (when purchased) in excess of three months and approximately $0.7 million of available-for-sale securities.

Fair Value Measurements Effective January 1, 2008, the Company adopted Financial Accounting Standards Board (FASB) SFAS No. 157 Fair Value Measurements (SFAS No. 157) for all financial assets and liabilities, with the exception of the application of the statement to non-recurring nonfinancial assets and nonfinancial liabilities. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. This statement requires quantitative disclosures about fair value measurements for each major category of assets and liabilities measured at fair value on a recurring and non-recurring basis during a period. SFAS No. 157 was effective for the Company as of January 1, 2008; however, in February 2008, the FASB issued FASB Staff Positions (FSP) 157-1 and 157-2. FSP 157-1 amends SFAS No. 157 to exclude SFAS No. 13, Accounting for Leases, (SFAS No. 13) and its related interpretive accounting pronouncements that address leasing transactions, while FSP 157-2 delays the effective date of the application to January 1, 2009 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis (that is, at least annually). The adoption had no impact on the condensed consolidated results of operations or financial position included herein, but requires that the Company provide additional required disclosures in the notes to its consolidated financial statements issued after the effective date. For more information see note 7.

Earnings Per Common Share Basic and Diluted Basic income from continuing operations per common share for the three months ended March 31, 2008 and 2007 represents income from continuing operations divided by the weighted average number of common shares outstanding during the period. Diluted income from continuing operations per common share for the three months ended March 31, 2008 and 2007 represents income from continuing operations divided by the weighted average number of common shares outstanding during the period and any dilutive common share equivalents, including shares issuable upon exercise of stock options and warrants as determined under the treasury stock method and upon conversion of the Company s convertible notes, as determined under the if-converted method. For the three months ended March 31, 2008 and 2007, the weighted average number of common shares outstanding excludes shares issuable upon conversion of the Company s convertible notes of 1.2 million and 19.6 million, respectively, and shares issuable upon exercise of the Company s stock options of 6.4 million and 6.2 million, respectively, as the effect would be anti-dilutive. In addition, for the three months ended March 31, 2008, the weighted average number of common shares outstanding excludes shares issuable upon vesting of the Company s restricted stock units of 0.2 million, as the effect would be anti-dilutive.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

The following table sets forth basic and diluted income from continuing operations per common share computational data for the three months ended March 31, 2008 and 2007 (in thousands, except per share data):

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Basic weighted average common shares outstanding	397,128	421,627
Dilutive securities:		
Stock options, warrants and convertible notes	24,494	17,930
Diluted weighted average common shares outstanding	421,622	439,557
Basic income from continuing operations per common share	$ 0.11	$ 0.05
Diluted income from continuing operations per common share	$ 0.10	$ 0.05

Total Comprehensive Income Total comprehensive income for the three months ended March 31, 2008 and 2007 is as follows (in thousands):

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Total comprehensive income	$ 34,644	$ 14,004

Total comprehensive income is comprised of net income, changes in the fair value of available-for-sale securities and derivative instruments and the related reclassification to net income of previously unrealized gains and losses.

Recent Accounting Pronouncements In February 2007, the FASB issued SFAS No. 159 The Fair Value Option for Financial Assets and Liabilities Including an amendment of FASB Statement No. 115 (SFAS No. 159). This statement provides companies with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for the Company as of January 1, 2008. The Company does not intend to elect the fair value option allowed under SFAS No. 159.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations (SFAS No. 141R). SFAS No. 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141R changes the accounting for acquisitions by eliminating the step acquisition model, providing that contingent consideration be recognized at the time of acquisition (instead of being recognized when it is probable), disallowing the capitalization of transaction costs, and changing when restructurings related to acquisitions can be recognized. SFAS No. 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141R is effective for the Company for acquisitions made after the January 1, 2009 effective date. The Company is in the process of evaluating the impact of the adoption of SFAS No. 141R.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of Accounting Research Bulletin No. 51 (SFAS No. 160). SFAS No. 160 establishes consolidating parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent s ownership interest, and the valuation of retained noncontrolling

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for the Company as of January 1, 2009. The Company is in the process of evaluating the impact the adoption of SFAS No. 160 will have on its consolidated results of operations and financial position.

In February 2007, the FASB issued SFAS No. 161 Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 (SFAS No. 161). This statement changes disclosure requirements and requires entities to provide enhanced disclosures about how and why entities use derivative financial instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 Accounting for Derivative Financial Instruments and Hedging Activities and related interpretations, and how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flows. SFAS No. 161 is effective for the Company as of January 1, 2009. The Company is in the process of evaluating the impact the adoption of SFAS No. 161 will have on its disclosures.

2. Income Taxes

The Company provides for income taxes at the end of each interim period based on the estimated effective tax rate for the full fiscal year. Cumulative adjustments to the Company s estimate are recorded in the interim period in which a change in the estimated annual effective rate is determined.

As of March 31, 2008 and December 31, 2007, the total amount of unrecognized tax benefits that would affect the effective tax rate, if recognized, was $23.2 million and $23.0 million, respectively. The Company expects the unrecognized tax benefits to change over the next 12 months if certain tax matters ultimately settle with the applicable taxing jurisdiction during this timeframe, as described in note 2 to the Company s consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2007. However, based on the status of these items and the amount of uncertainty associated with the outcome and timing of audit settlements, the Company is unable to estimate the impact of the amount of such changes, if any, to its recorded uncertain tax positions.

In accordance with FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of SFAS No. 109 (FIN 48), the Company recorded penalties and tax-related interest expense during the three months ended March 31, 2008 and 2007, of $1.6 million and $1.7 million, respectively, and for the three months ended March 31, 2007, interest income from tax refunds of $1.5 million. As of March 31, 2008 and December 31, 2007, the total amount of accrued income tax-related interest and penalties included in other long-term liabilities in the condensed consolidated balance sheets was $31.1 million and $30.7 million, respectively.

The Company files numerous consolidated and separate income tax returns, including U.S. federal and state tax returns and foreign tax returns in Mexico and Brazil. As a result of the Company s ability to carry forward federal and state net operating losses, the applicable tax years remain open to examination until three years after the applicable loss carry forwards have been used or expired. However, the Company has completed U.S. federal income tax examinations for tax years up to and including 2002. The Company is currently undergoing U.S. federal income tax examinations for tax years 2004 and 2005. Additionally, it is subject to examinations in various U.S. state jurisdictions for certain tax years, and is under examination in Brazil for the 2001 through 2006 tax years and Mexico for the 2002 tax year.

As described in note 9 to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2007, the Company expects to benefit from a worthless stock or bad debt deduction for its investment in Verestar, Inc. (Verestar), which filed for protection under Chapter 11 of the federal bankruptcy laws in December 2003. In April 2008, the Bankruptcy Court approved Verestar s plan of

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

liquidation. The Company anticipates that it will record an income tax benefit for these deductions, and it is in the process of quantifying the amount, the impact on and appropriate timing of recognition as it relates to its consolidated financial statements.

3. Financing Transactions

Term Loan Credit Facility On March 24, 2008, the Company entered into a Notice of Incremental Facility Commitment with respect to an additional $325.0 million of term loan commitments (Term Loan) pursuant to the Company s existing $1.25 billion senior unsecured revolving credit facility of American Tower Corporation (Revolving Credit Facility). At closing, the Company received net proceeds of approximately $321.7 million from the Term Loan, which, together with available cash was used to repay $325.0 million of existing indebtedness under the Revolving Credit Facility.

The basis for determining interest rates for the Term Loan is determined at the option of the Company with the margin ranging between 0.50% to 1.50% above the LIBOR rate for LIBOR based borrowings or between 0.00% to 0.50% above the defined base rate for base rate borrowings, in each case based upon the Company s debt ratings.

The Term Loan contains certain financial ratios and operating covenants and other restrictions applicable to the Company and its subsidiaries designated as restricted subsidiaries on a consolidated basis that are consistent with the Revolving Credit Facility, which are described in note 3 to the Company s consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2007. Any failure to comply with the financial and operating covenants of the Term Loan would constitute a default, which could result in, among other things, the amounts outstanding, including all accrued interest, becoming immediately due and payable.

The Term Loan lenders include JPMorgan Chase Bank, N.A., Toronto Dominion (Texas) LLC, The Royal Bank of Scotland, plc, Calyon, New York Branch, Bank of Tokyo-Mitsubishi UFJ Trust Company, Union Bank of California, N.A, Morgan Stanley Bank, Mizuho Corporate Bank, Ltd. and Credit Suisse, Cayman Islands Branch. The borrower under the Term Loan is American Tower Corporation. The Term Loan matures on June 8, 2012. All amounts will be due and payable in full at maturity. The Term Loan does not require amortization of principal and may be paid prior to maturity in whole or in part at the Company s option without penalty or premium.

Revolving Credit Facility During the three months ended March 31, 2008, the Company drew down and repaid amounts under the Revolving Credit Facility in the ordinary course, and also repaid $325.0 million of borrowings under the Revolving Credit Facility using net proceeds from the Term Loan, as discussed above. As of March 31, 2008, the Company had $650.0 million outstanding under its Revolving Credit Facility and had approximately $11.9 million of undrawn letters of credit outstanding.

For more information regarding the Revolving Credit Facility, please see note 3 to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2007.

Interest Rate Swap Agreements During the three months ended March 31, 2008, the Company entered into twelve additional interest rate swap agreements to manage exposure to variability in cash flows related to forecasted interest payments under its Revolving Credit Facility and Term Loan. As of March 31, 2008, the Company held fifteen interest rate swap agreements, all of which have been designated as cash flow hedges, and which have an aggregate notional amount of $775.0 million, interest rates ranging from 2.86% to 4.08% and expiration dates through March 2011.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

Stock Repurchase Programs During the three months ended March 31, 2008, the Company repurchased an aggregate of approximately 4.5 million shares of its Class A common stock for an aggregate of $170.6 million pursuant to its publicly announced stock repurchase programs, as described below.

In February 2007, the Company announced a $1.5 billion stock repurchase program (2007 Buyback), which the Company ended in February 2008. In March 2008, the Company announced a new $1.5 billion stock repurchase program (2008 Buyback), as discussed below. Pursuant to the 2007 Buyback, the Company repurchased 4.3 million shares of its Class A common stock for an aggregate of $163.7 million during the three months ended March 31, 2008, and 31.1 million shares of its Class A common stock for an aggregate of $1.3 billion during the year ended December 31, 2007. As of December 31, 2007, $17.0 million was included in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheets for stock repurchases pursuant to the 2007 Buyback. Under the 2007 Buyback, the Company repurchased a total of 35.3 million shares of its Class A common stock for an aggregate of $1.45 billion.

In March 2008, the Company announced that its Board of Directors approved the 2008 Buyback, pursuant to which the Company is authorized to purchase up to $1.5 billion of its Class A common stock. The Company expects to fund repurchases through a combination of cash on hand, cash generated by operations, borrowings under its Revolving Credit Facility and future financing transactions, and purchases under this stock repurchase program are subject to the Company having available cash to fund repurchases. Under the program, the Company is authorized to purchase shares from time to time through open market purchases or privately negotiated transactions at prevailing prices as permitted by securities laws and other legal requirements, and subject to market conditions and other factors. To facilitate repurchases, the Company makes purchases pursuant to trading plans under Rule 10b5-1 of the Exchange Act, which allows the Company to repurchase shares during periods when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. During the three months ended March 31, 2008, pursuant to the 2008 Buyback, the Company repurchased 0.2 million shares of its Class A common stock for an aggregate of $6.8 million, of which $1.1 million was paid in cash prior to March 31, 2008 and $5.7 million was included in accounts payable and accrued expenses in the accompanying condensed consolidated balance sheet as of March 31, 2008. Between April 1, 2008 and April 28, 2008, the Company repurchased an additional 0.8 million shares of its Class A common stock for an aggregate of $32.9 million. As of April 28, 2008, the Company had repurchased a total of 1.0 million shares of its Class A common stock for an aggregate of $39.7 million pursuant to the 2008 Buyback.

4. Goodwill and Other Intangible Assets

The Company s net carrying amount of goodwill was approximately $2.2 billion as of March 31, 2008 and December 31, 2007, all of which related to its rental and management segment. The following table presents summary information about the Company s intangible assets subject to amortization (in thousands):

	March 31, 2008	December 31, 2007
Acquired customer base and network location intangibles	$ 1,780,026	$ 1,760,707
Acquired customer relationship intangible	775,000	775,000
Deferred financing costs	79,192	75,934
Acquired licenses and other intangibles	51,866	53,866
Total	2,686,084	2,665,507
Less accumulated amortization	(1,015,695)	(979,073)
Other intangible assets, net	$ 1,670,389	$ 1,686,434

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

The Company amortizes its intangible assets over periods ranging from three to twenty years. Amortization of intangible assets for the three months ended March 31, 2008 was approximately $34.3 million (excluding amortization of deferred financing costs, which is included in interest expense). Based on the revised estimated useful lives of the Company s towers and related intangible assets effective as of January 1, 2008 described in note 1 above, the Company expects to record amortization expense (excluding amortization of deferred financing costs) of approximately $128.6 million for the year ended December 31, 2008, and $122.1 million, $119.8 million, $116.6 million, $114.8 million and $114.1 million for the years ended December 31, 2009, 2010, 2011, 2012 and 2013, respectively.

5. Stock-Based Compensation

The Company recognized stock-based compensation expense during the three months ended March 31, 2008 and 2007 of approximately $16.3 million and $16.7 million, respectively. Stock-based compensation expense for the three months ended March 31, 2007 includes $7.6 million related to the modification of certain stock option awards to revise vesting and exercise terms for certain terminated employees. The Company did not capitalize any stock-based compensation during the three months ended March 31, 2008 and 2007.

Summary of Stock-Based Compensation Plans The Company maintains equity incentive plans that provide for the grant of stock-based awards to its directors, officers and employees. In May 2007, the Company s stockholders approved the 2007 Equity Incentive Plan (2007 Plan), which provides for the grant of non-qualified and incentive stock options, as well as restricted stock units, restricted stock and other stock-based awards. In addition, the Company has outstanding options that were granted under its 1997 Stock Option Plan (1997 Plan) and the SpectraSite, Inc. 2003 Equity Incentive Plan (SpectraSite Plan), which was assumed by the Company in connection with the Company s merger with SpectraSite, Inc. in August 2005. The 1997 Plan expired in November 2007, and the Company does not intend to grant any additional options under the SpectraSite Plan.

Stock Options During the three months ended March 31, 2008, the Company granted stock options to purchase 1.6 million shares of its Class A common stock pursuant to the 2007 Plan. Option grants generally vest ratably over various periods, generally four years, and expire ten years from the date of grant.

The following table summarizes the Company s option activity for the three months ended March 31, 2008:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Outstanding as of January 1, 2008	17,392,583	$ 26.42		
Granted	1,588,600	37.73		
Exercised	(777,204)	15.82		
Cancelled	(182,112)	17.99		
Outstanding as of March 31, 2008	18,021,867	$ 27.91	7.59	$ 208.7
Exercisable as of March 31, 2008	8,195,149	$ 21.87	6.44	$ 143.1
Vested or expected to vest, net of estimated forfeitures, as of March 31, 2008	17,515,315	$ 27.71	7.56	$ 206.2

The Company estimates the fair value of each option grant on the date of grant using the Black-Scholes option pricing model based on the assumptions listed below. For further discussion on the option pricing model and how assumptions are determined, please see note 13 to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2007.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

Key assumptions used to apply this option pricing model for the three months ended March 31, 2008 and 2007 are as follows:

	January 1, 2008 March 31, 2008	**January 1, 2007 March 31, 2007**
Range of risk-free interest rate	1.88% - 2.16%	4.47% - 4.51%
Weighted average risk-free interest rate	1.90%	4.47%
Expected life of option grants	4 years	6.25 years
Range of expected volatility of underlying stock price	28.61% - 28.66%	28.06% - 28.11%
Weighted average expected volatility of underlying stock price	28.65%	28.06%
Expected annual dividends	N/A	N/A

In December 2007, the SEC issued SAB No. 110. SAB No. 110 expresses the views of the SEC staff regarding the use of a simplified method, as discussed in SAB No. 107 Share-Based Payment (SAB No. 107), in developing an estimate of expected term of plain vanilla share options in accordance with SFAS No. 123R. SAB No. 110 allows companies, under certain circumstances, to use the simplified method beyond December 31, 2007. Prior to the adoption of SAB No. 110, the Company used the simplified method under SAB No. 107 since July 1, 2005 to determine the 6.25 year expected life of its stock options. In connection with the January 1, 2008 adoption of SFAS No. 110, the Company reexamined its historical pattern of option exercises in an effort to determine if there were any discernable patterns of employee activity. The expected life computation is now based on historical exercise patterns and post-vesting termination behavior within the employee population. Based on its examination, the Company determined that the expected life of its stock options should be reduced in accordance with SAB No. 110. Accordingly, the impact of the adoption of SAB No. 110 resulted in a change in the expected life of options granted after January 1, 2008 to four years.

The weighted average grant date fair value for the stock options granted during the three months ended March 31, 2008 and 2007 was $9.64 and $14.24, respectively. The total fair value of the options vested during the three months ended March 31, 2008 and 2007 was $36.7 million and $25.3 million, respectively. As of March 31, 2008, total unrecognized compensation expense related to unvested stock options was $93.5 million, and that cost is expected to be recognized over a weighted average period of approximately three years. The total intrinsic value for stock options exercised during the three months ended March 31, 2008 and 2007 was $18.1 million and $69.8 million, respectively. The amount of cash received from the exercise of stock options was $11.6 million and $46.7 million during the three months ended March 31, 2008 and 2007, respectively.

As of March 31, 2008, options to purchase approximately 15.2 million, 2.6 million and 0.2 million shares of Class A common stock remained outstanding under the 1997 Plan, the 2007 Plan and the SpectraSite Plan, respectively.

Restricted Stock Units During the three months ended March 31, 2008, the Company granted restricted stock units with respect to 1.2 million shares of its Class A common stock pursuant to the 2007 Plan. Restricted stock units generally vest ratably over various periods, generally four years. The Company recognizes the expense associated with the units over the vesting term. The expense is based on the fair market value of the units awarded at the date of grant, times the number of shares subject to the units awarded.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

The following table summarizes the Company s restricted stock unit activity during the three months ended March 31, 2008:

	Number of Units	Weighted Average Grant-Date Fair Value
Outstanding as of January 1, 2008		
Granted	1,186,535	$ 37.70
Vested	(11,440)	37.70
Cancelled	(6,260)	37.70
Outstanding as of March 31, 2008	1,168,835	$ 37.70
Vested or expected to vest, net of estimated forfeitures, as of March 31, 2008	1,076,757	$ 37.70

During the three months ended March 31, 2008, the total fair value of the restricted stock units that vested during the three months ended March 31, 2008 was $0.4 million. As of March 31, 2008, total unrecognized compensation expense related to unvested restricted stock units granted under the 2007 Plan was $39.7 million, and that cost is expected to be recognized over a weighted average period of approximately four years.

As of March 31, 2008, the Company had the ability to grant stock-based awards with respect to an aggregate of 26.2 million shares of the Company s Class A common stock under the 2007 Plan.

Employee Stock Purchase Plan The Company also maintains an employee stock purchase plan (ESPP) for all eligible employees as described in the Company s Annual Report on Form 10-K for the year ended December 31, 2007. The offering periods run from June 1 through November 30 and from December 1 through May 31 of each year, and accordingly, no shares were purchased by employees during the three months ended March 31, 2008 and 2007. The fair value for the ESPP shares purchased during the December 2007 and December 2006 offering periods was $10.03 and $8.62, respectively.

Key assumptions used to apply the Black-Scholes pricing model for the three months ended March 31, 2008 and 2007 for the December 2007 and 2006 offering periods, respectively, are as follows:

Weighted Average Assumption	December 2007 Offering	December 2006 Offering
Approximate risk-free interest rate	3.28%	5.05%
Expected life of the shares	6 months	6 months
Expected volatility of underlying stock price	27.85%	28.74%
Expected annual dividends	N/A	N/A

6. Business Segments

The Company operates in two business segments: rental and management and network development services. The rental and management segment provides for the leasing and subleasing of antenna space on multi-tenant towers and other properties for a diverse range of customers primarily in the wireless communications and broadcast industries. The network development services segment offers services activities that support the Company s rental and management operations and the addition of new tenants and equipment on the Company s towers, including site acquisition, zoning, permitting, construction management and structural analysis.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

The accounting policies applied in compiling segment information below are similar to those described in the Company s Annual Report on Form 10-K for the year ended December 31, 2007. In evaluating financial performance, management focuses on segment gross margin and segment operating profit. The Company defines segment gross margin as segment revenue less segment operating expenses excluding depreciation, amortization and accretion; selling, general, administrative and development expense; and impairments and net loss on sale of long-lived assets. The Company defines segment operating profit as segment gross margin less selling, general, administrative and development expense attributable to the segment, excluding stock-based compensation expense and corporate expenses. For reporting purposes, the rental and management segment operating profit and segment gross margin also include interest income, TV Azteca, net. These measures of segment gross margin and segment operating profit are also before interest income, interest expense, loss on retirement of long-term obligations, other (expense) income, minority interest in net earnings of subsidiaries, income on equity method investments, income taxes and discontinued operations.

The Company s reportable segments are strategic business units that offer different services. They are managed separately because each segment requires different resources, skill sets and marketing strategies. Summarized financial information concerning the Company s reportable segments for the three months ended March 31, 2008 and 2007 is shown in the table below. The Other column below represents amounts excluded from specific segments, such as stock-based compensation expense and corporate expenses included in selling, general, administrative and development expense; impairments, and net loss on sale of long-lived assets; interest income; interest expense; loss on retirement of long-term obligations; and other (expense) income, as well as reconciles segment operating profit to income before income taxes, minority interest and income on equity method investments.

Three months ended March 31,	Rental and Management	Network Development Services	Other	Total
		(in thousands)		
2008				
Segment revenues	$ 373,983	$ 8,201		$ 382,184
Segment operating expenses	86,931	3,627		90,558
Interest income, TV Azteca, net	3,541			
Segment gross margin	290,593	4,574		295,167
Segment selling, general, administrative and development expenses	16,386	1,312		17,698
Segment operating profit	$ 274,207	$ 3,262		$ 277,469
Other selling, general, administrative and development expense			$ 31,211	31,211
Depreciation, amortization and accretion	94,962	641	1,469	97,072
Other expenses (principally interest expense)			66,143	66,143
Income before income taxes, minority interest and income on equity method investments				$ 83,043

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

Three months ended March 31,	Rental and Management	Network Development Services (in thousands)	Other	Total
2007				
Segment revenues	$ 346,029	$ 6,445		$ 352,474
Segment operating expenses	83,761	3,522		87,283
Interest income, TV Azteca, net	3,498			3,498
Segment gross margin	265,766	2,923		268,689
Segment selling, general, administrative and development expenses	16,147	1,062		17,209
Segment operating profit	$ 249,619	$ 1,861		$ 251,480
Other selling, general, administrative and development expense			$ 31,434	31,434
Depreciation, amortization and accretion	$ 128,244	$ 516	1,434	130,194
Other expenses (principally interest expense)			51,055	51,055
Income before income taxes, minority interest and income on equity method investments				$ 38,797

7. Fair Value Measurements

As discussed in note 1 above, effective January 1, 2008, the Company adopted SFAS No. 157, which provides a framework for measuring fair value under generally accepted accounting principles. The Company determines the fair market values of its financial instruments based on the fair value hierarchy established in SFAS No. 157, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. The Company s Level 1 assets consist of available-for-sale securities traded on active markets as well as certain Brazilian Treasury securities that are highly liquid and are actively traded in over-the-counter markets.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Company s Level 2 liabilities consist of interest rate swap agreements based on the LIBOR swap rate whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Company does not have any Level 3 assets or liabilities.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

In accordance with the fair value hierarchy described above, the following table shows the fair value of the Company s financial assets and liabilities that are required to be measured at fair value as of March 31, 2008:

	March 31, 2008 Fair Value Measurements Using			Assets/Liabilities at Fair Value
	Level 1	Level 2	Level 3	
	(in thousands)			
Assets:				
Short-term investments and available-for-sale securities	$ 6,802			$ 6,802
Liabilities:				
Interest rate swap agreements		$ 13,819		$ 13,819

The fair value of the Company s interest rate swap agreements is included in other long-term liabilities in the accompanying condensed consolidated balance sheet as of March 31, 2008. Fair valuations of the Company s interest rate swap agreements reflect the value of the instrument including the values associated with counterparty risk. With the issuance of SFAS No. 157, these values must also take into account the Company s own credit standing, thus including in the valuation of the derivative instrument the value of the net credit differential between the counterparties to the derivative contract. Effective January 1, 2008, the Company updated its fair value methodology to include the impact of both the counterparty s and its own credit standing.

8. Commitments and Contingencies

Legal and Governmental Proceedings Related to Review of Stock Option Granting Practices and Related Accounting During the year ended December 31, 2006, the Company received a letter of informal inquiry from the SEC Division of Enforcement, a subpoena from the United States Attorney s Office for the Eastern District of New York, and an Information Document Request from the Internal Revenue Service (IRS), each requesting documents related to Company stock option grants and stock option practices. In addition, in August 2007, the Company received a request for information from the Department of Labor (DOL) with respect to the Company s retirement savings plan, including documents related to Company stock option grants and the Company s historic stock option administrative practices. The Company continues to cooperate with each of the SEC, the U.S. Attorney s Office, the IRS and the DOL to provide the requested information and documents. For more information, see note 9 to the consolidated financial statements included in the Company s Annual Report on Form 10-K for the year ended December 31, 2007.

The Company is subject to a securities class action relating to its historical stock option granting practices and related accounting. On May 26, 2006, a securities class action was filed in United States District Court for the District of Massachusetts against the Company and certain of its current officers by John S. Greenebaum for monetary relief. Specifically, the complaint named the Company, James D. Taiclet, Jr. and Bradley E. Singer as defendants and alleged that the defendants violated federal securities laws in connection with public statements made relating to the Company s stock option practices and related accounting. The complaint asserted claims under Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5. In December 2006, the court appointed the Steamship Trade Association-International Longshoreman s Association Pension Fund as the lead plaintiff. In March 2007, plaintiffs filed an amended consolidated complaint, which included additional current and former officers and directors of the Company as defendants. In December 2007, the Company announced that it had reached a settlement in principle regarding the securities class action. The settlement, which was preliminarily approved by the court in February 2008, provides for a payment by the Company of $14.0 million and would lead to a dismissal of all claims against all defendants in the litigation. The Company paid $250,000 of the settlement amount to an escrow account controlled by the plaintiffs during the quarter ended March 31, 2008. In April 2008, the Company paid the remaining settlement amount of $13.8 million into escrow and received $12.5 million in insurance proceeds.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

On May 24, 2006 and June 14, 2006, two shareholder derivative lawsuits were filed in Suffolk County Superior Court in Massachusetts by Eric Johnston and Robert L. Garber, respectively. The lawsuits were filed against certain of the Company s current and former officers and directors for alleged breaches of fiduciary duties and unjust enrichment in connection with the Company s historical stock option granting practices. The lawsuits also named the Company as a nominal defendant. The lawsuits sought to recover the damages sustained by the Company and disgorgement of all profits received with respect to the alleged backdated stock options. In October 2006, these two lawsuits were consolidated, and in October 2007, the court dismissed the complaint, without leave to amend, due to the plaintiffs failure to make a demand upon the Company s Board of Directors before initiating their lawsuits. In December 2007, the plaintiffs filed an appeal of that decision, which the Company is opposing. Additionally, in April 2008, the Company filed a motion to dismiss the appeal as moot.

On June 13, 2006, June 22, 2006 and August 23, 2006, three shareholder derivative lawsuits were filed in United States District Court for the District of Massachusetts by New South Wales Treasury Corporation, as Trustee for the Alpha International Managers Trust, Frank C. Kalil and Don Holland, and Leslie Cramer, respectively. The lawsuits were filed against certain of the Company s current and former officers and directors for alleged breaches of fiduciary duties, waste of corporate assets, gross mismanagement and unjust enrichment in connection with the Company s historical stock option granting practices. The lawsuits also named the Company as a nominal defendant. In December 2006, the court consolidated these three lawsuits and appointed New South Wales Treasury Corporation as the lead plaintiff. In February 2007, the plaintiffs filed an amended consolidated complaint. In February 2008, the court dismissed the complaint due to the plaintiffs failure to make a demand on the Company s Board of Directors before initiating their lawsuits. In December 2007, the plaintiffs also made a demand on the Company s Board of Directors which is being assessed by a special litigation committee of the Company s Board of Directors.

The outcomes of the class action and derivative actions cannot be predicted by the Company with certainty and are dependent upon many factors beyond its control. In the event of an adverse outcome with respect to one or more of these proceedings, these matters could result in a material adverse effect on the Company s consolidated financial position, results of operations or liquidity.

AT&T Transaction SpectraSite entered into an agreement with SBC Communications Inc., a predecessor entity to AT&T Inc. (AT&T), for the lease or sublease of approximately 2,500 towers from AT&T between December 2000 and August 2004. All of the towers are part of the Company s securitization transaction. The average term of the lease or sublease for all sites at the inception of the agreement was approximately 27 years, assuming renewals or extensions of the underlying ground leases for the sites. SpectraSite has the option to purchase the sites subject to the lease or sublease upon their expiration. Each of the towers is assigned into an annual tranche, ranging from 2013 to 2032, which represents the outside expiration date for the sublease rights to that tower. The purchase price for each site is a fixed amount stated in the sublease for that site plus the fair market value of certain alterations made to the related tower by AT&T. The aggregate purchase option price for the towers leased and subleased was approximately $349.4 million as of March 31, 2008, and will accrete at a rate of 10% per year to the applicable expiration of the lease or sublease of a site. For all such sites purchased by SpectraSite at the expiration of the lease or sublease, AT&T has the right to continue to lease the reserved space for successive one year terms at a rent equal to the lesser of the agreed upon market rate and the then current monthly fee, which is subject to an annual increase based on changes in the Consumer Price Index.

ALLTEL Transaction In December 2000, the Company entered into an agreement with ALLTEL Communications, Inc. (ALLTEL) to acquire communications towers from ALLTEL through a 15-year sublease agreement. Pursuant to the agreement with ALLTEL, as amended, the Company acquired rights to a total of approximately 1,800 towers in tranches between April 2001 and March 2002. The Company has the option to

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS Unaudited (Continued)

purchase these towers at the expiration of the sublease period, which will occur between April 2016 and March 2017 based on the original closing date for such tranche of towers. The purchase price per tower as of the original closing date was $27,500 and will accrete at a rate of 3% per annum through the expiration of the sublease period. The aggregate purchase option price for the subleased towers was approximately $60.1 million as of March 31, 2008. At ALLTEL s option, at the expiration of the sublease period the purchase price will be payable in cash or with 769 shares of the Company s Class A common stock per tower.

Litigation The Company periodically becomes involved in various claims and lawsuits that are incidental to its business. In the opinion of Company management, after consultation with counsel, other than the litigation related to the Company s historical stock option granting practices discussed above, there are no matters currently pending which would, in the event of adverse outcome, have a material impact on the Company s consolidated financial position, results of operations or liquidity.

9. Subsequent Events

3.25% Convertible Notes Conversions Subsequent to March 31, 2008, the Company issued 1,115,452 shares of its Class A common stock upon conversion of approximately $13.6 million principal amount of the Company s 3.25% convertible notes due August 1, 2010 (3.25% Notes). Pursuant to the terms of the indenture, the holders of the 3.25% Notes are entitled to receive 81.808 shares of Class A common stock for every $1,000 principal amount of notes converted. In connection with the conversions, the Company paid the holder an aggregate of approximately $0.2 million, calculated based on the discounted value of the future interest payments on the notes. As of April 28, 2008, $4.7 million principal amount of 3.25% Notes remained outstanding.

International Expansion Initiatives Subsequent to March 31, 2008, the Company entered into a build-to-suit agreement with a carrier in India to build approximately 200 tower sites. In connection with the agreement, the Company anticipates incurring additional capital expenditures of approximately $15.0 million and expects to complete the construction of the sites by the end of 2008.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements relating to our goals, beliefs, plans or current expectations and other statements that are not of historical facts. For example, when we use words such as project, believe, anticipate, expect, estimate, intend, should, would, could or may, or other words that convey uncertainty of future events or outcomes, we are making forward-looking statements. Certain important factors may cause actual results to differ materially from those indicated by our forward-looking statements, including those set forth under the caption Risk Factors in Part II, Item 1A. of this Quarterly Report on Form 10-Q. Forward-looking statements represent management s current expectations and are inherently uncertain. We do not undertake any obligation to update forward-looking statements made by us.

The discussion and analysis of our financial condition and results of operations that follows are based upon our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of our financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities at the date of our financial statements. Actual results may differ significantly from these estimates under different assumptions or conditions. This discussion should be read in conjunction with our condensed consolidated financial statements herein and the accompanying notes thereto, information set forth under the caption Critical Accounting Policies and Estimates beginning on page 26 and our Annual Report on Form 10-K for the year ended December 31, 2007, in particular, the information set forth therein under Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

We are a leading wireless and broadcast communications infrastructure company with a portfolio of over 23,000 communications sites, including wireless communications towers, broadcast communications towers and distributed antenna systems. Our portfolio of wireless and broadcast tower sites consists of towers that we own and towers that we operate pursuant to long-term lease arrangements, including, as of March 31, 2008, approximately 19,500 tower sites in the United States and approximately 3,500 in Mexico and Brazil. Our portfolio also includes approximately 150 in-building distributed antenna systems that we operate in malls and casino/hotel resorts in the United States. In addition to the communications sites in our portfolio, we manage rooftop and tower sites for third parties in the United States, Mexico and Brazil. Our primary business is leasing antenna space on multi-tenant communications sites to wireless service providers and radio and television broadcast companies. This segment of our business, which we refer to as our rental and management segment, accounted for approximately 98% of our total revenues for the three months ended March 31, 2008.

Our communications site 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 sites. Our broad network of communications sites enables us to address the needs of national, regional, local and emerging wireless service providers. Through our network development services segment, we also offer services that directly support our site leasing operations and the addition of new tenants and equipment on our sites. We intend to capitalize on the increasing use of wireless communications services by actively marketing space available for lease on our existing sites and selectively developing or acquiring new sites that meet our return on investment criteria.

Our continuing operations are reported in two segments, rental and management and network development services. Management focuses on segment gross margin and segment operating profit as a means to measure operating performance in these business segments. We define segment gross margin as segment revenue less segment operating expenses excluding depreciation, amortization and accretion; selling, general, administrative and development expense; and impairments and net loss on sale of long-lived assets. We define segment operating profit as segment gross margin less selling, general, administrative and development expense attributable to the segment, excluding stock-based compensation expense and corporate expenses. Segment gross margin and segment operating profit for the rental and management segment also include interest income, TV

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Azteca, net (see note 6 to our condensed consolidated financial statements included herein). These measures of segment gross margin and segment operating profit are also before interest income, interest expense, loss on retirement of long-term obligations, other (expense) income, minority interest in net earnings of subsidiaries, income on equity method investments, income taxes and discontinued operations.

Results of Operations

Three Months Ended March 31, 2008 and 2007 (dollars in thousands)

	Three Months Ended March 31,		Amount of	Percent
	2008	2007	Increase (Decrease)	Increase (Decrease)
REVENUES:				
Rental and management	$ 373,983	$ 346,029	$ 27,954	8%
Network development services	8,201	6,445	1,756	27
Total revenues	382,184	352,474	29,710	8
OPERATING EXPENSES:				
Costs of operations (exclusive of items shown separately below)				
Rental and management	86,931	83,761	3,170	4
Network development services	3,627	3,522	105	3
Depreciation, amortization and accretion	97,072	130,194	(33,122)	(25)
Selling, general, administrative and development expense (including stock-based compensation expense of $16,264 and $16,667, respectively)	48,909	48,643	266	1
Impairments and net loss on sale of long-lived assets	789	244	545	223
Total operating expenses	237,328	266,364	(29,036)	(11)
OTHER INCOME (EXPENSE) AND OTHER ITEMS:				
Interest income, TV Azteca, net	3,541	3,498	43	1
Interest income	963	3,617	(2,654)	(73)
Interest expense	(65,514)	(53,274)	12,240	23
Loss on retirement of long-term obligations	(25)	(4,152)	(4,127)	(99)
Other (expense) income	(778)	2,998	(3,776)	(126)
Income tax provision	(40,801)	(17,631)	23,170	131
Minority interest in net earnings of subsidiaries	(73)	(88)	(15)	(17)
Income on equity method investments	5	2	3	150
(Loss) income from discontinued operations, net	(19)	1,148	(1,167)	(102)
Net income	$ 42,155	$ 22,228	$ 19,927	90

Total Revenues

Total revenues for the three months ended March 31, 2008 were $382.2 million, an increase of $29.7 million from the three months ended March 31, 2007. Approximately $28.0 million of the increase was attributable to an increase in rental and management revenue. The balance of the increase resulted from an increase in network development services revenue of $1.8 million.

Rental and Management Revenue

Rental and management revenue for the three months ended March 31, 2008 was $374.0 million, an increase of $28.0 million from the three months ended March 31, 2007. Approximately $23.3 million of the

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increase resulted from incremental revenue generated by communications sites that existed during the entire period between January 1, 2007 and March 31, 2008, which reflects revenue increases from adding new tenants to those sites, existing tenants adding more equipment to those sites, contractual escalators, net of straight-line accounting treatment and favorable currency exchange rates. The net effect of straight-line revenue for the three months ended March 31, 2008 resulted in a $5.2 million decrease from the prior year period. Approximately $4.7 million of the increase resulted from approximately 730 communications sites acquired and/or constructed subsequent to January 1, 2007. We believe that our rental and management revenue will grow as we continue to utilize existing site capacity. We anticipate that the majority of our new leasing activity will continue to come from wireless service providers.

Network Development Services Revenue

Network development services revenue for the three months ended March 31, 2008 was $8.2 million, an increase of $1.8 million from the three months ended March 31, 2007. This increase was primarily attributable to revenues generated from our site acquisition, zoning and permitting services. As we continue to focus on and grow our site leasing business, however, we anticipate that our network development services revenue will continue to represent a small percentage of our total revenues.

Total Operating Expenses

Total operating expenses for the three months ended March 31, 2008 were $237.3 million, a decrease of $29.0 million from the three months ended March 31, 2007. The decrease was primarily attributable to a decrease in depreciation, amortization and accretion expense of $33.1 million. This decrease was partially offset by an increase in expenses within our rental and management segment of $3.2 million, an increase in impairments and net loss on sale of long-lived assets of $0.5 million, an increase in selling, general, administrative and development expense of $0.3 million and an increase in expenses within our network development services segment of $0.1 million.

Rental and Management Expense/Segment Gross Margin/Segment Operating Profit

Rental and management expense for the three months ended March 31, 2008 was $86.9 million, an increase of $3.2 million from the three months ended March 31, 2007. The increase was the result of an approximately $1.8 million increase in expenses attributable to communications sites which existed during the period between January 1, 2007 and March 31, 2008 and a $1.4 million increase in expenses related to approximately 730 sites acquired and/or constructed subsequent to January 1, 2007.

Rental and management segment gross margin for the three months ended March 31, 2008 was $290.6 million, an increase of $24.8 million from the three months ended March 31, 2007. The increase primarily resulted from additional rental and management revenue described above.

Rental and management segment operating profit for the three months ended March 31, 2008 was $274.2 million, an increase of $24.6 million from the three months ended March 31, 2007. This was comprised of the $24.8 million increase in rental and management segment gross margin described above, net of an increase of approximately $0.2 million in selling, general, administrative and development expenses related to the rental and management segment.

Network Development Services Expense

Network development services expense for the three months ended March 31, 2008 was $3.6 million, an increase of $0.1 million from the three months ended March 31, 2007. The increase correlates to the growth in services performed as noted above.

Depreciation, Amortization and Accretion

Depreciation, amortization and accretion for the three months ended March 31, 2008 was $97.1 million, a decrease of $33.1 million from the three months ended March 31, 2007. The decrease was primarily due to our revision of the estimated useful lives of our towers and certain related intangible assets from our historical estimate of 15 years to a revised estimate of 20 years. This change was based on a review that we completed in the first quarter of 2008 and the impact of the change in estimate was accounted for prospectively effective January 1, 2008. We expect the change in estimate to result in a decrease of approximately $120.8 million in depreciation and amortization expense for the year ended December 31, 2008 as compared to the year ended December 31, 2007.

Selling, General, Administrative and Development Expense

Selling, general, administrative and development expense for the three months ended March 31, 2008 was $48.9 million, an increase of $0.3 million from the three months ended March 31, 2007. The increase was primarily attributable to an increase in information technology spending and employee compensation expenses other than stock-based compensation expense. These increases were offset by a $2.2 million decrease in costs associated with the review of our historical stock option granting practices and related legal and governmental proceedings, and other related costs.

Interest Expense

Interest expense for the three months ended March 31, 2008 was $65.5 million, an increase of $12.2 million from the three months ended March 31, 2007. The increase was primarily attributable to an increase in average outstanding debt of approximately $839.2 million, partially offset by a decrease in average borrowing rates. The increase in average borrowings and decrease in average borrowing rates were the result of the debt financing activities described in note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

Loss on Retirement of Long-Term Obligations

Loss on retirement of long-term obligations for the three months ended March 31, 2008 was less than $0.1 million, a decrease of $4.1 million from the three months ended March 31, 2007.

During the three months ended March 31, 2007, approximately $58.0 million principal amount of 3.25% convertible notes due August 1, 2010 (3.25% Notes) were converted into shares of our Class A common stock, and we repurchased approximately $192.5 million principal amount of our 5.0% convertible notes due 2010 (5.0% Notes). In connection with these transactions, we paid the noteholders an aggregate of $195.2 million in cash, including accrued interest. As a result of these transactions, we recorded a charge of $4.2 million related to the amounts paid in excess of carrying value and the write-off of the related deferred financing fees.

Other (Expense) Income

Other expense for the three months ended March 31, 2008 was $0.8 million, as compared to $3.0 million of other income for the three months ended March 31, 2007. The change was primarily attributable to a $4.1 million gain from the sale of available for sale securities during the three months ended March 31, 2007.

Income Tax Provision

The income tax provision for the three months ended March 31, 2008 was $40.8 million, as compared to a provision of $17.6 million for the three months ended March 31, 2007. The effective tax rate was 49.1% for the three months ended March 31, 2008, as compared to an effective tax rate of 45.4% for the three months ended March 31, 2007.

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The effective tax rate on income from continuing operations for the three months ended March 31, 2008 differs from the federal statutory rate primarily due to adjustments for foreign items, non-deductible stock-based compensation expense, tax reserves and state taxes. The effective tax rate on income from continuing operations for the three months ended March 31, 2007 differs from the federal statutory rate due primarily to adjustments to foreign items, non-deductible losses on conversions of our 3.25% Notes and state taxes.

As described in note 9 to the consolidated financial statements included our Annual Report on Form 10-K for the year ended December 31, 2007, we expect to benefit from a worthless stock or bad debt deduction for our investment in Verestar, Inc. (Verestar), which filed for protection under Chapter 11 of the federal bankruptcy laws in December 2003. In April 2008, the Bankruptcy Court approved Verestar s plan of liquidation. We anticipate that we will record an income tax benefit for these deductions, and we are in the process of quantifying the amount, the impact on and appropriate timing of recognition as it relates to our consolidated financial statements.

Loss from Discontinued Operations, Net

Loss from discontinued operations, net for the three months ended March 31, 2008 was less than $0.1 million, as compared to $1.1 million of income from discontinued operations for the three months ended March 31, 2007. The income from discontinued operations for the three months ended March 31, 2007, primarily resulted from the resolution of litigation items that were settled for less than their original estimates.

Liquidity and Capital Resources

The information in this section updates as of March 31, 2008 the Liquidity and Capital Resources section of our Annual Report on Form 10-K for the year ended December 31, 2007 and should be read in conjunction with that report.

As of March 31, 2008, we had total outstanding indebtedness of approximately $4.4 billion. During the three months ended March 31, 2008 and the year ended December 31, 2007, we generated sufficient cash flows from operations to fund our capital expenditures and cash interest obligations. We believe our cash generated by operations for the year ended December 31, 2008 also will be sufficient to fund our capital expenditures and our cash debt service (interest and principal repayments) obligations for the next 12 months.

The following table summarizes our borrowings under our credit facilities and the principal balance outstanding under our notes and the certificates issued in our securitization transaction (in thousands):

Indebtedness	Principal Balance Outstanding*	Maturity Date
Commercial Mortgage Pass-Through Certificates, Series 2007-1	$ 1,750,000	April 15, 2014**
Revolving credit facility	650,000	June 8, 2012
Term loan	325,000	June 8, 2012
7.25% senior subordinated notes	288	December 1, 2011
7.50% senior notes	225,000	May 1, 2012
7.125% senior notes	500,000	October 15, 2012
7.00% senior notes	500,000	October 15, 2017
5.0% convertible notes	59,683	February 15, 2010
3.25% convertible notes	4,698	August 1, 2010
3.00% convertible notes	344,974	August 15, 2012
2.25% convertible notes	45	October 15, 2009
Total	$ 4,359,688	

* Reflects the principal balance outstanding as of March 31, 2008, as adjusted for the conversion in April 2008 of $13.6 million principal amount of 3.25% convertible notes due August 1, 2010 (3.25% Notes) by a holder thereof into 1.1 million shares of Class A common stock, as described in further detail below under Refinancing and Repurchases of Debt.

** Anticipated repayment date; final legal maturity date is April 2037.

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Uses of Cash

Stock Repurchase Programs. During the three months ended March 31, 2008, we repurchased an aggregate of approximately 4.5 million shares of our Class A common stock for an aggregate of $170.6 million pursuant to our publicly announced stock repurchase programs.

In February 2007, we announced a $1.5 billion stock repurchase program (the 2007 Buyback), which we ended in February 2008. In March 2008, we announced a new $1.5 billion stock repurchase program (the 2008 Buyback), as discussed below. Pursuant to the 2007 Buyback, we repurchased 4.3 million shares of our Class A common stock for an aggregate of $163.7 million during the three months ended March 31, 2008. Under the 2007 Buyback, we repurchased a total of 35.3 million shares of our Class A common stock for an aggregate of $1.45 billion.

In March 2008, we announced that our Board of Directors approved the 2008 Buyback pursuant to which we intend to repurchase up to $1.5 billion of our Class A common stock. We expect to fund repurchases through a combination of cash on hand, cash generated by operations, borrowings under our existing $1.25 billion senior unsecured revolving credit facility (the Revolving Credit Facility) and future financing transactions, and purchases under this stock repurchase program are subject to us having available cash to fund repurchases. Pursuant to the 2008 Buyback, we repurchased 0.2 million shares of our Class A common stock for an aggregate of $6.8 million during the three months ended March 31, 2008. Between April 1, 2008 and April 28, 2008, we repurchased an additional 0.8 million shares of our Class A common stock for an aggregate of $32.9 million. As of April 28, 2008, we had repurchased a total of 1.0 million shares of our Class A common stock for an aggregate of $39.7 million pursuant to the 2008 Buyback.

For more information regarding our stock repurchase programs, please see Unregistered Sales of Equity Securities and Use of Proceeds below, note 3 to our condensed consolidated financial statements herein, and note 13 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

Tower Improvements, Tower Construction and In-Building System Installation, and Tower and Land Acquisition. During the three months ended March 31, 2008, payments for purchases of property and equipment and construction activities totaled $44.6 million. In addition, during the three months ended March 31, 2008, we spent $28.3 million to acquire 244 towers. We plan to continue to allocate our available capital among investment alternatives that meet our return criteria. Accordingly, we may continue to acquire communications sites, acquire land under our towers, build or install new communications sites and redevelop or improve existing communications sites when the expected returns on such investments meet our investment criteria. We anticipate that we will construct approximately 300 to 400 new sites, including towers and in-building systems, in the United States, Mexico and Brazil in 2008. Subsequent to March 31, 2008, we entered into a build-to-suit agreement with a carrier in India to build approximately 200 tower sites. In connection with the agreement, we anticipate incurring additional capital expenditures of approximately $15.0 million and expect to complete the construction of the sites by the end of 2008. We expect that our 2008 total capital expenditures will be between approximately $200.0 million and $230.0 million.

Refinancing and Repurchases of Debt. In order to extend the maturity dates of our indebtedness, lower our cost of debt and improve our financial flexibility, we use our available liquidity and seek new sources of liquidity to refinance and repurchase our outstanding indebtedness. During the three months ended March 31, 2008, we entered into a Notice of Incremental Facility Commitment with respect to an additional $325.0 million of term loan commitments (Term Loan) pursuant to our Revolving Credit Facility, and used the net proceeds, together with available cash, to repay $325.0 million of existing indebtedness under the Revolving Credit Facility. For more information about our financing activities, see Refinancing Activities and Repurchases of Debt below.

Contractual Obligations. Our contractual obligations relate primarily to the Commercial Mortgage Pass-Through Certificates, Series 2007-1 issued in our May 2007 securitization transaction, borrowings under our

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Revolving Credit Facility and Term Loan and our outstanding notes. We included a table of our contractual obligations in our Annual Report on Form 10-K for the year ended December 31, 2007. Since December 31, 2007, we refinanced a portion of our outstanding debt, as discussed below under Refinancing Activities and Repurchases of Debt.

A description of our contractual debt obligations is included in Item 3. Quantitative and Qualitative Disclosures about Market Risk, as well as in note 3 to our condensed consolidated financial statements. As discussed in note 1 to condensed consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007, we adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109 (FIN 48) during the year ended December 31, 2007, which resulted in the classification of uncertain tax positions as non-current income tax liabilities. We expect the unrecognized tax benefits to change over the next 12 months if certain tax matters ultimately settle with the applicable taxing jurisdiction during this timeframe. However, based on the status of these items and the amount of uncertainty associated with the outcome and timing of audit settlements, we are currently unable to estimate the impact of the amount of such changes, if any, to previously recorded uncertain tax positions and have classified approximately $30.2 million as other long-term liabilities in the condensed consolidated balance sheet as of March 31, 2008. We also classified approximately $31.1 million of accrued income tax-related interest and penalties as other long-term liabilities in the condensed consolidated balance sheet as of March 31, 2008.

Sources of Cash

American Tower Corporation is a holding company, and our cash flows are derived primarily from distributions from our operating subsidiaries or funds raised through credit facilities and debt and equity offerings. Our principal United States operating subsidiaries are American Towers, Inc. (ATI) and SpectraSite Communications, LLC (SpectraSite). We conduct our international operations through our subsidiary, American Tower International, Inc., which in turn conducts operations through its international operating subsidiaries. Our international operations consist primarily of our operations in Mexico and Brazil, which we conduct in Mexico through ATC Mexico Holding Corp. (ATC Mexico) and in Brazil through ATC South America Holding Corp. (ATC South America).

With regard to the indentures for our 7.50% senior notes due 2012 (7.50% Notes) and 7.125% senior notes due 2102 (7.125% Notes) (which generally contain more restrictions than the loan agreement for the Revolving Credit Facility and Term Loan or the indenture for our 7.00% senior unsecured notes due 2017 (7.00% Notes)), most of our operating subsidiaries other than SpectraSite are designated as restricted subsidiaries. This means, among other things, that those subsidiaries, like American Tower Corporation itself, are subject to those indentures restrictions on the amount of cash that they can distribute to unrestricted subsidiaries or otherwise pay out of the restricted group. In addition, while SpectraSite and its subsidiaries are classified as unrestricted subsidiaries under the indentures for our 7.50% Notes and 7.125% Notes, certain of SpectraSite s subsidiaries are subject to restrictions on the amount of cash that they can distribute to us under the loan agreement for the securitization transaction.

Total Liquidity at March 31, 2008. As of March 31, 2008, we had approximately $709.7 million of total liquidity, comprised of approximately $121.6 million in cash and cash equivalents and the ability to borrow approximately $588.1 million under our Revolving Credit Facility.

Cash Generated by Operations. For the three months ended March 31, 2008, our cash provided by operating activities was $182.4 million, compared to $171.4 million for the same period in 2007. Each of our rental and management and network development services segments are expected to generate cash flows from operations during 2008 in excess of their cash needs for operations and expenditures for tower construction and improvements. (See Results of Operations above.) We expect to use the excess cash generated by operations principally to service our debt and to fund capital expenditures and repurchases of our Class A common stock.

Revolving Credit Facility. On June 8, 2007, we refinanced our existing $1.6 billion senior secured credit facilities at the American Tower operating company (AMT OpCo) level with the new $1.25 billion Revolving Credit Facility. We borrowed $1.0 billion under the Revolving Credit Facility and together with cash on hand, used the funds to repay all amounts outstanding under the existing AMT OpCo credit facilities plus accrued interest thereon and other costs and expenses related thereto. During the three months ended March 31, 2008, we drew down and repaid amounts under the Revolving Credit Facility in the ordinary course, and also repaid $325.0 million of borrowings under the Revolving Credit Facility using net proceeds from our Term Loan, as discussed below.

As of March 31, 2008, we had $650.0 million outstanding under our Revolving Credit Facility, approximately $11.9 million of undrawn letters of credit outstanding and the ability to borrow approximately $588.1 million.

The Revolving Credit Facility has a term of five years and matures on June 8, 2012. All principal and interest will be due and payable in full at maturity. The Revolving Credit Facility does not require amortization of principal and may be paid prior to maturity in whole or in part at our option without penalty or premium. The Revolving Credit Facility allows us to use borrowings for working capital needs and other general corporate purposes of us and our subsidiaries (including, without limitation, to refinance or repurchase other indebtedness and, provided certain conditions are met, to repurchase our equity securities, in each case without additional lender approval).

The Revolving Credit Facility contains certain financial ratios and operating covenants and other restrictions (including limitations on additional debt, guaranties, sales of assets and liens) with which we must comply. Any failure to comply with the financial ratios and operating covenants of the Revolving Credit Facility would not only prevent us from being able to borrow additional funds, but would constitute a default, which could result in, among other things, the amounts outstanding, including all accrued interest and unpaid fees, becoming immediately due and payable.

For more information regarding our Revolving Credit Facility, please see note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

Proceeds from the Sale of Equity Securities. We receive proceeds from sales of our equity securities pursuant to our employee stock purchase plan, upon exercise of stock options granted under our equity incentive plans and upon exercise of warrants to purchase our equity securities. For the three months ended March 31, 2008, we received an aggregate of $11.6 million in proceeds from sales of shares of our Class A common stock pursuant to our employee stock purchase plan and exercises of stock options and warrants.

Refinancing Activities and Repurchases of Debt

Term Loan Credit Facility. On March 24, 2008, we entered into the new $325.0 million Term Loan. At closing, we received net proceeds of approximately $321.7 million from the Term Loan, which, together with available cash was used to repay $325.0 million of existing indebtedness under the Revolving Credit Facility. The Term Loan matures on June 8, 2012. All amounts will be due and payable in full at maturity. The Term Loan does not require amortization of principal and may be paid prior to maturity in whole or in part at the Company s option without penalty or premium.

The Term Loan contains certain financial ratios and operating covenants and other restrictions applicable to the Company and its subsidiaries designated as restricted subsidiaries on a consolidated basis that are consistent with the Revolving Credit Facility, which are described in note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007. Any failure to comply with the financial and operating covenants of the Term Loan would constitute a default, which could result in, among other things, the amounts outstanding, including all accrued interest, becoming immediately due and payable.

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For more information regarding our Term Loan, please see note 3 to our condensed consolidated financial statements herein.

Interest Rate Swap Agreements. During the three months ended March 31, 2008, we entered into twelve additional interest rate swap agreements to manage exposure to variability in cash flows related to forecasted interest payments under our Revolving Credit Facility and Term Loan. As of March 31, 2008, we held fifteen interest rate swap agreements, all of which have been designated as cash flow hedges, and which have an aggregate notional amount of $775.0 million, interest rates ranging from 2.86% to 4.08% and expiration dates through March 2011.

3.25% Convertible Notes Conversions. Subsequent to March 31, 2008, we issued 1,115,452 shares of Class A common stock upon conversion of approximately $13.6 million principal amount of 3.25% convertible notes due August 1, 2010 (3.25% Notes). Pursuant to the terms of the indenture, the holders of the 3.25% Notes are entitled to receive 81.808 shares of Class A common stock for every $1,000 principal amount of notes converted. In connection with the conversions, we paid the holder an aggregate of approximately $0.2 million, calculated based on the discounted value of the future interest payments on the notes. As of April 28, 2008, $4.7 million principal amount of 3.25% Notes remained outstanding.

Factors Affecting Sources of Liquidity

As discussed in the Liquidity and Capital Resources section of our Annual Report on Form 10-K for the year ended December 31, 2007, our liquidity is dependent on our ability to generate cash from operations, borrow funds under our credit facilities and maintain compliance with the contractual agreements governing our indebtedness. As discussed above, the loan agreement for our Revolving Credit Facility and Term Loan contains certain financial ratios and operating covenants and other restrictions. In addition, the loan agreement related to our Securitization includes operating covenants and other restrictions, and the indentures governing the terms of our 7.50% Notes and 7.125% Notes contain certain restrictive covenants. The agreements governing the terms of our outstanding indebtedness also contain reporting and information covenants that require us to provide financial and operating information within certain time periods.

If a default occurred under the loan agreement for the Revolving Credit Facility and Term Loan, the loan agreement related to the Securitization, or the indentures for our other debt securities, the maturity dates for our outstanding debt could be accelerated, and we likely would be prohibited from making additional borrowings under the Revolving Credit Facility until we cured the default. If this were to occur, we would not have sufficient cash on hand to repay such indebtedness. The key factors affecting our ability to comply with the debt covenants described above are our financial performance relative to the financial maintenance tests defined in the loan agreement for the Revolving Credit Facility and Term Loan and our ability to fund our debt service obligations. Based upon our current expectations, we believe our operating results will be sufficient to comply with these covenants.

For more information regarding the terms of our outstanding indebtedness, please see note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

Critical Accounting Policies and Estimates

Management s discussion and analysis of financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, as well as related disclosures of contingent assets and liabilities. We evaluate our policies and estimates on an ongoing basis, including those related to income taxes, asset retirement obligations, stock-based compensation, impairment of assets, revenue recognition and estimated useful lives of assets, which we discussed in our Annual Report on Form

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10-K for the year ended December 31, 2007. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We have reviewed our policies and estimates to determine our critical accounting policies for the three months ended March 31, 2008. Of the critical accounting policies described in our Annual Report on Form 10-K for the year ended December 31, 2007, we have updated our accounting policies and estimates related to estimated useful lives of assets and the expected life of stock options granted after January 1, 2008 in connection with our adoption of SAB No. 110 Share-Based Payment (SAB No. 110).

Estimated Useful Lives of Assets. As described in note 1 to our condensed consolidated financial statements included herein, during the last half of 2007, we undertook a review of the estimated useful lives of our tower assets to determine if we should modify our estimates for asset lives based on our historical operating experience. We retained an independent consultant to assist us in completing this review and received a report from the consultant in the first quarter of 2008. Through December 31, 2007, we depreciated our towers on a straight-line basis over the shorter of the term of the underlying ground lease (including renewal options) or the estimated useful life of the tower, which we had historically estimated to be 15 years. Additionally, certain of our intangible assets are amortized on a similar basis to the tower assets, as the estimated useful lives of such intangibles correlate to the useful life of the towers.

We completed the review of the estimated useful lives of our tower assets in the first quarter of 2008. Based on this review, we revised the estimated useful lives of our towers and certain related intangible assets from our historical estimate of 15 years to a revised estimate of 20 years, effective January 1, 2008. We accounted for the change in estimated useful lives as a change in estimate under Statement of Financial Accounting Standards No. 154 Accounting Changes and Error Corrections. The impact of the change in estimate was accounted for prospectively effective January 1, 2008, resulting in a reduction in depreciation and amortization expense of approximately $30.2 million pre-tax and an increase of approximately $18.9 million, net of tax, in net income for the three months ended March 31, 2008. We also expect the change in estimate to result in a decrease of approximately $120.8 million in depreciation and amortization expense for the year ended December 31, 2008 as compared to the year ended December 31, 2007.

Stock-Based Compensation: Expected Life of Stock Options. As described in note 5 to our condensed consolidated financial statements included herein, we adopted SAB No. 110 effective January 1, 2008 and changed the expected life of stock options granted after January 1, 2008. SAB No. 110 expresses the views of the SEC staff regarding the use of a simplified method, as discussed in SAB No. 107 Share-Based Payment (SAB No. 107), in developing an estimate of expected term of plain vanilla share options in accordance with SFAS No. 123R. SAB No. 110 allows companies, under certain circumstances, to use the simplified method beyond December 31, 2007. Prior to the adoption of SAB No. 110, we used the simplified method under SAB No. 107 since July 1, 2005 to determine the 6.25 year expected life of our stock options. In connection with the January 1, 2008 adoption of SFAS No. 110, we reexamined our historical pattern of option exercises in an effort to determine if there were any discernable patterns of employee activity. The expected life computation is now based on historical exercise patterns and post-vesting termination behavior within the employee population. Based on our examination, we determined that the expected life of our stock options should be reduced in accordance with SAB No. 110. Accordingly, the impact of the adoption of SAB No. 110 resulted in a change in the expected life of options granted after January 1, 2008 to four years.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157 Fair Value Measurements (SFAS No. 157). This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements. This statement requires quantitative disclosures about fair value measurements for each

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major category of assets and liabilities measured at fair value on a recurring and non-recurring basis during a period. SFAS No. 157 was effective for us as of January 1, 2008; however in February 2008, the FASB issued FASB Staff Positions (FSP) 157-1 and 157-2. FSP 157-1 amends SFAS No. 157 to exclude SFAS No. 13, Accounting for Leases, (SFAS No. 13) and its related interpretive accounting pronouncements that address leasing transactions, while FSP 157-2 delays the effective date of the application to January 1, 2009 for all nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis (that is, at least annually). We adopted SFAS No. 157 as of January 1, 2008, with the exception of the application of the statement to non-recurring nonfinancial assets and nonfinancial liabilities. The adoption had no impact on the condensed consolidated results of operations or financial position included herein, but requires that we provide additional required disclosures in the notes to our consolidated financial statements issued after the effective date.

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 141 (revised 2007), Business Combinations (SFAS No. 141R). SFAS No. 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS No. 141R changes the accounting for acquisitions specifically eliminating the step acquisition model, changes the recognition of contingent consideration from being recognized when it is probable to being recognized at the time of acquisition, disallows the capitalization of transaction costs, changes when restructurings related to acquisitions can be recognized and also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. SFAS No. 141R is effective for us for acquisitions made after the January 1, 2009 effective date. We are in the process of evaluating the impact the adoption of SFAS No. 141R.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements an amendment of Accounting Research Bulletin No. 51 (SFAS No. 160). SFAS No. 160 establishes consolidating parties other than the parent, the amount of consolidated net income attributable to the parent and to the noncontrolling interest, changes in a parent s ownership interest, and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 is effective for us as of January 1, 2009. We are in the process of evaluating the impact the adoption of SFAS No. 160 will have on our consolidated results of operations and financial position.

In February 2007, the FASB issued SFAS No. 161 Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133 (SFAS No. 161). This statement changes disclosure requirements and requires entities to provide enhanced disclosures about how and why entities use derivative financial instruments, how derivative instruments and related hedged items are accounted for under SFAS No. 133 Accounting for Derivative Financial Instruments and Hedging Activities and related interpretations, and how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flows. SFAS No. 161 is effective for us as of January 1, 2009. We are in the process of evaluating the impact the adoption of SFAS No. 161 will have on our disclosures.

Information Presented Pursuant to the Indentures of our 7.50% Notes and 7.125% Notes

The following table sets forth information that is presented solely to address certain tower cash flow reporting requirements contained in the indentures for our 7.50% Notes and 7.125% Notes. The indentures governing our 7.50% Notes and 7.125% Notes contain restrictive covenants with which we and certain subsidiaries under these indentures must comply. These include restrictions on our ability to incur additional debt, guarantee debt, pay dividends and make other distributions and make certain investments. Any failure to comply with these covenants would constitute a default, which could result in the acceleration of the principal amount and accrued and unpaid interest on all our outstanding 7.50% Notes and 7.125% Notes. In order for the holders of these notes to assess our compliance with certain of these covenants, the indentures require us to

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disclose in the periodic reports we file with the SEC our Tower Cash Flow, Adjusted Consolidated Cash Flow and Non-Tower Cash Flow (each as defined in the indentures). Under the indentures, our ability to make certain types of restricted payments is limited by the amount of Adjusted Consolidated Cash Flow that we generate, which is determined based on our Tower Cash Flow and Non-Tower Cash Flow. In addition, the indentures for our 7.50% Notes and 7.125% Notes restrict us from incurring additional debt or issuing certain types of preferred stock if on a pro forma basis the issuance of such debt and preferred stock would cause our consolidated debt to be greater than 7.5 times our Adjusted Consolidated Cash Flow. As of March 31, 2008, the ratio of our consolidated debt to Adjusted Consolidated Cash Flow was approximately 3.8. For more information about the restrictions under our notes indentures, see note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007, and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Factors Affecting Sources of Liquidity.

Tower Cash Flow, Adjusted Consolidated Cash Flow and Non-Tower Cash Flow are considered non-GAAP financial measures. We are required to provide these financial metrics by the indentures for our 7.50% Notes and 7.125% Notes, and we have included them below because we consider the indentures for these notes to be material agreements, the covenants related to Tower Cash Flow, Adjusted Consolidated Cash Flow and Non-Tower Cash Flow to be material terms of the indentures, and information about compliance with such covenants to be material to an investor s understanding of our financial results and the impact of those results on our liquidity.

The following table presents Tower Cash Flow, Adjusted Consolidated Cash Flow and Non-Tower Cash Flow for the Company and its restricted subsidiaries, as defined in the indentures for the applicable notes (in thousands):

Tower Cash Flow, for the three months ended March 31, 2008	$ 179,762
Consolidated Cash Flow, for the twelve months ended March 31, 2008	$ 677,770
Less: Tower Cash Flow, for the twelve months ended March 31, 2008	(695,543)
Plus: four times Tower Cash Flow, for the three months ended March 31, 2008	719,048
Adjusted Consolidated Cash Flow, for the twelve months ended March 31, 2008	$ 701,275
Non-tower Cash Flow, for the twelve months ended March 31, 2008	$ (50,074)

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates on long-term debt obligations. We attempt to reduce these risks by utilizing derivative financial instruments, namely interest rate swaps. During the three months ended March 31, 2008, we entered into twelve additional interest rate swap agreements and as of March 31, 2008, we held fifteen interest rate swap agreements with an aggregate notional amount of $775.0 million. During the three months ended March 31, 2008, all derivative financial instruments were used for purposes other than trading. During the three months ended March 31, 2008, we drew down and repaid amounts outstanding under the Revolving Credit Facility in the ordinary course and also repaid $325.0 million of borrowings under the Revolving Credit Facility using net proceeds from the $325.0 million Term Loan we entered into in March 2008. As of March 31, 2008, $650.0 million was outstanding under the Revolving Credit Facility and $325.0 million was outstanding under the Term Loan.

The following table provides information as of March 31, 2008 about our market risk exposure associated with changing interest rates. For long-term debt obligations, the table presents principal cash flows by maturity date and average interest rates related to outstanding obligations.

Twelve month period ended March 31, 2008

Principal Payments and Interest Rate Detail by Contractual Maturity Dates

(In thousands, except percentages)

Long-Term Debt	2008	2009	2010	2011	2012	Thereafter	Total	Fair Value
Fixed Rate Debt(a)	$ 1,688	$ 60,915	$ 32,350	$306	$ 1,069,993	$ 2,293,115	$ 3,458,367	$ 3,681,989
Average Interest Rate(a)	5.69%	5.02%	4.55%	7.29%	5.87%	5.97%		
Variable Rate Debt(a)					$ 975,000		$ 975,000	$ 945,750

Aggregate Notional Amounts Associated with Interest Rate Swaps in Place

As of March 31, 2008 and Interest Rate Detail by Contractual Maturity Dates

(In thousands, except percentages)

Interest Rate SWAPS	2008	2009	2010	2011	2012	Thereafter	Total	Fair Value
Notional Amount		$ 150,000(c)					$ 150,000	$ (4,113)
Fixed Rate(b)		3.95%						
Notional Amount			$ 100,000(d)				$ 100,000	$ (3,883)
Fixed Rate(b)			4.08%					
Notional Amount				$ 525,000(e)			$ 525,000	$ (5,822)
Fixed Rate(b)				3.11%				

(a) As of March 31, 2008, variable rate debt consists of our Revolving Credit Facility ($650.0 million drawn) included above based on the June 8, 2012 maturity date and our Term Loan ($325.0 million) included above based on the June 8, 2012 maturity date. As of March 31, 2008, fixed rate debt consists of: the Commercial Mortgage Pass-Through Certificates, Series 2007-1 ($1.75 billion); 2.25% convertible notes due 2009 ($0.04 million); the 7.125% Notes ($500.0 million principal amount due at maturity; the balance as of March 31, 2008 is $501.9 million); the 5.0% Notes ($59.7 million); the 3.25% Notes ($18.3 million); the 7.50% Notes ($225.0 million); the ATI 7.25% Notes ($0.3 million); the 3.00% convertible notes due August 15, 2012 ($345.0 million principal amount due at maturity; the balance as of March 31, 2008 is $344.6 million accreted value); the 7.00% Notes ($500.0 million) and other debt of $60.0 million. Interest on our credit facilities is payable in accordance with the applicable London Interbank Offering Rate (LIBOR) agreement or quarterly and accrues at our option either at LIBOR plus margin (as defined) or the base rate plus margin (as defined). The weighted average interest rate in effect at March 31, 2008 for our credit facilities was 3.93%. For the three months ended March 31, 2008, the weighted average interest rate under our credit facilities was 5.26%

(b) Represents the weighted-average fixed rate or range of interest based on contractual notional amount as a percentage of total notional amounts in a given year.

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(c) Includes notional amounts of $300,000 that expire in December 2009.
(d) Includes notional amount of $100,000 that expires in December 2010.
(e) Includes notional amounts of $525,000 that expire between January and March 2011.

Changes in interest rates can cause interest charges to fluctuate on our variable rate debt. Variable rate debt as of March 31, 2008, after giving effect to our interest rate swap agreements, was comprised of $150.0 million under our Revolving Credit Facility and $50.0 million under our Term Loan. A 10% increase, or approximately 39 basis points, in current interest rates would have caused an additional pre-tax charge to our net income and an increase in our cash outflows of $0.2 million for the three months ended March 31, 2008.

We are exposed to market risk from changes in foreign currency exchange rates in connection with our foreign operations, including our rental and management segment divisions in Mexico and Brazil. For each of the three months ended March 31, 2008 and 2007, the remeasurement gain from these operations approximated $0.7 million and $0.4 million, respectively.

As of March 31, 2008, we held fifteen interest rate swap agreements, all of which have been designated as cash flow hedges, and which have an aggregate notional amount of $775.0 million, interest rates ranging from 2.86% to 4.08% and expiration dates through March 2011.

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ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We have established disclosure controls and procedures designed to ensure that material information relating to us, including our consolidated subsidiaries, is made known to the officers who certify our financial reports and to other members of senior management and the Board of Directors.

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. As disclosed in our Form 10-K for the year ended December 31, 2007, we determined that we had a material weakness in our internal control over financial reporting as of December 31, 2007, because we failed to maintain effective controls over the accounting for income taxes with respect to determining, documenting, tracking and adjusting our deferred tax assets and liabilities on a timely basis. As discussed below, our management is in the process of actively addressing and remediating this material weakness. Our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of March 31, 2008 as a result of our unremediated material weakness.

As a result of this material weakness, during the three months ended December 31, 2007, we recorded adjustments to the income tax provision for amounts that should have been recorded in prior reporting periods. The adjustments were identified in connection with our year-end tax analyses and relate primarily to our cumulative deferred tax assets and liabilities. The principal components of the adjustments resulted from (i) a deferred foreign tax liability from foreign currency fluctuations arising out of certain long-term intercompany loan transactions involving our Brazilian subsidiary and (ii) changes to certain deferred tax assets and liabilities, including those arising out of the discontinued operations of our Verestar subsidiary, which was discontinued in 2002, and deconsolidated upon filing for bankruptcy protection in 2003. To address this control weakness, we performed additional analysis and performed other procedures in order to prepare the unaudited condensed consolidated financial statements in accordance with GAAP. Accordingly, management believes that the condensed consolidated financial statements included herein fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

Changes in Internal Control over Financial Reporting

Our management, with the participation of our principal executive officer and principal financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control system is designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements.

During the three months ended March 31, 2008, we have begun to undertake actions to remediate the material weakness identified, including the following:

- Evaluating our organizational structure related to income tax accounting, as well as our design of income tax accounting processes and controls, to identify and implement new and improved processes, where warranted; and

- Hiring additional personnel and expanding technical resources in the income tax accounting function to review our domestic and foreign transactions and their related tax impacts.

We believe that the steps outlined above will strengthen our internal control over financial reporting and address the material weakness described above. As part of our 2008 assessment of internal control over financial reporting, our management will test and evaluate these additional controls to be implemented to assess whether they are operating effectively.

Except as otherwise discussed above, there have not been any changes in our internal control over financial reporting during the three months ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On May 26, 2006, a securities class action was filed in United States District Court for the District of Massachusetts against us and certain of our current officers by John S. Greenebaum for monetary relief. Specifically, the complaint named us, James D. Taiclet, Jr. and Bradley E. Singer as defendants and alleged that the defendants violated federal securities laws in connection with public statements made relating to our stock option practices and related accounting. The complaint asserted claims under Sections 10(b) and 20(a) of the Exchange Act and SEC Rule 10b-5. In December 2006, the court appointed the Steamship Trade Association-International Longshoreman s Association Pension Fund as the lead plaintiff. In March 2007, plaintiffs filed an amended consolidated complaint, which included additional current and former officers and directors of the Company as defendants. In December 2007, we announced that we had reached a settlement in principle regarding the securities class action. The settlement, which was preliminarily approved by the court in February 2008, provides for a payment by us of $14.0 million and would lead to a dismissal of all claims against all defendants in the litigation. We paid $250,000 of the settlement amount to an escrow account controlled by the plaintiffs during the quarter ended March 31, 2008. In April 2008, we paid the remaining settlement amount of $13.8 million into escrow and received $12.5 million in insurance proceeds.

On May 24, 2006 and June 14, 2006, two shareholder derivative lawsuits were filed in Suffolk County Superior Court in Massachusetts by Eric Johnston and Robert L. Garber, respectively. The lawsuits were filed against certain of our current and former officers and directors for alleged breaches of fiduciary duties and unjust enrichment in connection with our historical stock option granting practices. The lawsuits also named us as a nominal defendant. The lawsuits sought to recover the damages sustained by us and disgorgement of all profits received with respect to the alleged backdated stock options. In October 2006, these two lawsuits were consolidated, and in October 2007, the court dismissed the complaint, without leave to amend, due to the plaintiffs failure to make a demand upon our Board of Directors before initiating their lawsuits. In December 2007, the plaintiffs filed an appeal of that decision, which we are opposing. Additionally, in April 2008, we filed a motion to dismiss the appeal as moot.

On June 13, 2006, June 22, 2006 and August 23, 2006, three shareholder derivative lawsuits were filed in United States District Court for the District of Massachusetts by New South Wales Treasury Corporation, as Trustee for the Alpha International Managers Trust, Frank C. Kalil and Don Holland, and Leslie Cramer, respectively. The lawsuits were filed against certain of our current and former officers and directors for alleged breaches of fiduciary duties, waste of corporate assets, gross mismanagement and unjust enrichment in connection with our historical stock option granting practices. The lawsuits also named us as a nominal defendant. In December 2006, the court consolidated these three lawsuits and appointed New South Wales Treasury Corporation as the lead plaintiff. In February 2007, the plaintiffs filed an amended consolidated complaint. In February 2008, the court dismissed the complaint due to the plaintiffs failure to make a demand on our Board of Directors before initiating their lawsuits. In December 2007, the plaintiffs also made a demand on our Board of Directors, which is being assessed by a special litigation committee of our Board of Directors.

We periodically become involved in various claims and lawsuits that are incidental to our business. In our Annual Report on Form 10-K for the year ended December 31, 2007, we reported our material legal proceedings. Since the filing of our Annual Report, other than the litigation discussed above, there have been no material developments with respect to any material legal proceedings to which we are a party. In the opinion of management, after consultation with counsel, other than the litigation related to our historical stock option granting practices discussed above and in note 8 to our condensed consolidated financial statements included herein, there are no matters currently pending that would, in the event of an adverse outcome, have a material impact on our consolidated financial position, results of operations or liquidity.

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ITEM 1A. RISK FACTORS

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 adversely affect our operating results. Those factors include:

- a decrease in consumer demand for wireless services due to general economic conditions or other factors;
- the financial condition of wireless service providers;
- the ability and willingness of wireless service providers to maintain or increase capital expenditures;
- the growth rate of wireless communications or of a particular wireless segment;
- governmental licensing of spectrum;
- mergers or consolidations among wireless service providers;
- increased use of network sharing, roaming or resale arrangements by wireless service providers;
- delays or changes in the deployment of 3G or other technologies;
- zoning, environmental, health or other government regulations; and
- technological changes.

The demand for broadcast antenna space is dependent on the needs of television and radio broadcasters. Among other things, technological advances, including the development of satellite-delivered radio and video services, may reduce the need for tower-based broadcast transmission. In addition, our broadcast tower division could be affected adversely as a result of the shift from analog-based transmissions to digital-based transmissions, which is scheduled to occur by February 2009.

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

Significant consolidation among our wireless service provider customers may result in the decommissioning of certain existing communication sites, because certain portions of their networks may be redundant, and a reduction in future capital expenditures in the aggregate, because their expansion plans may be similar. For example, in connection with the recent combinations of Cingular and AT&T Wireless (to form AT&T Mobility) and Sprint PCS and Nextel (to form Sprint Nextel) in the United States, and of Iusacell Celular and Unefon (now under the common ownership of Grupo Iusacell) in Mexico, the combined companies have or are considering rationalizing their duplicative networks, which has led and may continue to lead to the decommissioning of certain communications sites. In addition, these and other customers could determine not to renew leases with us as a result. Our future results may be negatively impacted if a significant number of these contracts are terminated, and our ongoing contractual revenues would be reduced as a result. Similar consequences might occur if wireless service providers engage in extensive sharing, roaming or resale arrangements as an alternative to leasing our antenna space.

Substantial leverage and debt service obligations may adversely affect us.

We have a substantial amount of indebtedness. As of March 31, 2008, we had approximately $4.4 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. In addition, we draw down our Revolving Credit Facility in the ordinary course, which has the effect of increasing our indebtedness. We are also permitted, subject to certain restrictions under our existing indebtedness, to obtain additional long-term debt and working capital lines of credit to meet future financing needs. This would have the effect of increasing our total leverage.

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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 ratio covenants contained in our debt agreements or to generate cash sufficient to pay interest or principal, which could result in an acceleration of some or all of our outstanding debt and the loss of towers subject to the securitization transaction in the event that an uncured default occurs;
- increasing our vulnerability to general adverse economic and industry conditions;
- limiting our ability to obtain additional debt or equity financing;
- requiring the dedication of a substantial portion of our cash flow from operations to service our debt, thereby reducing the amount of our cash flow available for other purposes, including capital expenditures;
- requiring us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet payment obligations;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we compete;
- limiting our ability to repurchase our Class A common stock; and
- placing us at a possible competitive disadvantage with less leveraged competitors and competitors that may have better access to capital resources.

Restrictive covenants in the loan agreement for our Revolving Credit Facility and Term Loan, the indentures governing our debt securities, and the loan agreement related to our securitization transaction could adversely affect our business by limiting flexibility.

The loan agreement for our Revolving Credit Facility and Term Loan and the indentures governing the terms of our debt securities contain restrictive covenants, as well as requirements to comply with certain leverage and other financial maintenance tests. These covenants and requirements limit our ability to take various actions, including incurring additional debt, guaranteeing indebtedness and engaging in various types of transactions, including mergers, acquisitions and sales of assets. These covenants could place us at a disadvantage compared to some of our competitors, who may have fewer restrictive covenants and may not be required to operate under these restrictions. Further, these covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, new tower development, mergers and acquisitions or other opportunities.

In addition, the loan agreement related to our securitization transaction includes operating covenants and other restrictions customary for loans subject to rated securitizations. Among other things, our subsidiaries that are borrowers under the loan agreement for the securitization transaction are prohibited from incurring other indebtedness for borrowed money or further encumbering their assets. A failure to comply with the covenants in the loan agreement could prevent the borrowers from taking certain actions with respect to the towers subject to the securitization transaction, and could prevent the borrowers from distributing any excess cash from the operation of such towers to us. If the borrowers were to default on the loan, the servicer on the loan could seek to foreclose upon or otherwise convert the ownership of the towers subject to the securitization transaction, in which case we could lose such towers and the revenue associated with such towers.

In addition, reporting and information covenants in our loan agreements and indentures require that we provide financial and operating information within certain time periods. If we are unable to timely provide the required information, we would be in breach of these covenants. For more information regarding the covenants and requirements discussed above, please see Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2007 under the caption Management s Discussion and Analysis of Financial Condition and Results of

Operations Liquidity and Capital Resources Factors Affecting Sources of Liquidity and note 3 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

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We have identified a material weakness in our internal control over financial reporting related to accounting for income taxes that, until remediated, could result in a material misstatement in our financial statements.

We identified a material weakness in our internal control over financial reporting as of December 31, 2007, because we failed to maintain effective controls over the accounting for income taxes. We are in the process of actively addressing and remediating this material weakness, but this process will take some time. Accordingly, until we remediate this weakness, this weakness could result in a misstatement of our tax-related accounts that could result in a material misstatement to our interim or annual financial statements. If we are unable to effectively remediate this material weakness and to conclude that our internal control over financial reporting is effective in any future period, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have an adverse effect on our stock price. In addition, we will incur costs and expenses, including the hiring of additional personnel and expanding technical resources in the income tax accounting function, in connection with remediating this material weakness. For more information regarding the material weakness identified, please see Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2007 under the caption Management s Annual Report on Internal Control over Financial Reporting and notes 2, 9 and 16 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

We could suffer adverse tax and other financial consequences if taxing authorities do not agree with our tax positions, or we are unable to utilize our net operating losses.

As a result of our ability to carry forward U.S. federal and state net operating losses (NOLs), the applicable tax years remain open to examination until three years after the applicable loss carryforwards have been used or expired. We are currently subject to a number of tax examinations by taxing authorities in the U.S, Mexico and Brazil for several different tax years. We also have significant deferred tax assets related to these NOLs in U.S. federal and state taxing jurisdictions and in Mexico. We expect that we will continue to be subject to tax examinations in the future. We apply the principles contained in FIN 48 and recognize tax benefits of uncertain tax positions when we believe the positions are more likely than not of being sustained upon a challenge by the relevant tax authority. We believe our judgments in this area are reasonable and correct, but there is no guarantee that we will be successful if challenged by a tax authority. If there are tax benefits that we have recognized under FIN 48 that are challenged successfully by a taxing authority, we may be required to pay additional taxes or we may seek to enter into settlements with the taxing authorities, which could require significant payments or otherwise have a material adverse effect on our results of operations or financial condition.

In addition, we may be limited in our ability to utilize our NOLs to offset future taxable income and thereby reduce our otherwise payable income taxes. We have substantial federal and state NOLs, including significant portions obtained through acquisitions, as well as those generated through our historic business operations. In addition, we have disposed of some entities and restructured other entities in conjunction with financing transactions and other business activities. We apply the principles contained in FIN 48 to our NOLs and, to the extent we believe that a position with respect to an NOL is not more likely than not to be sustained, we do not record the related deferred tax asset. In addition, for NOLs that meet the recognition threshold of FIN 48, we assess the recoverability of the NOL and establish a valuation allowance against the deferred tax asset related to the NOL if recoverability is questionable. Given the uncertainty surrounding the recoverability of certain of our NOLs, we have established a valuation allowance to offset the related deferred tax asset so as to reflect what we believe to be the recoverable portion of our NOLs. Our ability to utilize our NOLs is also dependent, in part, upon us having sufficient future earnings to utilize our NOLs before they expire. If market conditions change materially and we determine that we will be unable to generate sufficient taxable income in the future to utilize our NOLs, we could be required to record an additional valuation allowance. We review our FIN 48 position and the valuation allowance for our NOLs periodically and make adjustments from time to time, which can result in an increase or decrease to the net deferred tax asset related to our NOLs. Our NOLs are also subject to review and potential disallowance upon audit by the taxing authorities of the jurisdictions where the NOLs were incurred, and future changes in tax laws or interpretations of such tax laws could limit materially our ability to

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utilize our NOLs. If we are unable to use our NOLs or use of our NOLs is limited, we may have to make significant payments or otherwise record charges or reduce our deferred tax assets, which could have a material adverse effect on our results of operations or financial condition.

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. In the past, we have had customers that have filed for bankruptcy, although to date these bankruptcies have not had a material adverse effect on our business or revenues. In addition, many of our customers rely on capital raising activities to fund their operations and capital expenditures. If these customers are unable to raise adequate capital to fund their business plans, they may reduce their spending, which could adversely affect demand for our tower sites and our network development services business. If one or more of our significant customers experience financial difficulties or file for bankruptcy, it could result in uncollectible accounts receivable and our loss of significant customers and anticipated lease revenues, which could have a material adverse effect on our results of operations or financial condition.

Our foreign operations are subject to economic, political and other risks that could adversely affect our revenues or financial position.

Our business operations in Mexico and Brazil, and our expansion into India and any other international markets in the future, could result in adverse financial consequences and operational problems not experienced in the United States. For the three months ended March 31, 2008, approximately 14% of our consolidated revenues were generated by our international operations. We anticipate that our revenues from our international operations may grow in the future. Accordingly, our business is subject to risks associated with doing business internationally, including:

- changes in a specific country s or region s political or economic conditions;
- laws and regulations that restrict repatriation of earnings or other funds;
- expropriation and governmental regulation restricting foreign ownership;
- difficulty in recruiting and retaining trained personnel; and
- language and cultural differences.

In addition, we face risks associated with changes in foreign currency exchange rates, including those arising from our operations, investments and financing transactions related to our international business. While most of the contracts for our operations in Mexico are denominated in the U.S. dollar, many are denominated in the Mexican Peso, and contracts for our operations in Brazil are denominated in the Brazilian Real. We have not historically engaged in significant currency hedging activities relating to our non-U.S. dollar operations, and we may suffer future losses as a result of adverse changes in currency exchange rates.

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

A substantial portion of our total operating revenues is derived from a small number of customers. For the three months ended March 31, 2008:

- Six customers accounted for approximately 69% of our revenues;
- AT&T Mobility accounted for approximately 20% of our revenues;

Sprint Nextel (including Sprint Nextel affiliates) accounted for approximately 20% of our revenues; and

Verizon Wireless accounted for approximately 11% of our revenues.

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Our largest international customer is Grupo Iusacell, which now controls both Iusacell Celular and Unefon. Grupo Iusacell is under common control with TV Azteca. Grupo Iusacell accounted for approximately 5% of our total revenues for the three months ended March 31, 2008. In addition, for the three months ended March 31, 2008, we received $3.5 million in net interest income from TV Azteca.

If any of these customers is unwilling or unable to perform its obligations under our agreements with them, our revenues, results of operations, financial condition and liquidity could be adversely affected. In the ordinary course of our business, we do occasionally experience disputes with our customers, generally regarding the interpretation of terms in our agreements. Although we have historically resolved these disputes in a manner that did not have a material adverse effect on our Company or our customer relationships, it is possible that such disputes could lead to a termination of our agreements with customers or a material modification of the terms of those agreements, either of which could have a material adverse effect on our business, results of operations and financial condition. If we are forced to resolve any of these disputes through litigation, our relationship with the applicable customer could be terminated or damaged, which could lead to decreased revenues or increased costs, resulting in a corresponding adverse effect on our business, results of operations and financial condition.

We anticipate that we may need additional financing to fund our stock repurchase programs, to refinance our existing indebtedness and to fund future growth and expansion initiatives.

In order to fund our stock repurchase programs, refinance our existing indebtedness and fund future growth and expansion initiatives, we may need to raise additional capital through financing activities. We believe our cash generated by operations for the year ending December 31, 2008 will be sufficient to fund our cash needs for operations, capital expenditures and cash debt service (interest and principal repayments) obligations for 2008. Depending on the timing and amount of our stock repurchases, the excess cash generated by our operations and our existing liquidity may not be sufficient to fund all of our other initiatives, as well as our stock repurchase programs. Accordingly, we anticipate that we may need to obtain additional sources of capital. Depending on market conditions, we may seek to raise capital through credit facilities or debt or equity offerings. However, such additional financing may be unavailable, may be prohibitively expensive, or may be restricted by the terms of our outstanding indebtedness. If we are unable to raise capital when our needs arise, we may not be able to fund our stock repurchase programs, refinance our existing indebtedness or fund future growth and expansion initiatives.

New technologies could make our tower leasing business 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 tower 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 radio and 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 a material 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 the owner, lessee or operator of many thousands of real estate sites underlying our towers, 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. Many of these laws and regulations contain information reporting and record keeping requirements. 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 (including amounts we expect to pay the United States Environmental Protection Agency (EPA) pursuant to the Facilities Audit Agreement as described in our Annual Report on Form 10-K for the year ended December 31, 2007) 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.

Our business, and that of our customers, is subject to federal, state, local and foreign regulation, including by the Federal Aviation Administration (FAA), the U.S. Federal Communications Commission (FCC), the EPA and the Occupational Safety and Health Administration. Both the FCC and the FAA regulate towers used for wireless communications and radio and television broadcasting and the FCC separately regulates transmitting devices operating on towers. Similar regulations exist in Mexico, Brazil and other foreign countries regarding wireless communications and the operation of communications towers. Local zoning authorities and community organizations are often opposed to construction in their communities and these regulations can delay, prevent or increase the cost of new tower construction, modifications, additions of new antennas to a site, or site upgrades, thereby limiting our ability to respond to customer demands and requirements. Existing regulatory policies may adversely affect the associated timing or cost of such projects and additional regulations may be adopted which increase delays or result in additional costs to us, or that prevent such projects 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, such as national wireless carriers that allow collocation on their towers, are larger and have greater financial resources than we do, while other competitors are in a weaker financial condition or may have lower return on investment criteria than we do.

Our competition includes:

- national and regional 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).

Competitive pricing pressures for tenants on towers from these competitors could adversely affect our lease rates and services income. In addition, we may not be able to renew existing customer leases or enter into new customer leases, resulting in a material adverse impact on our results of operations and growth rate. Increasing competition could also make the acquisition of high quality tower assets more costly.

If we are unable to protect our rights to the land under our towers, it could adversely affect our business and operating results.

Our real property interests relating to our towers consist primarily of leasehold and sub-leasehold interests, fee interests, easements, licenses and rights-of-way. A loss of these interests at a particular tower site may interfere with

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our ability to operate a tower and generate revenues. For various reasons, we may not always have the ability to access, analyze and verify all information regarding titles and other issues prior to completing an acquisition of communications sites, which can affect our rights to access and operate a site. From time to time we also experience disputes with landowners regarding the terms of ground agreements for land under a tower, which can affect our ability to access and operate a tower site. Further, for various reasons, landowners may not want to renew their ground agreements with us, or they may transfer their land interests to third parties, including ground lease aggregators, which could affect our ability to renew ground agreements on commercially viable terms. Approximately 84% of the communications sites in our portfolio as of March 31, 2008 are located on land we do not own. Approximately 88% of the ground agreements for these sites have a final expiration date of 2017 and beyond. Our inability to protect our rights to the land under our towers may have a material adverse effect on us.

If we are unable or choose not to exercise our rights to purchase towers that are subject to lease and sublease agreements at the end of the applicable period, our cash flows derived from such towers would be eliminated.

Our communications site portfolio includes towers that we operate pursuant to lease and sublease agreements that include a purchase option at the end of each lease period. If we are unable or choose not to exercise our rights to purchase towers under these agreements at the end of the applicable period, our cash flows derived from such towers would be eliminated. For example, our SpectraSite subsidiary has entered into lease or sublease agreements with affiliates of SBC Communications, a predecessor entity to AT&T Mobility, with respect to approximately 2,500 towers pursuant to which SpectraSite has the option to purchase the sites upon the expiration of the lease or sublease beginning in 2013. The aggregate purchase option price for the AT&T Mobility towers was approximately $349.4 million as of March 31, 2008, and will accrete at a rate of 10% per year to the applicable expiration of the lease or sublease of a site. In addition, we have entered into a similar agreement with ALLTEL Communications, Inc. (ALLTEL) with respect to approximately 1,800 towers, for which we have an option to purchase the sites upon the expiration of the lease or sublease beginning in 2016. The aggregate purchase option price for the ALLTEL towers was approximately $60.1 million as of March 31, 2008, and will accrete at a rate of 3% per year through the expiration of the lease or sublease period. At ALLTEL s option, at the expiration of the sublease period, the purchase price will be payable in cash or with 769 shares of our Class A common stock per tower. We may not have the required available capital to exercise our right to purchase these or other leased or subleased towers at the end of the applicable period. Even if we do have available capital, we may choose not to exercise our right to purchase such towers for business or other reasons. In the event that we do not exercise these purchase rights, or are otherwise unable to acquire an interest that would allow us to continue to operate these towers after the applicable period, we will lose the cash flows derived from such towers, which may have a material adverse effect on our business. In the event that we decide to exercise these purchase rights, the benefits of the acquisitions of such towers may not exceed the associated acquisition, compliance and integration costs, and our financial results could be adversely affected.

Our towers may be affected by natural disasters and other unforeseen damage for which our insurance may not provide adequate coverage.

Our towers are subject to risks associated with natural disasters, such as ice and wind storms, tornadoes, floods, hurricanes and earthquakes, as well as other unforeseen damage. Any damage or destruction to our towers as a result of these or other risks would impact our ability to provide services to our customers and could impact our results of operation and financial condition. For example, as a result of the severe hurricane activity in 2005, approximately 25 of our broadcast and wireless communications sites in the southeastern United States and Mexico suffered material damage and many more suffered lesser damage. While we maintain insurance, including business interruption insurance, for our towers against these risks, we may not have adequate insurance to cover the associated costs of repair or reconstruction. Further, such business interruption insurance may not adequately cover all of our lost revenues, including potential revenues from new tenants that could have been added to our towers but for the damage. If we are unable to provide services to our customers as a result of damage to our towers, it could lead to customer loss, resulting in a corresponding adverse effect on our business, results of operations and financial condition.

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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, and numerous health-related lawsuits have been filed against wireless carriers and wireless device manufacturers. If a scientific study or court decision resulted in a finding that radio frequency emissions posed health risks to consumers, it could negatively impact the market for wireless services, as well as our wireless carrier customers, which would adversely affect our operations, costs and revenues. We do not maintain any significant insurance with respect to these matters.

Our historical stock option granting practices are subject to ongoing governmental proceedings, which could result in fines, penalties or other liability.

In May 2006, we announced that our Board of Directors had established a special committee of independent directors to conduct a review of our stock option granting practices and related accounting. Subsequent to the formation of the special committee, we received an informal letter of inquiry from the SEC, a subpoena from the office of the United States Attorney for the Eastern District of New York, information document requests from the Internal Revenue Service and requests for information from the Department of Labor, each requesting documents and information related to our stock option grants and practices. We are cooperating with these governmental authorities to provide the requested documents and information. These governmental proceedings are ongoing, and the time period necessary to resolve these proceedings is uncertain and could require significant additional management and financial resources. Significant legal and accounting expenses related to these matters have been incurred to date, and we will continue to incur expenses in the future. Depending on the outcomes of these proceedings, we and members of our senior management could be subject to regulatory fines, penalties, enforcement actions or other liability, which could have a material adverse impact on our financial condition and results of operations and liquidity. In addition, as a result of the special committee s findings, we restated our historical financial statements for certain periods prior to March 31, 2006 to, among other things, record changes for stock-based compensation expense (and related tax effects) relating to certain past stock option grants.

Pending civil litigation relating to our historical stock option granting practices exposes us to risks and uncertainties.

We and certain current and former directors and officers are defendants in a purported federal securities class action and two consolidated shareholder derivative actions relating to our historical stock option granting practices and related accounting. In December 2007, we announced that we had reached a settlement in principle regarding the class action. The settlement, which was preliminarily approved by the court in February 2008, provides for a payment by us of $14 million and would lead to a dismissal of all claims against all defendants in the litigation. We have paid the settlement amount into escrow, and we received $12.5 million in insurance proceeds, however, the settlement will not be final until the court disposes of any objections to, or appeals of, the settlement by members of the plaintiff class. The consolidated shareholder derivative actions filed in Massachusetts state court and in federal district court in Massachusetts were dismissed in October 2007 and February 2008, respectively. The decision of the Massachusetts state court has since been appealed by the plaintiffs. If the appeal is successful or the class action settlement is overturned, then the litigation would continue. In those circumstances, the outcomes of the class action and derivative actions could not be predicted by us with certainty and are dependent upon many factors beyond our control. If these actions are successful, however, they could have a material adverse impact on our financial position, results of operations and liquidity. These matters and any other related lawsuits that may be filed could also result in substantial costs to us and a diversion of our management s attention and resources, which could have a negative impact on our financial condition and results of operations. For more information regarding the litigation related to our historical stock option granting practices, please see note 9 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

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ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended March 31, 2008, we issued an aggregate of 81,133 shares of our Class A common stock upon the exercise of 12,599 warrants assumed in our merger with SpectraSite, Inc. In August 2005, in connection with the merger, we assumed approximately 1.0 million warrants to purchase shares of SpectraSite, Inc. common stock. Upon completion of the merger, each warrant to purchase shares of SpectraSite, Inc. common stock automatically converted into a warrant to purchase 7.15 shares of Class A common stock at an exercise price of $32 per warrant. As some of these warrants were exercised pursuant to a cashless net exercise pursuant to the warrant agreement, net proceeds from these warrant exercises were $60,128. The shares were issued in reliance on the exemption from registration set forth in Sections 3(a)(9) and 3(a)(10) of the Securities Act of 1933, as amended, and Section 1145 of the United States Code. No underwriters were engaged in connection with such issuances.

During the three months ended March 31, 2008, we issued an aggregate of 180,232 shares of our Class A common stock upon the exercise of 12,790 warrants. The warrants were originally issued in January 2003 as part of an offering of 808,000 units, each consisting of $1,000 principal amount at maturity of ATI 12.25% senior subordinated discount notes due 2008 and a warrant to purchase 14.0953 shares of our Class A common stock. The warrants have an exercise price of $0.01 per share and will expire on August 1, 2008. These warrants were exercised pursuant to a cashless net exercise pursuant to the warrant agreement, and as a result, there were no net proceeds from these warrant exercises. The shares were issued in reliance on the exemption from registration set forth in Sections 3(a)(9) and 3(a)(10) of the Securities Act of 1933, as amended. No underwriters were engaged in connection with such issuances.

During the three months ended March 31, 2008, we issued an aggregate of 242 shares of our Class A common stock upon conversion of $5,000 principal amount of our 3.00% Notes. Pursuant to the terms of the indenture, holders of the 3.00% convertible notes due August 15, 2012 receive 48.7805 shares of our Class A common stock for every $1,000 principal amount of notes converted. All shares were issued in reliance on the exemption from registration set forth in Section 3(a)(9) of the Securities Act of 1933, as amended. No underwriters were engaged in connection with such issuances.

Issuer Purchases of Equity Securities

During the three months ended March 31, 2008, we repurchased 4,455,549 shares of our Class A common stock for an aggregate of $170.6 million pursuant to our publicly announced stock repurchase programs, as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (In millions)
January 2008 (1)	2,906,949	$ 38.17	2,906,949	$ 105.2
February 2008 (1)	1,376,700	$ 38.28	1,376,700	$ 52.5
March 2008 (2)	171,900	$ 39.62	171,900	$ 1,493.2
Total First Quarter	4,455,549	$ 38.28	4,455,549	$ 1,493.2

(1) Repurchases pursuant to the $1.5 billion stock repurchase program publicly announced in February 2007 (2007 Buyback). The 2007 Buyback ended in February 2008.

(2) Repurchases pursuant to the $1.5 billion stock repurchase program publicly announced in March 2008 (2008 Buyback). Under the 2008 Buyback, our management is authorized to purchase shares from time to time through open market purchases or privately negotiated transactions at prevailing prices as permitted by securities laws and other legal requirements, and subject to market conditions and other factors. To facilitate repurchases, we make purchases pursuant to a trading plan under Rule 10b5-1 of the Exchange Act, which allows us to repurchase shares during periods when we otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. This program may be discontinued at any time.

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Since March 31, 2008, we have continued to repurchase shares of our Class A common stock pursuant to our 2008 Buyback. Between April 1, 2008 and April 28, 2008, we repurchased 0.8 million shares of our Class A common stock for an aggregate of $39.7 million pursuant to this program.

ITEM 6. EXHIBITS.

See the Exhibit Index on Page EX-1 of this Quarterly Report on Form 10-Q, which Exhibit Index is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN TOWER CORPORATION

Date: May 8, 2008

By: /s/ BRADLEY E. SINGER
Bradley E. Singer
Chief Financial Officer and Treasurer
(Duly Authorized Officer and Principal Financial Officer)

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EXHIBIT INDEX

Exhibit No.	Description
10.1	Notice of Incremental Facility Commitment, dated as of March 24, 2008.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications pursuant to 18 U.S.C. Section 1350.